

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Meridian Energy Limited 2022 Interim Results

23 February 2022

Today Meridian Energy releases its interim results for the six months ended 31 December 2021.

Included in this announcement is:

1. Media Announcement
2. Condensed Interim Financial Statements for the six months ended 31 December 2021
3. Investor Presentation
4. Investor Letter
5. Financial Commentary
6. NZX Results Announcement
7. NZX Distribution Notice detailing the ordinary interim dividend of 5.85 cents per share (NZD)

For the purposes of ASX Listing Rule 1.15.3 Meridian confirms that its primary listing is on the main board of the New Zealand Stock Exchange and therefore complies with the NZX Listing Rules.

ENDS

Neal Barclay
Chief Executive
Meridian Energy Limited

For investor relations queries, please contact:

Owen Hackston
Investor Relations Manager
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External Communications Advisor
022 589 1052

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Meridian Energy interim net profit lower, cash earnings¹ stable

23 February 2022

Meridian Energy has reported net profit after tax of \$145 million from continuing operations for the six months ended 31 December 2021, \$82 million (36%) lower than the same period last year, mainly reflecting negative changes in the value of hedge instruments. Excluding these hedge value movements, Meridian reported a \$1 million decrease in EBITDAF¹ and a \$5 million decrease in underlying net profit after tax².

Meridian's Board has declared an interim ordinary dividend of 5.85 cents per share, 2.6% higher than for the same period last year. The company's Dividend Reinvestment Plan will apply to this year's interim dividend, at no discount to the average market price over a five-day period ending on 23 March 2022. The interim dividend will be paid, and new shares issued under the reinvestment plan on 8 April 2022.

Meridian's Chief Executive Neal Barclay says that operating performance in the first half of this financial year includes a reduction in revenue received from the Tiwai Point Aluminium Smelter, so the on-par performance with last year reflects continued strong momentum in the company's operating business.

"It's pleasing to see continued growth in retail sales, which reflects an enduring commitment to excellent customer service and support. Our retail performance has helped offset the impact of NZAS exit pricing, and we're making sound progress on our strategy to develop new sources of South Island demand following the Tiwai contract end in 2024," Mr Barclay says.

Meridian completed the sale of MEA (which includes Powershop Australia) on 31 January 2022. The final sale price was A\$740 million including interest and intercompany funding movements since 1 July 2021. With completion of the MEA sale having occurred on 31 January 2022, Meridian's investment in MEA has been classified as held for sale and a discontinued operation at 31 December 2021. Meridian expects to recognise a gain on sale in the order of \$240 million in its full year accounts for 2022.

"This transaction is an outstanding result for Meridian's shareholders and a testament to the quality of the Meridian Energy Australia business and the employees who have been dedicated to its success," says Mr Barclay.

¹ EBITDAF is a commonly used non-GAAP measure reflecting earnings before interest, tax, depreciation, changes in fair value of hedges and other significant items (see page 3 for a reconciliation).

² Net profit after tax adjusted for the effects of non-cash fair value movements and other one-off items (see page 3 for a reconciliation).

Meridian has commenced bulk earthworks at its Harapaki wind farm development in Hawke's Bay and has been actively working to increase its renewable development pipeline. This includes the company's November 2021 announcement of the development of Ruākākā Energy Park. This project will house a battery energy storage system (BESS) at least 100MW in capacity, as well as a utility-scale solar farm.

Four potential partners have been selected for the next phase of the Southern Green Hydrogen project, a joint venture between Meridian Energy and Contact Energy to investigate the feasibility of developing the world's first large-scale green hydrogen plant in Southland.

A process is now underway to assess proposals from each of the four counterparties to develop the production and export facility in Southland.

"We're excited to move forward with the RFP and bring the project closer to fruition," adds Mr Barclay.

The electricity sector has been the focus of a number of regulatory reviews, including the Electricity Authority's Wholesale Market Review and reviews of the 9 August 2021 power outages.

"While we have some concerns with some of the preliminary findings from the Electricity Authority's most recent Wholesale Market Review, there is no doubt that as an industry we need to move faster to help New Zealand achieve its climate goals. We always support ways that the sector can provide better outcomes to consumers, and we're committed to working with the sector, businesses, government, and consumers to ensure we achieve these goals."

Income statement		
Six months ended 31 December	2021	2020
\$M		
New Zealand energy margin	537	543
Other revenue	14	11
Energy transmission expense	(38)	(41)
Electricity metering expenses	(21)	(20)
Employee and other operating expenses	(98)	(98)
EBITDAF	394	395
Depreciation and amortisation	(144)	(137)
Impairment of assets	-	-
Gain/(loss) on sale of assets	-	-
Net change in fair value of energy hedges	(68)	73
Net finance costs	(39)	(41)
Net change in fair value of treasury instruments	58	25
Net profit before tax	201	315
Income tax expense	(56)	(88)
Net profit after tax from continuing operations	145	227
Underlying net profit after tax		
Six months ended 31 December	2021	2020
\$M		
Net profit after tax	145	227
Underlying adjustments		
Hedging instruments		
Net change in fair value of energy hedges	68	(73)
Net change in fair value of treasury instruments	(58)	(25)
Premiums paid on electricity options net of interest	(10)	(10)
Assets		
(Gain)/loss on sale of assets	-	-
Impairment of assets	-	-
Total adjustments before tax	-	(108)
Taxation		
Tax effect of above adjustments	-	30
Underlying net profit after tax	145	149

ENDS

Neal Barclay
Chief Executive
Meridian Energy Limited

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Meridian.

Generating change: Changing generation

Condensed Interim
Financial Statements.

As at and for the six months
to 31 December 2021.

Condensed Interim Financial Statements

3	Income Statement The income earned and operating expenditure incurred by the Meridian Group during the six months.
3	Comprehensive Income Statement Items of income and operating expense that are not recognised in the income statement and hence taken to reserves in equity.
4	Balance Sheet A summary of the Meridian Group assets and liabilities at the end of the six months.
5	Changes in Equity Components that make up the capital and reserves of the Meridian Group and the changes of each component during the six months.
6	Cash Flows Cash generated and used by the Meridian Group.

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Income Statement

For the six months to 31 December 2021

	Note	Unaudited 2021 \$M	Unaudited 2020 \$M
Operating revenue	A2	1,672	1,690
Operating expenses	A3	(1,278)	(1,295)
Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items (EBITDAF)		394	395
Depreciation and amortisation	B1, B2	(144)	(137)
Net change in fair value of energy hedges	D1	(68)	73
Operating profit		182	331
Finance costs	A3	(39)	(41)
Net change in fair value of treasury instruments	D1	58	25
Net profit before tax from continuing operations		201	315
Income tax expense	A4	(56)	(88)
Net profit after tax from continuing operations		145	227
Net profit / (loss) from discontinued operations after tax	S1	(12)	–
Net profit after tax attributed to the Shareholders of the parent company		133	227
Earnings per share (EPS) attributed to the shareholders of the parent company		Cents	Cents
Basic and diluted EPS from continuing operations	C2	5.6	8.9
Basic and diluted EPS	C2	5.2	8.9

Comprehensive Income Statement

For the six months to 31 December 2021

	Unaudited 2021 \$M	Unaudited 2020 \$M
Net profit after tax	133	227
Other comprehensive income		
Net gain / (loss) on cash flow hedges	9	(6)
Exchange differences arising from translation of foreign operations	(4)	–
Income tax on the above items	(3)	2
Other comprehensive income for the period, net of tax	2	(4)
Total comprehensive income for the period, net of tax attributed to shareholders of the parent company	135	223


Balance Sheet

As at 31 December 2021

		Unaudited	Unaudited	Audited
	Note	31 Dec 2021 \$M	31 Dec 2020 \$M	30 Jun 2021 \$M
Current assets				
Cash and cash equivalents		152	122	148
Trade receivables		303	303	491
Customer contract assets		15	25	25
Financial instruments	D1	121	151	192
Assets held for sale	S1	729	-	-
Other assets		35	52	61
Total current assets		1,355	653	917
Non-current assets				
Property, plant and equipment	B1	7,966	8,466	8,598
Intangible assets	B2	80	76	84
Deferred tax		-	34	35
Financial instruments	D1	241	155	214
Other assets		-	-	8
Total non-current assets		8,287	8,731	8,939
Total assets		9,642	9,384	9,856

For and on behalf of the Board of Directors who authorised the issue of the condensed interim financial statements on 22 February 2022.


Mark Verbiest
 Board Chair


Julia Hoare
 Chair Audit & Risk Committee

		Unaudited	Unaudited	Audited
	Note	31 Dec 2021 \$M	31 Dec 2020 \$M	30 Jun 2021 \$M
Current liabilities				
Payables and accruals		326	333	577
Employee entitlements		13	19	25
Customer contract liabilities		14	21	23
Current portion of term borrowings	C4	269	271	378
Current portion of lease liabilities	C4	4	7	7
Financial instruments	D1	48	57	63
Liabilities held for sale	S1	197	-	-
Current tax payable		30	29	37
Total current liabilities		901	737	1,110
Non-current liabilities				
Term borrowings	C4	1,530	1,408	1,298
Deferred tax		1,883	1,852	1,940
Provisions		-	18	23
Lease Liabilities	C4	46	91	90
Financial instruments	D1	88	214	131
Term payables		59	46	40
Total non-current liabilities		3,606	3,629	3,522
Total liabilities		4,507	4,366	4,632
Net assets		5,135	5,018	5,224
Shareholders' equity				
Share capital		1,658	1,598	1,595
Reserves		3,477	3,420	3,629
Total shareholders' equity		5,135	5,018	5,224

Changes in Equity

For the six months to 31 December 2021

\$M								
Audited	Note	Share capital	Share option reserve	Revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	Shareholders equity
Balance at 1 July 2020		1,598	1	5,053	(26)	(2)	(1,542)	5,082
Net profit for the year		–	–	–	–	–	428	428
Other comprehensive income								
Asset revaluation		–	–	202	–	–	–	202
Transfer to retained earnings on disposal		–	–	1	–	–	(1)	–
Net gain (loss) on cash flow hedges		–	–	–	–	6	–	6
Exchange differences from translation of foreign operations		–	–	–	2	–	–	2
Income tax relating to other comprehensive income		–	–	(58)	–	(2)	–	(60)
Total other comprehensive income, net of tax		–	–	145	2	4	(1)	150
Total comprehensive income for the year, net of tax		–	–	145	2	4	427	578
Share-based transactions		(3)	–	–	–	–	–	(3)
Dividends paid	C3	–	–	–	–	–	(433)	(433)
Balance at 30 June 2021 and 1 July 2021		1,595	1	5,198	(24)	2	(1,548)	5,224
Unaudited								
Net profit for the period		–	–	–	–	–	133	133
Other comprehensive income								
Net gain (loss) on cash flow hedges		–	–	–	–	9	–	9
Exchange differences from translation of foreign operations		–	–	–	(4)	–	–	(4)
Income tax relating to other comprehensive income		–	–	–	–	(3)	–	(3)
Total other comprehensive income, net of tax		–	–	–	(4)	6	–	2
Total comprehensive income for the period, net of tax		–	–	–	(4)	6	133	135
Share-based transactions		(2)	–	–	–	–	–	(2)
Dividend reinvestment plan	S2, C3	65	–	–	–	–	–	65
Dividends paid	C3	–	–	–	–	–	(287)	(287)
Balance at 31 December 2021		1,658	1	5,198	(28)	8	(1,702)	5,135
Unaudited								
Balance at 1 July 2020		1,598	1	5,053	(26)	(2)	(1,542)	5,082
Net profit for the period		–	–	–	–	–	227	227
Other comprehensive income								
Net gain (loss) on cash flow hedges		–	–	–	–	(6)	–	(6)
Income tax relating to other comprehensive income		–	–	–	–	2	–	2
Total other comprehensive income, net of tax		–	–	–	–	(4)	–	(4)
Total comprehensive income for the period, net of tax		–	–	–	–	(4)	227	223
Dividends paid	C3	–	–	–	–	–	(287)	(287)
Balance at 31 December 2020		1,598	1	5,053	(26)	(6)	(1,602)	5,018

The notes to the condensed interim financial statements form an integral part of these financial statements.

Cash Flows

For the six months to 31 December 2021

	Note	Unaudited 2021 \$M	Unaudited 2020 \$M
Operating activities			
Receipts from customers		1,986	1,885
Payments to suppliers and employees		(1,629)	(1,523)
Interest paid		(40)	(41)
Income tax paid		(92)	(134)
Operating cash flows		225	187
Investing activities			
Purchase of property, plant and equipment		(82)	(22)
Purchase of intangible assets		(13)	(20)
Investing cash flows		(95)	(42)
Financing activities			
Term borrowings drawn	C4	182	97
Term borrowings repaid	C4	(63)	(5)
Lease Liabilities paid	C4	(4)	(4)
Dividends	C3	(222)	(287)
Financing cash flows		(107)	(199)
Net increase / (decrease) in cash and cash equivalents		23	(54)
Cash and cash equivalents at beginning of the six months		148	176
Adjustment for cash classified as assets held for sale	S1	(19)	–
Cash and cash equivalents at end of the six months		152	122

The notes to the condensed interim financial statements form an integral part of these financial statements.

About this report

In this section.

The summary notes to the condensed interim financial statements include information which is considered relevant and material to assist the reader in understanding changes in Meridian's financial position or performance. Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important for understanding the results of Meridian;
- it helps to explain changes in Meridian's business; or
- it relates to an aspect of Meridian's operations that is important to future performance.

Meridian Energy Limited is a for-profit entity domiciled and registered under the Companies Act 1993 in New Zealand. It is a FMC reporting entity for the purposes of the Financial Markets Conduct (FMC) Act 2013. Meridian's core business activities are the generation, trading and retailing of electricity and the sale of complementary products and services. The registered office of Meridian is 55 Lady Elizabeth Lane, Wellington. Meridian Energy Limited is dual listed on the New Zealand Stock Exchange (NZX) and the

Australian Securities Exchange (ASX). As a Mixed Ownership Company, majority owned by Her Majesty the Queen in Right of New Zealand, it is bound by the requirements of the Public Finance Act 1989.

These unaudited condensed interim financial statements for the six months ended 31 December 2021 have been prepared:

- using Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as appropriate for interim financial statements, accounting policies consistent with International Financial Reporting Standards (IFRS) and the New Zealand equivalents (NZ IFRS) and in accordance with IAS 34: Interim Financial Reporting and NZ IAS 34: Interim Financial Reporting, as appropriate for a for-profit entity;
- in accordance with the requirements of the Financial Markets Conduct Act 2013;
- on the basis of historical cost, modified by revaluation of certain assets and liabilities; and
- in New Zealand dollars (NZD). The principal functional currency of international subsidiaries is Australian dollars. The closing rate at 31 December 2021 was 0.9401 (December 2020: 0.9339, 30 June 2021: 0.9311).

All values are rounded to millions (\$M) unless otherwise stated.

Accounting policies

The accounting policies, methods of computation and classification set out in the Group financial statements for the year ended 30 June 2021 have been applied consistently to all periods presented in the condensed interim financial statements, except as noted below.

Judgements and estimates

The basis of key judgements and estimates have not changed from those used in preparing the financial statements for the year ended 30 June 2021.

Basis of consolidation

The condensed interim Group financial statements comprise the financial statements of Meridian Energy Limited and its subsidiaries and controlled entities.

Assets and disposal groups held for sale

Assets and disposal groups classified as held for sale (HFS) are measured at the lower of carrying amount or fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset (of disposal group) is available for immediate sale in its

present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

On the balance sheet, HFS assets and liabilities are shown as separate line items under current assets and current liabilities. No adjustment is made to the prior period balance sheet figures or classifications.

Discontinued operations

Classification as a discontinued operation occurs on disposal, or when the operation meets the criteria to be classified as a non-current asset or disposal group HFS (see above), if earlier, and represents a separate major line of business or geographical area of operations. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year. The comparative balance sheet is not adjusted. In the cash flow statement, neither current or comparative period are adjusted.

Significant matters in the six months

In this section.

Significant matters which have impacted Meridian's financial performance.

S1 Meridian Energy Australia

In June 2021, Meridian announced that it had begun a review of its ownership of Meridian Energy Australia (MEA) and was considering all options, including partial or full divestment. On 20 August 2021, Meridian deemed that MEA was HFS.

On 22 November 2021, Meridian announced that an agreement had been reached with a consortium, comprised of Shell Energy Operations Pty Ltd and Infrastructure Capital Group, to purchase the MEA business for consideration of A\$729m, subject to possible adjustment depending on timing of completion, with this expected to occur in the first quarter of 2022. Completion has now occurred, refer to Section E and the post balance date events note for further details.

As the carrying amount of Meridian's investment in MEA is to be recovered through a sale transaction, the investment in MEA has been classified as HFS and a discontinued operation at 31 December 2021. The comparative consolidated statement of comprehensive income and respective notes have been re-presented to show the discontinued operation separately from continuing operations.

As at 22 November 2021, the expected sales proceeds less costs to sell are higher than the carrying amount and as a result no adjustment has been made to the carrying value of Meridian's investment in MEA.

Six months ended 31 December

	2021 \$M	2020 \$M
Results of discontinued operation		
Operating revenue	184	180
Operating expenses	(160)	(152)
Net result from operating activities	24	28
Depreciation and amortisation	(6)	(16)
Gain / (loss) on sale of investment	(12)	-
Net change in fair value of energy hedges	(16)	(10)
Operating profit / (loss)	(10)	2
Finance costs	(2)	(2)
Net change in fair value of treasury hedges	-	-
Net profit / (loss) before tax	(12)	-
Tax expense	-	-
Net profit / (loss) from discontinued operations after tax	(12)	-
Basic and diluted earnings per share (cents per share)	-	-
Current assets	729	663
Current liabilities	197	168
Net assets of discontinued operation	532	495
Cash flows from / (used in) discontinued operation		
Net cash from / (used in) operating activities	12	1
Net cash from / (used in) investing activities	(8)	(9)
Net cash from / (used in) financing activities	-	(46)
Net cash flows of discontinued activity	4	(54)

Significant matters in the six months continued

Effect of reclassification of the disposal group on the financial position of the Group	At 31 December 2021 \$M
Cash and cash equivalents	(19)
Trade receivables	(34)
Customer contract assets	(11)
Financial instruments (assets)	(40)
Other assets	(15)
Property, plant & equipment	(570)
Intangible assets	(6)
Deferred tax (asset)	(34)
Payables and accruals	49
Employee entitlements	2
Customer contract liabilities	9
Term borrowings	-
Lease liabilities	44
Financial instruments (liabilities)	41
Current tax payable	-
Deferred tax (liability)	31
Provisions	21
Term payables	-
Net reclassification of (assets) and liabilities	(532)

The effect of the reclassification of the discontinued operation on the financial position of Meridian is to transfer the carrying value of the individual assets and liabilities that relate to MEA to assets and liabilities held for sale at 31 December 2021.

S2 Dividend reinvestment plan

In March 2021, the Meridian Board approved the creation of a Dividend Reinvestment Plan (DRP), with program details later released in August 2021. The DRP was available for use on the FY21 final dividend, which was paid to shareholders on 15 October 2021.

Under the DRP, Meridian shareholders can elect to receive Meridian shares in lieu of cash for all or part of their dividend. Of the final dividend paid in October 2021, \$65m was settled under the DRP by the issuance of 13,400,114 new Meridian shares. New shares are issued at the prevailing market price around the time of issue, which may be subject to a small discount (at the Meridian Board's discretion). A 2% discount was approved in relation to the DRP for October 2021.

Further details on the DRP can be found at www.meridianenergy.co.nz/investors/dividend#Dividend-reinvestment-plan.

Significant matters in the six months continued

In this section.

This section outlines significant matters which have impacted Meridian's financial performance and an explanation of non-GAAP measures used within the notes to the condensed interim financial statements.

Hydro Inflows

After starting the financial year at low levels, there was a recovery in Lake Pūkaki storage during July. This trend continued through to October, as the Waitaki experienced one of the wetter winter quarters in our historical record. Snow began to melt in October and there were significant inflow events in November and December, leading us to end the calendar year with close to maximum storage in Lake Pūkaki.

The Waiau Lakes also experienced above average inflows from July to September. Spill began there in September and continued into October. Lake Manapōuri and Te Anau were within their main ranges for November and December.

COVID-19

In light of the continuing uncertainty around the economy, Meridian continues to hold a higher provision for credit losses in the short to medium term. Meridian will continue to assess the level of the provision at each reporting date to ensure it reflects current economic conditions.

Meridian has also considered the potential impact of COVID-19 as part of our key assumptions when valuing our property, plant and equipment and financial instruments. However, there was no impact when taking this into consideration. Refer to Notes B1 Property, plant & equipment and D1 Financial instruments for further detail.

Non-GAAP measures

Meridian refers to non-GAAP financial measures within these condensed interim financial statements and accompanying notes. The limited use of non-GAAP measures is intended to supplement GAAP measures to provide readers with further information to broaden their understanding of Meridian's financial performance and position. They are not a substitute for GAAP measures.

As these measures are not defined by NZ GAAP, IFRS, or any other body of accounting standards, Meridian's calculations may differ from similarly titled measures presented by other companies. The measures are described below, including page references for reconciliations to the condensed interim financial statements.

EBITDAF

Earnings before interest, tax, depreciation, amortisation, change in fair value of hedges, impairments and gains and losses on sale of assets.

EBITDAF is reported in the income statement allowing the evaluation of Meridian's operating performance without the non-cash impact of depreciation, amortisation, fair value movements of hedging instruments and other one-off or infrequently occurring events and the effects of Meridian's capital structure and tax position. This allows a better comparison of operating performance with that of other electricity industry companies than GAAP measures which include these items.

Energy margin

Energy margin provides a measure of financial performance that, unlike total revenue, accounts for the variability of wholesale energy markets and the broadly offsetting impact of the wholesale prices on the cost of Meridian's energy purchases and revenue from generation. Meridian uses the measure of energy margin within its segmental financial performance in Note A1 Segment performance.

Net debt

Net debt is a metric commonly used by investors as a measure of Meridian's indebtedness that takes account of liquid financial assets. Meridian uses this measure within its capital management and this is outlined in Note C1 Capital management.

A

Financial performance

In this section.

