Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Meridian Energy Limited 2023 Interim Results

1 March 2023

Today Meridian Energy releases its interim results for the six months ended 31 December 2022.

Included in this announcement is:

1. Media Announcement
2. Condensed Interim Financial Statements for the six months ended 31 December 2022
3. Investor Presentation
4. Investor Letter
5. Financial Commentary
6. NZX Results Announcement
7. NZX Distribution Notice detailing the ordinary interim dividend of 6.00 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
021 246 4772

For media queries, please contact:
Rheilli Uluilelata
External Communications Manager
022 589 1052

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Meridian Energy interim net profit lift will accelerate renewable growth

1 March 2023

Meridian Energy has reported net profit after tax of $201 million for the six months ended 31 December 2022, $56 million (39%) higher than the same period last year. Included in the result is an unrealised gain in the value of hedge instruments amounting to $27 million (compared with a loss last year of $10 million) and a $16 million reduction in finance costs due to the retirement of debt following the sale of Meridian's Australian subsidiary during January 2022. Meridian's operating earnings from continuing operations (EBITDAF[1]) increased by $31 million (8%) over the prior period.

Chief Executive Neal Barclay says Meridian's strong first half operating performance reflected favourable hydrology, with better than average inflows into the hydro catchments we manage and continued good growth in the amount of energy sold to our retail customers. Customer sales volumes were up by 5% on the prior year. Operating earnings also benefited from $51 million of electricity hedge close outs.

Meridian started the financial year with below average storage in Lake Pukaki, however this situation changed during July and August 2022 when a series of large storms lifted storage significantly. Meridian winter 2022 inflows into its Waitaki catchment were the highest winter inflows on record.

During this reporting period Meridian more than doubled the size of its renewable development pipeline of buildable options to 11,100 GWh. "We have a bold vision for our renewable pipeline, and we intend to continue to push hard and grow our renewable generation assets at pace," says Barclay.

In December 2022, Meridian announced that it will begin construction of the $186 million Ruakākā Battery Energy Storage System, New Zealand's first large-scale grid battery storage system, situated south of Whangārei.

"The battery has a 200 MWh capacity and will make a significant contribution to the reliability of the overall electricity grid allowing more intermittent wind and solar renewable electricity generation to be efficiently accommodated within the system. And to that point, we're also

[1] EBITDAF is a non-GAAP financial measure of earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items

preparing to lodge consent applications for a new wind farm at Mount Munro in the Wairarapa and a 130MW solar farm, also at Ruakākā, both in the middle of 2023. We're getting on with it," adds Barclay.

Meridian's Harapaki wind farm, currently under construction in Hawkes Bay largely escaped direct impacts from Cyclone Gabrielle, and we are working through access and resourcing challenges at site.

"Our thoughts go out to those suffering in the devastation Cyclone Gabrielle has wrecked." Barclay says.

"We've copped two extremely wet summer construction seasons in a row and our team have done a remarkable job keeping the project on schedule." Barclay says.

During the last year, Meridian trialed a new energy wellbeing programme directed at supporting customers experiencing hardship and the company intends to scale up this approach during 2023. "Our team are enthused by the tangible difference we've been able to make for Kiwi families who are struggling. And working with Government and other social agencies, we believe we can reach up to 5,000 customers with targeted support to do our part to help keep their homes warm and dry in winter."

Meridian's Process Heat Electrification programme has earmarked up to 600 gigawatt hours per annum, helping large industrial customers switch from coal or gas to electricity. This will prevent 300,000 tonnes of CO2 being pumped into the atmosphere, the equivalent of removing around 150,000 cars off Aotearoa's roads.

Prior to Christmas, Meridian, with the support of Ngāi Tahu, announced it had selected Woodside Energy (Woodside) as the preferred partner to move forward to the development stage of the proposed Southern Green Hydrogen project in Southland. Mitsui & Co., Ltd. (Mitsui) is also in discussions to join the project and develop the potential export markets for SGH's Green hydrogen-based products.

"We believe a large-scale green hydrogen facility, focusing initially on the export market, will help accelerate the development of a new hydrogen economy at home and strengthen New Zealand's ability to decarbonise our transport and industrial sectors," says Barclay.

"Our aim is to create a world-class collaboration that covers the full green hydrogen and ammonia supply chain and add jobs and a new industry to Aotearoa's domestic economy."

Meridian.

Income statement		
Six months ended 31 December	**2022**	**2021**
$M		
New Zealand energy margin	598	537
Other revenue	14	14
Energy transmission expense	(41)	(38)
Electricity metering expenses	(23)	(21)
Employee and other operating expenses	(123)	(98)
EBITDAF	**425**	**394**
Depreciation and amortisation	(144)	(144)
Impairment of assets	(6)	-
Gain/(loss) on sale of assets	-	-
Net change in fair value of energy hedges	(5)	(68)
Net finance costs	(23)	(39)
Net change in fair value of treasury instruments	32	58
Net profit before tax	**279**	**201**
Income tax expense	(78)	(56)
Net profit after tax from continuing operations	**201**	**145**

Underlying net profit after tax		
Six months ended 31 December	**2022**	**2021**
$M		
Net profit after tax	201	145
Underlying adjustments		
Hedging instruments		
Net change in fair value of energy hedges	5	68
Net change in fair value of treasury instruments	(32)	(58)
Premiums paid on electricity options net of interest	(9)	(10)
Assets		
(Gain)/loss on sale of assets	-	-
Impairment of assets	6	-
Total adjustments before tax	(30)	-
Taxation		
Tax effect of above adjustments	10	-
Underlying net profit after tax	**181**	**145**

ENDS

Neal Barclay
Chief Executive
Meridian Energy Limited

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Changing Step. Together.

Meridian Energy Limited.
Condensed Interim Financial Statements.
As at and for the six months to 31 December 2022.

Meridian.

Condensed Interim Financial Statements

Notes to the Condensed Interim Financial Statements

COVER: Planting the next phase of coastal forest on the Kaitoke Peninsula with Raglan Area School.

