



BETTER

TODAY

BUILDING

TOMORROW

BRIGHTER

TOGETHER

2026 INTEGRATED REPORT

MERCURY NZ LIMITED

AUGUST 2025

\$90M

Karāpiro Hydro Station refurbishment completed

APRIL 2026

\$590M

Upgrade of Maraetai I, Ātiamuri, and Ōhākuri hydro stations progressed with ANDRITZ contract signing

JUNE 2026

2x

Rates now available for customers: Flex Rates and Flat Rates

JULY 2026

1ST

Generation at Kaiwaikawe Wind Farm

DELIVERING REAL PROGRESS

55K*

The equivalent number of homes powered following Ngā Tamariki Geothermal Station upgrade

MARCH 2026

\$75M

Committed to geothermal appraisal drilling for two projects

MAY 2026

#1

Kaiwera Downs Wind Farm becomes the biggest wind farm in the South Island after construction concludes

JUNE 2026



[MENU](#)

MERCURY 2026 INTEGRATED REPORT

*Based on annual average home use of 7000kWh.

CONTENTS

BETTER TODAY

Our disciplined execution is ensuring a resilient performance now.

BUILDING TOMORROW

Our performance is funding renewable investment at scale.

BRIGHTER TOGETHER

Our execution delivers shared value for our customers, communities, investors, and Aotearoa New Zealand.

02	WHO WE ARE	21	KŌTUITANGA / PARTNERSHIPS
03	HOW WE CREATE VALUE	22	NGĀ TĀNGATA / PEOPLE
	TĀ MĀTOU UARA	24	ARUMONI / COMMERCIAL
04	OUR BUSINESS MODEL	26	LOOKING AT THE NUMBERS
05	DELIVERING ON OUR STRATEGIC OBJECTIVES		TITIRO KI NGĀ TATAU
06	OUR UPDATED STRATEGIC FRAMEWORK	28	FINANCIAL COMMENTARY
08	CHAIR LETTER	29	FINANCIAL TRACK RECORD
10	CHIEF EXECUTIVE LETTER	30	INDEPENDENT AUDITOR'S REPORT
		34	GROUP FINANCIAL STATEMENTS
		38	NOTES TO FINANCIAL STATEMENTS
12	SHAPING OUR PRIORITIES	65	CLIMATE STATEMENT
	TUIA Ā TĀTOU WHĀINGA		TE TAUĀKI ĀHUARANGI
13	ENGAGING WITH IWI AND	67	INTRODUCTION
	KEY STAKEHOLDERS	68	STRATEGY
14	THE RISKS WE FACE	86	METRICS & TARGETS
15	PULLING IT ALL TOGETHER	89	GOVERNANCE
		93	RISK MANAGEMENT
16	HOW WE DELIVER VALUE	94	GREENHOUSE GAS EMISSIONS INVENTORY
	TE PĒWHEA O TĀ MĀTOU TUKU HIRA	103	INDEPENDENT LIMITED ASSURANCE REPORT
17	KAITIAKITANGA / STEWARDSHIP		
19	KIRITAKI / CUSTOMER		

ABOUT THIS REPORT

Mercury is committed to providing the full picture—transparent disclosures in easily understood, comparable and engaging ways so that we meet the expectations of our many stakeholders.

This is an Integrated Report which follows the Integrated Reporting <IR> framework.

We describe Our Business Model including inputs, outputs, and the outcomes of our strategic approach across our five FY35 aspirations that determine how we generate long-term value. We include a specific Global Reporting Initiative (GRI) Index and comprehensive climate disclosures, which align with the Aotearoa New Zealand Climate Standards.

We have grouped our reporting into six sections to help you find areas of particular interest. They are all part of who we are, what we do, and why. Across all this, our aim is to report openly and honestly on our performance in a way that shows the integrated approach we take.

If you have any comments about this report, including things we could do better, please email investor@mercury.co.nz.

REPORTING SUITE

This report should be read in conjunction with other materials that comprise our FY26 annual reporting suite:

- FY26 Full Year Results Presentation
- FY26 Corporate Governance Statement
- FY26 Climate Action Plan

These materials are available on our [website](#).

107	LEADERSHIP AND GOVERNANCE
	MANA WHAKAHAERE
108	YOUR BOARD OF DIRECTORS
110	YOUR EXECUTIVE LEADERSHIP TEAM
111	CORPORATE GOVERNANCE
112	WORKFORCE OF THE FUTURE
114	REMUNERATION REPORT
124	DIRECTORS' DISCLOSURES
126	SECURITY HOLDER INFORMATION
127	BONDHOLDER INFORMATION
130	COMPANY DISCLOSURES
131	OTHER DISCLOSURES
134	GLOBAL REPORTING INITIATIVE (GRI) INDEX
137	INFORMATION FOR SHAREHOLDERS
138	DIRECTORY
139	GLOSSARY

STATEMENT FROM THE DIRECTORS

The directors are pleased to present Mercury NZ Limited's Integrated Report and Financial Statements for the year ended 30 June 2026. The Auditor-General is required to be Mercury's auditor and has appointed Emma Winsloe of Ernst & Young to undertake the audit on his behalf.

This Integrated Report is dated 18 August 2026 and is signed on behalf of the Board by:



SCOTT ST JOHN
CHAIR



ROBERT HAMILTON
CHAIR, AUDIT AND FINANCIAL RISK COMMITTEE



WHO WE ARE

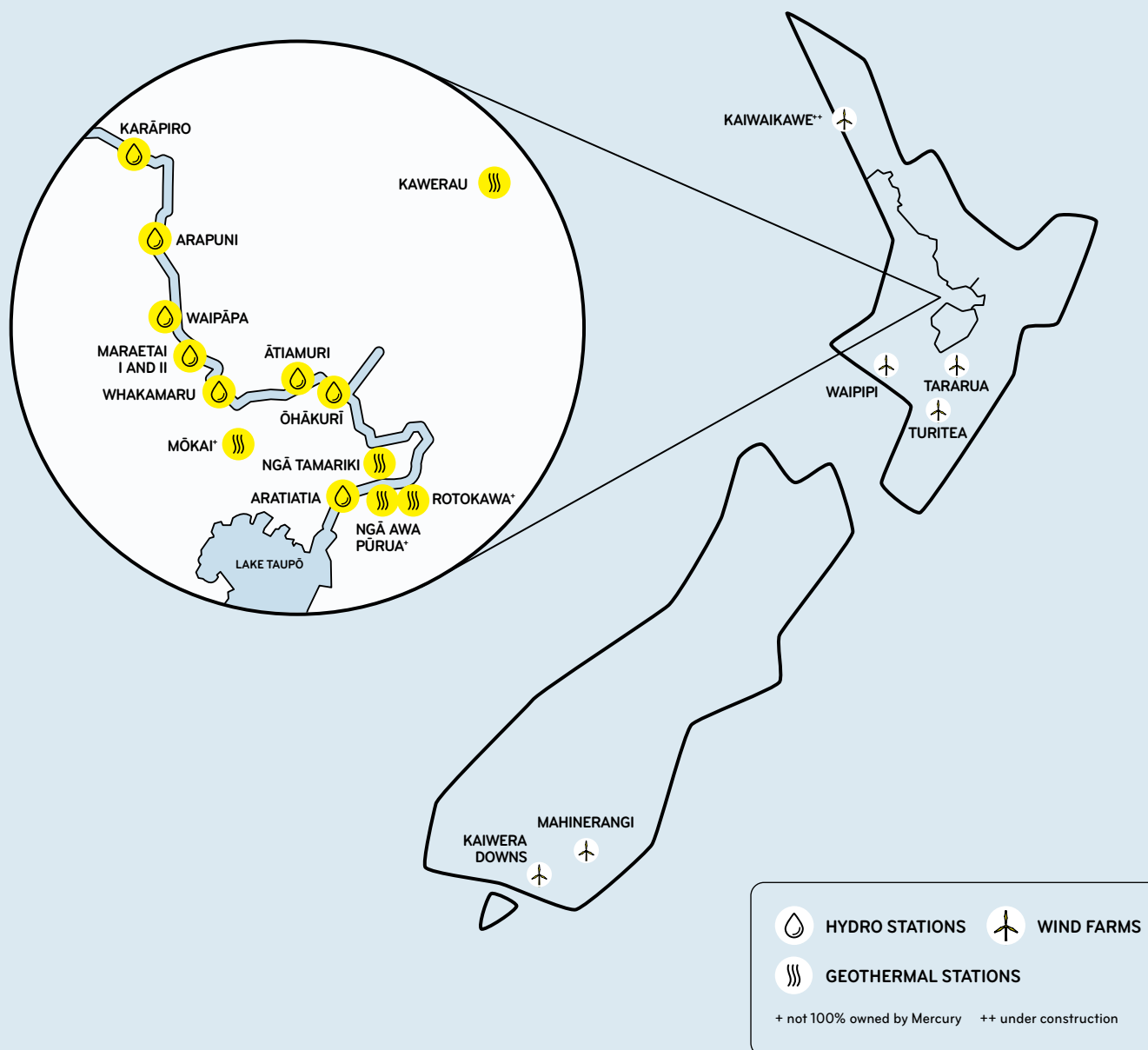
Mercury's generation assets produce electricity from 100% renewable sources: hydro, geothermal, and wind. We also retail electricity, gas, broadband, and mobile services.

We have nine hydro power stations along the Waikato River, five geothermal stations in the northern part of the Central Plateau, and five wind farms in the Manawatu, South Taranaki, Otago, and Southland regions.

During the year, we completed the expansion of Ngā Tamariki Geothermal Station, near Taupō, which is now fully operational. We also completed Stage 2 of Kaiwera Downs Wind Farm, with final commissioning activities underway. Meanwhile, Kaiwaikawe Wind Farm, near Dargaville, is on track to become fully operational by the end of 2026.

The electricity we generate is sold on the wholesale market. Our retail arm buys electricity from this market to supply businesses and households across New Zealand.

We sell our multi-product utility services through our retail operations to residential and small-to-medium-sized business customers. Our commercial sales team services industrial and wholesale customers offering electricity. Our sub-brand GLOBUG is our legacy pre-pay electricity product for residential customers.



HOW WE CREATE VALUE

TĀ MĀTOU UARA

In this section we highlight factors that affect our ability to create value over time (our business model) and show how we have performed against our FY26 objectives.

We share our updated strategic framework, and our Chair Scott St John and Chief Executive Stew Hamilton summarise our 2026 financial year.



Our Chair Scott St John reports on how we are helping power economic growth in Aotearoa through our contribution to the fastest rate of renewable generation development in New Zealand's history.

[READ MORE PG8](#)



We demonstrate the progress made in FY26 through delivering on our strategic objectives.

Our business model demonstrates how we operate—our inputs, outputs, and outcomes.

[READ MORE PG4](#)



We present our updated strategic framework, encompassing a strengthened focus on Ngā Tāngata / People, evolving our Kōtuitanga / Partnerships aspiration, and the refresh of several strategic measures and initiatives.

[READ MORE PG6](#)



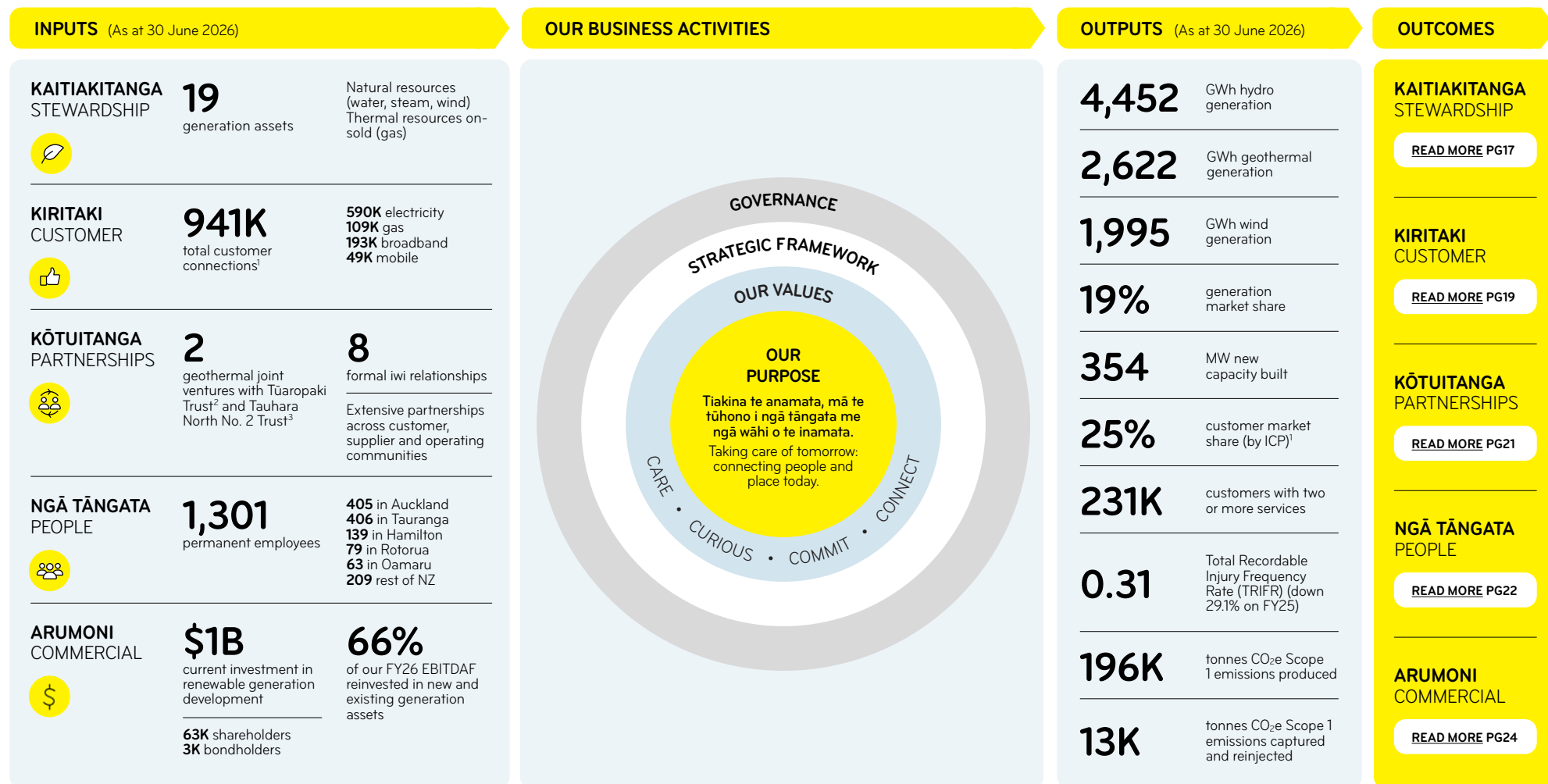
Our Chief Executive Stew Hamilton highlights how disciplined execution, building renewables on time and on budget, and delivering shared value through the energy transition by empowering customers and communities, contributed to this year's results.

[READ MORE PG10](#)

OUR BUSINESS MODEL

This diagram shows the key inputs of our business across our five drivers of value, our business activities, and our outputs (products, services and byproducts).

The outcomes of our activities and outputs are covered in detail throughout the report. Our broader strategy, how we are working towards realising our purpose and achieving our FY35 aspirations, is covered on pages 6 and 7.



¹ Includes mass market, commercial, and industrial connections.

² Tūaropaki Trust is the collective hapū in the Mōkai area who have direct whakapapa connections to Raukawa and Ngāti Tūwharetoa. The hapū are Ngāti Hā, Ngāti Parekawa, Ngāti Tarakaiahi, Ngāti Te Kohera, Ngāti Wairangi.

³ Tauhara North No.2 Trust is an Ahu Whenua Trust (Māori land trust) within the tribal region of Ngāti Tahu – Ngāti Whāoa with whom Mercury has a long-standing relationship.

DELIVERING ON OUR STRATEGIC OBJECTIVES

This table shows how we have performed against our strategic objectives set in FY26.

FY30 STRATEGIC OBJECTIVE	KEY INITIATIVES	FY26 PROGRESS	FY26 OUTCOMES
Generation development uplift	Construct new renewables	●	Completed Ngā Tamariki Geothermal Station expansion. Completed construction of our \$486m Kaiwera Downs Stage 2 Wind Farm, with final commissioning activities underway. Advanced construction of our \$287m Kaiwaikawe Wind Farm, with first generation occurring in July 2026. It is on track to be fully operational by the end of 2026.
	Grow pipeline	●	Progressed Puke Kapo Hau (Mahinerangi Stage 2) Wind Farm and Stage 1 of Whakamaru Battery Energy Storage System (BESS) towards financial investment decisions. Progressing Waikokowai and Puketoi Wind Farms. Waikokowai, Puketoi, and Tararua (Repower) Wind Farms listed in Fast-track approvals legislation. Two projects at Ngā Tamariki and Rotokawa extensions entering feasibility, supported by committed appraisal drilling, with first generation targeted for 2030.
Capture energy transition growth	Electrify C&I customers	●	Commenced 10-year contracts with Fonterra of ~260 GWh p.a. to support the electrification of their Edgecumbe and Waitoa sites.
	Increase flexibility	●	Advanced our smart hot water control programme, resulting in 50,000 cylinders (20MW) under management over winter. Progressed Whakamaru BESS to procurement stage.
Rebuild sector confidence	Provide constructive contributions	●	Supported more timely and certain consent processes for renewable projects, including inclusion of renewable electricity in draft RMA replacements and in Fast Track priorities. Actively contributed to solutions for gas and firming challenges, including supporting the Huntly Firming Option, and boosting the hedge market to support vibrant competition, including supporting trading of super peak products. Supported BCG Energy to Grow report.
	Increase transparency	●	Actively supported legislated changes to improve gas market transparency. Supported greater international context through international speaker series. Supported industry Powering Change relaunch.
Connected and high-performing culture	Cultural performance uplift	●	Launched the Safety Intelligence Programme, a practical framework designed to raise the standard of workplace safety by making safety clear, human, and effective, and embedding capability into everyday practice. Improved business performance by lifting Cultural Performance Index score by 5%.
	Alignment to strategy	●	Embedded new strategic framework in business with measurements in place. Revised our executive remuneration construct to ensure it incentivises the level of performance needed to deliver our strategy and long-term shareholder value.
Earnings transformation	Revenue growth	●	Delivered a strong EBITDAF performance for the year, exceeding initial full year guidance by \$68m, and continued to reinvest at scale with 66% of FY26 EBITDAF reinvested in new and existing generation assets.
	Core optimisation	●	Focused on disciplined cost management with OPEX target of \$370m and SIB CAPEX target of \$150m achieved with no material detriment to quality or safety outcomes.

Key: ● Met expectation for FY26 ● Minor variance from expectation for FY26 ● Did not meet expectation for FY26



OUR UPDATED STRATEGIC FRAMEWORK



MARAETAI HYDRO STATION

Each year we update our strategic framework to provide clarity on the areas that matter most to our business and the work that we are currently focused on, to ensure we are set up to succeed over the long term.

We think about our strategic delivery over different time horizons, ensuring that our short-term areas of focus are informed by our long-term direction of travel. Our strategic framework shows why we exist and what we are focused on to continue to grow and create value over time.

FY35 ASPIRATIONS

Our interconnected FY35 aspirations expand on our purpose and provide a long-term direction for our business that reflects the change and growth that we aspire to achieve over the areas that matter most to our business.

FY30 PRIORITIES

Our FY30 priorities are aligned with our FY35 aspirations, reflecting the enterprise-wide focus areas we must deliver on to position ourselves for long-term success.

STRATEGIC OBJECTIVES

Our strategic objectives capture the more specific areas we are focused on now to take our business forward. These include our key measures and key initiatives that we actively monitor to track how we are progressing. These have been updated to ensure we are focused on the right things for the next financial year.

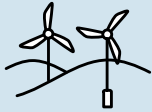
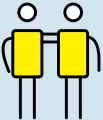
KEY CHANGES IN FY27

- Strengthened our Ngā Tāngata / People focus on performance and connection and introduced new measures and initiatives focused on engagement, health, safety, and wellbeing. The inclusion of Engagement Index and Safety Citizenship measures reinforces our belief that the health, safety and wellbeing, and active engagement of our people are fundamental to our long-term success.
- Evolved the strategic objective within our Kōtuitanga / Partnerships aspiration from "Rebuilding sector confidence" to "Earn trust and enable growth." This shift acknowledges the work done in recent years to strengthen confidence in the sector and reflects a more forward-looking focus on ensuring Mercury is recognised as a trusted participant that builds enduring partnerships and enables growth and future opportunities for Aotearoa.
- Refreshed several strategic measures and initiatives to better reflect our next phase of focus. For example, following the successful integration of Trustpower into our customer business, we have introduced a measure in Kiritaki / Customer to lift our customer business' contribution to enterprise value. To enable this, we will embark on work to transform our customer business.

OUR FY27 STRATEGIC FRAMEWORK

FY35

FY30

ASPIRATIONS	PRIORITIES	STRATEGIC OBJECTIVES	KEY MEASURES	KEY INITIATIVES
 KAITIAKITANGA Stewardship Our assets and the natural environment are thriving.	Deliver more reliable and renewable energy Taking care of our generation assets and actioning options for growth.	 Generation development uplift	Plan to deliver 3.5TWh of new generation by 2030 Grow pipeline to >8TWh by 2030 incl 1.5TWh of Geo	Protect and enhance our assets Geothermal and wind platform development
 KIRITAKI Customer Customers are at the heart of what we do.	Accelerate the shift to a low-carbon future Leading the transition by creating solutions for customers to electrify and support the development of a smart energy system.	 Capture energy transition growth	1TWh of new demand by 2030 Retail efficiencies and growth increase enterprise value by 1.5% by 2028	Electrify and attract large users Future Fit Retail business
 KŌTUITANGA Partnerships We are the trusted partner of choice.	Create success with others Having a deliberate focus on deepening trust with key relationships to achieve shared goals.	 Earn trust and enable growth through partnerships	2% baseline lift in ability to meet transition needs All policy shifts ensure competitive neutrality	Strengthen compliance and risk foundations Constructive engagement with key partners and investors
 NGĀ TĀNGATA Our People We learn and grow to realise our full potential.	Perform with an inclusive, connected culture Unleashing an inclusive, curious and connected culture to lift business performance.	 Connected and high-performing culture	Engagement Index, lift 3% from 2026 baseline Safety Citizenship Maturity of >3.9	Leaders Worth Following (Framework) Culture Worth Belonging (talent and people strategy)
 ARUMONI Commercial We are leaders in commercial growth.	Achieve what matters most through financial growth Achieving sustainable performance to invest in the future and drive value.	 Earnings transformation	Lift FY30 EBITDAF to \$1.2-\$1.25 billion Deliver operating cost cap of \$370m p.a. FY26-28	Grow portfolio options and flexibility Work Worth Doing (operational excellence)



[MENU](#)

MERCURY 2026 INTEGRATED REPORT | HOW WE CREATE VALUE

CHAIR LETTER

Mercury is helping power New Zealand's next phase of growth through disciplined investment in renewable generation, system resilience, and long-term customer value.



MERCURY CHAIR
SCOTT ST JOHN

I am proud of the role Mercury plays, not just in delivering an essential service, but in helping build the energy system Aotearoa will need for the decades ahead.

Our significant investment in renewable generation is supporting the fastest rate of renewable development in New Zealand history, helping meet future demand growth, strengthen resilience, and support economic prosperity.

With the sector on track to deliver more than 98% renewable electricity by 2030, there is a significant opportunity to lift New Zealand's total renewable energy use across the wider energy system from the low base of around 30% today. This includes moving more of our transport, heating, and existing industry to electricity, and supporting new industries to develop in New Zealand.

BUILDING A RESILIENT ENERGY FUTURE

I am optimistic about the country's future powered by an increasingly renewable supply and encouraged by the Government's focus on clearing the path for the private sector to keep delivering more renewable energy for New Zealand.

The market can deliver on the transition to a low-carbon renewable energy system, but there are challenges. Our focus is on providing constructive solutions that help the sector evolve, and undertaking consistent and meaningful action, in collaboration with industry.

Having a reliable electricity system through dry years is a key focus. We believe harnessing a mix of solutions is the best, lowest cost way to ensure this.

Another area of focus is ensuring electricity remains affordable and accessible for households and businesses as the transition progresses.

A major driver of household electricity price increases now and into the future is regulated lines and transmission increases. We have engaged with the Commerce Commission on the need to balance investment and minimise price shocks, as well as promote investment in the smart system. Ultimately, the development of a smarter electricity system, with greater use of things like batteries, could mean less network investment is needed.

DELIVERING LONG-TERM VALUE

The Board has endorsed small updates to our [strategic framework](#). We believe these changes position Mercury well to continue to deliver on our strategic ambitions.



NGĀ TAMARIKI GEOTHERMAL STATION



Achieving our ambitions requires disciplined allocation of shareholders' capital. The Board's focus is on balancing investment in existing assets and new growth with balance sheet resilience, appropriate financial headroom, and sustainable shareholder returns.

This enables us to continue to fund renewable investment at scale, deliver sustainable shareholder returns, and provide value for our customers, communities, and Aotearoa over the long-term.

LEADERSHIP AND GOVERNANCE

To enable Mercury to achieve its strategic goals, the Board strives to include an effective combination and diversity of skills, backgrounds, and experiences.

Lorraine Witten, James Miller, and Mike Taitoko stepped down from the Board in September 2025. I want to sincerely thank each of them for their significant contributions during their tenures with Mercury.

In August 2025, we welcomed Rachel Taulelei to the Board, bringing deep experience in governance, business, Māori and stakeholder relationships, and broader sustainability. We also welcomed Jasper Van Halder, our sixth Future Director under the Institute of Directors Future Directors Programme, in December. Meanwhile, in August 2026, we appointed Scott Scoullar as a director. He will join the Board in September 2026. Three new Executive leaders also joined Mercury in FY26, as outlined in the Chief Executive Letter.

During the year, the Board approved a new executive remuneration framework following an independent review and engagement with some of our key investors. The framework aims to incentivise the level of performance needed to deliver on our strategy and long-term shareholder value.

FULL-YEAR DIVIDEND

We are pleased to declare a fully-imputed final dividend of 17.0 cents per share (cps). This brings the full-year ordinary dividend to 27.0 cps, up 13%

on prior year (from 24.0 cps), marking our eighteenth consecutive year of ordinary dividend growth. Our FY27 ordinary dividend guidance is 29.0 cps, representing a 7% increase on FY26, and the nineteenth consecutive year of ordinary dividend increases.

17.0cps

FINAL DIVIDEND DECLARED

We will review our dividend policy and broader capital allocation settings over the next 12 months as earnings, cash flow, and investment requirements evolve. No outcome has been predetermined, with our current policy remaining in place during the review.

IN CLOSING

I want to acknowledge our Chief Executive Stew Hamilton, the Executive Leadership Team, and wider Mercury for the significant progress made over FY26 towards realising our ambitions.

The year reflects strong execution across major projects, operational delivery, and the continued development of the capability required for Mercury's next phase of growth.

The transition will continue to present challenges, particularly around affordability, reliability, and policy settings. Mercury is well positioned to respond through disciplined investment, a strong portfolio, and a clear focus on execution.

Thank you to our people, owners, partners, and stakeholders for your continued support.

Ngā mihi nui,



SCOTT ST JOHN
CHAIR

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The business has continued to deliver operationally, invest in the renewable generation New Zealand will need, and maintain the financial discipline required to support long-term value creation.



CHIEF EXECUTIVE LETTER

Resilient earnings, disciplined execution, and a strong balance sheet are enabling us to deliver value for our customers, communities, investors, and New Zealand.



MERCURY CHIEF EXECUTIVE
STEW HAMILTON

KEY FINANCIALS

\$1,068M

EBITDAF

\$321M

NET PROFIT

\$370M

OPERATING EXPENDITURE

When I look back on FY26, I am encouraged by the significant progress the Mercury team has made towards realising our long-term ambitions through the execution of our strategy, and clear focus on the areas of: Better Today, Building Tomorrow, and Brighter Together.

BETTER TODAY

Strong performance shaped by disciplined execution

FY26 was a year of strong operational delivery, disciplined cost management, and continued investment across the business. We progressed major renewable projects and delivered resilient financial performance, supported by the strength of our integrated portfolio and the contribution of our people.

Total generation for the year was 9,070GWh, an increase of 1,163GWh or 15% from the prior year. The increase reflected higher hydro generation following stronger inflows, together with increased geothermal generation from the recently commissioned fifth generating unit at Ngā Tamariki, and increased wind generation from Stage 2 of the Kaiwera Downs Wind Farm.

EBITDAF of \$1,068 million, up \$282 million on FY25, was supported by above-average hydro generation, higher renewable output and lower operating costs from ongoing productivity initiatives.

Net profit after tax was \$321 million, up \$320 million on FY25. This increase was primarily a result of higher EBITDAF, partly offset by non-cash movements in the fair value of electricity derivatives.

Trading margin increased by \$268 million to \$1,421 million, driven by higher generation volumes and improved sales yields, partly offset by lower electricity prices. Operating costs decreased by \$26 million to the targeted level of \$370 million through active cost management, despite inflationary pressures.

Importantly, this performance has supported significant reinvestment in the assets New Zealand will need for the future, with 66% of our FY26 EBITDAF reinvested in new and existing generation assets.

Our capital expenditure totalled \$710 million, with \$150 million spent on stay-in-business projects and \$560 million spent on growth capital.

We have completed or are nearing completion of around \$1 billion of investment in new renewable generation across three major builds—the Ngā Tamariki Geothermal Station expansion, and the Kaiwera Downs 2 and Kaiwaikawe Wind Farms. Together, they represent 1.1TWh of new renewable generation—the equivalent of powering approximately 160,000 additional homes.

As these projects move to full operation, they strengthen our earnings base, enabling us to fund growth on balance sheet within clear financial guardrails. As a result, we can continue to deliver value for our customers, communities, investors, and New Zealand.

Our FY27 EBITDAF guidance has been set at \$1,075 million. Guidance may change and remains subject to any material events, significant one-off expenses, or other unforeseen circumstances including changes to hydrological conditions. FY27 stay-in-business CAPEX guidance is \$150 million.

BUILDING TOMORROW

Funding renewable investment at scale

I am proud that Mercury is backing the energy transition with action. It is heartening to see Aotearoa's electricity grid reach over 90% renewable at times.

As we continue to invest, build, and grow, there is a huge opportunity to support economic growth for New Zealand through access to renewable electricity.

We are on track to deliver on our plan of adding 3.5TWh of new generation by 2030 (the equivalent of powering an additional 500,000 homes) through leveraging our strengths in wind and geothermal, and our high-quality project pipeline.

During the year, we completed the expansion of Ngā Tamariki Geothermal Station, which is now fully operational. We also completed the construction of Stage 2 of Kaiwera Downs Wind Farm, with final commissioning activities underway.

Meanwhile, Kaiwaikawe Wind Farm began delivering electricity to the grid in July 2026 and is on track to be fully operational by the end of 2026. The completion of Kaiwaikawe Wind Farm in 2027 will mark the conclusion of these three major builds.

Our next development will be Puke Kapo Hau (Mahinerangi Stage 2) Wind Farm, west of Dunedin. In August 2026, Mercury's Board approved the \$506 million project. Final grid connection studies are being completed with Transpower. Mahinerangi Wind Farm (Stages 1 and 2) is expected to be New Zealand's largest wind farm once complete, with 228MW total capacity and annual generation of 646GWh.

Moving forward, we are focused on scaling our geothermal platform, alongside our wind platform. This will strengthen our renewable portfolio, and support long-term contracting with major energy users. It will also help meet Aotearoa's growing demand for affordable, reliable, and renewable electricity.

We have up to 5TWh of conventional geothermal options across multiple, diverse, scalable reservoirs and horizons, 2.5TWh of which are in active development, including 1TWh entering feasibility. This gives us a staged and repeatable pathway for future renewable baseload growth. Next-generation geothermal technologies, such as superhot geothermal, provide further potential from around 2035.



Over FY27-FY28 we will undertake \$75 million in geothermal appraisal drilling for the two projects at Ngā Tamariki and Rotokawa, with first generation targeted for 2030. This phase of geothermal growth could include up to \$1 billion investment and 1TWh of new geothermal generation (the equivalent of powering an additional 142,000 homes).

Hydro refurbishment remains another major focus. During the year, we committed to the next phase of our multi-year programme—the \$590 million upgrade of Maraetai I, Ātiamuri, and Ōhākuri hydro stations. We have also begun a \$29.6 million four-year refurbishment of Maraetai II Hydro Station.

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We are on track to deliver on our plan of adding 3.5TWh of new generation by 2030 through leveraging our strengths in wind and geothermal, and our high-quality project pipeline.



Ensuring a reliable system

Building more renewable generation is essential for New Zealand's future electricity system, but it is not the whole answer to reliability (or keeping the lights on). Dry-year resilience remains a key system challenge, and in our view the best, lowest-cost response is likely to be a mix of solutions: renewable overbuild, demand response, flexible backup supply, storage, and appropriate firming arrangements.

We are engaging constructively with Government, regulators, and the wider sector on reliability settings, including proposals for additional firming and winter energy security. Our focus is on practical solutions that support reliability and affordability while preserving the investment signals needed to keep enabling renewable development.

BRIGHTER TOGETHER

Delivering value for customers and communities

In June, we launched Flex Rates, time-of-use (TOU) plans, which give residential customers and small and medium-sized business customers greater control over electricity spend. Our smart hot water control programme has also progressed, with 50,000 cylinders (20MW) under management over winter 2026.

We recognise the high cost of living continues to impact New Zealand consumers and businesses. We are responding with tailored support for customers and communities, while continuing to invest in renewable generation that is expected to support lower-cost supply over time.

Our care for households includes providing direct support for our customers experiencing hardship and collaborating with community partners to ensure comprehensive support for those most in need.

We also continue to provide material support to social retailers, Nau Mai Rā and Toast Electric, and community organisations, extending care beyond our own customer base.

Longer-term contracts are a key way we are supporting businesses. These provide businesses certainty of cost and a guaranteed fuel source for their operations, and give us confidence to keep investing in renewables.

In FY26, we celebrated the commencement of long-term contracts with Fonterra, Visy, and Whakatāne Mill.

We also signed a 15-year, 140MW, 1.2TWh per year power purchase option agreement (PPOA) with Datagrid for its AI Factory in Southland, supporting new demand and AI infrastructure growth in New Zealand. The PPOA reflects that the data centre is currently in the development phase and gives flexibility in advance of a final investment decision.

Following this, in July 2026, we invested NZ\$53 million for a 12.7% minority equity stake in Datagrid NZ, strengthening our position alongside one of Aotearoa's most advanced large-scale digital infrastructure projects and supporting long-term renewable electricity demand growth. The investment is funded from existing capital facilities and within capital management settings.

As electricity demand grows, our focus is on bringing forward new renewable generation to support that growth, while continuing to maintain reliable electricity for homes, businesses, and communities across the country.

A connected, high-performing culture

Our people are central to delivering Mercury's strategy.

During FY26, we welcomed three new executive leaders, Catherine Thompson as Chief Sustainability Officer (now Chief Strategy and Corporate Affairs Officer), Michele Mauger as Chief People Officer, and Suraiya Phillimore-Smith as Chief Customer Officer. Each bring strong leadership experience and capability to our team.

Michele is leading the development of a people strategy designed to ensure our culture, capability, and ways of working enable Mercury's long-term ambition. One aspect of this is introducing an Employee Share Scheme and an enhanced employee product offering, which will enable our people to understand first-hand what it is like to be both a Mercury shareholder and a customer.

Health, safety, and wellbeing remains another major focus. In FY26, we launched a Safety Intelligence Programme, a practical framework designed to raise the standard of workplace safety by making safety clear, human, and effective, and embedding capability into everyday practice. Our 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) was 0.31, down 29.1% on FY25.

CLOSING REMARKS

Looking ahead, our refreshed strategic framework gives us a clearer focus on the capabilities, partnerships, and performance needed for our next phase of growth.

We believe these changes position us well to keep delivering value for our customers, communities, investors, and New Zealand.

Ngā mihi nui,

STEW HAMILTON
CHIEF EXECUTIVE

SHAPING OUR PRIORITIES

TUIA Ā TĀTOU WHĀINGA

In this section we look at how we have engaged with iwi, Māori and key stakeholders, and then responded to what we have learned, as well as the trends we have seen in our key risk areas in FY26.

We then cover how these risks and insights, as well as key opportunities and other external factors, combine to form our materiality assessment.



Building and maintaining relationships with iwi, Māori and stakeholders across our business contributes to our long-term success.

[READ MORE PG13](#)



We have six key risk areas, ranging from health, safety and wellbeing to operational and financial risks.

[READ MORE PG14](#)



We have reduced and refined our material topics from FY25 to ensure they capture what is really important to us and our stakeholders.

[READ MORE PG15](#)

ENGAGING WITH IWI AND KEY STAKEHOLDERS

TUHONO KI NGĀ IWI ME TE HUNGA WHAI PĀNGA

KEY GROUPS WE WORK WITH:



CUSTOMERS



PARTNERS



EMPLOYEES



SUPPLIERS



IWI



COMMUNITY



INVESTORS



INDUSTRY PARTICIPANTS



GOVERNMENT AND REGULATORS

Building and maintaining relationships with iwi, Māori and stakeholders across our business is fundamental to our ability to create value and contributes to our long-term success.

We aim to understand the needs and priorities of iwi, Māori and key stakeholders. This guides our resource allocation to business activities and informs our strategy and business plans.

By customising engagement methods to meet specific needs and preferences, we can gather richer, more meaningful data than taking a one-size-fits-all approach.

These engagement methods include:

- One-on-one meetings in person and/or online.
- Group meetings in person, such as community co-design forums and stakeholder events.
- Governance-level engagement, such as Board-to-Board hui with iwi partners.
- Attendance at national and sometimes international events with iwi partners.

- Regular written updates, such as project updates to local communities and quarterly trading updates to investors.
- Online surveys and audits, such as monthly customer satisfaction surveys sent to a representative sample of customers, modelled against our market segmentation approach. Customer satisfaction is based on the percentage of respondents scoring their overall experience with Mercury 8–10 out of 10.

The feedback we have received through engagements has helped inform the business activities covered in [How We Deliver Value](#).

These insights, shared through key relationship holders across our business, have also contributed to our [FY26 Materiality Assessment](#).

66

We gather rich, meaningful data by customising engagement methods.



MANA WHENUA, NGĀTI TAHU NGĀTI WHAOA, LED THE NGĀ TAMARIKI GEOTHERMAL STATION GROUNDBREAKING CELEBRATION



[MENU](#)

MERCURY 2026 INTEGRATED REPORT | SHAPING OUR PRIORITIES

13

THE RISKS WE FACE

This page provides a short summary of the trends and activities over FY26 in our key risk areas.

A comprehensive summary is included in [Governance at Mercury](#).



HEALTH, SAFETY & WELLBEING

We care about the health, safety, and wellbeing (HS&W) of our people, our partners, our customers, and communities. High-consequence harm events arising from our operations and public-facing activities are a fundamental risk. We continually seek to grow the capability of our people and systems to enable safe and healthy outcomes. We have:

- Prioritised critical risks and lifesaving controls, leadership routines, the completion of enforceable undertaking activities, and the uplifting of HS&W capability and maturity, including through the launch of a [Safety Intelligence Programme](#).
- Begun building a more structured approach to psychosocial risk, aligned to international guidelines (ISO 45003) and our wider health and safety systems. The approach focuses on work-related risk controls, leader capability, timely support, and evidence-based governance.
- Continued prioritising process safety across generating assets, with WorkSafe accepting safety cases for all three Major Hazard Facility geothermal sites as part of the five-yearly review cycle.
- Begun to implement the hydro Dam Safety Assurance Programmes independently approved in FY25. Implementation will be completed ahead of early FY27 regulator verification.



COMPLIANCE & REGULATORY

Compliance with resource consents, along with key generation and retail regulations, is important for our continued ability to operate. Meanwhile, possible regulatory change and intervention continues to present a significant risk. We have:

- Seen several regulatory processes with potential to have significant impact on Mercury's progress, including new Planning and Natural Environment Bills, the Government's decisions related to market performance, including dry year risk mechanisms, and Competition Task Force hedge tools and level playing field requirements.
- Seen regulators remain active in enforcing compliance breaches, while the Government moved to strengthen regulator powers and increase penalties for non-compliance.
- Continued to collaborate with other sector participants on shared challenges and opportunities related to the energy transition.
- Experienced increasing scrutiny of retail electricity prices, gentailer pricing and competitive neutrality, which may undermine customer and stakeholder trust and increase the risk of further regulatory or structural intervention.
- Observed growing scrutiny of vertical integration and the gentailer model, with potential for further regulatory or structural intervention if current measures do not deliver greater competition and consumer benefits.



REPUTATION

Our priority is maintaining and growing the trust of a wide range of stakeholders, which remains critical to our licence to operate and ability to grow. We recognise that:

- Deepening relationships with iwi, Māori, investors, government and regulators, and the broader community is key to achieving our shared goals.
- Maintaining customer trust remains critical as cost pressures, electricity prices, affordability and the energy transition shape expectations. We continue to focus on delivering value and care for all our customers.
- The development, operation, and refurbishment of generation assets can affect local communities, mana whenua, and natural resources. As a renewable generator, we strive to show strong environmental stewardship.
- AI may disrupt our business in new and unexpected ways, while also creating opportunities to improve efficiency, processes, and customer outcomes. We are applying the same disciplined risk assessment and management approach to AI as we do to other critical operational areas.



OPERATIONAL

Our key operational risks include asset management and availability, fuel availability, market exposure, cyber security, and significant business interruption events. These are critical enterprise risks because they can materially disrupt our ability to generate electricity, deliver telco and Internet Service Provider (ISP) services, meet customer and market commitments, and sustain revenue. We understand that:

- Our two most significant operational risks continue to be the risk of a significant and extended plant outage (primarily baseload geothermal), and the risk of an extended drought (impacting on lake levels, water flows, and hydro station operations/outages).
- It is important to continue to progress our significant hydro refurbishment programme, geothermal turnarounds, and the uplift of our systems in order to help manage these risks.
- Cyber attacks continue to increase in frequency and sophistication globally, and we must continue to increase security maturity across IT, operational technology, and internet service provider environments.
- The energy transition is increasing demand for renewable technologies and skilled labour, creating supply chain, construction delay, and cost risks for us. These are amplified by geopolitical tensions, global competition, and New Zealand's remoteness.



FINANCIAL

Managing financial risk is crucial because it helps us safeguard our assets, earnings, and overall financial stability in the face of unpredictable internal and external challenges. We recognise that:

- Key financial risks include maintaining balance sheet resilience, appropriate insurance cover, and our ability to execute and fund projects and new growth initiatives.
- Delays in delivering significant business initiatives and major projects as planned can significantly affect returns, timing, and future growth.
- Inflation, interest rates, foreign exchange movements, and supply chain costs may increase project and funding costs, reduce profitability, and put future generation development and new business opportunities at risk if they remain elevated.
- We face counterparty credit risk across financial and commercial relationships, managed through credit limits, monitoring, and portfolio controls.
- The energy transition creates supply- and demand-side financial risks and opportunities, which we must actively manage through portfolio settings.



PEOPLE

People risks matter because they directly affect our ability to deliver strategy, maintain trust, and operate reliably. We understand that:

- Attracting, developing, and retaining capable, high-performing people who can successfully deliver our strategic priorities remains critical.
- We face the challenge of an ageing workforce in several key operational areas. Attracting capable people to ensure succession remains a key priority.
- Providing targeted training and support to our frontline teams is fundamental, particularly for those managing unacceptable customer behaviours and challenging customer circumstances. This includes ongoing de-escalation capability building and specialist upskilling.

PULLING IT ALL TOGETHER

Our FY35 aspiration areas represent the key drivers of material value creation for our business. These align to the six capitals of the Integrated Reporting <IR> framework.

We use these categories to understand how different resources (input capitals) can either create or erode value. It also helps us take a holistic view of our business and understand the broader environment we operate in.

When thinking about materiality, we consider both what matters most to our business and what matters most to iwi/Māori and stakeholders. Together, these considerations help inform the framework for our long-term strategy and near-term business planning.

Reporting on what's important to us and our stakeholders also forms the basis of this Integrated Report.

REVIEWING OUR MATERIAL TOPICS

We continuously review our strategy against a broad context and keep up to date with changes. When we consider whether our most material topics have changed, we also evaluate how our approach needs to evolve to ensure we continue to create value.

The flowchart below outlines the process we have taken to determine our material topics.

OUR MATERIAL TOPICS

We have determined our material topics and grouped them by our FY35 aspiration areas. We have reduced and refined these from FY25 to ensure they capture what is *really* important to us and our stakeholders.

These will be taken into account over the next financial year as we progress activity against our strategic priorities.

MATERIALITY ASSESSMENT

<IR> Capitals	Our FY35 aspiration areas	Our material topics
Natural Manufactured	 Kaitiakitanga/Stewardship	- Renewables progress - Asset and environment stewardship
Social and Relationship	 Kiritaki/Customer	- Customer value and experience - Affordability
	 Kōtuitanga/Partnerships	Shared value and considered outcomes
Human Intellectual	 Ngā Tāngata/People	- Connected and high-performing culture - Health, safety, and wellbeing
Financial	 Arumoni/Commercial	- Disciplined growth - Operational excellence

CONTINUOUS APPROACH TO EVALUATING MATERIAL TOPICS

GATHER DATA

We consider data points including:

- Iwi, Māori and stakeholder perspectives ([page 13](#))
- External environmental considerations ([pages 8-11](#))
- Risk assessment insights ([page 14](#))
- Any other factors

REVIEW MATERIAL TOPICS

We review our most material topics, grouped under our five long-term aspirations:

- Kaitiakitanga/Stewardship
- Kiritaki/Customer
- Kōtuitanga/Partnerships
- Ngā Tāngata/People
- Arumoni/Commercial

UPDATE MATERIAL TOPICS

Our material topics for FY26 are outlined above and are reflected in our strategic processes and the activity we undertake during the year.

CONTINUED ENGAGEMENT AND MONITORING

We continue to engage with iwi, Māori and stakeholders and monitor the internal and external environment.



HOW WE DELIVER VALUE

TE PĒWHEA O TĀ MĀTOU TUKU HIRA

In this section, we report on material activity from the past year which has supported us to progress towards our FY35 aspirations.

We reflect on our progress, our successes, and how we have responded to challenges we have encountered.



KAITIAKITANGA / STEWARDSHIP

[READ MORE PG17](#)



Completed Ngā Tamariki Geothermal Station expansion.



Completed construction of Kaiwera Downs Stage 2 Wind Farm.



Commenced Kaiwaikawe Wind Farm generation.



Committed to next phase of hydro refurbishment programme.



KIRITAKI / CUSTOMER

- Launched Flex Rates and advanced smart hot water control programme.
- Commenced long-term agreements with Fonterra, Visy, and Whakatāne Mill, and signed agreement with Datagrid.
- Provided direct support for customers experiencing hardship and material support to social retailers, Nau Mai Rā and Toast Electric.

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KŌTUITANGA / PARTNERSHIPS

- Actively shaped and contributed to solutions for gas and firming challenges.
- Delivered Ngā Tamariki expansion with support from our long-standing partners, Tauhara North No.2 Trust, and mana whenua, Ngāti Tahu – Ngāti Whaoa.
- Celebrated 25 years as a five-star partner of the Starship Foundation, having raised over \$20 million with our customers for the hospital.

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NGĀ TĀNGATA / PEOPLE

- Strengthened capability and performance of our senior leaders to collectively deliver on our purpose and strategy.
- Maintained our strong internal talent pipeline, and refreshed our talent potential assessment.
- Launched the Safety Intelligence Programme.

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ARUMONI / COMMERCIAL

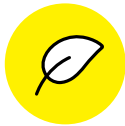
- Delivered resilient earnings, with FY26 EBITDAF of \$1,068 million.
- Continued disciplined growth through record stay-in-business and growth CAPEX.
- Maintained strong balance sheet with growth continuing to be funded from balance sheet, within clear financial guardrails.

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[MENU](#)

MERCURY 2026 INTEGRATED REPORT | HOW WE DELIVER VALUE



1. KAITIAKITANGA / STEWARDSHIP

We are protecting and strengthening our renewable generation assets, developing options for future energy growth, and looking after the natural environment we operate in.

RENEWABLES

Progress made in FY26 / early FY27:

- Completed construction of the new fifth unit at Ngā Tamariki Geothermal Station on budget and on time in March. The \$220 million expansion will deliver an additional 390GWh p.a., equivalent to powering around 55,000 homes.
- Completed construction of our \$486 million Kaiwera Downs Stage 2 Wind Farm, with final commissioning activities underway.
- Commenced generation at our \$287 million Kaiwaikawe Wind Farm. It is on track to be fully operational by the end of 2026.
- Committed \$75 million to geothermal appraisal drilling for two projects at existing sites near Taupō as part of our next phase of geothermal growth. Together, the projects at Ngā Tamariki and Rotokawa, could total up to \$1 billion investment and add 1TWh of new geothermal generation—the equivalent of powering an additional 142,000 homes. First generation is targeted for 2030.
- Achieved final investment decision on Puke Kapo Hau (Mahinerangi Stage 2) Wind Farm. In August 2026, Mercury's Board approved the \$506 million project. Final grid connection studies are being completed with Transpower. Mahinerangi Wind Farm (Stages 1 and 2) is expected to be New Zealand's largest wind farm once complete, with 228MW total capacity and annual generation of 646GWh.

Looking forward:

We will continue to deliver renewable and reliable electricity for New Zealand, with particular focus on growing our wind and geothermal platforms. Scaling geothermal will strengthen our renewable portfolio, support long-term contracting with major energy users, and help meet New Zealand's growing demand for affordable, reliable, and renewable electricity.

For more information about our geothermal growth strategy, see [Mercury Geothermal Investor Day 2026](#) presentation.

ASSET AND ENVIRONMENT STEWARDSHIP

Progress made in FY26:

- Committed to the next phase of our multi-year hydro refurbishment programme, a \$590 million upgrade of Maraetai I, Ātiamuri, and Ōhākuri hydro stations. International technology group ANDRITZ will supply new turbines, generators, governors, and electromechanical equipment for the 13 generating units across the three stations.
- Began \$29.6 million four-year refurbishment of Maraetai II Hydro Station, which will improve the station's operational reliability and extend its life by 20 years.
- Completed the \$90 million multi-year refurbishment of Karāpiro Hydro Station, increasing its capacity by an additional 16.5MW, to 112.5MW. The station's total average annual output is now 537GWh, producing enough electricity to power the equivalent of 76,000 homes a year.