This section explains the financial performance of Meridian, providing additional information about individual items in the income statement, including:

- a. accounting policies, judgements and estimates that are relevant for understanding items recognised in the income statement; and
- b. analysis of Meridian's performance for the six months by reference to key areas including: performance by operating segment, revenue, expenses and taxation.

A1 Segment performance

The Chief Executive monitors the operating performance of each segment for the purpose of making decisions on resource allocation and strategic direction.

The Chief Executive considers the business according to the nature of the products and services and the location of operations, as set out below:

New Zealand wholesale

- Generation of electricity and its sale into the New Zealand wholesale electricity market.
- Purchase of electricity from the wholesale electricity market and its sale to the New Zealand Retail segment and to large industrial customers, including NZAS representing the equivalent of 36% (31 December 2020: 38%) of Meridian's New Zealand generation production.
- Development of renewable electricity generation opportunities in New Zealand.

New Zealand retail

- Retailing of electricity and complementary products through two brands (Meridian and Powershop) in New Zealand.
- Electricity sold to residential, business and industrial customers on fixed price variable volume contracts is purchased from the Wholesale segment at an average annual fixed price of \$93 per megawatt hour (MWh) and electricity sold to business and industrial customers on spot (variable price) agreements is purchased from the Wholesale segment at prevailing wholesale spot market prices.
- Agency margin from spot sales is included within "Contracted sales, net of distribution costs".
- Meridian provides front line customer and back office services for Powershop Australia. Revenue of \$2m has been recorded in 'Other revenue' and is eliminated on Group consolidation.

Australia

- Generation of energy from Meridian's two wind farms, three hydro power stations and acquired under power purchase agreements, for sale into the Australian wholesale electricity market.
- Retailing of electricity and gas, mainly through the Powershop brand in Australia.
- Development of renewable electricity generation options in Australia.
- As noted in the Significant Matters section, the Australia segment is now shown as HFS and a discontinued operation.

Other and unallocated

- Other operations, that are not considered reportable segments, including licensing of the Flux developed electricity and gas retailing platform.
- Activities and centrally based costs that are not directly allocated to other segments.

The financial performance of the operating segments is assessed using energy margin and EBITDAF (see page 10 for a definition of these measures) before unallocated central corporate expenses. Balance sheet items are not reported to the Chief Executive at an operating segment level.

A1 Segment performance continued

	NZ Wholesale		NZ Retail		Australia		Other and Unallocated		Inter-segment and discontinued operations		Group	
For the six months to 31 December	2021 \$M	2020 \$M	2021 \$M	2020 \$M	2021 \$M	2020 \$M	2021 \$M	2020 \$M	2021 \$M	2020 \$M	2021 \$M	2020 \$M
Contracted sales, net of distribution costs	270	256	518	460	85	92	-	-	(85)	(92)	788	716
Costs to supply customers	(937)	(998)	(422)	(370)	(73)	(54)	-	-	527	471	(905)	(951)
Net cost of hedging	(4)	24	-	-	1	(8)	-	-	(1)	8	(4)	24
Generation spot revenue	661	755	-	-	40	30	-	-	(40)	(30)	661	755
Inter-segment electricity sales	454	417	-	-	-	-	-	-	(454)	(417)	-	-
Virtual asset swap margins	3	1	-	-	-	-	-	-	-	-	3	1
Other market revenue/(costs)	(6)	(4)	-	-	(1)	(1)	-	-	1	3	(6)	(2)
Energy Margin	441	451	96	90	52	59	-	-	(52)	(57)	537	543
Other Revenue	1	1	7	7	1	1	23	23	(18)	(21)	14	11
Dividend Revenue	-	-	-	-	-	-	-	46	-	(46)	-	-
Energy transmission expense	(38)	(41)	-	-	(3)	(3)	-	-	3	3	(38)	(41)
Energy metering expenses	-	-	(21)	(20)	-	-	-	-	-	-	(21)	(20)
Gross Margin	404	411	82	77	50	57	23	69	(67)	(121)	492	493
Employee expenses	(12)	(16)	(16)	(16)	(8)	(7)	(17)	(15)	8	7	(45)	(47)
Other operating expenses	(29)	(28)	(17)	(17)	(18)	(22)	(15)	(13)	26	29	(53)	(51)
EBITDAF	363	367	49	44	24	28	(9)	41	(33)	(85)	394	395
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	(144)	(137)
Net change in fair value of electricity and other hedges	-	-	-	-	-	-	-	-	-	-	(68)	73
Operating profit	-	-	-	-	-	-	-	-	-	-	182	331
Finance costs	-	-	-	-	-	-	-	-	-	-	(39)	(41)
Net change in fair value of treasury instruments	-	-	-	-	-	-	-	-	-	-	58	25
Net profit before tax from continuing operations	-	-	-	-	-	-	-	-	-	-	201	315
Income tax expense	-	-	-	-	-	-	-	-	-	-	(56)	(88)
Net profit after tax from continuing operations	-	-	-	-	-	-	-	-	-	-	145	227
Net profit / (loss) from discontinued operations after tax											(12)	-
Net profit after tax attributed to the shareholders of the parent company											133	227
<i>Reconciliation of energy margin</i>												
Electricity sales revenue, net of hedging	1,229	1,295	883	800	183	179	-	-	(637)	(595)	1,658	1,679
Electricity expenses, net of hedging	(788)	(844)	(460)	(421)	(76)	(66)	-	-	530	484	(794)	(847)
Electricity distribution expenses	-	-	(327)	(289)	(55)	(54)	-	-	55	54	(327)	(289)
Energy margin	441	451	96	90	52	59	-	-	(52)	(57)	537	543

The Australia segment is classified as HFS and treated as a discontinued operation as at 31 December 2021.

A2 Income

Six months ended 31 December	Unaudited 2021 \$M	Unaudited 2020 \$M
Operating revenue		
Energy sales to customers	971	948
Generation revenue net of hedging	687	731
Energy related services revenue	5	4
Other revenue	9	7
	1,672	1,690
Total revenue by geographic area		
New Zealand	1,664	1,684
United Kingdom	8	6
Total operating revenue	1,672	1,690

Operating revenue

Energy sales to customers

Revenue received or receivable from residential, business and industrial customers. This revenue is influenced by customer contract sales prices and their demand for energy.

Generation revenue, net of hedging

Revenue received from:

- energy generated and sold into the wholesale markets; and
- the net settlement of energy hedges sold on futures markets, and to generators, retailers and industrial customers.

This revenue is influenced by the quantity of generation and the wholesale spot price and is recognised at the time of generation or hedge settlement.

A3 Expenses

Six months ended 31 December	Unaudited 2021 \$M	Unaudited 2020 \$M
Operating expenses		
Energy expenses, net of hedging	794	847
Energy distribution expenses	327	289
Energy transmission expenses	38	41
Energy metering expense	21	20
Employee expenses	45	47
Other expenses	53	51
	1,278	1,295
Finance costs		
Interest on borrowings	41	39
Interest on option premiums	-	1
Interest on lease liabilities	1	1
Less capitalised interest	(3)	-
	39	41

Energy expenses, net of hedging

The cost of:

- energy purchased from wholesale markets to supply customers;
- the net settlement of buy-side energy hedges; and
- related charges and services.

Energy expenses are influenced by quantity and timing of customer consumption and the wholesale spot price.

Energy distribution expenses

The cost of distribution companies transporting energy between where it is transmitted/stored and customers' properties.

Energy transmission expenses

Meridian's share of the cost of the high voltage direct current (HVDC) link between the North and South Islands of New Zealand and the cost of connecting Meridian's generation sites to the national grid by grid providers.

Employee expenses

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured

reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

The current period includes the release of a \$7m provision. This related to a Ministry of Business, Innovation and Employment review of Meridian's approach to application of the Holidays Act (2003). It had previously been assessed that liability was probable and therefore a provision was created. However, recent legal cases have meant this position has reversed, that Meridian's application of the Holidays Act (2003) is appropriate, and that further liability is highly unlikely.

Finance costs – capitalised interest

In the six month ending 31 December 2021, Meridian commenced capitalisation of interest costs relating to the build of the Harapaki wind farm.

A4 Taxation

Six months ended 31 December	Unaudited 2021 \$M	Unaudited 2020 \$M
Income tax expense		
Current income tax charge	85	85
Deferred tax	(29)	3
Income tax expense	56	88
<i>Reconciliation to profit before tax</i>		
Profit before tax	201	315
Income tax at applicable rates	56	88
Expenditure not deductible for tax	-	-
Income tax expense	56	88

Income tax expense

Income tax expense is the income tax assessed on taxable profit for the period. Taxable profit differs from profit before tax reported in the income statement as it excludes items of income and expense that are taxable or deductible in other periods and also excludes items that will never be taxable or deductible. Meridian's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at balance date, being 28% for New Zealand and 30% for Australia.

Income tax expense components are current income tax and deferred tax.

B

Assets used to generate and sell electricity

In this section.

This section shows the assets Meridian uses in the production and sale of electricity to generate operating revenues. In this section of the summary notes there is information about:

- a. property, plant and equipment, and
- b. intangible assets

Recognition and measurement

Generation structures and plant assets (including land and buildings) are held on the balance sheet at their fair value at the date of revaluation, less any subsequent depreciation and impairment losses. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Fair value and revaluation of generation structures and plant

Within Property, plant & equipment, generation structures and plant are carried at fair value for financial reporting purposes. Revaluations are performed with sufficient regularity to ensure that carrying value does not differ materially from that which would be determined using fair values at balance date.

Meridian continues to use an income approach in calculating the fair value of generation structures and plant. Meridian uses a discounted cash flow (DCF) approach to determine a fair value range.

A review and assessment of key inputs included in the valuation of generation structures and plant has been undertaken as at 31 December 2021, indicating that there has been no material change in fair value.

The value of our generation structures and plant is sensitive to movements in fair value as a result of a change in each valuation input, the nature of these sensitivities has not significantly changed since 30 June 2021.

Capital Commitments

As at 31 December 2021 Meridian Energy Limited has capital commitments of \$286m (30 June 2021: \$329m).

B1 Property, plant and equipment

Position as at	Note	Unaudited 31 Dec 2021 \$M	Unaudited 31 Dec 2020 \$M	Audited 30 Jun 2021 \$M
Opening net book value		8,598	8,594	8,594
Additions		80	19	80
Transfers to Held For Sale	S1	(570)	–	–
Disposals		(1)	(1)	(9)
Decommissioning asset – remeasurement		–	–	11
Adjustment of Right of Use assets		–	(4)	1
Foreign currency exchange rate movements		(6)	2	4
Generation structures and plant revaluation:				
– revaluation reserve		–	–	202
Depreciation expense ¹		(135)	(144)	(285)
Closing net book value		7,966	8,466	8,598

B2 Intangible assets

Position as at	Note	Unaudited 31 Dec 2021 \$M	Unaudited 31 Dec 2020 \$M	Audited 30 Jun 2021 \$M
Opening Net Book value		84	65	64
Additions		11	20	40
Expensed to income statement		–	–	(2)
Amortisation expense ¹		(9)	(9)	(18)
Transfers to Held For Sale	S1	(6)	–	–
Closing net book value		80	76	84

1. Depreciation and amortisation expense for the six months ended 31 December 2020 does not match the Income Statement, due to the re-presenting of the Income Statement for the MEA discontinued operation.

C Managing funding

In this section.

This section explains how Meridian manages its capital structure and working capital, the various funding sources, and how dividends are returned to shareholders. In this section of the summary notes there is information about equity and dividends.

C1 Capital management

Capital risk management objectives

Meridian's objective when managing capital is to provide appropriate returns to shareholders whilst maintaining a capital structure that safeguards its ability to remain a going concern and optimises the cost of capital.

Capital is defined as the combination of shareholders' equity, reserves and net debt.

Meridian manages its capital through various means, including:

- adjusting the amount of dividends paid to shareholders;
- raising or returning capital; and
- raising or repaying debt.

Meridian regularly monitors its capital requirements using various measures that consider debt facility financial covenants and credit ratings. The key measures being net debt to EBITDAF and interest cover. The principal external measure is Meridian's credit rating from Standard & Poor's.

Meridian is in full compliance with debt facility financial covenants.

Position as at	Note	Unaudited 31 Dec 2021 \$M	Unaudited 31 Dec 2020 \$M	Audited 30 Jun 2021 \$M
Share capital		1,658	1,598	1,595
Retained earnings		(1,702)	(1,602)	(1,548)
Other reserves		5,179	5,022	5,177
		5,135	5,018	5,224
Drawn borrowings	C4	1,718	1,582	1,589
add Lease liabilities		50	98	97
less: Cash and cash equivalents		(152)	(122)	(148)
		1,616	1,558	1,538
Net capital		6,751	6,576	6,762

C2 Earnings per share

	Unaudited 31 Dec 2021	Unaudited 31 Dec 2020
Basic and diluted earnings per share (EPS)		
Net profit after tax from continuing operations	145	227
Net profit after tax attributed to the shareholders of the parent company	133	227
Weighted average number of shares used in the calculation of EPS	2,569,700,057	2,563,000,000
Basic and diluted EPS from continuing operations (cents per share)	5.6	8.9
Basic and diluted EPS (cents per share)	5.2	8.9

C3 Dividends

Six months ended 31 December	Unaudited 2021 \$M	Unaudited 2020 \$M
Dividends declared and paid		
Final ordinary dividend 2021: 11.2cps (2020: 11.2cps)	287	287
Total dividends paid	287	287
Dividends declared and not recognised as a liability		
Interim ordinary dividend 2022: 5.85cps (2021: 5.7cps)	151	146

Dividend policy

Meridian's dividend policy considers free cash flow, working capital requirements, the medium-term investment programme, maintaining a BBB+ credit rating and risks from short and medium-term economic, market and hydrology conditions.

Subsequent event – dividend declared

On 22 February 2022 the Board declared a partially imputed interim ordinary dividend of 5.85 cents per share.

Dividend Reinvestment Plan (DRP)

As noted in the Significant Matters section, Meridian has instituted a DRP under which shareholders can elect to receive dividends in additional shares rather than cash. The first time the DRP was available for use was for the October 2021 final dividend payment.

For the October 2021 dividend payment, new shares were issued at a 2% discount to the prevailing market price of Meridian shares around the time of issue. Whether a discount is available, and if so the level of that discount, is at the discretion of the Meridian Board.

In October 2021, 13,400,114 new Meridian shares with a value of \$65m were issued to Meridian investors.

Shares issued in lieu of cash are excluded from dividends paid in the Statement of Cash Flows.

C4 Borrowings

Position as at	Unaudited 31 Dec 2021					Unaudited 31 Dec 2020				Audited 30 Jun 2021			
	Currency borrowed in	Drawn facility amount	Transaction costs	Fair value adjustment	Carrying amount	Drawn facility amount	Transaction costs	Fair value adjustment	Carrying amount	Drawn facility amount	Transaction costs	Fair value adjustment	Carrying amount
Group (NZ\$m)													
Current borrowings													
Unsecured borrowings	NZD	270	(1)	–	269	215	(1)	–	214	321	(1)	–	320
Unsecured borrowings	USD	–	–	–	–	47	–	10	57	47	–	11	58
Total current borrowings		270	(1)	–	269	262	(1)	10	271	368	(1)	11	378
Non-current borrowings													
Unsecured borrowings	NZD	835	–	–	835	765	(1)	–	764	665	(1)	–	664
Unsecured borrowings	AUD	59	–	–	59	–	–	–	–	–	–	–	–
Unsecured borrowings	USD	554	(1)	83	636	555	(1)	90	644	556	(1)	79	634
Total non-current borrowings		1,448	(1)	83	1,530	1,320	(2)	90	1,408	1,221	(2)	79	1,298
Total borrowings		1,718	(2)	83	1,799	1,582	(3)	100	1,679	1,589	(3)	90	1,676

Meridian has committed bank facilities of \$955 million of which \$377m were undrawn at 31 December 2021 (31 December 2020: facilities of \$755m of which \$525m were undrawn). Where facilities have expiry dates, these expiries range from March 2022 to April 2026. \$275m of facilities are evergreen / have no expiry date.

Borrowings, measurement and recognition

Borrowings are recognised initially at the fair value of the drawn facility amount (net of transaction costs paid) and are subsequently stated at amortised cost using the effective

interest method. Any borrowings which have been designated as hedged items (USD borrowings) are carried at amortised cost plus a fair value adjustment under hedge accounting requirements. Any borrowings denominated in foreign currencies are retranslated to the functional currency at each reporting date. Any retranslation effect is included in the "Fair value adjustment" column in the above table.

Meridian uses cross currency interest rate swap (CCIRS) hedge contracts to manage its exposure to interest rates and borrowings sourced in currencies different to that of the borrowing entity's reporting currency.

Fair value of borrowings held at amortised cost

Position as at	Unaudited		Audited	Unaudited		Audited
	31 Dec 2021 \$M	31 Dec 2020 \$M	30 Jun 2021 \$M	31 Dec 2021 \$M	31 Dec 2020 \$M	30 Jun 2021 \$M
Group (NZ\$m)	Carrying value			Fair value		
Retail bonds	500	500	500	518	554	540
Floating rate notes	50	50	50	50	51	51
Unsecured term loan (EKF facility)	45	55	50	47	58	52

Within term borrowings there are longer dated instruments which are not in hedge accounting relationships. The carrying values and estimated fair values of these instruments are noted in the table above.

Fair value is calculated using a discounted cash flow calculation and the resultant values are classified as Level 2 within the

fair value hierarchy. The Retail Bonds are listed instruments; however, a lack of liquidity on the NZX precludes them from being classified as Level 1 (a definition of levels is included in note D1 Financial instruments).

Carrying value approximates fair value for all other instruments within term borrowings.

C4 Borrowings continued

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

Group (NZ\$M)	Unaudited 31 Dec 2021										
	Balance at 30 Jun 2021	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign Exchange	Transferred to Held For Sale	Lease liabilities recognised	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 31 Dec 2021
Unsecured borrowings – NZD	984	125	(5)	–	–	–	–	–	–	–	1,104
Unsecured borrowings – AUD	–	57	–	–	2	–	–	–	–	–	59
Unsecured borrowings – USD	692	–	(58)	1	1	–	–	–	–	–	636
Lease Liabilities	97	–	–	–	–	(44)	–	(4)	–	1	50
Total	1,773	182	(63)	1	3	(44)	–	(4)	–	1	1,849

Group (NZ\$M)	Unaudited 31 Dec 2020										
	Balance at 30 June 2020	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign Exchange	Transferred to Held For Sale	Lease liabilities recognised	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 31 Dec 2020
Unsecured borrowings – NZD	886	97	(5)	–	–	–	–	–	–	–	978
Unsecured borrowings – USD	802	–	–	(31)	(70)	–	–	–	–	–	701
Lease Liabilities	104	–	–	–	–	–	–	(4)	(4)	2	98
Total	1,792	97	(5)	(31)	(70)	–	–	(4)	(4)	2	1,777

Group (NZ\$M)	Audited 30 Jun 2021										
	Balance at 30 Jun 2020	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign Exchange	Transferred to Held For Sale	Lease liabilities recognised	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 30 Jun 2021
Unsecured borrowings – NZD	886	108	(10)	–	–	–	–	–	–	–	984
Unsecured borrowings – USD	802	–	–	(58)	(52)	–	–	–	–	–	692
Lease Liabilities	104	–	–	–	–	–	1	(7)	(5)	4	97
Total	1,792	108	(10)	(58)	(52)	–	1	(7)	(5)	4	1,773

C5 Green financing

To recognise Meridian's commitment, leadership and investment in renewable energy, Meridian operates a Green Finance Programme which covers both existing and future issuances of debt instruments ("Programme").

The Programme Framework (Framework) sets out the process, criteria and guidelines under which Meridian intends to issue and/or manage existing and future bonds and loans under the Programme which contribute towards achieving Meridian's sustainable objectives. The Framework is aligned with the following market standards as at the date of the Framework:

International Capital Markets Association (ICMA) Green Bond Principles (GBP); Climate Bonds Standard currently version 3.0 (CBS); and Asia Pacific Loan Market Association Green Loan Principles (GLP), (together the Market Standards).

The proceeds of Meridian's debt instruments, outlined in the following tables, have been allocated (directly or notionally) to refinance eligible wind and hydro projects and assets that meet the market standards.

Further information on the Green Finance Programme, including the Programme framework document, opinions from DNV GL Business Assurance Pty. Ltd, Climate Bonds Standard Certification and Green Asset and Debt registers are available on Meridian's website at www.meridianenergy.co.nz/investors/reports-andpresentations/green-finance.

Green Debt Instruments under Meridian's Green Finance Programme

Green Debt allocated to the Hydro Pool ¹			Unaudited 31 Dec 2021		Unaudited 31 Dec 2020		Audited 31 June 2021	
Type – Group (NZ\$M)	CUSIP/ NZX Code	Currency borrowed in	Facility amount	Drawn facility amount	Facility amount	Drawn facility amount	Facility amount	Drawn facility amount
USPP Series 2014 – 1 Tranche A ²	Q5995*AA6	USD	–	–	47	47	47	47
USPP Series 2014 – 1 Tranche B ²	Q5995*AB4	USD	115	115	116	116	117	117
USPP Series 2019 – 1 Tranche A ²	Q5995*AE4	USD	183	183	183	183	183	183
USPP Series 2019 – 1 Tranche B ²	Q5995*AF1	USD	183	183	183	183	183	183
USPP Series 2019 – 1 Tranche C ²	Q5995*AG9	USD	73	73	73	73	73	73
Total USPP			554	554	602	602	603	603
Wholesale FRN – 10Yr		NZD	50	50	50	50	50	50
Bank Facilities ³		NZD	955	377	700	175	770	161
Commercial Paper ⁴		NZD	192	192	200	200	225	225
Total Green Debt allocated to the Hydro Pool			1,751	1,173	1,552	1,027	1,648	1,039

Green Debt allocated to the Wind Pool ⁵			Unaudited 31 Dec 2021		Unaudited 31 Dec 2020		Audited 31 Jun 2021	
Type – Group (NZ\$M)	CUSIP/ NZX Code	Currency borrowed in	Facility amount	Drawn facility amount	Facility amount	Drawn facility amount	Facility amount	Drawn facility amount
Retail Bond (Mar-23)	MEL030	NZD	150	150	150	150	150	150
Retail Bond (Mar-24)	MEL040	NZD	150	150	150	150	150	150
Retail Bond (Mar-25)	MEL050	NZD	200	200	200	200	200	200
Total Domestic Bonds			500	500	500	500	500	500
EKF Amortising Facility		NZD	45	45	55	55	50	50
Total Green Debt allocated to the Wind Pool			545	545	555	555	550	550
Total Green Debt			2,296	1,718	2,107	1,582	2,198	1,589

At 31 December 2021, Meridian remains compliant with the requirements of the programme.