Income Statement

For the six months to 31 December 2022

	Note	Unaudited 2022 $M	Unaudited 2021 $M
Operating revenue	A2	**1,529**	1,672
Operating expenses	A3	**(1,104)**	(1,278)
Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items (EBITDAF)		**425**	394
Depreciation and amortisation	B1, B2	**(144)**	(144)
Impairment of assets	A3	**(6)**	–
Net change in fair value of energy hedges	D1	**(5)**	(68)
Operating profit		**270**	182
Finance costs	A3	**(29)**	(39)
Interest income		**6**	–
Net change in fair value of treasury hedges	D1	**32**	58
Net profit before tax from continuing operations		**279**	201
Income tax expense	A4	**(78)**	(56)
Net profit after tax from continuing operations		**201**	**145**
Net profit from discontinued operation after tax	S1	**–**	**(12)**
Net profit after tax attributed to the shareholders of the parent company		**201**	**133**

Earnings per share (EPS) attributed to ordinary equity holders of the parent		**Cents**	Cents
Basic and diluted EPS from continuing operations	C2	**7.8**	5.6
Basic and diluted EPS	C2	**7.8**	5.2

Comprehensive Income Statement

For the six months to 31 December 2022

	Note	Unaudited 2022 $M	Unaudited 2021 $M
Net profit after tax		**201**	133
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Asset revaluation	B1	**740**	–
Deferred tax on the above item		**(207)**	–
		533	–
Items that may be reclassified to profit or loss:			
Net (loss)/gain on cash flow hedges		**(11)**	9
Exchange differences arising from translation of foreign operations		**–**	(4)
Income tax on the above items		**3**	(3)
		(8)	2
Other comprehensive income for the period, net of tax		**525**	2
Total comprehensive income for the period, net of tax attributed to shareholders of the parent company		**726**	**135**

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

Balance Sheet

As at 31 December 2022

	Note	Unaudited 31 Dec 2022 $M	Unaudited 31 Dec 2021 $M	Audited 30 June 2022 $M
Current assets				
Cash and cash equivalents		**198**	152	363
Trade receivables		**271**	303	416
Customer contract assets		**14**	15	16
Financial instruments	D1	**288**	121	232
Assets held for sale	S1	**–**	729	–
Other assets		**48**	35	50
Total current assets		**819**	1,355	1,077
Non-current assets				
Property, plant and equipment	B1	**8,587**	7,966	7,830
Intangible assets	B2	**82**	80	85
Financial instruments	D1	**345**	241	377
Total non-current assets		**9,014**	8,287	8,292
Total assets		**9,833**	**9,642**	**9,369**

For and on behalf of the Board of Directors who authorised the issue of the financial statements on 28 February 2023.

Mark Verbiest,
Chair, 28 February 2023

Julia Hoare,
Chair, Audit and Risk Committee, 28 February 2023

	Note	Unaudited 31 Dec 2022 $M	Unaudited 31 Dec 2021 $M	Audited 30 June 2022 $M
Current liabilities				
Payables and accruals		**322**	326	470
Employee entitlements		**14**	13	18
Customer contract liabilities		**12**	14	13
Current portion of term borrowings	C4	**159**	269	159
Current portion of lease liabilities	C4	**3**	4	4
Financial instruments	D1	**54**	48	30
Liabilities held for sale	S1	**–**	197	–
Current tax payable		**36**	30	32
Total current liabilities		**600**	**901**	**726**
Non-current liabilities				
Term borrowings	C4	**959**	1,530	1,004
Deferred tax		**2,118**	1,883	1,932
Lease liabilities	C4	**25**	46	37
Financial instruments	D1	**111**	88	93
Term payables		**50**	59	54
Total non-current liabilities		**3,263**	3,606	3,120
Total liabilities		**3,863**	**4,507**	**3,846**
Net assets		**5,970**	**5,135**	**5,523**
Shareholders' equity				
Share capital		**1,690**	1,658	1,671
Reserves		**4,280**	3,477	3,852
Total shareholders' equity		**5,970**	**5,135**	**5,523**

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

Statement of Changes in Equity

For the six months to 31 December 2022

Audited $M	Note	Share capital	Share option reserve	Revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
Balance at 1 July 2021		**1,595**	**1**	**5,198**	**(24)**	**2**	**(1,548)**	**5,224**
Net profit for the year		–	–	–	–	–	664	**664**
Other comprehensive income								
Asset revaluation		–	–	(55)	–	–	–	**(55)**
Transferred to retained earnings on disposal		–	–	(113)	–	–	113	**–**
Transferred to income statement on disposal		–	–	–	24	–	–	**24**
Net gain/(loss) on cash flow hedges		–	–	–	–	16	–	**16**
Income tax relating to other comprehensive income		–	–	49	–	(5)	(34)	**10**
Total other comprehensive income, net of tax		**–**	**–**	**(119)**	**24**	**11**	**79**	**(5)**
Total comprehensive income for the year, net of tax		**–**	**–**	**(119)**	**24**	**11**	**743**	**659**
Share-based transactions		(2)	1	–	–	–	–	**(1)**
Dividend reinvestment plan	C3	78	–	–	–	–	–	**78**
Dividends paid/reinvested	C3	–	–	–	–	–	(437)	**(437)**
Balance at 30 June 2022 and 1 July 2022		**1,671**	**2**	**5,079**	**–**	**13**	**(1,242)**	**5,523**
Unaudited $M								
Net profit for the period		–	–	–	–	–	201	**201**
Other comprehensive income								
Asset revaluation	B1	–	–	740	–	–	–	**740**
Net gain/(loss) on cash flow hedges		–	–	–	–	(11)	–	**(11)**
Income tax relating to other comprehensive income		–	–	(207)	–	3	–	**(204)**
Total other comprehensive income, net of tax		**–**	**–**	**533**	**–**	**(8)**	**–**	**525**
Total comprehensive income for the year, net of tax		**–**	**–**	**533**	**–**	**(8)**	**201**	**726**
Share-based transactions		–	–	–	–	–	–	**–**
Dividend reinvestment plan	C3	19	–	–	–	–	–	**19**
Dividends paid/reinvested	C3	–	–	–	–	–	(298)	**(298)**
Balance at 31 December 2022		**1,690**	**2**	**5,612**	**–**	**5**	**(1,339)**	**5,970**
Unaudited $M								
Balance at 1 July 2021		**1,595**	**1**	**5,198**	**(24)**	**2**	**(1,548)**	**5,224**
Net profit for the period		–	–	–	–	–	133	**133**
Other comprehensive income								
Asset revaluation		–	–	–	–	–	–	**–**
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 year, net of tax		**–**	**–**	**–**	**(4)**	**6**	**133**	**135**
Share-based transactions		(2)	–	–	–	–	–	**(2)**
Dividend reinvestment plan	C3	65	–	–	–	–	–	**65**
Dividends paid/reinvested	C3	–	–	–	–	–	(287)	**(287)**
Balance at 31 December 2021		**1,658**	**1**	**5,198**	**(28)**	**8**	**(1,702)**	**5,135**