KAIWERA DOWNS WIND FARM



ARATIATIA RAPIDS

- Advanced our multi-year Taupō Control Gates refurbishment and inspection programme. One gate was refurbished in FY26, and we plan to refurbish another gate in FY27. This is a \$1.4 million investment over FY26-FY27 and protects a critical control point in the Waikato Hydro System.
- Successfully completed an eight-well geothermal drilling campaign to sustain capacity of the Kawerau, Ngā Tamariki, and Rotokawa fields. The total cost was \$161 million over four years, \$14 million lower than earlier estimated.
- Reduced operational emissions through initiatives such as capturing and re-injecting non-condensable gases (NCG) at Ngā Tamariki Geothermal Station. In FY26 we invested about \$1.3 million in this initiative with an estimated 13,490 tCO₂e (Carbon Dioxide Equivalent) abated.

Challenges encountered and how we responded:

The natural environment

- Freshwater aquatic weed control and algal blooms in our hydro lakes remain a challenge. We are working with Waikato Regional Council, which is responsible for the water quality management of the lakes, and with iwi, government agencies, Waikato River communities, and others to develop long-term solutions.
- Invasive freshwater gold clams have been found near our hydro dams. We are following advice from Biosecurity New Zealand as Aotearoa seeks to limit the spread of the clams through the river system.
- Practical solutions are needed to support iwi-led eel transfer programmes, enabling eels to bypass our hydro dams and return to the sea to complete their life cycle. We are working with our river iwi partners and tuna migration specialists to identify the best options.

Looking forward:

- We will be progressing the next phase of our hydro refurbishment programme. Planning has started with refurbishment work scheduled for 2029-2034. We will also continue the refurbishment of Maraetai II Hydro Station and the Taupō Control Gates.
- We are moving to the main works phase of the Arapuni Hydro Dam Enhancement Project in FY27. This is a \$120 million investment which involves installing a new underground cutoff wall to protect the hydro dam from long-term water seepage.

Emissions targets

In FY26, we updated our emissions reduction targets to incorporate updated methodology and the learnings from progressing our initial targets. We now have a more mature technical evidence base and a clearer understanding of the delivery challenges which we have used to inform our updated targets.

Our targets continue to be aligned to our strategy and informed by Science Based Targets initiative (SBTi) tools, greenhouse gas accounting principles, and target-setting principles. We have used SBTi tools and methodologies that are designed to support 1.5°C-aligned target setting, alongside Mercury's modelling, operational assumptions, and insight from our programme of work to date.

It is our view that by achieving our SBTi-aligned long-term climate targets, we are playing our part in contributing to the global effort to limit warming to 1.5°C.

For information about our emissions reduction progress and updated targets, see our [Climate Statement 2026](#).



2. KIRITAKI / CUSTOMER

We continue to focus on delivering value and care for our customers, both small and large, through the energy transition.

CUSTOMER VALUE AND EXPERIENCE

Progress made in FY26 / early FY27:

- Launched Flex Rates, time-of-use (TOU) plans which give residential and small and medium-sized business customers greater control over electricity spend while managing load on distribution networks. This was supported by education and advice to help households determine if Flex Rates or Flat Rates will best suit their needs.
- Returned \$7 million in value to customers via Mercury Rewards loyalty programme. Nearly half a million Free Power Days and 124,000 account credits were redeemed over FY26. Over half of our residential customers are now enrolled, recognised for tenure and rewarded for engagement across all of our products.
- Brought energy, broadband, mobile, and gas into a single account, billing and service relationship, making life simpler for customers. Over 40% of our customers now have two or more products with us.
- Surpassed 190,000 customers having fibre or wireless broadband, and 50,000 customers having mobile.
- Enhanced our digital self-service tools, helping customers manage payments, services, and more with ease. Nearly 70% of customers now have a login to My Account web portal or Mercury app.

Customer insights

- Mercury was voted New Zealand's Most Trusted Brand for Electricity and Gas for the fourth consecutive year in the Reader's Digest's Trusted Brands Awards.
- Mercury was named Winner of the 2026 Reader's Digest Quality Service Award for Internet Service Providers and ranked second in the Commerce Commission's consumer surveys for speed of resolution, staff knowledge, and billing comprehension.
- We maintained strong customer satisfaction throughout FY26, remaining within our target range of 64-67% for the majority of the year and dipping just below that to 63% in the final quarter. Our multi-service customers reported higher satisfaction, at 65-69%.
- Mercury was below average in four categories in Consumer's 2026 energy retailer survey, which compares multi-service providers with energy-only retailers. We always want to improve, and have considered the results alongside our own comprehensive and ongoing customer research.

Helping customers transition to a smart, low-carbon home

- Advanced our smart hot water control programme, resulting in 50,000 cylinders (20MW) under management over winter.
- Completed a GridSmart device trial to better understand how smart hot water cylinders can increase demand flexibility while helping ensure customers have reliable access to hot water.



Delivering at scale

Entered long-term electricity supply agreements with industrial customers to support new electricity demand and provide greater confidence for renewable generation investment:

- Commenced a 10-year contract with Fonterra to support electrification of its Waitoa site, from August, and Edgecumbe, after year end, creating around 260GWh per year of new demand once complete—about the size of a large wind farm. Long-term contracts also commenced with Visy and Whakatāne Mill.
- Signed a 15-year, 140MW, 1.2TWh per year power purchase option agreement (PPOA) with Datagrid for its AI Factory in Southland, supporting new demand and AI infrastructure growth in New Zealand.

Looking forward:

- Following a strategic review and careful consideration, in June 2026 we decided to consolidate and close the NOW telco and broadband business. We aim to migrate NOW's residential customers to Mercury. The orderly wind-down is expected to be completed by March 2027.
- We continue to enhance value and experience for households through smarter propositions, benefits, and service features.
- We anticipate continued appetite for long-term electricity supply agreements that give businesses certainty of cost, support our investment in more renewable energy for New Zealand, and help customers electrify.

AFFORDABILITY

Progress made in FY26:

- Provided direct support to our customers experiencing hardship and collaborated with community partners to ensure comprehensive, wraparound support for those most in need.

Our dedicated Here to Help team help customers remain connected to services, set up payment plans tailored to their needs, connect them with partner agencies, and support access to initiatives such as the electricity sector's Power Credits scheme.

- Delivered material support to social retailers, Nau Mai Rā and Toast Electric, providing care beyond our own customer base. This included 59GWh volume sold to social retailers in FY26.
- Provided an additional \$2 million in support to trusted iwi, community groups and charities over winter 2026, as covered in [Kōtuitanga/Partnerships](#).
- Provided long-term electricity supply agreements to businesses.

Challenges encountered and how we responded:

In June 2024, we stopped credit-related post-pay disconnections and moved to a more individualised support model for customers in hardship. While this approach aligned with the intent of the Consumer Care Obligations introduced in April 2025, some requirements were not fully operationalised by the effective date and we reported non-compliance through the annual reporting process. We have since continued to strengthen the relevant processes, systems, and controls.

Looking forward:

We are focused on ensuring electricity remains affordable and accessible for households and businesses and are taking action across our business, and in collaboration with others, to support this. This spans delivering more renewable energy, which has flow-on effects to price, customer solutions and care, and advocating for government policies which will help enable this.





3. KŌTUITANGA / PARTNERSHIPS

We are building trusted, long term relationships with iwi, communities, and industry partners to support the energy transition and deliver sustainable outcomes for the country.

SHARED VALUE AND CONSIDERED OUTCOMES

Progress made in FY26:

- Supported BCG Energy to Grow report, released in late 2025, and the industry-led Powering Change relaunch in early 2026.
 - Shaped and contributed to solutions for gas and firming challenges, including gas market transparency and supporting the Huntly Firming Option, and boosting the hedge market to support vibrant competition, including supporting trading of super peak products.
 - Supported more timely and certain consent processes for renewable projects without compromising environmental assessments and community engagement; advocated for stronger recognition of renewable energy in RMA reforms and fast-track settings.
 - Engaged constructively with politicians from across the political spectrum in the lead-up to the general election in November 2026.
 - Delivered the Ngā Tamariki Geothermal Station expansion with support from our long-standing partners, Tauhara North No.2 Trust, and mana whenua, Ngāti Tahu – Ngāti Whaoa.
 - Began working with Government and our geothermal partners to advance options for supercritical geothermal investigations at the Rotokawa geothermal field in the Taupō Volcanic Zone.
 - Built stronger relationships with Ngāti Koroki Kahukura, Ngāti Hauā, and Raukawa, by working together on the Arapuni Hydro Dam Enhancement Project.
- The iwi have named this project Te Ohu o Arapuni – The Collective of Arapuni, reflecting the many organisations involved alongside the three iwi.
- Achieved constructive engagement with Te Rūnanga o Ōtākou which supported our plan for Puke Kapo Hau Wind Farm (Mahinerangi Wind Farm Stage 2).
 - Supported local communities through initiatives such as Community Funds, which provide funding for projects and organisations that contribute to community wellbeing in regions where we operate.
 - Provided \$2 million over winter 2026 to trusted iwi, community groups, and charities supporting people doing it tough in the current economic climate, on top of our existing affordability initiatives.
 - Celebrated 25 years as a five-star partner of the Starship Foundation, having raised over \$20 million with our customers for the hospital in that time.

Challenges encountered and how we responded:

- The sector has faced ongoing political scrutiny. We recognise the sector needs to evolve, are committed to being open and transparent, and continue to offer constructive solutions to help shape those changes.

Looking forward:

- We are implementing the Electricity Authority's level playing field measures. Mercury is committed to ensuring fair and transparent access to wholesale electricity markets for all participants.



NGĀTI KOROKI KAHUKURA AND MEMBERS OF THE ARAPUNI HYDRO DAM ENHANCEMENT PROJECT TEAM

- We are engaging in the next steps following the Government's 2025 review of the energy sector. Our focus is on working constructively with Government and industry to ensure the proposed solutions deliver the best outcomes for consumers.
- We are engaging on the Government's plans to procure LNG as an additional fuel source as insurance for the electricity sector and to support gas users. This includes contributing to the development of an appropriate, enduring framework for managing dry year risk.
- We are working with the Electricity Retailers' and Generators' Association of New Zealand (ERGANZ) and other generator-retailers to bring international energy experts to New Zealand for a speaker series. The aim is to support government, regulators, and industry to learn from international experiences, understand the challenges faced in the energy transition, and apply those insights to support a smoother transition in New Zealand.
- We continue to have commercial discussions with iwi on potential renewable energy development in the geothermal sector.



4. NGĀ TĀNGATA / PEOPLE

We are strengthening our people foundations while shaping a forward-looking people strategy that lifts performance and delivers on our business goals.

CONNECTED AND HIGH-PERFORMING CULTURE

Progress made in FY26:

- Michele Mauger joined as Chief People Officer, bringing 35+ years' experience and strengthening executive capability.
- Completed a review of our executive remuneration structure to tighten the connection between pay and performance.
- Announced an Employee Share Scheme and an enhanced employee product offering, which will enable our people to understand first-hand what it is like to be both a Mercury shareholder and a Mercury customer.
- Lifted our senior leaders' capability to deliver on our purpose and strategy through the Leaders Worth Following development programme. This is driving stronger, more consistent leadership performance across the business.
- Maintained a strong internal talent pipeline, filling 52% of vacant roles from within. We also refreshed how we assess talent potential and manage succession for senior and business-critical roles — building a more capable, productive leadership bench for the future.
- The insights from people surveys during FY26 are directly informing our key priorities across the people strategy, customer strategy, and our partnerships. Our Cultural Performance Index rose from 68% (FY25) to 73% (June 2026), and we introduced a new Engagement Index, starting at 65% — ahead of the NZ 1000–5000 benchmark of 64%.
- Began embedding AI across the business through the Mercury Amplify programme, building capability in our people to lift productivity and free our people for higher value work. We are building the skills and confidence to use these tools safely and effectively, backed by our AI Policy — boosting performance while managing risk.
- Built a strong employer brand with Mercury job ads outperforming comparable roles on applications, according to Seek data, and AI-assisted sourcing extended reach for hard-to-fill positions.
- Grew early-career pipeline. In FY26, we welcomed 16 interns, three now in permanent roles, and two apprentices. Four FY25 interns also joined Mercury in graduate roles—investing in the capability and productivity of our future workforce.
- Grew women in leadership by 4% to 49%, and increased ethnic diversity in people leader roles with 21% of leaders now identifying as Māori, Pacific, or Asian, up from 20% in June 2025.

Challenges encountered and how we responded:

While we have made progress in terms of diversity, we still have more to do. This will continue to be a focus for FY27.

Looking forward:

In FY27, we will strengthen our employee lifecycle foundations and build a modern, market-focused people strategy aligned to our FY27–FY30 business goals. We will continue to focus on lifting performance and productivity through enterprise-wide remuneration and performance frameworks, leadership development, and talent and succession, setting our workforce up to thrive in a world of accelerating change.





NGĀ TAMARIKI GEOTHERMAL STATION

HEALTH, SAFETY AND WELLBEING

Progress made in FY26:

- No fatality or high-severity health and safety incidents occurred. Our 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) was 0.31, down 29.1% on FY25.
- Launched the Safety Intelligence Programme, a practical framework designed to raise the standard of workplace safety by making safety clear, human, and effective, and embedding capability into everyday practice. As part of this we:
 - Lifted leadership capability and progressed delivery of a more deliberate and consistent approach to safety, by strengthening leader-led safety practices and increasing consistency in how risk is understood and managed.
 - Progressed our focus on critical risk and contractor safety, alongside the rollout of our Hazard Identification Training Programme, to help people recognise and respond to risk in real work environments.
 - Embedded daily routines, including regular safety interactions, across our generation business unit.
 - Began building a more structured approach to psychosocial risk, aligned to international guidelines (ISO 45003) and our wider health and safety systems.
 - Launched a [Safety Intelligence website](#) to help us, our contractors, and the wider New Zealand industry lift safety maturity together.
- Continued prioritising process safety across generating assets, with WorkSafe accepting safety cases for all three Major Hazard Facility geothermal sites as part of the five-yearly review cycle.

- Began to implement the hydro Dam Safety Assurance Programmes independently approved in FY25. Implementation will be completed ahead of early FY27 regulator verification.

Challenges encountered and how we responded:

- In FY26, Mercury was formally discharged from the \$1.15 million enforceable undertaking entered into with WorkSafe NZ following a 2021 process safety incident at Rotokawa Geothermal Station. This concludes a four-year programme that fundamentally strengthened our safety systems, leadership capability, and hazard management practices, and culminated in the introduction of our Safety Intelligence Programme.
- Activity included structured leader routines, process safety fundamentals, industry-wide lessons which reached more than 400 people, the introduction of autonomous inspection technology, and a world-first geothermal safety cultural resource in partnership with Tauhara North No.2 Trust.
 - This activity delivered a 52% reduction in our TRIFR over the five years, and resulted in more than 15,000 proactive safety interventions recorded.

Looking forward:

We will continue to support our people to deliver safer outcomes on our journey towards safety citizenship, where safety is a shared responsibility and an everyday practice across all levels of the organisation.

This will be achieved by bringing our Safety Intelligence Framework to life, evolving our critical risk management, and embedding our rituals and routines.



5. ARUMONI / COMMERCIAL

We are delivering resilient earnings, disciplined cost performance, and careful capital allocation to fund growth, maintain balance sheet resilience, and create long-term shareholder value.

DISCIPLINED GROWTH

Progress made in FY26:

- Invested a record \$560 million in growth CAPEX. Together with \$150 million of stay-in-business CAPEX, total investment was \$710 million, equivalent to 66% of EBITDAF. This investment is strengthening our future earnings base and the resilience of our existing assets, while being funded within clear financial guardrails. Further detail on major generation developments and asset upgrades is included under [Kaitiakitanga/Stewardship](#).

Looking forward:

We will continue to apply clear return thresholds and staged investment discipline as we progress our development pipeline towards 3.5TWh of new generation by 2030. Investment decisions will be paced against customer demand, project readiness, delivery capability, and balance sheet capacity.

OPERATIONAL EXCELLENCE

Progress made in FY26:

- Delivered operating costs of \$370 million, \$26 million lower than FY25 and in line with target. The reduction reflected refreshed operating models and lower employee and maintenance costs following completion of major FY25 generation maintenance programmes, despite inflationary pressure and the increasing operating cost of a larger generation portfolio.
- Stay-in-business capex increased from \$138 million in FY25 to \$150 million in FY26, in line with target. This reflected the completion of the Karāpiro Hydro Upgrade, the geothermal drilling campaign, and investment in the Arapuni Hydro Dam Enhancement Project and hydro refurbishment.

Looking forward:

We remain focused on holding operating costs broadly flat in FY27, with productivity and simplification helping to offset inflation and the cost of new generation capacity.

Over the next 10 years, we expect to invest around \$1.5 billion in stay-in-business CAPEX to maintain asset reliability, resilience, and performance.



MAHINERANGI WIND FARM





OHAKURI HYDRO STATION



[MENU](#)

MERCURY 2026 INTEGRATED REPORT | HOW WE DELIVER VALUE

LOOKING AT THE NUMBERS

TITIRO KI NGĀ TATAU

This section explains how our integrated thinking, decisions, and actions play out in financial results. We provide commentary on our financial performance for the year to 30 June 2026 compared with prior years, as well as our auditor's report and financial statements.

Segment reporting has been set out so you can clearly see the financial dynamics of our generation and wholesale operations as distinct from our retail operations.



Our FY26 operating earnings (EBITDAF) were \$1,068 million, up 36% on FY25, driven by higher renewable generation and cost discipline.

[READ MORE PG40](#)



Our FY26 total CAPEX was \$710 million, reflecting a peak investment period in new renewable generation.

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Our operating cash flow of \$762 million, was up 58% on FY25, following strong EBITDAF performance.

[READ MORE PG37](#)



The fully imputed final dividend was 17.0 cents per share (cps), bringing the FY26 ordinary dividend to 27.0 cps - the 18th consecutive year of ordinary dividend growth.

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CONTENTS

<u>28</u>	FINANCIAL COMMENTARY
<u>29</u>	FINANCIAL TRACK RECORD
<u>30</u>	INDEPENDENT AUDITOR'S REPORT

GROUP FINANCIAL STATEMENTS

<u>34</u>	CONSOLIDATED INCOME STATEMENT
<u>34</u>	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
<u>35</u>	CONSOLIDATED BALANCE SHEET
<u>36</u>	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
<u>37</u>	CONSOLIDATED CASH FLOW STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

<u>38</u>	GENERAL INFORMATION
A.	FINANCIAL PERFORMANCE
<u>39</u>	A1. REVENUE
<u>39</u>	A2. SEGMENT REPORTING
<u>43</u>	A3. TAXATION
B.	OPERATING ASSETS
<u>44</u>	B1. PROPERTY, PLANT AND EQUIPMENT
<u>46</u>	B2. INTANGIBLE ASSETS

C.	WORKING CAPITAL AND PROVISIONS
<u>47</u>	C1. RECEIVABLES
<u>48</u>	C2. INVENTORIES
<u>48</u>	C3. PROVISIONS
D.	FUNDING
<u>49</u>	D1. SHARE CAPITAL AND DISTRIBUTION
<u>50</u>	D2. BORROWINGS
<u>51</u>	D3. NET INTEREST EXPENSE
<u>52</u>	D4. COMMITMENTS AND CONTINGENCIES
<u>53</u>	D5. RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS
E.	GROUP STRUCTURE
<u>54</u>	E1. ASSOCIATES AND JOINT ARRANGEMENTS
<u>55</u>	E2. RELATED PARTY TRANSACTIONS
F.	RISK
<u>56</u>	F1. DERIVATIVE FINANCIAL INSTRUMENTS
<u>60</u>	F2. FINANCIAL RISK MANAGEMENT
G.	OTHER
<u>64</u>	G1. SHARE-BASED PAYMENTS
<u>64</u>	G2. SUBSEQUENT EVENTS AND OTHER MATTERS

FINANCIAL COMMENTARY

Mercury delivered record EBITDAF of \$1,068 million for FY26, \$282 million higher than the \$786 million reported in the prior year. The result reflects higher generation volumes, primarily following strong hydro inflows, additional output from the fifth generating unit at the Ngā Tamariki Geothermal Station and Stage 2 of the Kaiwera Downs Wind Farm, improved sales yields and lower operating costs. This performance supported record investment in new and existing generation assets while maintaining leverage within our target range.

OPERATIONAL ACTIVITY

Total generation for the year was 9,070GWh, an increase of 1,163GWh or 15% from the prior year. The increase reflects higher hydro generation following stronger inflows, together with increased wind and geothermal generation from recently commissioned assets.

Hydro generation increased by 1,041GWh to 4,452GWh and was 310GWh above the long-term average, reflecting 83rd percentile inflows. Wind generation increased by 59GWh to 1,995GWh, supported by generation from Stage 2 of the Kaiwera Downs Wind Farm. Geothermal generation increased by 63GWh to 2,622GWh, with additional output from the fifth generating unit at Ngā Tamariki Geothermal Station, partly offset by an unplanned outage at Kawerau Geothermal Station.

Higher generation volumes moved us from a net short electricity position of 149GWh in FY25 to a net long position of 48GWh in FY26. Sales yields increased across all segments, with mass-market yields increasing to \$184/MWh and average commercial and industrial yields increasing to \$156/MWh.

OPERATING EARNINGS (EBITDAF)

Our EBITDAF increased by \$282 million to \$1,068 million.

Trading margin increased by \$268 million to \$1,421 million, driven by higher generation volumes and improved sales yields, partly offset by lower electricity prices.

Operating costs were \$370 million, in line with our target and \$26 million lower than the prior year. The decrease primarily reflected lower employee costs following operating-model changes and the completion of major generation maintenance programmes in FY25.

PROFIT FOR THE YEAR

Our net profit after tax was \$321 million, an increase of \$320 million from the prior year. The increase primarily reflected higher EBITDAF and a favourable year-on-year movement in unrealised losses on unhedged derivatives and hedge ineffectiveness. These benefits were partly offset by higher tax and depreciation expenses and impairment and revaluation losses recognised during the year.

CAPITAL STRUCTURE AND DIVIDENDS

Net debt was \$2,354 million at 30 June 2026, an increase of \$171 million from the prior year. The increase primarily reflected growth capital expenditure on the fifth generating unit at the Ngā Tamariki Geothermal Station, Stage 2 of the Kaiwera Downs Wind Farm and Kaiwaikawe Wind Farm. This was partly offset by stronger operating cash flow and the issue of new shares under our dividend reinvestment plan.

During FY26, we issued 18.1 million new ordinary shares under the dividend reinvestment plan, increasing issued capital by \$117 million. We held no treasury shares at 30 June 2026.

Our S&P Global-adjusted debt/EBITDAF was 2.0 at 30 June 2026, within its target range of 2.0x to 3.0x and consistent with its BBB+ credit rating. At year end, we had \$610 million of undrawn borrowing facilities, net of commercial paper on issue, and cash and cash equivalents of \$77 million. Sitting at the lower end of the 2.0x-3.0x target range gives us balance sheet headroom to fund both committed and planned uncommitted projects within current settings.

The Board has declared a fully imputed final ordinary dividend of 17.0 cents per share. This brings the full-year ordinary dividend to 27.0 cents per share, an increase of approximately 13% from 24.0 cents per share in the prior year and is our 18th consecutive year of ordinary dividend growth.

The full-year ordinary dividend is consistent with our dividend policy, which targets a payout of 70% to 85% of free cash flow on average over time. Under the terms of our dividend reinvestment plan dated 22 February 2022, shareholders may elect to receive all or part of the dividend in Mercury ordinary shares rather than cash. Shares issued under the plan for the 2026 final ordinary dividend will be issued at a 2% discount to the volume-weighted average share price calculated in accordance with the plan's terms and conditions.

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities represents cash flows from the sale of electricity, gas, broadband, and telecommunication services, along with the costs associated with their sale and the cash costs of interest and taxes. Net cash provided by operating activities increased by \$279 million to \$762 million, reflecting higher underlying earnings and lower income tax payments. The lower tax payments reflect reduced provisional tax instalments in FY26, following lower profit in FY25.

BALANCE SHEET

Total assets increased by \$507 million to \$10,465 million, mainly due to continued investment in generation assets, which increased property, plant and equipment by \$431 million to \$9,146 million.

Capital expenditure totalled \$710 million during the year. Stay-in-business capital expenditure increased by \$12 million to \$150 million, including commencement of the next phase of the Hydro refurbishment programme at Maraetai, Ōhākuri and Ātiamuri.

Growth capital expenditure increased by \$213 million to \$560 million, primarily reflecting Stage 2 of the Kaiwera Downs Wind Farm which began generating in April 2026, and continued construction of the Kaiwaikawe Wind Farm, which is expected to be fully operational by the end of 2026.

FINANCIAL TRACK RECORD

For the year ended 30 June (\$ million)	2026	2025	2024	2023	2022
Income statement					
Trading margin	1,421	1,153	1,228	1,163	745
EBITDAF	1,068	786	877	841	581
Net profit for the year	321	1	290	112	469
Balance sheet					
Total shareholders' equity	5,263	4,903	4,849	4,863	4,752
Total assets	10,465	9,958	9,795	9,419	9,631
Total liabilities	5,202	5,055	4,946	4,556	4,879
Cash flow					
Operating cash flow	762	483	612	578	352
Investing cash flow	(678)	(437)	(366)	(271)	(534)
Financing cash flow	(93)	(4)	(277)	(297)	84
CAPEX					
Total CAPEX	710	485	296	296	1,420
Growth CAPEX	560	347	154	177	1,352
Stay-in-business CAPEX	150	138	142	119	68
Other financial measures					
Free cash flow	612	345	470	459	284
Ordinary dividends declared	384	337	325	302	275
Ordinary dividends per share (cents)	27.0	24.0	23.3	21.8	20.0
Basic and diluted earnings per share	22.66	0.07	20.85	8.11	34.32
Net debt	2,354	2,183	1,953	1,907	1,961
Gearing (net debt/net debt + equity, %)	30.9	30.8	28.7	28.2	29.2
Debt/EBITDAF ¹	2.0	2.5	2.0	2.0	2.9
Operational measures					
Total recordable injury frequency rate (TRIFR) ²	0.31	0.44	0.43	0.49	0.60
Sales to customers (GWh)	6,485	6,340	6,669	6,749	5,105
Electricity customers ('000)	590	578	576	590	574
Electricity generation (GWh)	9,070	7,906	8,780	9,038	7,499

¹ Adjusted for expected S&P Global treatment

² Per 200,000 hours; includes on-site employees and contractors.



TARARUA WIND FARM



Independent Auditor's Report

To the shareholders of Mercury NZ Limited

The Auditor-General is the auditor of Mercury NZ Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out the audit of the consolidated financial statements of the Group on his behalf.

Opinion

We have audited the consolidated financial statements of the Group on pages 34 to 64, that comprise the consolidated balance sheet as at 30 June 2026, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with New Zealand equivalents to International Financial Reporting Standards and IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of public interest entities. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition to the audit we have carried out engagements in the areas of interim financial statements review, agreed-upon procedures and other assurance engagements, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in Mercury NZ Limited or any of its subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the Group of the current period. These matters were addressed in the context of our audit of the consolidated financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	How we addressed this matter
Valuation of generation assets	
Generation assets were recorded at \$8,483 million at 30 June 2026 as set out in note B1 of the consolidated financial statements. The generation assets represent approximately 80% of the Group's total assets. The Group engages an external valuation specialist ("valuer") to estimate the fair value of generation assets using a discounted cash flow model. The most significant inputs used to estimate this value include the forecast future wholesale electricity price path, forecast future generation volumes, projected operational and capital expenditure and discount rates as described in note B1 of the consolidated financial statements. The forecast future wholesale electricity price path and discount rate assumptions, which are the assumptions the valuation is most sensitive to, are estimated by the Group's valuer. Forecast future generation volumes and projected operational and capital expenditure are based on the Group's own forecast average generation volumes and cash flow forecasts, respectively, and are assessed by the valuer. We consider the valuation of generation assets to be a key audit matter given the significance of the recorded value to the Group financial statements and because of the inherent subjectivity, judgement and complexity involved in determining the fair value.	In obtaining sufficient appropriate audit evidence we: - met with the valuer to understand the valuation methodology adopted and the significant inputs and assumptions used by the valuer to estimate the fair value of the generation assets as at 30 June 2026; - compared forecast future generation volumes to historical generation volumes; - assessed the reasonableness of the projected operating and capital expenditure and considered the accuracy of the prior period forecasts compared to actual outcomes; - involved our internal valuation specialists to assess: - the appropriateness of the valuation methodology; and - the reasonability of: - the forecast future wholesale electricity price path; and - the discount rates. - assessed the competence, capabilities and objectivity of the valuer; - assessed whether the valuation adjustments made by management to the recorded asset values were in accordance with the Group's accounting policy; and - assessed the adequacy of the related financial statement disclosures in note B1. As a result of the above procedures, we considered the valuation methodologies and key assumptions reasonable in forming our opinion on the financial statements as a whole.

Description of key audit matter	How we addressed this matter
Valuation of level 3 derivative financial instruments	
The Group's activities expose it to certain risks which are managed using derivative financial instruments ("derivatives"). Derivatives are recorded at fair value. Where fair value is determined using significant non-market observable inputs, including the Group's internal forecast future wholesale electricity price path, those derivatives are classified as 'level 3' under the fair value hierarchy in NZ IFRS 13 <i>Fair value measurement</i>. At 30 June 2026, the recorded fair values of level 3 derivative assets and liabilities were \$238 million and \$280 million respectively, as set out in note F1 of the consolidated financial statements. We consider the valuation of level 3 derivatives to be a key audit matter because of the inherent subjectivity, judgement and complexity involved in determining their fair value.	In obtaining sufficient appropriate audit evidence we: - involved our internal valuation specialists to assess: - the appropriateness of: - on a sample basis, the models used to estimate the fair value of the level 3 derivatives; and - the valuation methodologies; and - the reasonableness of: - the Group's internal forecast future wholesale electricity price path, with reference to the generation asset valuation procedures detailed above; and - the discount rates. - on a sample basis, agreed key contract terms, including contract start and maturity dates, expected volumes and electricity strike prices, applied in the valuation models to the relevant contract; and - assessed the adequacy of the related financial statement disclosures in notes F1 and F2. As a result of the above procedures, we considered the valuation methodologies and key assumptions reasonable in forming our opinion on the financial statements as a whole.

Other information

The Directors are responsible on behalf of the Group for the other information. The other information comprises all of the information in the annual report other than the consolidated financial statements, and our auditor's report thereon. The other information includes the climate statement.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon, except as otherwise stated. We have issued an assurance report in relation to greenhouse gas emissions information disclosed in the climate statement.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors' responsibilities arise from the Financial Markets Conduct Act 2013.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of shareholders taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.



Emma Winsloe
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand
18 August 2026

GROUP FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2026

	Note	2026 \$M	2025 \$M
Revenue	A1, A2	3,224	3,498
Expenses	A2	(2,157)	(2,917)
Depreciation and amortisation	B1, B2	(375)	(357)
Impairment	B1, E1	(16)	-
Revaluation loss of generation assets	B1	(7)	-
Change in the fair value of financial instruments	F1	(141)	(148)
Change in the fair value of carbon units held for trading	C2	(5)	11
Share of profit from associates and joint ventures	E1	4	13
(Loss)/gain on disposal of carbon units	B2	(1)	18
Gain on sale of property, plant and equipment	B1	12	-
Interest income	D3	3	4
Interest expense	D3	(97)	(121)
Profit before tax		444	1
Tax expense	A3	(123)	-
Profit for the year attributable to owners of the parent		321	1
Basic and diluted earnings per share (cents)	D1	22.66	0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2026

	Note	2026 \$M	2025 \$M
Profit for the year attributable to owners of the parent		321	1
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in asset revaluation reserve	B1	93	323
Change in cash flow hedge reserve transferred to balance sheet		(12)	7
Share of movements in associates' and joint ventures' reserves	E1	(10)	(9)
Tax effect		(26)	(91)
Items that may be reclassified subsequently to profit or loss			
Change in cash flow hedge reserve		273	101
Share of movements in associates' and joint ventures' reserves	E1	24	-
Tax effect		(75)	(23)
Other comprehensive income for the year, net of taxation		267	308
Total comprehensive income for the year attributable to owners of the parent		588	309

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED BALANCE SHEET

As at 30 June 2026

	Note	2026 \$M	2025 \$M
SHAREHOLDERS' EQUITY			
Issued capital	D1	533	416
Reserves		4,730	4,487
Total shareholders' equity		5,263	4,903
ASSETS			
Current assets			
Cash		77	86
Trade and other receivables	C1	501	498
Contract assets and costs		26	33
Inventories	C2	116	126
Derivative financial instruments	F1	190	172
Total current assets		910	915
Non-current assets			
Property, plant and equipment	B1	9,146	8,715
Intangible assets	B2	103	102
Investment in and advances to associates and joint ventures	E1	90	95
Advances to joint operations	E2	1	4
Contract assets and costs		28	28
Derivative financial instruments	F1	187	99
Total non-current assets		9,555	9,043
Total assets		10,465	9,958

	Note	2026 \$M	2025 \$M
LIABILITIES			
Current liabilities			
Payables and accruals		348	377
Provisions	C3	14	-
Borrowings	D2	330	233
Derivative financial instruments	F1	211	234
Taxation payable	A3	42	8
Total current liabilities		945	852
Non-current liabilities			
Provisions	C3	78	89
Borrowings	D2	2,142	2,046
Derivative financial instruments	F1	266	364
Deferred tax	A3	1,771	1,704
Total non-current liabilities		4,257	4,203
Total liabilities		5,202	5,055
Net assets		5,263	4,903

The financial statements were authorised on behalf of the Mercury NZ Limited Board of Directors on 18 August 2026.



SCOTT ST JOHN
CHAIR OF THE BOARD OF DIRECTORS



ROBERT HAMILTON
CHAIR OF THE AUDIT AND FINANCIAL
RISK COMMITTEE

The accompanying notes form an integral part of these financial statements.



[MENU](#)

MERCURY 2026 INTEGRATED REPORT | LOOKING AT THE NUMBERS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2026

	Note	Issued capital \$M	Retained earnings \$M	Asset revaluation reserve \$M	Cash flow hedge reserve \$M	Other reserves \$M	Total equity \$M
BALANCE AS AT 1 JULY 2024		378	369	4,334	(216)	(16)	4,849
Movement in asset revaluation reserve, net of taxation	B1	-	-	232	-	-	232
Movement in cash flow hedge reserve, net of taxation	F1	-	-	-	85	-	85
Share of movements in associates' and joint ventures' reserves	E1	-	-	-	(9)	-	(9)
Other comprehensive income		-	-	232	76	-	308
Net profit for the year		-	1	-	-	-	1
Total comprehensive income for the year		-	1	232	76	-	309
Dividend	D1	-	(330)	-	-	-	(330)
Issuance of new shares for dividend reinvestment programme	D1	38	-	-	-	-	38
Distribution of treasury shares for dividend reinvestment programme	D1	-	20	-	-	15	35
Other movements		-	-	-	-	2	2
Balance as at 30 June 2025		416	60	4,566	(140)	1	4,903
BALANCE AS AT 1 JULY 2025		416	60	4,566	(140)	1	4,903
Movement in asset revaluation reserve, net of taxation	B1	-	-	67	-	-	67
Movement in cash flow hedge reserve, net of taxation	F1	-	-	-	186	-	186
Share of movements in associates' and joint ventures' reserves	E1	-	-	(10)	24	-	14
Other comprehensive income		-	-	57	210	-	267
Net profit for the year		-	321	-	-	-	321
Total comprehensive income for the year		-	321	57	210	-	588
Dividend	D1	-	(344)	-	-	-	(344)
Issuance of new shares for dividend reinvestment programme	D1	117	-	-	-	-	117
Changes associated with share-based payments	G1	-	-	-	-	1	1
Other movements		-	(2)	(1)	-	1	(2)
Balance as at 30 June 2026		533	35	4,622	70	3	5,263

The 'Other reserves' category includes treasury shares, the foreign currency translation reserve and the share based payment reserve. The accompanying notes form an integral part of these financial statements.



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2026

	Note	2026 \$M	2025 \$M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,233	3,806
Payments to suppliers and related parties		(2,096)	(2,848)
Payments to employees		(157)	(169)
Interest received		3	4
Interest paid		(91)	(121)
Taxes paid		(130)	(189)
Net cash provided by operating activities	D5	762	483
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(673)	(437)
Payments for acquisition of intangibles		(36)	(30)
Payments for investments in associates and joint ventures		(3)	(31)
Proceeds from sale of intangibles and property, plant and equipment		19	33
Distributions received from associates and joint ventures		17	9
Net (lodgements)/return of prudential deposits		(2)	19
Net cash used in investing activities		(678)	(437)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,392	3,085
Repayment of borrowings		(1,240)	(2,816)
Principal repayment of lease liabilities		(18)	(17)
Dividends paid		(227)	(256)
Net cash used in financing activities		(93)	(4)
Net (decrease)/increase in cash and cash equivalents held		(9)	42
Cash and cash equivalents at the beginning of the year		86	44
Cash and cash equivalents at the end of the year		77	86
<i>Cash and cash equivalents balance comprises:</i>			
Cash held at bank at the end of the year		77	66
Term deposits held at the end of the year		-	20
Total cash and cash equivalents at the end of the year		77	86

The accompanying notes form an integral part of these financial statements.



NGĀ TAMARIKI GEOTHERMAL STATION



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

GENERAL INFORMATION

General information

These consolidated financial statements ("Group financial statements") are for Mercury NZ Limited Group ("the Group"). The Group financial statements comprise Mercury NZ Limited ("the Company") as the parent, and its subsidiaries and its investments in associates and interests in joint arrangements.

The Company is incorporated in New Zealand and registered under the Companies Act 1993. It is listed on the NZX Main Board and on the ASX, with foreign exempt listed status. It also has bonds quoted on the NZX debt market. Mercury NZ Limited is an FMC reporting entity under the Financial Markets Conduct Act 2013.

The Company is a mixed ownership model company, majority owned by the New Zealand Government, and is bound by the requirements of the Public Finance Act 1989. The liabilities of the Group are not guaranteed in any way by the New Zealand Government or by any other shareholder.

Basis of preparation

The Group financial statements have been prepared:

- In accordance with the Financial Markets Conduct Act 2013 and Generally Accepted Accounting Practice in New Zealand ("GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS") as appropriate for profit-oriented entities.
- On a historical cost basis, with the exception of certain fair value measurements.
- Using the same accounting policies for all reporting periods presented.
- With presentation in millions of New Zealand dollars, unless otherwise stated.
- Exclusive of GST, with the exception of payables and receivables that include GST invoiced.

Estimates and judgements

The preparation of financial statements requires judgements and estimates that impact the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The areas of significant estimates and judgements are as follows:

- Fair value of generation plant and equipment (refer [note B1](#)).
- Valuation of derivative financial instruments (refer [note F1](#)).

NOW New Zealand Limited

Following a strategic review, the Group announced its decision to close NOW New Zealand Limited on 30 June 2026. Residential customers are expected to be migrated to the Company, while business customers will be supported to transition to alternative providers. The financial implications of the closure have been reflected in these Group financial statements to the extent required by NZ IFRS. This includes a \$4m impairment loss recognised in the income statement.

Accounting standards, interpretations and amendments not yet effective

In May 2024, the External Reporting Board (XRB) introduced NZ IFRS 18 *Presentation and Disclosure in Financial Statements* (effective for reporting periods beginning on or after 1 January 2027). NZ IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for the aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. This standard replaces NZ IAS 1 *Presentation of Financial Statements*.

The Group is currently assessing the impact of the standard and has not yet determined the full effect on its financial statements.

Contracts Referencing Nature Dependent Electricity - *Amendments to NZ IFRS 9 and NZ IFRS 7* were issued in May 2025 by the XRB, effective for reporting periods beginning on or after 1 January 2026. These amendments introduce requirements addressing contracts referencing nature-dependent electricity. The amendments include clarifying the application of the 'own-use' requirements;

permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts. The Group has assessed the amendments and does not expect them to have a material impact on the Group's financial statements.

There are no other accounting standards that are not yet effective, that will have a material impact on the Group's financial statements.



OHĀKURĪ HYDRO STATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

A. FINANCIAL PERFORMANCE

NOTE A1. REVENUE

The Group earns revenue from the following sources:

Revenue stream	Description and revenue recognition
Electricity generation, net of hedging	Revenue is received from: - Electricity generated and sold through the New Zealand electricity spot market and physical power purchase agreements (PPAs). Revenue is recognised at the time of generation and at the spot price or contract price. - Net settlement of hedged energy contracts sold or bought on the futures market, and to generators, retailers, and commercial and industrial customers and recognised at the time of hedge settlement.
Electricity and gas sales to customers	- Electricity and gas sales to customers are recognised when the energy is supplied for customer consumption. - Acquisition incentives such as credits and appliances are offered to new customers and treated as individual performance obligations and a portion of the expected revenue over the life of the total contract is allocated to the performance obligation based on their standalone selling price and recognised immediately. Corresponding contract assets are recognised on the balance sheet and amortised to the income statement over the contract period as the future consideration is billed. Incremental costs to obtain and retain customers are recognised on the balance sheet as contract costs and amortised to the income statement on a straight-line basis over the expected average mass market customer tenure.
Telco revenue	Customers consume mobile and broadband services which are measured and billed according to monthly billing cycles and are recognised when the service has been provided. Acquisition incentives are treated the same as above.
Other income	Income is received from: - Insurance proceeds. Income is recognised at the time the insurance proceeds are virtually certain to be received. - External management fees. Revenue is recognised at the time the services have been delivered. - Sale of emission units sold to third parties. The sale is recognised at the point in time that the emission unit is confirmed as being transferred into the acquirer's emission unit account.

NOTE A2. SEGMENT REPORTING

Identification of reportable segments

The operating segments are identified by management based on the nature of the products and services provided. The Chief Executive, who is the chief operating decision-maker, receives discrete financial information about each operating segment monthly and assesses segment performance using EBITDAF.

EBITDAF is a non-GAAP measure that is used internally to assess the operating performance of the Group without the impact of non-cash and one-off or infrequent transactions. Segment EBITDAF represents earnings before net interest expense, tax expense, depreciation, amortisation, unrealised change in the fair value of financial instruments, gain/(loss) on disposal and sale, impairments and revaluation loss by each segment inclusive of an allocation of central operating revenue and costs. Operating segments are aggregated into reportable segments only if they share similar economic characteristics.

The segment report includes a Derivatives category within the Electricity margin. This represents the settlement (realised gains or losses) of both hedged and unhedged electricity swaps, as well as premiums related to electricity options.

Realised gains or losses (settlements) on unhedged electricity swaps are reported within Electricity margin for the purposes of EBITDAF, but are reported within the change in fair value of financial instruments in the income statement. Realised gains or losses (settlements) on hedged electricity swaps and premiums on electricity options are reported within Electricity margin for the purposes of EBITDAF, and within revenue or expenses as appropriate in the income statement. Unrealised gains or losses on both hedged and unhedged electricity swaps are not included in EBITDAF and are reported in

either change in fair value of financial instruments in the income statement or in other comprehensive income. A reconciliation of EBITDAF to profit before tax can be found in the summary table of the note.

Identified segments

Generation/Wholesale

The generation/wholesale segment encompasses activity associated with electricity production, electricity trading and generation development activities, and the Group's share of associates' earnings in TPC Holdings Limited (refer to [note E1](#)). It includes revenue from the sale of electricity, to both commercial and industrial customers and the customer segment, net settlement of energy hedges and sale of trading emissions units to third parties. It also includes transfer revenue from the customer segment to the generation/wholesale segment for the purchase of electricity.

Customer

The customer segment encompasses activity associated with the sale of electricity, gas, telecommunication products and services and other related products and services to mass market customers in New Zealand.

Other

This segment represents corporate support services that are not directly attributable to the generation/wholesale or customer segments and the Group's share of associates' earnings in EnergySource LLC, EnergySource Minerals LLC and Forest Partners Limited Partnership (refer to [note E1](#)).

Inter-segment

Transactions between segments represent transfer charges by the generation/wholesale segment to the customer segment for the purchase of electricity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE A2. SEGMENT REPORTING CONT.

Segment results

Year ended 30 June 2026	Generation/ Wholesale \$M	Customer \$M	Other \$M	Inter- segment \$M	Total \$M
Generation	760	-	-	-	760
Sales to customers	542	1,471	-	-	2,013
Inter-segment sales	693	-	-	(693)	-
Derivatives	77	-	-	-	77
Electricity purchases	(604)	(693)	-	693	(604)
Transmission and distribution	(166)	(624)	-	-	(790)
Metering	(5)	(60)	-	-	(65)
Electricity margin	1,297	94	-	-	1,391
Gas revenue	-	145	-	-	145
Gas purchases	-	(46)	-	-	(46)
Transmission and distribution	-	(49)	-	-	(49)
Metering	-	(11)	-	-	(11)
Gas margin	-	39	-	-	39
Telco revenue	-	210	-	-	210
Cost of sales	-	(152)	-	-	(152)
Telco margin	-	58	-	-	58
Other direct cost of sales	(27)	(40)	-	-	(67)
Trading margin	1,270	151	-	-	1,421
Other income	17	2	(2)	-	17
Employee compensation and benefits	(51)	(78)	(33)	-	(162)
Maintenance expenses	(64)	(22)	-	-	(86)
Other expenses	(39)	(39)	(44)	-	(122)
Allocation of corporate overheads	(41)	(36)	77	-	-
Total operating expenses	(195)	(175)	-	-	(370)
Segment EBITDAF	1,092	(22)	(2)	-	1,068

Year ended 30 June 2026	Generation/ Wholesale \$M	Customer \$M	Other \$M	Inter- segment \$M	Total \$M
Summary and reconciliation to net profit before tax					
Revenue	2,089	1,828	-	(693)	3,224
Expenses	(997)	(1,850)	-	693	(2,154)
Premiums for electricity options within derivatives	(3)	-	-	-	(3)
Realised loss on unhedged electricity swaps	(3)	-	-	-	(3)
Share of profit/(loss) from associates and joint ventures	6	-	(2)	-	4
Segment EBITDAF	1,092	(22)	(2)	-	1,068
Depreciation and amortisation					(375)
Impairment					(16)
Revaluation loss of generation assets					(7)
Unrealised loss on unhedged derivatives and hedge ineffectiveness through income statement					(138)
Change in fair value of carbon units held for trading					(5)
Loss on disposal of carbon units					(1)
Gain on sale of property, plant and equipment					12
Interest income					3
Interest expense					(97)
Profit before tax					444



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE A2. SEGMENT REPORTING CONT.

Segment results

Year ended 30 June 2025	Generation/ Wholesale \$M	Customer \$M	Other \$M	Inter- segment \$M	Total \$M
Generation	1,418	-	-	-	1,418
Sales to customers	493	1,336	-	-	1,829
Inter-segment sales	638	-	-	(638)	-
Derivatives	114	-	-	-	114
Electricity purchases	(1,452)	(638)	-	638	(1,452)
Transmission and distribution	(134)	(543)	-	-	(677)
Metering	(4)	(61)	-	-	(65)
Electricity margin	1,073	94	-	-	1,167
Gas revenue	-	122	-	-	122
Gas purchases	-	(47)	-	-	(47)
Transmission and distribution	-	(43)	-	-	(43)
Metering	-	(10)	-	-	(10)
Gas margin	-	22	-	-	22
Telco revenue	-	187	-	-	187
Cost of sales	-	(131)	-	-	(131)
Telco margin	-	56	-	-	56
Other direct cost of sales	(44)	(48)	-	-	(92)
Trading margin	1,029	124	-	-	1,153
Other income	26	3	-	-	29
Employee compensation and benefits	(58)	(84)	(33)	-	(175)
Maintenance expenses	(74)	(22)	-	-	(96)
Other expenses	(48)	(38)	(39)	-	(125)
Allocation of corporate overheads	(38)	(34)	72	-	-
Total operating expenses	(218)	(178)	-	-	(396)
Segment EBITDAF	837	(51)	-	-	786

Year ended 30 June 2025	Generation/ Wholesale \$M	Customer \$M	Other \$M	Inter- segment \$M	Total \$M
Summary and reconciliation to net profit before tax					
Revenue	2,488	1,648	-	(638)	3,498
Expenses	(1,852)	(1,699)	-	638	(2,913)
Premiums for electricity options within derivatives	(4)	-	-	-	(4)
Realised gain on unhedged electricity swaps	192	-	-	-	192
Share of profit from associates and joint ventures	13	-	-	-	13
Segment EBITDAF	837	(51)	-	-	786
Depreciation and amortisation					(357)
Unrealised loss on unhedged derivatives and hedge ineffectiveness through income statement					(340)
Change in fair value of carbon units held for trading					11
Gain on disposal of carbon units					18
Interest income					4
Interest expense					(121)
Profit before tax					1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE A2. SEGMENT REPORTING CONT.

Audit Fees

Mercury NZ Limited is a public entity as defined in the Public Audit Act 2001. The Auditor-General is the auditor of every public entity. The Auditor-General has appointed Emma Winsloe of EY to carry out the audit on his behalf from 1 July 2023. NZX Listing Rules and Mercury's Audit Independence Policy require that the signing partner performing the audit rotate every five years.

Audit fees	2026 \$000	2025 \$000
Audit of financial statements	844	882
Review of interim financial statements	85	83
Total audit or review of the financial statements	929	965
Audit of telecommunications development levy calculation schedule	6	6
Total audit related services	6	6
Limited assurance report: compliance with bond trust deed	3	3
Limited assurance report: climate-related disclosures and greenhouse gas emissions inventory	70	149
Total other assurance services	73	152
Agreed upon procedures for Directors' compliance certificates	2	2
Total other services	2	2
Total fees paid to auditors	1,010	1,125



NGĀ AWA PŪRUA GEOTHERMAL STATION



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE A3. TAXATION

	2026 \$M	2025 \$M
INCOME TAX		
Tax expense		
Profit before tax	444	1
Prima facie tax expense at 28% on the profit before tax	(124)	-
Adjusted for the tax effect of the following items:		
Share of associates' and joint ventures' tax paid earnings	(5)	1
Other differences	6	(1)
Tax expense attributable to profit from ordinary activities	(123)	-
Represented by:		
Current tax expense	(157)	(128)
Deferred tax recognised in the income statement	34	128

The effective tax rate for the financial year is 28% (30 June 2025: 21%).

The income tax expense charged to the income statement includes both the current year's provision and the income tax effect of:

- taxable temporary differences, except those arising from initial recognition of goodwill; and
- deductible temporary differences to the extent that it is probable that they will be utilised.