1. Verified as meeting the criteria established for Meridian by DNV GL which align with the stated definition of Green Bonds and Loans within the Green Bond/Loan Principles.
2. United States private placement (USPP) Notes are included as the NZD equivalent under the Cross – Currency Interest Rate Swaps related to the Issue.
3. Committed Bank facilities are included at the face value of the facilities.
4. Commercial Paper is included as the amount on issue.
5. Climate Bonds Standard Certified.

D Financial instruments

In this section.

In this section of the summary notes there is information:

- analysing financial (hedging) instruments used to manage risk; and
- outlining Meridian's fair value techniques and key inputs.

D1 Financial instruments

Fair value of hedging financial instruments

The recognition and measurement of hedging financial instruments requires management estimation and judgement (this is discussed in further detail later in this note). These estimates can have a significant risk of

material adjustment in future periods. Fair value measurements are grouped within a three-level fair value hierarchy based on the observability of valuation inputs (described below).

- Level 1 Inputs** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 Inputs** – Either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs other than quoted prices included in Level 1.
- Level 3 Inputs** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level	Fair value on the balance sheet						Fair value movements in the income statement	
	Unaudited		Audited		Unaudited			
	31 Dec 2021		31 Dec 2020		30 June 2021		31 Dec 2021	31 Dec 2020
	Assets \$M	Liabilities \$M	Assets \$M	Liabilities \$M	Assets \$M	Liabilities \$M	\$M	\$M
Treasury Hedges								
Cross currency interest rate swap (CCIRS) – interest rate risk	2	51	–	89	–	62	–	–
CCIRS – basis and margin risk	2	(1)	–	(11)	–	(6)	–	–
CCIRS – foreign exchange risk	2	32	–	10	–	28	–	–
Total CCIRS		82	–	88	–	84	–	–
Foreign exchange hedges	2	11	(1)	1	–	6	(1)	–
Interest rate swaps (IRS)	2	13	(83)	23	(207)	16	(145)	59
Total Treasury Hedges		106	(84)	112	(207)	106	(145)	25
Energy hedges								
Market traded electricity hedges	1	117	(22)	86	(23)	149	(21)	2
Market traded gas hedges	1	–	–	–	(1)	–	–	–
Other electricity hedges	3	85	(30)	49	(11)	113	(14)	78
Other gas hedges	2	–	–	–	(11)	3	–	–
Electricity options	3	54	–	43	–	29	–	(7)
Large scale generation certificates (LGC) – Holdings created from wind farm generation	1	–	–	14	–	5	–	–
LGC – forward and option contracts	2	–	–	2	(18)	1	(14)	–
Energy hedges		256	(52)	194	(64)	300	(49)	73
Total hedges		362	(136)	306	(271)	406	(194)	98

D1 Financial instruments continued

Settlements

The following provides a summary of the settlements through EBITDAF for energy hedges:

	Unaudited 2021			Unaudited 2020		
	Operating Revenue	Operating expenses	Total Settlements In EBITDAF	Operating Revenue	Operating expenses	Total Settlements In EBITDAF
\$M						
Market traded electricity hedges	28	(32)	(4)	(5)	(9)	(14)
Other electricity hedges	(5)	33	28	(19)	51	32
Electricity options	–	3	3	–	1	1
Total settlements in EBITDAF	23	4	27	(24)	43	19

Level 3 financial instrument analysis

The following provides a summary of the movements through EBITDAF and movements in the fair value of level three financial instruments:

	Unaudited 2021			Unaudited 2020		
	Other Electricity Hedges	Electricity Options	Total	Other Electricity Hedges	Electricity Options	Total
\$M						
Energy hedges settled in EBITDAF:						
Operating revenue	(5)	–	(5)	(19)	–	(19)
Operating expenses	33	3	36	51	1	52
Total settlements in EBITDAF	28	3	31	32	1	33
Net change in fair value of energy hedges:						
Remeasurement	(12)	(4)	(16)	108	(6)	102
Hedges settled	(28)	(3)	(31)	(32)	(1)	(33)
Total net change in fair value of energy hedges	(40)	(7)	(47)	76	(7)	69
Balance at the beginning of the period	99	29	128	(38)	50	12
Fair value movements	(40)	(7)	(47)	76	(7)	69
Balance transferred to Held For Sale	(4)	–	(4)	–	–	–
New hedge recognised	–	32	32	–	–	–
Balance at the end of the year	55	54	109	38	43	81

D1 Financial instruments continued

Fair value technique and key inputs

In estimating the fair value of an asset or liability, Meridian uses market-observable data to the extent that it is available. The Audit and Risk Committee of Meridian determines the overall appropriateness of key valuation techniques and inputs for fair value measurement. The Chief Financial Officer explains fair value movements in his report to the Board.

Where the fair value of a financial instrument is calculated as the present value of the estimated future cash flows of the instrument (DCF), a number of inputs and assumptions are used by the valuation technique. These are:

- forward price curves referenced to the ASX for electricity, published market data on gas/oil prices, published market interest rates and published forward foreign exchange rates;
- Meridian's best estimate of electricity volumes called over the life of electricity options;
- discount rates based on the forward IRS curve adjusted for counterparty risk;
- calibration factor applied to forward price curves as a consequence of initial recognition differences;
- NZAS continues to operate; and
- contracts run their full term.

The table below describes the additional key inputs and techniques used in the valuation of level 2 and 3 financial instruments:

Financial asset or liability	Description of input	Range of significant unobservable inputs	Relationship of input to fair value
Energy hedges, valued using DCFs	Price , where quoted prices are not available or not relevant (i.e. for long dated contracts), Meridian's best estimate of long-term forward wholesale electricity price is used. This is based on a fundamental analysis of expected demand and the cost of new supply and any other relevant wholesale market factors.	\$27/MWh to \$118/MWh (in real terms), excludes observable ASX prices.	An increase in forward wholesale electricity price increases the fair value of buy hedges and decreases the fair value of sell hedges. A decrease in forward wholesale electricity price has the opposite effect.
	Calibration factors , which are applied to forward curves as a consequence of initial recognition differences (see following page)		
LGC forward contracts and options, valued using DCFs/Black-Scholes	Price , based on a forward LGC price curve from a third-party broker and benchmarked against market spot prices.	A\$18 – A\$43	An increase in the forward LGC price decreases the fair value of sell hedges and increases the fair value of buy hedges. A decrease in forward LGC prices has the opposite effect.

D1 Financial instruments continued

Movements in recalibration differences arising from energy hedges

Position as at	Unaudited 31 Dec 2021 \$M	Unaudited 31 Dec 2020 \$M	Audited 30 Jun 2021 \$M
Opening difference	(2)	(1)	(1)
Recalibration for future price estimates and time	–	–	(1)
Closing difference	(2)	(1)	(2)

Initial recognition difference

An initial recognition difference arises when the modelled value of an energy hedge differs from the transaction price (which is the best evidence of fair value). This difference is accounted for by recalibrating the valuation model by a fixed percentage to result in a value at inception equal to

the transaction price. This recalibration is then applied to future valuations over the life of the contract.

The resulting difference shown in the table reflects potential future gains or losses yet to be recognised in the income statement over the remaining life of the contract.

E Other

E1 Group structure

No changes occurred to Meridian's Group structure in the six months to 31 December 2021. As noted in the Significant Matters sections, Meridian's MEA business has been classified as HFS and is treated as a discontinued operation in the current reporting period.

E2 Contingent assets and liabilities

There were no contingent assets or liabilities at 31 December 2021 (31 Dec 2020: \$0m, 30 Jun 2021: \$0m).

E3 Subsequent events

On 1 February 2022, Meridian announced that it had completed the sale of MEA with a final purchase value of A\$740m. The completion of the sale represents a non-adjusting post balance date event and as such, MEA is still shown as HFS and a discontinued operation in these interim financial statements.

The Directors declared an interim dividend on 22 February 2022. Refer to Note C3 Dividends for further details.

E4 Changes in financial reporting standards

Meridian is not aware of any standards in issue but not yet effective which would materially impact on the amounts recognised or disclosed in the financial statements.

Independent Review Report To the Shareholders of Meridian Energy Limited

The Auditor-General is the auditor of Meridian Energy Limited (the 'Company') and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Mike Hoshek, using the staff and resources of Deloitte Limited, to carry out the review of the condensed consolidated interim financial statements ('interim financial statements') of the Group on his behalf.

Conclusion

We have reviewed the interim financial statements of the Group on pages 3 to 26, which comprise the balance sheet as at 31 December 2021, and the income statement, comprehensive income statement, statement of changes in equity and statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the Auditor-General's ethical requirements relating to the audit of the annual financial statements, which incorporate the independence requirements issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In addition to this review and the audit of the Group annual financial statements, our firm carries out other assurance assignments for the

Group in the areas of greenhouse gas assurance, limited assurance of the sustainability content in the integrated report, audits of the securities registers, and the solvency returns of Meridian Energy Captive Insurance Limited, as well as a review of the vesting of the executive long-term incentive plan and supervisor reporting. We also carried out non-assurance assignments for the Group relating to the Corporate Taxpayers Group and the CFO Vantage Programme, which are compatible with those independence requirements.

In addition to these assignments, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the Group. These services and trading activities have not impaired our independence as auditor of the Group.

Other than these assignments and trading activities, we have no relationship with, or interests in the Group.

Directors' responsibilities for the interim financial statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible

for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the interim financial statements.

**Mike Hoshek**

for Deloitte Limited

On behalf of the Auditor-General

22 February 2022

CHRISTCHURCH, NEW ZEALAND

This review report relates to the unaudited interim financial statements of Meridian Energy for the six months ended 31 December 2021 included on Meridian Energy's website. The Board of Directors is responsible for the maintenance and integrity of Meridian Energy's website. We have not been engaged to report on the integrity of Meridian Energy's website. We accept no responsibility for any changes that may have occurred to the unaudited interim financial statements since they were initially presented on the website. The review report refers only to the unaudited interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the unaudited interim financial statements and related review report dated 22 February 2022 to confirm the information included in the unaudited interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Meridian.co.nz

**Condensed Interim
Financial Statements.**

As at and for
the six months to
31 December 2021.



Meridian.

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Meridian.

2022 Interim Results Presentation

Highlights

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lower NZAS pricing
change absorbed by
higher retail sales

\$A740M in sale
proceeds from
Australia

8% growth in New
Zealand customer
numbers

Harapaki bulk
earthwork
commenced

2.6% lift in interim
dividend

8% growth in NZ
electricity sales
volumes

North Island battery
and solar site acquired

good progress on NZAS
contract termination
mitigations

7% growth in NZ
physical generation
volumes

Financial performance

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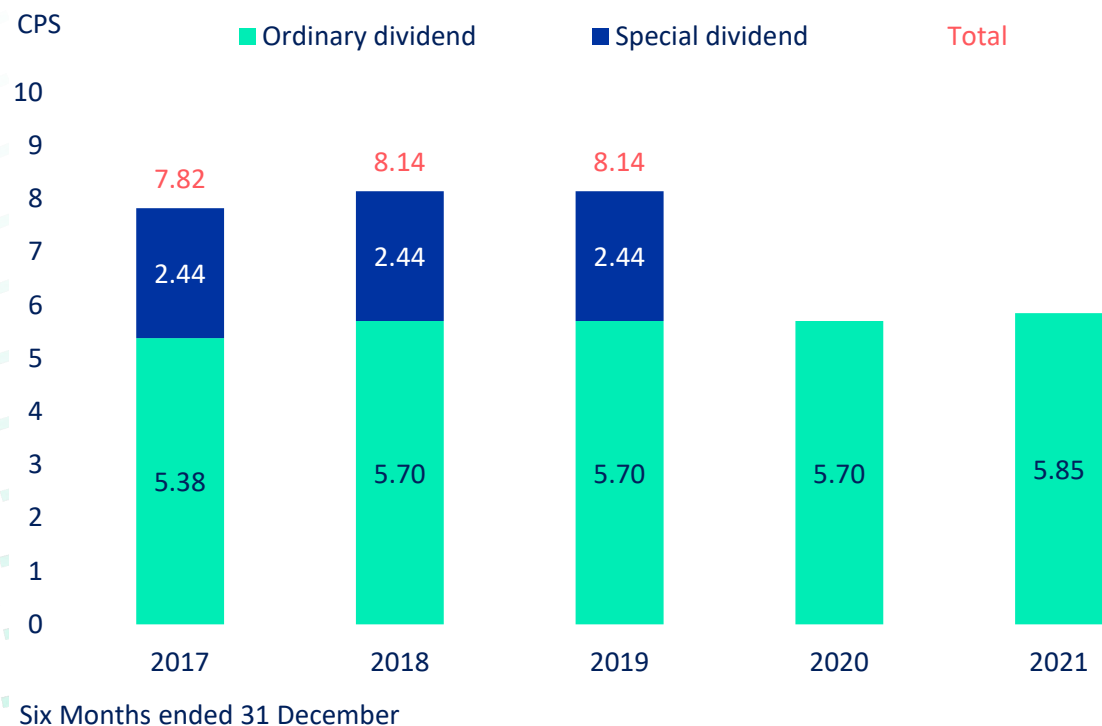


Dividends and capital structure

- Interim ordinary dividend declared of 5.85 cps (86% imputed), 2.6% increase from 1H FY21
- Dividend reinvestment plan will apply to this interim dividend at 0% discount
- Changes to Dividend Policy:
 - payout range increasing to 80%-100% of free cash flow (previously 75%-90%)
 - Stay in business capex decreasing to \$50M with MEA sale (previously \$65M)
- Board is committed to maintaining current BBB+ credit rating
- Meridian will take more time to advance future investment opportunities, including new generation development

Dividends declared	1H FY22		1H FY21	
	cents per share	imputation	cents per share	imputation
Ordinary dividends	5.85	86%	5.70	86%

Interim dividend declared



Source: Meridian

Dividend Reinvestment Plan Dates

Ex dividend date	17 Mar	Strike price announced	24 Mar
Record date	18 Mar	Dividend paid/shares issued	8 Apr
Elections close	21 Mar		

Australia sale

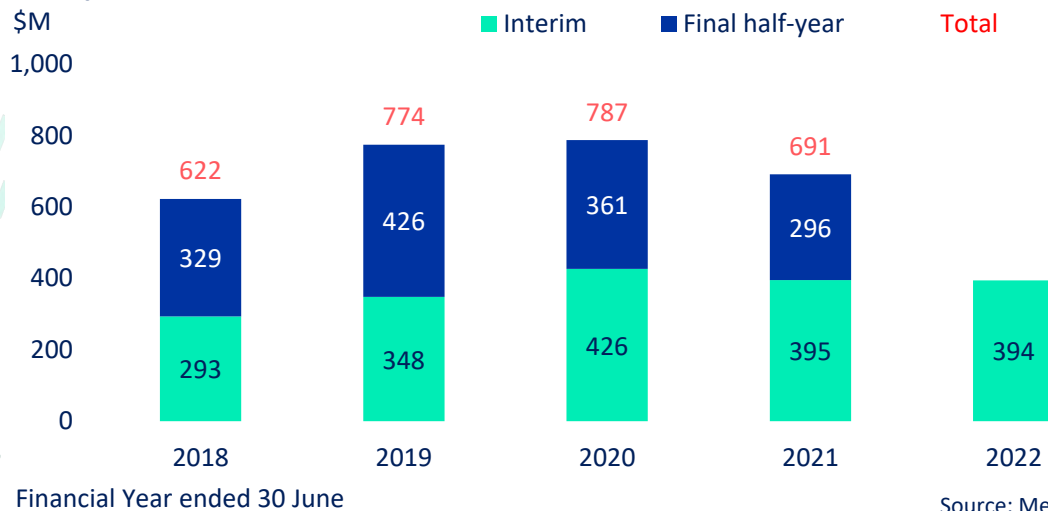
- Sale completed 31 January 2022
- Proceeds of A\$740M including interest and intercompany funding movements since 1 July 2021
- Expected \$240M gain on sale in FY22 full year accounts
- Some proceeds initially used in repayment of short-term borrowing; bank debt and commercial paper
- Sale supports medium to longer investment in Meridian's core NZ market
- Minimum 3-year agreement with Flux for retail software services and for call centre services
- Agreement for transitional services provided by Meridian Energy Ltd for up to 12-months
- Australia treated as discontinued operations in the FY22 interim results, re-presented below EBITDAF



EBITDAF

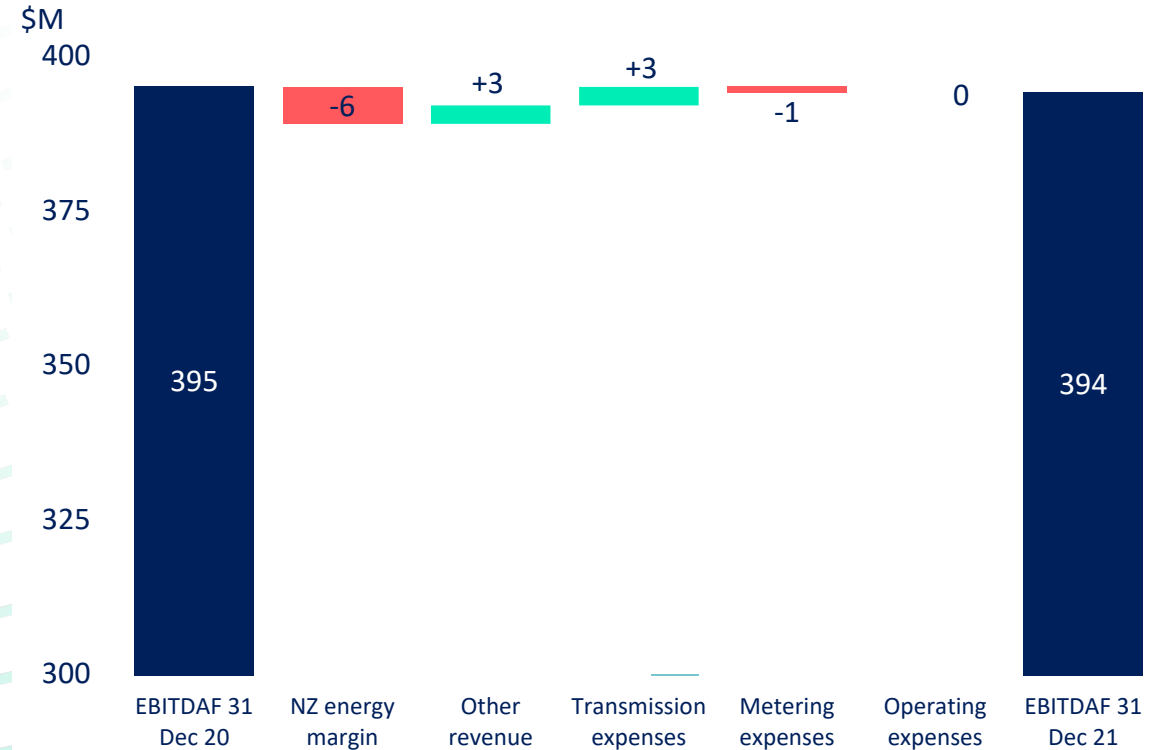
- EBITDAF¹ \$1M lower than 1H FY21
- Lower NZAS pricing absorbed by higher retail contracted sales revenue
- Higher physical generation, lower spot prices
- Operating costs flat to 1H FY21
- 2H FY22 has started with low inflow conditions and higher wholesale prices

NZ Operations EBITDAF



Source: Meridian

NZ Operations EBITDAF movement



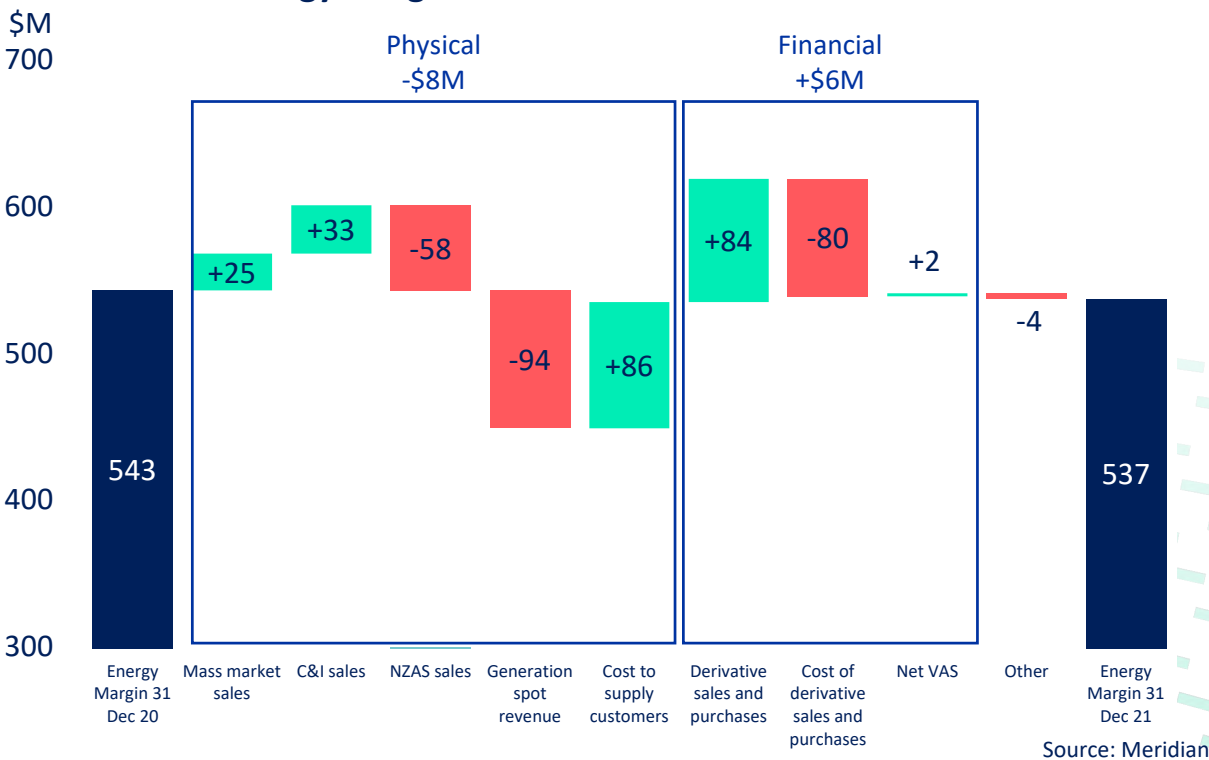
Source: Meridian

¹Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items

New Zealand energy margin

- Customer and sales volume growth across residential, small business and corporate segments
- Lift in both mass market and corporate average pricing
- Lower NZAS revenue from revised contract pricing
- Increased physical generation, +435 GWh
- Financial contract, spot generation and hedging revenues all reflected lower wholesale prices
- Those lower prices decreased costs in the portfolio
- Higher hedging volumes and contract sales increased costs in the portfolio