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

Statement of Cash Flows

For the six months to 31 December 2022

	Note	Unaudited 2022 $M	Unaudited 2021 $M
Operating activities			
Receipts from customers		**1,637**	1,986
Interest received		**6**	–
Payments to suppliers and employees		**(1,253)**	(1,629)
Interest paid		**(33)**	(40)
Income tax paid		**(92)**	(92)
Operating cash flows		**265**	225
Investing activities			
Purchase of property, plant and equipment		**(136)**	(82)
Purchase of intangible assets		**(8)**	(13)
Investing cash flows		**(144)**	(95)
Financing activities			
Term borrowings drawn	C4	**–**	182
Term borrowings repaid	C4	**(5)**	(63)
Lease liabilities repaid	C4	**(3)**	(4)
Dividends paid	C3	**(278)**	(222)
Financing cash flows		**(286)**	(107)
Net increase/(decrease) in cash and cash equivalents		**(165)**	23
Cash and cash equivalents at beginning of year		**363**	148
Adjustment for cash classified as assets held for sale	S1	**–**	(19)
Cash and cash equivalents at end of period		**198**	152

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 (Financial Markets Conduct) reporting entity for the purposes of the Financial Markets Conduct 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 287-293 Durham Street North, Christchurch. 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 His Majesty the King 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 2022 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 currencies of international subsidiaries are:

- Australian dollars (AUD): the closing rate at 31 December 2022 was 0.9319 (31 December 2021: 0.9401, 30 June 2022: 0.9045); and
- British Pounds (GBP): the closing rate at 31 December 2022 was 0.5249 (31 December 2021: 0.5045, 30 June 2022: 0.5127).

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 2022 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 2022.

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 HFS 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 (or 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.

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 AU$729 million, subject to possible adjustment depending on timing of completion. Completion occurred on 31 January 2022 and final consideration was AU$740 million. A net gain on sale was recorded of NZ$214 million and net cash was received of NZ$768 million.

Accordingly, for the comparative period ending 31 December 2021, MEA was reported as held for sale and as a discontinued operation. In the Income Statement and Comprehensive Income Statement, the profit and loss arising from MEA is shown separately to continuing operations.

Results of discontinued operation	**6 months to 31 December 2022 $M**	**6 months to 31 December 2021 $M**
Operating revenue	–	184
Operating expenses	–	(160)
Net result from operating activities	–	**24**
Depreciation and amortisation	–	(6)
Gain/(loss) on sale of investment	–	(12)
Net change in fair value of energy hedges	–	(16)
Operating profit/(loss)	–	**(10)**
Finance costs	–	(2)
Net change in fair value of treasury hedges	–	–
Net profit/(loss) from discontinued operations 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
Current liabilities	–	197
Net assets of discontinued operation	–	**532**
Cash flows from/(used in) discontinued operation		
Net cash from/(used in) operating activities	–	12
Net cash from/(used in) investing activities	–	(8)
Net cash from/(used in) financing activities	–	–
Net cash flows of discontinued activity	–	**4**

S1 Meridian Energy Australia continued

Effect of reclassification of the disposal group on the financial position of the Group	At 31 December 2021
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 classification 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 Property, plant and equipment

Within property, plant and 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.

At 31 December 2022, a valuation of Meridian's generation structures and plant assets has been undertaken, to determine the fair value of the assets at this date. The valuation has resulted in an increase of $740 million, driven mainly by an increase in our wholesale electricity price assumptions offset by higher interest rates. Management calculates a valuation on which the Board's ultimate decision is based. The valuation is set using discounted cashflow (DCF) analysis and NZAS continuing to operate until 31 December 2024.

Refer to Note B1 Property, plant and equipment for more information.

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

Meridian's lake storage levels lifted significantly during the first part of the current financial year, with the highest winter inflows on record. In contrast, late spring and summer has seen much drier conditions.

During the six months ended 31 December 2022, inflows were above average and storage levels at that date were above average in the Waitaki catchment. The very dry lower South Island conditions have seen storage in the Waiau catchment fall below average.

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 (the chief operating decision-maker) 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 35% (31 December 2021: 36%) 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 $104 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. In the comparative period, revenue of $2 million was recorded in 'Other revenue' and was eliminated on Group consolidation.

Australia

- As noted in the Significant Matters section, the Australia segment was sold in January 2022 and is presented as a discontinued operation.
- Meridian generated energy from two wind farms, three hydro power stations and energy acquisition through power purchase agreements, for sale into the Australian wholesale electricity market.
- Retailing of electricity and gas, was mainly through the Powershop brand in Australia.
- Development of renewable electricity generation options in Australia.

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 (refer to page 9 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.

A

A1 Segment performance continued

For the six months to 31 December	NZ Wholesale 2022 $M	NZ Wholesale 2021 $M	NZ Retail 2022 $M	NZ Retail 2021 $M	Australia 2022 $M	Australia 2021 $M	Other and Unallocated 2022 $M	Other and Unallocated 2021 $M	Inter-segment and discontinued operations 2022 $M	Inter-segment and discontinued operations 2021 $M	Group 2022 $M	Group 2021 $M
Contracted sales, net of distribution costs	**226**	270	**600**	518	**–**	85	**–**	–	**–**	(85)	**826**	788
Costs to supply customers	**(541)**	(937)	**(503)**	(422)	**–**	(73)	**–**	–	**521**	527	**(523)**	(905)
Net cost of hedging	**(68)**	(4)	**–**	–	**–**	1	**–**	–	**–**	(1)	**(68)**	(4)
Generation spot revenue	**371**	661	**–**	–	**–**	40	**–**	–	**–**	(40)	**371**	661
Inter-segment electricity sales	**521**	454	**–**	–	**–**	–	**–**	–	**(521)**	(454)	**–**	–
Virtual asset swap margins	**(4)**	3	**–**	–	**–**	–	**–**	–	**–**	–	**(4)**	3
Other market revenue/(costs)	**(5)**	(6)	**1**	–	**–**	(1)	**–**	–	**–**	1	**(4)**	(6)
Energy margin	**500**	**441**	**98**	**96**	**–**	**52**	**–**	**–**	**–**	**(52)**	**598**	**537**
Other revenue	**1**	1	**8**	7	**–**	1	**13**	23	**(8)**	(18)	**14**	14
Energy transmission expense	**(41)**	(38)	**–**	–	**–**	(3)	**–**	–	**–**	3	**(41)**	(38)
Electricity metering expenses	**–**	–	**(23)**	(21)	**–**	–	**–**	–	**–**	–	**(23)**	(21)
Gross margin	**460**	**404**	**83**	**82**	**–**	**50**	**13**	**23**	**(8)**	**(67)**	**548**	**492**
Employee expenses	**(13)**	(12)	**(18)**	(16)	**–**	(8)	**(29)**	(17)	**–**	8	**(60)**	(45)
Other operating expenses	**(29)**	(29)	**(17)**	(17)	**–**	(18)	**(20)**	(15)	**3**	26	**(63)**	(53)
EBITDAF	**418**	**363**	**48**	**49**	**–**	**24**	**(36)**	**(9)**	**(5)**	**(33)**	**425**	**394**
Depreciation and amortisation	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(144)**	(144)
Impairment of assets	**–**	–	**–**	–	**–**	–	**–**	**–**	**–**	**–**	**(6)**	–
Net change in fair value of electricity and other hedges	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(5)**	(68)
Operating profit	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**270**	**182**
Finance costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(29)**	(39)
Interest income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6**	–
Net change in fair value of treasury instruments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**32**	58
Net profit before tax from continuing operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**279**	**201**
Income tax expense	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(78)**	**(56)**
Net profit after tax from continuing operations	**–**	–	**–**	–	**–**	–	**–**	**–**	**–**	**–**	**201**	**145**
Net profit / (loss) from discontinued operations after tax	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	**(12)**
Net profit after tax attributed to the shareholders of the parent company	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**201**	**133**
Reconciliation of energy margin												
Energy sales revenue, net of hedging	**1,061**	1,229	**975**	883	**–**	183	**–**	–	**(521)**	(637)	**1,515**	1,658
Energy expenses, net of hedging	**(561)**	(788)	**(530)**	(460)	**–**	(76)	**–**	–	**521**	530	**(570)**	(794)
Energy distribution expenses	**–**	–	**(347)**	(327)	**–**	(55)	**–**	–	**–**	55	**(347)**	(327)
Energy margin	**500**	**441**	**98**	**96**	**–**	**52**	**–**	**–**	**–**	**(52)**	**598**	**537**