The income tax charged to other comprehensive income relates to transactions or other events recognised outside of the income statement, including certain transactions relating to revaluation of assets and changes in cash flow hedge reserve.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax and accounting bases of the assets and liabilities. A deferred tax asset is only recognised to the extent that there will be future taxable profit to utilise the temporary difference.

Property, plant and equipment is held on capital account for income tax purposes. Where assets are revalued, with no similar adjustment to the tax base, a taxable temporary difference is created that is recognised in deferred tax.

OECD Global Anti-Base Erosion (GloBE) Pillar Two

The New Zealand Government has enacted legislation to implement the OECD GloBE Pillar Two rules which address the tax challenges arising from the digitalisation of the global economy. The GloBE Pillar Two rules seek to apply a 15% minimum tax across all jurisdictions in which the Group reports income.

The Group has applied a temporary mandatory relief from deferred tax accounting in respect of the GloBE Pillar Two rules and it will be accounted for as a current tax when it is incurred. An assessment of the Group's exposure to the GloBE Pillar Two legislation indicates that no top-up tax would have arisen for the Group using the most recent financial information for the Group. Therefore the Group has not recognised any current tax expense related to GloBE Pillar Two income taxes for the year ended 30 June 2026 (2025: nil).

Movement in deferred tax

	Property, plant and equipment \$M	Financial instruments \$M	Employee entitlements \$M	Other \$M	Total \$M
Asset/(liability) balance as at 1 July 2024	(1,769)	30	5	16	(1,718)
Charged/(credited) to the income statement	32	99	2	(5)	128
Charged/(credited) to other comprehensive income	(91)	(23)	-	-	(114)
Asset/(liability) balance as at 30 June 2025	(1,828)	106	7	11	(1,704)
Asset/(liability) balance as at 1 July 2025	(1,828)	106	7	11	(1,704)
Charged/(credited) to the income statement	3	31	3	(3)	34
Charged/(credited) to other comprehensive income	(26)	(75)	-	-	(101)
Asset/(liability) balance as at 30 June 2026	(1,851)	62	10	8	(1,771)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

B. OPERATING ASSETS

NOTE B1. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2025	Generation assets at fair value \$M	Other assets at cost \$M	Right-of-use assets \$M	Capital work in progress at cost \$M	Total \$M
Opening net book value	7,797	45	103	277	8,222
Additions	2	3	22	465	492
Transfers	141	3	-	(144)	-
Disposals	(1)	-	(3)	-	(4)
Gain on revaluation	323	-	-	-	323
Depreciation charge for the year	(289)	(12)	(17)	-	(318)
Closing net book value	7,973	39	105	598	8,715
Balance at 30 June 2025					
Cost or valuation	7,973	165	169	598	8,905
Accumulated depreciation	-	(126)	(64)	-	(190)
Closing net book value	7,973	39	105	598	8,715

Assets carrying values

All assets, except generation plant and equipment, are recognised at cost less accumulated depreciation. Fixed assets, excluding land, are depreciated on a straight-line basis over their expected useful lives.

Generation plant and equipment is originally recognised at cost and subsequently measured at fair value less subsequent accumulated depreciation. An independent valuation is completed annually to determine the fair value of these assets. Any surplus on revaluation is recognised in the asset revaluation reserve, except where it offsets a previous decrease in value that was recognised in the income statement. Any accumulated depreciation or impairment recognised between revaluations is eliminated against the gross carrying amount of the asset at the date of the revaluation and the net amount is adjusted to the revalued amount of the asset.

Year ended 30 June 2026	Generation assets at fair value \$M	Other assets at cost \$M	Right-of-use assets \$M	Capital work in progress at cost \$M	Total \$M
Opening net book value	7,973	39	105	598	8,715
Additions	2	1	22	680	705
Transfers	746	12	53	(811)	-
Disposals	(5)	-	-	-	(5)
Impairment	-	(3)	-	(1)	(4)
Gain on revaluation	93	-	-	-	93
Loss on revaluation	(7)	-	-	-	(7)
Depreciation charge for the year	(319)	(14)	(18)	-	(351)
Closing net book value	8,483	35	162	466	9,146
Balance at 30 June 2026					
Cost or valuation	8,483	175	244	466	9,368
Accumulated depreciation	-	(140)	(82)	-	(222)
Closing net book value	8,483	35	162	466	9,146

The Group's leases relate to properties, geothermal steam royalties, office equipment, and transmission equipment. These leases are recognised as a right-of-use asset and a corresponding liability. The initial value of the asset and liability represent the present value of all future lease payments. Lease payments are recorded as a repayment of the lease obligation and interest expense. Lease assets are depreciated on a straight-line basis over the term of the lease. The most significant leases relate to office buildings and transmission lines. The weighted average incremental borrowing rate applied to lease liabilities in 2026 was 5.68% (2025: 5.62%). The Group's lease interest was \$7m (2025: \$7m) and lease liability is disclosed in [note D2](#).

As at 30 June 2026, the capital work in progress balance is largely made up of the following projects:

- Kaiwaikawe Wind Farm;
- Arapuni left abutment seepage control;
- Hydro refurbishment programme for Maraetai I, Ātiamuri, and Ōhākuri.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE B1. PROPERTY, PLANT AND EQUIPMENT CONT.

Depreciation

Depreciation is calculated on a straight-line basis on all property, plant and equipment other than freehold land and capital work in progress, so as to write down the assets to their estimated residual value over their expected useful lives.

The annual depreciation rates are as follows:

	2026	2025
Office fixtures and fittings, including fit-out	2-33%	2-33%
Generation assets	1-20%	1-20%
Computer hardware	5-33%	5-33%
Other plant and equipment	2-33%	2-33%
Vehicles	5-33%	5-33%
Right-of-use assets	2-50%	2-50%

Disposal of Southdown power station site

In June 2026, the Group sold Lot 1 of the former Southdown power station site. The disposal resulted in a gain on sale before tax of \$12m which is recognised in gain on sale of property, plant and equipment in the income statement.

Impairment loss of NOW New Zealand Limited

Following the announced closure of NOW New Zealand Limited, the Group recognised a \$4m impairment loss to reduce the affected fixed assets and capital work in progress to their recoverable amounts, being the higher of value in use and fair value less costs of disposal.

Assets carried at fair value

All generation assets shown at valuation were revalued using a net present value methodology by PwC, an independent valuer, as at 30 June 2026. This resulted in an increase of \$82m and \$11m to the carrying value of Ngā Tamariki geothermal station and Kaiwera Downs wind farm respectively, and a decrease of \$7m to the carrying value of Tararua wind farm. As a consequence of the revaluation, accumulated depreciation on these generation assets has been reset to nil.

AREA OF KEY JUDGEMENT

Generation asset valuation

The key assumptions used in the valuation include the forecast of the future wholesale electricity price path, generation volumes, projected operational and capital expenditure, asset life assumptions and discount rates. In all cases, there is an element of judgement required as valuations make use of unobservable inputs including wholesale electricity prices over time of between \$87/MWh and \$138/MWh (2025: \$89/MWh and \$217/MWh), average operational expenditure of \$290m p.a. (2025: \$279m p.a.), net average production volumes of 9,891 GWh p.a. (2025: 8,913 GWh p.a.), a post-tax discount rate of between 7.1% and 7.5% for wind assets backed by long-term Power Purchase Agreements (2025: 7.2% to 7.6%) and between 7.8% and 8.2% for other assets (2025: 7.9% to 8.3%). The valuation also assumes the ongoing operation of large industrial customers, no material changes to the wholesale market regulatory regime, hydro and geothermal fuel supply being sustained over the modelled horizon, and no material changes to generation consent conditions.

The risk type, time horizon, likelihood and materiality of potential climate change impacts were considered in the valuation. Only physical risks were considered relevant for the purposes of the valuation, however the expected financial impact of these risks fell within the valuation range.

Generation assets are classified as Level 3 in the fair value hierarchy due to the use of non-market observable inputs in the valuation. The following table outlines the valuation impact of changes to assumptions that the valuation is most sensitive to, keeping all other valuation inputs constant.

	Sensitivity	Valuation impact	
		2026 \$M	2025 \$M
Future wholesale electricity price path	+/- 10%	\$1,267 / (\$1,262)	\$1,241 / (\$1,238)
Discount rate	+/- 0.5%	(\$658) / \$771	(\$555) / \$646
Operational expenditure	+/- 10%	(\$215) / \$215	(\$193) / \$193

The carrying amount of revalued generation assets, had they been recognised at cost, would have been \$3,739m (2025: \$2,877m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE B2. INTANGIBLE ASSETS

	Intangible software \$M	Acquired intangible assets \$M	Rights \$M	Carbon units \$M	Work in progress \$M	Total \$M
Year ended 30 June 2025						
Opening net book value	42	11	13	49	17	132
Additions	-	-	-	10	20	30
Transfers	13	-	-	-	(13)	-
Disposals	-	-	-	(16)	-	(16)
Surrendered units	-	-	-	(5)	-	(5)
Amortisation for the year	(27)	(11)	(1)	-	-	(39)
Closing net book value	28	-	12	38	24	102
Balance at 30 June 2025						
Cost	246	46	34	38	24	388
Accumulated amortisation	(218)	(46)	(22)	-	-	(286)
Closing net book value	28	-	12	38	24	102
Year ended 30 June 2026						
Opening net book value	28	-	12	38	24	102
Additions	-	-	-	5	29	34
Transfers	25	-	-	-	(25)	-
Disposals	-	-	-	(4)	-	(4)
Surrendered units	-	-	-	(5)	-	(5)
Amortisation for the year	(23)	-	(1)	-	-	(24)
Closing net book value	30	-	11	34	28	103
Balance at 30 June 2026						
Cost	271	46	34	34	28	413
Accumulated amortisation	(241)	(46)	(23)	-	-	(310)
Closing net book value	30	-	11	34	28	103

Intangible software

Acquired computer software licences and internally developed software assets are recognised at cost and amortised over their estimated useful lives of 1 - 15 years (2025: 1 - 15 years).

Acquired intangible assets

As part of the acquisition of NOW in FY2023, the Group allocated part of the purchase price to the customer list acquired (\$30m, assessed useful life of 2.5 years). Following the announced closure of NOW New Zealand Limited, residential customers are expected to be migrated to the Company.

Rights

Rights, of which land access rights are the most significant, acquired to further the Group's generation development programme are stated at cost less accumulated amortisation and any accumulated impairment losses. Rights, which have a finite life, are amortised over the life of the rights, which range from 5 to 60 years (2025: 5 to 60 years).

Carbon units and emissions obligations

Purchased carbon units are recorded at cost (purchase price). At 30 June 2026, the Group held a total of 1,137,646 units within intangible assets (2025: 1,200,886 units). Carbon units, when allocated or purchased for purposes other than trading units, are recorded as intangible assets and are not revalued subsequent to initial recognition.

Carbon units that are surrendered to the Government in compensation for the Group's emissions obligations are recognised as an expense in the income statement and a reduction to intangible assets in the balance sheet, based on the weighted average cost of the units surrendered.

Emissions obligations are recognised as a current liability as the obligation is incurred. Up to the level of units held, the liability is recorded at the carrying value of those units intended to settle the liability. Contracts for the purchase of carbon units are recognised when they are settled.

In 2026, the Group sold 70,000 units with an original cost of \$4m, for a total of \$3m (2025: 522,650 units with an original cost of \$16m, sold for \$33m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

C. WORKING CAPITAL AND PROVISIONS

NOTE C1. RECEIVABLES

	2026 \$M	2025 \$M
Receivables		
Trade receivables and revenue accruals	404	395
Allowance for credit loss	(12)	(9)
Net trade receivables and accruals	392	386
ASX prudential deposits	79	77
Prepayments	30	35
	501	498

Trade receivables are measured at amortised cost using the effective interest method. Customers are typically invoiced on a monthly basis. Large commercial and industrial customers are billed on a calendar month basis, while for most mass market customers billing occurs on a rolling cycle over the year. Revenue accruals for unbilled telecommunication services and unread gas and electricity meters at balance date involve an estimate of consumption for each unread meter based on past consumption history.

Generation revenue accruals are derived mostly from generation sales to the New Zealand wholesale market at the prevailing spot price at the grid injection point. Revenue is invoiced by the Wholesale Market Clearing Manager on a calendar month basis reflecting actual metered generation at the stations.

Trade receivables are non-interest bearing and are generally on 30 day terms for large commercial and industrial customers and mass market customers are on 18 day terms. For terms and conditions of related party receivables refer to [note E2](#).

The Group applies the simplified approach permitted under NZ IFRS 9 *Financial Instruments* to measure expected credit losses (ECL) for trade receivables. This approach requires recognition of a lifetime ECL for all receivables, with the provision assessed at each reporting date. Trade receivables are grouped by ageing category and expected credit losses are calculated using historical credit loss experience, adjusted where necessary for forward-looking information and known customer-specific risks. Impairment losses are recognised in the income statement, with a corresponding loss allowance recognised on the balance sheet. No ECL is calculated on unbilled revenue accruals. Trade receivables are written off when the Group determines there is no reasonable expectation of recovering the outstanding balance. Any amounts recovered after write-off are credited to the income statement.

Prudential deposits act as security to cover mark-to-market movement in the ASX futures position.

The following table details the loss allowance at 30 June 2026:

		Not due	Less than 30 days past due	More than 30 days past due	More than 60 days past due	Total
Expected loss rate	%	1%	3%	16%	57%	-
Gross carrying amount – trade receivables	\$M	97	16	4	18	135
Expected credit loss	\$M	1	-	1	10	12

	2026 \$M	2025 \$M
Movements in the allowance for impairment loss were as follows:		
Balance at beginning of the year	9	6
Charge for the year	10	7
Amounts written off	(7)	(4)
Balance at end of the year	12	9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE C2. INVENTORIES

	2026 \$M	2025 \$M
Consumable stores	43	48
Carbon units – at fair value less cost to sell	73	78
Inventories	116	126

Carbon units – at fair value less cost to sell	2026 units 000	2026 value \$M	2025 units 000	2025 value \$M
Opening balance	1,324	78	1,329	67
Purchases	-	-	-	-
Sales	-	-	(5)	-
Revaluation movement	-	(5)	-	11
Closing balance	1,324	73	1,324	78

Cost of consumable stores is determined on a weighted average basis and includes expenditure incurred in acquiring consumable stores and bringing them to their final condition and location. Consumable stores include consumables held to service and repair operating plants and finished goods relating to the customer business.

Inventories also include carbon units (NZUs) which management has identified as held for trading. These are measured at fair value less cost to sell. When there is a change in fair value, the gain or loss on revaluation is recognised in the income statement. Fair value is calculated based on the CommTrade spot price at the valuation date. As a result, the units are classified as Level 1 in the fair value hierarchy. In 2026, the Group entered into a covered call option over its carbon units held for trading, refer to [note F1](#).

NOTE C3. PROVISIONS

	2026 \$M	2025 \$M
Balance at the beginning of the year	89	85
Provisions made during the year	1	-
Discounting movement	2	4
Balance at the end of the year	92	89
Current	14	-
Non-current	78	89
	92	89

Provisions have been recognised for the abandonment and subsequent restoration of areas from which geothermal resources have been utilised. The provision is calculated based on the present value of the Group's best estimate of the expenditure required, and the likely timing of settlement. Changes in these estimates made during the year are reported as an increase in provisions and a reduction in revaluation reserves. The increase in provision resulting from the passage of time (the discount effect) is recognised as an interest expense. The provision will be utilised when the individual wells are abandoned. The expected costs of wells to be abandoned in FY27 are classified as current. The wells are estimated to have an average useful life of 19 years (2025: 19 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

D. FUNDING

NOTE D1: SHARE CAPITAL AND DISTRIBUTIONS

	2026 Number of shares (M)	2025 Number of shares (M)
Ordinary shares on issue	1,425	1,407
Weighted average number of shares less treasury shares	1,417	1,400

All ordinary shares are fully paid, do not have a par value, have equal voting rights and share equally in dividends and any surplus on winding up.

The Group issued 18,075,782 new ordinary shares (2025: 6,952,650) to provide shares to shareholders that elected to reinvest the net proceeds of cash dividends payable under the dividend reinvestment programme (DRP).

Dividends declared and paid	Cents per share	2026 \$M	2025 \$M
Final dividend for 2024	14.0	-	195
Interim dividend for 2025	9.6	-	135
Final dividend for 2025	14.4	202	-
Interim dividend for 2026	10.0	142	-
		344	330

Dividends of \$344m were declared during the year (2025: \$330m), however only \$227m was paid in cash to shareholders in the year (2025: \$256m). The remainder relates to amounts reinvested under the DRP.

The imputation credit account was in a surplus balance at 31 March 2026, as legally required. At 30 June 2026, the imputation credit account had a surplus of \$30m (2025: a surplus of \$29m).

Earnings per share	2026	2025
Profit for the year attributable to owners of the parent (\$M)	321	1
Weighted average ordinary shares	1,417	1,402
Less weighted average treasury shares	-	(2)
Weighted average ordinary shares for earnings per share (millions)	1,417	1,400
Basic and diluted earnings per share (cents)	22.66	0.07



MERCURY BUILDING 33 BROADWAY



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE D2. BORROWINGS

	Borrowing currency denomination	Maturity	Coupon	Carrying amount 2026 \$M	Carrying amount 2025 \$M
Debt measured at amortised cost					
Commercial paper programme	NZD	< 3 months	Floating	89	129
Debt in fair value hedge relationships					
USPP - US\$45m	USD	Dec-2025	4.60%	-	73
Green retail bonds - MCY040	NZD	Sep-2026	2.16%	200	197
Green retail bonds - MCY030	NZD	Sep-2027	1.56%	199	194
Green retail bonds - MCY060	NZD	Jun-2028	5.64%	156	160
Green wholesale bonds	AUD	Nov-2028	2.92%	230	206
Green wholesale bonds	NZD	Oct-2030	1.92%	139	138
Green wholesale bonds	AUD	Mar-2031	5.25%	473	444
Green retail bonds - MCY080	NZD	Apr-2033	5.17%	250	-
Capital bonds - MCY050	NZD	May-2052	5.73%	254	256
Capital bonds - MCY070	NZD	Jul-2054	6.42%	362	368
Lease liabilities				129	125
Deferred financing costs				(9)	(11)
Total carrying value of borrowings				2,472	2,279
Current				330	233
Non-current				2,142	2,046
				2,472	2,279

Changes in borrowings from financing activities	2026 \$M	2025 \$M
Borrowings at the start of the year	2,279	1,941
Net cash borrowed	152	261
Cash paid on principal of lease liability	(18)	(18)
Cash financing costs capitalised to the balance sheet	(1)	(4)
Non-cash change in lease obligations	22	22
Non-cash change in fair value adjustment	31	66
Non-cash change in deferred financing costs	3	2
Non-cash change in accrued interest	4	9
Borrowings at the end of the year	2,472	2,279

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Some borrowings are in fair value hedge relationships and have fair value adjustments to their carrying amounts, attributable to the risk being hedged through interest rate swaps (IRS) and cross currency IRS. Fair value is calculated using the discounted cash flow method, with applicable market yield curves adjusted for the Group's credit rating. Fair value adjustments as at 30 June 2026 resulted in a \$41m increase to carrying amount (30 June 2025: \$10m increase).

The Group is required to comply with certain financial covenants in respect of its borrowings. During the 2026 and 2025 financial years, the Group was in compliance with all of its financial covenants.

Current borrowings include all drawn bank facilities, borrowings with a contractual maturity of less than one year, accrued interest (2026: \$23m, 2025: \$19m) and current lease liabilities (2026: \$18m, 2025: \$13m). Undrawn borrowing facilities at 30 June 2026 totalled \$610m, net of commercial paper on issue (2025: \$570m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE D2. BORROWINGS CONT.

Bank facilities

The Group has \$700m of committed and unsecured bank loan facilities as at 30 June 2026 (30 June 2025: \$700m).

Commercial paper programme

The Group has a \$400m commercial paper programme which is fully backed by committed and undrawn bank facilities. Notes issued under the programme are short-term money market instruments, unsecured and unsubordinated and targeted at professional investors. The programme is rated A2 by S&P Global.

Green bonds

The Group has \$1,615m of green bonds (principal and accrued interest) as at 30 June 2026 (30 June 2025: \$1,360m). The green bond proceeds have been tracked in accordance with the Green Financing Framework. On 1 April 2026, the Group issued \$250m of new 7-year unsecured, unsubordinated, fixed rate green bonds (MCY080 bonds). The MCY080 bonds are due to mature on 1 April 2033 and have a fixed interest rate of 5.17% per annum.

USPP

The Group's United States Private Placement (USPP) of \$59m NZD face value was repaid in full during 2026. The carrying amount at 30 June 2026 is nil (2025: \$73m).

Deeds

The Group has entered into a Master Trust Deed and Supplementary Trust Deeds for all its NZD denominated Senior Fixed and Floating Rate Bonds, with The New Zealand Guardian Trust Company Limited acting as trustee for the holders.

The Group has agreed, subject to certain exceptions, not to create or permit to exist a security interest over or affecting its assets to secure indebtedness, and to maintain certain financial covenants. There has been no breach of the terms of these deeds.

The Group has entered into a Negative Pledge Deed in favour of its bank financiers in which the Group has agreed, subject to certain exceptions, not to create or permit to exist a security interest over or affecting its assets to secure its indebtedness, and to maintain certain financial ratios in relation to the Group. These undertakings and covenants also applied to the terms and conditions of the USPP that was fully repaid in the year. There was no breach of the terms of this deed or the terms and conditions of the USPP.

Lease liabilities

The Group has entered into various lease contracts for the right to use land and buildings and office equipment and is also deemed to be a lessee of transmission equipment. Lease payments of \$25m were made in 2026, including lease interest expense of \$7m (2025: payments of \$24m, lease interest expense of \$7m).

NOTE D3. NET INTEREST EXPENSE

	2026 \$M	2025 \$M
Net interest expense		
Interest expense on borrowings	112	124
Interest expense on lease liabilities	7	7
Unwind of discount on provisions	2	4
Less capitalised interest	(24)	(14)
Total interest expense	97	121
Interest income	(3)	(4)
Net interest expense	94	117

The Group has capitalised interest costs related to the construction of new generation assets. The average rate used to determine the amount of borrowing costs eligible for capitalisation as at 30 June 2026 was 4.74% (30 June 2025: 5.33%).

Total interest paid in the year was \$115m (2025: \$135m) of which \$24m (2025: \$14m) is included in payments for acquisition of property, plant and equipment in the cash flow statement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE D4. COMMITMENTS AND CONTINGENCIES

	2026 \$M	2025 \$M
Within one year	144	545
One to five years	236	56
Later than five years	134	-
Capital commitments	514	601

Capital commitments

Capital commitments include purchases of both property, plant and equipment (PP&E) and intangibles. PP&E commitments include contracts for rehabilitation of hydro generation assets at Maraetai, Ātiamuri, and Ōhākuri, and contracts for construction of wind farms at Kaiwaikawe and Kaiwera Downs. Intangible commitments are contracts to purchase New Zealand emissions trading scheme (NZ ETS) units. In the event the NZ ETS is terminated, the existing purchase agreements, which cover the one year period from the end of the reporting period, will also terminate.

Operating commitments

As part of its day-to-day operations, the Group from time to time enters various operating arrangements and commitments with third parties to support and enhance the Group's long-term licence to operate, provide access to land, and use of natural resources. These operating arrangements may be short, medium, or long-term in nature.

Contingencies

1. Kawerau Geothermal Outage Insurance Claim

In June 2021, the Kawerau Geothermal Station experienced an unplanned outage due to mechanical failure. An outage was undertaken in June 2023 to install replacement equipment.

The Group received insurance proceeds in respect of the outage. Additional insurance proceeds may be received once the total loss has been confirmed. Any further proceeds will be recognised as revenue when receipt is virtually certain.

2. Claims relating to Geothermal Resources, Land, Fresh Water

The Group holds land and has interests in fresh water and geothermal resources that are subject to claims brought against the Crown. These claims are disclosed as contingent liabilities as the value, timing and likelihood of success remain uncertain.

a. Wai 2358 and related claims

A claim by the New Zealand Māori Council relating to fresh water and geothermal resources was lodged with the Waitangi Tribunal in 2012. The Tribunal has concluded that Māori have residual proprietary rights and interests in fresh water and geothermal resources, with the Government to consider how such rights and interests may be best addressed. The inquiry is continuing, and may result in further law reform recommendations.

Various hapū and iwi have filed related claims in the Waitangi Tribunal concerning geothermal resources associated with certain geothermal fields in which the Group has interests and operations including the Mōkai, Rotokawa, Kawerau and Ngā Tamariki geothermal fields. The impact of these claims on the Group's operations and interests remains uncertain.

b. Pouākani Claims Trust No 2

The Pouākani Claims Trust No 2 and a group of kaumātua filed a claim in the Māori Land Court seeking a declaration that parts of the Waikato riverbed are Māori customary land, including the riverbed beneath the Whakamaru, Maraetai I and II and Waipapa dams and related power stations. The Group holds title to the relevant riverbed land and associated hydro assets and operates those assets as part of its business. The claim also extends to interests in water flowing over the riverbed.

The Group has received advice that, if the claim adversely affects its title or ability to access or operate its hydro assets, the Group may bring a claim seeking recourse against the Crown.

Material parts of the claim have been struck out in related judicial review proceedings. However, the claimants are seeking leave to appeal to the Supreme Court.

c. Wai Mana Whenua High Court proceedings regarding water allocation rights

Māori plaintiffs collectively known as Wai Mana Whenua have issued proceedings against the

Crown concerning Māori interests in water and water allocation. The Group is not a party to those proceedings. The outcome of those proceedings, and any implications for the legal and regulatory framework governing freshwater resources, remain uncertain.

3. Other Contingent Assets or Liabilities

The Group has no other material contingent assets or liabilities.



NGĀ TAMARIKI GEOTHERMAL STATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE D5. RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS

	2026 \$M	2025 \$M
Profit for the year	321	1
Adjustments for non-cash movements:		
Depreciation and amortisation	375	357
Revaluation loss of generation assets	7	-
Impairment	16	-
Adjustment for change in fair value of financial instruments	80	361
Change in the fair value of carbon units held for trading	5	(11)
Share of profit from associates and joint ventures	(4)	(13)
Loss/(gain) on disposal of carbon units	1	(18)
Gain on sale of property, plant and equipment	(12)	-
Movement in effect of discounting on long-term provisions	2	4
Amortisation of contract assets and costs	54	50
Decrease in deferred tax	(40)	(126)
Surrender of carbon units	5	7
Net cash provided by operating activities before change in assets and liabilities	810	612
Change in assets and liabilities during the year:		
(Increase)/decrease in trade and other receivables and prepayments	(8)	136
Decrease in inventories	5	5
(Increase) in contract assets and costs, net of amortisation	(48)	(58)
Decrease in trade payables and accruals	(31)	(148)
Increase/(decrease) in provision for tax	34	(64)
Net cash inflow from operating activities	762	483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

E. GROUP STRUCTURE

NOTE E1. ASSOCIATES AND JOINT ARRANGEMENTS

The Group financial statements include the following:

Name of entity	Principal activity	Type	Interest held		Country
			2026	2025	
TPC Holdings Limited	Investment holding	Associate ¹	25.00%	25.00%	New Zealand
Rotokawa Joint Venture	Steamfield operation	Joint operation	64.80%	64.80%	New Zealand
Ngā Awa Pūrua Joint Venture	Electricity generation	Joint operation	65.00%	65.00%	New Zealand
EnergySource LLC	Investment holding	Joint venture ¹	20.86%	20.86%	United States
EnergySource Minerals LLC	Mineral extraction	Joint venture ¹	9.68%	11.37%	United States
Forest Partners Limited Partnership	Forestry management	Associate ¹	10.00%	10.00%	New Zealand

¹ Associates and joint ventures are equity accounted under NZ IAS 28 *Investments in Associates and Joint Ventures*.

Although the Group holds a majority interest in Rotokawa Joint Venture (Rotokawa) and Ngā Awa Pūrua Joint Venture (Ngā Awa Pūrua), the contractual arrangements require the unanimous consent of the joint operations for decisions about the relevant activities. Accordingly, the Group does not control the arrangements. The contractual terms give the parties rights to the assets and output of the arrangements, and obligations for their liabilities. The arrangements are therefore classified as joint operations.

The Group's ownership share in Forest Partners Limited Partnership (FPLP) entitles it to appoint one member to the Advisory Committee with voting rights equal to those of all other members. The Group has determined that this results in significant influence over the financial and operational decisions of FPLP and has classified the investment as an associate under NZ IAS 28 *Investments in Associates and Joint Ventures*.

Even though the Group holds a 9.68% interest in EnergySource Minerals LLC, the contractual arrangements require the unanimous consent of the parties sharing control for decisions regarding the relevant activities. The Group therefore has joint control and classifies its interest as a joint venture.

	Associates		Joint ventures	
	2026 \$M	2025 \$M	2026 \$M	2025 \$M
Balance at the beginning of the year	89	63	6	6
Additional investment during the year	-	31	3	-
Share of earnings/(losses)	7	13	(3)	-
Share of movement in other comprehensive income and reserves	14	(9)	-	-
Distributions received during the year	(17)	(9)	-	-
Impairment	(6)	-	(6)	-
Other movements	3	-	-	-
Balance at the end of the year	90	89	-	6

At the end of the year the Group had outstanding advances to Rotokawa of \$1m (2025: \$1m), and outstanding advances of \$4m (2025: \$4m) to its associate, TPC Holdings Limited (TPC). Refer to [note E2](#) for the terms and conditions of these related party receivables.

During the year, the Group recognised a \$6m impairment loss on its investment in EnergySource LLC, reducing the carrying amount of the investment to its assessed recoverable amount of nil.

The Group also recognised a \$6m impairment on its investment in TPC, reducing the carrying amount from \$61m to its recoverable amount of \$55m. The recoverable amount was determined using value-in-use, based on the Group's share of the present value of forecast cash flows expected to be generated by TPC through to 24 December 2037, with no terminal value beyond that date.

The impairment arose primarily from revised forecast electricity prices and changes in forecast operating cash flows. The value-in-use calculation incorporated assumptions regarding forecast electricity prices, generation volumes, operating costs, capital expenditure and the proceeds expected on termination of the investment. The cash flows were discounted using a pre-tax discount rate of 9.29% (2025: 9.36%).

The carrying amount of TPC is equal to its recoverable amount at 30 June 2026. A 10% reduction in forecast electricity prices would reduce the recoverable amount by \$13m, while a 0.5 percentage point increase in the discount rate would reduce it by \$1m.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE E2. RELATED PARTY TRANSACTIONS

Majority shareholder

The majority shareholder of the Company is the New Zealand Government. Transactions cover a variety of services including energy, postal, travel and tax with various other Government-owned entities.

Transactions with related parties

The Group entered into a number of contracts with other Crown-controlled entities to hedge against wholesale electricity price risk, the most significant being a contract for difference with Genesis Energy Limited for generation produced at the Waipipi wind farm. During the year, the Group also entered into the Strategic Energy Reserve – Huntly Firming Option with Genesis Energy Limited, Contact Energy Limited and Meridian Energy Limited, an arrangement designed to support security of supply. All entities in this arrangement, except Contact Energy Limited, are Crown-controlled entities.

The Company also has investments in subsidiaries, associates and joint arrangements, all of which are considered related parties.

As these are consolidated financial statements, transactions between related parties within the Group have been eliminated. Consequently, only those transactions between entities which have some owners external to the Group have been reported below:

	Transaction value	
	2026 \$M	2025 \$M
Associates		
Management fees and service agreements received	13	22
Energy contract settlements (paid)/received	(8)	17
Joint operations		
Management fees and service fees received and paid	28	30
Energy contract settlements (paid)/received	(8)	(15)

An advance to TPC Holdings Limited of \$4m (30 June 2025: \$4m) is interest free and is repayable on demand subject to certain conditions being met.

The advance to Rotokawa of \$1m (30 June 2025: \$1m) carries a floating interest rate. Repayments under the advance are linked to the level of receipts under the geothermal energy supply agreement. There is no fixed repayment date; the agreement will terminate on receipt of any outstanding balances.

No related party debts have been written off, forgiven, or any impairment charge booked.

	Transaction value	
	2026 \$000	2025 \$000
Key management personnel compensation (paid and payable) comprised:		
Directors' fees	1,135	1,164
Benefits for the Chief Executive and Chief Financial Officer:		
Salary and other short-term benefits	2,955	4,271
Share-based payments	524	284
	4,614	5,719

The decrease in salary and other short-term benefits compared with the prior period reflects the departures and appointments of the Chief Executive and Chief Financial Officer during FY25, which had temporarily increased costs in that year.

The increase in share-based payments reflects the introduction of an equity-settled deferred share rights component within executives' short-term incentive (STI) plan, alongside the FY26–FY28 long-term incentive (LTI) grant.

Other transactions with key management personnel

Key management personnel are those people with responsibility and authority for planning, directing and controlling the activities of the Group. Key management personnel for the Group are considered to be the Directors, the Chief Executive and the Chief Financial Officer.

Some Directors also provide directorship services to other third party entities.

The Chief Executive and the Chief Financial Officer provide directorship services to subsidiaries, associates and joint operations as part of their employment without receiving any additional remuneration.

The Group purchases Directors' and Officers' insurance for the benefit of key management personnel in relation to the services they provide to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

F. RISK

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses a range of derivative contracts in order to manage risk and hedge against cash flow and fair value volatility. It is the Group's policy to apply hedge accounting to reduce volatility in profit or loss, and where possible, derivatives are designated into hedging relationships under NZ IFRS 9 *Financial Instruments* as either cash flow or fair value hedges.

Interest rate and cross currency interest rate derivatives

Interest rate and cross currency swaps are used to manage interest rate risks. Interest rate swaps where the Group pay-fixed, and receive-floating interest rates are designated as cash flow hedges in a relationship with a portion of floating rate debt exposure. Interest rate swaps where the Group receive-fixed, and pay-floating interest rates are designated as fair value hedges in a relationship with the swap rate on fixed rate bonds. Cross currency swaps are designated as both fair value and cash flow hedge relationships with the USPP and Australian denominated green wholesale bonds (refer [note D2](#)) depending on the component of the debt being hedged: the risk free (swap) rate as a fair value hedge; and the credit margin as a cash flow hedge.

Foreign exchange derivatives

Foreign exchange forward contracts are designated as cash flow hedges in a relationship with forecast purchases of inventory and capital equipment, mainly for maintenance and construction of generation assets.

Electricity price derivatives

Where possible, electricity price derivatives are designated as cash flow hedges in a relationship with forecast electricity sales and purchases. Exceptions are swaps and options used for trading (electricity futures, options and financial transmission rights) as well as other contracts that have been deemed not eligible for hedge accounting due to price reset mechanisms, termination options or variable volume structures (e.g. wind and solar power purchase agreements).

Carbon options derivatives

Covered call options relating to NZUs held for trading are used to optimise the NZU portfolio and benefit from favourable NZU market movements.

The fair values of derivative financial instruments are summarised in the following table:

	2026 \$M	2025 \$M
CURRENT ASSETS		
Electricity price derivative	170	143
Interest rate derivative	14	9
Cross currency interest rate derivative	6	20
	190	172
CURRENT LIABILITIES		
Electricity price derivative	190	197
Interest rate derivative	18	23
Cross currency interest rate derivative	2	5
Foreign exchange derivative	-	9
Carbon option derivative	1	-
	211	234
NON-CURRENT ASSETS		
Electricity price derivative	117	83
Interest rate derivative	13	16
Cross currency interest rate derivative	57	-
	187	99
NON-CURRENT LIABILITIES		
Electricity price derivative	246	326
Interest rate derivative	20	35
Cross currency interest rate derivative	-	3
	266	364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS CONT.

Change in fair value of financial instruments	2026 \$M	2025 \$M
Realised (loss)/gain on unhedged electricity swaps	(3)	192
Unrealised loss on unhedged derivatives and hedge ineffectiveness through income statement	(138)	(340)
Change in fair value of derivative financial instruments per income statement	(141)	(148)

The unrealised changes in fair values of all financial instruments recognised in the income statement and other comprehensive income are summarised below:

	Income statement		Other comprehensive income	
	2026 \$M	2025 \$M	2026 \$M	2025 \$M
Interest rate and cross currency interest rate derivatives	29	2	6	(16)
Electricity price derivatives	(175)	(347)	258	127
Foreign exchange rate derivatives	-	-	9	(10)
Ineffectiveness of cash flow hedges recognised in the income statement	8	5	-	-
Total unrealised change in fair value of derivative financial instruments	(138)	(340)	273	101

Movement in cash flow hedge reserve on hedged unrealised gains/losses	2026 \$M	2025 \$M
Opening balance	(140)	(217)
Effective portion of cash flow hedges recognised in the reserve	273	101
Amount transferred to balance sheet	(12)	7
Equity accounted share of associates' movement in other comprehensive income	24	(8)
Tax effect of movements	(75)	(23)
Closing balance	70	(140)

Unrealised gains and losses on hedged derivatives are recognised in the cash flow hedge reserve and other comprehensive income. When the gains or losses are realised, they are released from the cash flow hedge reserve to the balance sheet or the income statement in line with the underlying hedged item.



TAUPŌ CONTROL GATES



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS CONT.

AREA OF KEY JUDGEMENT

Fair value estimation

Valuation techniques

All fair value balances are assigned to a fair value hierarchy level as defined by NZ IFRS 13 *Fair Value Measurement*. No transfers occurred between hierarchy levels in the year ended 30 June 2026.

The following table provides a breakdown of the fair value of derivatives by the source of key valuation inputs:

30 June 2026	Quoted market price	Market observable inputs	Non-market observable inputs	Total
Valuation technique	Level 1 \$M	Level 2 \$M	Level 3 \$M	\$M
Financial assets				
Derivative instruments				
Electricity price derivatives	49	-	238	287
Interest rate derivatives	-	27	-	27
Cross currency interest rate derivatives	-	63	-	63
	49	90	238	377
Financial liabilities				
Derivative instruments				
Electricity price derivatives	157	-	279	436
Interest rate derivatives	-	38	-	38
Cross currency interest rate derivatives	-	2	-	2
Carbon option derivatives	-	-	1	1
	157	40	280	477
Net financial asset/(liability)	(108)	50	(42)	(100)

30 June 2025	Quoted market price	Market observable inputs	Non-market observable inputs	Total
Valuation technique	Level 1 \$M	Level 2 \$M	Level 3 \$M	\$M
Financial assets				
Derivative instruments				
Electricity price derivatives	13	-	213	226
Interest rate derivatives	-	25	-	25
Cross currency interest rate derivatives	-	20	-	20
	13	45	213	271
Financial liabilities				
Derivative instruments				
Electricity price derivatives	97	-	426	523
Interest rate derivatives	-	58	-	58
Cross currency interest rate derivatives	-	8	-	8
Foreign exchange rate derivatives	-	9	-	9
	97	75	426	598
Net financial asset/(liability)	(84)	(30)	(213)	(327)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS CONT.

Valuation of Level 1 financial instruments

Level 1 financial derivatives include ASX futures and financial transmission rights with fair values determined using quoted prices. These prices represent regularly occurring market transactions on an orderly basis.

Valuation of Level 2 financial instruments

The fair values of Level 2 derivatives are determined using discounted cash flow models. Listed below are the Level 2 derivatives and the key inputs to the valuation model.

Derivative	Valuation input
Cross Currency Interest Rate Swap (CCIRS)	Forward interest rate price curve and foreign exchange rate curve
Interest rate swap	Forward interest rate curve
Foreign exchange contract	Forward foreign exchange rate curve

Valuation of Level 3 financial instruments

The Group uses various methods in estimating the fair value of an electricity financial derivative. Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, there are two key inputs being used:

	2026	2025
Wholesale electricity price path	\$96/MWh to \$135/MWh	\$100/MWh to \$182/MWh
Discount rate	3.1% to 24.3%	3.2% to 21.7%

The wide range in discount rates are driven by entering into longer term derivative contracts. Forward electricity spot prices in the front end of the curve in FY26 were lower, driven by futures prices, thus resulting in a lower maximum price of \$135/MWh in FY26 compared to \$182/MWh in FY25.

The selection of valuation inputs requires significant judgement, and therefore there is a range of reasonably possible assumptions in respect of these inputs that could be used in estimating the fair values of these derivatives. Maximum use is made of observable market data when selecting inputs and developing assumptions for the valuation technique.

Reconciliation of Level 3 unrealised fair value movements

The unrealised Level 3 fair value movements in the income statement are recognised within change in the fair value of financial instruments, along with realised gains/losses on financial instruments not in a hedging relationship.

	Financial instruments in a hedging relationship		Financial instruments not in a hedging relationship		Total	
	2026 \$M	2025 \$M	2026 \$M	2025 \$M	2026 \$M	2025 \$M
Opening balance sheet position	(155)	(271)	(58)	236	(213)	(35)
New contracts	18	(3)	21	3	39	-
Matured contracts	32	102	(4)	-	28	102
Gains, losses, and ineffectiveness						
Through the income statement	6	8	(58)	(297)	(52)	(289)
Through other comprehensive income	156	9	-	-	156	9
Closing balance sheet position	57	(155)	(99)	(58)	(42)	(213)

Sensitivity of Level 3 fair value measurements

The Group uses unobservable inputs to measure the fair value of Level 3 electricity derivatives. These inputs are most sensitive to changes in electricity forward prices. These electricity price derivatives are in a net liability position on the balance sheet. The Group has a net 'sell' exposure with fixed strike prices so that an increase in the forward price would likely result in a decrease in fair value and a decrease in the forward price would likely result in an increase in fair value. Refer to [note F2](#) for sensitivity analysis on all electricity derivatives.

The Group also holds carbon options, for which the key valuation input is the forward carbon price.

	Impact on post tax profit	
	2026 \$M	2025 \$M
Electricity price increased by 10%	(143)	(73)
Electricity price decreased by 10%	123	67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS CONT.

Deferred 'inception' gains/(losses) on Level 3 derivatives

There is a presumption that, when derivative contracts are entered into at an arm's length basis, the fair value at inception is zero. The contract price of non-exchange-traded electricity derivative contracts are agreed on a bilateral basis, the pricing for which may differ from the prevailing derived market price curve (ASX futures and the Group's internal price curve) for a variety of reasons. In these circumstances, an inception adjustment is made to bring the initial fair value of the contract to zero at inception. This inception adjustment is amortised over the life of the contract by adjusting the future price path used to determine the fair value of the derivatives by a constant amount to return the initial fair value to zero.

The table below details the movements in inception value gains/(losses) included in the fair value of derivative financial assets and liabilities:

Electricity price derivatives	2026 \$M	2025 \$M
Opening deferred inception losses	(17)	(1)
Deferred inception (losses)/gains on new hedges	(119)	4
Deferred inception gains/(losses) realised during the year	27	(20)
Closing inception losses	(109)	(17)

NOTE F2. FINANCIAL RISK MANAGEMENT

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to proactively manage these risks with the aim of protecting shareholder wealth. Exposure to price, credit, foreign exchange, liquidity and interest rate risks arise in the normal course of the Group's business. The Group's principal financial instruments comprise cash, trade receivables and accruals (not prepayments), advances, payables and accruals, borrowings and derivative financial instruments.

(A) Market risk

Nature of risk exposure	Risk Management Policy
Electricity price The Group is exposed to movements in the spot price of electricity arising from the sale and purchase of electricity in the market.	The Group enters into electricity derivative contracts, including swaps, futures, options and PPAs that establish a fixed price at which future quantities of electricity are purchased and sold. The electricity contracts are periodically settled with any difference between the contract price and the electricity spot price settled between the parties. Cash flow hedge accounting is applied.
Foreign exchange The Group is exposed to foreign exchange risk as a result of transactions denominated in a currency other than the Group's functional currency. The currencies giving rise to this risk are primarily US Dollar, Japanese Yen, Euro, Yuan and Australian Dollar.	The Group's policy is to enter into forward exchange contracts to hedge its committed foreign denominated expenditure programme.
Interest rate The Group has exposure to interest rate risk to the extent that it borrows for fixed terms at floating interest rates.	The Group uses mostly interest rate swaps and rarely interest rate options to manage this exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE F2. FINANCIAL RISK MANAGEMENT CONT.

Derivatives in designated hedging relationships

	Electricity		Foreign exchange		Interest rate	
	2026 \$M	2025 \$M	2026 \$M	2025 \$M	2026 \$M	2025 \$M
Notional amount	857	986	35	215	4,248	3,432
Maturity	1-10 years	1-9 years	0-3 year	0-1 year	0-7 years	0-6 years
Carrying amount – asset	181	44	-	-	90	45
Carrying amount – liability	(81)	(202)	-	(9)	(39)	(66)
Recognised in OCI	258	127	9	(10)	6	(16)
Ineffectiveness	6	7	-	-	2	(2)
Hedge Ratio	1:1	1:1	1:1	1:1	1:1	1:1

At inception, each hedge relationship is formalised in hedge documentation. Hedge accounting is discontinued when the hedge instrument expires or is terminated, exercised or no longer qualifies for hedge accounting. The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the amount and timing of respective cash flow, reference interest rates, currency, maturities and notional amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting the changes in cash flows of the hedged item using the hypothetical derivative method.

The Group's policy is to designate derivatives in hedge relationships on inception when their fair value is zero, applying a hedge ratio of 1:1.

The main source of ineffectiveness for electricity contracts relates to the difference between the market price and the strike price at inception of the contracts.

For interest rate derivatives, the weighted average hedge rate for cash flow hedges (receive floating, pay fixed rate) is 3.9% (2025: 4.0%) and for fair value hedges (pay floating, receive fixed rate) is 3.5% (2025: 3.2%).

Market risk sensitivity analysis

The following summarises the potential impact of increases or decreases in the relevant market risk exposures of the Group on profit (unhedged derivatives) and on other components of equity (hedged derivatives) from the change in the derivative valuation. The analysis does not take into account dynamic market response over time, which could be material. The electricity sensitivities disclosed below include Level 1 derivatives.

	Impact on post-tax profit		Impact on post-tax equity	
	2026 \$M	2025 \$M	2026 \$M	2025 \$M
Electricity forward price increased by 10%	(149)	(70)	(40)	(60)
Electricity forward price decreased by 10%	128	63	40	60
Forward foreign exchange rates increased by 10%	-	-	(2)	(14)
Forward foreign exchange rates decreased by 10%	-	-	3	17
Interest rates higher by 100 bps	(44)	(44)	17	19
Interest rates lower by 100 bps	46	46	(18)	(19)

(B) Credit risk

Nature of risk exposure	Risk Management Policy
The carrying amounts of financial assets recognised in the balance sheet best represent the Group's maximum exposure to credit risk at the reporting date without taking account of any collateral held by way of customer bonds.	The Group manages its exposure to credit risk under policies approved by the Board of Directors. The Group performs credit assessments on all electricity customers and normally requires a bond from commercial customers who have yet to establish a suitable credit history. In the event of a failure by a retailer to settle its obligations to the Energy Clearing House, following the exhaustion of its prudential security, a proportionate share of the shortfall will be assumed by all generator class market participants. The Group would be impacted in the event that this occurs. It is the Group's policy to only enter into derivative transactions with banks that it has signed an ISDA master agreement with, and which hold a minimum long-term S&P Global (or Moody's equivalent) credit rating of A-.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE F2. FINANCIAL RISK MANAGEMENT CONT.

(C) Liquidity risk

Nature of risk exposure	Risk Management Policy
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.	The Group manages its exposure to liquidity risk under policies approved by the Board of Directors. Policies require that prescribed headroom is available in undrawn and committed facilities to cover unplanned needs and that a limited amount of facilities mature over the immediate 12 month forward-looking period. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of various funding sources.

The following liquidity risk disclosures reflect all contractually fixed payoffs, repayments and interest from recognised non-derivative financial liabilities. The timing of cash flows for non-derivative financial liabilities is based on the contractual terms of the underlying contract.

The information on contractual cash flows are presented on an undiscounted basis, consequently the totals will not reconcile with the amounts recognised in the balance sheet.

- Net settled derivatives include interest rate derivatives and electricity price derivatives.
- Gross settled derivatives relate to foreign exchange derivatives that are used to hedge future purchase commitments.
- Foreign exchange derivatives may be rolled on an instalment basis until the underlying transaction occurs. While the maturity of these derivatives are short-term the underlying expenditure is forecast to occur over different time periods.

While the following tables give the impression of a liquidity shortfall, the analysis does not take into account expected future operating cash flows or committed and undrawn debt facilities that will provide additional liquidity support. The expectation of cash receipts in relation to derivative assets should also be considered when assessing the ability of the Group to meet its obligations.

	Less than 6 months \$M	6 to 12 months \$M	1 to 5 years \$M	Later than 5 years \$M	Total \$M
30 June 2026					
Liquid financial assets					
Cash and cash equivalents	77	-	-	-	77
Receivables	471	-	-	-	471
Non derivative financial liabilities					
Payables and accruals	(348)	-	-	-	(348)
Borrowings	(340)	(47)	(1,469)	(1,825)	(3,681)
Lease liabilities	(13)	(13)	(70)	(113)	(209)
Derivative financial liabilities					
Derivative liabilities – net settled					
Electricity price derivatives	(186)	(106)	(223)	(244)	(759)
Interest rate derivatives	(10)	(8)	(21)	-	(39)
Cross currency interest rate derivatives	-	-	-	-	-
Derivative liabilities - gross settled					
Foreign exchange derivatives inflows	16	6	14	-	36
Foreign exchange derivatives outflows	(15)	(6)	(14)	-	(35)
Net outflows	(348)	(174)	(1,783)	(2,182)	(4,487)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

NOTE F2. FINANCIAL RISK MANAGEMENT CONT.

30 June 2025	Less than 6 months \$M	6 to 12 months \$M	1 to 5 years \$M	Later than 5 years \$M	Total \$M
Liquid financial assets					
Cash and cash equivalents	86	-	-	-	86
Receivables	463	-	-	-	463
Non derivative financial liabilities					
Payables and accruals	(377)	-	-	-	(377)
Borrowings	(233)	(44)	(1,051)	(2,231)	(3,559)
Lease liabilities	(12)	(12)	(79)	(86)	(189)
Derivative financial liabilities					
Derivative liabilities - net settled					
Electricity price derivatives	(85)	(124)	(346)	(114)	(669)
Interest rate derivatives	(11)	(12)	(36)	(3)	(62)
Cross currency interest rate derivatives	(2)	(1)	-	-	(3)
Derivative liabilities - gross settled					
Foreign exchange derivatives inflows	207	-	-	-	207
Foreign exchange derivatives outflows	(215)	-	-	-	(215)
Net outflows	(179)	(193)	(1,512)	(2,434)	(4,318)

(D) Capital risk management

The Board policy is to maintain a sustainable financial structure for the Group, recognising the Group's targeted long-term credit rating of BBB+ assigned by S&P Global and the risks from predicted short- and medium-term economic, market and hydrological conditions along with estimated financial performance. Capital is managed to provide sufficient funds to undertake required asset reinvestment as well as to finance new generation development projects and other growth opportunities to increase shareholder value at a rate similar to comparable private sector companies.