New Zealand energy margin movement



Refer to pages 39-42 for further breakdowns of New Zealand energy margin

New Zealand customers

- 14% sales volume growth in residential and 20% in small medium business
- 3% higher mass market average sales price
- Mass market revenue increased \$25M (8%)
- 12% growth in corporate sales volume at a 7% higher average sales price
- Corporate sales revenue increased \$33M (20%)

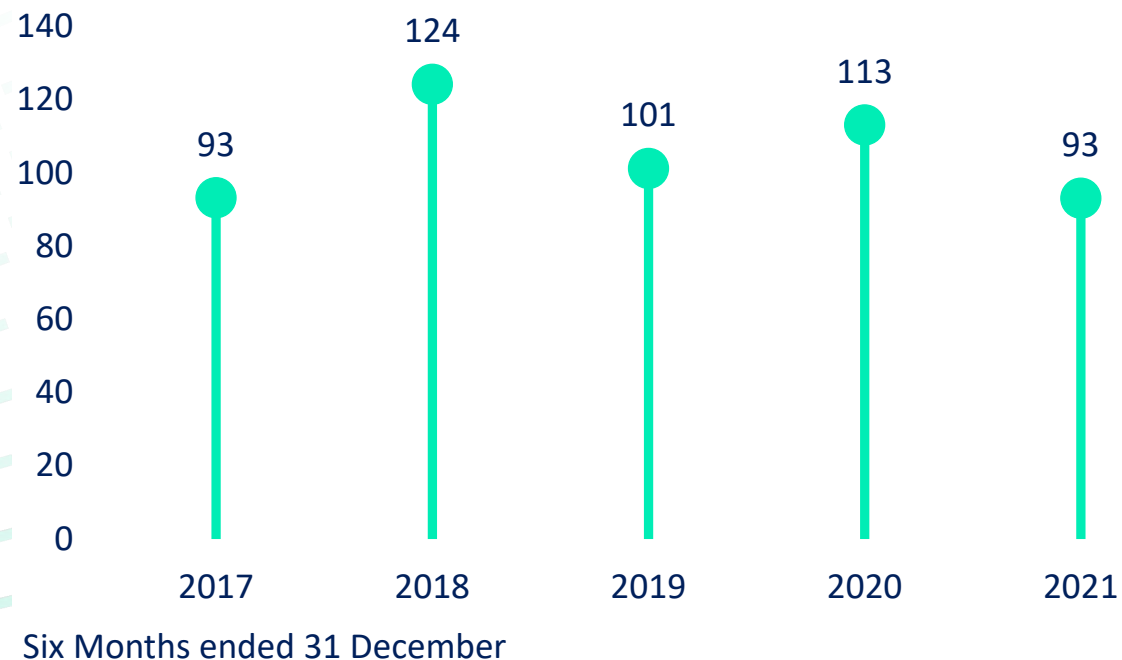
Customer sales	Average price (\$/MWh)	Total sales volume (GWh)	North Island sales volume (GWh)	South Island sales volume (GWh)
<u>1H FY22</u>				
Residential		963	533	430
Small medium business		750	459	291
Agricultural		590	202	388
Large business		266	166	100
Total mass market	\$125	2,569	1,360	1,209
Corporate	\$105	1,883	1,287	596
<u>1H FY21</u>				
Residential		848	463	385
Small medium business		624	366	258
Agricultural		674	185	489
Large business		289	182	107
Total mass market	\$121	2,435	1,197	1,238
Corporate	\$98	1,684	1,133	551

New Zealand generation

- 7% higher generation in 1H FY22, notably lower wind volumes
- Inflows 122% of average in 1H FY22
- Record low inflows in January 2022
- February 2022 rainfall has now lifted Lake Pukaki storage to 118% of average
- Manapōuri storage remains low
- Factors outside of hydrology continue to put upward pressure on wholesale prices

NZ average generation price

\$/MWh

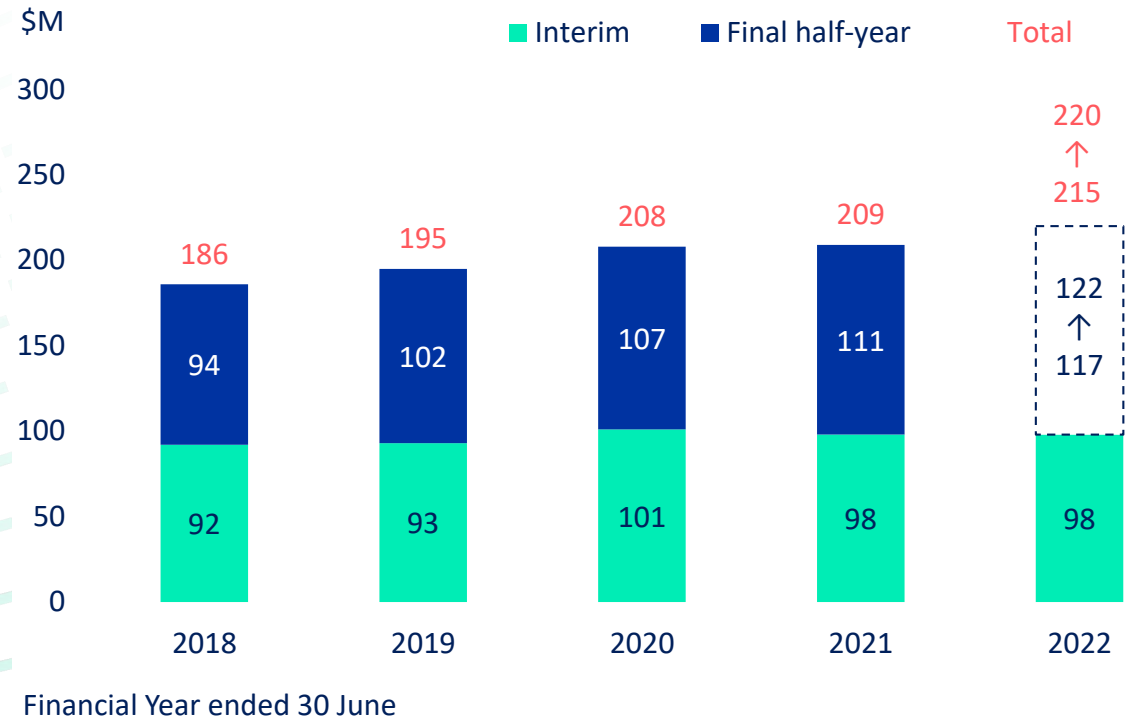


Source: Meridian

Operating costs and capital expenditure

- Operating costs flat compared to 1H FY21
- Modest growth in Australia and Flux spend, offset by lower NZ asset maintenance
- Expecting FY22 NZ operating costs of between \$215M and \$220M, including release of \$6.8m provision in relation to holiday pay
- NZ operations capex of \$92M in 1H FY22
- Expecting FY22 NZ operations capex of between \$165M and \$175M
 - \$45M to \$50M of stay in business capex
 - \$120M to \$125M of currently approved investment spend

NZ Operating costs¹



¹Including historical adjustments for IFRS 16 and software as a service

Below EBITDAF

- 5% increase in depreciation
- \$68M decrease in NPBT¹ from fair value of electricity hedges from falling forward electricity prices (\$73M increase in 1H FY21)
- \$58M increase in NPBT from fair value of treasury instruments from rising interest rates (\$25M increase in 1H FY21)
- Resulted in significant 1H FY22 decrease in NPAT (-36%)
- 3% decrease in Underlying NPAT² largely from higher depreciation and amortisation
- Net Debt to EBITDAF at 2.4 times at 31 December 2021

Underlying net profit after tax

Six months ended 31 December

\$M

	2021	2020
EBITDAF	394	395
Depreciation and amortisation	(144)	(137)
Premiums paid on electricity options net of interest	(10)	(10)
Net finance costs	(39)	(41)
Tax effect	(56)	(58)
Underlying net profit after tax	145	149

¹Net profit before tax

²Net profit after tax adjusted for the effects of non-cash fair value movements and other one-off items. A reconciliation of Underlying NPAT is on page 46

Markets and regulation

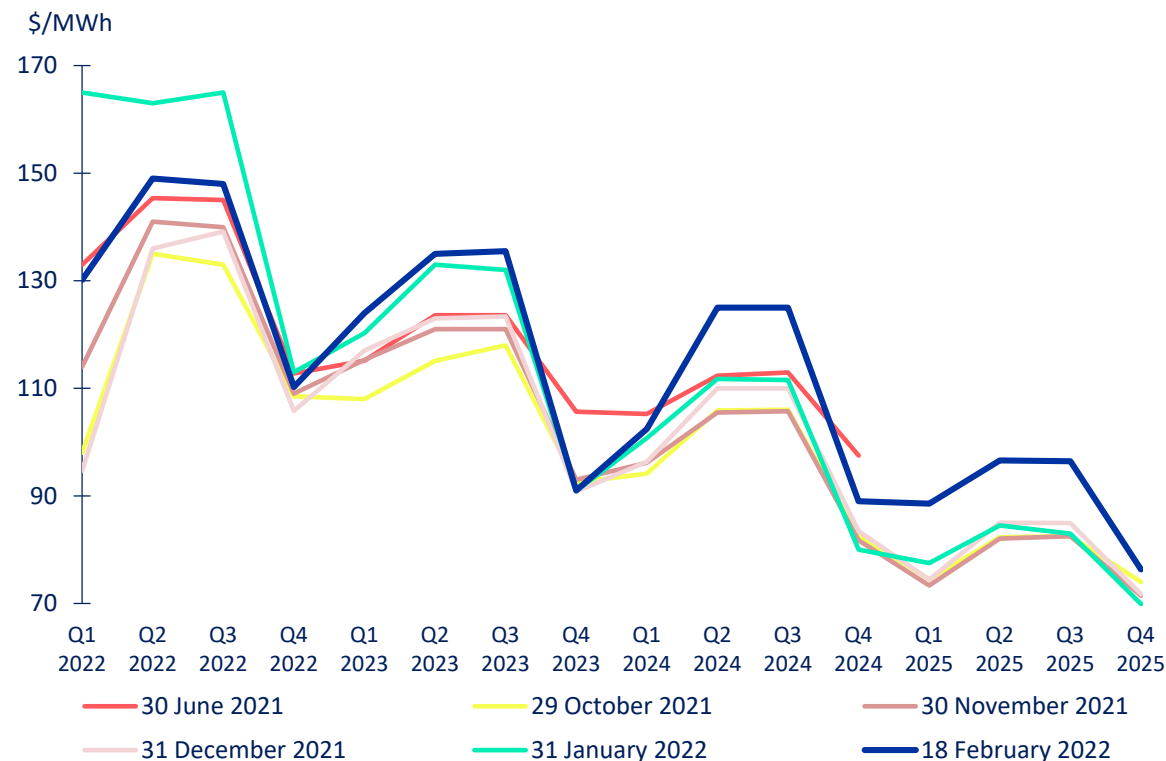
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New Zealand wholesale prices

- Above average inflows during 1H FY22
- Record low January 2022 inflows
- Factors outside hydrology continue to put upward pressure on wholesale prices
- Rising thermal costs, concern around availability and higher carbon prices are resulting in wholesale prices above long-term averages
- Market is responding to these price signals
- \$2B in new generation investment now under construction
- Delivered into the market from 2023

BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

New Zealand policy and regulation

EA review of competition in the wholesale market (2018-2021)

- Confirms that high wholesale electricity prices over the last three years, reflect tight supply and demand conditions, and natural gas scarcity for electricity generation
- Consultation closed December 2021 where Meridian expressed concerns with some of the other findings
- Further consultation on recommendations may take place in early 2022

9 August 2021 power outage reviews

- Multiple reviews commissioned by MBIE, the EA and Transpower
- Common theme centres around Transpower's communication and process issues that exacerbated the situation
- The MBIE review (headed by Pete Hodgson) found fault with Transpower's demand allocation and that disconnections were not needed
- That review made 18 recommendations that Meridian believes will help avoid a similar situation in the future

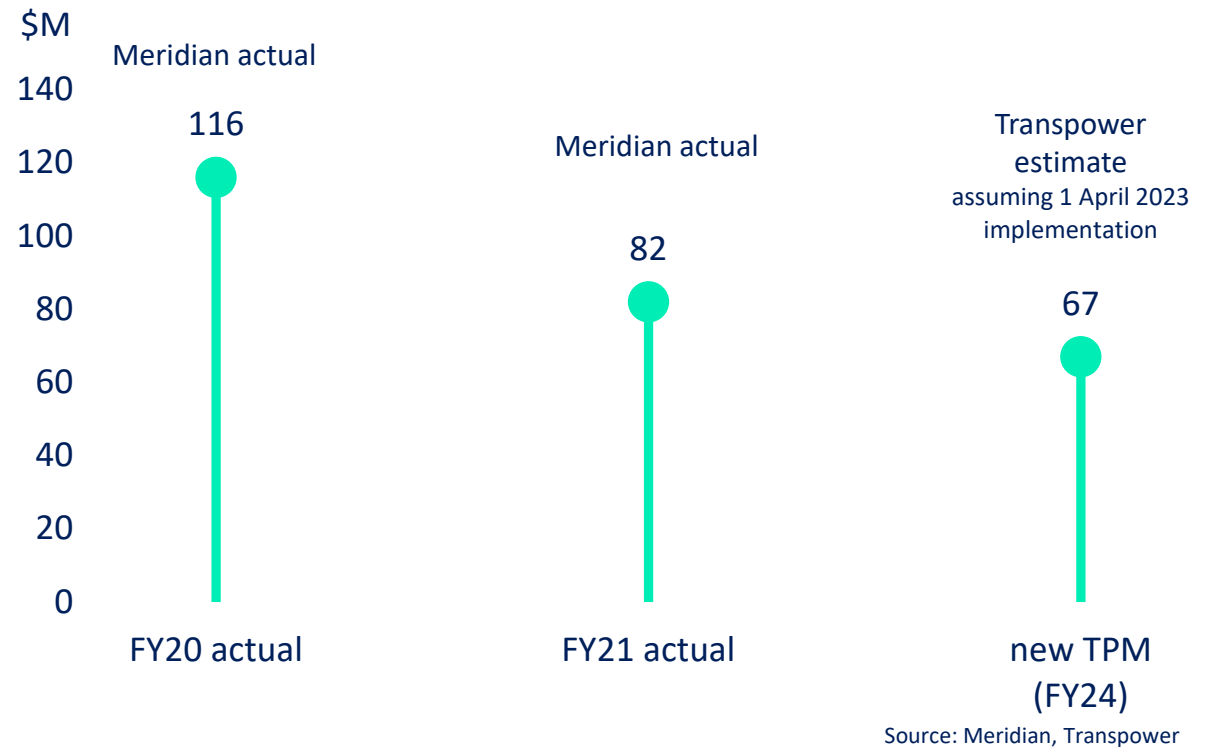


New Zealand policy and regulation

Transmission Pricing Methodology (TPM)

- EA published final TPM guidelines in June 2020
- Replaces current HVDC and RCPD charges with benefit-based and residual charges
- Transpower released its proposed new TPM in August 2021
- EA consultation on the full proposed TPM closed in December 2021
- With the aim for a new TPM to take effect for prices from 1 April 2023
- Trustpower's judicial review was heard in the High Court in October 2021, decision has been reserved, expected before end of March 2022

Meridian's NZ transmission costs



New Zealand policy and regulation

Decarbonisation

- Government deadline to set:
 - the first three emissions budgets out to 2035
 - and release the country's first emissions reduction plan
 - both pushed out to May 2022 (previously December 2021)
- Price of NZU's trading near \$85 (spot)
- Clean car discount in place since mid 2021, has seen a tripling in monthly EV purchases
- Legislation to introduce levy on high emitting vehicles delayed to likely April 2022
- April 2021 Government commitment to ban new low and medium temperature coal boilers and phase out coal in existing low and medium temperature boilers by 2037 has not yet been implemented, and delays have been signalled



Business update

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Harapaki construction

- Site enabling and mobilisation works completed in September 2021
- Bulk earthworks commenced that month
- Main access road has required increased scope in soil nailing works to improve slope stability
- Project was shut down during the Alert Level 4 period (August 2021) and access restricted during Alert Level 3
- RAT testing is being used extensively
- A wet spring and early summer has impacted earthworks and slowed progress
- Initiatives being undertaken to mitigate the wet weather impacts
- Site switchyard platform handed over to Transpower and Meridian's electrical contractor for substation construction
- Offshore procurement items are on schedule



Project metrics

41 turbines x 4.3 MW

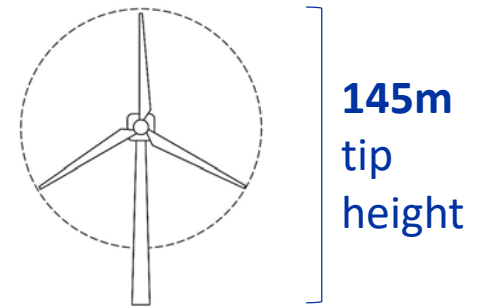
176 MW

542 GWh p.a. (P50 yield)

\$395m capital investment

36 months construction time

~\$35m EBITDAF p.a. (assuming ~\$67/MWh received for generation)



Retail initiatives

Certified Renewable Energy

- 60 customers now with Meridian's Certified Renewable Energy product
- Net proceeds of the product will be reinvested back into decarbonisation projects

Energy hardship

- Developing a new and more comprehensive energy hardship solution
- To be trialled this year, scaled up in 2023

EV charging network

- 148 chargers contracted
- Includes 80 DC and AC chargers across the Wellington and Hutt Valley region

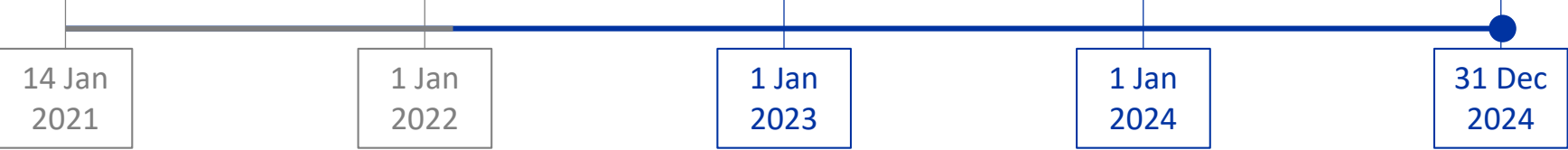


Renewable development pipeline

- Utility scale solar development announced to complement battery at Ruākākā Energy Park
- Assessments continuing on additional solar sites, land option acquired at Bunnythorpe
- 2.3 GW (5,700 GWh) of development options, 1 GW of that secured
- Decision made not to proceed with Central Wind development (\$1.4M impairment expected in 2H FY22)



NZAS contract termination



Revised NZAS contract



Existing 4th potline contract

50MW	2 month termination right
27 Jan 22 – 31 May 22	current suspension period
26 May 22	latest date recommencement notice can be given
1 Jun 22	contract volume falls to zero if recommencement notice not given
1 Jun 22 – 31 Jul 21	unconditional recommencement possible
31 Dec 22	contract ends



Source: Meridian, HARBOR Aluminium

NZAS contract termination - mitigation

Current swaption

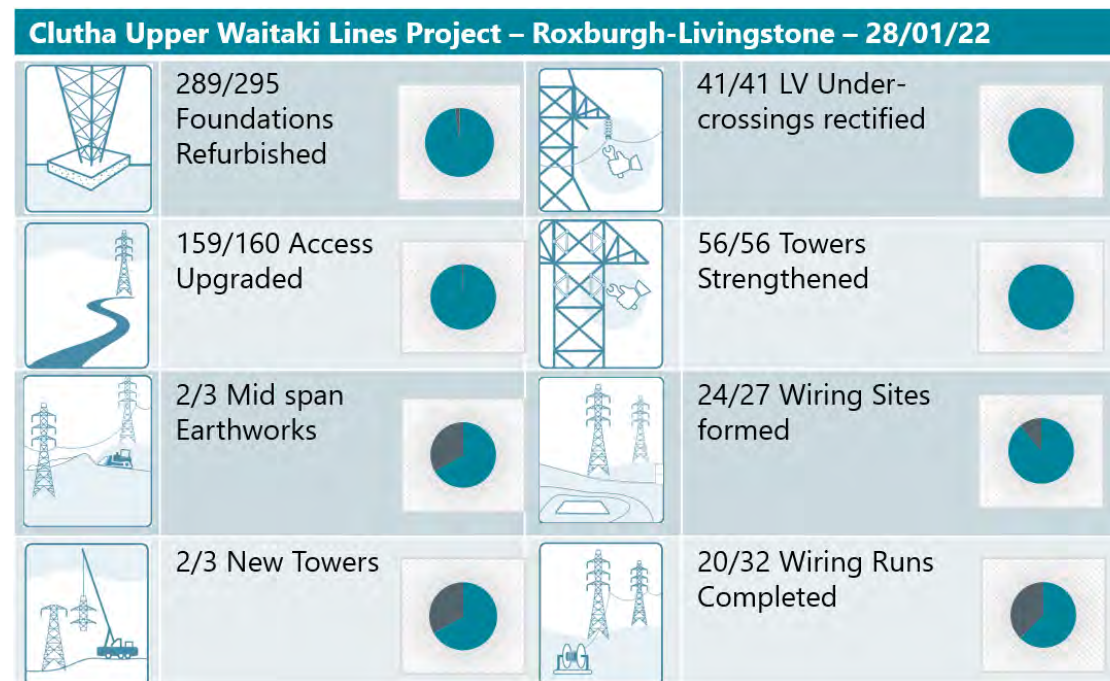
- Meridian selling Nova 235 GWh NI and SI CfDs
- Meridian buying call option for 235 GWh NI CfD's (minimum 10-hour call period)
- 17 MW Ngāwhā geothermal PPA from 2024