The Australia segment was sold in January 2022 and is presented above as a discontinued operation.

A2 Income

6 Months ended 31 December	Unaudited	Unaudited
Operating revenue	2022 $M	2021 $M
Energy sales to customers	**1,063**	971
Generation revenue, net of hedging	**452**	687
Energy related services revenue	**5**	5
Other revenue	**9**	9
Total operating revenue	**1,529**	**1,672**

6 Months ended 31 December	Unaudited	Unaudited
Total revenue by geographic area	2022 $M	2021 $M
New Zealand	**1,529**	**1,664**
United Kingdom	**–**	**8**
Total operating revenue	**1,529**	**1,672**

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

6 Months ended 31 December	Unaudited	Unaudited
Operating expenses	2022 $M	2021 $M
Energy expenses, net of hedging	570	794
Energy distribution expenses	347	327
Energy transmission expenses	41	38
Energy metering expense	23	21
Employee expenses	60	45
Other expenses	63	53
	1,104	1,278

	Unaudited	Unaudited
Finance costs	2022 $M	2021 $M
Interest on borrowings	32	41
Interest on option premiums	1	–
Interest on lease liabilities	1	1
Less capitalised interest	(5)	(3)
	29	39

	Unaudited	Unaudited
Impairment of assets	2022 $M	2021 $M
Impairment of property, plant and equipment	(6)	–

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 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.

Finance costs – capitalised interest

Meridian is capitalising interest costs relating to the building of new assets. The average rate used to determine the amount of borrowing costs eligible for capitalisation was 5.37% (2021: 5.05%)

Impairment of non-financial assets

Net impairment expense relates to the exit of Meridian's office lease at Lady Elizabeth Lane in Wellington following a seismic reassessment. This is the net impact of derecognising the corresponding right of lease asset and lease liability.

A4 Taxation

6 Months ended 31 December	Unaudited	Unaudited
Tax expense	2022 $M	2021 $M
Current income tax charge	**97**	85
Deferred tax	**(19)**	(29)
Income tax expense	**78**	**56**
Reconciliation to profit before tax		
Profit before tax	**279**	**201**
Income tax at applicable rates	**78**	56
Income tax expense	**78**	**56**

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 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 2022, indicating that the fair value of the assets had increased by $740 million.

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.

B1 Property, plant and equipment

Position as at	Note	Unaudited 31 Dec 2022 $M	Unaudited 31 Dec 2021 $M	Audited 30 June 2022 $M
Opening net book value		**7,830**	8,598	8,598
Additions		**162**	80	148
Transfers to Held For Sale	S1	**–**	(570)	–
Impairment		**(12)**	–	(2)
Disposals		**(2)**	(1)	(574)
Adjustment of Right of Use assets		**–**	–	(8)
Foreign currency exchange rate movements		**–**	(6)	–
Generation structures and plant revaluation:				
– revaluation reserve	S2	**740**	–	(55)
Depreciation expense		**(131)**	(135)	(277)
Closing net book value		**8,587**	**7,966**	**7,830**

B2 Intangible assets

Position as at	Note	Unaudited 31 Dec 2022 $M	Unaudited 31 Dec 2021 $M	Audited 30 June 2022 $M
Opening Net Book value		**85**	84	84
Additions		**10**	11	29
Disposals		**–**	–	(6)
Amortisation expense		**(13)**	(9)	(22)
Transfers to Held For Sale	S1	**–**	(6)	–
Closing net book value		**82**	**80**	**85**

Capital Commitments

At 31 December 2022, Meridian Energy Limited has capital commitments of $295 million (30 June 2022: $289 million).

B

The table below describes the key valuation inputs and their sensitivity to changes.

Key input to measure fair value	Description	Unaudited 31 December 2022 Range of unobservable inputs	Sensitivity	Impact on valuation	Audited 30 June 2022 Range of unobservable inputs	Sensitivity	Impact on valuation
Future New Zealand wholesale electricity prices	The price received for New Zealand generation	$42MWh to $148MWh between FY23 and FY42 (in real terms)	+ $3MWh - $3MWh	$440M ($440M)	$45MWh to $117MWh between FY23 and FY42 (in real terms)	+ $3MWh - $3MWh	$494M ($494M)
New Zealand generation volume	Annual generation production	13,284GWh p.a. to 13,832GWh p.a. (in real terms)	+ 250GWh - 250GWh	$225M ($225M)	13,413GWh p.a. to 13,964GWh p.a.	+ 250GWh - 250GWh	$227M ($227M)
Operating expenditure (excluding electricity purchase costs or transmission charges)	Meridian's cost of operations	Forecast costs are in line with 30 June 2022 inputs and inflated at appropriate escalation rates	+ $10M - $10M	($130M) $130M	$134M in FY23, $141M in FY24 (in real terms) and inflated at appropriate escalation rates from FY25 onward	+ $10M - $10M	($128M) $128M
Weighted Average Cost of Capital (WACC)	The discount rate considers the time value of money and relative risk of achieving the cash flow forecast	8.40%	+ 0.5% - 0.5%	($575M) $675M	7.74%	+ 0.5% - 0.5%	($571M) $680M

Sensitivities show the movement in fair value as a result of a change in each input (keeping all other inputs constant).