In order to maintain or adjust the capital structure, changes can be made to the amount paid as dividends to shareholders, capital can be returned or injected or assets sold to reduce borrowings.

Consistent with other companies in the industry, the Group uses the gearing ratio as one of its metrics to monitor capital. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (both current and non-current) adjusted for fair value, less cash. Total capital is calculated as shareholders' equity plus net debt. The gearing ratio is calculated below:

	2026 \$M	2025 \$M
Borrowings at carrying value	2,472	2,279
Add back: fair value adjustments	(41)	(10)
Less cash and cash equivalents	(77)	(86)
Net debt	2,354	2,183
Total equity	5,263	4,903
Total capital	7,617	7,086
Gearing ratio	30.9%	30.8%

Under the Negative Pledge Deed in favour of its bank financiers the Group must, in addition to not exceeding its maximum gearing ratio, exceed minimum interest cover ratios and a minimum shareholder equity threshold.

The Group seeks to maintain a debt to EBITDAF ratio of between 2.0 and 3.0 times, on average through time, to maintain credit metrics sufficient to support its credit rating on an on-going basis. For the purpose of calculating this ratio and consistent with the rating agency treatment, adjustments are made to net debt and EBITDAF based on the definitions provided by the rating agency. For the year ended 30 June 2026, the Group had a debt to EBITDAF ratio of 2.0 times (2025: 2.5 times).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

G. OTHER

NOTE G1. SHARE-BASED PAYMENTS

Long-term incentive plan

The Group operates an equity-settled share-based long-term incentive plan (LTI) for executives. The LTI is designed to enhance the alignment between shareholders and those executives most able to influence the performance of the Group.

Under the LTI, executives are granted shares at nil cost if vesting conditions are met. Performance is measured against a combination of relative total shareholder return against industry peers and out-performance against the Group's internal return on capital.

Each LTI represents the grant of in-substance nil-price options to executives. The cost of the share-based payment is recognised over the vesting period. Performance is measured over a three-year period for all grants. For the FY26–FY28 grant, options satisfying the performance conditions are subject to a number of conditions including an additional one-year holding period before vesting, resulting in a four-year vesting period, aligned to the 2030 strategy. The total amount expensed is based on the Group's best estimate of the number of equity instruments that will ultimately vest, taking into consideration the likelihood that service conditions will be met, multiplied by the grant date fair value of each option.

Short-term incentive plan

During the year, the Group introduced an equity-settled deferred share rights component within the executives' short-term incentive plan (STI). Under the plan, executives will receive a portion of their FY26 award as deferred share rights, which are in substance nil price options, if performance measures are achieved.

No STI share rights had been issued at 30 June 2026. The number of share rights to be issued will be determined after 30 June 2026 based on the final STI outcome as determined by the Board and the applicable volume weighted average price calculation under the plan rules. Any share rights issued are subject to a one-year holding period before vesting.

During the year, the Group expensed \$334,915 in relation to the STI equity-settled share-based payment transactions (2025: nil) and \$794,090 in relation to LTI equity-settled share-based payment transactions (2025: \$637,518).

Movements in the number of in-substance nil-price options are as follows:

	2026	2025
Balance at the beginning of the year	379,756	827,556
Options granted	358,302	207,091
Options forfeited	(113,098)	(413,552)
Options exercised	-	(241,339)
Balance at the end of the year	624,960	379,756

59,567 were exercisable at the end of the year (2025: nil) with the remaining options under the plan having a weighted average life of 2.3 years (2025: 1.5 years).

NOTE G2. SUBSEQUENT EVENTS AND OTHER MATTERS

The Board has approved a fully imputed final dividend of 17.0 cents per share to be paid on 30 September 2026. The Group plans to continue with its dividend reinvestment plan, with a strike price to be determined by the average of daily volume weighted average sale price for a share, calculated on all price setting trades of shares that take place through the NZX Main Board over a period of five trading days starting on 7 September 2026, less a 2% discount.

On 8 July 2026, the Group acquired a 12.7% minority equity interest in Datagrid Holding Group NZ Ltd (Datagrid NZ) for US\$30m (NZ\$53m). Datagrid NZ is developing a large-scale data centre project in Southland. The Group had signed a 140MW power purchase option agreement with Datagrid during the year, which remains in force.

There are no other material events subsequent to reporting date that would affect the fair presentation of these financial statements.



CLIMATE STATEMENT 2026

TE TAUĀKI ĀHUARANGI

Our Climate Statement outlines how we are delivering on our purpose in the face of climate change, by identifying and responding to climate-related risks and opportunities (CRROs) across our business. We detail our approach across strategy, risk,

governance, and metrics, in line with the Aotearoa New Zealand Climate Standards, presenting our evolving understanding of climate change on our business. The Climate Statement incorporates our Greenhouse Gas Inventory.



Our strategy is designed to build earnings resilience through operating our assets well, growing renewable generation, allocating capital with discipline, and actively managing climate-related risks, positioning us to support customer decarbonisation.

[READ MORE PG68](#)



Our climate-related opportunities include the low-carbon transition driving growth in demand for electrification, capital markets interest in low-carbon operations, and growing demand for smart energy solutions.

[READ MORE PG76](#)



Climate-related risks include greater variability in weather patterns affecting hydro generation, growing atmospheric/storm intensity which affects generation assets, changing market and policy settings, and global supply chain constraints.

[READ MORE PG72](#)



We have updated our emissions reduction targets to reflect updated methodology, more mature technical evidence, and lessons learned while progressing our initial targets. The updated targets provide a clearer view of what we will deliver and when.

[READ MORE PG79](#)



Our scenario analysis includes testing the resilience of our strategy across different time horizons.

[READ MORE PG82](#)

CONTENTS

<u>67</u>	INTRODUCTION
<u>67</u>	SUMMARY OF KEY POINTS
<u>68</u>	STRATEGY
<u>68</u>	TRANSITION PLAN ASPECTS OF OUR STRATEGY
<u>71</u>	OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES
<u>79</u>	OUR CLIMATE TARGETS
<u>81</u>	SCENARIO DEVELOPMENT PROCESS
<u>82</u>	SCENARIO ANALYSIS
<u>85</u>	DATASETS AND MODELS USED
<u>85</u>	OUR APPROACH TO ASSESSING MATERIALITY
<u>86</u>	METRICS AND TARGETS
<u>87</u>	MEASURING OUR IMPACT – CROSS INDUSTRY MEASURES AND OTHER ACTIVITY METRICS
<u>87</u>	FUGITIVE EMISSIONS
<u>88</u>	EXPOSURE OF OUR ASSETS AND ACTIVITIES TO CLIMATE RISKS AND OPPORTUNITIES
<u>89</u>	GOVERNANCE
<u>89</u>	BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES
<u>89</u>	SKILLS AND COMPETENCIES TO PROVIDE OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

<u>89</u>	MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES
<u>90</u>	MANAGEMENT REMUNERATION IS LINKED TO MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES
<u>92</u>	OVERVIEW AND RELATIONSHIP BETWEEN RESPONSIBILITIES OF OUR BOARD, SUB-COMMITTEES AND MANAGEMENT
<u>93</u>	RISK MANAGEMENT
<u>93</u>	PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS
<u>93</u>	RISK MANAGEMENT FRAMEWORK
<u>93</u>	MANAGING CLIMATE-RELATED RISKS
<u>94</u>	GREENHOUSE GAS EMISSIONS INVENTORY
<u>96</u>	GHG EMISSIONS CALCULATIONS AND RESULTS
<u>97</u>	EMISSIONS INCLUSIONS
<u>99</u>	EMISSIONS SOURCE EXCLUSIONS
<u>101</u>	APPENDIX A – HISTORICAL DATA – GHG EMISSIONS INVENTORY SUMMARY
<u>102</u>	IMPACT OF UNCERTAINTIES
<u>102</u>	APPENDIX B – HISTORICAL DATA – GHG EMISSION, REDUCTIONS AND INTENSITY CALCULATIONS FOR MERCURY'S ELECTRICITY

MERCURY AND CLIMATE CHANGE

Mercury NZ Limited is a Climate Reporting Entity under the Financial Markets Conduct Act 2013. This Climate Statement has been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS) and is for the 2026 Financial Year

FY26 Climate Statement



SCOTT ST JOHN
CHAIR



ROBERT HAMILTON
CHAIR, AUDIT AND FINANCIAL RISK COMMITTEE
18 AUGUST 2026

IMPORTANT INFORMATION FOR READERS

Mercury has used best efforts in the preparation of this Climate-Related Disclosure to provide accurate information as at 18 August 2026 but cautions reliance being placed on representations that are necessarily subject to significant risks, uncertainties or assumptions.

This Climate-Related Disclosure contains forward looking statements, including climate-related metrics, climate scenarios, estimated climate

projections, targets, assumptions, forecasts, and statements of Mercury's future intentions. These statements necessarily involve assumptions, forecasts and projections about Mercury's present and future strategies and the environment in which Mercury will operate in the future, which are inherently uncertain and subject to limitations, particularly as to inputs, available data, and information which is likely to change. Mercury has used its best efforts to provide a reasonable basis for forward-looking statements but is constrained

by the novel and developing nature of this subject matter. Climate-related forward-looking statements may therefore be less reliable than other statements Mercury may make in its annual reporting.

Descriptions of the qualitative and quantitative, current and anticipated financial and other impacts of climate change draw on and/or represent estimated figures only. In particular, the risks and opportunities described in this report, and the forecast emissions reductions, may not eventuate or may be more or less significant than anticipated.

There are many factors that could cause Mercury's actual results, performance or achievement of climate-related metrics (including targets) to differ materially from that described, including climatic, government, consumer, and market factors outside of Mercury's control.

Nothing in this Climate-Related Disclosure should be interpreted as capital growth, earnings, or any other legal, financial, tax, or other advice or guidance.

INTRODUCTION



OUR PURPOSE

**Tiakina te anamata, mā te tūhono
i ngā tāngata me ngā wāhi o te inamata.**

**Taking care of tomorrow:
connecting people and place today.**

This Climate Statement outlines how we are delivering on our purpose in the face of climate change by identifying and responding to climate-related risks and opportunities (CRROs) across our business.

We see ourselves as a key enabler of the transition to a low-carbon future. Climate change is integrated into our purpose and strategy, influencing our investment decisions, risk management, and the way we work with our customers, partners, and other stakeholders. The transition requires a transformation of the energy system and we are playing a leading role in building that future through our renewable generation pipeline, demand-side innovation, and partnerships.

The environment in which we operate continues to evolve, in particular:

- Growing evidence that recent global temperatures have exceeded 1.5°C above pre-industrial levels, while significant changes are still required at pace to align activity with a 1.5°C pathway.
- Increasing electricity demand over time with electrification and digital infrastructure investment reinforces the need for additional renewable generation, subject to contracting, timing, and market conditions.
- A changing regulatory and policy landscape, with an increased focus on ensuring that security of supply and access to affordable energy is maintained while the sector navigates the transition to a low-carbon future.

As New Zealand transitions to a low-carbon future and more renewables are introduced to our energy system, we are conscious that electricity supply needs to stay reliable and affordable. In the near-term, our energy system faces challenges to security of supply, including a shortage in domestic natural gas and a risk of prolonged dry weather leading to lower hydro lake levels. This means that thermal fuel, such as coal or potentially imported LNG, is likely to continue to play a supporting role to ensure the security of the broader energy system in the near-term, particularly in those dry years when hydro lakes are low.

Our primary role is to accelerate renewable supply while supporting an orderly transition that maintains security and affordability for customers and continuing to operate in a financially prudent way. In the near term, this includes supporting sector-wide security arrangements, while continuing to invest in renewable generation and demand-side flexibility.

We are focused on ensuring that our business is resilient and successful through the transition by actively identifying and managing the climate-related risks we face, while pursuing the opportunities that the energy transition unlocks.

This Climate Statement outlines our approach across strategy, risk, governance, and metrics, in line with the Aotearoa New Zealand Climate Standards, and reflects our evolving understanding of the impacts of climate change on our business.

SUMMARY OF KEY POINTS



Key changes since our FY25 climate statement

- Greenhouse Gas Inventory is included in the Climate Statement.
- We adjusted the scenarios and CRROs based on internal engagement and data reviews.
- The emissions reduction targets have been updated to reflect updated SBTi methodology, what we have learned through delivery, and a clearer view of what is achievable by 2030.



Our scenarios have four different pathways

- Teal where global temperature increase is limited to 1.5°C (after an overshoot to 1.6°C).
- Purple where global temperature increase is limited to 2.5°C.
- Amber where global temperature increase is limited to 3°C.
- Maroon where global temperature increase is greater than 3°C.



Based on our scenarios

- We identified material CRROs that could affect our business and captured our view of material climate-related current impacts to us.



Our material climate-related risks

- Greater variability in weather patterns (including more frequent high inflow events and droughts) may reduce hydro generation flexibility and increase trading risk.
- Growing intensity of atmospheric conditions (including storm events) may cause disruption to assets.
- Market and policy settings may prioritise different aspects of the energy trilemma as we transition to a low-carbon future.
- Global decarbonisation constraints (supply chain, labour, and infrastructure) may delay renewable development.



Our material climate-related opportunities

- The low-carbon transition may lift electricity demand.
- Capital markets may support investing in low-carbon operations.
- The low-carbon transition may drive demand for smart energy solutions and new products and services.

We are continuing to take action to reduce our own emissions and support the transition to a lower-emissions future. Further details are outlined in our [FY26 Climate Action Plan](#).

STRATEGY

Our strategy is shaped by the risks and opportunities of climate change. As we transition to a low-carbon future, our focus is on delivering reliable and affordable renewable energy, while supporting customers, communities, and shareholders through this change.

TRANSITION PLAN ASPECTS OF OUR STRATEGY

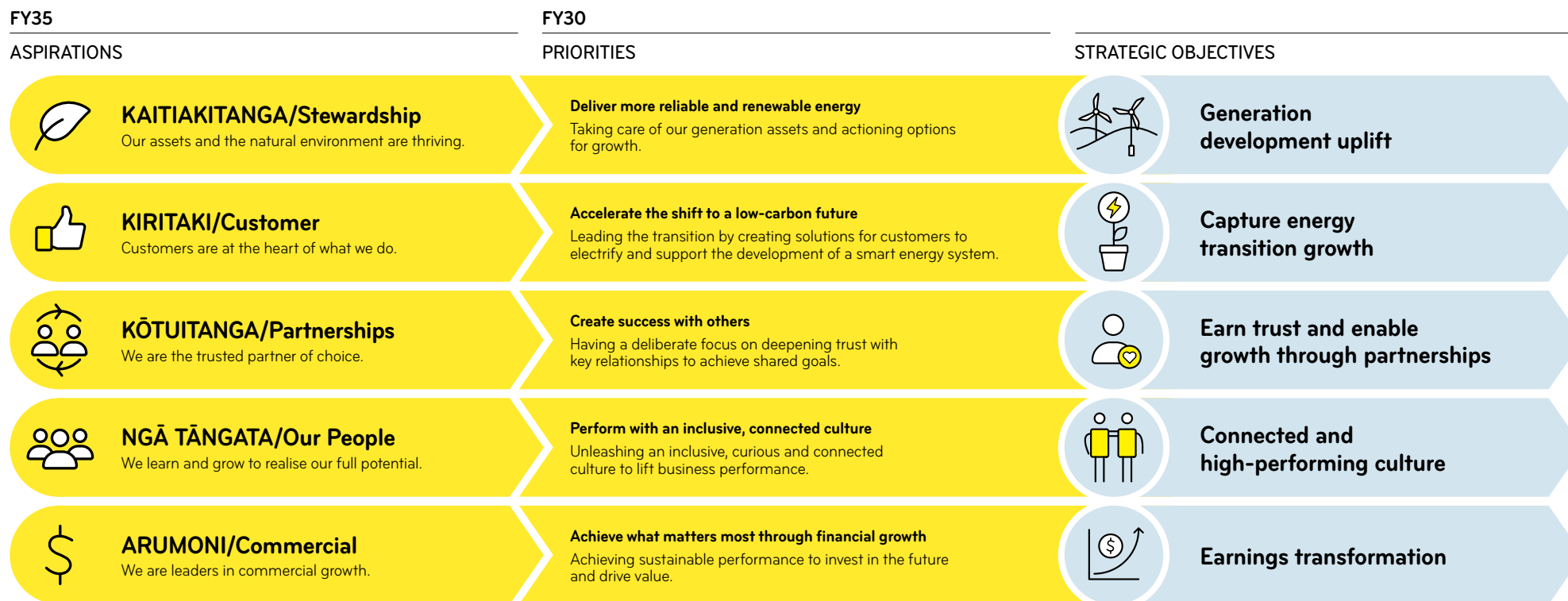
Our strategy is designed to build earnings resilience through renewable generation growth, disciplined capital allocation, and active management of climate-related risks. This positions us to support customer decarbonisation while maintaining

financial discipline through the transition and reflects our business model and strategy, which are designed to respond to our identified climate-related risks and opportunities. Our generation assets produce electricity from 100% renewable sources: hydro, geothermal, and wind, across 19 power stations nationwide. We are also a retailer of electricity, gas, broadband and mobile services. We serve more than 900,000 customer connections across electricity, gas, telecommunications, and mobile, supported by ~1,300 permanent employees. For more information on Our Business Model see [page 4](#) of our FY26 Integrated Report.

Climate change considerations have shaped the development of key aspects of our strategy – our purpose, FY30 Priorities, FY35 Aspirations, and our strategic objectives. Our strategy is aligned to our key value drivers, namely, Kaitiakitanga/Stewardship, Kiritaki/Customer, Kōtuitanga/Partnerships, Ngā Tāngata/Our People, and Arumoni/Commercial. These value drivers guide our transition plan by focussing action on the areas most critical to our business as we navigate the low-carbon transition.

We recognise that the most significant contributions we can make to the energy transition are to deliver more reliable and renewable energy to power

Aotearoa, and to accelerate the shift to a low-carbon future by working with customers to support decarbonisation. We also need to reduce our own emissions, align financial growth with the transition, and develop a high-performing workforce with the capabilities required to deliver successfully. The actions described below support our response to our material CRROs, including building renewable generation, managing hydrological variability and physical asset risks through our asset management and risk processes, supporting customer electrification and demand flexibility, engaging on policy settings, strengthening supplier relationships, and maintaining access to sustainable finance.



THE TRANSITION PLAN ASPECTS OF OUR STRATEGY ARE:

KAITIAKITANGA STEWARDSHIP

Delivering more reliable and renewable energy.

Developing more reliable renewable energy is one of the most meaningful ways we can support a low-carbon economy. We are focused on developing a diverse pipeline of wind, geothermal, and solar opportunities to support future demand and electrification, while continuing to invest in existing assets that remain critical to reliable energy supply.

Bringing large-scale projects to market involves navigating consenting challenges, policy and regulatory change, supply chain constraints,

demand, and global competition for renewable technology. Our decisions are also guided by our emissions reduction targets and include initiatives such as reinjection of non-condensable gases (NCG) at our geothermal sites.

Examples of how our strategy and business model are evolving include:

- Building a renewable generation pipeline that is diverse in location and energy source. In FY26, we completed the expansion of Ngā Tamariki Geothermal Station, completed construction of Stage 2 of Kaiwera Downs Wind Farm and commenced generation at Kaiwaikawe Wind Farm.

- Improving the performance, flexibility, and lifespan of our assets, including a \$29.6 million, four-year refurbishment of Maraetai II Hydro Station, which will improve the station's operational reliability and extend its life by 20 years.
- Reducing operational emissions through initiatives such as capturing and reinjecting non-condensable gases (NCG) at Ngā Tamariki Geothermal Station. In FY26, we invested approximately \$1.3 million in this initiative, with an estimated 13,490 tCO₂e abated. We also commissioned the fifth generation unit (OEC5) at the station, adding 46MW of renewable baseload capacity through the \$220 million expansion project.
- Strengthening supply chain resilience through supplier collaboration with existing and potential new suppliers.
- Working with regulators and sector partners to improve consenting processes and align renewable development with environmental and planning standards.
- Enabling greater demand flexibility to support system efficiency and better align electricity demand with renewable generation.

In FY26, 99% of our growth capital expenditure (CAPEX), i.e. \$560 million, was allocated to renewable generation development, reflecting disciplined capital allocation. We have dedicated teams focused on generation development and the management of our portfolio.

KIRITAKI CUSTOMER

Accelerating the shift to a low-carbon future.

We are committed to supporting customers through the energy transition, recognising that electrification, affordability, and access to new technologies affect people in different ways. As demand increases,

particularly from electric vehicles and new electricity uses, we are focused on empowering customers with the tools, information, and support they need to successfully navigate this shift.

Examples of how our strategy and business model are evolving include:

- Delivering a retail gas strategy that supports the reduction of our scope 3 emissions by helping customers understand their energy options and transition pathways.
- Working with Intellihub and Bluecurrent to scale smart hot water management, resulting in 50,000 connected cylinders over winter 2026. This supports demand flexibility and help manage peak electricity demand.
- Trialling Rinnai's GridSmart device to test the technology and better understand how smart hot water cylinders can increase demand flexibility while helping ensure customers have reliable access to hot water.
- Entering long-term electricity supply agreements with industrial customers, including Datagrid, to support new electricity demand and provide greater confidence for renewable generation investment.
- Launching Flex Rates, time-of-use plans which give residential customers and small and medium-sized business customers greater control over electricity spend while helping manage load on distribution networks.
- Delivering material support to social retailers, Nau Mai Rā and Toast Electric, providing care beyond our own customer base. This included 59GWh volume sold to social retailers in FY26.

We have dedicated teams focused on new propositions, hardship support, and community engagement to ensure our services meet evolving needs.





WAIPIPI WIND FARM

THE TRANSITION PLAN CONT.



KŌTUITANGA PARTNERSHIPS

Creating success with others.

Strong partnerships are essential to our climate transition. We work closely with iwi, regulators, advocacy groups, communities, and industry to navigate the complexity of the energy transition. By working together, we aim to support effective policy, maintain social licence, and share the benefits of decarbonisation, supporting long-term value creation for shareholders and broader stakeholders.

Examples of how our strategy and business model are evolving include:

- Deepening engagement with iwi and hapū where our assets are located to support long-term, values-aligned relationships.
- Supporting local communities through initiatives such as our Community Funds, which support projects and organisations that contribute to community wellbeing in regions where we operate.
- Advocating for policy settings that enable renewable development, operational flexibility, and equitable transition outcomes.
- Participating in sector forums to support resilience, security of supply, and system-level planning.
- Strengthening partnerships with community providers that support customers.
- Supporting new and existing customers with decarbonisation opportunities as well as new demand sources.

We have dedicated teams focused on building and maintaining trusted partnerships. This includes teams focused on iwi relations, regulatory affairs, and community engagement, working across the business to deliver outcomes aligned to our strategy that benefit both our shareholders and the communities we serve.



NGĀ TĀNGATA OUR PEOPLE

Performing with an inclusive, connected culture.

Developing a capable, resilient, high-performing and inclusive workforce is essential to our long-term success in a low-emissions future. As CRROs evolve, so do our people, through the development of future skills, climate literacy, and strong engagement with our identity, attitude and purpose. We are committed to attracting, retaining, and growing the widest possible pool of talent to build the workforce of the future, one that reflects the communities we serve and brings a diversity of perspectives to guide and deliver meaningful change.

Examples of how our strategy and business model are evolving include:

- Investing in learning and development to build the capability required to deliver renewable generation projects and support the transition to a low-emissions energy system.
- Building workforce and asset management capability to support long-term sustainable performance.
- Supporting the wellbeing, inclusion, and adaptability of our people through targeted programmes such as the Safety Intelligence Programme, a framework designed to raise the standard of workplace safety by making safety clear, human, and effective, while embedding capability into everyday practice.
- Embedding our climate considerations into decision-making through ongoing education, engagement, and leadership across the business.
- Building an inclusive workforce that leverages diverse backgrounds, perspectives, and capabilities, strengthening leadership to deliver on our strategic priorities.

We have dedicated teams focused on talent development, organisational capability, and internal engagement supporting our broader people development programme.



ARUMONI COMMERCIAL

Achieving what matters most through financial growth.

Our commercial strategy reflects shifting market dynamics and growing demand for sustainable, low-emissions operations. Our long-term earnings growth is supported by disciplined investment in renewable generation, matched to demand growth, while actively managing market volatility, weather-related variability, and policy uncertainty. We recognise capital markets' preference for climate-aligned investments, which is expanding access to green finance and reinforcing the value of sustainable operations.

Examples of how our strategy and business model are evolving include:

- Updating our Green Financing Framework which supports green bonds and loans, enabling financing and refinancing of eligible projects.
- Considering CRROs when making investment decisions and evaluating our portfolio.
- Offering Power Purchase Agreements (PPAs) to support electrification and attract new load. In FY26, this included a 15-year, 140MW Power Purchase Option Agreement (PPOA) with Datagrid.
- Strengthening financial management to better address weather, regulatory, and market volatility.
- Building commercial capability to identify revenue opportunities from increasing electricity demand driven by electrification.

We are investing in the tools and processes needed to manage climate-related financial risks and capture emerging opportunities. We have commercial teams focused on pricing and forecasting, contributing toward our long-term financial resilience and ability to thrive in a low-carbon economy.

OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

The following tables detail material CRROs and their anticipated unmitigated impacts (the term 'unmitigated' refers to the potential financial impact if no management actions are taken, and the risk materialises without additional interventions). The likelihood and anticipated impact of these is based upon our risk matrix (details in the Risk Section). We have calculated the reasonably expected anticipated financial impact of each material CRRO, considering a range of factors. Where an impact pathway would be material but not reasonably expected to occur, or if the information available is highly uncertain, we have provided commentary to explain what we have considered.

The anticipated impact ranges for our CRROs have been aligned to the financial impact ranges in our Risk Management Framework to support consistency across reporting periods. These ranges are less than \$75k, \$75k-\$750k, \$750k-\$7.5m, \$7.5m-\$75m, \$75m-\$750m, and greater than \$750m. This approach reflects indicative risk assessment ranges intended to show the general quantum of potential impact, rather than precise forecasts. These ranges should not be read as forecasts, guidance or expected earnings impacts. They are designed to support risk assessment, planning, and governance, while avoiding a false sense of accuracy. For more information on risks, see the [Risk section](#) of this Climate Statement.

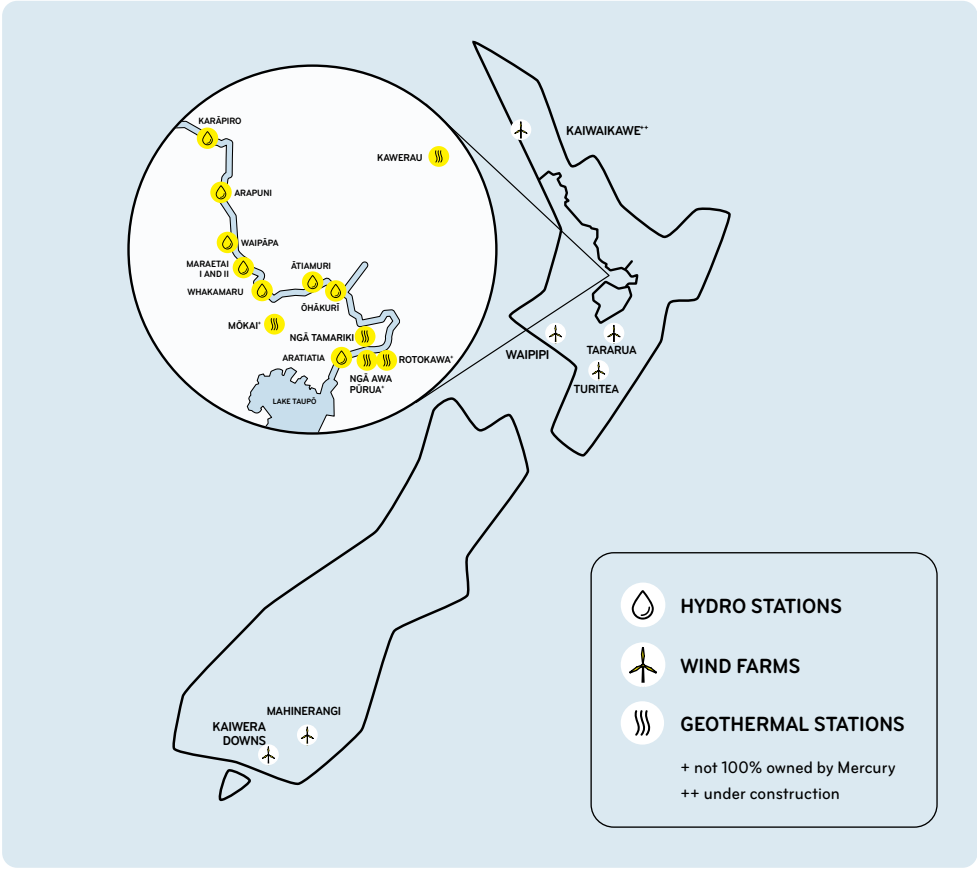
CRROs have been identified by considering our four scenarios over a 30-year time horizon. In doing this, we considered all parts of our value chain—including

upstream, operational, and downstream activities (without any exclusions). For physical risks, this included considering how climate hazards may affect us through changes to inflows, physical damage to assets, disruption to access or surrounding infrastructure, reduced ability to export generation, increased costs, and changes to generation revenue.

CRROs influence strategic business decisions across multiple functions and are reflected in our planning processes through:

- The setting of strategic objectives and performance incentives in the Group Scorecard each financial year.
- The application of our Risk Management Framework to assess physical risks to generation plant and assets and prioritising any required mitigation work in business plans.
- The deployment of capital and funding for the development of new renewable generation.
- The consideration of portfolio risks when progressing new generation development.

When allocating capital, we consider climate-related transition impacts, such as decarbonisation initiatives and emissions reductions pathways, given their significance on future electricity demand growth. We also account for CRROs over multiple time horizons in developing our capital investment plans. All our material CRROs are relevant to the energy sector in New Zealand.



Our time horizons for scenario analysis and CRROs align with our business planning and strategy processes:

CURRENT: LESS THAN 1 YEAR	SHORT-TERM: 1 TO 3 YEARS	MEDIUM-TERM: 3 TO 10 YEARS	LONG-TERM: 10 TO 30 YEARS
Aligning to immediate planning and operational considerations.	Aligning with our 3-year business planning cycle.	Aligning with our strategy and strategic scenarios.	Aligning with the expected useful life of new generation development.

OUR CLIMATE-RELATED RISKS



Greater variability in weather patterns (including more frequent high inflow events and droughts) may reduce hydro generation flexibility and increase trading risk.



ARATIATIA RAPIDS



RISK TYPE: Chronic Physical.



LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

TIME HORIZON: Current, short, medium, long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to long-term (1–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM
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IMPLICATIONS:

More volatile catchment inflows from changing and increasingly extreme weather patterns, including changing rainfall patterns, make it more difficult to optimally manage hydro storage. This manifests through increased risk of spill during high inflow events and reduced generation volumes during low inflow periods and droughts, as well as potential biosecurity and water quality challenges (e.g. algal blooms or invasive species), along the Waikato Hydro Scheme. During low inflow periods and droughts, this

risk is further heightened as other stakeholders along the catchment may also seek access to water. More volatile catchment inflows may also affect spot prices in a highly renewable electricity market, with dry periods potentially contributing to higher prices and high inflow periods potentially resulting in lower prices due to increased renewable generation. This variability in prices and generation heightens our trading risk.

ASSESSMENT METHODOLOGY:

We considered two impact pathways - drought and extreme wet events. For droughts, our methodology estimated lost revenue from reduced hydro generation due to projected increases in dry days (<1mm rainfall) around Taupō, based on Earth Sciences New Zealand's RCP* 4.5 climate projections. Generation loss is calculated against precipitation projection and using national average wholesale electricity prices from Electricity Authority data (2004–2026).

For extreme wet events (>25mm rainfall), our approach considered both potential increased short-term generation energy margin impacts and

associated increased spillway repair, maintenance, and spillway upgrade costs. Inputs included projected rainfall from Earth Sciences New Zealand's Zone 1 data, historical price trends, and internal CAPEX and maintenance estimates.

Both approaches assumed nominal impacts using average prices, which may have masked intra-year volatility. Limitations included reliance on regional RCP* data (rather than SSPs*), internal assumptions, and a lack of granularity, making outputs more suitable for sensitivity analysis and indicative planning than precise forecasting.



FINANCIAL METRICS: An aggregate of: net decrease in energy margin, increase in spillway repairs, maintenance, and upgrade costs.



ANTICIPATED IMPACT RANGE: Significant: \$7.5m–75m annualised over the short to long-term.

MANAGEMENT RESPONSE:

- We manage our peak customer sales commitments by adopting a portfolio approach that integrates generation development, existing operations, and financial hedging, aiming to balance sales with our physical generation and financial contract purchases to maintain resilience during dry hydrological conditions.
- Our environmental and planning teams engage with governing and consenting bodies, iwi, and catchment partners to manage the operational impacts of lake storage levels and ensure we have

operational flexibility to manage inflow variability on the Waikato Hydro System, including during high inflow events.

- We are collaborating with other sector participants to explore options to improve security of supply and grid flexibility during periods of hydrological variability and dry-year risk.

MATERIAL CURRENT IMPACTS:

- There were no material impacts on repairs and maintenance or additional upgrade capital costs in FY26.

*For more information on RCPs and SSPs, view the Datasets and Models Used section of this Climate Statement.

OUR CLIMATE-RELATED RISKS CONT.



Growing intensity of atmospheric conditions (including storm events) may cause disruption to assets.



NGA TAMARIKI GEOTHERMAL STATION



RISK TYPE: Acute Physical.



LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

TIME HORIZON: Current, short, medium, long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to long-term (1–30 years).*

CURRENT	SHORT	MEDIUM	LONG-TERM
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IMPLICATIONS:

Increasing intensity of acute physical hazards, including high-intensity rainfall, flooding, high wind events and fire conditions, may lead to physical damage to generation and telco assets, disrupt access to these assets, or affect surrounding infrastructure and network connections.

These hazards may result in repair costs, lost generation revenue, reduced ability to operate or maintain affected sites, or reduced ability to export generation from affected stations on the Waikato Hydro System.

ASSESSMENT METHODOLOGY:

We considered several impact pathways to assess the risk based on internal data and historical climate events - transmission line failure from storm or wind-related damage, transformer failure from flooding, compromised units or stations from physical damage or disrupted access, and catastrophic cascade dam failure.

For transmission line failure, we modelled the impact of the transmission line connecting to our largest hydro station failing. Lost generation revenue was calculated by multiplying average output by wholesale prices and a 1.5-month outage period.

For transformer failure due to flooding, we used a similar approach, extending the modelled outage period to 3.5 months, reflecting a

conservative approach, as well as considering additional spillway capital reinvestment required as a result of increased spilling during high flow events.

We also considered compromised units or stations, and catastrophic cascade dam failure. However, these pathways were not reasonably expected and deemed too rare for financial quantification but underscore the criticality of maintenance and compliance with safety standards. These are not included in our anticipated impact range.

Across all pathways, outputs are directionally indicative, relying heavily on internal data due to limited external benchmarks.



FINANCIAL METRICS: An aggregate of: decrease in energy margin, increase in spillway repairs and maintenance and increase in CAPEX reinvestment (frequency).



ANTICIPATED IMPACT RANGE: Significant: \$7.5m–75m annualised over the short to long-term.

MANAGEMENT RESPONSE:

- We regularly assess physical risks to generating plant and assets as a reasonable and prudent asset owner / operator and will mitigate risks of damage as they arise.
- We have a dam safety programme, including annual and 5-yearly external reviews, and continue to work to gain insight into the impacts of climate change on flood risks.
- We maintain a portfolio of geographically dispersed and fuel diverse generation assets which reduces impacts arising from localised storm events that could cause asset damage.

- We carry insurance cover that mitigates some of the financial impacts of replacing damaged assets and for significant business interruption events.
- Operational teams actively monitor weather forecasts and manage hydro reservoirs and other generation assets proactively to mitigate the impact of extreme weather events.

MATERIAL CURRENT IMPACTS:

- Recent flooding events impacted two hydro stations, resulting in roading repairs at Maraetai, and inventory write-offs at Ōtiamuri. The combined financial impact is below our materiality threshold.

* This year the time horizon over which the risk becomes material has been updated and is short to long-term, rather than medium to long-term as previously disclosed in FY25.



OUR CLIMATE-RELATED RISKS CONT.



Market and policy settings may prioritise different aspects of the energy trilemma as we transition to a low-carbon future.



WAIKATO RIVER



RISK TYPE: Transition.



LIKELIHOOD: This risk is assessed as being highly likely (10-30% probability in any given year) to materialise.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL:
Short to long-term (1–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM
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IMPLICATIONS:

Without clear and considered policy settings, the rate of electrification of industrial process heat and transport could fall behind projections. Other policy reforms could adversely impact our ability to progress our generation pipeline, such as Resource Management Act reforms favouring other environmental protection over mitigating climate impacts. Specifically, this could include declining demand growth, loss of investor confidence, increased costs, delayed or declined renewable generation consents,

delayed renewable electricity generation capacity development, security of supply issues (electricity and gas), changes to carbon unit pricing and the emissions trading scheme, and market intervention that negatively impacts asset valuations. We also recognise the role that we and the broader market have to play in contributing to balancing the energy trilemma as we navigate the transition.

ASSESSMENT METHODOLOGY:

We considered the following impact pathways - constrained demand from electrification, delays in consenting new renewable generation projects, and government-imposed price caps.

For constrained demand from electrification, lost revenue was estimated by modelling reduced electricity uptake across transport and industrial sectors, using internal demand forecasts and national electrification scenarios. The impact was expressed as a range, reflecting uncertainty in demand outcomes and price responses.

For delays in consenting new renewable generation projects, we used qualitative insights due to limitations in quantifying the financial impact. Directionally, the potential cost was assessed by estimating foregone revenue from delayed project commissioning using internal forecasts of generation output and wholesale price assumptions. However, this result

is shared for information only, given the high uncertainty around timing, project prioritisation, and regulatory outcomes. It is not included in our anticipated impact range.

For government-imposed price caps, we used qualitative insights as quantification was limited by the unpredictability of price cap levels and duration. We note that price caps would likely reduce market revenues and undermine investment signals. This result is shared for information only, given the high uncertainty of information available and as it would not be reasonably expected to occur. It is not included in our anticipated impact range.

Across all impact pathways, financial outcomes are indicative only, subject to evolving policy direction and market responses, and best used for stress testing and strategic planning.



FINANCIAL METRICS: Net decrease in energy margin.



ANTICIPATED IMPACT RANGE: Significant: \$7.5m-75m annualised over the short to long-term.

MANAGEMENT RESPONSE:

- We engage on policy settings that will support a successful transition for New Zealand, and manage carbon inventory to ensure compliance with emissions obligations while limiting exposure to carbon price movements.
- We support decarbonisation opportunities with existing and new commercial and industrial (C&I) customers as well as providing renewable energy options for new demand sources, such as data centres.

- We maintain a broad range of renewable electricity generation development options that can be brought to market in different demand scenarios.
- We actively engage with regulators and other external stakeholders to increase the understanding that renewable electricity is a key enabler of the transition to a low-carbon economy, and to promote regulatory settings that support the development of renewable electricity.

MATERIAL CURRENT IMPACTS:

- No material current impacts have been identified in FY26.



OUR CLIMATE-RELATED RISKS CONT.



Global decarbonisation constraints (supply chain, labour and infrastructure) may delay renewable development.



MAHINERANGI WIND FARM



RISK TYPE: Transition.



LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to medium-term (1–10 years).*

CURRENT	SHORT	MEDIUM	LONG-TERM
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IMPLICATIONS:

Constrained global supply of renewable generation technology (i.e. wind turbines, substation equipment) and skilled labour shortage could cause construction delays and capital cost overruns. This may be exacerbated by global data centre growth, geopolitical tensions, and the recent uptick in renewable generation investment globally making it challenging for

manufacturers to meet that demand. In this context, the New Zealand market is unattractive compared to larger countries due to its relatively small market and remoteness. On a local level, transmission and distribution constraints may impact our ability to connect new renewable generation.

ASSESSMENT METHODOLOGY:

We considered the following impact pathways - longer lead times to commission projects and constraints in transmission and distribution infrastructure by third parties.

For longer lead times to commission projects, we calculated the foregone revenue and delayed capital expenditure from postponed generation due to global supply shortages and long-lead times, constraints in skilled labour, and geopolitical tensions. Generation volumes were based on internal forecasts, while wholesale prices were derived from historical demand-weighted averages published by the Electricity Authority. Capital overruns were informed by industry reports and historical project performance.

For constraints in transmission and distribution infrastructure by third parties, our methodology similarly estimated the revenue loss from delayed grid connections, factoring in timing assumptions from regulatory approvals and infrastructure investment commitments (e.g. Transpower's \$392.9 million grid investment).

However, this result is shared for information only given insufficient information available, and is not included in our anticipated impact range.

Our pathways considered the financial impact of inflationary pressures on capital expenditure. Limitations included reliance on internal data, variability in delay duration, and lack of granular external data on future infrastructure readiness, making outputs indicative for strategic planning rather than precise forecasting.



FINANCIAL METRICS: An aggregate of: net decrease in energy margin, potential repairs and maintenance for existing assets and increased capital expenditure due to overruns.



ANTICIPATED IMPACT RANGE: Significant: \$7.5m–75m per annum.

MANAGEMENT RESPONSE:

- We manage our generation development pipeline to time procurement and development at favourable periods and with sufficient lead time to minimise unplanned delays.
- We focus on key supplier relationship planning and management.
- We proactively engage with potential new suppliers to the region to broaden the supply chain.

MATERIAL CURRENT IMPACTS:

- No material current impacts have been identified in FY26.

* This year the time horizon over which the risk becomes material has been updated and is short to medium-term (1–10 years), rather than short to long-term as previously disclosed in FY25.



OUR CLIMATE-RELATED OPPORTUNITIES



The low-carbon transition may lift electricity demand.



WAIPIHI WIND FARM



OPPORTUNITY TYPE: Transition.



LIKELIHOOD: This opportunity is assessed as being almost certain (>30% probability in any given year) to materialise.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH OPPORTUNITY BECOMES MATERIAL: Short to long-term (1–30 years).*

CURRENT	SHORT	MEDIUM	LONG-TERM
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IMPLICATIONS:

Increased demand for renewable electricity, due to decarbonisation of transport and industrial conversion in New Zealand and globally, may provide greater opportunities to build renewable generation capacity and increase sales volumes. Global growth in AI and data centres is also

contributing to increased electricity demand, reinforcing the need for additional generation capacity.

ASSESSMENT METHODOLOGY:

We considered four key impact pathways: industrial conversion, demand stimulation (including from data centres), uptake of biogas and biomass, and low-emissions solutions.

For industrial conversion, we used Transpower growth forecasts alongside expected average wholesale electricity prices to estimate incremental revenue.

For demand stimulation, we considered the additional demand from electrification and the increase in data centres in a highly electrified scenario.

For biomass, our modelling focused on industrial uptake Energy Efficiency and Conservation Authority (EECA) projection and its potential to either supplement or compete with electricity demand, depending on policy and technology developments.

For biogas, our modelling focused on transitioning mass-market gas customers to biogas.

For low-emissions solutions, we considered the increased uptake of renewable energy certificates (RECs), and the evolution of carbon markets.

Across these pathways, we used internal price path assumptions and strategic insights from internal and external analysis. Limitations include the forward-looking nature of assumptions, uncertainties in demand timing, pace of technology adoption, and future pricing dynamics, making outputs most suitable for directional planning and investment prioritisation.



FINANCIAL METRICS: Increase in electricity margin.



ANTICIPATED IMPACT RANGE: Major: \$75m-750m per annum.

MANAGEMENT RESPONSE:

- We look to secure resource consents for generation development projects ahead of expected increased demand.
- We ensure there is a broad pipeline of development opportunities and maintain strong relationships with generation equipment suppliers.

- We continue to explore additional sources of demand, actively partnering with existing and new stakeholders to support renewable growth ambition.

MATERIAL CURRENT IMPACTS:

- There have been no material current impacts in FY26.

* This year the time horizon over which the opportunity becomes material has been updated and is short to long-term (1–30 years), rather than medium to long-term as previously disclosed in FY25.



OUR CLIMATE-RELATED OPPORTUNITIES CONT.



Capital markets may support investing in low-carbon operations.



OPPORTUNITY TYPE: Transition.



LIKELIHOOD: This opportunity is assessed as being likely (1-10% probability in any given year) to materialise.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH OPPORTUNITY BECOMES MATERIAL: Long-term (10–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM
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IMPLICATIONS:

Our profile as a renewable electricity generator could lead to potential reduced capital costs and favourable valuation premium as capital markets reflect societal desire to invest in the transition to a low-carbon economy. While green financing can provide somewhat

modest funding advantages, the larger opportunity may arise through improved equity valuation as investors favour companies with stronger renewable portfolios and decarbonisation strategies.

ASSESSMENT METHODOLOGY:

We considered two impact pathways as to how our renewable energy profile could positively influence investor sentiment, namely, lower capital costs, and a favourable valuation premium.

For lower capital costs, we modelled a reduction in basis points for bond issuances and loans, reflecting investor preference for low-emissions-aligned investments. This assumption was based on internal assessments of market trends and stakeholder engagement. Our modelling calculated the savings from these basis point reductions over our expected debt portfolio.

For a favourable valuation premium from stronger climate positioning, we considered peer valuation indicators, renewable exposure, and broader investor sentiment toward low-carbon infrastructure. Enterprise value was calculated using market capitalisation and net debt, and EBITDAF was

sourced from public disclosures and analyst consensus. The resulting multiple gap (e.g., 1.5x–2.0x) was applied to our EBITDAF to estimate the potential uplift in enterprise value. A conservative realisation factor (e.g., 10–30%) has been applied to reflect execution risk and market variability and is anticipated to materialise over a long-term horizon. However, our assessment was limited by the lack of consistent external benchmarks, structural business differences, and broader market factors unrelated to Environmental, Social, and Governance (ESG) strategy and relies heavily on internal data and judgement.



FINANCIAL METRICS: An aggregate of: decrease in cost of capital and favourable valuation premium.



ANTICIPATED IMPACT RANGE: Major: \$75m-750m - prolonged impact.

MANAGEMENT RESPONSE:

- We have issued Green Bonds and continue to communicate our low-carbon generation profile to the investor community, including research analysts and organisations that assess sustainability performance.
- We continue to engage with investors, research analysts, and sustainability rating agencies to ensure our low-carbon profile remains relevant in evolving capital markets.

- We actively communicate our renewable generation profile and investment proposition to support investor understanding of our position in the low-carbon transition.
- We monitor developments in sustainable finance to identify new funding mechanisms beyond Green Bonds.

MATERIAL CURRENT IMPACTS:

- No material current impacts have been identified in FY26.



OUR CLIMATE-RELATED OPPORTUNITIES CONT.



The low-carbon transition may drive demand for smart energy solutions and new products and services.



OPPORTUNITY TYPE: Transition.



LIKELIHOOD: This opportunity is assessed as being almost certain (>30% probability in any given year) to materialise.

TIME HORIZON: Medium and long-term.

TIME HORIZON OVER WHICH OPPORTUNITY BECOMES MATERIAL:
Long-term (10–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM
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IMPLICATIONS:

Electrification and demand flexibility may create demand for tailored energy solutions that help customers optimise electricity use and support a more efficient system. Solutions for our industrial customers can create new business models, increase electricity sales, and support further renewable generation development, strengthening

collaboration between energy providers and industrial users as electrification progresses. Enabling demand-side flexibility for customers can reduce cost of sales, enhance customer value, and support a more efficient, renewables-based electricity system.

ASSESSMENT METHODOLOGY:

We considered two impact pathways: energy management services from electric vehicles (EVs), and distributed energy resources (DERs).
For EVs, we projected the growth rate for EVs based on government adoption targets and historical uptake rates. Our analysis considered load shifting benefits, vehicle-to-grid solutions, and accelerated EV customer growth.
For DERs - such as energy management solutions, and flexible demand - our analysis considered the load shifting benefits of these.

Across the pathways, we have leveraged on internal estimates, price path assumptions, and external and internal analysis. Key limitations include the forward-looking nature of assumptions, uncertainties in policy incentives and technology uptake, customer adoption rates, DER integration costs, and evolving regulatory frameworks, making this assessment most suitable for scenario testing and strategic planning.



FINANCIAL METRICS: Increase in energy margin.



ANTICIPATED IMPACT RANGE: Significant: \$7.5m-75m per annum.

MANAGEMENT RESPONSE:

- We are developing and implementing an electrification strategy for our C&I customers.
- We are investing in capability to manage energy and demand-side flexibility.
- We are actively seeking innovation opportunities to develop new energy solutions for customers.
- We engage on regulatory and market developments that support demand-side flexibility, including opportunities for C&I customers.

MATERIAL CURRENT IMPACTS:

- No material current impacts have been identified in FY26. Demand growth remains an important long-term opportunity, but current-year impacts have not exceeded our materiality threshold.





OUR CLIMATE TARGETS

We use emissions reduction targets to guide action, support climate-related decision-making, and track our progress over time.

In FY23 we first committed to setting near and long-term emissions reduction targets using tools provided by the Science Based Targets initiative (SBTi). In FY26, we have updated our targets to incorporate updated methodology and the lessons learnt from progressing our initial targets. We now have a more mature technical evidence base and a clearer understanding of delivery challenges which we have used to inform our updated targets.

Our targets continue to be aligned to our strategy and informed by SBTi tools, greenhouse gas accounting principles, and target-setting principles. We have used SBTi tools, and methodologies that are designed to support 1.5°C-aligned target setting, alongside Mercury's modelling, operational assumptions, and insight from our programme of work to date. It is our view that by achieving our SBTi-aligned long-term climate targets, we are playing our part in contributing to the global effort to limit warming to 1.5°C.

We measure progress against an FY22 base year using emissions data from our Greenhouse Gas Emissions Inventory, which is prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition).

Using a fixed base year allows us to compare emissions consistently over time and assess whether our actions are reducing emissions across our operations and value chain. FY22 remains the base year under our updated targets.