Clutha Upper Waitaki Lines Project

- Final section (Naseby – Livingstone) commenced
- 1,180 MW expected all in service transfer limit
- Expected project completion in May 2022

North Island battery

- 105 hectares of land adjacent to Marsden Point for the Ruākākā Energy Park
- 100 MW power capacity battery (100-200 MWh energy capacity), mid-2023 commissioning
- Construction of a utility scale solar farm will follow (indicatively 55-85 MW, ~\$120m)



Source: Transpower

NZAS contract termination - mitigation

Process heat

- 278 GWh in MOUs, 14 GWh contracted
- Includes A2 Milk's Matura plant coal conversion
- Round 3 GIDI funding closed, future funding unclear, EECA announcement in early 2022

Data centre

- 43-hectare Southland site acquired by datagrid, OIO approval now received
- Datagrid expected to commence construction in 2H 2022
- Initial build of 1 of 10 potential modules (150 MW)

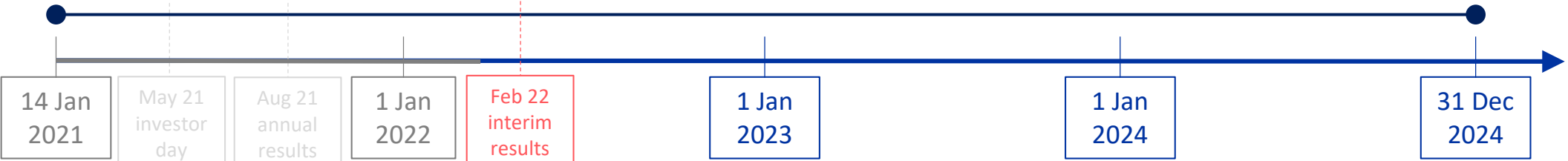
Green hydrogen

- ROI closed; short listed parties received RFP in December 2021, seeking responses by April 2022
- Draft dry year flexibility pricing structure developed and incorporated into RFP
- Parallel discussions with several other parties and Mafic Partners engaged as financial advisors



NZAS contract termination - mitigation

NZAS contract



Meridian portfolio response

Current swaption



CUWLP



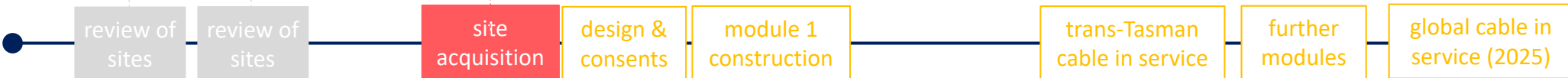
NI battery



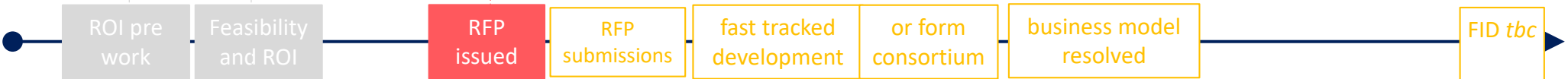
Process heat



Data centre



Green hydrogen



Closing comments

- Flat EBITDAF performance a sound outcome given impact of lower NZAS pricing
- Bulk of the MEA sale proceeds are earmarked for future NZ investment
- Ruākākā and Mt Munro are the current development focus
- Sound progress on development of new South Island demand
- There are no current discussions with NZAS on a new electricity contract



Additional information

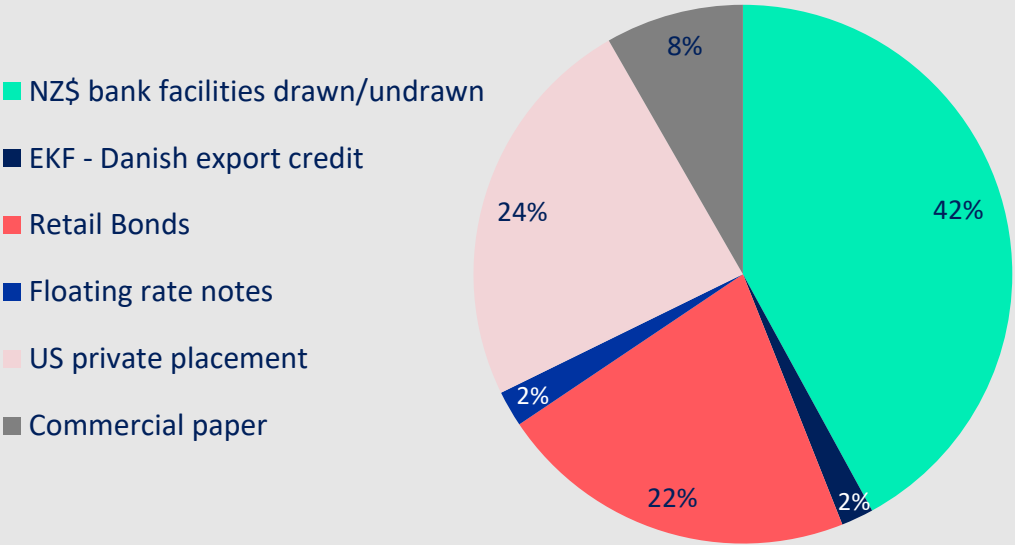
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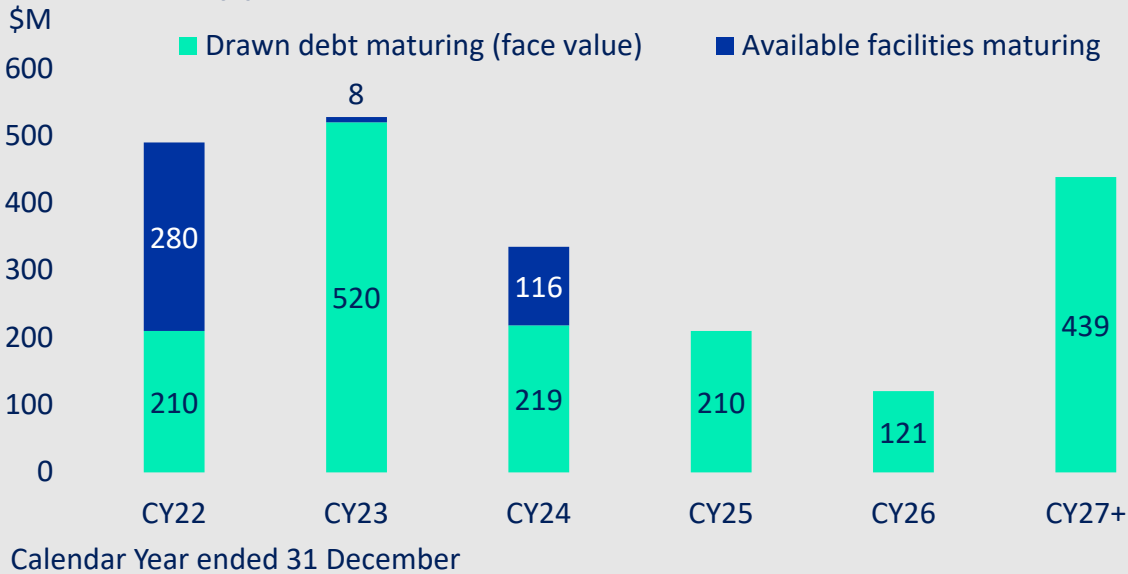
Debt and funding

- December 2021 total borrowings of \$1,799M
- Committed bank facilities of \$955M, of which \$377M were undrawn
- \$192M of commercial paper issued on an uncommitted basis
- Net debt to EBITDAF at 2.4x

Sources of Funding - 31 December 2021



Debt maturity profile as at 31 December 2021



Discontinued operations

- Investment in MEA classified as held for sale and a discontinued operation at 31 December 2021

Income statement

Six months ended 31 December	2021	2020
\$M		
Australia energy margin	52	59
Other revenue	1	1
Energy transmission expense	(3)	(3)
Employee and other operating expenses	(26)	(29)
EBITDAF	24	28
Depreciation and amortisation	(6)	(16)
Gain/(loss) on sale of assets	(12)	-
Net change in fair value of energy hedges	(16)	(10)
Net finance costs	(2)	(2)
Net profit before tax	(12)	-
Income tax expense	-	-
Net profit after tax	(12)	-

*shown as a net gain (loss) from discontinued operations after tax
in income statement*

Cash flow

Six months ended 31 December	2021	2020
\$M		
Net cash from operating activities	12	1
Net cash used in investing activities	(8)	(9)
Net cash used on financing activities	-	(46)
Net cash flows from discontinued activity	4	(54)

not shown separately in cash flows

*\$19M adjustment included in cash flows for cash classified as assets
held for sale*

Balance sheet

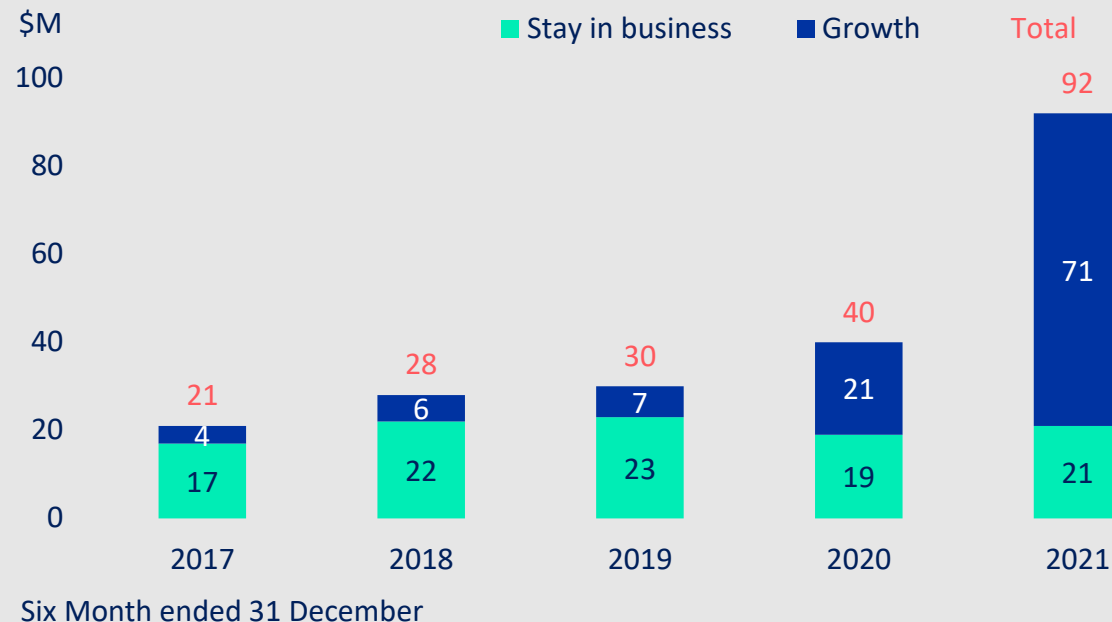
Six months ended 31 December	2021
\$M	
Cash and cash equivalents	19
Trade receivables	34
Customer contract assets	11
Other current assets	55
Property, plant and equipment	570
Intangible assets	6
Other non-current assets	34
Assets held for sale	729
Payables and accruals	49
Employee entitlements	2
Customer contract liabilities	9
Term borrowings	-
Lease liabilities	44
Financial instruments	41
Current tax payable	-
Deferred tax	31
Provisions	21
Liabilities held for sale	197
Net classification of assets	532

*shown as assets and liabilities held for sale
in balance sheet*

Capital expenditure

- Consistent level of stay in business capex
- Largely consists of system and generation asset enhancement spend
- NZ operations capex of \$92M in 1H FY22
- Expecting FY22 NZ operations capex of between \$165M and \$175M
 - \$45M to \$50M of stay in business capex
 - \$120M to \$125M of currently approved investment spend

New Zealand operations capital expenditure



Segment results

- Flux Federation included in 'other and unallocated' segment

\$M	Wholesale		Retail		Australia		Other & unallocated		Inter-segment		Discontinued ops		Total	
	1H FY22	1H FY21	1H FY22	1H FY21	1H FY22	1H FY21	1H FY22	1H FY21	1H FY22	1H FY21	1H FY22	1H FY21	1H FY22	1H FY21
Contracted sales	270	256	518	460	85	92	-	-	-	-	(85)	(92)	788	716
Cost to supply customers	(937)	(998)	(422)	(370)	(73)	(54)	-	-	454	417	73	54	(905)	(951)
Net cost of hedging	(4)	24	-	-	1	(8)	-	-	-	-	(1)	8	(4)	24
Generation spot revenue	661	755	-	-	40	30	-	-	-	-	(40)	(30)	661	755
Inter-segment electricity sales	454	417	-	-	-	-	-	-	(454)	(417)	-	-	-	-
Virtual asset swap margins	3	1	-	-	-	-	-	-	-	-	-	-	3	1
Other market revenue/(costs)	(6)	(4)	-	-	(1)	(1)	-	-	-	2	1	1	(6)	(2)
Energy margin	441	451	96	90	52	59	-	-	-	2	(52)	(59)	537	543
Other revenue	1	1	7	7	1	1	23	23	(17)	(20)	(1)	(1)	14	11
Dividend revenue	-	-	-	-	-	-	-	46	-	(46)	-	-	-	-
Energy transmission expense	(38)	(41)	-	-	(3)	(3)	-	-	-	-	3	3	(38)	(41)
Energy metering expense	-	-	(21)	(20)	-	-	-	-	-	-	-	-	(21)	(20)
Gross margin	404	411	82	77	50	57	23	69	(17)	(64)	(50)	(57)	492	493
Operating expenses	(41)	(44)	(33)	(33)	(26)	(29)	(32)	(28)	8	7	26	29	(98)	(98)
EBITDAF	363	367	49	44	24	28	(9)	41	(9)	(57)	(24)	(28)	394	395

NZ operations results

NZ Operations EBITDAF

Financial year ended 30 June

\$M

	2021	2020	2019	2018	2017
Contracted sales	1,433	1,327	1,178	1,064	968
Cost to supply customers	(2,896)	(1,486)	(1,874)	(1,194)	(707)
Net cost of hedging	271	11	126	41	(4)
Generation spot revenue	2,193	1,266	1,672	1,039	684
Inter-segment electricity sales	-	-	-	-	-
Virtual asset swap margins	(3)	9	11	(2)	4
Other market revenue/(costs)	(4)	(5)	(5)	(4)	(5)
Energy margin	994	1,122	1,108	944	940
Other revenue	27	24	23	21	19
Dividend revenue	-	-	-	-	-
Energy transmission expense	(82)	(116)	(125)	(122)	(125)
Energy metering expense	(39)	(36)	(33)	(31)	(30)
Gross margin	900	994	973	812	804
Employee expenses	(97)	(102)	(89)	(86)	(84)
Other operating expenses	(112)	(105)	(110)	(104)	(99)
Operating expenses	(209)	(207)	(199)	(190)	(183)
EBITDAF	691	787	774	622	621

New Zealand retail

Customers

- 3% increase in customers since June 2021

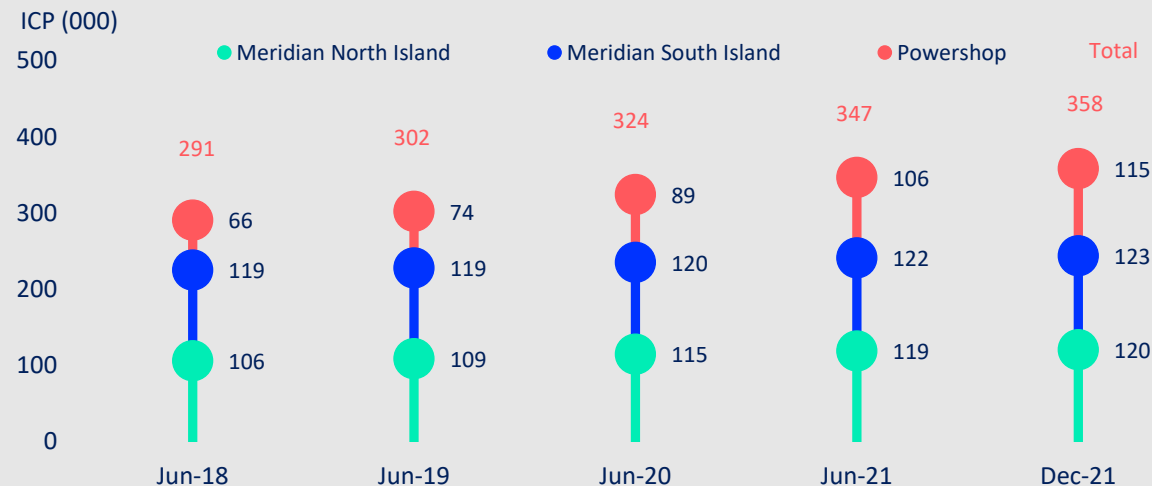
Mass market segment

- 14% increase in residential volumes
- 20% increase in small business volumes
- 8% decrease in large business volumes
- 13% decrease in agri volumes
- 3% increase in average sales price

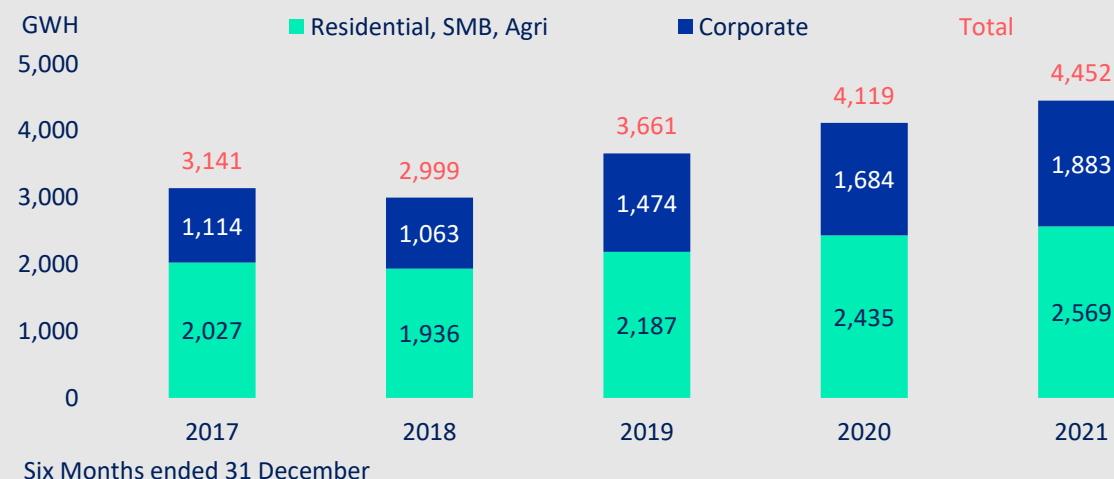
Corporate segment

- 12% increase in volumes
- 7% increase in average sales price

New Zealand customer connections



New Zealand retail sales volume



New Zealand hydrology

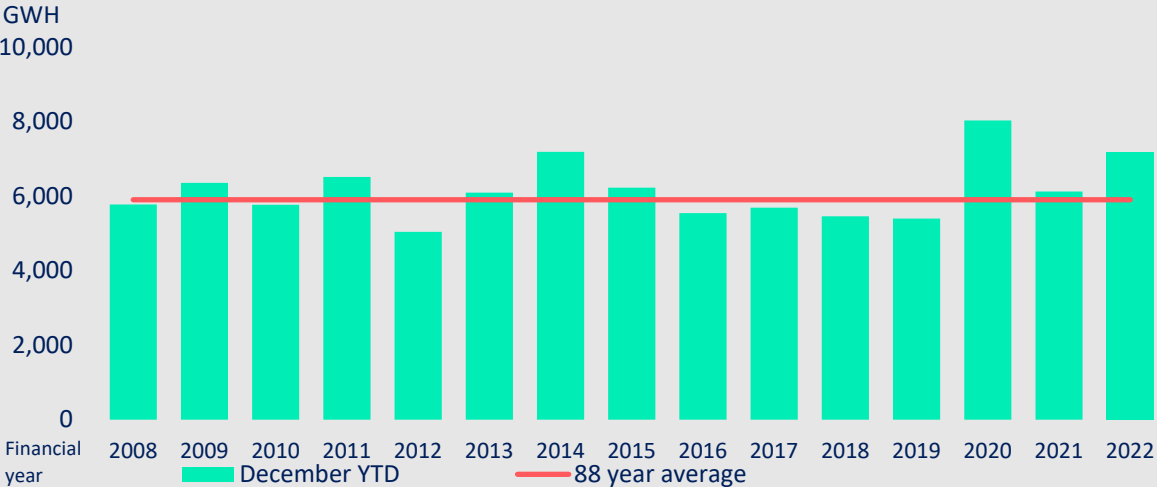
Inflows

- 1H FY22 inflows were 122% of average
- January 2022 inflows were 41% of average