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 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 2022 $M	Unaudited 31 Dec 2021 $M	Audited 30 Jun 2022 $M
Share capital		**1,690**	1,658	1,671
Retained earnings		**(1,339)**	(1,702)	(1,242)
Other reserves		**5,619**	5,179	5,094
Total Shareholders' equity		**5,970**	**5,135**	**5,523**
Drawn borrowings	C4	**1,121**	1,718	1,126
add: Lease liabilities		**28**	50	41
less: Cash and cash equivalents		**(198)**	(152)	(363)
Net Debt		**951**	1,616	804
Net capital		**6,921**	**6,751**	**6,327**

C2 Earnings per share

Basic and diluted earnings per share (EPS)	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
Net profit after tax from continuing operations ($M)	**201**	145
Net profit after tax attributed to the shareholders of the parent company ($M)	**201**	133
Weighted average number of shares used in the calculation of EPS	**2,578,784,219**	2,569,700,057
Basic and diluted EPS from continuing operations (cents per share)	**7.8**	5.6
Basic and diluted EPS (cents per share)	**7.8**	5.2

C3 Dividends

6 Months ended 31 December	Unaudited 2022 $M	Unaudited 2021 $M
Dividends declared and paid		
Final ordinary dividend 2022: 11.55cps (2021: 11.2cps)	**298**	287
Total dividends paid	**298**	**287**
Dividends declared and not recognised as a liability		
Interim ordinary dividend 2023: 6.00cps (2022: 5.85cps)	**155**	151

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 28 February 2023 the Board declared a partially imputed interim ordinary dividend of 6 cents per share.

Dividend Reinvestment Plan

Meridian operates a dividend reinvestment plan (DRP) under which shareholders can elect to receive dividends in additional shares rather than cash.

The DRP was available for use in the September 2022 final dividend payment. For this payment, new shares were issued at a 0% 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. Meridian investors were issued 3,864,231 new Meridian shares with a value of $19 million.

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

C4 Borrowings

Group ($M)	Currency borrowed in	Unaudited 31 Dec 2022 Drawn facility amount	Transaction costs paid	Fair value adjustment	Carrying amount	Unaudited 31 Dec 2021 Drawn facility amount	Transaction costs paid	Fair value adjustment	Carrying amount	Audited 30 June 2022 Drawn facility amount	Transaction costs paid	Fair value adjustment	Carrying amount
Current borrowings													
Unsecured borrowings	NZD	160	(1)	–	159	270	(1)	–	269	160	(1)	–	159
Unsecured borrowings	USD	–	–	–	–	–	–	–	–	–	–	–	–
Total current borrowings		**160**	**(1)**	**–**	**159**	**270**	**(1)**	**–**	**269**	**160**	**(1)**	**–**	**159**
Non-current borrowings													
Unsecured borrowings	NZD	375	–	–	375	835	–	–	835	380	–	–	380
Unsecured borrowings	AUD	–	–	–	–	59	–	–	59	–	–	–	–
Unsecured borrowings	USD	586	(1)	(1)	584	554	(1)	83	636	586	(1)	39	624
Total non – current borrowings		**961**	**(1)**	**(1)**	**959**	**1,448**	**(1)**	**83**	**1,530**	**966**	**(1)**	**39**	**1,004**
Total borrowings		**1,121**	**(2)**	**(1)**	**1,118**	**1,718**	**(2)**	**83**	**1,799**	**1,126**	**(2)**	**39**	**1,163**

Meridian has committed bank facilities of $585 million of which $550 million were undrawn at 31 December 2022 (31 December 2021: facilities of $1 billion of which $578 million were undrawn). Where facilities have expiry dates, these expiries range from April 2024 to April 2026. $200 million 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, along with any amounts relating to fair value hedge adjustments.

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.

Meridian borrows under a negative pledge arrangement, which does not permit it to grant any security interest over its assets, unless it is an exception permitted within the negative pledge.

Fair value of items held at amortised cost

Position as at	Carrying value Unaudited 31 Dec 2022 $M	Carrying value Unaudited 31 Dec 2021 $M	Carrying value Audited 30 June 2022 $M	Fair value Unaudited 31 Dec 2022 $M	Fair value Unaudited 31 Dec 2021 $M	Fair value Audited 30 June 2022 $M
Retail bonds	**500**	500	500	**489**	518	497
Floating Rate Notes	**–**	50	–	**–**	50	–
Unsecured term loan (EKF facility)	**35**	45	40	**36**	47	41

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.

						Unaudited 31 Dec 2022					
Group (NZ$M)	Balance at 30 Jun 2022	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign Exchange	Transferred to Held For Sale	MEA sale	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 31 Dec 2022
Unsecured borrowings – NZD	539	–	(5)	–	–	–	–	–	–	–	534
Unsecured borrowings – USD	624	–	–	(29)	(11)	–	–	–	–	–	584
Lease Liabilities	41	–	–	–	–	–	–	(3)	(11)	1	28
Total	**1,204**	**–**	**(5)**	**(29)**	**(11)**	**–**	**–**	**(3)**	**(11)**	**1**	**1,146**

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

						Audited 30 June 2022					
Group (NZ$M)	Balance at 30 Jun 2021	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign Exchange	Transferred to Held For Sale	MEA sale	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 30 June 2022
Unsecured borrowings – NZD	984	122	(567)	–	–	–	–	–	–	–	539
Unsecured borrowings – USD	692	31	(60)	(78)	39	–	–	–	–	–	624
Unsecured borrowings – AUD	–	57	(58)	–	1	–	–	–	–	–	–
Lease Liabilities	97	–	–	–	–	–	(43)	(7)	(8)	2	41
Total	**1,773**	**210**	**(685)**	**(78)**	**40**	**–**	**(43)**	**(7)**	**(8)**	**2**	**1,204**

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 above tables, have been allocated (directly or notionally) to refinance eligible wind and hydro projects and assets that meet the market standards.

At 31 December 2022, Meridian remains compliant with the requirements of the programme.

Green Debt Instruments under Meridian's Green Finance Programme

Green Debt allocated to the Hydro Pool[1]

			Unaudited		Unaudited		Audited	
			31 Dec 2022		31 Dec 2021		30 June 2022	
Type ($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 B[2]	Q5995*AB4	USD	**147**	**147**	115	115	147	147
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			**586**	**586**	**554**	**554**	**586**	**586**
Wholesale FRN – 10yr		NZD	**–**	**–**	50	50	–	–
Bank Facilities[3]		NZD	**550**	**–**	955	377	550	–
Commercial Paper[4]		NZD	**–**	**–**	192	192	–	–
Total Green Debt allocated to the Hydro Pool			**1,136**	**586**	**1,751**	**1,173**	**1,136**	**586**

Green Debt allocated to the Wind Pool[5]

			Unaudited		Unaudited		Audited	
			31 Dec 2022		31 Dec 2021		30 June 2022	
Type – $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	**35**	**35**	45	45	40	40
Total Green Debt allocated to the Wind Pool			**535**	**535**	**545**	**545**	**540**	**540**
Total Green Debt			**1,671**	**1,121**	**2,296**	**1,718**	**1,676**	**1,126**

Further information on the Green Finance Programme, including the Programme framework document, opinions from DNV 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/about-us/investors/reports/green-finance**.