Our [Climate Action Plan](#) outlines the actions we are taking to support a low emissions future and to reduce GHG emissions in the areas where we have the greatest ability to influence outcomes. Our emissions reduction targets focus on reducing gross emissions, and we do not intend to use offsets to achieve our near-term and long-term targets.

Our targets cover emissions across our value chain. This includes:

- Scope 1: Direct GHG emissions from sources that are operationally controlled by Mercury.
- Scope 2: Indirect emissions from the generation of electricity consumed at Mercury's facilities.
- Scope 3: Indirect emissions that occur from gas we sell to customers.

OUR CLIMATE TARGETS CONT.

WHY OUR TARGETS HAVE CHANGED

Our updated targets maintain our long-term decarbonisation direction, while reflecting what can practically be delivered, particularly where some reductions depend on technologies, market conditions, and wider system changes that are still developing.

Since setting the original targets, we have gained practical insight from the early phases of non-condensable gas (NCG) reinjection work, feasibility studies, and development planning, giving us a clearer view of what can credibly be delivered by 2030. We are engaging directly with SBTi as it updates its power sector guidance, including how this may apply to geothermal generation emissions and support a potential future validation pathway.

The changes we have made to our targets, effective as at the date of this Climate Statement are:

- Scope 1 - Our long-term Scope 1 target remains unchanged at a 70% reduction by 2040. The near-term generation emissions intensity target has been updated to a 41% reduction by 2030 from an FY22 base year. This reflects an FY26 technical assessment of the geothermal NCG reinjection pathway across our geothermal generation stations. As the reinjection programme has progressed, practical learning from reinjection performance, feasibility studies, and future development planning has given us a clearer view of what can credibly be delivered by 2030.
- Scope 2 - For Scope 2, our near-term target remains unchanged at a 42% reduction by 2030, while our long-term target date has moved from 2040 to 2050. This better reflects the longer-term pathway for Scope 2 emissions and recognises that the impact of proposed changes to the GHG Protocol's Scope 2 guidance, including the treatment of renewable energy certificates, remains unclear. The revised standard is expected to be published no earlier than late 2027 and, depending on the final requirements, could affect the delivery pathway for our Scope 2 target.

- Scope 3 - The near-term gas sales target has moved from a 42% absolute reduction to a 34% absolute reduction by 2030 from an FY22 base year, reflecting SBTi's Corporate Net-Zero Standard V1.3.1 published April 2026 for calculating absolute reduction targets. The long-term target remains a 90% absolute reduction, with the target date moving from 2040 to 2050 to better reflect the long-term pathway for our gas sales emissions. This has been influenced by increased uncertainty in New Zealand's gas sector since we last set our targets, as indigenous gas supply declines, major fields mature, and customers transition away from gas at different rates.

We remain supportive of science-based target-setting approaches and will continue to monitor SBTi guidance as it evolves, particularly for geothermal generation in New Zealand's highly renewable electricity system. We are not seeking SBTi validation of the updated targets at this time.

Our Emission Reduction Targets

	SCOPE 1 Reduction in electricity generation emissions intensity per MWh, from an FY22 base year	SCOPE 2 Absolute reduction in purchased electricity emissions, from an FY22 base year	SCOPE 3 Absolute reduction in emissions from gas sold to customers from an FY22 base year
Near-term reduction	Basis: Mercury Modelled Pathway From: 70% by 2030 To: 41% by 2030	Basis: SBTi Corporate Near-Term Tool Unchanged: 42% by 2030	Basis: SBTi Corporate Near-Term Tool From: 42% by 2030 To: 34% by 2030
Long-term reduction	Basis: SBTi Corporate Net Zero Tool Unchanged: 70% by 2040	Basis: SBTi Corporate Net Zero Tool From: 90% by 2040 To: 90% by 2050	Basis: SBTi Corporate Net Zero Tool From: 90% by 2040 To: 90% by 2050

In the last three years, our progress against these targets was:

	SCOPE 1 Reduction in electricity generation emissions intensity per MWh, from an FY22 base year	SCOPE 2 Absolute reduction in purchased electricity emissions, from an FY22 base year	SCOPE 3 Absolute reduction in emissions from gas sold to customers from an FY22 base year
FY24	1.7 tCO₂e/GWh decrease from base year 6.45% decrease in emissions intensity from base year	11 tCO₂e decrease from base year 0.52% absolute reduction from base year	3,168 tCO₂e decrease from base year 2.29% absolute reduction from base year
FY25	2.3 tCO₂e/GWh decrease from base year 8.90% decrease in emissions intensity from base year	230 tCO₂e increase from base year 10.83% absolute increase from base year	14,418 tCO₂e decrease from base year 10.43% absolute reduction from base year
FY26	6.6 tCO₂e/GWh decrease from base year 25.67% decrease in emissions intensity from base year	567 tCO₂e decrease from base year 26.71% absolute reduction from base year	18,476 tCO₂e decrease from base year 13.36% absolute reduction from base year

Further detail on the actions supporting our targets is provided in our [Climate Action Plan](#).

OUR SCENARIOS

SCENARIO DEVELOPMENT PROCESS

We have a single, integrated set of scenarios to explore a range of plausible futures in order to assess the resilience of our business model and strategy to climate-related risks and opportunities.

In line with NZ CS, we consider four scenarios: one limiting global temperature increase to 1.5°C, one exceeding 3°C, and two that assess alternative pathways for New Zealand's transition to a low-carbon future. These are reviewed annually and monitored to reflect new developments and signals. These scenarios have been selected to reflect a range of plausible futures across macro drivers, such as geopolitical tensions, technology advancements, and inequity within New Zealand. We have chosen to have four scenarios so that we do not default to a central or 'most likely' pathway when considering what could occur in the future.

The climate aspects of these scenarios were initially developed with support from third-party consultants and continue to be refined by our Climate Working Group each year. This group is led by the Strategy and Corporate Affairs Team and involves a cross-functional team, including representatives from Finance, Wholesale Markets, Transformation, People, Customer, Generation, and Generation Development. Including the strategy function ensures the fundamental objective of climate-related scenario analysis to bolster the resilience of our strategy is achieved, and includes team members who engage externally with suppliers, customers, iwi partners, councils, and industry groups. Insights from this process can inform and influence strategic investments and operational decisions. We have previously collaborated with external stakeholders, including through the Energy and Telecommunications Sector climate-related scenarios development, to test and validate our scenarios, risks and opportunities, and identify any gaps in our analysis.

Our scenario analysis continues to be guided by the focal question: "What climate-related risks and opportunities are affecting Mercury now and could plausibly affect Mercury over the short, medium and long terms?"

We applied the STTEEP (Social, Technological, Te Ao Māori, Economic, Environmental, Political) framework to structure thinking, supported by external datasets and models to enrich our scenarios (captured in the Datasets and Models Used section). We did not undertake our own modelling in the construction of our scenarios.

The boundary for our scenario analysis includes all of our New Zealand operations, subsidiaries, joint ventures, and investments. Our investment in Energy Source LLC and ES Minerals LLC was not considered to meet our materiality threshold. We assess upstream and downstream value chain impacts, including key suppliers, partners, and customers.

Each year, we undertake a comprehensive review of the climate-related aspects of our scenarios as part of our annual scenario cycle.

This process included multiple workshops with internal subject matter experts across business units to review and update the key drivers of our scenarios and make amendments to our scenarios and assess and revise CRROs, including identifying potential new ones. We also sense-check time horizons, initial materiality assessments, and management actions with CRRO owners, reflect on real-world events and whether any anticipated impacts have begun to materialise (current impacts), and conduct financial quantification of material CRROs and impacts with the Finance team to inform final materiality assessment.



WAIPAPA HYDRO STATION



SCENARIO ANALYSIS

We recognise the importance of scenario analysis in assessing CRROs and testing the resilience of our strategy across different time horizons. Our scenarios can be found below. To support transparency and informed decision-making, we conduct an annual in-depth review of climate-related aspects.

OUR SCENARIOS	1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
Scenario narrative	Global temperature increases are limited to 1.5 degrees by 2100 (after an overshoot to 1.6 degrees) A globally coordinated push for climate action limits warming to below 1.5°C, after an overshoot to 1.6°C. Historic inaction and increasing climate impacts force rapid emissions cuts, driven by strong-handed policy, creating both equity tensions and innovation. A global carbon price accelerates renewable investment and early demand-driven equipment cost spikes ease as supply expands. While the pathway is not smooth, New Zealand builds a more sustainable and socially supported energy system through electrification and the adoption of smart demand technologies.	Global temperature increases are limited to 2.5 degrees by 2100 A fractured world and rising inequality shape a polarised transition. New Zealand balances East–West tensions but ultimately aligns with Western powers, impacting trade. Technology advances benefit wealthier nations and households, while energy volatility and grid instability deepen inequity. Deindustrialisation accelerates as fossil fuels exit and Methanex closes by 2030. AI-driven energy optimisation cuts costs for some, but others face price shocks, prompting government intervention. Job losses from automation fuel distrust in AI and social unrest. Climate impacts are felt, especially in poorer areas lacking access to technologies. The energy system transforms, but its benefits are uneven and shaped by division.	Global temperature increases are limited to 3 degrees by 2100 Global climate cooperation continues, but technological progress slows, driving a strained path to a low-carbon future. A carbon market lifts prices and drives action, but surging demand triggers supply shortages and cost blowouts, slowing New Zealand's renewables rollout. Capital retreats and opposition grows, as government underwrites offshore wind, supports system flexibility mechanisms and restructures the market. Intensifying storms strain infrastructure. High living costs push workers offshore, while climate refugees arrive. Rising inequity shifts decision-making power, with parties that have enduring relationships and co-governance arrangements with iwi better placed to progress, while others face greater consenting and social licence challenges. The transition grinds forward, shaped by intervention and social and economic divides.	Global temperature increases by 3+ degrees by 2100 Global cooperation unravels as war and protectionism stall climate action. Emissions climb, pushing warming beyond 3°C. New Zealand is hit hard — trade shrinks, climate shocks batter infrastructure, and food and energy insecurity rises. With multilateralism gone, governments act alone. New Zealand centralises assets to manage volatility, but political fragmentation blocks long-term planning. Affordability dominates policy, not emissions. Workforce tensions and unresolved iwi and hapū rights and interests in water and geothermal resources add pressure. Vulnerable customers become the majority. The energy system adapts reactively — not through innovation or strategy — as worsening climate impacts outpace fragmented, short-term governance.
Key data points – global impacts	Temperature increase (2081 – 2100, relative to 1850 – 1900)¹ 1.4°C (after an overshoot to 1.6 °C) Technology change² Fast Negative emissions technologies Medium–high use	2.2°C Fast Medium use	2.7°C Slow Low–medium use	3.6°C Slow Low use
Key data points – New Zealand impacts	Average number of hot days (above 25°C) (for the period 2031 – 50, average across regions)³ 25 hot days Renewable energy percentage of total consumption in 2050⁴ 89%	27 hot days 87%	27 hot days 74%	30 hot days 46%
Reference scenarios/ data sources	SSP1-1.9 RCP2.6 CCC Tailwinds NGFS Net Zero 2050	SSP4-3.4 RCP4.5 CCC Further Technology Change NGFS Delayed Transition	SSP2-4.5 RCP4.5 CCC Headwinds NGFS Nationally Determined Contributions	SSP3-7.0 RCP8.5 CCC Current Policy Representation NGFS Current Policies

¹ Shared Socioeconomic Pathways (SSP) information sourced from IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V. et al (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, p. 14. ([ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf](https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf)) and SSP Public Database, Version 2.0 ([ssp.legacy.ece.iiasa.ac.at/legacy-sspsdb/dsd?Action=htmlpage&page=welcme](https://legacy.ece.iiasa.ac.at/legacy-sspsdb/dsd?Action=htmlpage&page=welcme))

² Network for Greening the Financial System (NGFS) scenario information from the Scenarios Portal (ngfs.net/ngfs-scenarios-portal)

³ RCP (Representative Concentration Pathways) information applied to New Zealand by Ministry for the Environment 2018. Climate Change Projections for New Zealand: Atmosphere Projections Based on Simulations from the IPCC Fifth Assessment, 2nd Edition. Wellington: Ministry for the Environment (environment.govt.nz/assets/Publications/Files/Climate-change-projections-2nd-edition-final.pdf)

⁴ CCC (Climate Change Commission) as in 'Chapter 12: Long Term Scenarios to meet the 2050 target' (climatecommission.govt.nz/public/Evidence-21/Evidence-CH-12-Long-term-scenarios-to-meet-the-2050-target.pdf)

OUR SCENARIOS		1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
Climate impacts	Climate impacts	Extreme weather is more frequent, causing damage and loss of life. Adaptation technologies have helped, but disruption persists. Pre-emptive relocation progresses slowly due to political sensitivity. Climate-resilient housing drives densification as communities move from high-risk zones, while insurance retreat and affordability concerns rise in vulnerable areas. Communities influence retreat plans, but the pace causes tension. Hydrological patterns become more volatile, with short periods of intense inflows leading to increased operational spill despite stable long-term averages. Occasional extreme wind events require more frequent curtailment of wind turbines in exposed areas.	Climate impacts are widespread, particularly in poorer areas where adaptation technologies are not in use. Insurers increasingly withdraw from high-risk areas, whilst investment concentrates in well-planned, resilient areas, deepening social and economic divides. Water scarcity grows as the hydrological cycle changes, leading to contestability for uses. More frequent extreme wind events place greater stress on wind assets and increase the need for curtailment. Slips, flooding, and fire events disrupt access to hydro and geothermal sites more often, complicating maintenance and response activities.	Climate events are expensive and disruptive as technological solutions lag and government support remains limited. Water scarcity intensifies creating contestability for uses. Investors retreat from at-risk areas, lowering property values and deteriorating housing stock. Poor land-use regulation results in energy shortages in rural areas, where renewable generation and network support is limited. Insurer withdrawal and expensive managed retreat place growing financial strain on communities. Hydrological extremes become more frequent, with intense inflows causing spill and prolonged droughts reducing generation capacity, often coinciding with lower wind output. Storm-driven wind turbine damage and outages increase, adding operational and maintenance pressure.	Disruptive and expensive events that damage infrastructure are frequent. Retreat from coastal and high-risk areas has begun, with wealthier households relocating to climate-resilient areas, pushing up living costs due to limited government coordination. Insurance disappears from exposed zones, forcing managed retreat for the wealthy, while others are left behind. Hydrological changes cause water scarcity, increasing competition for non-hydro uses and reducing year-round hydro generation. Low inflow periods more often coincide with low wind output, escalating reliability challenges. Storms cause widespread damage to wind turbines, transmission lines and access roads, delaying maintenance and increasing system fragility.
	Energy pathways: Grid demand	High demand is driven from industry, transport decarbonisation and AI adoption including increase in data centres. Peak shaving and demand response (smart DER) are used efficiently to help manage the grid effectively. Higher summer temperatures contribute to increased cooling demand, reinforcing the importance of flexible demand management during periods of inflow variability.	Grid electricity use is down (despite AI uptake driving additional grid demand) due to an increase in DER and loss of industry. Climate-related outages lead some households to adopt solar-and-battery systems primarily for resilience, widening the difference in equity between higher- and lower-income customers. Smart grid management optimises supply and demand, reducing reliance on centralised power generation.	High demand is driven by transport decarbonisation as more transport activity shifts from fossil fuels to electricity. Demand-side flexibility remains minimal and is only used in emergencies (much like today).	Electricity demand has been stagnant-to-declining due to a limited industry decarbonisation, slow EV uptake and low adoption of AI. Gas continues to be used quite extensively, reducing the extent to which demand shifts on to the electricity system.
	Energy pathways: Grid supply	Fossil fuels are phased out, but the energy transition in New Zealand is initially tempered as high global demand drives up the cost of renewable energy equipment. As equipment costs rise, large-scale storage projects become more economically viable and attract renewed interest. The lights stay on, but wholesale prices remain volatile until storage solution technology catches up to requirements and then prices level off to become internationally competitive. Hydro assets are required to ramp more frequently to support growing wind generation, increasing wear on ageing assets. Lake Taupō's consented operating limits constrain flexibility compared to other storage schemes.	Fossil fuels and thermal generation have been retired. The system is under-resourced and unreliable, with security of supply remaining a concern in dry years. More volatile hydro inflows make generation less predictable, increasing pressure on storage management during dry years. Retail prices are moderate to low due to price regulation, however wholesale price volatility has increased and adds to the cost to supply customers. This keeps New Zealand prices internationally competitive, but has a negative impact on competition.	A low-carbon energy system has been achieved with grid scale wind and other renewable solutions enabling this. Blended fossil and bio-gas is used to help manage extreme peaks and security, though security of supply remains a concern in dry years. Wholesale volatility increases with intermittent renewables resulting in wholesale pricing increasing in excess of global trends and New Zealand becoming increasingly less competitive. Ageing hydro and wind assets face greater operational stress from more frequent ramping and storm-related outages, increasing maintenance requirements. Regional environmental limits, including lake-level constraints and localised erosion or foundation risks, restrict responsiveness during periods of volatility.	Fossil fuels remain with limited growth in renewables. Security of supply is undermined by global conflict and extreme weather, which disrupt supply chains, delay new generation and maintenance, and increase the risk of outages. Wholesale volatility remains. Government funded large-scale storage is used to help meet peak demand and cover dry years once they have been built. Prices are low and managed through long-term central buyer contracts. Average wholesale prices rise with uncertainty around delivery of new supply and increasing thermal fuel cost. This increase and uncertainty around the future state of the market causes industry to close and move offshore. Centralised storage and generation assets become increasingly vulnerable to climate-related damage, creating a system that is more centralised but also more fragile.
	Resource and technology constraints	Global competition and supply chain pressures increase costs. New Zealand faces skills shortages, infrastructure bottlenecks, and cost-of-living pressures, though long-term investment continues. In response, New Zealand begins to innovate, developing local capabilities and smarter deployment strategies to mitigate supply chain constraints and build greater resilience into the transition.	There are significant supply chain disruptions, limiting access to critical materials for clean energy technologies. Access to natural resources is often contested and involves a drawn-out process. Adaptation through technology is prioritised over emissions mitigation, progressing steadily but nearing its limits. Periods of global oversupply occasionally emerge as some countries slow climate investment, creating short windows where renewable equipment becomes more accessible to those with capital and established social licence.	Physical resources are difficult to access due to global demand and remain costly, although some supply is available from global sources. A stronger focus on iwi rights and interests makes partnership and co-governance arrangements increasingly important for access to water and steam. Limited technology reduces the ability to adapt to climate events effectively. Climate pressures intensify the focus on locally tailored resilience outcomes.	Access to knowledge and technology is difficult and expensive. Physical resources are challenging to access due to protectionism, war-time supply chain constraints and global demand, and take longer to arrive at higher prices. Limited technology reduces the ability to adapt to climate events at pace. Repairs to hydro, wind and transmission infrastructure are frequently delayed by repeated extreme weather and constrained global supply chains, prolonging outages and reducing system resilience.

OUR SCENARIOS	1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
Consumer needs	Consumers value climate solutions, but cost-of-living pressures dominate decision-making. Demand exists, but affordability concerns lead to slow widespread adoption of green products.	Significant wealth divide in society between rich and poor, with vastly different needs. Demand for green products is divided. A segment of consumers invests in solar, batteries and other backup technologies to improve household resilience, while others remain exposed to outages and price volatility.	As the wealth gap increases, demand for green products is divided.	Financial hardship has created a large price sensitive segment focused on the basics. There is a culture of conserving, repairing, and reusing limited resources. Demand for green products is low, and only adopted by those that can afford it. Some higher-income households and businesses invest in off-grid systems to secure reliability, further fragmenting access to dependable energy services.
International climate commitments	Off the back of delayed implementation countries are coordinating and increasing their ambition to achieve net zero targets. Some global agreements and commitments are achieved, but not all. Coordination across nations faces challenges. New Zealand emissions budgets are met but involve additional costs or delays.	Countries are working towards agreements and commitments, but progress is slower than expected. New Zealand emissions budgets are met at considerable expense, with significant trade-offs required.	Countries work individually without a globally coordinated response. Progress is slow or non-existent, and commitments may have been abandoned. New Zealand emissions budgets are not met or have been revised to the point of losing significance.	Countries work individually with minimal progress on a coordinated response. Commitments are often fragmented or abandoned. New Zealand emissions budgets lose significance.
Government and policy settings for renewable energy	Governments introduce strong handed policies to achieve a 1.5-degree future, creating uncertainty for industry and communities. In New Zealand, rapid regulatory shifts drive emissions reductions, including enabling Fast-track renewable energy development. Social licence is impacted as a result.	International and New Zealand regulatory settings for renewable energy somewhat constrain development and further drive uptake of DER. Wealthier nations invest in energy research and renewable technology. New Zealand's government introduced price caps in the energy sector to help the growing vulnerable segment. Government policy drives technology uptake to increase electrification in select areas, but costs are impacting customers at an uncontrolled rate.	International and New Zealand regulatory settings for renewable energy delay development. Government-backed mechanisms and underwritten offshore wind are operated to achieve government objectives, and government has forcibly split gentailers. Supply chains are impacted by uncoordinated international incentives to invest in clean energy. Emissions Trading Scheme (ETS) policy settings fail to reward decarbonisation, and government policy is slow to enable a cost-effective and coordinated transition.	International regulatory settings for renewable energy obstruct development. There is a lack of coordination and cooperation internationally. Geopolitical tensions increase driving protectionism, impacting supply chains and the development of renewable technology. Government centralises ownership of key infrastructure, including energy and telecommunications. Reactive, poorly executed regulation generates unintended consequences. Limited alternatives for gas within the sector exacerbate challenges, prompting government intervention to ensure New Zealand's security of supply.
Energy sector social licence	Relationships between iwi and hapū, communities, the energy sector, and government are tested by the pace and scale of change. While indigenous rights and input remain a focus, engagement processes are sometimes rushed, leading to contested outcomes and challenges to social licence. Consenting becomes more politicised as pressure to meet climate targets grows, and trust is challenging to maintain. Social licence varies across projects and regions, requiring increased investment in relationship building and transparency. Expectations from iwi and hapū continue to strengthen in hydro and geothermal regions, particularly in relation to kaitiakitanga, water stewardship, and the distribution of benefits.	Input from iwi and hapū, local communities, and other stakeholders are considered, though not fully integrated into decision-making processes. This partial engagement creates challenges in navigating consenting processes, requiring trade-offs. Social licence is partially established, but lingering concerns limit the pace of progress in the energy transition. Disparities between asset performance and the socioeconomic vulnerability of local communities heighten scrutiny and increase expectations of iwi and hapū and community partners.	Stakeholder engagement is fragmented and inconsistent, with limited coordination across diverse groups, including iwi and hapū, local communities, and regulatory bodies. Frequent reforms to consenting processes create uncertainty. As inequity rises, the role of iwi and hapū in resource decision-making strengthens, and parties with established co-governance arrangements are better placed to progress. Others face greater social licence challenges. As a result, electrification and renewable development is slow and costly, with ongoing effort required.	Engagement with stakeholders, including local communities, iwi and hapū, is minimal and often contentious. A lack of recognition for diverse rights and perspectives contributes to adversarial relationships. Consenting processes are disrupted, highly contested and prone to repeal. The absence of social licence results in widespread opposition, delaying renewable generation development. Unresolved iwi and hapū rights and interests in water and geothermal resources contribute to prolonged disputes, with limited progress toward stable co-governance arrangements.
Carbon sequestration from afforestation	Carbon sequestration from afforestation is used extensively to offset emissions during the transition, with a heavy reliance on fast-growing exotic species. While this provides a quick fix for meeting short-term targets, it raises growing concerns about negative impacts on biodiversity, water systems, and rural communities.	Carbon sequestration from afforestation has been utilised for emissions reduction, along with technological and nature-based solutions as they become available.	Carbon sequestration from afforestation has been widely deployed, being gradually superseded by technological and nature-based solutions.	Carbon sequestration from afforestation is utilised at a local level, without effective global coordination and certification.
Nature-based solutions	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions will be neither reliable nor scalable for meaningful climate mitigation. They become fragile, reactive tools with localised benefits, not dependable levers for global decarbonisation.
Negative emissions technology	Effective negative emissions technology has been developed and widely deployed.	Effective negative emissions technology has been developed and deployed.	The development of negative emissions technology is slower than expected, delaying development.	Negative emissions technology has not been developed.

OUR SCENARIOS CONT.

DATA SETS AND MODELS USED

We considered several external data sources and models to inform our understanding of CRROs. These data sets supported both qualitative insights and quantitative assessments, including financial quantification. For physical risks, we considered publicly available New Zealand climate projection data, including precipitation, wet day, and temperature projections, alongside internal asset, generation and financial data. We recognise that physical risk assessment remains an evolving area and that some available data is regional rather than asset-specific. Where outputs are subject to high levels of uncertainty or lack location-specific granularity, we have treated the results as indicative and used them for sensitivity analysis, strategic planning, and risk prioritisation rather than precise forecasting. We will continue to assess whether more current, higher-resolution or location-specific data becomes available for future reporting periods.

Key sources included:

- Shared Socioeconomic Pathways (SSPs) in the IPCC Sixth Assessment Report on Climate Change to inform our consideration of global socioeconomic changes and data points such as global temperature changes.
- Network for Greening the Financial System (NGFS) Scenarios and analysis to inform our consideration of global physical climate risks and policy and technology trends in different scenarios.
- Representative Concentration Pathways (RCPs) in the IPCC Fifth Assessment Report on Climate Change and Ministry for the Environment and NIWA Climate Change Projections for New Zealand to inform our consideration of New Zealand-specific impacts under different pathways. These provided data points, such as the increased number of hot days, and were a key input to our financial quantification.
- Climate Change Commission Long Term Scenarios to meet the 2050 target to inform our consideration

of how different scenarios could play out in New Zealand, including for renewable energy.

- Climate Change Projections for New Zealand from Earth Sciences New Zealand, the Ministry for the Environment and Stats NZ, including localised precipitation, and wet day projections, which supported the quantification and assessment of CRROs and scenarios.
- Ministry for the Environment's Climate Change Projections Summary Dashboard, based on NIWA regional climate modelling, to support workshop discussion of regional climate hazards and potential asset exposure and inform qualitative assessment and scenario discussion.
- Historical wholesale price trends from the Electricity Authority New Zealand, economic modelling from BERL (Business and Economic Research Limited) on the economic impact of electricity price changes and electricity cost and price monitoring from Ministry of Business, Innovation & Employment, which informed our understanding of market and customer-related risks.

- Research commissioned by the Parliamentary Commissioner for the Environment on the economics of electricity pathways, which provided insights into long-term system costs and transitions.
- Global analysis of renewable energy project commissioning timelines from ScienceDirect to inform expectations around average delivery durations and common causes of delay across technologies and jurisdictions.
- Challenges impacting the delivery of renewable energy projects from McCullough Robertson to support our understanding of current infrastructure constraints and external risks to timely project delivery.
- The impact of planning and regulatory delays for major energy infrastructure from EcoStor GmbH to highlight system-wide consenting and regulatory barriers that affect infrastructure rollout.

OUR APPROACH TO ASSESSING MATERIALITY

Under NZ CS 3, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users (existing and potential investors, lenders, and other creditors) make on the basis of an entity's Climate-Related Disclosures (CRDs).

The principle of considering the impact of information on capital allocation decisions of end users is broadly consistent with the materiality principle applicable to preparing financial statements and the continuous disclosure rules under the NZX Listing Rules.

Our approach to assessing the materiality of information included in this Climate Statement, including CRROs, is to consider whether the information or the way in which information is presented could influence the decisions of users of our Climate Statement. When assessing materiality, we evaluate both quantitative and qualitative factors using our risk matrix.

- Quantitative assessment: any quantitative impact using 2% of EBITDAF (Earnings before net interest expense, tax expense, depreciation and amortisation, unrealised change in the fair value of financial instruments, gain on sale and impairments) (rounded, this equates to \$20 million), as a threshold figure for materiality. This is the same quantitative materiality threshold used for preparing our financial statements.

- Qualitative assessment: whether the information could influence the decisions of primary users, regardless of its quantitative impact, due to the nature of the information and/or circumstances. Aligned to our risk framework, we consider impacts to:

- Health and safety
- Legal requirements
- Regulatory and environmental compliance
- Our reputation
- Operations and people

More broadly, we consider the general interpretation of the type of information and whether the lack of information could be material. We follow a four-step process to assess materiality of information in the preparation of Climate-Related Disclosures:

1. Identify: information that is potentially material using our risk matrix, considering both requirements of the NZ CS and knowledge and information needs of primary users.
2. Assess: both qualitative and quantitative factors.
3. Organise: prepare clear and concise disclosures.
4. Review: internally (and externally if useful).

METRICS AND TARGETS

	SCOPE 1	SCOPE 2 (Location-based)	SCOPE 3
Base year FY22 (tCO ₂ e)	222,736	2,123	165,746
FY24 (tCO ₂ e)	239,574	2,112	174,597
FY25 (tCO ₂ e)	216,995	2,353	205,443
FY26 (tCO ₂ e)	196,291	1,556	234,557

Mercury's Greenhouse Gas Emissions Inventory is included in this Climate Statement and has been measured and prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The inventory section provides further information on the methods, assumptions, limitations, and uncertainties used in calculating our emissions.

This Metrics and Targets section focuses on the targets and other climate-related metrics we use to measure and manage our CRROs, including physical risk exposure, transition risk exposure, climate-related opportunities, capital deployment, internal emissions price, and remuneration.

Our gross emissions continue to be primarily driven by scope 1 emissions, which represented approximately 45% of our total emissions profile in FY26. In FY26, our gross emissions were 432,404 tCO₂e (FY25:

424,791 tCO₂e; FY24: 416,283 tCO₂e), and our scope 1 emissions were 196,291 tCO₂e (FY25: 216,995 tCO₂e; FY24: 239,574 tCO₂e). Over the past decade, our gross emissions have declined significantly, driven by the closure of our Southdown gas-fired power station in FY16, the natural decline in fugitive geothermal emissions, and our continued investment in geothermal NCG reinjection.

Our emissions intensity for FY26 was 0.0191 kg CO₂e/kWh (FY25: 0.0234 kg CO₂e/kWh; FY24: 0.0240 kg CO₂e/kWh), representing an 18% decrease from FY25 and a 26% decrease compared with our FY22 base year. This movement reflects higher hydro generation this year and lower emissions from geothermal generation. Since FY15, our emissions intensity has decreased by 73%.

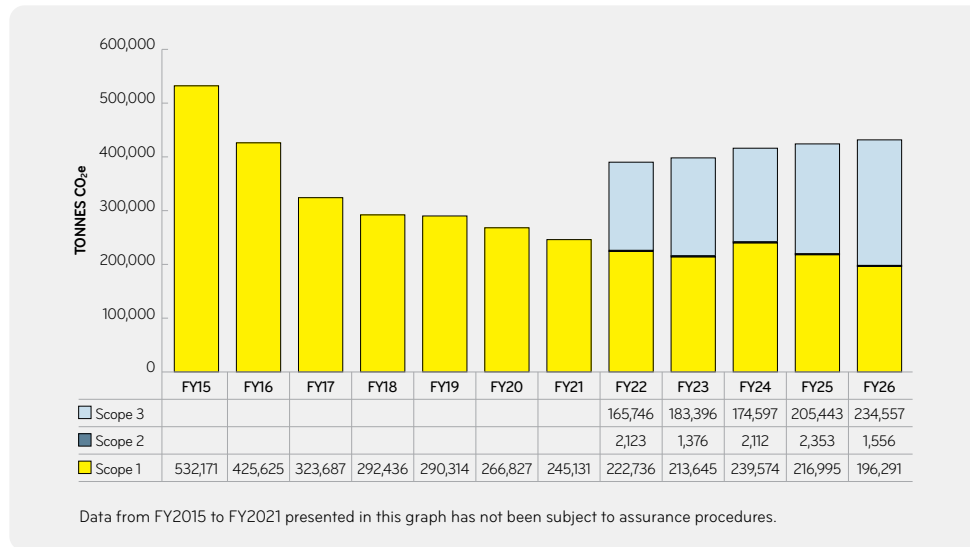
Scope 3 emissions from total gas sales now make up approximately 28% of our total gross emissions. In FY26, Scope 3 emissions from total gas sales were

119,803 tCO₂e, representing a year-on-year decrease of approximately 3.3% from FY25.

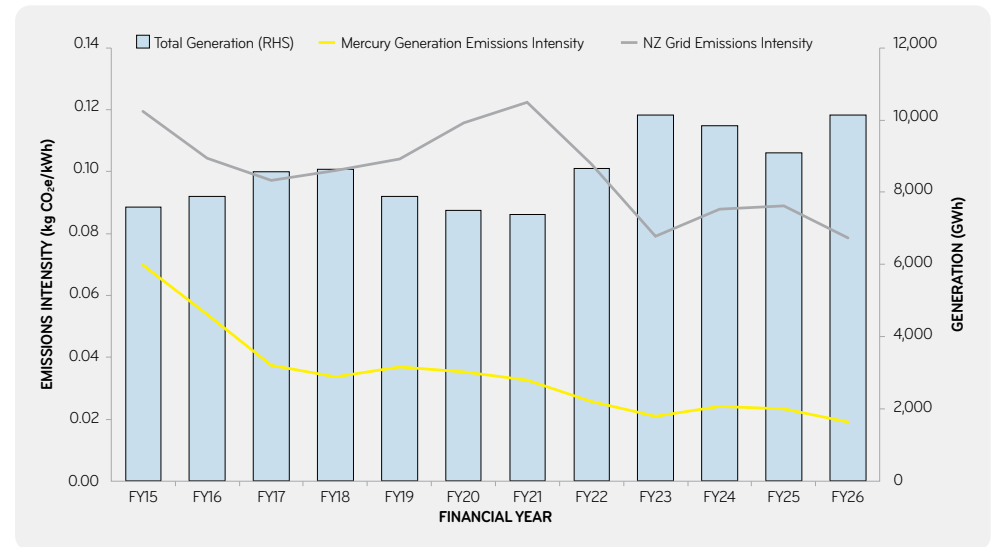
Capital goods emissions also increased in FY26, primarily reflecting construction activity across our major renewable generation projects. This subcategory includes construction emissions from Stage 2 of Kaiwera Downs Wind Farm, Kaiwaikawe Wind Farm, and the Ngā Tamariki Geothermal Station expansion. With construction activity for both wind farms concentrated in FY26, associated emissions are expected to have peaked in the current year and to decline materially in FY27 as the projects are completed.

Under the New Zealand Emissions Trading Scheme, we surrender New Zealand Units (NZUs) to meet compliance obligations associated with our geothermal emissions. This is separate from our emissions reduction targets. We continue to manage our future NZU requirements through a range of

Emissions



Emissions Intensity



METRICS AND TARGETS CONT.

supply arrangements and investments, while gas sales-related obligations are managed through our gas supply arrangements.

Mercury's gross Scope 1, Scope 2, and Scope 3 emissions, emissions intensity, consolidation approach, emission factors, global warming potentials, exclusions, methods, assumptions, limitations, uncertainty, and base year restatements are set out in the Greenhouse Gas Emissions Inventory section of this Climate Statement, on [page 94](#).

MEASURING OUR IMPACT – CROSS INDUSTRY MEASURES AND OTHER ACTIVITY METRICS

In addition to emissions metrics, we continue to use the International Sustainability Standards Board (ISSB) sector metrics for Electric Utilities and Power Generators to guide how we report on activity metrics relevant to the management of CRROs. These metrics have been assessed for their materiality to us, and the relevant metrics are disclosed in the table below.

Our geothermal generation relies on the careful management of geothermal fluid, extracting it for electricity generation and reinjecting it underground to help sustain the resource. In FY26, geothermal water take and injection remained broadly

consistent with previous years, reflecting stable operations across our geothermal generation sites.

We are a non-consumptive user of water through our hydro power stations. Water passes through turbines or is spilled, continuing its journey downstream.

Hydro water flow is measured using a combination of turbine flow and spill flow. Turbine flow is calculated based on megawatt output and flow ratings, while spill flow is estimated using water level measurements and the position of spill gates when water bypasses the turbines. Both are combined to report total non-consumptive water use. In FY26, non-consumptive hydro water use rose considerably, reflecting increased water flows through our hydro system.

We do not extract water from regions with High or Extremely High baseline water stress, and there were no incidents of non-compliance with water quantity permits from operational sites during FY26.

FUGITIVE EMISSIONS

Fugitive emissions are unplanned gas releases, mainly from our geothermal operations, and small amounts of sulphur hexafluoride (SF₆) and refrigerant gases used in equipment.

Water use	FY22	–	FY24	FY25	FY26
Geothermal					
Total Take (Tonnes)	77,525,296		80,693,877	81,372,706	81,487,938
Total Reinjection (Tonnes)	65,738,230		68,195,047	68,761,444	69,215,202
Hydro					
Non-consumptive water use (Mm ³)	6,527		7,200	6,075	8,697



MAHINERANGI WIND FARM

METRICS AND TARGETS CONT.

EXPOSURE OF OUR ASSETS AND ACTIVITIES TO CLIMATE RISKS AND OPPORTUNITIES

We acknowledge the impact of physical risks, transition risks, and climate-related opportunities on our assets and therefore business activities. Unless otherwise stated, these impacts have not changed over the preceding two years.

Physical Risk Vulnerability:

In prior years, we disclosed that 100% of our generation assets and related business activities were vulnerable to acute physical risks. In FY26, we refined this metric to focus on generation assets, which represent the most material component of our exposure to physical climate risks, to better reflect differences in vulnerability by asset type, hazard, and geography. The metrics below relate to the material physical risks disclosed in the [Strategy section](#) and provide a current-period view of exposure and vulnerability of our generation sites. They should be read alongside the relevant physical risk disclosures, noting that the nature and degree of assessment differs by hazard, asset type and location.

Using generation site count as the current-period basis of measurement:

- 47% of our generation sites (hydro) are vulnerable to drought and changing inflow conditions.
- 26% of our generation sites (wind) are vulnerable to extreme wind events.
- 100% of our generation sites are exposed to extreme rainfall and flooding impacts on site access, surrounding infrastructure or network connections, although the degree of exposure varies by location.

This reflects the location of our hydro assets on the Waikato River, geothermal assets in the central North Island, and wind assets in Manawātū, South Taranaki, Otago, and Southland, together with publicly available New Zealand climate projections.

Our broader business activities, including retail and corporate functions, are also exposed to physical risks, primarily through impacts on infrastructure, supply chains and customer demand. However, these are not currently quantified and are instead assessed qualitatively. We are continuing to enhance our understanding of how these risks may evolve over time. Details on identified material risks are disclosed in the [Strategy section](#) of this Climate Statement.

Transition Risk Vulnerability:

Our assets and business activities are vulnerable to transition risks as described below. The metrics below relate to the material transition risks disclosed in the [Strategy section](#) and provide a current-period view of exposure and vulnerability across our assets and business activities. They should be read alongside the relevant transition risk disclosures, noting that the nature and degree of assessment differs by transition risk driver, asset type, and business activity.

- All of our geothermal generation assets, comprising 23% of our generation assets recognised in our FY26 financial statements, produce geothermal emissions that are vulnerable to transition risks in the form of rising NZU carbon prices in the event that geothermal emissions are unable to be captured and/or reinjected.
- All of our generation portfolio is vulnerable to climate transition risk from regulatory settings impacting the balance of the energy trilemma. Our generation development portfolio is vulnerable to risks arising from regulatory settings constraining renewable electricity development.
- All of our gas sales activities, comprising 4.5% of FY26 revenue, are vulnerable to transition risks in changes in regulatory settings and/or changes in consumer preferences away from fossil fuels.

All, (i.e. 100%), of our existing electricity generation assets are considered aligned with climate-related opportunities as enablers in New Zealand's low-carbon transition. This metric relates to the material climate-related opportunity disclosed in the

[Strategy section](#) that the low-carbon transition may lift electricity demand. It should be read alongside the relevant opportunity disclosure, noting that the nature and degree of opportunity varies by future demand scenario.

The majority of our capital deployment is aligned with climate-related opportunities. Growth capital expenditure allocated to new renewable generation development totalled \$153 million in FY24, \$347 million in FY25 and \$560 million in FY26 (99% of growth CAPEX in FY26). We are also currently pursuing climate-related opportunities to reduce emissions through developing reinjection of geothermal non-condensable gases.

We use the Carbon NZU spot price to value our inventory of carbon units. As at 30 June, the Carbon NZU spot price was FY26: \$54/t, FY25: \$59/t, FY24: \$50/t. We also have an internal emissions price forecast – a metric representing the cost per metric

tonne of CO₂e, which guides decision-making within our operations. This forecast informs strategic decisions related to buying and selling carbon units and serves as an input for business cases where they impact our GHG profile. We assess opportunities across various carbon forward curve scenarios for up to 15 years into the future. These ranges, adjusted for inflation, were FY26: \$37/t-\$100/t, FY25: \$46/t - \$130/t, FY24: \$44/t - \$127/t.

The volatile carbon prices over the past years have been primarily due to regulatory measures and balancing market demand and supply for carbon units. Long term, the carbon price is expected to increase, reflecting a growing emphasis on reducing GHG emissions.

The alignment of management remuneration to our CRROs is discussed in the [Governance section](#) of this Climate Statement.



GOVERNANCE

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Mercury Board, assisted by two Board committees, the Audit and Financial Risk Committee (AFRC) and the Safety and Enterprise Risk Committee (SERC), has oversight of CRROs and CRDs.

The AFRC has delegated authority from the Board to oversee the preparation of CRDs, including the identification of CRROs. The AFRC also oversees the establishment and maintenance by management of a suitable system of controls for managing climate-related risks, including the keeping of proper CRD records. The AFRC meets quarterly and, where necessary, receives reports with updates on CRROs and CRDs. Members of the Strategy and Corporate Affairs Team attend these meetings to facilitate feedback and discussion. The AFRC endorses and the Board approves these CRDs each year.

The SERC more widely oversees and monitors our Risk Management Framework and risk assurance and internal audit activity. Climate-related risks are incorporated into our risk registers and are reviewed by the SERC as part of its oversight of our top enterprise risks. In FY26, climate-related risks were considered by the SERC at its May meeting as part of the annual Risk Management Framework review and management's Consolidated Risk Reporting.

The Board approves charters for the AFRC and SERC to govern their annual programme of work. Committee Chairs deliver verbal updates at each Board meeting on relevant discussions and decisions reached at committee meetings, and the minutes of each committee meeting are provided to all directors.

Sustainability and Kaitiakitanga / Stewardship are embedded in our operating model, strategy, and existing governance structures. Accordingly, the Board has not established a separate sustainability sub-committee.

The Board is responsible for monitoring strategy implementation and performance. Quarterly, the Board discusses relevant external environment developments and progress towards our FY30 Priorities, including relevant climate-related changes and elements of our CRROs. These discussions are guided by reference to Strategic Monitoring Reports and performance reports prepared by management. The Board also receives regular updates from the Chief Strategy and Corporate Affairs Officer on progress against our Scope 1, 2, and 3 emissions reduction targets within our sustainability quarterly updates. For more detail on these targets, refer to the [Metrics and Targets section](#) of this Climate Statement.

Climate considerations informed the reset of our long-term aspirations in FY23, the reset of our three-year objectives in FY24, and the reset of the broader strategy in FY25. In FY26, we updated our strategic objectives to recognise the progress we had made. Our climate-related opportunities are reflected in our FY30 Priorities to "Deliver more reliable and renewable energy" and "Accelerate the shift to a low-carbon future".

SKILLS AND COMPETENCIES TO PROVIDE OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Through the Nominations and Corporate Governance Committee, the Board regularly assesses its skills and competencies and monitors skills required for succession planning purposes. Competencies relating to the climate and environment are specifically considered, and the Board Skills Matrix includes the following as a key skill of the Board: "Climate, environmental and natural resources stewardship, including water, land, biodiversity, emissions reduction, adaptation/resilience, sustainability reporting, and climate-related financial risk. Ability to govern Mercury's kaitiakitanga obligations while balancing reliable renewable growth, resource access, community expectations, and long-term asset resilience". In FY26, two directors were assessed as having "substantial" competency in this area, two directors with "medium"

competency and three directors with "some" competency. Director competency in this area is demonstrated through governance or executive experience in climate, environment, water/natural resources, sustainability reporting, adaptation, infrastructure resilience, or resource stewardship.

In particular, Mercury's Board includes:

- One director with extensive New Zealand and international experience working in climate change and sustainability, including as the Global Sustainable Development Leader of an overseas company reporting annually under the United Nations Global Compact and working with international groups on sustainable infrastructure matters;
- Another director who has previously served on the steering committee of Chapter Zero New Zealand, a global network of directors committed to climate action and who holds the Institute of Director's (IoD) Climate Governance Credential;
- A third director with several previous and current executive and governance roles across sustainability-focused businesses and governance committees and who has completed the IoD's advanced Climate Governance programme; and
- Two further directors who have completed the Governing Natural Capital Course hosted by Deloitte and the Aotearoa Circle.

The Board also draws on internal and external expertise and advice as required to stay up to date with current information and enable appropriate and informed oversight of CRROs.

In FY25, management engaged PwC to support the financial quantification of climate-related risks and to build internal capability in assessing their potential organisational impacts. This work was utilised and reported back to directors and the Board through the AFRC. Updates on climate-related trends are also included as part of quarterly Strategic Monitoring Reports presented to the Board.

MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board delegates all operational matters to the Chief Executive, including the management of CRROs.

The Chief Strategy and Corporate Affairs Officer and her team facilitate the preparation of climate-related disclosures, including identifying metrics and targets, and reporting on progress against those targets. The wider management team is responsible for ensuring that CRROs and their current impacts are effectively identified, assessed, and managed across the business. Our annual CRDs are prepared by management, reviewed through the Risk Management Committee (RMC) and AFRC governance process, and approved by the Board before publication.

The key inputs this year were:

- Analysis by the cross-functional Climate Working Group, which conducted workshops to update and refine our scenarios, risks, opportunities, and current impacts and
- Financial quantification of our risks and opportunities.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) is accountable for implementing the Board approved Risk Management Policy. The RMC's mandate is to establish and promote risk awareness among all staff, implement and communicate effective risk management and internal control frameworks, regularly monitor, report, and review risk activities, and ensure sufficient business resources for effective risk management. Where material, risks and issues are escalated to the RMC.

The RMC includes the ELT, the Head of Risk Assurance, and the General Counsel, and is chaired by the Chief Executive. The RMC meets approximately 10 times per year.



GOVERNANCE CONT.

MANAGEMENT REMUNERATION IS LINKED TO MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The remuneration of the Chief Executive and the ELT is linked to our strategic objectives, purpose and goals. The Short-Term Incentive (STI) component of remuneration is set as a percentage of the executive's base salary and for FY26 was set at 50% for the Chief Executive (FY25 50%; FY24 60%) and up to 50% for other ELT members (FY25 40%; FY24 35%). A proportion (70% for the Chief Executive and 70% for other ELT members in FY26) of the STI is related to a shared set of Group Key Performance Indicators (KPIs) that form our Group Scorecard and are aligned with our strategic objectives. Climate-related KPIs have been a consistent component of our Group Scorecard, comprising 10% in FY26 on the basis of the KPI most directly aligned to the prior-year Climate scorecard category, compared to 15% in FY24, and 10% in FY25.

In FY26, this KPI related to accelerating the shift to a low-carbon future. The FY26 Group Scorecard also included a separate KPI relating to delivery of generation development projects under "Deliver more reliable and renewable energy", which is shown in the table below as it supports Mercury's transition strategy. For FY27, the relevant KPIs are grouped under one combined objective covering delivery of reliable and renewable energy and accelerating the shift to a low-carbon future.

The approach to executive remuneration, including the incorporation of climate-related KPIs in the STI scorecard, is overseen by a committee of the Board, the People and Performance Committee (PPC). Progress against the Group Scorecard is monitored by the Finance Team and reported to the PPC quarterly. The PPC reviews annual STI performance appraisal outcomes for all members of the ELT, including the Chief Executive, and endorses these for Board approval.

FY25 – 27 Three-Year Objective	FY25 KPI	FY26 KPI	FY27 KPI
Deliver more reliable and renewable energy and accelerate the shift to a low-carbon future	• Generation availability target met • Deliver two of three outcomes: advancement of new demand or commercial and industrial electrification; progress emissions reduction; Sector and Government Energy Transition Framework	• Delivery of generation development projects • CO₂e emissions, firming capacity and demand capacity from electricity and the energy system	• Advancing the Plan to 3.5TWh of new renewable energy production by 2030

GOVERNANCE CONT.