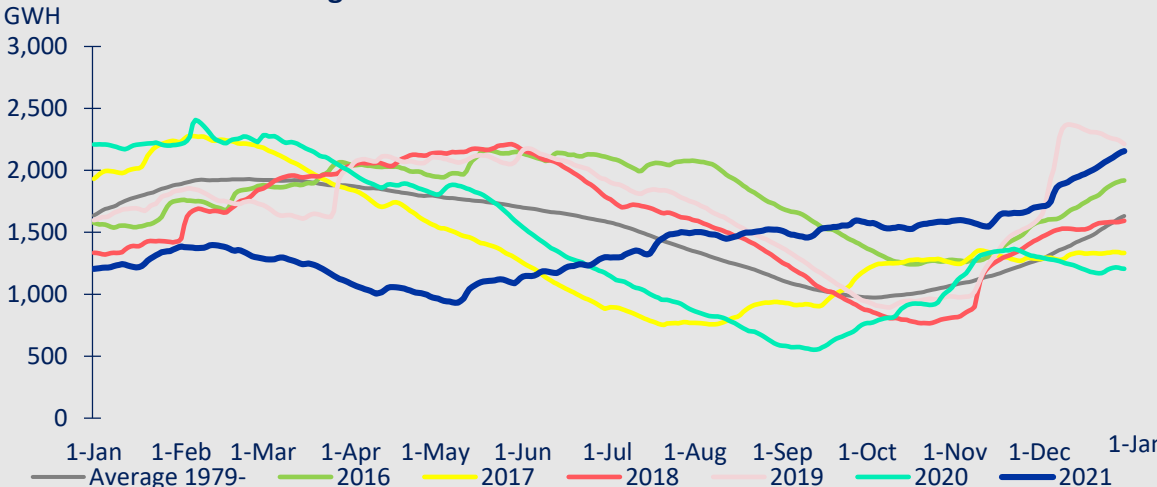
Storage

- Meridian's Waitaki storage as of 31 December 2021 was 132% of average
- By 31 January 2022, this position was 99% of average

Meridian's combined catchment inflows



Meridian's Waitaki storage



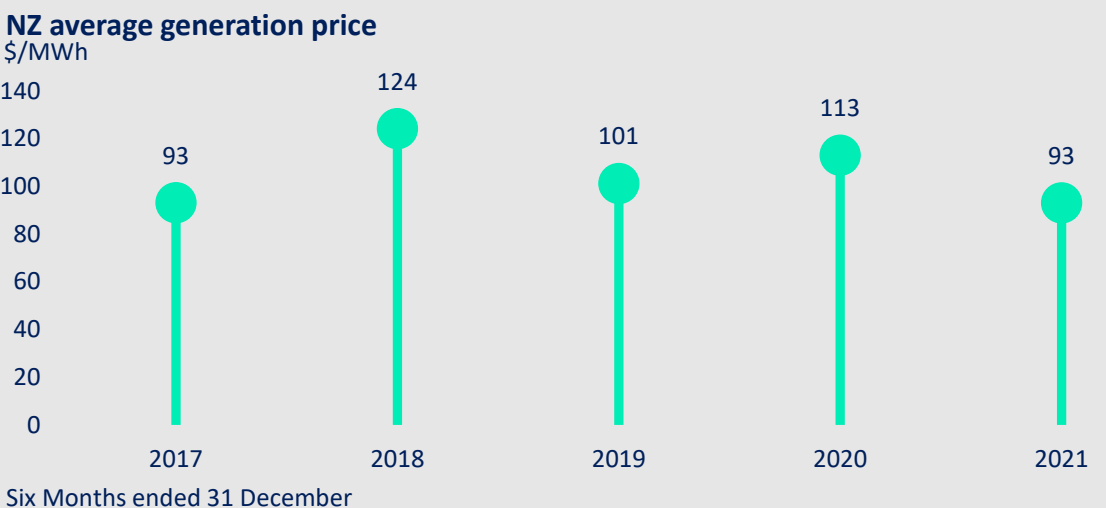
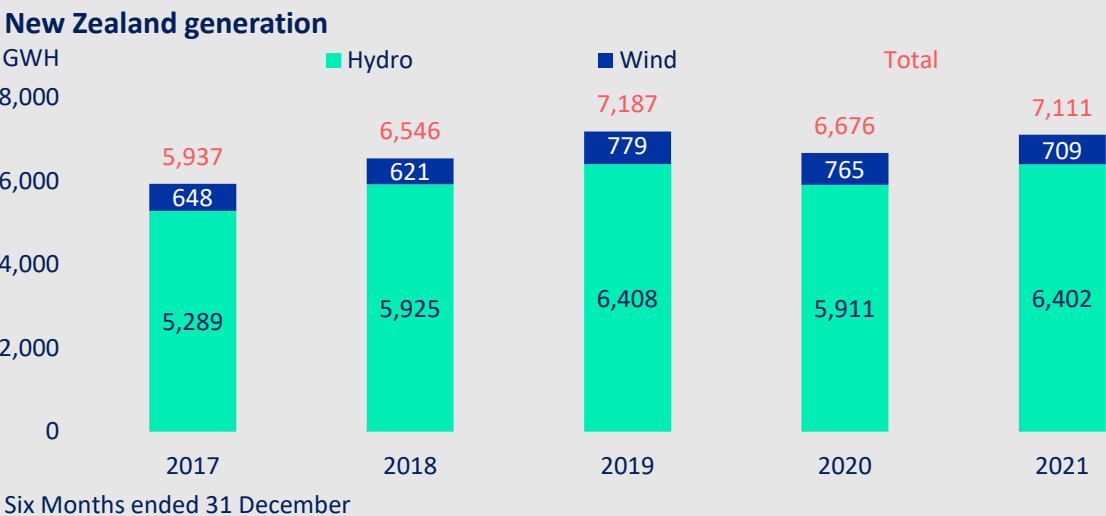
New Zealand generation

Volume

- 1H FY22 generation was 7% higher than 1H FY21, with higher hydro and lower wind generation

Price

- 1H FY22 average price Meridian received for its generation was 18% lower than 1H FY21
- 1H FY21 average price Meridian paid to supply customers was 15% lower than 1H FY21



Australian retail

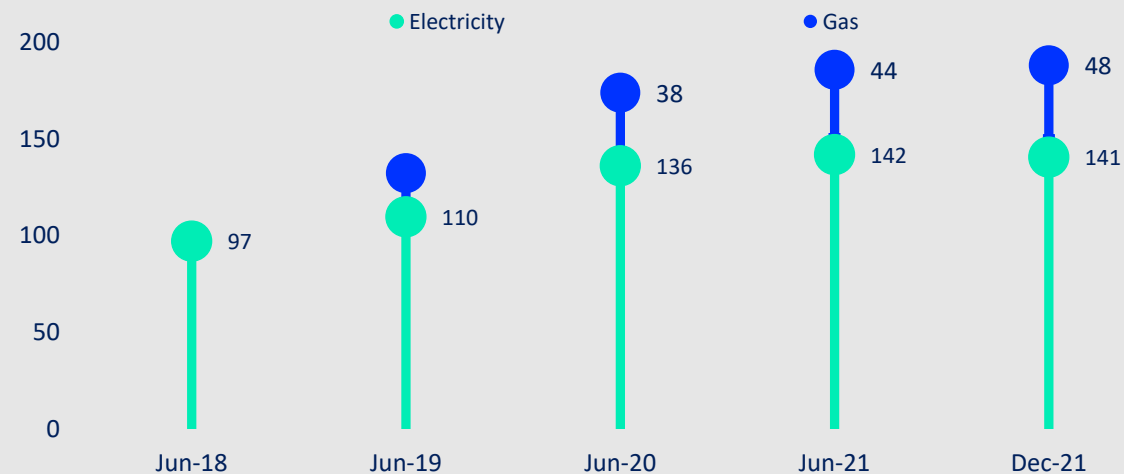
Customers

- 1% decrease in electricity customers since June 2021
- 8% growth in gas customers since June 2021

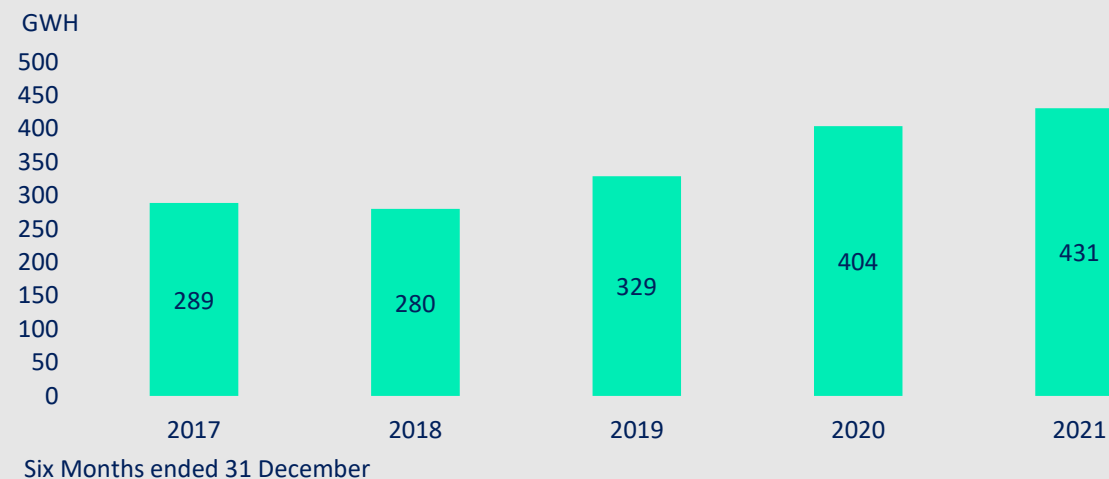
Sales volume

- 6% growth in electricity sales volume in 1H FY22
- 7% growth in gas sales volume in 1H FY22

Australian customer connections



Australian retail sales volume



Australian generation

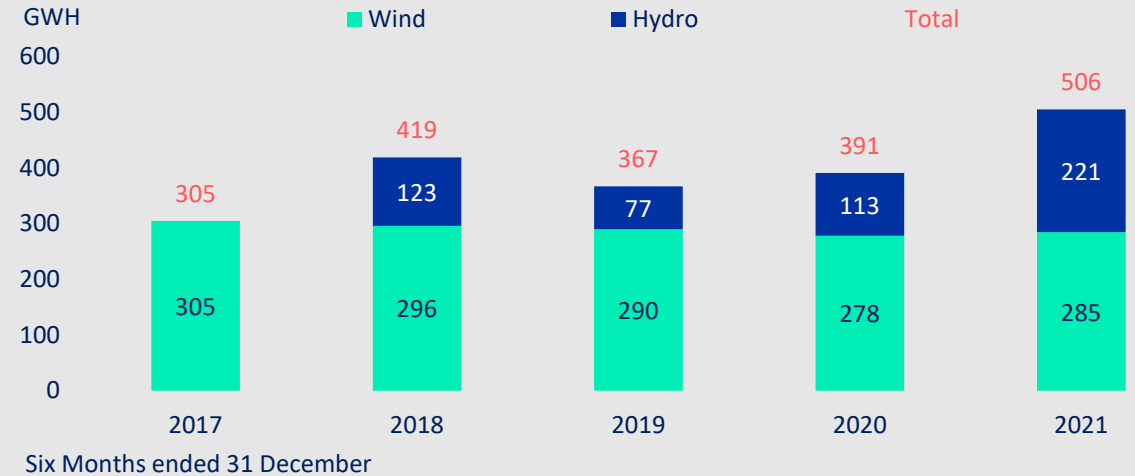
Volume

- 1H FY22 wind generation was 2% higher than 1H FY21
- 1H FY22 hydro generation was 95% higher than 1H FY21

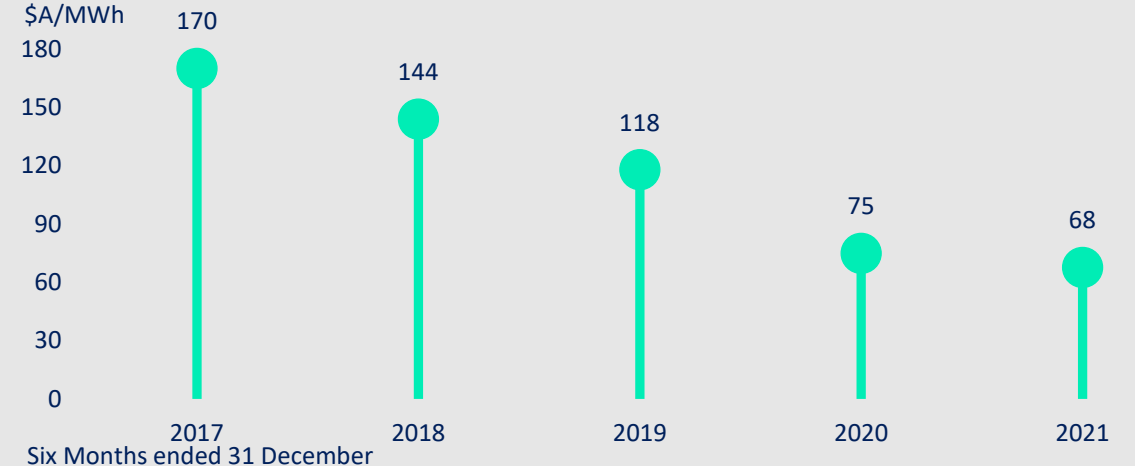
Price

- 1H FY22 average price Meridian received for its wind generation was 10% lower than 1H FY21

Australian generation

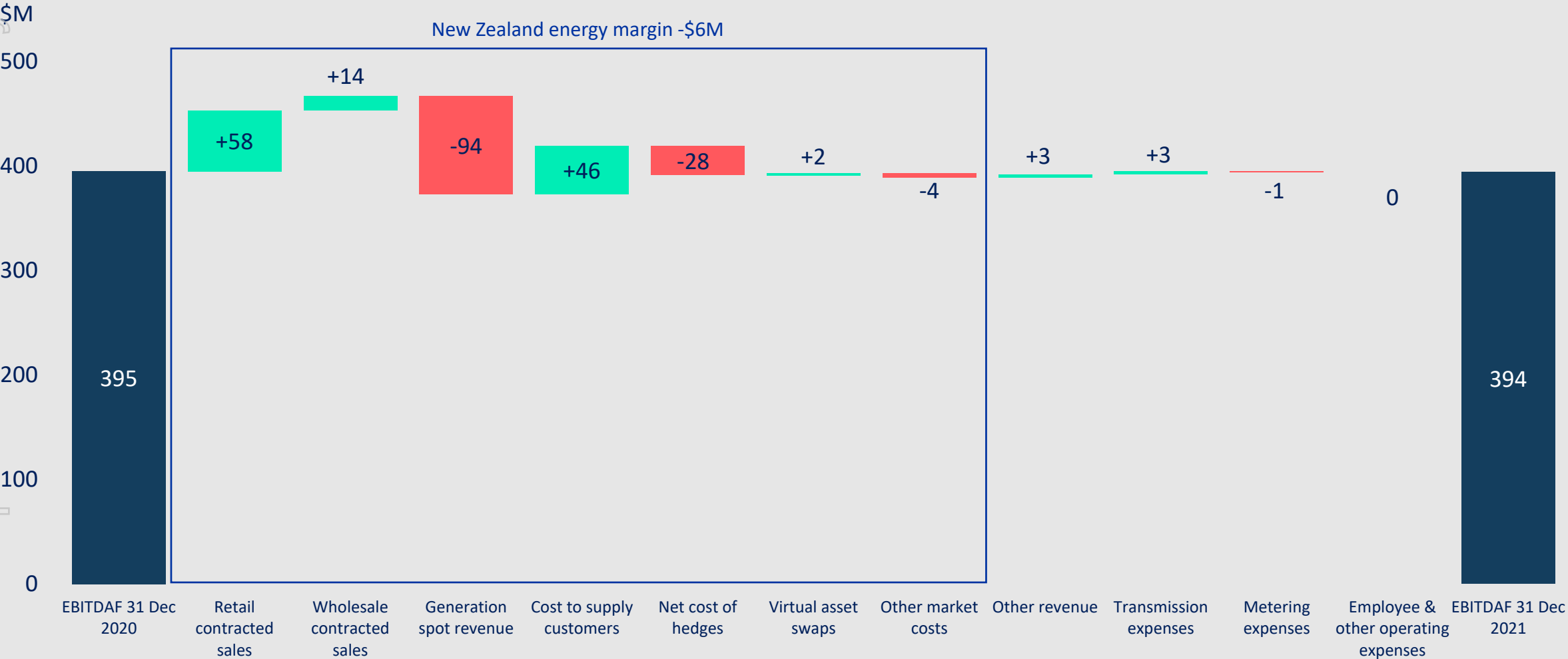


Australian average wind generation price



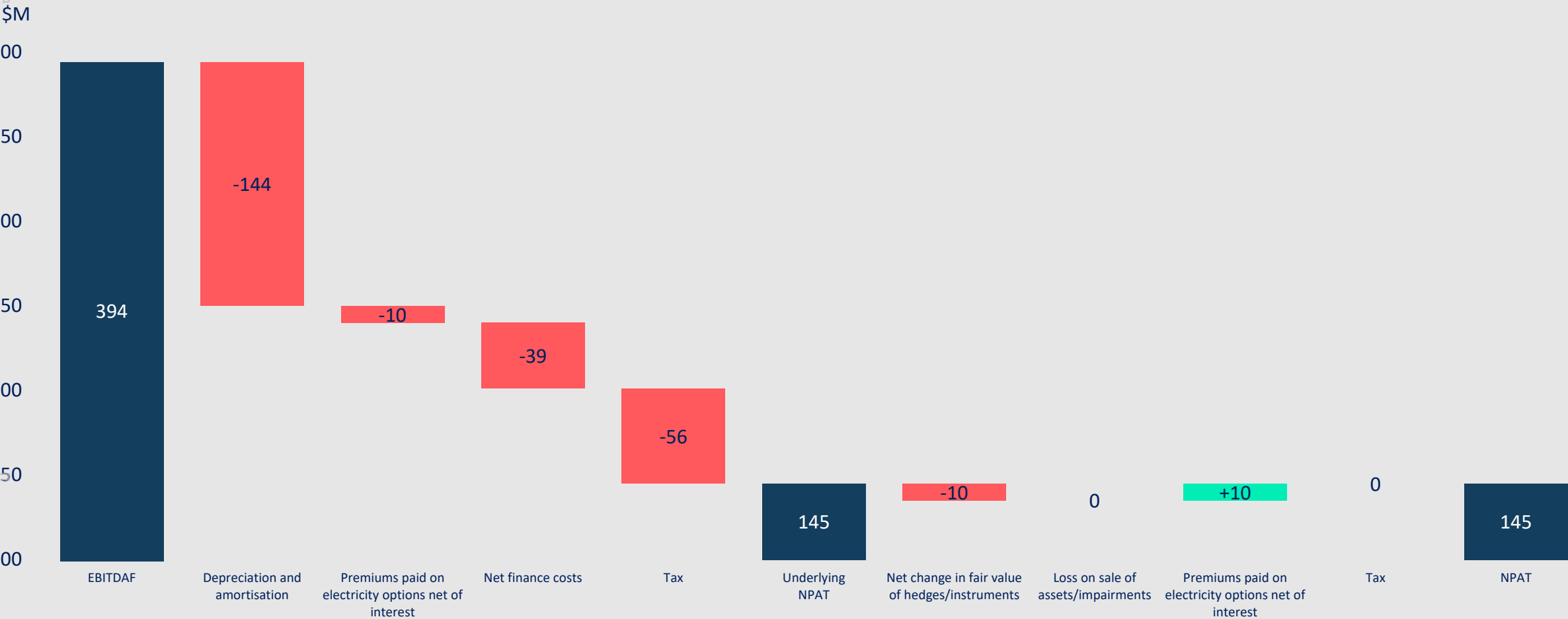
1H FY22 EBITDAF

Movement in EBITDAF



EBITDAF to NPAT

1H FY22 EBITDAF TO NPAT RECONCILIATION



Energy margin

- A non-GAAP financial measure representing energy sales revenue less energy related expenses and energy distribution expenses
- Used to measure the vertically integrated performance of the retail and wholesale businesses
- Used in place of statutory reporting which requires gross sales and costs to be reported separately, therefore not accounting for the variability of the wholesale spot market and the broadly offsetting impact of wholesale prices on the cost of retail electricity purchases

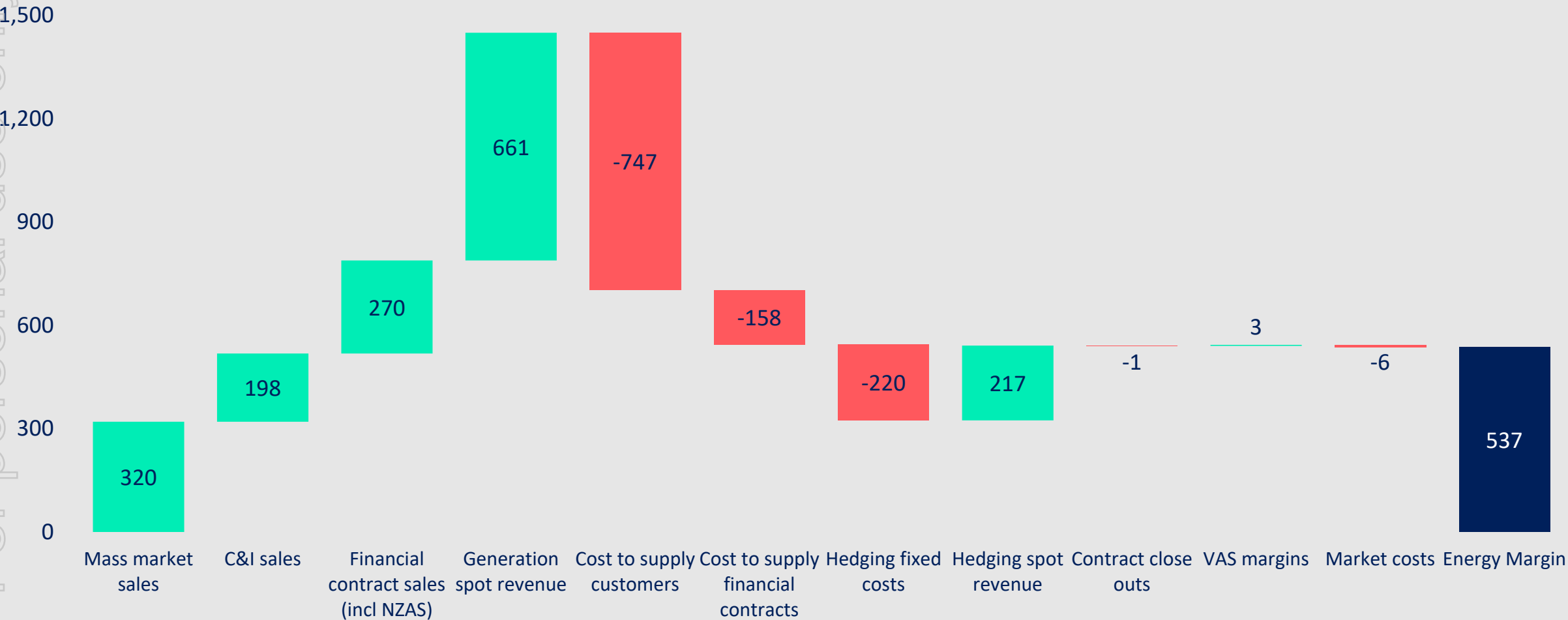
Defined as

- Revenues received from sales to customers net of distribution costs (fees to distribution network companies that cover the costs of distribution of electricity to customers), sales to large industrial customers and fixed price revenues from financial contracts sold (contract sales revenue)
- The volume of electricity purchased to cover contracted customer sales and financial contracts sold (cost to supply customers)
- The fixed cost of derivatives used to manage market risks, net of spot revenue received from those derivatives (net cost hedging)
- Revenue from the volume of electricity that Meridian generates (generation spot revenue)
- The net margin position of virtual asset swaps with Genesis Energy and Mercury New Zealand
- Other associated market revenues and costs including Electricity Authority levies and ancillary generation revenues, such as frequency keeping