1. Verified as meeting the criteria established by Meridian by DNV which aligns with the stated definition of Green Bonds and Loans within the Green Bond/Loan Principles.
2. USPP notes are included as the NZD equivalent under the cross currency swaps related to the notes.
3. Committed bank facilities are included at the face value of the facilities.
4. Commercial Paper is included as the face value on issue.
5. Climate Bonds Standard Certified.

D : Financial instruments

In this section

In this section of the summary notes there is information:

a. analysing financial (hedging) instruments used to manage risk; and
b. 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).

		Fair value on the balance sheet						Fair value movements in the income statement	
		Unaudited				Audited		Unaudited	
		31 Dec 2022		31 Dec 2021		30 June 2022		31 Dec 2022	31 Dec 2021
	Level	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	**(34)**	**(11)**	51	–	(9)	(6)	**1**	–
CCIRS – basis and margin risk	2	**–**	**(4)**	(1)	–	(1)	–	**–**	–
CCIRS – foreign exchange risk	2	**44**	**–**	32	–	54	–	**–**	–
Total CCIRS		**10**	**(15)**	**82**	**–**	**44**	**(6)**	**1**	**–**
Foreign exchange hedges	2	**13**	**–**	11	(1)	19	–	**–**	(1)
Interest rate swaps (IRS)	2	**51**	**(11)**	13	(83)	30	(20)	**31**	59
Total Treasury Hedges		**74**	**(26)**	**106**	**(84)**	**93**	**(26)**	**32**	**58**
Energy hedges									
Market traded electricity hedges	1	**267**	**–**	117	(22)	283	(1)	**(11)**	(21)
Other electricity hedges	3	**250**	**(139)**	85	(30)	194	(96)	**13**	(40)
Electricity options	3	**42**	**–**	54	–	39	–	**(7)**	(7)
Energy hedges		**559**	**(139)**	**256**	**(52)**	**516**	**(97)**	**(5)**	**(68)**
Total hedges		**633**	**(165)**	**362**	**(136)**	**609**	**(123)**	**27**	**(10)**

D

D1 Financial instruments continued

Settlements

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

	Unaudited 2022			Unaudited 2021		
$M	Operating Revenue	Operating expenses	Total Settlements In EBITDAF	Operating Revenue	Operating expenses	Total Settlements In EBITDAF
Market traded electricity hedges	28	(37)	**(9)**	28	(32)	**(4)**
Other electricity hedges	32	(58)	**(26)**	(5)	33	**28**
Electricity options	–	–	**–**	–	3	**3**
Total settlements in EBITDAF	**60**	**(95)**	**(35)**	**23**	**4**	**27**

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 2022			Unaudited 2021		
$M	Other Electricity Hedges	Electricity Options	Total	Other Electricity Hedges	Electricity Options	Total
Energy hedges settled in EBITDAF:						
Operating revenue	**32**	**–**	**32**	(5)	–	(5)
Operating expenses	**(58)**	**–**	**(58)**	33	3	36
Total settlements in EBITDAF	**(26)**	**–**	**(26)**	**28**	**3**	**31**
Net change in fair value of energy hedges:						
Remeasurement	**(13)**	**(7)**	**(20)**	(12)	(4)	(16)
Hedges settled	**26**	**–**	**26**	(28)	(3)	(31)
Total net change in fair value of energy hedges	**13**	**(7)**	**6**	**(40)**	**(7)**	**(47)**
Balance at the beginning of the period	**98**	**39**	**137**	**99**	**29**	**128**
Fair value movements	**13**	**(7)**	**6**	(40)	(7)	(47)
Balance transferred to Held For Sale	**–**	**–**	**–**	(4)	–	(4)
New hedge recognised	**–**	**10**	**10**	–	32	32
Balance at the end of the period	**111**	**42**	**153**	**55**	**54**	**109**

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 (DCFs), 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 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 market wholesale interest rate curves, adjusted for counterparty risk;
- calibration factor applied to forward price curves as a consequence of initial recognition differences;
- NZAS continues to operate to 31 December 2024; 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. Calibration factors, which are applied to forward curves as a consequence of initial recognition differences (see below table)	$29/MWh to $243/MWh (30 June 2022: $34/MWh to $115/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.

Movements in recalibration differences arising from energy hedges	Unaudited	Unaudited	Audited
Position as at	31 Dec 2022 $M	31 Dec 2021 $M	30 June 2022 $M
		Carrying value	
Opening difference	–	(2)	(2)
Initial differences on new hedges	–	–	–
Volumes expired and amortised	–	–	2
Closing difference	**–**	**(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

During the period, Meridian LTI Trustee Limited was wound up and removed from the companies register. No other changes occurred to Meridian's Group structure in the six months to 31 December 2022. In the comparative period, MEA was still part of the Group, although it has been shown as Held For Sale and as a discontinued operation. Refer to Note S1 for further details.

E2 Contingent assets and liabilities

In August 2022, Meridian and Contact Energy Limited entered into a swaption and a contract-for-difference (CfD). The contract period for both derivatives covers calendar years 2023 and 2024; however, the 2024 portion only activates if specified conditions precedent are met. These conditions are due to be concluded upon on 15 September 2023. As we are unsure if the pre-conditions will be met, the 2024 portion of both derivatives is not presently recognised in the Meridian statement of financial position. If confirmed, the approximate value of the swaption derivative asset and amortised cost liability for premiums would be $10 million, with the swaption limited to 150GWh of calls per annum. The CFD has a notional volume of 294GWh.

During the reporting period, Meridian sought a stamp duty refund from the Australian Tax Office for the amount of AU$7.8 million (NZ$8.3 million) in relation to its former holdings in Meridian Energy Australia. Meridian initially won the decision in the NSW Supreme Court in August 2022, however, the Chief Commissioner of State Revenue has appealed in the NSW Court of Appeal. A hearing in the Court of Appeal has been set down for March 2023. No amount has been recognised in the financial statements in relation to the stamp duty refund because Meridian is pursuing the amount through a legal process, where the outcome is uncertain.

There were no contingent assets or liabilities in comparative periods (31 Dec 2021: $0 million, 30 Jun 2022: $0 million).