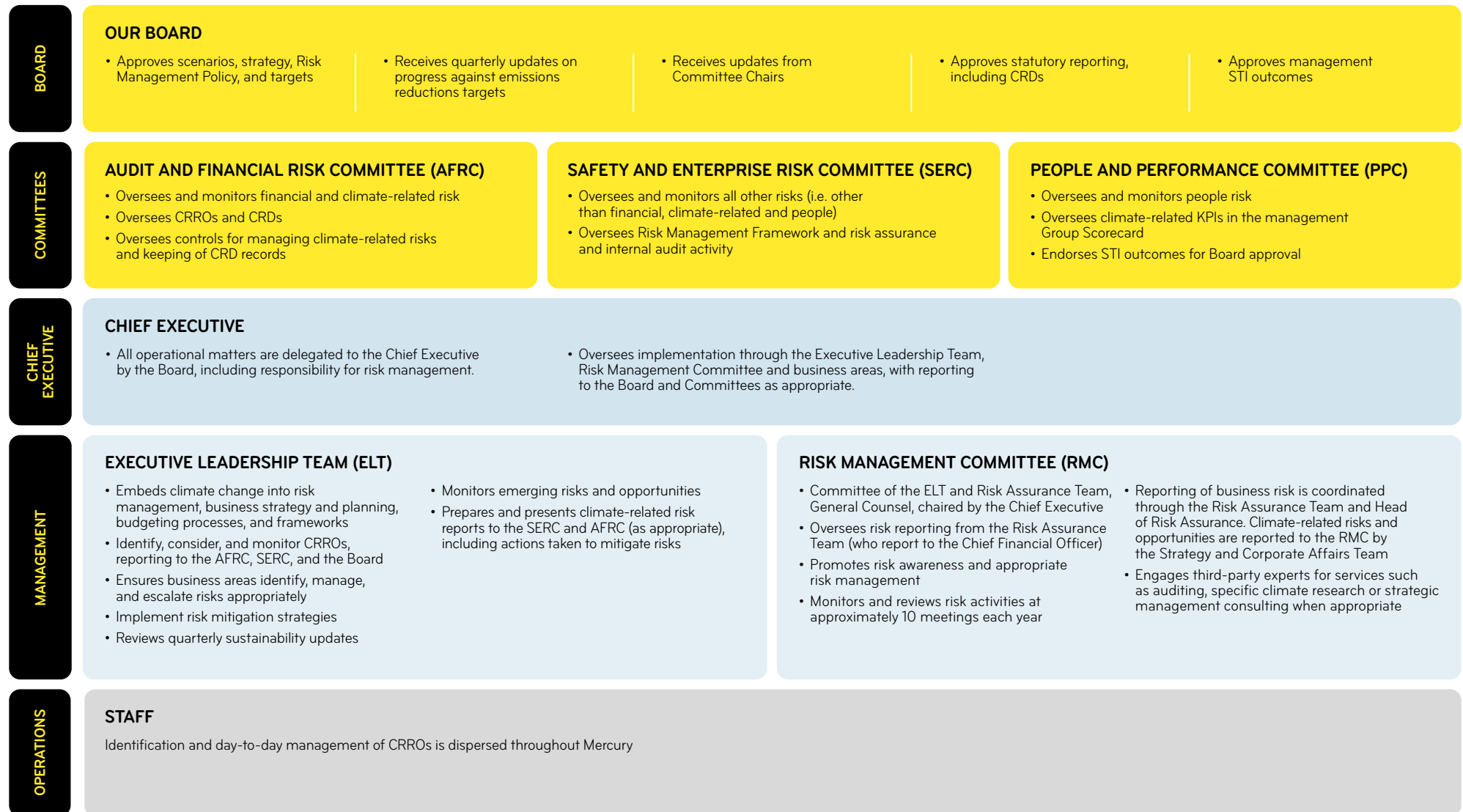
Management and Governance Meetings in FY26-27

BOARD			MANAGEMENT
	BOARD	AUDIT AND FINANCIAL RISK COMMITTEE	RISK MANAGEMENT COMMITTEE
AUG 25	Board Meeting; Discuss external changes and progress toward our strategic objectives, approve FY25 Climate Statement	Review and endorsement of the FY25 Climate Statement, GHG Inventory and Climate Action Plan	
OCT 25			Review of our approach to CRDs against market practice
NOV 25	Strategy Day; Discuss external changes. Board Meeting; Discuss progress toward our strategic objectives, and strategic opportunities, including climate-related ones	Review of our approach to CRDs against market practice	
DEC 25	Board meeting; Discuss progress toward our strategic objectives and sustainability quarterly update		
JAN 26			Update and endorsement of the FY26 Climate Scenario Analysis and CRRO identification
FEB 26	Board meeting; Discuss external changes and progress toward our strategic objectives	Update on FY26 Climate Scenario Analysis and CRROs identification	
MAR 26	Board meeting; Discuss progress toward our strategic objectives and sustainability quarterly update		
APR 26	Discuss sustainability quarterly update		Initial review of the FY26 Climate Statement (including GHG Inventory)
MAY 26	Strategy Day; Discuss external changes. Board meeting; Discuss progress toward our strategic objectives, and strategic opportunities, including climate-related ones	Initial review of the FY26 Climate Statement (including GHG Inventory)	
JUN 26	Board meeting; Discuss progress toward our strategic objectives and sustainability quarterly update	Further review of the FY26 Climate Statement (including GHG Inventory) and Climate Action Plan	Further review of the FY26 Climate Statement (including GHG Inventory) and Climate Action Plan
JUL 26			Final review of the FY26 Climate Statement, GHG Inventory and Climate Action Plan
AUG 26	Board Meeting; Approval of the FY26 Climate Statement (including GHG Inventory) and Climate Action Plan	Final review and endorsement of the FY26 Climate Statement, (including GHG Inventory) and Climate Action Plan	



GOVERNANCE CONT.

Overview and Relationship Between Responsibilities of Our Board, Sub-Committees and Management



RISK MANAGEMENT

PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Risk management is integral to our business. Our Risk Management Policy, supported by a suite of risk management tools and practices, embeds enterprise risk management competence across the business. This ensures we have a consistent method of identifying, assessing, controlling, monitoring, and reporting on the potential risks to our business and to the achievement of our strategy.

Our Climate Working Group supports the identification of climate-related risks through scenario analysis, internal stakeholder engagement, and external data reviews (see the [Scenario Analysis](#) section in this Climate Statement). The relevant risk owners then assess risks using the defined risk assessment criteria, and relevant data to understand whether potential risks are material and to understand the likelihood and impact of these risks. In FY26, we built on the financial quantification work undertaken in FY25. This informed the assessment of our CRROs, with anticipated financial impact ranges remaining aligned to the financial ranges in our Risk Management Framework.

Annually, climate-related risks are classified and assessed alongside other types of risks using a common methodology (our risk matrix assigns risk levels based on a combination of likelihood and impact scoring – shown below). Our risk matrix requires consideration of both estimated quantitative impacts, such as loss of revenue or increases in costs, and qualitative impacts, such as loss of social licence, or reputational impacts. The likelihood is measured against the probability of a risk occurring in any given year.

To determine materiality of CRROs, we assess whether the information or the way in which information is presented could influence the decisions of users of our Climate Statement, considering both quantitative (financial impacts) and qualitative factors (non-financial impacts).

Climate-related risks disclosed in our Climate Statement are integrated into our enterprise risk management framework via the risk register. These are assigned to relevant business units, which are responsible for developing mitigation strategies and reporting on progress.

		IMPACT					
		Insignificant	Minor	Moderate	Significant	Major	Fundamental
LIKELIHOOD	Almost Certain						
	Highly Likely						
	Probable						
	Possible						
	Unlikely						
	Rare						

RISK MANAGEMENT FRAMEWORK

Our Board approved Risk Management Framework aligns with Aotearoa New Zealand Standard AS/NZS ISO 31000 Risk Management – Principles and Guidelines. It helps us to identify different categories of risk – health, safety and wellbeing, compliance, operational, reputational, financial and people risks.

Climate-related risks are fully integrated into our enterprise Risk Management Framework with oversight from the RMC, AFRC and SERC. This ensures they are actively monitored and managed across the business. These risks are monitored using our risk register and are reassessed on an ongoing basis to reflect changes in external factors, regulatory developments, and business conditions. More information on our risk management approach can be found in the Assurance and Managing Risk Section of our Corporate Governance Statement on our [website](#).

MANAGING CLIMATE-RELATED RISKS

The day-to-day management of climate-related risk occurs across various business units including Wholesale Markets, Generation, Generation Development, Customer, Finance and Legal, and Sustainability, with escalating responsibilities up to the RMC. The SERC and AFRC oversee the appropriate management of our climate-related risks and the implementation of effective systems of control, assurance, reporting, policies, and procedures in place.

In relation to markets, our Wholesale Markets and Finance teams manage risks and opportunities presented by:

- The electricity market—we continually model scenarios of resource availability, electricity market supply and demand, and adjust our approach accordingly.
- The carbon market—we are involved in forest carbon investments and have long-term contracts in place.

Regulatory risks and opportunities are managed by the Strategy and Corporate Affairs team. We engage in broader regulatory and sector work where climate-related considerations arise, including Electricity Authority work programmes to support market arrangements that enable a more renewable future.

Physical risks and opportunities from climate change fall into acute (event-driven), such as increased severity of extreme weather events, and chronic (longer-term shifts in precipitation and temperature and increased variability in weather patterns, such as sea level rise). We continue to monitor proposed methodologies for climate change risk assessment and adaptation planning, both nationally and internationally.

We have models of storm events experienced within the Waikato Hydro System (WHS) and we work in partnership with Waikato Regional Council to engage in periodic training exercises and flood simulations to educate and familiarise our staff and council staff on the management of storms and flood risks.

We continue to refine and mature our climate-related scenario analysis to assess the impacts of our changing climate on our assets and business while working with research organisations to improve the quality of our climate data, including potential future inflows to the WHS. During FY26, we continued to develop a tool commissioned by the Dam Safety Hydrology Group to incorporate climate change into flood modelling for the Waikato Hydro catchments. The tool can now support climate change assessments of potential flood levels out to 2100.

GREENHOUSE GAS EMISSIONS INVENTORY

This section forms our GHG Emissions Inventory¹ for the financial year ended 30 June 2026. It brings the information previously published in our standalone GHG Emissions Inventory Report into this Climate Statement, creating a single source of emissions data.

REPORTING PERIOD

Our GHG emissions have been measured and prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The inventory supports Mercury's disclosures under the Aotearoa New Zealand Climate Standards, including NZ CS 1 and NZ CS 3.

This inventory covers the reporting period 1 July 2025 to 30 June 2026. Comparative data is presented for FY2022 to FY2025 where available and relevant to support trend analysis and base year comparison.

CONSOLIDATION APPROACH

We apply the operational control consolidation approach to our GHG inventory to determine organisational boundaries. This allows us to focus on the emissions where we have operational control and can investigate the potential to manage and reduce these. The table below sets out how each entity is treated.

Our organisational boundary determines the parameters for GHG reporting and is set with reference to the GHG Protocol. The boundary encompasses the operations owned and controlled by Mercury, our subsidiaries, associate companies, and joint ventures.

EMISSIONS ASSESSMENT AND MATERIALITY

We assess our business activities and facilities for emissions sources using the GHG Protocol. Emissions sources from prior years are maintained unless the associated business activity or facility has ceased or been divested.

We consider Scope 1 and Scope 2 emissions as material. For Scope 3 emissions, we may exclude categories where emissions are estimated as being below 5% of total emissions across all categories, provided the total excluded emissions do not exceed 5% of all emissions.

ORGANISATIONAL BOUNDARIES

100% of emissions from Mercury NZ Limited, Mercury Geothermal Limited, TPC Holdings Limited, Rotokawa (Joint Venture), Ngā Awa Pūrua (Joint Venture), and NOW New Zealand Limited are included within Mercury's operational boundary and therefore reported within Scope 1, Scope 2, and Scope 3 emissions.

EnergySource LLC, EnergySource Minerals LLC, and Forest Partners Limited Partnership are outside Mercury's operational control and are treated as Scope 3, Category 15 emissions based on the percentage of interest held. These have been assessed as immaterial.

Table 1: Summary Of Entities and Treatment of Joint Ventures

Entity	Principal Activity	Type	Interest Held as at 30 June 2026	Country
Mercury NZ Limited	Electricity generation (hydro, wind, and geothermal), electricity, gas and telco retail	Listed Company (NZX Main Board and ASX Foreign Exempt Listing)	100%	New Zealand
Mercury Geothermal Limited	Electricity generation (geothermal)	Subsidiary	100%	New Zealand
TPC Holdings Limited	Investment holding	Associate	25%	New Zealand
Rotokawa (Joint Venture)	Steamfield operation	Joint Operation	64.8%	New Zealand
Ngā Awa Pūrua (Joint Venture)	Electricity generation	Joint Operation	65%	New Zealand
NOW New Zealand Limited	Broadband retail	Subsidiary	100%	New Zealand
EnergySource LLC	Investment holding	Joint Venture	20.86%	United States
EnergySource Minerals LLC	Mineral extraction	Joint Venture	9.68%	United States
Forest Partners Limited Partnership	Forestry management	Associate	10%	New Zealand

¹ All emissions figures are gross emissions unless stated otherwise. They exclude removals and exclude the purchase, sale or transfer of GHG offsets or allowances. Scope 2 emissions are calculated using the location-based method.

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

Table 2: Summary of Mercury's Emissions

Scope	Category	FY2022 tonnes CO ₂ e	FY2023 tonnes CO ₂ e	FY2024 tonnes CO ₂ e	FY2025 tonnes CO ₂ e	FY2026 tonnes CO ₂ e
Scope 1 - direct emissions	Geothermal emissions for exported power	222,345	212,382	236,307	212,531	193,714
Sub-total generation emissions		222,345	212,382	236,307	212,531	193,714
Scope 1 - direct emissions contd.	Mobile combustion (vehicle fleet)	246	398	335	123	502
	Stationary combustion (generation site plant and equipment)	93	462	2,927	4,314	2,000
	Fugitive emissions (sulphur hexafluoride (SF6) releases)	52	403	5	0	49
	Refrigerant gases	-	-	-	27	26
Total Scope 1		222,736	213,645	239,574	216,995	196,291
Scope 2 - indirect emissions	Electricity consumption (location-based)	2,123	1,376	2,112	2,353	1,556
Total Scopes 1 and 2		224,859	215,021	241,686	219,348	197,847
Scope 3 - indirect emissions	Purchased Goods and Services	6,584	9,029	9,378	14,155	12,361
	Capital Goods	20,549	37,177	28,732	66,192	100,302
	Fuel and energy related activities: Transmission and distribution losses	124	104	190	186	118
	Fuel and energy related activities: Huntly Strategic Reserve	-	-	-	-	1,177
	Business travel and accommodation	210	1,176	1,186	1,049	796
	Use of sold products (gas and LPG sales)	138,279	135,910	135,111	123,861	119,803
Total Scope 3		165,746	183,396	174,597	205,443	234,557
Total All Scopes		390,605	398,417	416,283	424,791	432,404

Note: Data from FY2022 to FY2024 for Purchased Goods and Services and Capital Goods presented in table 2 has not been subject to assurance procedures.

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

EMISSION FACTORS AND GWP SOURCES

GHG specific information

Our GHG emissions are converted to tonnes of carbon dioxide equivalent (tCO₂e) using relevant emission factors and global warming potential (GWP) rates. Emission factors are sourced from physical sampling for geothermal fugitive emissions, New Zealand Government guidance, IPCC publications, Thinkstep documents, and other recognised GHG emissions databases, where relevant.

GWP rates are sourced from the latest Ministry for the Environment guidance, and Thinkstep documents, based on AR5. In previous years, direct methane emissions from geothermal sources were converted using different GWP rates due to variations in calculation methodologies. These methodologies have now been aligned.

EMISSIONS INTENSITY

Our emissions intensity for FY2015, the base year (i.e., FY2022), and FY2025 to FY2026 are shown in Table 3 and Figure 1. Our emissions intensity is impacted by the volatility of hydro and wind generation. The intensity calculation uses gross Scope 1 generation emissions only, no adjustments have been made in relation to NZUs surrendered under the NZ ETS.

GHG EMISSIONS CALCULATIONS AND RESULTS

Emissions source data sets were gathered from across the business from metered consumption points, financial records, and from specific third-party suppliers such as liquid fossil fuel providers. The factors required to calculate the associated emissions are sourced from:

- Analysis of physical samples (for geothermal fugitive emissions only).
- New Zealand Government guidance documents published by the Ministry for the Environment (MfE) - MfE Measuring Emissions: Measuring Emissions Catalogue 2026.
- Thinkstep-anz. (2024). Emission Factors for New Zealand: Greenhouse Gas Emission Intensities for Commodities and Industries. v1.1. Wellington: thinkstep-anz.

Following these calculations, our emissions profile is dominated by Scope 1 emissions, namely fugitive emissions from geothermal electricity generation, which account for approximately 45% of all emissions. Scope 3 emissions from subcategories Purchased Goods and Services, Capital Goods, and Use of sold products are also significant sources of emissions.

Table 3: GHG Emissions, Reductions and Intensity Calculations for Mercury's Electricity Generation

GHG Holdings	FY2015	FY2022	FY2025	FY2026
Scope 1 - Direct Emissions from generation (tCO ₂ e)	529,900	222,345	212,531	193,714
Total annual reductions (tCO ₂ e)	-	19,199	23,776	18,817
Total reductions from FY2015 (tCO ₂ e)	-	307,555	317,369	336,186
% Reduction from FY2015 (tCO ₂ e)	-	58.04%	59.89%	63.44%
Total Generation (GWh)	7,583	8,656	9,081	10,146
Emissions Intensity (kg CO ₂ e/kWh)	0.070	0.026	0.023	0.019
Emissions Intensity NZ grid electricity ² (kg CO ₂ e/kWh)	0.120	0.103	0.089	0.079
Emissions Intensity reduction from FY2022 base year	-	-	8.90%	25.67%
Emissions Intensity reduction from FY2015	-	63.30%	66.57%	72.72%

² The NZ grid Electricity Emissions Intensity is based on MfE advised figures. The FY figure is calculated by averaging the emissions intensities from that and the previous calendar years. The FY26 figure is based on CY2025 only.

Data from FY2015 presented in table 3, has not been subject to assurance procedures.

FY16-FY21 information is presented in Appendix B.



GREENHOUSE GAS EMISSIONS INVENTORY CONT.

EMISSIONS INCLUSIONS

Table 4: Summary of Emissions Source Inclusions

Scope	Category	GHG emission source	Facilities included	Data source	Data collection unit	Method, data quality, uncertainty (qualitative)
Scope 1	Fugitive emissions	Fugitive emissions from geothermal generation	Kawerau, Mōkai, Ngā Awa Pūrua, Ngā Tamariki, Rotokawa	Records from sites, submitted as part of NZ ETS requirements for the Government	Geothermal Resources	Emissions factors (EFs) from NZ EPA. Captured by the geothermal resources team, audited by Deloitte for ETS use, high quality data
Scope 1	Sulphur Hexafluoride (SF ₆) releases	SF ₆ releases during operations	Kawerau, Mōkai, Ngā Awa Pūrua, Ngā Tamariki, Rotokawa, Arapuni, Aratiatia, Ātiamuri, Karāpiro, Maraetai I and II, Ōhākuri, Waipāpa, Whakamaru	Maintenance records (SF ₆ top ups)	Asset Management Team	EFs from MfE guidance documents. Review of calendar year records, reasonable data quality, medium level of uncertainty due to use of calendar year for financial year
	Mobile combustion	Vehicle fleet fuel	Vehicle fleet	Fuel cards cover most of fuel purchases, there will be a limited number of purchases made by staff using cash/card	Finance	EFs from MfE guidance documents. Review of fuel card records, good data quality, very low level of uncertainty
	Stationary combustion	Fuel used in generators and on-site plant and equipment	Kawerau, Mōkai, Ngā Tamariki, Rotokawa, Ngā Awa Pūrua. Aratiatia, Arapuni	Delivery company data and finance records	Finance	EFs from MfE guidance documents. Review of delivery company data, good data quality
	Refrigerant Gases	Hydrofluorocarbons (HFCs) from air-conditioning systems	All generation sites and office locations	Records from sites	Facilities	EFs from MfE guidance documents.
Scope 2	Electricity – Offices and other sites	Electricity consumed in offices and internal sites	Auckland, Wellington, Taupō, Rotorua, Hamilton, Tauranga, Oamaru, Palmerston North	Electricity internal customer category in financial records, electricity bills for facilities billed through agents	Customer	EFs from MfE guidance documents. Calculation based on internal invoicing with some estimation, low level of uncertainty
Scope 2	Electricity generation sites	Grid electricity consumed at generation sites	Hydro, geothermal, and wind	SCADA extract	Technology	EFs from MfE guidance documents. Calculation based on recorded revenue meter data, low level of uncertainty but some lines consumption may not be Mercury's

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

EMISSIONS INCLUSIONS CONT.

Table 4: Summary of Emissions Source Inclusions cont.

Scope	Category	GHG emission source	Facilities included	Data source	Data collection unit	Method, data quality, uncertainty (qualitative)
Scope 3: Subcategory 1 – Purchased Goods & Services	Operational goods and services	Emissions associated with acquiring operational goods and services	All	Operational expense data from Mercury's finance system	Finance	EFs from Thinkstep-anz documents. Calculations based on internal finance data. Low level of uncertainty
Scope 3: Subcategory 2 – Capital Goods	Capital Goods	Embodied emissions from procurement of capital goods and related expenditures	All	Capital expenditure data from Mercury's finance system	Finance and supplier provided data	EFs from Thinkstep-anz documents. Calculations based on internal finance data and supplier data. Moderate level of uncertainty
Scope 3: Subcategory 3 – Fuel and energy related activities	Transmission and distribution losses for imported electricity	Transmission and distribution losses for imported electricity	Generation sites, offices and other internal sites	Electricity invoicing, internal customer category, and SCADA extracts	Customer and Technology	EFs from MfE guidance documents. Calculation based on internal invoicing with some estimation and recorded revenue meter data, low level of uncertainty
Scope 3: Subcategory 3 – Fuel and energy related activities	Electricity supply and security arrangements	Emissions from third-party electricity generation purchased by Mercury and sold to customers	Captured by Wholesale	Wholesale records of annual exercised volumes, electricity generated, and coal used	Wholesale	EFs from MfE guidance documents. MSO and HFO use the NZ Grid Average factor, while HSR uses the relevant industrial coal factor or the default where coal type is unknown. Good data quality, with moderate uncertainty where the electricity source or coal type is unknown.
Scope 3: Subcategory 6 – Business travel	Business travel, accommodation	Emissions from flights, accommodation, and car rentals	All	Flight, accommodation, and car rental reports	Travel service provider	EFs from MfE guidance documents. Calculation based on flights and accommodation invoicing, good data quality, low level of uncertainty
Scope 3: Subcategory 6 – Business travel	Mileage	Emissions from staff business travel using private vehicles	All	Mileage expense claim reports	Finance	EFs from MfE guidance documents. Calculation based on spend-based assessment of mileage expenses, moderate level of uncertainty
Scope 3: Subcategory 11 – Use of sold products	Use of sold products (including distribution losses)	Gas purchased (reticulated gas only)	Captured by Customer	Reticulated gas invoices from direct purchases and nomination report	Customer	EFs from MfE guidance documents. Invoiced volumes and traded nominations provided by Customer so high-quality data, carbon is included in the credits required to be surrendered under the NZ ETS
Scope 3: Subcategory 11 – Use of sold products	Use of sold products	LPG purchases	Captured by Customer	LPG invoices	Customer	EFs from MfE guidance documents. Invoiced volumes from purchase invoices so high-quality data

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

EMISSIONS EXCLUSIONS

The emissions sources listed in table 5 below are excluded from our GHG inventory report because they are considered immaterial in the context of the inventory or may not be applicable.

Table 5: Emissions Source Exclusions

Scope	GHG emission source	Facilities included / description	Assessment / Reason for exclusion
Scope 3: Subcategory 4 Upstream transportation and distribution	Emissions associated with purchased transport and distribution services, e.g. freight, postage, courier	N/A	Assessed as below materiality threshold, high level of data uncertainty
Scope 3: Subcategory 5 Waste generated in operations	Emissions associated with waste to landfill from offices and wastewater treatment	All	Assessed as below materiality threshold, high level of data uncertainty
Scope 3: Subcategory 7 Employee commuting	Emissions associated with employee travel to and from work	All	Assessed as below materiality threshold
Scope 3: Subcategory 8 Upstream leased assets	Emissions associated with telecommunications network from leased assets	All	Assessed as below materiality threshold
Scope 3: Subcategory 9 Downstream transportation and distribution	Emissions associated with non-Mercury purchased transportation and distribution services of products to customers	N/A	Assessed and considered not applicable as we do not conduct business activities in this area
Scope 3: Subcategory 10 Processing of sold products	Emissions associated with processing of sold products	N/A	Assessed and considered not applicable as our sold products do not undergo further processing
Scope 3: Subcategory 12 End-of-life treatment of sold products	Emissions associated with end-of-life of broadband routers and household appliances	N/A	Assessed as below materiality threshold
Scope 3: Subcategory 13 Downstream leased assets	Agricultural emissions	We lease small landholdings near our generation facilities to local farmers mainly for grazing	Assessed as below materiality threshold
Scope 3: Subcategory 14 Franchises	Emissions from operations of franchises	N/A	Assessed and considered not applicable as Mercury does not grant franchise licenses
Scope 3: Subcategory 15 Investments	Emissions from companies that Mercury provides capital and/or financing services to	EnergySource LLC, EnergySource Minerals LLC, Forest Partners Limited Partnership	Assessed as below materiality threshold

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

NOTABLE CHANGES IN EMISSIONS

The most notable change in this year's inventory is the increase in capital goods emissions. This reflects the high level of construction activity across our renewable generation projects, including Stage 2 of Kaiwera Downs Wind Farm, Kaiwaikawe Wind Farm, and the Ngā Tamariki Geothermal Station expansion. Capital goods emissions are expected to reduce materially in FY27 as these projects are completed.

A new emissions category, fuel-and energy-related activities, has also been included in FY26. This captures emissions associated with electricity generated by third parties, purchased by us and sold to customers. These emissions have previously been below our materiality threshold and have not been separately disclosed. Following our agreements supporting the continued operation of Huntly's Rankine Units and the establishment of a strategic fuel reserve from 2026, we have included this category in the inventory and expect to continue reporting it going forward.

Our two largest emissions categories, geothermal generation and the use of sold products from gas sales, both decreased in FY26. This reflects a reduction in emissions from the two sources that continue to make up the majority of our gross emissions profile.

Our geothermal fugitive emissions and emissions intensity by station for the past eight years are shown in Figures 1 and 2 below. The results show how emissions performance has changed over time across our geothermal stations. Data presented for FY19 to FY21 in Figures 1 and 2 has not been subject to assurance procedures.



MŌKAI GEOTHERMAL STATION

Figure 1: Geothermal Emissions Intensity by Station

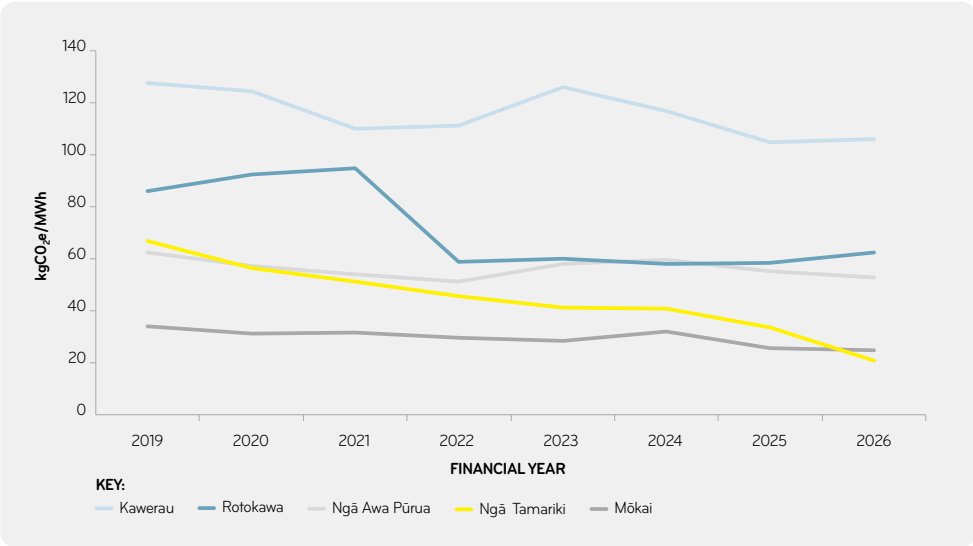
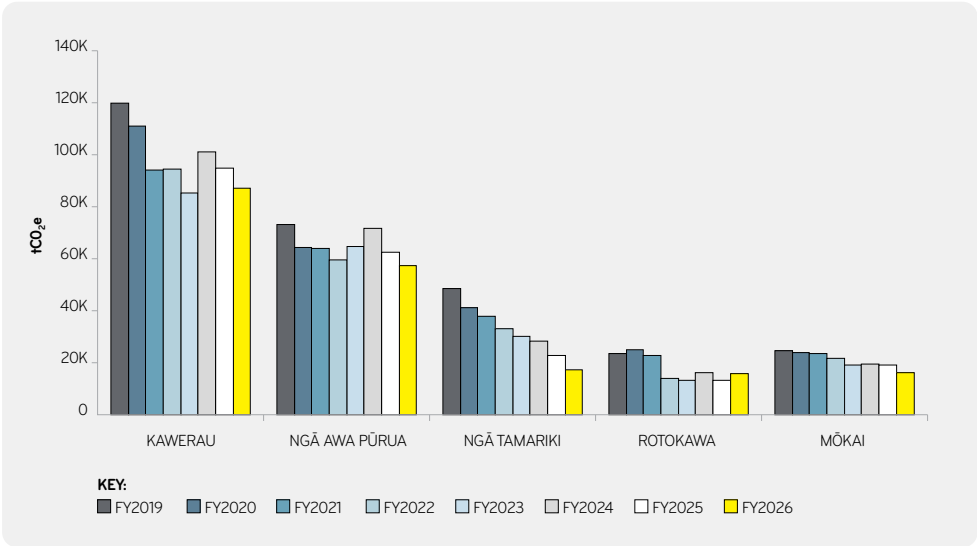


Figure 2: Geothermal Emissions by Station



GREENHOUSE GAS EMISSIONS INVENTORY CONT.

THE BASE YEAR, COMPARATIVES, AND ANY RESTATEMENTS

The chosen base year is 1 July 2021 to 30 June 2022 and is unchanged from previous reports. In line with the GHG Protocol, additional Scope 3 categories Purchased Goods and Services and Capital Goods have been retrospectively applied to the FY2022 base year and subsequent reporting years following the finalisation of calculation methodologies. Emissions reported for FY26 have been assured, whereas historical emissions for Purchased Goods and Services and Capital Goods for FY2022 to FY2024 have not yet been subject to assurance.

These updates have increased Scope 3 emissions for FY2022 by approximately 19%, and contributed to a higher total emissions figure, ensuring consistency and comparability across all reporting periods. Table 3 in this report compares our direct emissions over the past two financial years to our FY2022 base year as well as to FY15, when we began measuring CO₂. This comparison highlights the improvements and progress we have made since 2015.

DATA COLLECTION

We have developed robust GHG information systems to record fugitive emissions from geothermal generation, which makes up most of our carbon footprint and have been required to meet our obligations under the NZ ETS since 2010. These unique emission factors for geothermal are subject to external audit and assurance. The preparation of this emissions inventory report has prompted collation of additional, less material, data sets in a way that ensures ongoing conformance with the GHG Protocol. Future emissions inventory reports will follow the same data collection and collation

process, with opportunities taken to improve data integrity, completeness, and emissions reporting accuracy. Additional data required to produce this emissions inventory comes from internal operational data, with data sets around scope 2 and 3 emissions sourced from specific providers, internal financial records, and, where available, supplier provided emissions data. Quantification of the associated emissions currently uses spreadsheets to relate consumption and usage to emissions factors. Emissions factors are sourced from either New Zealand Government guidance documents, IPCC publications, or recognised GHG emission databases.

Appendix A - Historical Data - GHG Emissions Inventory Summary

Scope	Category	FY2015 Tonnes CO ₂ e	FY2016 Tonnes CO ₂ e	FY2017 Tonnes CO ₂ e	FY2018 Tonnes CO ₂ e	FY2019 Tonnes CO ₂ e	FY2020 Tonnes CO ₂ e	FY2021 Tonnes CO ₂ e
Scope 1 – Direct Emissions	Geothermal emissions for exported power	362,375	361,553	321,565	291,950	289,776	265,212	241,544
	Thermal combustion (gas-fired generation)	167,525	63,518	-	-	-	-	-
Sub-total Generation Emissions		529,900	425,071	321,565	291,950	289,776	265,212	241,544
Scope 1 – Direct Emissions Continued	Mobile combustion (company vehicle fleet)	461	492	485	449	458	281	316
	Stationary combustion (generation site plant and equipment)	1,712	36	1,611	27	70	85	63
	Fugitive emissions (SF ₆ releases)	98	26	26	10	10	1,249	3,208
Scope 2 – Indirect Emissions	Electricity consumption (location based)	n/r	n/r	n/r	n/r	n/r	n/r	n/r
Total Scopes 1 and 2		532,171	425,625	323,687	292,436	290,314	266,827	245,131
Scope 3 – Indirect Emissions	Use of sold products (gas sales)	57,293	54,513	57,356	63,392	62,009	67,104	66,576
	Transmission and distribution losses for electricity consumption	n/r	n/r	n/r	n/r	n/r	n/r	n/r
Total All Scopes		589,464	480,138	381,043	355,828	352,323	333,931	311,707

Data from FY2015 to FY2021 presented in Appendix A has not been subject to assurance procedures.



GREENHOUSE GAS EMISSIONS INVENTORY CONT.

IMPACT OF UNCERTAINTIES

Our GHG emissions inventory follows the GHG Protocol, using calculation methods based on the quality of available data and the significance of each emissions source. The most significant sources of emissions are fugitive geothermal sources at geothermal generation sites and emissions from the use of sold products (gas), both of which have low levels of uncertainty. Geothermal steam data is gathered and recorded internally at each site, the associated emissions factors are subject to independent assurance. Gas sales data is gathered from gas measuring systems that are subject to New Zealand gas measurement technical standards. Capital goods and purchased goods and services represent the next largest source of emissions, calculated for the first time in FY25.

A spend-based method was used for purchased goods and services, while a hybrid method was applied to capital goods, combining finance system data with supplier-provided emissions estimates for key construction materials. Emission factors from the 2022 Thinkstep-ANZ data set were used, with adjustments based on the latest CPI data to reflect current pricing. Basic price emission factors were selected to reflect business-to-business procurement. For spend under \$200,000, we applied an average emissions factor based on the ratio of emissions to spend over \$200,000.

We have used turbine-specific data from our wind supplier's life cycle assessment (LCA), focusing on the turbine only figure. The estimate from the LCA has been adjusted to align with a cradle-to-gate boundary for capital goods which excludes

emissions from operations and end-of life. We acknowledge that both spend-based, and supplier-derived methods carry high levels of uncertainty due to generalised emissions factors, boundary assumptions, and product variation. We are focused on improving data quality over time, including reducing reliance on spend-based methods by using more accurate data based on quantities or supplier information where possible. Mercury operates various facilities, including offices, internal sites, and generation sites, for which Scope 2 imported electricity and refrigerant gas emissions are calculated.

There are uncertainties in our calculation approach for these facilities as we rely on estimations based on employee numbers and usage data from offices where information is available, in the absence of

comprehensive site-specific data. Our scope 3 emissions from business travel comprise air travel, accommodation, and staff mileage. Air travel and accommodation are derived from a third-party report, and staff mileage is derived from our staff mileage claims. We reconcile these invoices against our business travel spend to ensure there are no significant discrepancies. While these uncertainties exist, we consider that the impact on our overall emissions reporting is not material. We do, however, acknowledge these limitations and will continue to work on improving data accuracy and reliability.

Appendix B - Historical Data - GHG Emission, Reductions and Intensity Calculations for Mercury's Electricity

GHG Metrics	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Scope 1 – Direct Emissions from Generation (tCO ₂ e)	425,071	321,565	291,950	289,776	265,212	241,544
Total Annual Reductions (tCO ₂ e)	104,829	103,506	29,615	2,174	24,564	23,668
Total Reductions from FY2015 (tCO ₂ e)	104,829	208,335	237,950	240,124	264,688	288,356
% Reduction from FY2015 (tCO ₂ e)	20%	39%	45%	45%	50%	54%
Total Generation (GWh)	7,891	8,571	8,640	7,874	7,503	7,386
Emissions Intensity (kg CO ₂ e/kWh)	0.054	0.038	0.034	0.037	0.035	0.033
Emissions Intensity NZ Grid Electricity* (kg CO ₂ e/kWh)	0.104	0.097	0.101	0.104	0.115	0.119
Emissions Intensity Reduction from FY2022 Base Year	-	-	-	-	-	-
Emissions Intensity Reduction from FY2015	23%	46%	52%	47%	49%	53%

* The NZ grid Electricity Emissions Intensity is based on MFE advised figures. The FY figure is calculated by averaging the emissions intensities from that and the previous calendar years. Data from FY2016 to FY2021 presented in Appendix B has not been subject to assurance procedures.

Independent Limited Assurance Report

To the Shareholders of Mercury NZ Limited

Under section 461ZH(3) of the Financial Markets Conduct Act 2013, the Auditor-General is the assurance practitioner of Mercury NZ Limited (the Company) and its subsidiaries and controlled entities (together referred to as the Group). The Auditor-General has appointed me, Matthew Cowie, using the staff and resources of Ernst & Young, to carry out a limited assurance engagement, on his behalf, on the greenhouse gas (GHG) emissions information disclosed in the Group's Climate Statement (GHG disclosures), for the year ended 30 June 2026.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's GHG disclosures within the scope of our limited assurance engagement (as outlined below) for the year ended 30 June 2026, are not fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

Scope of the engagement

The GHG disclosures below are within the scope of our limited assurance engagement:

- The gross emissions, in metric tonnes of carbon dioxide equivalent, classified as Scope 1, Scope 2 (location-based) and Scope 3, on page 86.
- The statement describing the standard(s) that the GHG emissions have been measured in accordance with, on page 86, to the extent this pertains to Scope 1, Scope 2 (location-based) and Scope 3 GHG emissions.
- The statement on the consolidation approach used to consolidate GHG emissions on page 94, to the extent this pertains to Scope 1, Scope 2 (location-based) and Scope 3 GHG emissions.
- The sources (or references to sources, where applicable) of Scope 1, Scope 2 (location-based) and Scope 3 emission factors and the global warming potential rates used, on page 96.

- The summary of specific exclusions of Scope 1, Scope 2 (location-based) and Scope 3 emissions sources, including facilities, operations or assets with a justification for their exclusion, on page 99.
- The description of the methods and assumptions used (including the rationale for doing so, where applicable) to calculate or estimate Scope 1, Scope 2 (location-based) and Scope 3 GHG emissions, and the limitations of those methods, on pages 97 to 98 and 102.
- The description of any uncertainties relevant to the Group's quantification of its Scope 1, Scope 2 (location-based) and Scope 3 GHG emissions, including the effects of these uncertainties on GHG disclosures, on pages 97 to 98 and 102.

Other matters

As explained in the footnotes to Table 2: Summary of Mercury's Emissions on page 95 and Appendix A – Historic Data – GHG Emissions Inventory Summary on page 101, emissions for Scope 3 - Purchased Goods and Services, and Capital Goods from FY2022 to FY2024 as well as FY2015 to FY2021 emissions summary data has not been subject to assurance procedures. As such, it is not covered by our assurance conclusion. Our conclusion is not modified in respect of this matter.

Certain comparative information, being the Group's FY22 – FY24 GHG disclosures on page 86 was assured by Ernst & Young in the firm's own capacity. Ernst & Young expressed unmodified reports dated 22 May 2023, 11 August 2023 and 20 August 2024 respectively.

The 2025 comparative information for the GHG disclosures on page 86 was assured by Ernst & Young on behalf of the Auditor-General.

Key matters

Key matters are those matters that, in our professional judgement, were of most significance in carrying out this limited assurance engagement on the Group’s GHG disclosures for the current year.

Key matters were addressed in the context of our limited assurance engagement on the Group’s GHG disclosures, and in forming our conclusion thereon. We do not provide a separate conclusion on these matters.

The key matters are described below:

Description of key matter	How we addressed this matter
Spend-based methods used in measurement of Scope 3, Category 1 - Purchased Goods and Services and Category 2 - Capital Goods	
As disclosed on page 98 and 102 of the Climate Statement, the Group measured the GHG emissions from Scope 3, Category 1 - Purchased Goods and Services and Category 2 - Capital Goods, in part, using the spend-based calculation method per the GHG Protocol. These Scope 3 components make up approximately 26% of the Group’s total GHG emissions and approximately 48% of Scope 3 emissions for the period ended 30 June 2026. This method estimates emissions by multiplying the value of purchased goods and services and capital goods with relevant emission factors. This approach carries an inherent uncertainty which may result in significant differences between estimated and actual emissions. Future changes to the calculation method or assumptions could lead to material changes and restatements of previously reported amounts.	In reviewing the Group’s measurement and disclosure of Scope 3 emissions using spend-based methods, we: • Gained an understanding of the spend-based calculation method, assumptions and estimation uncertainties through enquiries of management. • Considered the alignment of the Group’s methodology with the GHG Protocol. • Considered the reasonableness of the selected emission factors and their application. • Performed analytical procedures on the spend amounts on purchased goods and service and capital goods used in the calculations. • Reviewed the adequacy of the disclosures related to the calculation method, assumptions and uncertainties in estimating these emission sources, included on page 98 and 102 of the Climate Statement.

Description of key matter	How we addressed this matter
Scope 1 – Geothermal emissions	
Geothermal generation is a material source of electricity generation for the Group and accounts for approximately 45% of the Group’s total GHG emissions for the period ended 30 June 2026. These emissions are calculated by measuring the volume of steam flows by plant and applying a Unique Emissions Factor (UEF) for each plant. Since the Group owns and operates the geothermal plant infrastructure, it conducts the steam flow measurements. The UEFs used are calculated internally based on the properties of the geothermal steam for each plant. The steam properties are determined by testing of samples taken throughout the year by a third party. Where the properties of a plant’s geothermal steam materially deviates from the prior year, these emissions factors are externally assured by a third party.	In reviewing the Group’s measurement and disclosure of Scope 1 – Geothermal emissions, we: • Gained an understanding of the calculation method, assumptions and estimation uncertainties through enquiries of management. • Performed analytical review procedures on the steam flow data which is collated from meters at each relevant plant and obtained explanations from management on any unexpected patterns or anomalies. • Considered the UEFs used, including reviewing any changes in the properties of the geothermal steam. • Reviewed the capabilities, competence and objectivity of the third party which performs the testing of the geothermal steam properties. • Reviewed the adequacy of the disclosures related to the calculation method, assumptions and uncertainties in estimating this emission source, included on page 97 and 101 of the Climate Statement.

The board of directors’ responsibilities

Subparts 2 to 4 of Part 7A of the Financial Markets Conduct Act 2013 set out requirements for a climate reporting entity in preparing a climate statement, which includes proper record keeping, compliance with the climate-related disclosure framework and subjecting it to assurance.

The Aotearoa New Zealand Climate Standards have been issued by the External Reporting Board as the framework that applies for preparing and presenting a climate statement or group climate statement. The board of directors of the Group is therefore responsible for preparing and fairly presenting a Group climate statement for the year ended 30 June 2026, in accordance with those standards.

The board of directors is also responsible for the design, implementation, and maintenance of internal control relevant to preparing the climate statement that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Section 461ZH of the Financial Markets Conduct Act 2013, requires the GHG disclosures included in the Group's Climate Statement to be the subject of an assurance engagement.

Aotearoa New Zealand Climate Standards 1 *Climate-related disclosures*, paragraph 25 requires such an assurance engagement at a minimum to be a limited assurance engagement, and paragraph 26 specifies the scope of the assurance engagement on GHG disclosures.

To meet this responsibility, we planned and performed procedures (as summarised below), to provide limited assurance in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, and International Standard on Assurance Engagements (NZ) 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the New Zealand Auditing and Assurance Standards Board.

Summary of work performed

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above:

- We obtained, through enquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Scope 1, Scope 2 (location-based) and Scope 3 disclosures. We did not evaluate the design of particular control activities or obtain evidence about their implementation.

- We evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- We performed analytical procedures on particular emission categories by comparing the expected GHG emissions to recorded GHG emissions and made inquiries of management to obtain explanations for any significant differences we identified.
- We evaluated the appropriateness of the emission factors applied.
- We evaluated the overall presentation and disclosure of the Scope 1, Scope 2 (location-based) and Scope 3 disclosures.
- Obtained director representation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Inherent limitations

As outlined on pages 97 to 98 and 102, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Other information

The Integrated Report and Climate Statement within it contains information other than the GHG disclosures and the assurance report thereon. The board of directors is responsible for the other information.

Our assurance engagement does not extend to any other information included, or referred to, in the Integrated Report on pages 1 to 93, 95 to 96 and 100 to 102, and therefore, no conclusion is expressed thereon, apart from our opinion on the financial statements. We read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the GHG disclosures, or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated.

Where such an inconsistency or misstatement is identified, we are required to discuss it with the board of directors and take appropriate action under the circumstances, to resolve the matter. There are no inconsistencies or misstatements to report.

Independence and quality management

We complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. These principles for example, do not permit us to be involved in the preparation of the current year's GHG information as doing so would compromise our independence.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) and Professional and Ethical Standard 4 *Engagement Quality Reviews* (PES 4) issued by the New Zealand Auditing and Assurance Standards Board.

PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. PES 4 deals with an engagement quality reviewer's appointment, eligibility, and responsibilities.

In addition to this engagement, we have carried out assignments in the areas of financial statement audit, interim financial statements review, agreed upon procedures and other assurance engagements which are compatible with the independence requirements. Other than this engagement and these assignments, we have no relationship with or interests in the Group or any of its subsidiaries.



Matthew Cowie
Ernst & Young Limited
On behalf of the Auditor-General
Auckland, New Zealand
18 August 2026

LEADERSHIP AND GOVERNANCE

MANA WHAKAHAERE

In this section we introduce our Board and Executive Leadership Team, provide an overview of our governance framework, and include a summary and link to our Corporate Governance Statement. We outline our approach to remuneration and how

it supports the delivery of our strategy and long-term value. We also cover our statutory, regulatory and security-holder disclosures and provide supporting sustainability and reference information.



Our Board of Directors and Executive Leadership Team lead the organisation and give effect to our purpose, strategy and objectives.

[READ MORE PG108](#)



Our Corporate Governance Statement provides details of our compliance with the NZX Corporate Governance Code during FY26, including any exceptions, and outlines our governance framework and practices.

[READ MORE PG111](#)



Our Workforce of the Future Policy delivers on our commitment to attracting, retaining, and developing talent that reflects the communities we serve.

[READ MORE PG112](#)



Our Remuneration Report details the remuneration structures, key performance indicators, short and long-term incentives, and our directors and executive remuneration policies.

[READ MORE PG114](#)



Our FY27 Group Scorecard aligns to our strategy, with five KPIs to ensure alignment and strong focus on the key things that will create the most value.

[READ MORE PG118](#)

YOUR BOARD OF DIRECTORS



SCOTT ST JOHN
CHAIR



Tenure:

First appointed: 1 Sep 2017 (Chair since Jan 2024)

Last elected: 19 Sep 2025

Key skills*: M&A and capital structure; stakeholder relationships; commercial experience; people leadership.



MARK BINNS
DIRECTOR



Tenure:

First appointed: 1 Sep 2023

Last elected: 19 Sep 2023

Key skills*: Energy industry; wholesale markets trading; commercial experience; major project investment.



ROB HAMILTON
DIRECTOR



Tenure:

First appointed: 1 Apr 2025

Last elected: 19 Sep 2025

Key skills*: M&A and capital structure; investment analysis; audit and risk management; commercial experience.



HANNAH HAMLING
DIRECTOR



Tenure:

First appointed: 1 Feb 2020

Last elected: 19 Sep 2023

Key skills*: Natural resource management (including water and climate change); health and safety; risk management; energy industry; commercial experience.



ADRIAN LITTLEWOOD
DIRECTOR



Tenure:

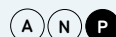
First appointed: 1 Aug 2023

Last elected: 19 Sep 2023

Key skills*: Commercial experience; large organisation and leadership experience; major project investment; stakeholder relationships; retail and mass market.



SUSAN PETERSON
DIRECTOR



Tenure:

First appointed: 1 Sep 2022

Last elected: 19 Sep 2025

Key skills*: Commercial experience; large organisation and cultural leadership; AI; data and digitisation; retail and mass market business leadership; risk governance; M&A and capital structure.



RACHEL TAULELEI
DIRECTOR



Tenure:

First appointed: 20 Aug 2025

Last elected: 19 Sep 2025

Key skills*: Iwi and other stakeholder relationships; commercial experience; natural resource management (including water and climate change); governance.



JASPER VAN HALDER
FUTURE DIRECTOR

Term: 1 Dec 2025 to 30 Nov 2026

Key skills*: Corporate transformation; innovation and growth; venture investment; legal and governance.

*Key skills are defined as the particular skills each director brings to the Mercury Board, and which we consider in our succession planning.

Committee Membership key:

- Audit and Financial Risk Committee
- Nominations and Corporate Governance Committee
- People and Performance Committee
- Safety and Enterprise Risk Committee
- Chair of the committee

Tenure key:

- 3-6 years
- 6+ years



[MENU](#)

MERCURY 2026 INTEGRATED REPORT | LEADERSHIP AND GOVERNANCE

YOUR BOARD OF DIRECTORS CONT.

PAST DIRECTORS



JAMES MILLER
DIRECTOR¹

Tenure: 

First appointed: 2 May 2012

Last elected: 22 Sep 2022

Key skills*: M&A and capital structure; investment analysis; audit and risk management; energy industry.



MIKE TAITOKO
DIRECTOR²

Tenure: 

First appointed: 28 Aug 2015

Last elected: 19 Sep 2024

Key skills*: Iwi and other stakeholder relationships; natural resource management (including water and climate change); digitisation.



LORRAINE WITTEN
DIRECTOR³

Tenure: 

First appointed: 1 Sep 2022

Last elected: 22 Sep 2022

Key skills*: Governance; commercial experience; audit and risk management; innovation.

*Key skills are defined as the particular skills each director brings to the Mercury Board, and which we consider in our succession planning.

¹ James Miller was a director of Mercury from 2 May 2012 to 19 September 2025.

² Mike Taitoko was a director of Mercury from 28 August 2015 to 19 September 2025.

³ Lorraine Witten was a director of Mercury from 1 September 2022 to 15 September 2025.

Committee Membership key:

 Audit and Financial Risk Committee

 People and Performance Committee

 Chair of the committee

 Nominations and Corporate Governance Committee

 Safety and Enterprise Risk Committee

Tenure key:

 < 3 years

 3-6 years

 6+ years

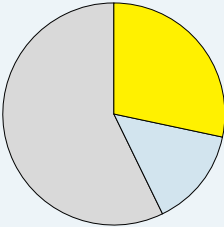
KEY BOARD STATS¹

These charts provide a snapshot of the Board's composition as at 30 June 2026.

TENURE

KEY:

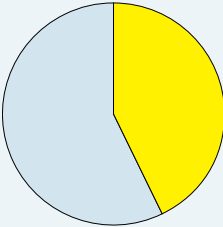
- 6+ years (28.57%)
- 3-6 years (14.29%)
- < 3 years (57.14%)



GENDER

KEY:

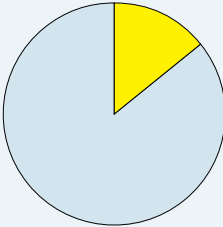
- Female (42.86%)
- Male (57.14%)
- Gender diverse (0%)



ETHNICITY

KEY:

- Māori (14.29%)
- European/Other (85.71%)



¹ As at 30 June 2026 Jasper Van Halder (Future Director) is not included in this data.

YOUR EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team leads our business to deliver on strategy, ensuring we continue to succeed while also positioning us for future opportunities and challenges. The team brings

enterprise-wide leadership capability, along with deep subject-matter expertise. Together, they provide leadership for our people, while guiding Mercury through a changing operating environment.