New Zealand energy margin

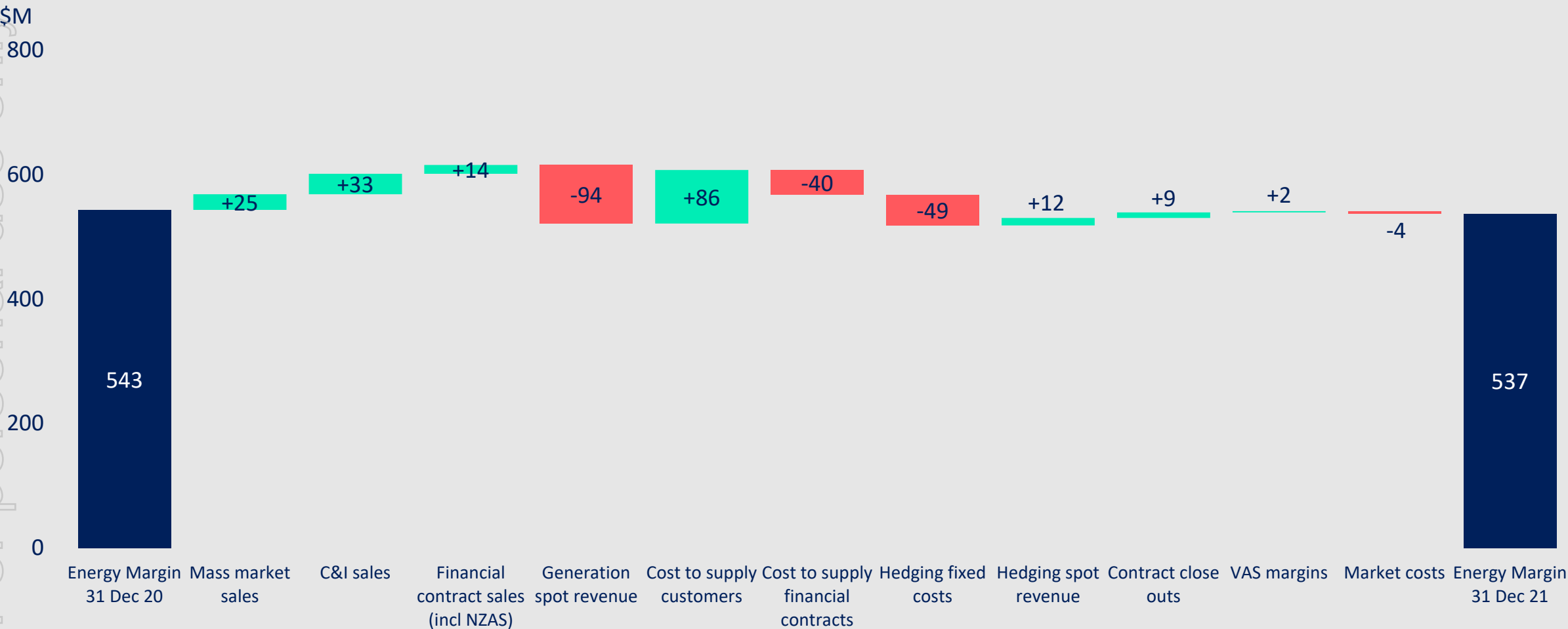
New Zealand energy margin

\$M



New Zealand energy margin

New Zealand energy margin movement



New Zealand energy margin

	1H FY22			1H FY21		
	Volume	VWAP	NZD M	Volume	VWAP	NZD M
Mass market sales	2,569	\$125	320	2,435	\$121	295
Corporate and industrial sales	1,883	\$105	198	1,684	\$98	165
Retail contracted sales	4,452	\$116	518	4,119	\$112	460
NZAS sales	2,525			2,525		
Financial contract sales	1,590			1,000		
Wholesale contracted sales	4,116	\$66	270	3,526	\$73	256
Cost to supply retail customers	4,700	-\$113	(530)	4,331	-\$129	(557)
Cost to supply wholesale customers	2,525	-\$86	(217)	2,525	-\$110	(277)
Cost of financial contracts	1,590	-\$99	(158)	1,000	-\$118	(118)
Cost to supply customers and contracts	8,816	-\$103	(905)	7,857	-\$121	(951)
Hedging costs	1,978	-\$111	(220)	1,716	-\$100	(171)
Hedging spot revenue	1,978	\$110	217	1,716	\$120	206
Close-outs			(1)			(10)
Net cost of hedging			(4)			24
Hydro generation	5,911			5,912		
Wind generation	708			765		
Generation revenue	7,111	\$93	661	6,676	\$113	755
Virtual asset swap margins			3			1
Other			(6)			(2)
Energy margin			537			543

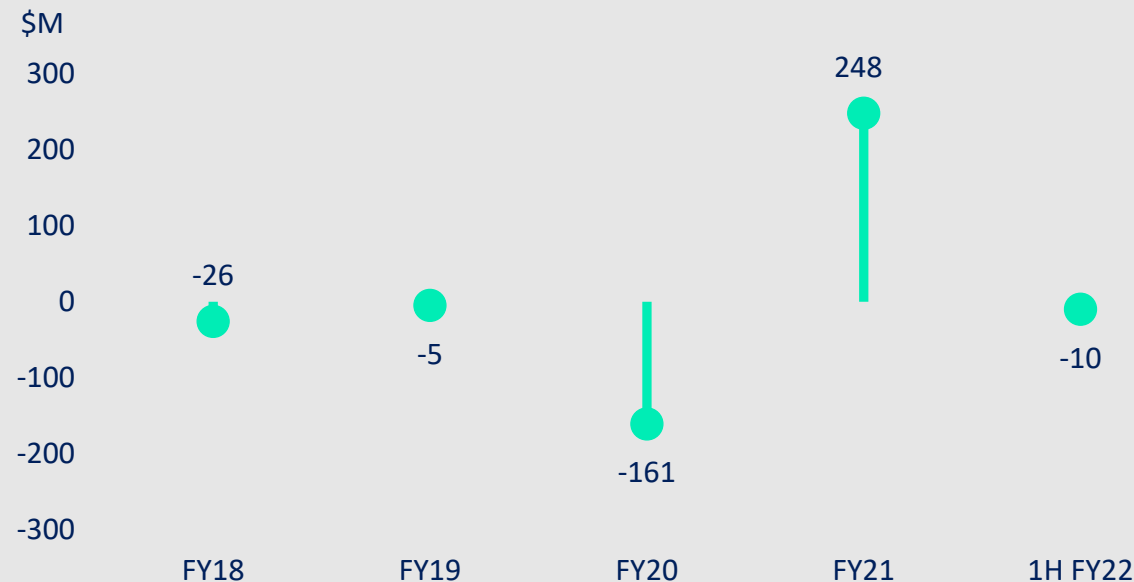
Australian energy margin (AUD)

	1H FY22			1H FY21		
	Volume	VWAP	AUD M	Volume	VWAP	AUD M
Retail electricity sales, net of distribution	431	\$114	49	404	\$141	57
Retail gas sales, net of distribution	1,064	\$17	19	991	\$14	14
Financial contract sales	246	\$52	13	212	\$67	14
Contracted Sales			80			85
Cost to supply electricity customers	431	-\$95	-41	404	-\$69	-28
Cost to supply gas customers	1,064	-\$13	-14	991	-\$12	-12
Cost of financial contracts	246	-\$56	-14	212	-\$51	-11
Cost to supply customers and contracts			-69			-51
Hedging costs	179	-\$105	-19	163	-\$97	-16
Hedging spot revenue	179	\$108	19	163	\$55	9
Close-outs			0			0
Net cost of hedging			0			-7
Wind generation	285	\$68	19	278	\$75	21
Hydro generation	221	\$79	17	113	\$70	8
PPA generation received, net of costs	186	\$7	1	184	-\$6	-1
Generation revenue			38			28
Other			-1			-1
Energy margin			49			55

Fair value movements

- Meridian uses derivative instruments to manage interest rate, foreign exchange and electricity price risk
- As forward prices and rates on these instruments move, non-cash changes to their carrying value are reflected in NPAT
- Accounting standards only allow hedge accounting if specific conditions are met, which creates NPAT volatility
- \$68M decrease in NPBT from fair value of electricity hedges from changing forward electricity prices (\$73M increase in 1H FY21)
- \$58M increase in NPBT from fair value of treasury instruments (\$25M increase in 1H FY21)

Change in fair value of financial instruments



Income statement

Six months ended 31 December

\$M

	2021	2020
New Zealand energy margin	537	543
Other revenue	14	11
Energy transmission expense	(38)	(41)
Electricity metering expenses	(21)	(20)
Employee and other operating expenses	(98)	(98)
EBITDAF	394	395
Depreciation and amortisation	(144)	(137)
Impairment of assets	-	-
Gain/(loss) on sale of assets	-	-
Net change in fair value of energy hedges	(68)	73
Net finance costs	(39)	(41)
Net change in fair value of treasury instruments	58	25
Net profit before tax	201	315
Income tax expense	(56)	(88)
Net profit after tax from continuing operations	145	227

Underlying NPAT reconciliation

Six months ended 31 December

2021

2020

\$M

Net profit after tax	145	227
Underlying adjustments		
<u>Hedging instruments</u>		
Net change in fair value of energy hedges	68	(73)
Net change in fair value of treasury instruments	(58)	(25)
Premiums paid on electricity options net of interest	(10)	(10)
<u>Assets</u>		
(Gain)/loss on sale of assets	-	-
Impairment of assets	-	-
Total adjustments before tax	-	(108)
<u>Taxation</u>		
Tax effect of above adjustments	-	30
Underlying net profit after tax	145	149

Cash flow statement

Six months ended 31 December

\$M

	2021	2020
Receipts from customers	1,986	1,885
Payments to suppliers and employees	(1,629)	(1,523)
Interest paid	(40)	(41)
Income tax paid	(92)	(134)
Operating cash flows	225	187
Sale of property, plant and equipment	-	-
Sales of subsidiaries and other assets	-	-
Purchase of property, plant and equipment	(82)	(22)
Purchase of intangible assets and investments	(13)	(20)
Investing cash flows	(95)	(42)
Term borrowings drawn	182	97
Term borrowings repaid	(63)	(5)
Lease liabilities paid	(4)	(4)
Dividends	(222)	(287)
Financing cash flows	(107)	(199)
Net (decrease)/increase in cash and cash equivalents	23	(54)
Cash and cash equivalents at beginning of the six months	148	176
Adjustment for cash classified as assets held for sale	(19)	-
Cash and cash equivalents at beginning of the six months	152	122

Balance sheet

Six months ended 31 December

\$M

	2021	2020
Cash and cash equivalents	152	122
Trade receivables	303	303
Customer contract assets	15	25
Other current assets	156	203
Assets held for sale	729	
Total current assets	1,355	653
Property, plant and equipment	7,966	8,466
Intangible assets	80	76
Other non-current assets	241	189
Total non-current assets	8,287	8,731
Payables, accruals and employee entitlements	339	352
Customer contract liabilities	14	21
Current portion of term borrowings	269	271
Current portion of lease liabilities	4	7
Other current liabilities	78	86
Liabilities held for sale	197	
Total current liabilities	901	737
Term borrowings	1,530	1,408
Deferred tax	1,883	1,852
Lease liabilities	46	91
Other non-current liabilities	147	278
Total non-current liabilities	3,606	3,629
Net assets	5,135	5,018

Glossary

Hedging volumes	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
Average generation price	the volume weighted average price received for Meridian's physical generation
Average retail contracted sales price	volume weighted average electricity price received from retail customers, less distribution costs
Average wholesale contracted sales price	volume weighted average electricity price received from wholesale customers (including NZAS) and financial contracts
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
Cost of hedges	volume weighted average price Meridian pays for derivatives acquired
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales and financial contracts
Contracts for Difference (CFDs)	an agreement between parties to pay the difference between the wholesale electricity price and an agreed fixed price for a specified volume of electricity. CFDs do not result in the physical supply of electricity
Customer connections (NZ)	number of installation control points, excluding vacants
FRMP	financially responsible market participant
GWh	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
Historic average inflows	the historic average combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes over the last 84 years
Historic average storage	the historic average level of storage in Meridian's Waitaki catchment since 1979
HVDC	high voltage direct current link between the North and South Islands of New Zealand
ICP	New Zealand installation control points, excluding vacants
ICP switching	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
MWh	megawatt hour. Enough electricity for one average New Zealand household for 46 days
National demand	Electricity Authority's reconciled grid demand www.emi.ea.govt.nz
NZAS	New Zealand Aluminium Smelters Limited
Retail sales volumes	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
Financial contract sales	sell-side electricity derivatives excluding the sell-side of virtual asset swaps
TJ	Terajoules
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mercury New Zealand. They do not result in the physical supply of electricity

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This presentation contains a number of non-GAAP financial measures, including Energy Margin, EBITDAF, Underlying NPAT and gearing. Because

they are not defined by GAAP or IFRS, Meridian's calculation of these measures may differ from similarly titled measures presented by other companies and they should not be considered in isolation from, or construed as an alternative to, other financial measures determined in accordance with GAAP. Although Meridian believes they provide useful information in measuring the financial performance and condition of Meridian's business, readers are cautioned not to place undue reliance on these non-GAAP financial measures.

The information contained in this presentation should be considered in conjunction with the company's condensed financial statements for the six months ended 31 December 2021, available at:

www.meridianenergy.co.nz/investors

All currency amounts are in New Zealand dollars unless stated otherwise.

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Investor Letter.

For the six months ended
31 December 2021.



Meridian.

Financial results

Meridian Energy has reported \$145 million of net profit after tax from continuing operations for the six months ended 31 December 2021, 36% lower than the same period last year, mainly reflecting negative changes in the value of hedge instruments. Excluding these hedge value movements, Meridian's underlying net profit after tax reduced by \$4 million. Meridian also reported a \$1 million decrease in EBITDAF¹.

In November 2021, Meridian announced it had reached agreement for the sale of Meridian Energy Australia (MEA). With completion of the MEA sale having occurred on 31 January 2022, Meridian's investment in MEA has been classified as held for sale and a discontinued operation at 31 December 2021. Meridian expects to recognise a gain on the sale in the order of \$240 million in its full-year accounts for the financial year ended 30 June 2024.

The Board has announced an interim ordinary dividend of 5.85 cents per share, 2.6% higher than last year's interim dividend. The interim ordinary dividend will be 86% imputed and Meridian's Dividend Reinvestment Plan will apply to this interim ordinary dividend at no discount to the average market price over a five-day period ending on 23 March 2022. The interim dividend will be paid, and new shares issued under the reinvestment plan on 8 April 2022.

The Board also approved changes to Meridian's dividend policy. More information is available here:

www.meridianenergy.co.nz/investors/dividend

Meridian's balance sheet remains in a strong position, with the company maintaining a BBB+ credit rating as defined by the agency Standard & Poor's. See the interim results financial commentary for more of Meridian's results: www.meridianenergy.co.nz/investors/reports-and-presentations/interim-results-and-reports

New Zealand wholesale prices

Meridian's hydro catchments experienced above-average inflows during the six months to 31 December 2021. And while January 2022 was notably dry, February 2022 has seen rainfall, although Meridian's Waiau catchment storage is currently low.

Factors outside of hydrology continue to put upward pressure on wholesale prices. Rising thermal fuel costs and ongoing concerns around its availability, and higher carbon prices are resulting in wholesale prices above long-term averages.

The electricity market is reacting to these price signals with significant new capacity commitments. Around \$2 billion of generation investment is currently under construction and expected to be delivered into the market from 2023.

1. EBITDAF is a non-GAAP financial measure of earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges, impairment and gains or losses on sales of assets.

Forever Forests is a Meridian programme to plant up to 1.5 million permanent native and hardwood trees across 1100ha of land

MEA sale

In November last year, Meridian's Board agreed to the sale of Meridian's Australian business (MEA) to a consortium of Shell Energy Operations Pty Limited, a wholly owned subsidiary of Shell ("Shell") and Infrastructure Capital Group ("ICG").

The sale was completed on 31 January 2022, with a sale price of A\$740 million including interest and intercompany funding movements since 1 July 2021.

We believe that the transaction is an outstanding result for Meridian's shareholders and a testament to the quality of the Meridian Energy Australia business and the employees who have been dedicated to its success. The transaction represents an exciting opportunity for the future of the Meridian Energy Australia business, given Shell's and ICG's intentions to grow their respective renewable energy and retail presences in Australia.

The sale includes a minimum three-year agreement with Flux for retail software

services and for call centre services. Transactional services will also be provided by Meridian Energy Limited for up to 12 months.

Shell is now the owner of the retail business, Powershop Australia, while ICG is the owner of the infrastructure assets (Mt Mercer and Mt Millar wind farms, Hume, Burrinjuck and Keepit hydro power stations and development assets).

Lazard Australia acted as Meridian's financial advisor in respect of this transaction.



Road construction at Meridian's Harapaki wind farm, near Napier

New renewable development (Harapaki and Ruākākā)

The construction of Meridian's Harapaki wind farm in Hawke's Bay began last year, with enabling works underway since June 2021.

Harapaki is located within the Maungaharuru Range in Hawke's Bay, approximately 35km northwest of Napier. When complete, it will be New Zealand's second-largest wind farm, with 41 turbines generating 176MW of renewable energy, enough to power over 70,000 average households. The construction will take around three years and during its building is expected to create 260 new jobs.

Bulk earthworks commenced in September 2021 and faced challenging wet weather during spring and early summer. COVID-19 responses saw the project shut down during Alert Level 4 (August 2021) and access restricted during Alert Level 3.

Pleasingly, the switchyard platform has now been handed over to Transpower and Meridian's electrical contractor for construction of the site substation.

Meridian continues to focus on enabling Aotearoa to transition to a net-zero emissions future, which is why late last year we also announced the development of Ruākākā Energy Park, north of Auckland.

Ruākākā Energy Park will consist of a grid-connected battery and solar farm with the intent to improve the stability of the national grid, reduce the chance of network outages and allow more electricity to flow north from South Island generators.

Meridian has purchased 105ha of land at Marsden Point for the Ruākākā Energy Park, which will house a battery energy storage system at least 100MW in capacity, as well as a utility-scale solar farm.

Aotearoa is moving to a fully renewable electricity system, which means generation will be made up of more intermittent sources like wind and solar. During periods of peak demand when there is little sun or wind, we will need stored energy that can be dispatched quickly.

Meridian is currently talking to iwi and other community stakeholders about our plans for the site and undertaking ecological and geotechnical site assessments as part of our due diligence.

We are actively working to increase our renewable pipeline and currently have 2.3GW (around 80% of Meridian's current generation capacity) as potential new development options.

We have also made the decision to not proceed with our Central Wind development option.



Meridian's West Wind farm, near Wellington

Hydrogen

One of the biggest opportunities from New Zealand's Aluminium Smelter's exit is the introduction of new industries that want to take advantage of New Zealand's unique abundance of renewable energy.

Meridian has partnered with Contact Energy to investigate the feasibility of developing the world's first large-scale green hydrogen facility in Southland.

There has been strong interest from both domestic and international businesses and recently we announced the four companies that we will be looking to work with on this project.

There is a significant focus on using green hydrogen produced from renewable energy for export and also to decarbonise carbon-intensive sectors including heavy transport, aviation, shipping and agriculture in New Zealand.

There is a growing appetite for green hydrogen to replace fossil fuels throughout the global economy. Green hydrogen has the potential to abate Aotearoa's long-life greenhouse gas emissions by more than 20%. It's exciting to see so much interest in domestic applications alongside the export opportunities. This interest suggests that the domestic uptake of hydrogen as a clean fuel could happen sooner and faster than we expect.

The Southern Green Hydrogen project has now moved to a "request for proposals" stage, with shortlisted parties invited to provide submissions by April 2022. To read more about Southern Green Hydrogen, visit southerngreenhydrogen.co.nz

Meridian continues to progress other initiatives in response to the contract termination with the New Zealand's Aluminium Smelter in December 2024. In addition to our battery and solar plans at Ruākākā, we have announced new financial contract arrangements with Nova Energy and an offtake agreement from the Ngāwhā geothermal power station.

Meridian now has agreements with seven customers under our Process Heat Electrification Programme, amounting to 292GWh of annual demand, to support conversion away from fossil-fuel-based heat processes.

Datagrid's hyperscale data centre plans will move forward with the acquisition of a 43ha site in Southland. Overseas Investment Office approval for the purchase was granted at the end of January 2022.

Transpower's project to double the capacity on transmission lines between Clutha and Upper Waitaki has commenced its final phase, with completion expected in May 2022.

Regulatory (wholesale market review and 9 August investigations)

On 9 August 2021, in an unfortunate series of events, about 35,000 households lost power on one of the coldest nights of the year.

Multiple reviews have been commissioned by the Ministry for Business, Innovation and Employment (MBIE), the Electricity Authority and Transpower.