E3 Subsequent events

Meridian is considering making an offer of up to $150 million (with the ability to accept oversubscriptions of up to an additional $50 million at Meridian's discretion) of 5.5 year unsecured, unsubordinated, fixed rate Green Bonds to institutional and New Zealand retail investors. It is expected that full offer details will be released on 6 March 2023, when the offer is expected to open.

The Directors declared an interim dividend on 28 February 2023. 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 auditor's report

Deloitte.

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 2 to 25, which comprise the balance sheet as at 31 December 2022, 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 the notes, including 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 2022 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 independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Boards. We note that during the period our systems identified that a non-audit partner in the same office as the engagement partner inadvertently held an interest in the entity for part of the period, which was rectified prior to the issuance of this opinion. The matter does not impact on the financial statements and has not compromised our objectivity as auditor.

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 inventory assurance, limited assurance of the sustainability content in the integrated report, audits of the securities registers, audit of the fixed rate bond 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 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.

The directors are also responsible for the publication of the interim financial statements, whether in printed or electronic form.

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
28 February 2023
CHRISTCHURCH, NEW ZEALAND

This review report relates to the unaudited interim financial statements of Meridian Energy Limited for the 6 months ended 31 December 2022 included on Meridian Energy Limited's website. The Board of Directors (the Board) are responsible for the maintenance and integrity of Meridian Energy Limited's website. We have not been engaged to report on the integrity of Meridian Energy Limited'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 28 February 2023 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 2022.

Meridian.

The Power to
Make a Difference.

Meridian.

2023 Interim Results Presentation

1 MARCH 2023

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Key points

2.6% increase in interim dividend	8% increase in EBITDAF*	Development pipeline doubled in size
Ruakākā BESS construction announced	Woodside selected as preferred Southern Green Hydrogen partner	1.4% growth in physical generation volumes
Cyclone Gabrielle impacts still being assessed	137 public EV chargers deployed	5% growth in retail electricity sales volume

Discussions are ongoing with NZAS on a potential contract beyond 2024. These discussions are complex, and outcomes are uncertain. Meridian will update the market when discussions with NZAS are completed

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

Financial performance

Dividends

- Interim ordinary dividend declared of 6.00 cps (80% imputed), 2.6% increase from 1H FY22
- Dividend reinvestment plan will apply to this interim dividend at 0% discount

Dividends declared

Financial Year ended 30 June

Source: Meridian

Dividends declared	1H FY23		1H FY22	
	cents per share	imputation	cents per share	imputation
Ordinary dividends	6.00	80%	5.85	86%

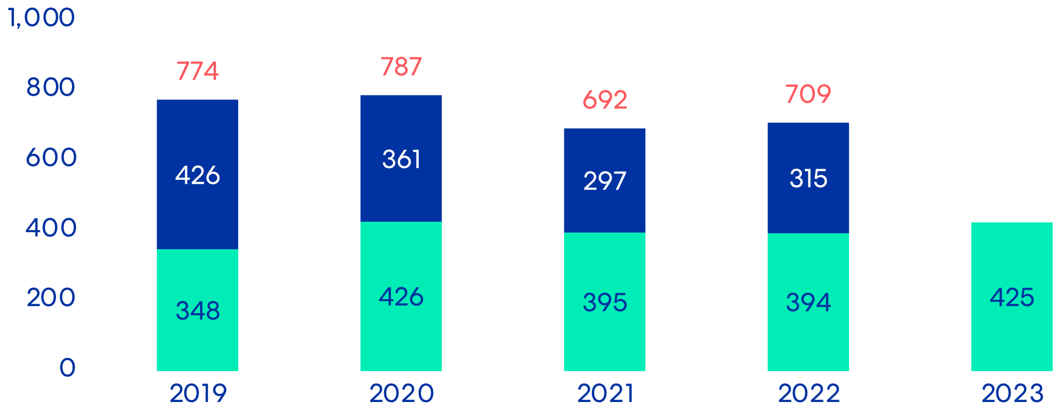
Dividend Reinvestment Plan Dates

Ex dividend date	7 Mar	Strike price announced	14 Mar
Record date	8 Mar	Dividend paid/shares issued	23 Mar
Elections close	9 Mar		

EBITDAF

- EBITDAF[1] $31M (8%) higher than 1H FY22
- $82M (16%) higher retail contracted sales revenue
- Lower generation revenue and supply costs from lower wholesale spot prices
- $51M gain on close outs of forward hedge positions
- Operating costs $25M (26%) higher than 1H FY22
- 2H FY23 has started with low inflow conditions

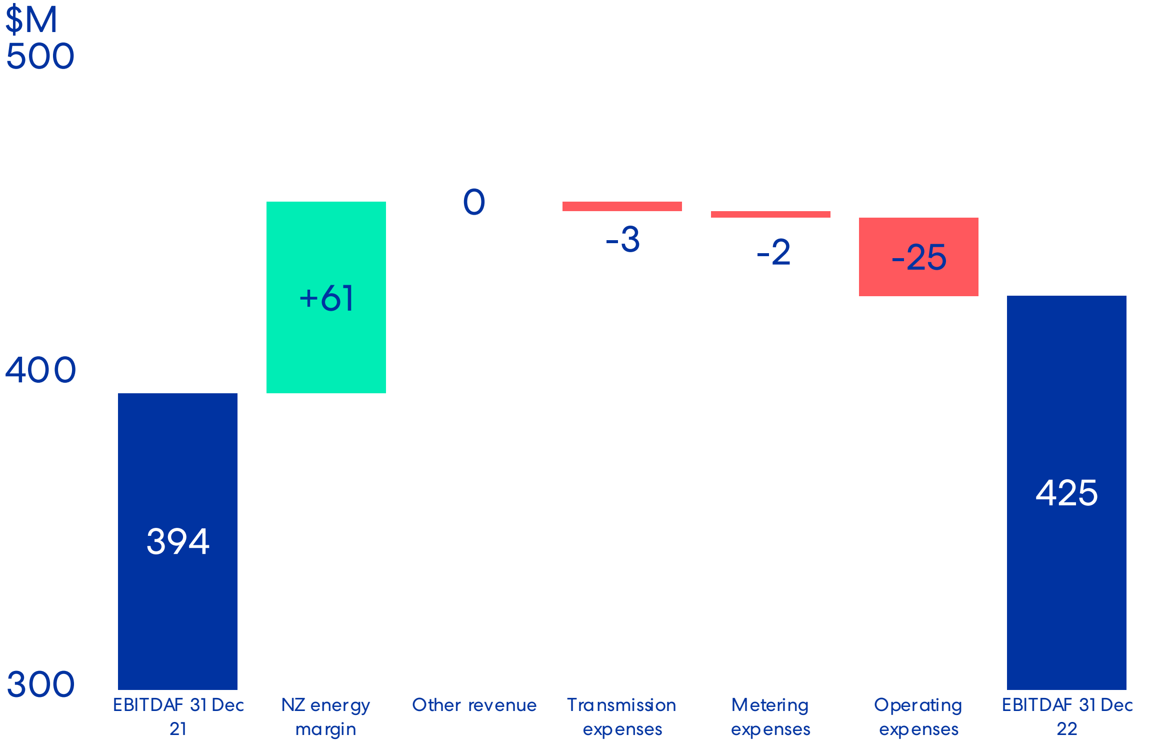
EBITDAF (continuing operations)