STEW HAMILTON
CHIEF EXECUTIVE



RICHARD HOPKINS
CHIEF FINANCIAL OFFICER



MICHELE MAUGER
CHIEF PEOPLE OFFICER



SURAIYA PHILLIMORE-SMITH
CHIEF CUSTOMER OFFICER



KEVIN TAYLOR
CHIEF OPERATING OFFICER
– GENERATION



CATHERINE THOMPSON
CHIEF STRATEGY AND CORPORATE
AFFAIRS OFFICER



TIM THOMPSON
EXECUTIVE GENERAL MANAGER
– WHOLESALE



MATT TOLCHER
EXECUTIVE GENERAL MANAGER
– GENERATION DEVELOPMENT

Craig Neustroski, formerly Chief Strategy and Transformation Officer, left Mercury in July 2026.

CORPORATE GOVERNANCE

Mercury's full Corporate Governance Statement is available on our [website](#). The statement reports against the NZX Corporate Governance Code dated 31 March 2026 and has been prepared in accordance with NZX Listing Rule 3.8.1.

The Corporate Governance Statement explains how Mercury complied with the NZX Corporate Governance Code during FY26, and includes further information about Mercury's governance framework, Board and Committee structure, governance policies, risk management and assurance processes, and shareholder engagement practices.

The Corporate Governance Statement is current as at 30 June 2026 and was approved by the Board of Mercury NZ Limited on 18 August 2026.

Mercury is listed on the NZX Main Board and has an ASX foreign exempt listing. As a foreign exempt listed entity, Mercury is primarily regulated by the NZX Listing Rules. Mercury also has regard to the ASX Corporate Governance Principles and Recommendations where appropriate.

Mercury's Annual Report and online Corporate Governance Statement should be read together. The NZX Corporate Governance Code Index (found online in the Corporate Governance Statement) identifies where Mercury's disclosures against each NZX Code recommendation can be found.

GOVERNANCE FRAMEWORK

Mercury's governance framework supports effective oversight, clear accountability, responsible decision-making and transparent reporting to shareholders. The Board is responsible for Mercury's strategic direction and overall governance, including oversight of performance, risk, culture, financial and non-financial reporting, and compliance with legal and regulatory obligations. Management is responsible for day-to-day operations and implementing the strategy and policies approved by the Board.

The Board Charter and key governance policies are available in the [Corporate Governance](#) section of our website.

The Board also considered whether any matter could materially influence, or could be perceived to materially influence, each director's capacity to bring independent judgement to decisions.

The Chair, Scott St John, is an independent, non-executive director.

BOARD AND COMMITTEE STRUCTURES

The Board is responsible for Mercury's strategic direction and overall governance and has delegated responsibility for day-to-day management to the Chief Executive and the Executive Leadership Team. The Board's responsibilities are set out in its Charter.

The performance of the Board, its Committees, and individual directors is regularly evaluated using a range of methods including external review, questionnaires, and Board discussion.

The Board has four standing Committees: the Audit and Financial Risk Committee, the Safety and Enterprise Risk Committee, the People and Performance Committee, and the Nominations and Corporate Governance Committee. Each committee focuses on specific areas of governance. Together, they strengthen the Board's oversight of Mercury.

Each standing Committee operates under a written charter approved by the Board. Each Committee is required to confirm to the Board annually that it has fulfilled the requirements of its Charter. The Board and Committee Charters are available in the [Corporate Governance](#) section of our website.

NZX CORPORATE GOVERNANCE CODE

During FY26, we followed the recommendations in the NZX Corporate Governance Code, except for Recommendation 3.3 as set out below.

Recommendation 3.3 - Remuneration Committee

Period: 1 July 2025 to 30 June 2026.

Reason: Mercury does not have a separate remuneration committee. The Board has determined that the governance of remuneration is appropriately

allocated between the People and Performance Committee and the Nominations and Corporate Governance Committee.

Alternative governance practice: The People and Performance Committee oversee matters relating to people, culture, and the remuneration and performance of the Chief Executive and Executive Leadership Team. The Nominations and Corporate Governance Committee oversees matters relating to director remuneration and Board composition. The Board considers this allocation provides appropriate oversight of remuneration matters having regard to Mercury's Board and Committee structure.

Board approval: The alternative governance practice has been approved by the Board. Further information is included in the Board Committees section of the online Corporate Governance Statement and the Remuneration Report.

BOARD COMPOSITION AND INDEPENDENCE

As at 30 June 2026, Mercury's Board comprised seven non-executive directors: Scott St John, Mark Binns, Rob Hamilton, Hannah Hamling, Adrian Littlewood, Susan Peterson, and Rachel Taulelei.

Rob Hamilton and Rachel Taulelei were elected by shareholders at the 2025 Annual Shareholders' Meeting. James Miller, Mike Taitoko, and Lorraine Witten ceased as directors in September 2025.

The Board has determined that, as at 30 June 2026, all directors were Independent Directors for the purposes of the NZX Listing Rules and the NZX Corporate Governance Code. In making this determination, the Board considered the NZX Listing Rules, the factors in Table 2.4 of the NZX Corporate Governance Code, each director's interests, positions, associations, relationships, and length of tenure.

Throughout FY26, no director determined by the Board to be independent was subject to any of the factors set out in Table 2.4, and the Board did not take into account any conflict management arrangements when determining director independence.

CONFLICTS AND DIRECTORS' INTERESTS

Mercury maintains a directors' interests register. The register is reviewed at each Board meeting to ensure it remains current and to identify any actual, potential or perceived conflicts in relation to matters before the Board.

Current directors' interests, directors' securities holdings and other statutory disclosures are set out in the Directors' Disclosures section of the Annual Report.

DIRECTORS' SHAREHOLDINGS

Non-executive directors are encouraged, within three years of the date the Non-executive Director Remuneration Policy was first approved or three years of their appointment (whichever is later), to purchase and hold Mercury shares equivalent to the non-executive director's fixed annual base fee after tax. Directors' shareholdings are disclosed in the Directors' Disclosures section.

GOVERNANCE POLICIES

Mercury's key governance policies, including its Code of Ethics ([Mercury Code](#)), are available on the [Corporate Governance](#) section of our website. These policies set expectations for ethical conduct and compliance with legal and regulatory obligations.

ASSURANCE AND RISK MANAGEMENT

The Board oversees Mercury's risk management framework and material risks, supported by its Board Committees. Further information is included in the [Corporate Governance Statement](#).

Climate-related risks are addressed in Mercury's [Climate Statement](#).

WORKFORCE OF THE FUTURE

We are building a future-ready workforce grounded in inclusivity, belonging, purpose, and performance.

Research shows that diverse perspectives drive innovation, strengthen decision-making, and enhance performance—this knowledge continues to underpin our commitment to attracting, retaining, and developing talent that reflects the communities we serve.

Our Workforce of the Future Policy, available in the [Corporate Governance section](#) of our website, guides our approach, bringing together initiatives that engage our people, build external partnerships, grow capability, and support a diverse, inclusive, and belonging culture. This work is guided by the following principles:

- Commitment to diversity: We value and actively promote diversity at all levels of our organisation, fostering an open and transparent culture.
- Holistic approach: We adopt a comprehensive approach that integrates into every aspect of the employee lifecycle.
- Inclusive work environment: We are dedicated to creating a flexible, inclusive, and safe workplace that embraces individual differences and empowers everyone to reach their full potential.
- Leadership alignment: Our leadership is committed to Workforce of the Future initiatives, and it is demonstrated in their behaviours and decisions.
- Embracing diverse talent: We strive to attract, retain, and grow a talented, diverse workforce that represents Aotearoa New Zealand by implementing an inclusive recruitment and development strategy, allowing us to attract our workforce talent from all areas of the community.
- Investment in people and communities: We invest in people and communities to achieve equitable, long-term outcomes, working in partnership across our sector to do so.

- Respecting Te Ao Māori: Mercury has a unique whakapapa and relationships with tāngata whenua. We commit to empowering our kaimahi to engage with Te Ao Māori confidently, and to evolve our partnerships and ways of working to make positive impacts.

In addition to our cultural recognition initiatives, employee-led networks, and engagement and education programmes, we are leveraging external partnerships to help accelerate leadership development, mentoring and talent pipelines for underrepresented groups. External partnerships include Global Women and Champions for Change and WING (Women in Geothermal), promoting advancement and visibility of women; Toi ki Tua, focused on Māori talent pathways in the Bay of Plenty, and TupuToa, focused on Māori and Pasifika graduates entering the corporate workforce. We actively participate in cross-sector initiatives to scale our diversity efforts and drive industry-wide progress.

Our progress is governed by measurable objectives set and reviewed by the Board, including specific targets and industry benchmarks to ensure transparency and accountability. Where appropriate, we set aspirational goals to drive performance.

We maintain a zero-tolerance approach to harassment and discrimination, guided by our comprehensive Anti-Bullying, Harassment, Discrimination Policy, Whistleblowing Policy and Domestic Violence Free Policy.

Our key priority remains ensuring our workforce is representative of New Zealand. This will be achieved through focused actions to enhance our young talent pathways, develop inclusive leaders, and ensure our talent acquisition practices reflect our long-term targets.



WORKFORCE OF THE FUTURE CONT.

Objectives	Future years - targets						
Gender We have clear and simple targets for gender diversity of 40:40:20 at all levels. This means we aim for a minimum of 40% female and 40% male, with the balance being any gender. Pay equity We ensure that everyone is rewarded fairly for their work.	Employee group	Our long-term targets	June 2025 actuals (female/male)		June 2026 actuals (female/male)		Gap to 2030
	All employees	40:40:20	51%	49%	51%	49%	
	People leaders	40:40:20	45%	55%	49%	51%	
	ELT	40:40:20	25%	75%	33%	67%	
	Board	40:40:20	33%	67%	43%	57%	
	Gender pay equity	Our target is 100% +/- 5%	97.5%		96.8%		
	Gender pay equity weighted approach	Our target is 100% +/- 5%	99.9%		99.8%		
Ethnicity Aligned to our goal of having clear and simple targets, we have simplified long-term targets for ethnicity of 15:15:10. This means we aim for a minimum of 15% Māori, 15% Asian and 10% Pasifika at all levels (these are closely aligned to our population demographics and are minimums).	Ethnicity	Our long-term targets	June 2025 actuals		June 2026 actuals		
	Māori Employees People leaders	15% 15%	7% 8%		7% 10%		
	Asian Employees People leaders	15% 15%	20% 10%		21% 10%		
	Pasifika Employees People leaders	10% 10%	4% 2%		4% 1%		
Age To ensure our business is diverse in a range of ways, we monitor our age profile to check that we are aligned to the national median.							
	The median age of the NZ workforce is 41 years (National Labour Force projections, 2024). Benchmark against national median age of the labour force in New Zealand National Labour Force projections.		42.2		42.8		

At 30 June 2026, the proportion of women on the ELT (who represent Mercury's Officers, including the Chief Executive) increased to 33% or three out of nine (as at 30 June 2025 this was 25% or two out of eight). The proportion of women on the Board at balance date has also increased, to 43%, or three out of seven (as at 30 June 2025 this was 33.3%, or three out of nine). No Directors or ELT/Officers self-identify as gender diverse (also the case as at 30 June 2025).

In order to maintain consistency of measurement against our targets, we have adopted the Stats NZ prioritised ethnic groups. This involves each person being allocated to a single ethnic group based on the groups they have identified with, which are, in order of personal priority: Māori, Pacific, Asian and European/Other.

At 30 June 2026, our gender pay equity was 96.8% (as at 30 June 2025 this was 97.5%). Gender pay equity is calculated as the average position in range (relative to the role's band midpoint) of female fixed remuneration compared with the average position in range of male fixed remuneration. Our gender pay gap which compares the median hourly rate between males and females was 31.8% (as at 30 June 2025 this was 34.4%).

This year we have introduced an additional gender pay equity reporting measure to enhance insight on our standard approach. Standard approach: compares the average position in range (PIR), relative to the role's band midpoint, of female fixed remuneration against the average PIR of male fixed remuneration. At 30 June 2026, our gender pay equity was 96.8% (as at 30 June 2025 this was 97.5%). New weighted approach: calculates pay equity for each remuneration band, weights each band's result by its share of total employees, then sums these weighted results to produce one overall pay equity figure. Using the weighted approach, our FY26 gender pay equity result was 99.8% (as at 30 June 2025 this was 99.9%).

Pay equity by ethnicity compared to "other" ethnicity was Māori 97.67%, Asian 98.52% and Pasifika 94.95% (as at 30 June 2025 this was Māori 98.8%, Asian 98.2% and Pasifika 96.7%). The ethnicity pay gap which compares the median hourly rate between each ethnicity and "other" ethnicity was Māori 20.41%, Asian 7.08% and 39.41% for Pasifika (as at 30 June 2025 this was Māori 25.4%, Asian 9.1% and Pasifika 38.5%).

The Board believes that for this reporting period we have continued to make progress towards achieving our Workforce of the Future objectives. However, the Board acknowledges the challenges associated with increasing people leader ethnicity diversity and remains committed to the continued focus required.



REMUNERATION REPORT

Dear Shareholder

As Chair of the People and Performance Committee (PPC), it is my pleasure to present our Remuneration Report.

While Mercury continues to accelerate the building and expansion of critical national infrastructure to support New Zealand's electrification ambitions for economic growth, we have remained focused on ensuring that we can attract, retain, and develop the high-performing workforce we need.

PERFORMANCE AND PAY

We are pleased with the strong operational and financial outcomes achieved throughout the year.

As noted in the Annual Report, Mercury has delivered a net profit after tax of \$321 million, which represents an increase of \$320 million from last year. EBITDAF was \$1,068 million, an increase of \$282 million from last year, reflecting disciplined investment, effective cost management, the strength of Mercury's integrated portfolio, and the commitment and capability of our people.

Operating costs were \$370 million, a reduction of \$26 million from last year. The lower costs primarily reflect lower employee costs following operating-model changes and the completion of major generation maintenance programmes.

The remuneration outcome of our short-term incentive (STI) for the year reflected strong performance against our Group Scorecard targets. The Group Scorecard outcome was assessed at 125% of target (78.1% of maximum opportunity). The Chief Executive's individual performance assessment resulted in an award of 125% of his STI target opportunity.

The remuneration outcome for the FY24-FY26 long-term incentive (LTI) was assessed at 34.5%. The absolute total shareholder return (TSR) performance hurdle was not met, resulting in zero vesting for this component, while 69% was achieved for the Relative TSR component based on performance against the

disclosed peer group. The Board did not consider it appropriate to exercise any discretion in respect of the STI and LTI outcomes. More detailed information on the STI and LTI outcomes for both the Chief Executive and Chief Financial Officer can be found on pages [117-122](#).

LEADERSHIP APPOINTMENTS

In the past year we were delighted to welcome three new executives, Catherine Thompson as Chief Strategy and Corporate Affairs Officer, Michele Mauger as Chief People Officer, and Suraiya Phillimore-Smith as Chief Customer Officer. Each of these leaders brings extensive experience and capability to our executive team.

We also farewellled Fiona Smith as our Chief People Experience Officer. We warmly thank Fiona for her leadership and commitment to the success of Mercury and extend our very best wishes to her for the next chapter of her career.

EXECUTIVE REMUNERATION REVIEW AND CHANGES

Over the last 18 months, the Committee undertook an independent review of our executive remuneration structure and how it might more effectively support the successful delivery of the strategy. The Committee was motivated to ensure that there was a tighter connection between pay and performance. As part of that review, Scott and I engaged with some of our investors and stakeholders, including the New Zealand Shareholders' Association, to listen to their thoughts. We want to thank those involved for the time they gave us during this process. Their feedback helped to shape our new executive remuneration structure.

As a result of the review, the executive STI structure was adjusted away from awarding the STI all in cash, to instead awarding part in cash and part in equity that is deferred for one year. This new structure is intended to better incentivise performance over time and to provide an opportunity for executives to be more closely aligned to the interests of shareholders.

In addition, the executive remuneration structure has been rebalanced to increase the proportion of performance pay by increasing their LTI opportunity as a percentage of base pay. For the Chief Executive, this has resulted in his LTI opportunity increasing from 40% to 60% of his base salary. While the performance period of the LTI remains three years and the LTI performance metrics are unchanged, the peer group was expanded to 11 industry relevant companies from across Australasia. We introduced a one-year hold period to align the LTI timeframe with the delivery of Mercury's 2030 strategy.

The Committee has reviewed and simplified our FY26 Group Scorecard to reduce the number of key performance indicators (KPIs) to align with Mercury's five strategic priorities. We also introduced an Executive Minimum Shareholding Policy, whereby the Chief Executive and Chief Financial Officer are required to accumulate and maintain a holding in Mercury shares equivalent to at least 50% of their annual base remuneration (before tax) within a five-year period.

The cumulative effect of these changes is that a greater proportion of an executive's total reward depends on the delivery of sustained shareholder value, further strengthening the alignment between executive reward and performance.

More details of the Executive Minimum Shareholding Policy and all the changes to the executive remuneration structure and KPIs are included in the Remuneration Report.

PAY EQUITY

As part of our ongoing commitment to a fair and equitable workplace we completed our annual review of gender pay equity. This review resulted in related compensation increases for approximately 36 employees.

We have also included an additional weighted pay equity measure. We believe that the addition of this measure provides greater insight into our progress.

EMPLOYEE SHARE SCHEME AND ENERGY/ TELCO BENEFITS

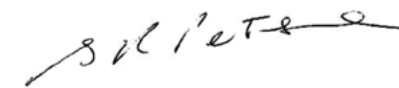
We are pleased to have announced our new Employee Share Scheme and an enhanced employee product and service offering. These initiatives will enable everyone at Mercury to experience first-hand what it is like to be both a Mercury shareholder and a Mercury customer. We believe that these changes will strengthen our team's collective commitment to delivering outstanding shareholder and customer outcomes.

DIRECTORS' FEES

The setting of the Chair, Director and Board Committee fees is governed by Mercury's Non-Executive Director Remuneration Policy which is reviewed periodically to ensure it remains appropriate. There were no changes to Director remuneration during FY26. It has been three years since we last reviewed Director remuneration and we will look to do this in FY27. More detail can be found on page [123](#) of this report.

NOTE OF APPRECIATION

On behalf of all my colleagues on the Committee, I would like to warmly thank our team for their dedication, commitment, and support over the course of the year. It has been a successful year and their ongoing support is greatly appreciated. We are looking forward to an exciting year ahead.



SUSAN PETERSON
CHAIR, PEOPLE AND PERFORMANCE COMMITTEE

EXECUTIVE REMUNERATION

EXECUTIVE REMUNERATION GOVERNANCE

Mercury's Board is committed to an Executive Remuneration Framework that supports a high-performance culture, aligns executive reward with Mercury's strategy, and creates sustainable value for our shareholders. The Board is committed to transparency in its Executive Remuneration Policy and practice.

The PPC assists the Board in fulfilling its responsibilities relating to Mercury's People strategy, policies and practices, and the remuneration and performance plan of the Chief Executive and Executive Leadership Team (ELT). More on PPC's responsibilities and members of the Committee is available in the 'Board Committees' section of our [Corporate Governance Statement](#). The PPC operates under a written charter, available on [our website](#).

The PPC reviews annual performance outcomes for all ELT members and recommends these to the Board for approval. Reviews take into account external benchmarking against comparable market peers, along with each individual's performance, skills, expertise, and experience.

USE OF DISCRETION

The Board retains absolute discretion in the assessment of performance-based remuneration, including whether STI and LTI performance hurdles have been met.

It reviews outcomes in the context of the full year, considering any factors that affected results, and may apply specific adjustments in its final assessment. This includes malus and clawback provisions, allowing the Board to reduce or extinguish STI or LTI outcomes if an adverse event occurs.

The Board also retains absolute discretion over how variable remuneration is treated when employment ends.

The Board did not apply discretion to the FY26 STI or FY24-26 LTI outcomes. All outcomes reflect the performance results of the FY26 STI Group Scorecard and the FY24-26 LTI plan.

CHANGE IN CONTROL

In a change of control situation, the Board has discretion to adjust the terms of grants or unvested share rights under the LTI and STI schemes. This may include adjusting eligibility criteria or performance conditions, or permitting early exercise of share rights.

EXECUTIVE REMUNERATION POLICY

Mercury's current Executive Remuneration Policy is available on [our website](#). We are reviewing this Policy and the updated Policy will be available on our website once the review has been completed.

Mercury's new Executive Remuneration Framework is intended to support the outcomes in the adjacent table through a set of guiding principles.

EXTERNAL AND INDEPENDENT ADVICE

In FY26, Mercury obtained independent external advice from PricewaterhouseCoopers (PwC) to support its comprehensive executive remuneration review, which commenced in FY25.

PwC also provided independent executive benchmarking data, calculated LTI volume-weighted average share prices to support grant date allocations and vesting outcomes, and independently assessed LTI performance outcomes against the relevant measures.

This Remuneration Report discloses employees who received remuneration and other benefits, in their capacity as employees, which was or exceeded \$100,000 per annum, in brackets of \$10,000, as required by the Companies Act 1993. This can be found on page [122](#).

REMUNERATION BENCHMARKING

PwC provided Mercury with benchmark remuneration data from a core comparator group of Australasian listed companies. This group reflects companies of comparable scale, complexity, and/or industry to Mercury, includes Australasian energy, utility, and retail-focused companies.

The peer group include: AGL Energy, APA Group, Auckland International Airport, Channel Infrastructure, Chorus, Contact Energy, Genesis

Energy, Meridian Energy, Origin Energy, Spark, and Vector. PwC matched each Mercury executive role to comparator roles with broadly similar accountabilities. PwC also provided benchmarking data from other selected NZX companies to ensure broad alignment.

PRINCIPLE	DESIRED OUTCOME
Competitive	- Attract and retain high quality talent by offering packages benchmarked against a market peer group of companies. - Attract international, low cost of capital investors.
Aligned	- Align performance of management with delivery of long-term sustainable shareholder value. - Align behaviours of management with shareholder goals and risk appetite.
Reward Performance	Motivate delivery of successful outcomes by linking the quantum of reward with the quantum of business performance outcomes as measured by shareholder value.
Fair and Flexible	Fairly distribute and reward performance, based on the relative influence of the individual on the business outcomes and the impact on our ability to fund the reward.
Simplicity	Create transparency and clarity of expectation through the selection of a focused set of targets.

EXECUTIVE REMUNERATION CONT.

EXECUTIVE REMUNERATION COMPONENTS

Total remuneration for ELT members has three components: fixed remuneration, short-term incentive, and long-term incentive. Mercury's philosophy is to align pay with performance and shareholder interests.

SHORT-TERM PERFORMANCE INCENTIVE

The STI is a variable, at-risk incentive that rewards executives for individual performance and delivery against the Group Scorecard for the financial year.

Each ELT member's STI target is set annually as a percentage of base salary. In FY26, the target was

50% for the Chief Executive and Chief Financial Officer (CFO), and 40% for other ELT members.

STI outcomes are determined against two performance measures: 70% is based on the Group Scorecard, which reflects Mercury's strategic priorities for the financial year and aligns ELT focus with delivering them. The remaining 30% is based on individual performance. The Board retains absolute discretion in assessing performance and determining STI outcomes.

Consistent with Mercury's pay for performance philosophy, the minimum STI opportunity is 0%, the target is 100% and the maximum is 160%. For FY26,

no STI payment would be made if there was a fatality or the normalised hydrology/wind adjusted EBITDAF did not reach 80% of the EBITDAF target. For FY27, no STI payment will be made if there is a permanent disabling injury or a fatality or the normalised hydrology/wind adjusted EBITDAF does not reach 80% of the EBITDAF target.

The Executive STI plan was updated in FY26 as part of the executive remuneration review to include a deferred equity component. From FY26, executive STI awards consist of a cash component and a deferred equity component. 70% of the Chief Executive's and CFO's STI performance outcome is awarded in cash, and 30% is awarded in share rights.

For all other Executives, 75% of their STI outcome is awarded in cash and 25% is awarded in share rights.

STI share rights are deferred for one year, after which they convert to ordinary shares, subject to Board discretion. STI awards are subject to good conduct, malus and claw back provisions and the Board retains absolute discretion over all elements of the STI plan.

ELT members are responsible for all tax obligations on any shares received.

Executive Remuneration Components

	FIXED REMUNERATION	SHORT-TERM INCENTIVE	LONG-TERM INCENTIVE
PURPOSE	Attract and retain Executives with the experience and leadership capability required to deliver our strategy.	To motivate and reward performance against the Group Scorecard together with individual performance over the financial year.	Equity opportunity in the form of Performance Share Rights to incentivise and reward the delivery of long-term shareholder value.
FY26 APPROACH	Fixed remuneration consists of base salary and benefits including insurance, KiwiSaver, and vehicle as applicable.	Rewarding performance with cash incentives and deferred share rights (equity component). Performance assessed against a Group Scorecard based on business priorities for the next 12 months and against individual performance. Following performance assessment, the STI outcome is split into (1) Cash component and (2) Equity component. The equity component is subject to a one-year deferral period.	Performance measured by total shareholder return against (1) relative TSR: a peer group and (2) absolute TSR: the cost of equity plus 1%, in each case over the three-year performance period. The performance outcome is then held for a further one-year period before the share rights vest to align Executives to the FY30 strategy.

Breakdown of Chief Executive's and CFO's FY26 STI

STI TARGET	DESCRIPTION	PERFORMANCE MEASURES
50% of base salary	70% cash component 30% equity component (deferred share rights)	70% based on FY26 Group Scorecard 30% based on individual performance

EXECUTIVE REMUNERATION CONT.

FY26 STI GROUP SCORECARD OUTCOMES

KPIs aligned with Mercury's strategy were selected for the FY26 Group Scorecard and weighted to reflect their relative importance. Performance was assessed against three levels: Threshold (50%), Target (100%) and Stretch (160%). Following consideration of performance against each KPI, the Board approved

an overall FY26 Group Scorecard outcome of 125% of target, equivalent to 78.1% of the maximum opportunity.

The Board determined that Stretch performance was achieved for KPIs 1, 4 and 5, while Target performance was achieved for KPIs 2 and 6, as outlined in the table below. For the Delivery of Generation Development Projects KPI, performance was assessed at 90% of

Target. All three projects within this KPI progressed to plan, supporting an assessment at the upper end of Threshold performance. However, the Final Investment Decision (FID) target was not achieved.

While the Stretch target for perceived sector confidence was achieved, the Board acknowledged the importance of maintaining a continued focus on strengthening market confidence.

In determining the overall outcome, the Board considered performance across the full scorecard and all relevant factors for the year. These considerations are reflected in the final assessment.

The Board did not exercise discretion in determining the FY26 Group Scorecard outcome.

FY26 Group Scorecard

GOAL	WEIGHTING	KPIs	KPI TARGETS	KPI OUTCOME
Financial growth	50%	1 EBITDAF ¹ (worth 25%)	- Threshold: \$921.5m - Target: \$950m - Stretch: \$997.5m	- EBITDAF Stretch target achieved. EBITDAF of \$1,057m achieved and exceeded Stretch target of \$997.5m by \$59.5m. - OUTCOME 160% of target; 100% of maximum.
		2 TOTEX (OPEX + Stay in Business CAPEX) (worth 25%)	- Threshold: +3% - Target: OPEX \$370m and Stay in Business (SIB) CAPEX \$150m - Stretch: -5%	- TOTEX Target achieved. OPEX of \$370m and \$150m SIB CAPEX achieved and landed right on target. - OUTCOME 100% of target; 62.5% of maximum.
Deliver more reliable and renewable energy	20%	3 Delivery of generation development projects	- Threshold: 2 of 3 on plan (KWK, KD2, OEC5) (safety, budget, programme) - Target: + additional 1 FID reached to support system reliability - Stretch: + strategy to deliver 1.5TWh/year of additional geothermal generation by 2035 endorsed by the board	- Threshold target achieved and exceeded. 3 out of 3 Threshold target projects on plan with target landing top end of the threshold. - FID Target not met. - Stretch target achieved. Strategy to deliver additional geothermal generation endorsed by the Board. - OUTCOME 90% of target; 56.3% of maximum.
Accelerate shift to low-carbon future	10%	4 CO ₂ e emissions, firming and demand capacity from electricity and energy system	- Threshold: 13,000 (16,000 annualised) tonnes CO₂e of Scope 1 emissions reinjected - Target: Increase portfolio firming and flexibility by 40MW - Stretch: + Memorandum of Understanding in place for 0.5 PJ of biogas development and 1TWh of new demand or electrification opportunities identified	- Threshold, Target and Stretch targets achieved. - CO₂e outcome of 13,490 tonnes achieved against Threshold target of 13,000. - Greater than 50MW achieved against Target of 40MW. - Stretch target achieved. - OUTCOME 160% of target; 100% of maximum.
Rebuild sector and customer confidence	10%	5 Perceived confidence in the sector's ability to meet NZ's energy transition needs	- Threshold: Maintain baseline (+/- margin of error) - Target: Improve baseline of 44% by 2% - Stretch: 5% lift in baseline over 12 months	- Stretch target achieved. - Perceived confidence lifted 6% from baseline of 44% to 50%. - OUTCOME 160% of target; 100% of maximum.
Our people	10%	6 Safety and culture performance	- Threshold: Total recordable injury frequency rate (TRIFR) less than 0.5 - Target: Culture Performance Index at target of 70% - Stretch: Culture Performance Index increase by 5%	- TRIFR Threshold target of less than 0.5 was exceeded with a TRIFR outcome of 0.31 achieved. - Culture Performance outcome was 73%. Target of 70% met but Stretch target of 75% not met. - OUTCOME 100% of target; 62.5% of maximum.

¹ EBITDAF normalised for positive and negative annual variations in hydrology and wind. For FY26, normalised EBITDAF was \$1,057 million.



EXECUTIVE REMUNERATION CONT.

FY27 GROUP SCORECARD

The FY27 Group Scorecard is aligned with Mercury's strategy and comprises five key performance indicators (KPIs), providing clear focus on the priorities expected to deliver the greatest value.

Each KPI has defined Threshold, Target and Stretch performance levels, corresponding to 50%, 100% and 160% achievement respectively, with weightings reflecting the relative value and importance of each measure.

STI outcomes may range from 0% to 160%, depending on performance against the Group Scorecard.

No STI payment will be made where there has been a permanent disabling injury or fatality, or where normalised hydrology/wind adjusted EBITDAF is less than 80% of target.

The Board retains absolute discretion over STI outcomes to ensure that final payments appropriately reflect performance over the relevant financial year.

The maintenance of good conduct together with malus and clawback provisions apply.

FY27 Group Scorecard

GOAL	WEIGHTING	KPI	KPI TARGETS
Financial growth	50%	1 EBITDAF ²	- Threshold: -3% from Target - Target: \$1,080m - Stretch: +5% from Target
Deliver more reliable and renewable energy and Accelerate shift to low-carbon future	20%	2 Advancing the Plan to 3.5TWh of new renewable energy production by 2030	- Threshold: Deliver FY27 growth CAPEX projects to plan - Target: Achieve a major milestone on a keystone growth project - Stretch: 1TWh of new demand or electrification opportunities identified
Rebuild sector confidence	10%	3 Perceived confidence in the sector's ability to meet NZ's energy transition need (Talbot Mills' survey)	- Threshold: Maintain baseline target of 50% - Target: Score shifts >2% from baseline - Stretch: Score shifts >5% from baseline
Safety	10%	4 Total recordable injury frequency rate (TRIFR)	- Threshold: <0.6 - Target: <0.4 - Stretch: <0.3
Our people	10%	5 Culture Amp Workplace Engagement Index (WEI)	- Threshold: WEI shifts no more than -3% from baseline - Target: WEI baseline maintained - Stretch: WEI shift >5% from baseline

² EBITDAF normalised for positive and negative annual variations in hydrology and wind.



EXECUTIVE REMUNERATION CONT.

LONG-TERM PERFORMANCE INCENTIVES

LTIs give the ELT an equity opportunity designed to incentivise the delivery of shareholder value.

Under the LTI plan, Performance Share Rights are granted annually with performance measured over three years. The LTI plan is dividend protected, and ELT members are granted a number of Performance Share Rights determined by dividing the grant's face value by the value of one Mercury share at the grant's commencement date.

Subject to meeting performance hurdles, each Performance Share Right converts to one ordinary share at vesting. The LTI outcome is capped at 100%, though ELT members may also receive additional shares representing dividends paid over the vesting period. ELT members are responsible for all personal tax obligations on shares received.

The Board retains absolute discretion over the final LTI outcome, allowing appropriate adjustments where unanticipated circumstances positively or negatively impact performance over the three-year period.

As part of the Executive remuneration construct review, a new LTI plan was introduced. The first grant under this new LTI plan is the FY26-FY28 LTI grant,

which commenced on 1 July 2025. Performance Share Rights continue to be granted annually with performance measured over three years but are now subject to a one-year hold period before any shares vest and are issued. The Tranche 1 peer group was also expanded to an industry peer group of 11 companies from across Australasia.

Our prior peer group, which is still applicable to FY24-FY26 and FY25-FY27 LTI grants, consists of Contact Energy, Meridian Energy, Genesis Energy, and Manawa Energy. With Manawa Energy ceasing to trade and delisted on 7 July 2025, it could no longer be included in our peer group and performance hurdle for the relative tranche.

For the FY26-FY28 LTI grant commencing 1 July 2025, the value represented 60% of the Chief Executive's base salary and 40% of base salary for the CFO and other ELT members.

Tranche	Performance hurdles for FY26-FY28 LTI grant
Tranche 1	50% of the grant is based on Mercury's TSR relative to the performance of an industry peer group comprising AGL Energy, APA Group, Auckland International Airport, Channel Infrastructure, Chorus, Contact Energy, Genesis Energy, Meridian Energy, Origin Energy, Spark and Vector. There is no positive TSR performance gate on this tranche but Mercury's TSR must be at the 50th percentile of the comparator group for any award to be made on this component.
Tranche 2	50% of the grant is based on Mercury's absolute TSR against the company's cost of equity over the vesting period, plus 1%.

EXECUTIVE REMUNERATION CONT.

KEY TERMS OF CHIEF EXECUTIVE'S EMPLOYMENT AGREEMENT

Item	Individual conditions
Employment agreement	Ongoing individual employment agreement
Base salary	Subject to annual review
Performance pay	Eligible to participate in Mercury's STI and LTI schemes
Notice period	Six months' notice
Termination of employment	Six months' notice
Post employment restraint of trade	Six months

CHIEF EXECUTIVE'S REMUNERATION

Chief Executive's remuneration (FY25 and FY26)

Chief Executive	Salary ³ \$	Benefits ⁴ \$	Subtotal \$	Pay for performance \$				Total remuneration \$
				STI (Cash)	STI (Equity \$ Value)	LTI	Subtotal	
Stew Hamilton								
FY26	1,276,568	61,810	1,338,378	546,875	234,375 ⁵	43,815 ⁶	825,065	2,163,443
FY25	1,129,180	44,384	1,173,564	456,106	N/A	0 ⁷	456,106	1,629,670
Vince Hawsworth (departed)								
FY25	1,172,258	66,648	1,238,906	0	N/A	0 ⁷	0	1,238,906

³ Actual salary paid includes holiday pay paid as per NZ legislation. The base salary for Stew Hamilton for FY26 was \$1,100,000 for the period 1 July 2025 to 31 August 2025 and \$1,250,000 from 1 September 2025. The base salary for Stew Hamilton for FY25 in the Chief Executive role was \$1,100,000. Stew Hamilton started in the Chief Executive role from 31 August 2024. The base salary for Vince Hawsworth for FY25 was \$1,349,460. FY25 actual salary for Vince Hawsworth includes approximately four months' notice in lieu paid out on termination as agreed by the Board. As part of ensuring a smooth Chief Executive transition process, Vince agreed to be available during this four-month period as required.

⁴ Benefits include KiwiSaver and insurance.

⁵ The FY26 STI equity value relates to the value of the STI deferred share rights that will be issued to Stew Hamilton for the FY26 performance year.

⁶ The FY26 LTI value relates to the grant for the FY24–FY26 performance period ending 30 June 2026. Performance against the LTI measures for FY24–FY26 was assessed as 34.5%. The value shown is the total value of 34.5% of the share rights issued to Stew Hamilton at the time of the grant on 25 September 2023. 34.5% of the share rights for the FY24–FY26 grant will transfer to Stew Hamilton after this integrated report is published. The market value of the vested share rights will be calculated at transfer date and will be reported in our FY27 integrated report.

⁷ The FY25 LTI value relates to the grant for the FY23–FY25 performance period ending 30 June 2025. Performance against the LTI measures for FY23–FY25 was assessed as 0%. No share rights transferred to Stew Hamilton or Vince Hawsworth for the FY23–FY25 grant.

Five-year summary – Chief Executive's remuneration

Chief Executive		Total remuneration paid \$ ⁸	Percentage STI against maximum %	Percentage vested LTI against maximum %	Span of LTI performance period
Stew Hamilton	FY26	2,163,443	78.1	34.5	2023 – 2026
	FY25	1,629,670	58.9 ⁹	0	2022 – 2025
Vince Hawsworth (departed)	FY25	1,238,906	0	0	2022 – 2025
	FY24	2,581,479	60	35	2021 – 2024
	FY23	3,846,111	81	100	2020 – 2023
	FY22	2,072,443	77	Not eligible	Not eligible

⁸ Total remuneration paid including salary, benefits, STI and LTI payments.

⁹ For FY25, Stew Hamilton's STI includes a combined assessment against the maximum he could achieve for the two months that he was in the Executive GM Generation role and ten months in the Chief Executive role.

Breakdown of Chief Executive's pay for performance (FY26)

	Description	Performance measures	Percentage achieved by Stew Hamilton
STI ¹⁰	Set at 50% of base salary. Based on a combination of key financial and non-financial performance measures 70% Cash component/30% Equity component (deferred share rights)	70% based on the company shared goals (weighted 10-50%)	125%
		30% based on individual measures	125%
LTI ¹¹	FY24–FY26 grant set at 25% of base salary. Share rights issued at 25 September 2023 with value of \$127,000. Volume weighted average price (VWAP) ¹² of \$6.4895.	50% relative TSR performance against industry peer group – Contact Energy, Meridian Energy, and Genesis Energy	69%
		50% absolute TSR against the company's cost of equity over the vesting period, plus 1%	0%

¹⁰ The above STI percentages achieved by Stew Hamilton is the percentage STI against target. The percentage achieved by Stew Hamilton against the maximum STI percentage of 160% for both measures is 78.1%. The above STI cash component for FY26 will be paid in FY27 and the STI equity component will be issued to Stew Hamilton in share rights in FY27.

¹¹ The above LTI outcome for FY24–FY26 was assessed as 34.5%. The associated vested share rights will be issued in shares to Stew Hamilton in FY27.

¹² The volume weighted average price calculated across the 10 trading days from the Commencement Date of 1 July 2023.



EXECUTIVE REMUNERATION CONT.

Chief Executive's long-term performance incentives

LTI ¹³	Performance period	Grant year	Share rights issued date	Number of share rights issued on grant	Value of share rights on grant date \$ ¹⁴	Number of share rights vested including dividend shares ¹⁵	Value of shares on transfer date \$ ¹⁶	Share transfer date
FY22-FY24	1 July 2021 to 30 June 2024	FY22	9 September 2021	17,723	118,744	6,990	46,309	22 August 2024
FY23-FY25	1 July 2022 to 30 June 2025	FY23	16 September 2022	21,194	122,247	0	0	Not applicable
FY24-FY26	1 July 2023 to 30 June 2026	FY24	25 September 2023	19,570	127,000	7,714	To be determined on transfer date	August 2026
FY25-FY27	1 July 2024 to 30 June 2027	FY25	22 October 2024	69,730	439,996	To be determined after vesting date	To be determined on transfer date	August 2027
FY26-FY28	1 July 2025 to 30 June 2028	FY26	16 April 2026	122,149	749,995	To be determined after vesting date	To be determined on transfer date	August 2029
FY27-FY29	1 July 2026 to 30 June 2029	FY27	To be determined on issue	To be determined on issue	To be determined on issue	To be determined after vesting date	To be determined on transfer date	August 2030

¹³ This table includes the LTI grants made to Stew Hamilton both during and prior to his appointment as Chief Executive. The grant for the FY27-29 LTI will be made during the course of FY27. Details will be included in the FY27 Remuneration Report.

¹⁴ The value of share rights on the grant date is calculated using the volume weighted average price of Mercury shares over the 10 trading days from the commencement date of the grant.

¹⁵ Vesting is subject to the performance hurdles being met. See page 119 for the performance hurdles.

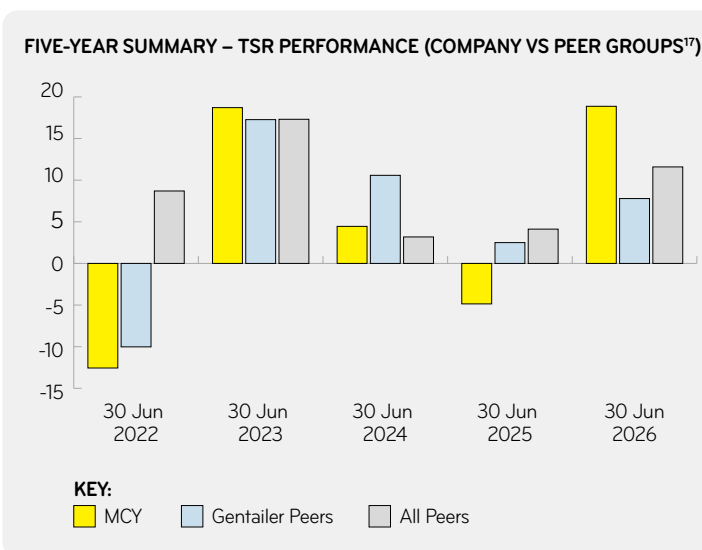
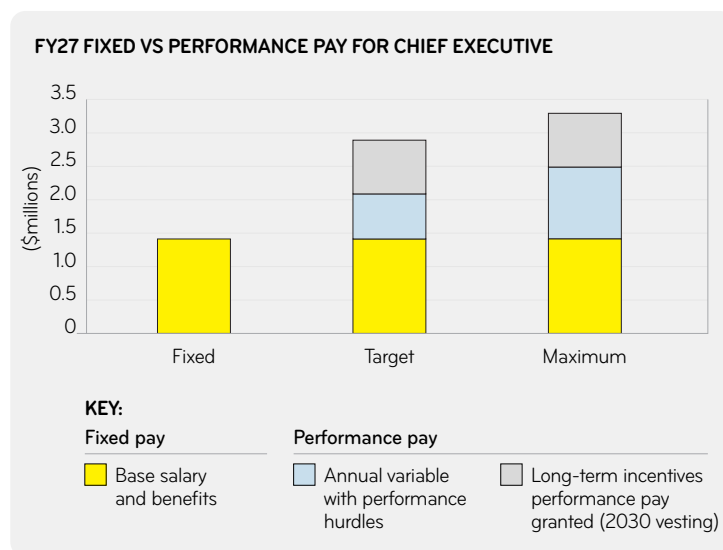
¹⁶ The value of share rights on the transfer date is calculated using the number of vested share rights including dividend shares multiplied by the volume weighted average price of Mercury shares over the 5 days prior to the share transfer date.

KIWISAVER

The Chief Executive is a member of KiwiSaver. As a member of this scheme, the Chief Executive is eligible to contribute and receive a company contribution of 3.5% of gross taxable earnings. For FY26, the company's KiwiSaver contribution for Stew Hamilton was \$53,687.

FY27 CHIEF EXECUTIVE'S REMUNERATION REVIEW

The FY27 remuneration package for the Chief Executive is shown in the following graph.



¹⁷ The "Gentailer Peers" group applies to LTI grants prior to FY26 and consists of Contact Energy, Meridian Energy and Genesis Energy. The "All Peers" group applies to LTI grants made from FY26 and consists of AGL Energy, APA Group, Auckland International Airport, Channel Infrastructure, Chorus, Contact Energy, Genesis Energy, Meridian Energy, Origin Energy, Spark and Vector.

EXECUTIVE REMUNERATION CONT.

CHIEF FINANCIAL OFFICER'S FY26 REMUNERATION

Richard Hopkins' FY26 STI was set at 50% of base salary. 70% of Richard Hopkins' STI is based on performance against the Group Scorecard and 30% based on individual performance. The percentage outcome achieved for Richard Hopkins for the FY26 STI was 125% on the Group Scorecard and 125% on the individual measures. 70% of Richard Hopkins' performance outcome will be awarded in cash and 30% will be awarded in share rights.

Chief Financial Officer	Salary ¹⁸ \$	Benefits ¹⁹ \$	Subtotal \$	Pay for performance ²⁰ \$				Total remuneration \$
				STI (cash)	STI (equity \$ value)	LTI	Subtotal	
Richard Hopkins	712,387	32,203	744,589	306,250	131,250	N/A	437,500	1,182,089
William Meek ²¹ (departed)						125,743	125,743	125,743

¹⁸ Actual salary paid includes holiday pay paid as per NZ legislation.

¹⁹ Benefits for Richard Hopkins include KiwiSaver and insurance. The company's KiwiSaver contribution for Richard Hopkins was \$28,018.

²⁰ The STI cash component for Richard Hopkins relates to FY26, but paid in FY27. The FY26 STI Equity value relates to the value of the STI deferred share rights that will be issued to Richard Hopkins for the FY26 performance year.

²¹ William Meek, Mercury's former CFO, departed Mercury on 31 March 2025. The FY26 LTI value relates to the grant for the FY24-FY26 performance period ending 30 June 2026. Performance against the LTI measures for FY24-FY26 was assessed as 34.5%. The value shown is the total value of 34.5% of the share rights issued to William Meek at the time of the grant on 25 September 2023. 34.5% of the share rights for the FY24-FY26 grant will transfer to William Meek after this integrated report is published. The market value of the vested share rights will be calculated at transfer date.

SHARE OWNERSHIP

The Chief Executive's and CFO's ownership of Mercury shares as at 30 June 2026 are:

Executive	Number of shares owned (excludes shares held in trust for the LTI scheme)	Change in shares owned since 30 June 2025
Chief Executive – Stew Hamilton ²²	11,989.28	+4,166.28
CFO – Richard Hopkins	30,900	+30,900

²² Stew Hamilton's shares include shares held in both a personal capacity and held by a custodian.

MANDATORY EXECUTIVE MINIMUM SHAREHOLDING

In FY26, we introduced an Executive Minimum Shareholding Policy. Under this new policy approved by the Board in December 2025, Chief Executive Stew Hamilton and CFO Richard Hopkins are required to accumulate and maintain a holding in Mercury shares that is equivalent to at least 50% of their annual base remuneration before tax. They are required to achieve the minimum shareholding by the later of: the 5th anniversary of the date this policy was first approved (five years from December 2025) and the 5th anniversary of their appointment to the ELT. Both Stew Hamilton and Richard Hopkins currently meet these new minimum shareholding requirements. This policy is available to view on our [website](#).

EMPLOYEE REMUNERATION

During FY26, the company paid remuneration²³ in excess of \$100,000 including benefits to 734 employees (not including directors) in the following remuneration bands:

Remuneration band \$ ²⁴	Currently employed	No longer employed	Total	Remuneration band \$ ²⁴	Currently employed	No longer employed	Total
100,000-110,000	71	6	77	310,001-320,000	1	-	1
110,001-120,000	52	6	58	320,001-330,000	6	-	6
120,001-130,000	78	8	86	330,001-340,000	2	1	3
130,001-140,000	90	4	94	340,001-350,000	2	-	2
140,001-150,000	65	12	77	350,001-360,000	1	-	1
150,001-160,000	47	8	55	360,001-370,000	2	-	2
160,001-170,000	43	3	46	370,001-380,000	1	-	1
170,001-180,000	53	6	59	380,001-390,000	3	-	3
180,001-190,000	19	1	20	390,001-400,000	-	1	1
190,001-200,000	23	2	25	410,001-420,000	2	-	2
200,001-210,000	16	3	19	480,001-490,000	1	-	1
210,001-220,000	14	1	15	490,001-500,000	1	-	1
220,001-230,000	9	1	10	520,001-530,000	2	-	2
230,001-240,000	13	-	13	530,001-540,000	1	-	1
240,001-250,000	11	-	11	760,001-770,000	1	-	1
250,001-260,000	6	1	7	920,001-930,000	-	1	1
260,001-270,000	6	1	7	930,001-940,000	1	-	1
270,001-280,000	10	-	10	940,001-950,000	1	-	1
280,001-290,000	3	-	3	1,790,001-1,800,000	1	-	1
290,001-300,000	6	-	6	Total	667	67	734
300,001-310,000	3	1	4				

²³ The remuneration bands above include STI payments made to employees during FY26 in respect of FY25 performance. The FY23-FY25 LTI award vested during FY26; however, as the performance assessment outcome was 0%, no value was attributed to the vested shares and therefore no associated share value is included above.

²⁴ The remuneration bands above include 13 employees who received redundancy payments in FY26.

TOTAL REMUNERATION RATIO

The total remuneration ratio for FY26 between employee (median) and Chief Executive was 1:23. This is based on, for employees, actual remuneration paid in FY26 (employee median was \$94,599) and for the Chief Executive, the amount specified in the table on page 120, \$2,163,443.

1:23



DIRECTOR REMUNERATION

DIRECTOR REMUNERATION

Mercury has a Non-Executive Director Remuneration Policy which can be found on the [Corporate Governance](#) section of our website.

The directors' remuneration is paid in the form of directors' fees. The Board Chair receives a base fee which covers attendance at all Committee meetings. Additional fees are payable to directors for service as a Committee Chair or Committee member, recognising the increased responsibilities and time commitment associated with these roles. The approved fees for Board and committee roles during FY26 are set out below. The total pool of directors' fees includes headroom which may be used to pay ad hoc compensation to directors for significant additional work performed outside usual Board and committee responsibilities (e.g. special projects). No additional compensation was paid in FY26.

The total pool of fees able to be paid to directors is subject to shareholder approval and currently stands at \$1,231,450 for a Board of eight directors. Directors' fees were last reviewed in 2024. There has been no change to the directors' fee pool in FY26. We will look to complete a review of directors' fees in FY27. The comparator group used by PwC in 2024 is summarised in PwC's summary report which can be found on the [Corporate Governance](#) section of our website.

Under Mercury's Non-Executive Director Remuneration Policy, Non-Executive Directors are expected to achieve and maintain a minimum shareholding in Mercury equivalent to their fixed annual base fee after tax, generally within three years of appointment.

Mercury meets directors' reasonable travel and other costs associated with Mercury business. Mercury does not pay any retirement benefits and does not offer share incentives or share options to directors. Details of directors' interests in Mercury securities can be found on [page 125](#).