The MBIE review is now complete and its recommendations have been published at www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-consultations-and-reviews/investigation-electricity-supply-interruptions-9-august-2021

The MBIE review found fault with Transpower's demand allocation processes, and the company has largely accepted all the recommendations and will be making changes to its processes and communications to avoid another incident like this in the future.

The Electricity Authority review of competition in the wholesale market (2018–2021) is ongoing. Late last year it released an initial report that confirmed that high wholesale electricity prices in the past three years have largely reflected the tight supply and demand conditions, and natural gas scarcity for electricity generation.

Consultations closed in December 2021, with Meridian expressing concerns with some of the review's preliminary findings. Further consultation on recommendations is expected in early 2022.

Retail performance

Meridian continues to deliver strong sales momentum in its retail business, particularly in the residential, small/medium business and industrial segments. Sales volumes in those segments in the six months to December 2021 grew by 14%, 20% and 12% respectively.

Agricultural volumes were 13% lower than last year, reflecting the wet spring conditions much of the country experienced. With the country's ongoing restrictions in response to COVID-19, corporate and large business sales volumes were 8% lower.

Meridian now has more than 60 customers for our Certified Renewable Energy (Certified) product. Certified enables our business customers to match the amount of electricity they use on an annual basis with an equivalent amount of electricity put into the national grid from one of Meridian's hydro stations or wind farms – reporting their Scope 2 electricity emissions as zero².

We are pleased to help our customers achieve their sustainability goals.

² Using the market-based reporting methodology as per the Greenhouse Gas Protocol's Scope 2 Guidance.

People changes

At Meridian we're privileged to have a strong talent pool of dedicated and committed people. In the past few months we have had some of these people step into new roles, and our Executive and Board teams have gone from strength to strength.

In August last year we confirmed the appointment of Tania Simpson as a non-executive director to the Meridian Board.

Ms Simpson will complement and add to the Board's skills and expertise on the retirement of two longstanding directors, Peter Wilson and Anake Goodall, whose terms concluded at the company's Annual Shareholders' Meeting in October 2021. Meridian Chair, Mark Verbiest, acknowledges the significant contributions that Mr Wilson and Mr Goodall have made in the previous ten years.

Ms Simpson is a distinguished, well-respected Māori leader who has served on a range of iwi, commercial and public entities. She is affiliated to Ngāi Tahu, Tainui and Ngā Puhi.

She has extensive corporate governance experience, having served as a director of Mighty River Power Limited for 13 years from 2001. She also holds the distinction of being the first Māori director on the Reserve Bank of New Zealand Board, where she is currently the Deputy Chair.

We also appointed a new General Manager of Generation, Tania Palmer. Ms Palmer took over the role effective 6 December 2021. Tania stood out among high-quality candidates because of her passion for and deep expertise in building positive, resilient cultures founded on safety and wellbeing and constructive leadership behaviours.

Tania has worked in asset-intensive, operational businesses for most of her 30-year career, including 12 years at Contact Energy. She has a deep understanding of the operational generation environment, having led a transformational safety culture change and provided governance leadership for a Process Safety programme, and a major procurement/supplier review at Contact.

Tania was previously Meridian's Chief People Officer, and a process to appoint her replacement is underway. While we look for a replacement, Jason Stein, previously Chief Executive of Meridian Energy Australia, will be acting Chief People Officer.

Guy Waipara, General Manager Generation, has been appointed to a newly created permanent position of General Manager Development, leading the transformational aspects of Meridian's strategy to utilise renewable electricity to decarbonise the electricity sector and the wider economy.

Meridian's Benmore power station LINZ Data Service and licensed by Environment Canterbury, CC BY 4.0

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At Meridian, we believe we are in for an exciting and challenging few years as we look to invest in our business and support New Zealand's efforts to reduce carbon emissions while maintaining high standards of living for us all. Our successful sale of our Australian business has given us a greater ability to deliver these outcomes.

On behalf of the Board and the executive team, we would like to thank our shareholders, our customers and our stakeholders for their continued support in helping Meridian to deliver clean energy for a fairer and healthier world.



Meridian.



One of Meridian's 100% fully electric light passenger vehicle fleet at the company's West Wind farm

Financial Commentary.

Five-year performance

EBITDAF¹ (NZ operations)

Financial year ended 30 June



Net profit after tax (continuing operations)

Financial year ended 30 June



Operating cash flows

Financial year ended 30 June



Interim dividend declared

Six months ended 31 December



Capital expenditure (NZ operations)

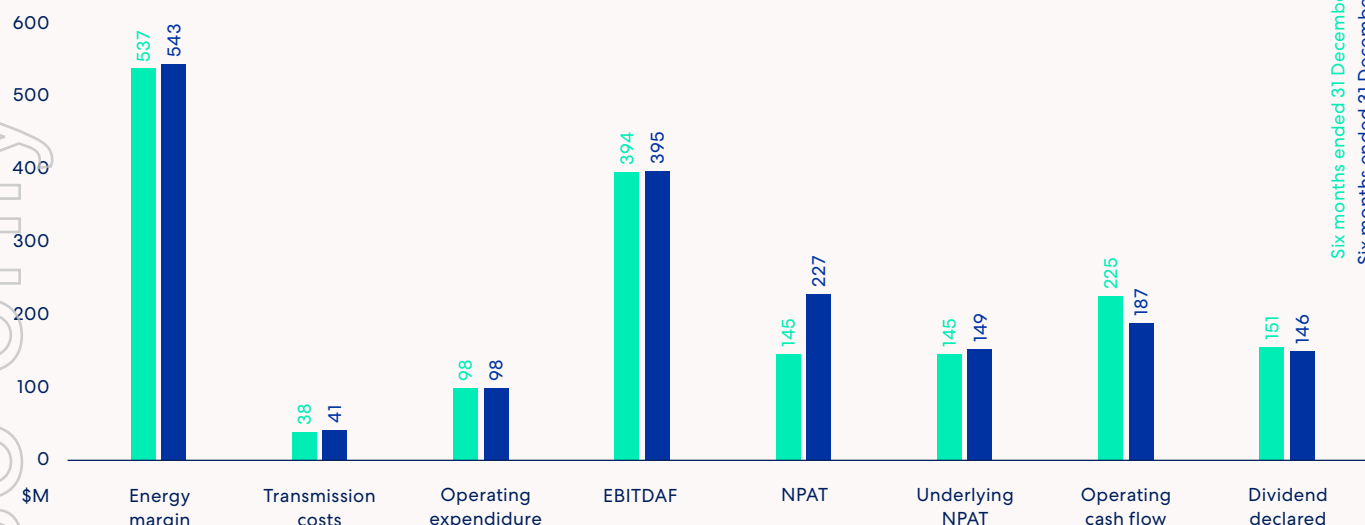
Financial year ended 30 June



1. EBITDAF is a non-GAAP financial measure of earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges, impairment and gains or losses on sales of assets.

Overview

Financial performance against prior year



The six months ended 31 December 2021 saw a 36% decrease in net profit from continuing operations, mostly because of negative changes in the net value of hedge instruments.

In November 2021, Meridian announced it had reached agreement for the sale of Meridian Energy Australia (MEA). With completion of the MEA sale having occurred on 31 January 2022, Meridian's investment in MEA has been classified as held for sale and a discontinued operation at 31 December 2021.

Meridian has reported a \$1 million decrease in EBITDAF from its New Zealand operations compared to the prior corresponding period. Higher retail and wholesale contracted sales and higher generation volumes helped to offset the impacts of lower pricing on the contract with New Zealand's Aluminium Smelter.

The Board has announced an interim ordinary dividend of 5.85 cents per share, 2.6% higher than last year's interim dividend. The interim ordinary dividend will be 86% imputed and Meridian's Dividend Reinvestment

Plan will apply to this interim ordinary dividend at no discount to the average market price over a five-day period ending on 23 March 2022. The interim dividend will be paid, and new shares issued under the reinvestment plan on 8 April 2022.

The Board has also approved changes to Meridian's dividend policy. More information is available here:

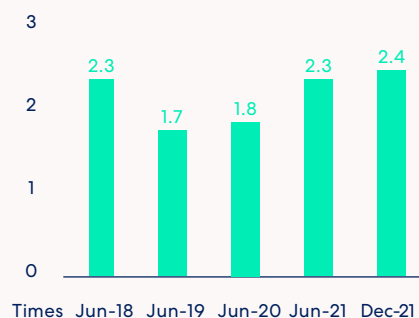
www.meridianenergy.co.nz/investors/dividend

Dividends declared

	1H FY22 ²		1H FY21 ³	
	cents per share	imputation	cents per share	imputation
Ordinary dividends	5.85	86%	5.70	86%

Meridian's balance sheet remains in a strong position, with the company maintaining a BBB+ credit rating as defined by rating agency Standard & Poor's.

Net debt/EBITDAF



2. The six months ended 31 December 2021
3. The six months ended 31 December 2020

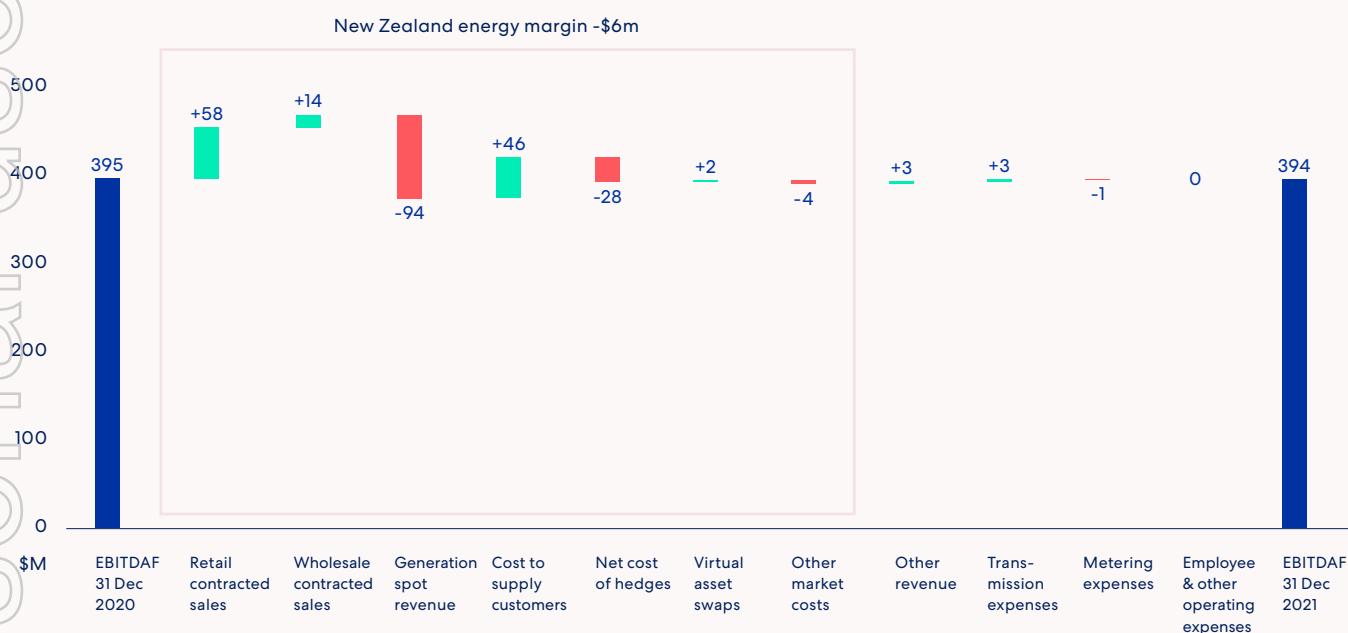
Cash flows

Operating cash flows were \$225 million for 1H FY2022, \$38 million (20%) higher than for 1H FY2021, largely as a result of lower income tax paid.

Capital expenditure⁴ in 1H FY2022 was \$92 million, of which \$21 million was stay-in-business capital expenditure. Growth capital expenditure largely reflects Meridian's Harapaki wind farm development in Hawke's Bay, which began construction in June 2021.

Earnings

Movement in EBITDAF



EBITDAF from New Zealand operations was \$394 million in 1H FY2022, \$1 million (0%) lower than the same period last year.

4. For New Zealand operations

New Zealand energy margin

Energy margin is a measure of the combined financial performance of Meridian's retail and wholesale businesses.

\$M		1H FY2022	1H FY2021
Retail contracted sales revenue	Revenue received from sales to retail customers net of distribution costs (fees to distribution network companies that cover the costs of the distribution of electricity to customers)	518	460
Wholesale contracted sales revenue	Sales to large industrial customers and fixed-price revenue from derivatives sold	270	256
Costs to supply customers	The volume of electricity purchased to cover contracted customer sales	-905	-951
Net hedging position	The fixed cost of derivatives used to manage market risk, net of the spot revenue recovered from those derivatives	-4	24
Generation spot revenue	Revenue from the volume of electricity that Meridian generates	661	755
Net VAS revenue	The net revenue position of virtual asset swaps (VAS) with Genesis Energy and Mercury New Zealand	3	1
Other	Authority levies and ancillary generation revenue (such as frequency keeping)	-6	-2
Total New Zealand energy margin		537	543

New Zealand energy margin was \$537 million in 1H FY2022, \$6 million (1%) lower than the same period last year. Meridian continues to deliver strong sales momentum in its retail business, particularly in the residential, small/medium business and industrial segments. Sales volumes in those segments in the six months to December 2021 grew by 14%, 20% and 12% respectively.

Agricultural volumes were 13% lower than last year, reflecting the wet spring conditions much of the country

experienced. With the country's ongoing restrictions in response to COVID-19, corporate and large business sales volumes were 8% lower.

Overall, the mass market sales price increased by 3% and the average corporate and industrial sales price increased by 7%.

Wholesale contracted sales revenue was \$14 million (5%) higher in 1H FY2022. Wholesale derivative sales volumes were 59% higher at higher average prices than the same period last year. Sales to New Zealand's

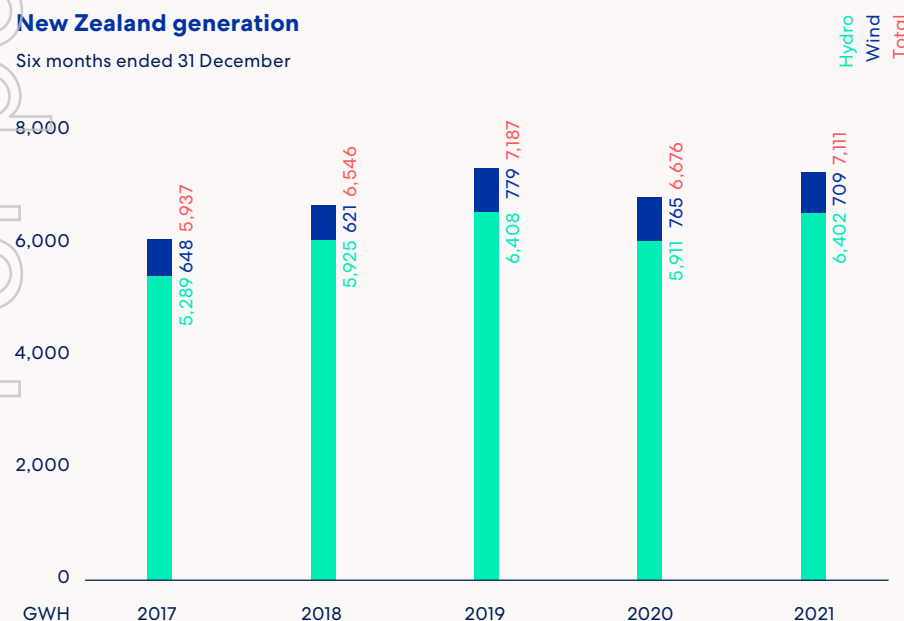
Aluminium Smelter reflected the impacts of lower pricing agreed in January 2021.

The costs to supply customers decreased \$46 million (5%) in 1H FY2022, with higher customer sales volumes in 1H FY2021 more than offset by the 15% lower average price Meridian paid to supply customers.

The net cost of hedging was \$28 million higher in 1H FY2022 from a lower average net cost and 15% higher hedging volumes compared to the same period last year.

New Zealand generation

Six months ended 31 December



With inflows above average across the 1H FY2022, generation volumes were 7% higher than the same period last year. Average generation prices were 18% lower than the same period last year, resulting in generation revenue in 1H FY2022 being 12% lower than last year.



Lake Manapouri, Fiordland

Australian energy margin

Australian energy margin was \$52 million in 1H FY2022, \$7 million (12%) lower than the same period last year. Powershop Australia's retail electricity sales volumes increased 7%, however lower average prices reduced retail contracted sales 8%.

With higher generation volumes in 1H FY2022, generation spot revenue increased 33%.

The Australia segment is now classified as held for sale and treated as a discontinued operation as at 31 December 2021.

Meridian expects to recognise a gain on sale in the order of \$240 million in its full year accounts for FY2022.

Expenses

1H FY2022 saw small changes in transmission and metering costs, while employee and other operating costs were \$98 million in 1H FY2022, consistent with the same period last year.

Net profit after tax

NPAT from continuing operations was \$145 million in 1H FY2022, \$82 million (36%) lower than the same period last year. 1H FY2022 saw higher depreciation and amortisation (\$7 million higher), with net negative movements in the fair value of electricity hedges and treasury instruments.

These fair value movements relate to non-cash changes in the carrying value of derivative instruments and are influenced by changes in forward prices and rates on these derivative instruments.

Fair value movements in electricity hedges decreased net profit before tax by \$68 million in 1H FY2022, compared to a \$73 million increase in the same period last year, reflecting changes in forward electricity prices.

Fair value movements in treasury instruments increased net profit before tax by \$58 million in 1H FY2022, compared to a \$25 million increase in the same period last year.

Net financing costs decreased 5% compared to the same period last year. Meridian maintained its BBB+ (stable outlook) credit rating from Standard & Poor's.

Income tax expense was \$56 million in 1H FY2022, \$32 million (36%) lower than the same period last year, reflecting lower net profit before tax.

After removing the impact of fair value movements and other one-off or infrequently occurring events, Meridian's underlying NPAT (reconciliation on page 6) was \$145 million in 1H FY2022. This was \$4 million (3%) lower than the same period last year.

Income statement

Six months ended 31 December

\$M	2021	2020
New Zealand energy margin	537	543
Other revenue	14	11
Energy transmission expense	(38)	(41)
Energy metering expenses	(21)	(20)
Employee and other operating expenses	(98)	(98)
EBITDAF	394	395
Depreciation and amortisation	(144)	(137)
Impairment of assets	-	-
Gain/(loss) on sale of assets	-	-
Net change in fair value of electricity and other hedges	(68)	73
Net finance costs	(39)	(41)
Net change in fair value of treasury instruments	58	25
Net profit before tax	201	315
Income tax expense	(56)	(88)
Net profit after tax from continuing operations	145	227

Underlying net profit after tax

Six months ended 31 December

\$M	2021	2020
Net profit after tax	145	227
Underlying adjustments		
<i>Hedging instruments</i>		
Net change in fair value of energy hedges	68	(73)
Net change in fair value of treasury instruments	(58)	(25)
Premiums paid on electricity options net of interest	(10)	(10)
Assets		
(Gain)/loss on sale of assets	-	-
Impairment of assets	-	-
Total adjustments before tax	-	(108)
Taxation		
Tax effect of above adjustments	-	30
Underlying net profit after tax	145	149

Results for announcement to the market		
Name of issuer	Meridian Energy Limited	
Reporting Period	6 months to 31 December 2021	
Previous Reporting Period	6 months to 31 December 2020	
Currency	NZD	
	Amount (NZ\$m)	Percentage change
Revenue from continuing operations	\$1,672	-1%
Total Revenue	\$1,672	-1%
Net profit/(loss) from continuing operations	\$145	-36%
Total net profit/(loss)	\$133	-41%
Interim/Final Dividend		
Amount per Quoted Equity Security	NZ \$0.05850000 Final Ordinary Dividend	
Imputed amount per Quoted Equity Security	NZ \$0.01956500	
Record Date	18/03/2022	
Dividend Payment Date	8/04/2022	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$1.90	\$1.87
A brief explanation of any of the figures above necessary to enable the figures to be understood	For commentary on the operational results please refer to the media announcement and interim results presentation. This announcement should be read in conjunction with the attached Condensed Interim Financial Statements for the six months ended 31 December 2021.	
Authority for this announcement		
Name of person authorised to make this announcement	Jason Woolley	
Contact person for this announcement	Jason Woolley	
Contact phone number	+64 4 381 1206	
Contact email address	Jason.Woolley@meridianenergy.co.nz	
Date of release through MAP	23/02/2022	

Audited financial statements accompany this announcement.

Section 1: Issuer information				
Name of issuer	Meridian Energy Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	MEL			
ISIN (If unknown, check on NZX website)	NZMELE0002S7			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies	X		
Record date	Close of trading on 18/3/2022			
Ex-Date (one business day before the Record Date)	17/03/2022			
Payment date (and allotment date for DRP)	8/4/2022			
Total monies associated with the distribution ¹	\$150,643,109			
Source of distribution (for example, retained earnings)	Retained Earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution ²	\$0.07806500			
Gross taxable amount ³	\$0.07806500			
Total cash distribution ⁴	\$0.05850000			
Excluded amount (applicable to listed PIEs)	\$0.00000000			
Supplementary distribution amount	\$0.00887824			
Section 3: Imputation credits and Resident Withholding Tax ⁵				
Is the distribution imputed	Partial imputation			
If fully or partially imputed, please state imputation rate as % applied ⁶	86%			
Imputation tax credits per financial product	\$0.01956500			

¹ Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

² "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (RWT).

³ "Gross taxable amount" is the gross distribution minus any excluded income.

⁴ "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.

⁵ The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

⁶ Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.

Resident Withholding Tax per financial product	\$0.00619645	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	0.0% - no discount	
Start date and end date for determining market price for DRP	17 March 2022	23 March 2022
Date strike price to be announced (if not available at this time)	24 March 2022	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	New Issue	
DRP strike price per financial product	\$TBC	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	21 March 2022	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Jason Woolley	
Contact person for this announcement	Jason Woolley	
Contact phone number	+64 4 381 1206	
Contact email address	jason.woolley@meridianenergy.co.nz	
Date of release through MAP	23/02/2022	