The following people held office as directors during the year to 30 June 2026 and the remuneration set out in the table was received during the period. The number of meetings and attendance rate by directors during the year to 30 June 2026 was as follows:

Director	Board		Audit & Financial Risk Committee		Safety & Enterprise Risk Committee		People & Performance Committee		Nominations & Corporate Governance Committee		Total ¹
No. of meetings	11 ⁴		5 ²		4		5 ³		3		
	Fees \$	Meetings attended	Fees \$	Meetings attended	Fees \$	Meetings attended	Fees \$	Meetings attended	Fees \$	Meetings attended	Fees \$
Scott St John	(Chair)	11	-	5 (ex officio)	-	4 (ex officio)	-	5 (ex officio)	-	3 (ex officio)	230,000
Mark Binns	114,000	10	-	-	10,000	3	-	1 (observer)	-	-	124,000
Robert Hamilton	114,000	11	24,250	5 (2 as chair)	-	-	-	1 (observer)	-	-	138,250
Hannah Hamling	114,000	11	13,000	5	20,000	4 (chair)	-	-	-	-	147,000
Adrian Littlewood	114,000	11	-	-	10,000	4	11,000	5	4,500	3	139,500
Susan Peterson	114,000	11	13,000	5	-	-	22,000	5 (chair)	6,000	3	155,000
Rachel Taulelei Joined as a director on 20 August 2025. Fees are representative of part-year payments.	98,167	9	-	1 (observer)	-	3 (observer)	8,250	4	-	-	106,417
James Miller Resigned as a director on 19 September 2025. Fees are representative of part-year payments.	28,500	2	7,000	1 (chair)	-	-	-	-	1,500	-	37,000
Mike Taitoko Resigned as a director on 19 September 2025. Fees are representative of part-year payments.	28,500	2	-	-	-	-	2,750	1	-	-	31,250
Lorraine Witten Resigned as a director on 15 September 2025. Fees are representative of part-year payments.	23,750	2	2,708	1	-	-	-	-	-	-	26,458
Total	978,917	-	59,958	-	40,000	-	44,000	-	12,000	-	1,134,875

Approved Board and committee fees for FY26

	Chair fees \$	Member fees \$
Board	230,000	114,000
Audit and Financial Risk Committee	28,000	13,000
Safety and Enterprise Risk Committee	20,000	10,000
People and Performance Committee	22,000	11,000
Nominations and Corporate Governance Committee	-	6,000

For reference: Future Director Jasper Van Halder was paid \$11,667 in relation to his role as future director in FY26. Jasper Van Halder's position as future director began on 1 December 2025 and will end on 30 November 2026.

¹ Disclosure Committee meetings are not reported because they occur on an ad-hoc, as-required basis.

² This includes four regular Audit and Financial Risk Committee meetings and one out of cycle meeting relating to climate-related disclosures.

³ This includes four regular People and Performance Committee meetings and one out of cycle meeting relating to executive remuneration.

⁴ This includes nine regular Board meetings and two out of cycle meetings.



DIRECTORS' DISCLOSURES

INTERESTS REGISTER

Disclosure of directors' interests

Section 140(1) of the New Zealand Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the Company of a position held by a director in another named company or entity. The following are particulars included in the Company's Interests Register, based on disclosure made as at the date of this report for the year ending 30 June 2026:

Mark Binns	
National Infrastructure Funding and Financing Limited	Chair
Hynds Limited	Chair
Auckland International Airport Limited	Director
Meridian Energy Limited	Shareholder
Manawa Energy Limited	Shareholder
Contact Energy Limited	Shareholder
Genesis Energy Limited	Shareholder
Vector Limited	Shareholder
Robert Hamilton	
Westpac New Zealand Limited	Director
Tourism Holdings Limited	Director
Oceania Healthcare Limited	Director
Cyprus Enterprises Limited	Director
Hannah Hamling	
ArcActive Limited	Shareholder
Adrian Littlewood	
Craigs Investment Partners Limited	Director/Shareholder
CIP Holdings Limited	Director/Shareholder ²
Crown HoldCo Limited	Director ¹
Crown TopCo Limited	Director ¹
CIP Holding No.2 Limited and CIP Tui Holdings Limited	Shareholder ¹
Contact Energy Limited	Shareholder
Spark New Zealand Limited	Shareholder
Susan Peterson	
Vista Group International Limited	Chair/Shareholder
Craigs Investment Partners Limited	Director/Shareholder
CIP Holdings Limited	Director/Shareholder ²
Crown HoldCo Limited	Director ¹
Crown TopCo Limited	Director ¹
CIP Holding No.2 Limited and CIP Tui Holdings Limited	Shareholder ¹

Xero Limited	Director/Shareholder
Kiwibank Limited	Chair ¹
Kiwi Group Capital Limited	Director ¹
Scott St John	
Next Foundation (and associated vehicles)	Director
ANZ Bank New Zealand Limited	Chair
Australia and New Zealand Banking Group Limited	Director
ANZ Group Holdings Limited	Director
Nominating Committee of the Climate Change Commission	Member
Rachel Taulelei	
ANZCO Foods Limited	Director ¹
The Warehouse Group	Director ¹
Wellington International Airport Limited	Director ¹
Wellington Regional Stadium Trust (Sky Stadium)	Chair ^{1,2}
NZ Rugby Appointments and Remuneration Panel	Chair ¹
Fonterra Sustainability Panel	Chair ^{1,2}

¹ Entries added by notices given by the directors during the year ended 30 June 2026.

² Entries removed by notices given by the directors during the year ended 30 June 2026.

RETIRED DURING THE REPORTING PERIOD

James Miller retired as a director during the period on 19 September 2025, Lorraine Witten retired as a director during the period on 15 September 2025 and Mike Taitoko retired as a director during the period on 19 September 2025. The following are the particulars recorded against their names in the Company's Interests Register at the date they ceased to be directors.

James Miller	
Channel Infrastructure NZ Limited	Chair
Vista Group International Limited	Director
Ryman Healthcare Limited	Director
Mike Taitoko	
Takiwā Limited	Director/Shareholder
Waiora Consulting Limited	Director/Shareholder
Toha Foundry Limited	Director/Shareholder
Takiwā NZ Limited	Director/Shareholder
Toha Network Limited	Director/Shareholder
Toha Aotearoa 2030 Limited	Director/Shareholder
Lorraine Witten	
Rakon Limited	Chair/Shareholder
Rakon PPS Trustee Limited	Director/Shareholder



DIRECTORS' DISCLOSURES CONT.

DIRECTORS' AND OFFICERS' INDEMNITIES

Indemnities have been given to and insurance has been effected for, directors and senior managers of the Group to cover acts or omissions of those persons in carrying out their duties and responsibilities as directors and senior managers.

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARE AND BOND TRANSACTIONS

Directors disclosed, pursuant to section 148 of the New Zealand Companies Act 1993, the following acquisitions and disposals of relevant interests in Group shares and bonds for the financial year ending 30 June 2026:

Name of director	Date of acquisition/disposal of relevant interest	Nature of transaction and relevant interest	Consideration (NZD)	Securities in which a relevant interest was acquired/(disposed)
Susan Peterson	18 June 2026	Acquisition of ordinary shares in Mercury NZ Limited	\$29,444.13	4,311
Adrian Littlewood	2 June 2026	Acquisition of a relevant 4,160 ordinary shares held by his spouse, Claire Littlewood, under section 235(1)(c) of the Financial Markets Conduct Act 2013, by virtue of having the power to exercise, or to control the exercise of, voting rights attached to those ordinary shares	\$0	4,160
Robert Hamilton	30 April 2026	Acquisition of ordinary shares pursuant to a make-up transaction following election by Robert David Hamilton to participate in Mercury NZ Limited's Dividend Reinvestment Plan (DRP), to correct an administrative processing error by the broker in implementing the DRP election	\$747.61	121
Susan Peterson	1 April 2026	Acquisition of beneficial interest of ordinary shares as a result of participation in Mercury's Dividend Reinvestment Plan	\$520.74	84
Mike Taitoko ¹	4 November 2025	Sale of ordinary shares. The relevant interest was disposed of after ceasing his role as a Non-Executive Director	\$13,020	(2,000)
Susan Peterson	30 September 2025	Acquisition of beneficial interest of ordinary shares as a result of participation in Mercury's Dividend Reinvestment Plan	\$735.12	110
Robert Hamilton	3 September 2025	Acquisition of beneficial interest of ordinary shares	\$50,016.73	7,500

¹ This person ceased to be a director during the period.

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARES AND BONDS

Directors disclosed the following relevant interests in Group shares and bonds, based on information known and disclosures made for the financial year ending 30 June 2026:

Director	Number of shares in which a relevant interest is held	Nature of relevant interest	Number of bonds in which a relevant interest is held	Nature of relevant interest	Change since 30 June 2025
Mark Binns	28,240	Beneficial	150,000 MCY050 Capital Bonds	Beneficial	-
Robert Hamilton	7,621	Beneficial	-	-	+7,621 shares
Hannah Hamling	16,300	Beneficial	-	-	-
Adrian Littlewood	8,320	Beneficial	-	-	+4,160
Susan Peterson	9,991	Beneficial	-	-	+4,505 shares
Scott St John	50,099	Beneficial	-	-	-
Rachel Taulelei	0	-	-	-	-
James Miller ¹	40,320	Beneficial	20,000 MCY070 Green Bonds	Beneficial	-
Mike Taitoko ¹	0	-	-	-	(2,000)
Lorraine Witten ¹	0	-	-	-	-

¹ This person ceased to be a director during the period.

DISCLOSURE OF SUBSIDIARY DIRECTORS' INTERESTS

The following are particulars included in the Interests Register for Mercury's subsidiary companies as at 30 June 2026:

Director	Interest	Entity
Stewart Hamilton ¹	Chief Executive Officer	Mercury NZ Limited
Richard Hopkins ¹	Chief Financial Officer	Mercury NZ Limited
Howard Thomas ¹	Nil	-
Kevin Taylor	Nil	-
Craig Neustroski	Nil	-

¹ This person is a Director of more than one subsidiary of Mercury NZ Limited, please refer to Company Disclosures.



SECURITY HOLDER INFORMATION

SHAREHOLDER INFORMATION

Twenty largest registered shareholders as at 30 June 2026¹

Name	Number of shares	% of shares ²
The Sovereign in right of New Zealand acting by and through their Minister of Finance and Minister for State Owned Enterprises	728,943,181	51.15
HSBC Nominees (New Zealand) Limited	66,012,487	4.63
BNP Paribas Nominees (NZ) Limited	58,760,427	4.12
Custodial Services Limited	52,387,706	3.68
HSBC Nominees (New Zealand) Limited A/C State Street	45,508,688	3.19
Citibank Nominees (New Zealand) Limited	42,858,492	3.01
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	34,112,809	2.39
Forsyth Barr Custodians Limited	32,991,358	2.32
Apex Custodian Nominees (NZ) Limited	25,287,376	1.77
Accident Compensation Corporation	25,259,558	1.77
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	15,367,882	1.08
New Zealand Depository Nominee Limited	15,167,065	1.06
FNZ Custodians Limited	13,576,112	0.95
JBWere (NZ) Nominees Limited	12,395,156	0.87
Simplicity Nominees Limited	9,662,210	0.68
PT (Booster Investments) Nominees Limited	8,061,024	0.57
Generate Kiwisaver Public Trust Nominees Limited	7,320,577	0.51
BNP Paribas Nominees (NZ) Limited	4,661,916	0.33
Forsyth Barr Custodians Limited	4,035,533	0.28
JBWere (NZ) Nominees Limited	2,995,075	0.21
Total	1,205,364,632	84.58

¹ As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

² Percentage calculated on the basis of Mercury having 1,425,040,949 ordinary shares on issue as at 30 June 2026.

Distribution of shareholders and holdings as at 30 June 2026

Size of holding	Number of shareholders	% of shareholders	Number of shares	Holding quantity % ¹
1 to 1,000	25252	40.05	17,055,865	1.20
1,001 to 5,000	30074	47.70	70,470,998	4.95
5,001 to 10,000	4791	7.60	35,316,250	2.48
10,001 to 100,000	2831	4.49	58,859,919	4.13
100,001 and above	106	0.17	1,243,337,917	87.25
Total	63,054	-	1,425,040,949	100

¹ Rounding applied.

Substantial product holders as at 30 June 2026

	Class of securities	Number of securities in substantial holding	Total number of securities in class
The Sovereign in right of New Zealand	Ordinary shares	744,372,188 ¹	1,425,040,949 ²

¹ This comprises (a) 728,943,181 shares held by the Crown on its own account; (b) 15,421,007 shares forming part of the New Zealand Superannuation Fund which are the property of the Crown; and (c) 8,000 shares held by Public Trust on trust for the Crown and certain iwi. The New Zealand Superannuation Fund holding is reported on a trade-date basis and includes 53,125 shares purchased on 29 June 2026 that settled on 1 July 2026.

² As at 30 June 2026, Mercury had 1,425,040,949 ordinary shares on issue.



BONDHOLDER INFORMATION

Twenty largest registered holders of MCY030 green bonds (1.56%) as at 30 June 2026¹

Name	Number of MCY030 green bonds	% of MCY030 green bonds ²
BNP Paribas Nominees (NZ) Limited	31,630,000	15.82
Custodial Services Limited	31,225,000	15.61
Apex Custodian Nominees (NZ) Limited	30,407,000	15.20
HSBC Nominees (New Zealand) Limited	15,000,000	7.50
Forsyth Barr Custodians Limited	9,306,000	4.65
FNZ Custodians Limited	8,552,000	4.28
Citibank Nominees (New Zealand) Limited	6,331,000	3.17
Accident Compensation Corporation	5,521,000	2.76
JBWere (NZ) Nominees Limited	5,050,000	2.53
Queen Street Nominees Ltd No.1	5,000,000	2.50
MT Nominees Limited	4,448,000	2.22
NZPT Custodians (Grosvenor) Limited	4,328,000	2.16
NZX WT Nominees Limited	4,123,000	2.06
FNZ Custodians Limited	3,665,000	1.83
China Construction Bank (New Zealand) Limited	3,500,000	1.75
Custodial Services Limited	2,526,000	1.26
Forsyth Barr Custodians Limited	2,404,000	1.20
HSBC Nominees (New Zealand) Limited A/C State Street	1,896,000	0.95
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	1,700,000	0.85
Forsyth Barr Custodians Limited	1,557,000	0.78
Total	178,169,000	89.08

¹ As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

² Percentage calculated on the basis of Mercury having 200,000,000 MCY030 green bonds on issue as at 30 June 2026.

Distribution of MCY030 (1.56%) green bondholders and holdings as at 30 June 2026

Size of holding	Number of MCY030 green bondholders	% of MCY030 green bonds	Number of MCY030 green bonds	Holding quantity %
1,001 to 5,000	15	6.30	75,000	0.04
5,001 to 10,000	51	21.43	475,000	0.24
10,001 to 100,000	121	50.84	4,505,000	2.25
100,001 and above	51	21.43	194,945,000	97.47
Total	238	-	200,000,000	100

Twenty largest registered holders of MCY040 green bonds (2.16%) as at 30 June 2026¹

Name	Number of MCY040 green bonds	% of MCY040 green bonds ²
BNP Paribas Nominees (NZ) Limited	40,748,000	20.37
Custodial Services Limited	35,321,000	17.66
Accident Compensation Corporation	22,588,000	11.29
FNZ Custodians Limited	20,432,000	10.22
Generate Kiwisaver Public Trust Nominees Limited	14,615,000	7.31
Southland Building Society	9,250,000	4.63
Forsyth Barr Custodians Limited	7,744,000	3.87
NZX WT Nominees Limited	5,583,000	2.79
Citibank Nominees (New Zealand) Limited	4,805,000	2.40
Forsyth Barr Custodians Limited	3,973,000	1.99
Dunedin City Council	3,000,000	1.50
MT Nominees Limited	3,000,000	1.50
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	2,507,000	1.25
JBWere (NZ) Nominees Limited	2,013,000	1.01
Investment Custodial Services Limited	1,606,000	0.80
Pathfinder Nominees Limited	1,495,000	0.75
FNZ Custodians Limited	1,391,000	0.70
JBWere (NZ) Nominees Limited	1,288,000	0.64
Forsyth Barr Custodians Limited	1,278,000	0.64
Custodial Services Limited	1,270,000	0.64
Total	183,907,000	91.95

¹ As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

² Percentage calculated on the basis of Mercury having 200,000,000 MCY040 green bonds on issue as at 30 June 2026.

Distribution of MCY040 (2.16%) green bondholders and holdings as at 30 June 2026

Size of holding	Number of MCY040 green bondholders	% of MCY040 green bonds	Number of MCY040 green bonds	Holding quantity %
1,001 - 5,000	17	7.39	85,000	0.04
5,001 - 10,000	56	24.35	535,000	0.27
10,001 - 100,000	112	48.70	4,353,000	2.18
100,001 and above	45	19.57	195,027,000	97.51
Total	230	-	200,000,000	100



BONDHOLDER INFORMATION CONT.

Twenty largest registered holders of MCY050 capital bonds (5.73%) as at 30 June 2026¹

Name	Number of MCY050 capital bonds	% of MCY050 capital bonds ²
Forsyth Barr Custodians Limited	80,469,000	32.19
JBWere (NZ) Nominees Limited	33,804,000	13.52
HSBC Nominees (New Zealand) Limited	22,108,000	8.84
Custodial Services Limited	17,897,000	7.16
Citibank Nominees (New Zealand) Limited	11,550,000	4.62
FNZ Custodians Limited	8,971,000	3.59
Forsyth Barr Custodians Limited	8,802,000	3.52
Generate Kiwisaver Public Trust Nominees Limited	5,686,000	2.27
Forsyth Barr Custodians Limited	5,633,000	2.25
Adminis Custodial Nominees Limited	3,705,000	1.48
CML Shares Limited	3,655,000	1.46
Millar Capital Fund Limited	3,000,000	1.20
BNP Paribas Nominees (NZ) Limited	2,618,000	1.05
NZX WT Nominees Limited	2,107,000	0.84
Masfen Securities Limited	2,000,000	0.80
Best Farm Limited	1,500,000	0.60
Investment Custodial Services Limited	1,336,000	0.53
Fletcher Building Educational Fund Limited	1,000,000	0.40
JBWere (NZ) Nominees Limited	1,000,000	0.40
Robert William Bentley Morrison & Andrew James Stewart & Anthony James William Howard	1,000,000	0.40
Total	217,841,000	87.14

¹ As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

² Percentage calculated on the basis of Mercury having 250,000,000 MCY050 capital bonds on issue as at 30 June 2026.

Distribution of MCY050 (5.73%) capital bondholders and holdings as at 30 June 2026

Size of holding	Number of MCY050 capital bondholders	% of MCY050 capital bonds	Number of MCY050 capital bonds	Holding quantity %
1,001 - 5,000	110	11.79	548,000	0.22
5,001 - 10,000	208	22.29	1,990,000	0.80
10,001 - 100,000	555	59.49	18,677,000	7.47
100,001 and above	60	6.43	228,785,000	91.51
Total	933	-	250,000,000	100

Twenty largest registered holders of MCY060 green bonds (5.64%) as at 30 June 2026^{1,3}

Name	Number of MCY060 green bonds	% of MCY060 green bonds ²
Custodial Services Limited	64,419,000	42.95
HSBC Nominees (New Zealand) Limited	20,600,000	13.73
FNZ Custodians Limited	11,901,000	7.93
Forsyth Barr Custodians Limited	11,176,000	7.45
BNP Paribas Nominees (NZ) Limited	11,053,000	7.37
JBWere (NZ) Nominees Limited	4,062,000	2.71
NZPT Custodians (Grosvenor) Limited	3,101,000	2.07
Forsyth Barr Custodians Limited	2,364,000	1.58
Investment Custodial Services Limited	2,258,000	1.51
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	842,000	0.56
Custodial Services Limited	832,000	0.55
Fletcher Building Educational Fund Limited	670,000	0.45
Forsyth Barr Custodians Limited	665,000	0.44
PT (Booster Investments) Nominees Limited	638,000	0.43
HSBC Nominees (New Zealand) Limited A/C State Street	600,000	0.40
NZX WT Nominees Limited	582,000	0.39
Apex Custodian Nominees (NZ) Limited	560,000	0.37
Omega Investments Limited	550,000	0.37
Citibank Nominees (New Zealand) Limited	500,000	0.33
JBWere (NZ) Nominees Limited	500,000	0.33
Sirius Capital Limited	500,000	0.33
South Pacific Securities Limited	500,000	0.33
Total	138,873,000	92.58

¹ As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

² Percentage calculated on the basis of Mercury having 150,000,000 MCY060 green bonds on issue as at 30 June 2026.

³ The table above reports the top 22 bondholders as there are four holders sharing the 19th position.

Distribution of MCY060 (5.64%) green bondholders and holdings as at 30 June 2026

Size of holding	Number of MCY060 green bondholders	% of MCY060 green bonds	Number of MCY060 green bonds	Holding quantity % ¹
1,001 - 5,000	24	8.57	120,000	0.08
5,001 - 10,000	53	18.93	503,000	0.34
10,001 - 100,000	159	56.79	5,063,000	3.38
100,001 and above	44	15.71	144,314,000	96.21
Total	280	-	150,000,000	100

¹ Rounding applied.



BONDHOLDER INFORMATION CONT.

Twenty largest registered holders of MCY070 capital bonds (6.42%) as at 30 June 2026¹

Name	Number of MCY070 capital bonds	% of MCY070 capital bonds ²
Forsyth Barr Custodians Limited	158,476,000	45.28
Custodial Services Limited	47,888,000	13.68
JBWere (NZ) Nominees Limited	42,510,000	12.15
Forsyth Barr Custodians Limited	15,866,000	4.53
HSBC Nominees (New Zealand) Limited	15,000,000	4.29
FNZ Custodians Limited	13,545,000	3.87
Forsyth Barr Custodians Limited	3,656,000	1.04
Masfen Securities Limited	3,100,000	0.89
Cassington Holdings Limited	2,868,000	0.82
Best Farm Limited	2,000,000	0.57
Investment Custodial Services Limited	1,748,000	0.50
Garrett Smythe Limited	1,743,000	0.50
Generate Kiwisaver Public Trust Nominees Limited	1,700,000	0.49
Richard Barton Adams & Allison Ruth Adams	1,000,000	0.29
NZX WT Nominees Limited	773,000	0.22
JBWere (NZ) Nominees Limited	750,000	0.21
Forsyth Barr Custodians Limited	693,000	0.20
Fletcher Building Educational Fund Limited	675,000	0.19
Forsyth Barr Custodians Limited	627,000	0.18
Apex Custodian Nominees (NZ) Limited	550,000	0.16
Total	315,168,000	90.05

¹ As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

² Percentage calculated on the basis of Mercury having 350,000,000 MCY070 capital bonds on issue as at 30 June 2026.

Distribution of MCY070 (6.42%) capital bondholders and holdings as at 30 June 2026

Size of holding	Number of MCY070 capital bondholders	% of MCY070 capital bonds	Number of MCY070 capital bonds	Holding quantity % ¹
1,001 - 5,000	53	6.24	265,000	0.08
5,001 - 10,000	134	15.78	1,280,000	0.37
10,001 - 100,000	584	68.79	20,306,000	5.8
100,001 and above	78	9.19	328,149,000	93.76
Total	849	-	350,000,000	100

¹ Rounding applied.

Twenty largest registered holders of MCY080 green bonds (5.17%) as at 30 June 2026¹

Name	Number of MCY080 green bonds	% of MCY080 green bonds ²
Forsyth Barr Custodians Limited	66,966,000	26.79
Custodial Services Limited	40,907,000	16.36
FNZ Custodians Limited	30,034,000	12.01
China Construction Bank (New Zealand) Limited	19,400,000	7.76
BNP Paribas Nominees (NZ) Limited	18,901,000	7.56
Citibank Nominees (New Zealand) Limited	8,700,000	3.48
Forsyth Barr Custodians Limited	8,612,000	3.44
Queen Street Nominees Ltd No.1	6,670,000	2.67
JBWere (NZ) Nominees Limited	4,804,000	1.92
HSBC Nominees (New Zealand) Limited	4,165,000	1.67
Southland Building Society	3,900,000	1.56
Pathfinder Nominees Limited	2,790,000	1.12
Risk Reinsurance Limited	2,230,000	0.89
HSBC Nominees (New Zealand) Limited O/A Euroclear Bank	1,945,000	0.78
MT Nominees Limited	1,945,000	0.78
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	1,696,000	0.68
Investment Custodial Services Limited	1,647,000	0.66
Woolf Fisher Trust Incorporated	942,000	0.38
Warren Joseph Taylor & Shirley Anne Taylor	800,000	0.32
Queen Street Nominees Ltd No.3	555,000	0.22
Total	227,609,000	91.04

¹ As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

² Percentage calculated on the basis of Mercury having 250,000,000 MCY080 green bonds on issue as at 30 June 2026.

Distribution of MCY080 (5.17%) green bondholders and holdings as at 30 June 2026

Size of holding	Number of MCY080 green bondholders	% of MCY080 green bonds	Number of MCY080 green bonds	Holding quantity % ¹
1,001 - 5,000	56	8.62	280,000	0.11
5,001 - 10,000	152	23.38	1,481,000	0.59
10,001 - 100,000	385	59.23	12,334,000	4.93
100,001 and above	57	8.77	235,905,000	94.36
Total	650	-	250,000,000	100

¹ Rounding applied.



COMPANY DISCLOSURES

STOCK EXCHANGE LISTINGS

Mercury NZ Limited (referred to in this section as "Mercury" or "the Company") is listed on the New Zealand stock exchange and as an ASX Foreign Exempt Listing on the Australian stock exchange.

In New Zealand, Mercury is listed with a "non-standard" (NS) designation. This is due to particular provisions of the Constitution, including the requirements regulating ownership and transfer of Ordinary Shares.

ASX approved a change in Mercury NZ Limited's ASX admission category from an ASX Listing to an ASX Foreign Exempt Listing, effective from the commencement of trading on 19 February 2016.

The Company continues to have a full listing on the NZX Main Board, and the Company's shares are still quoted on the ASX. The Company is primarily regulated by the NZX, complies with the NZX Listing Rules, and is exempt from complying with most of the ASX Listing Rules (based on the principle of substituted compliance).

MERCURY NZ LIMITED

The following persons held office as Directors of Mercury NZ Limited during the 2026 financial year and as at the end of the 2026 financial year, being 30 June 2026: Scott St John (Chair), Mark Binns, Robert Hamilton², Hannah Hamling, Adrian Littlewood, Susan Peterson, Rachel Taulelei², James Miller¹, Mike Taitoko¹ and Lorraine Witten¹.

SUBSIDIARY COMPANIES

The following persons held office as Directors of subsidiaries of Mercury NZ Limited during the 2026 financial year.

Company name	Directors
Current subsidiaries	
Blockchain Energy Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Bosco Connect Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Glo-Bug Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Kawerau Geothermal Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Mamaku Wind Farm Limited ³	Stewart Allan Hamilton ¹ Richard Keith Hopkins ¹ Howard Thomas ¹
MCY SUB 1 Limited (Previously known as Mercury Energy Limited)	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
MCY SUB 2 Limited (Previously known as Mighty River Power Limited)	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Mercury Geothermal Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Mercury Solar Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Mercury SPV Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Mercury Wind Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas

Company name	Directors
Current subsidiaries	
Mighty Geothermal Power International Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Mighty Geothermal Power Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Ngātamariki Geothermal Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
NOW New Zealand Limited	Craig Neustroski Howard Thomas Hamish White
Rotokawa Generation Limited	Stewart Allan Hamilton Richard Keith Hopkins Kevin Taylor
Rotokawa Geothermal Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Special General Partner Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Tararua Wind Power Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Waverley Wind Farm (NZ) Holding Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas
Waverley Wind Farm Limited	Stewart Allan Hamilton Richard Keith Hopkins Howard Thomas

¹ Directors who have resigned during FY2026.

² Directors elected during FY2026.

³ Subsidiaries added during FY2026.

OTHER DISCLOSURES

WAIVERS FROM THE NEW ZEALAND AND AUSTRALIAN STOCK EXCHANGES

NZX

Mercury NZ Limited (referred to in this section as "Mercury" or "the Company") has a waiver in respect of NZX Listing Rule 8.1.5. This waiver permits Mercury's Constitution (Constitution) to contain provisions allowing:

- the Crown and Mercury to enforce the 10% limit; and
- Mercury to suspend dividend and voting rights attached to Mercury ordinary shares where the 10% limit is breached.

During the financial year, NZX Regulation (NZ RegCo) granted Mercury a waiver from NZX Listing Rule 5.2.1 in relation to the dry-year security arrangements entered into with Genesis Energy Limited, Meridian Energy Limited and Contact Energy Limited. The waiver relieved Mercury from the requirement to obtain shareholder approval under NZX Listing Rule 5.2.1, subject to conditions including director certifications that the arrangements were negotiated on an arm's length commercial basis, were not influenced by the Crown or the other parties, and were in the best interests of Mercury and its shareholders. Mercury has complied with the conditions of the waiver.

ASX

ASX has granted the Company waivers in respect of the ASX Listing Rules to allow the Constitution to contain provisions reflecting the ownership restrictions imposed by the New Zealand Public Finance Act 1989 (Public Finance Act) and to allow the Crown to cancel the sale of shares to applicants who acquire shares under the General Offer and are not New Zealand applicants.

The majority of the waivers that ASX previously granted to Mercury are no longer relevant following the change of the Company's admission category to an ASX Foreign Exempt Listing in February 2016.

The waivers from ASX Listing Rules 8.10 and 8.11 continue to apply. These waivers permit the Constitution to contain provisions:

- allowing the Crown and Mercury to enforce the 10% limit; and
- enabling Mercury to prevent shareholders who acquired shares under the General Offer and are not New Zealand applicants from transferring those shares and to enable Mercury to sell those shares.

INFORMATION ABOUT MERCURY NZ LIMITED ORDINARY SHARES

This statement sets out information about the rights, privileges, conditions, and limitations, including restrictions on transfer, that attach to shares in Mercury.

Rights and privileges

Under the Constitution and the New Zealand Companies Act 1993 (Companies Act), each share gives the holder a right to:

- Attend and vote at a meeting of shareholders, including the right to cast one vote per share on a poll on any resolution, such as a resolution to:
 - Appoint or remove a director
 - Approve a major transaction (as that term is defined in the Companies Act)
 - Approve the amalgamation of the Company under section 221 of the Companies Act
 - Place the Company in liquidation
- Receive an equal share in any distribution, including dividends, if any, authorised by the Board and declared and paid by the Company in respect of that share.
- Receive an equal share with other shareholders in the distribution of surplus assets in any liquidation of the Company

- Be sent certain information, including notices of meeting and the Company reports sent to shareholders generally
- Exercise the other rights conferred upon a shareholder by the Companies Act and the Constitution

Restrictions on ownership and transfer

The Public Finance Act includes restrictions on the ownership of certain types of securities issued by Mercury and consequences for breaching those restrictions. The Constitution incorporates these restrictions and mechanisms for monitoring and enforcing them.

A summary of the restrictions on the ownership of shares under the Public Finance Act and the Constitution is set out below. If Mercury issues any other class of shares, or other securities which confer voting rights, in the future, the restrictions summarised below would also apply to those other classes of shares or voting securities.

51% Holding

The Crown must hold at least 51% of the shares on issue.

The Company must not issue, acquire or redeem any shares if such issue, acquisition or redemption would result in the Crown falling below this 51% holding.

On 10 December 2018, Mercury entered into an agreement with the Crown, under which the Crown agrees to participate in any future dividend reinvestment plan or share buyback of the Company, in each case only to the extent required to maintain the Crown's proportionate shareholding following the dividend reinvestment plan or share buyback.

A copy of the Crown Participation Agreement is available on the Treasury's website.

10% Limit

No person (other than the Crown) may have a 'relevant interest' in more than 10% of the shares on issue (10% Limit).

The Company must not issue, acquire or redeem any shares if it has actual knowledge that such issue, acquisition or redemption will result in any person other than the Crown exceeding the 10% Limit.

Ascertaining whether a breach has occurred

If a holder of shares breaches the 10% Limit or knows or believes that a person who has a relevant interest in shares held by that holder may have a relevant interest in shares in breach of the 10% Limit, the holder must notify Mercury of the breach or potential breach.

Mercury may require a holder of shares to provide it with a statutory declaration if the Board knows or believes that a person is, or is likely to be, in breach of the 10% Limit. That statutory declaration is required to include, where applicable, details of all persons who have a relevant interest in any shares held by that holder.

Determining whether a breach has occurred

Mercury has the power to determine whether a breach of the 10% Limit has occurred and, if so, to enforce the 10% Limit. In broad terms, if:

- Mercury considers that a person may be in breach of the 10% Limit; or
- a holder of shares fails to lodge a statutory declaration when required to do so or lodges a declaration that has not been completed to the reasonable satisfaction of the Company,

then Mercury is required to determine whether or not the 10% Limit has been breached and, if so, whether or not that breach was inadvertent. Mercury must give the affected shareholder the opportunity to make representations to the Company before it makes a determination on these matters.

OTHER DISCLOSURES CONT.

Effect of exceeding the 10% Limit

A person who is in breach of the 10% Limit must:

- comply with any notice received from Mercury requiring them to dispose of shares or their relevant interest in shares, or take any other steps that are specified in the notice, for the purpose of remedying the breach; and
- Ensure that they are no longer in breach within 60 days after the date on which they became aware, or ought to have been aware, of the breach. If the breach is not remedied within that timeframe, Mercury may arrange for the sale of the relevant number of shares on behalf of the relevant holder. In those circumstances, the Company will pay the net proceeds of sale, after the deduction of any other costs incurred by the Company in connection with the sale (including brokerage and the costs of investigating the breach of the 10% Limit), to the relevant holder as soon as practicable after the sale has been completed.
- If a relevant interest is held in any shares in breach of the 10% Limit then, for so long as that breach continues:
 - No votes may be cast in respect of any of the shares in which a relevant interest is held in excess of the 10% Limit.
 - The registered holder(s) of shares in which a relevant interest is held in breach of the 10% Limit will not be entitled to receive, in respect of the shares in which a relevant interest is held in excess of the 10% Limit, any dividend or other distribution authorised by the Board in respect of the shares.

However, if the Board determines that a breach of the 10% Limit was not inadvertent, or that it does not have sufficient information to determine that the breach was not inadvertent, the registered holder may not exercise the votes attached to, and will not be entitled to receive any dividends or other distributions in respect of, any of its shares.

An exercise of a voting right attached to a share held in breach of the 10% Limit must be disregarded in counting the votes concerned. However, a resolution passed at a meeting is not invalid where votes exercised in breach of the voting restriction were counted by the Company in good faith and without knowledge of the breach.

The Board may refuse to register a transfer of shares if it knows or believes that the transfer will result in a breach of the 10% Limit or where the transferee has failed to lodge a statutory declaration requested from it by the Board within the prescribed timeframe.

Crown directions

The Crown has the power to direct the Board to exercise certain of the powers conferred on it under the Constitution (for example, where the Crown suspects that the 10% Limit has been breached but the Board has not taken steps to investigate the suspected breach).

Trustee corporations and nominee companies

Trustee corporations and nominee companies (that hold securities on behalf of a large number of separate underlying beneficial holders) are exempt from the 10% Limit provided that certain conditions are satisfied.

Share cancellation

In certain circumstances, shares could be cancelled by the Company through a reduction of capital, share buy-back or other form of capital reconstruction approved by the Board and, where applicable, the shareholders.

Sale of less than a Minimum Holding

Mercury may, at any time, give notice to a shareholder holding less than a Minimum Holding of shares (as that term is defined in the NZX Listing Rules) that if, at the end of three months after the date the notice is given, shares then registered in the name of the holder are less than a Minimum

Holding, Mercury may sell those shares on market (including through a broker acting on Mercury's behalf), and the holder is deemed to have authorised Mercury to act on behalf of the holder and to sign all necessary documents relating to the sale. For the purposes of the sale and of Rule 5.12 of the ASX Settlement Operating Rules, where the Company has given a notice that complies with Rule 5.12.2 of the ASX Settlement Operating Rules, the Company may, after the end of the time specified in the notice, initiate a Holding Adjustment to move the relevant shares from that CHESS Holding to an Issuer Sponsored Holding (as those terms are defined in the ASX Settlement Operating Rules) or to take any other action the Company considers necessary or desirable to effect the sale.

The proceeds of the sale of any shares sold for being less than a Minimum Holding will be applied as follows:

- First, in payment of any reasonable sale expenses.
- Second, in satisfaction of any unpaid calls or any other amounts owing to the Company in respect of the shares.
- The residue, if any, must be paid to the person who was the holder immediately before the sale or his or her executors, administrators or assigns.

Cancellation of sale of shares

The Crown may cancel the sale of shares to an applicant under the offer of shares by the Crown (the Offer) in the Mighty River Power Share Offer Investment Statement and Prospectus if the applicant misrepresented its entitlement to be allocated shares under the Offer as a 'New Zealand Applicant' (as that term is defined in the Share Offer Investment Statement and Prospectus). If the Crown cancels a sale of shares on those grounds:

- Mercury must sell shares held by that applicant, up to the number of shares sold to it under the Offer, irrespective of whether or not those shares were

acquired by the applicant under the Offer (unless the applicant had previously sold, transferred or disposed of all of its shares to a person who was not an associated person of the applicant); and

- the applicant will receive from the sale the lesser of:
 - the sale price for the shares less the costs incurred by the Crown and the Company; and
 - the aggregate price paid for the shares less those costs, with any excess amount being payable to the Crown.

If an applicant who misrepresented their entitlement to shares has sold, transferred or otherwise disposed of shares to an associated person, then the power of sale will extend to shares held by that associated person, up to the number of shares transferred, sold or otherwise disposed of to the associated person by the relevant applicant.

Public entity

Mercury is a public entity under the Public Audit Act 2001, and the Group's independent auditor is the Auditor-General.

DONATIONS

Donations of \$2,400,356 were made by the Group during the year ended 30 June 2026 (\$262,187 during the year ended 30 June 2025). The increase in FY26 was due to an additional \$2 million in support being provided to trusted iwi, community groups and charities supporting people doing it tough in the current economic climate. Under Mercury's Delegations Policy, donations to political parties are prohibited.

OTHER DISCLOSURES CONT.

OTHER DISCLOSURES

Mercury NZ Limited is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Australia). Mercury will not acquire any classified assets in circumstances in which the ASX Listing Rules would require the issue of restricted securities, without the written consent of ASX.

On 18 August 2026, the Board declared a fully imputed final dividend of 17 cents per share to all shareholders who are on the Company's share register at 5pm on the record date of 3 September 2026. The dividends will be imputed at a corporate tax rate of 28%, which amounts to an imputation credit of 6.6 cents per share for the final dividend. Mercury will also pay a supplementary dividend of 3 cents per share relating to the final dividend to non-resident shareholders. The Company will receive from the New Zealand Inland Revenue Department a tax credit equivalent to supplementary dividends.

These dividends, together with the interim dividend of \$142 million (10 cents per share) paid to shareholders on 1 April 2026, brings the total declared dividends to \$384 million (or 27 cents per share).

As at the date of this annual report, the Company has a S&P Global BBB+ rating with a stable outlook. The Company benefits from a one-notch uplift due to the Crown's majority ownership.

Mercury's Net Tangible Assets per Share (excluding treasury stock) as at 30 June 2026 was \$3.62, compared with \$3.41 at 30 June 2025.



ĀTIAMURI HYDRO STATION

GLOBAL REPORTING INITIATIVE (GRI) INDEX

Standard core reporting

GRI standard	Disclosure title	Location	Comments
GENERAL DISCLOSURES			
Organisational Profile			
GRI 2: General Disclosures 2021			
2-1	Organisational details	Front cover, Who We Are, p2 Our Business Model, p4 Company Disclosures, p130 Directory, p138	
2-2	Entities included in the organisation's sustainability reporting	Notes to the Consolidated Financial Statements p38	
2-3	Reporting period, frequency and contact point	Front Cover, Directory p138	
2-4	Restatements of information	Restatements of greenhouse gas emissions in prior years are described in our GHG Emissions Inventory p94-102	
2-5	External assurance	Our FY26 Climate Statement has had limited assurance p103-106	
2-6	Activities, value chain and other business relationships	Who We Are p2, Our Business Model p4	
2-7	Employees	Our Business Model p4	
2-8	Workers who are not employees		Information unavailable
2-9	Governance structure and composition	Climate Statement p89-92, Governance at Mercury p111-113, Corporate Governance Statement	
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	
2-11	Chair of the highest governance body	Your Board of Directors p108-109	
2-12, 2-13, 2-14	Role of the highest governance body in overseeing the management of impacts Delegation of responsibility for managing impacts Role of the highest governance body in sustainability reporting	Climate Statement p89-92, Governance at Mercury p111-113, Corporate Governance Statement	
2-15	Conflicts of interest	Directors' Disclosures p124-125	
2-16	Communication of critical concerns	The Risks We Face p14, Climate Statement p65-106, Corporate Governance Statement	

GRI standard	Disclosure title	Location	Comments
2-17	Collective knowledge of the highest governance body	Corporate Governance Statement	
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement	
2-19, 2-20, 2-21	Remuneration policies Process to determine remuneration Annual total compensation ratio	Remuneration Report p114-123	
2-22	Statement on sustainable development practices	Chair and Chief Executive Letters p8-11, Corporate Governance Statement	
2-23	Policy commitments	Corporate Governance Statement The Mercury Code Supplier Code of Conduct Sustainability Policy	
2-24	Embedding policy commitments	Corporate Governance Statement	
2-25	Processes to remediate negative impacts	Corporate Governance Statement	
2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance Statement	
2-27	Compliance with laws and regulations	How We Deliver Value p16, Climate Statement p93	
2-28	Membership associations	Company website - Partnerships	
2-29	Approach to stakeholder engagement	Shaping Our Priorities p12-15	
2-30	Collective bargaining agreements		Information unavailable
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Shaping Our Priorities p12-15	
3-2	List of material topics	Shaping Our Priorities p12-15, Climate Statement p72-75	
3-3	Management of material topics	Shaping Our Priorities p12-15, Climate Statement p68-78	

GLOBAL REPORTING INITIATIVE (GRI) INDEX CONT.

Topic Standards

GRI Standard	Description	Location	Comments
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Our Business Model p4, Looking At The Numbers p26-29	
201-2	Financial implications and other risks and opportunities due to climate change	Climate Statement p72	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Company website - Corporate Governance - Modern Slavery Statement	
GRI 207: Tax 2019			
207-1	Approach to tax	Looking At The Numbers, Note A3: Taxation p43	
GRI 303: Water and Effluents 2018			
303-3, 303-4, 303-5	Water withdrawal Water discharge Water consumption	Climate Statement p87	Mercury extracts and reinjects geothermal water for geothermal generation (some of which is consumed during the generation process) and is a non-consumptive user of water through its hydro power stations.
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Climate Statement p86, Greenhouse Gas Emissions Inventory p94-102	
305-2	Energy indirect (Scope 2) GHG emissions	Climate Statement p86, Greenhouse Gas Emissions Inventory p94-102	
305-3	Other indirect (Scope 3) GHG emissions	Climate Statement p86, Greenhouse Gas Emissions Inventory p94-102	
305-4	Emissions intensity	Climate Statement p86, Greenhouse Gas Emissions Inventory p94-102	

GRI Standard	Description	Location	Comments
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover		Mercury had 131 new permanent employees commence employment in FY26. Voluntary turnover for permanent employees was 10.5%.
401-2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees	Company website - Careers	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Company website - Health, Safety & Wellbeing	
403-4	Worker participation, consultation, and communication on occupational health and safety		Workers' representatives hold a range of positions on health and safety committees including joint chair of the generation committee.
403-9	Work-related injuries	Our Business Model p4, Chief Executive Letter p10-11, Ngā Tāngata People p22-23	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Workforce of the Future p112-113	
405-2	Ratio of basic salary and remuneration of women to men	Workforce of the Future p112-113	

GLOBAL REPORTING INITIATIVE (GRI) INDEX CONT.

Sector specific: Electric utilities

GRI Standard	Description	Location	Comments
Sector Specific Generation Standard Disclosures			
EU1	Installed capacity	Our Business Model, p4	Mercury owns or has interests in power stations with installed capacity of: Hydro 1,119.5MW, Geothermal 525MW, Wind 482MW
EU2	Net energy output	Our Business Model, p4	
EU3	Number of residential, industrial, institutional and commercial customer accounts	Our Business Model, p4	
EU5	Allocation of CO ₂ e allowances	Climate Statement p86-88	
Access			
EU27	Number of disconnections for non-payment due to hardship		Mercury stopped credit-related post-pay disconnections in June 2024.



INFORMATION FOR SHAREHOLDERS

SHAREHOLDER ENQUIRIES

You can view your investment portfolio, change your address, supply your email, update your details or payment instructions online: investorcentre.com/nz

You will need your CSN and FIN to access this service.

Enquiries may also be addressed to the Share Registrar (see Directory for contact details).

INVESTOR INFORMATION

Our website at mercury.co.nz is an excellent source of information about what's happening within the company.

Our Investor Centre allows you to view all regular investor communications, information on our latest operating and financial results, dividend payments, news and share price history.

ELECTRONIC SHAREHOLDER COMMUNICATION

It is quick and easy to make the change to receiving your reports electronically. This can be done either:

- Online at investorcentre.com/nz by using your CSN and FIN (when you log in for the first time). Select 'Profile' and 'Communication Preferences' to update your details; or
- By contacting Computershare Investor Services Limited (see Directory for contact details).

PAPER AND INK INFORMATION

Our Integrated Report is printed on Eco-100 Natural paper. This environmentally-responsible, carbon-neutral paper is produced using FSC® (Forest Stewardship Council) certified 100% Post Consumer Recycled, Process Chlorine Free (PCF) pulp from Responsible Sources – and manufactured under the strict ISO14001 Environmental Management System. It carries the internationally-recognised Blue Angel, Nordic Swan, Austrian Environmental Label and the NAPM (National Association of Paper Merchants) Recycled Mark.

The inks used are mineral-oil-free and are manufactured from vegetable oils and fatty acid alkyl-esters (modified vegetable oils) which are all derived from renewable resources. They all conform to the EuPIA (European Printing Ink Association) exclusion list, so do not contain any carcinogenic, mutagenic, or toxic substances according to the Dangerous substances directive 67/548/EEC. They therefore are biodegradable and will break down when disposed of in suitable waste streams with extremely minimal effect on the environment.

As you're reading, you may notice some specks and imperfections – these are natural attributes of non-chlorine-bleached, recycled paper. When you're finished with this report, please recycle it responsibly.



DIRECTORY

BOARD OF DIRECTORS

Scott St John, Chair
Mark Binns
Robert Hamilton
Hannah Hamling
Adrian Littlewood
Susan Peterson
Rachel Taulelei
Jasper Van Halder (Future Director)

EXECUTIVE LEADERSHIP TEAM

Stew Hamilton
Chief Executive

Richard Hopkins
Chief Financial Officer

Michele Mauger
Chief People Officer

Suraiya Phillimore-Smith
Chief Customer Officer

Kevin Taylor
Chief Operating Officer - Generation

Catherine Thompson
Chief Strategy and Corporate Affairs Officer

Tim Thompson
Executive General Manager – Wholesale

Matt Tolcher
Executive General Manager – Generation Development

COMPANY SECRETARY

Howard Thomas
General Counsel and Company Secretary

INVESTOR RELATIONS AND SUSTAINABILITY ENQUIRIES

Paul Ruediger
Head of Business Performance and Investor Relations
Phone: +64 27 517 3470
Email: investor@mercury.co.nz

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REGISTERED OFFICE IN AUSTRALIA

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Phone: +64 9 357 9000

BANKERS

ANZ Bank
ASB Bank
Bank of New Zealand
China Construction Bank
Commonwealth Bank of Australia
Industrial and Commercial Bank of China
MUFG Bank
Mizuho Bank
Westpac

CREDIT RATING (RE-AFFIRMED AUGUST 2026)

Long-term: BBB+
Outlook: Stable

SHARE REGISTRAR – NEW ZEALAND

Computershare Investor Services Limited
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Phone: +64 9 488 8777
Email: enquiry@computershare.co.nz
Web: investorcentre.com/nz

SHARE REGISTRAR – AUSTRALIA

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GPO Box 3329, Melbourne, VIC 3001, Australia
Phone: 1 800 501 366 (within Australia)
Phone: +61 3 9415 4083 (outside Australia)
Email: enquiry@computershare.co.nz

GLOSSARY

Mercury presents certain non-GAAP (Generally Accepted Accounting Practice) financial information throughout this integrated report. This is provided where we believe it will provide greater clarity to users of the information. It also provides consistency across reporting periods and comparability amongst industry peers.

CO₂e

The universal unit of measurement to indicate the global warming potential of each greenhouse gas (GWP), expressed in terms of the GWP of one unit of carbon dioxide.

CPS

Cents per share.

EBITDAF (or Operating Earnings)

Earnings before net interest expense, tax expense, depreciation, amortisation, unrealised change in the fair value of financial instruments, gain/(loss) on disposal and sale, impairments and revaluation loss.

Free Cash Flow

Net cash flow from operating activities less stay-in business capital expenditure.

Fugitive Emissions

Direct discharges of greenhouse gases that occur during geothermal electricity generation processes.

Growth Capital Expenditure (CAPEX)

Capital expenditure incurred by the company to create new assets and revenue.

GWh

Gigawatt hour. One gigawatt hour is equal to one million kilowatt hours.

MWh

Megawatt hour. One megawatt hour is equal to one thousand kilowatt hours.

Net Debt

Total borrowings (both current and non-current) less cash and cash equivalents.

Operating Expenses (OPEX)

Represents employee compensation and benefits, maintenance expenses and other expenses.

Other Income

Earnings of associates and other revenue, less direct costs of other revenue.

Stay-in-Business (SIB) Capital Expenditure (CAPEX)

Capital expenditure incurred by the company to maintain its assets in good working order.

Total Recordable Injury Frequency Rate (TRIFR)

A record of the number of reported medical treatment, restricted work, lost time and serious harm injuries per 200,000 hours, including employees and on-site contractors.

Total Shareholder Return (TSR)

The financial gain or loss resulting from the change in share price plus any dividends paid expressed as a percentage of the initial share price.

Trading Margin

Sales from electricity generation, derivatives and sales of electricity, gas and telco services to customers, less energy costs, lines charges, telco and other direct costs of sales and third party metering.

TWh

Terawatt hour. One terawatt hour is equal to one thousand gigawatt hours.



KAIWERA DOWNS WIND FARM





WAIPAPA HYDRO STATION



[MENU](#)

MERCURY 2026 INTEGRATED REPORT

140