Financial Year ended 30 June

Source: Meridian

EBITDAF movement



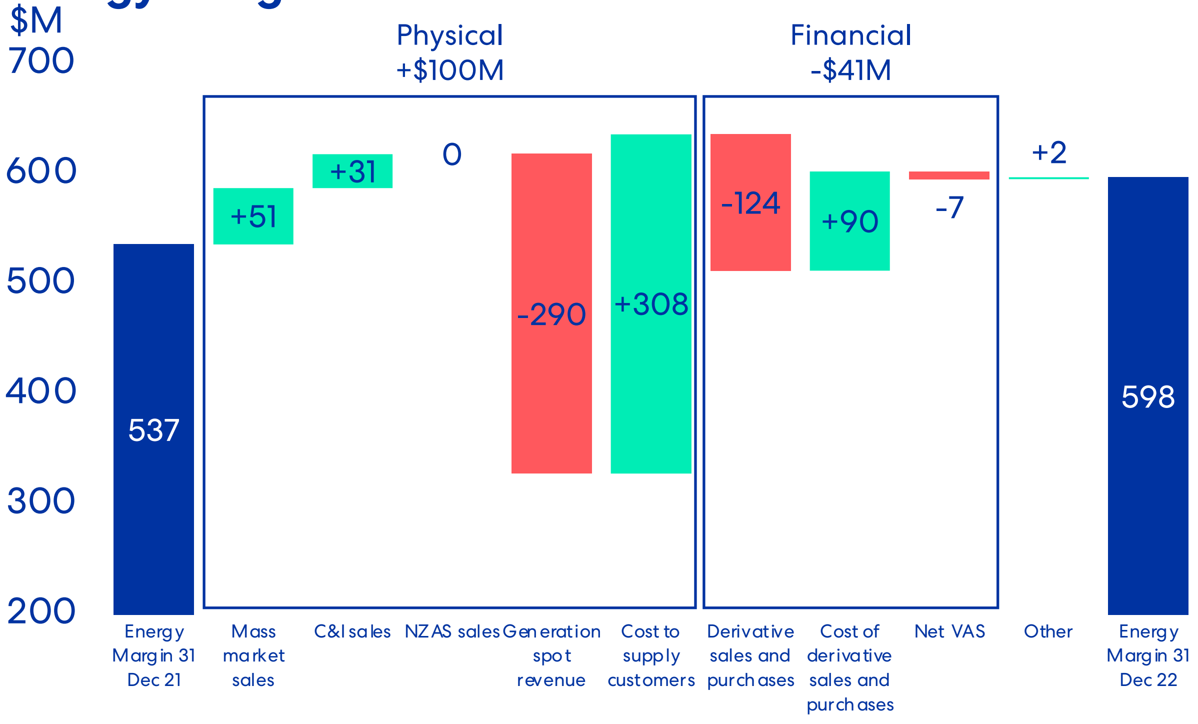
Source: Meridian

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

Energy margin

- Customer and sales volume growth across residential, small business and corporate segments
- Lift in both mass market and corporate average pricing
- 1.4% higher physical generation
- 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

Energy margin movement



Source: Meridian

Refer to pages 34-37 for further breakdowns of energy margin

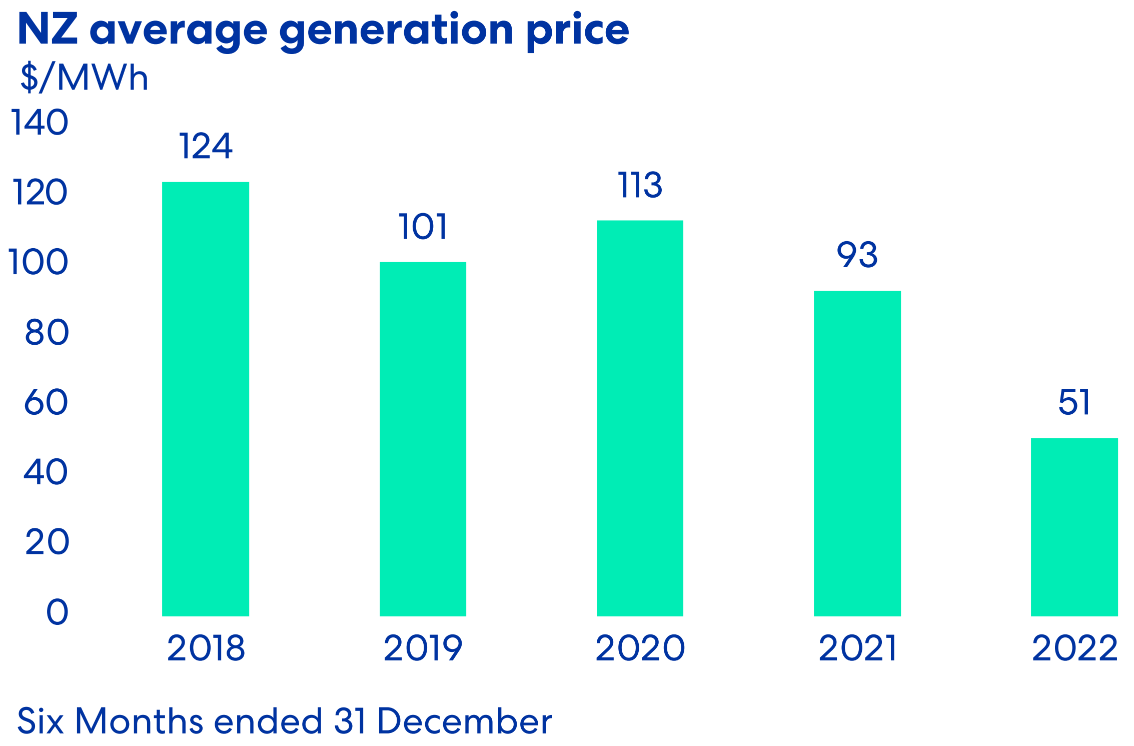
Customers

- Sales volume growth in small medium business (13%), agricultural (8%), large business (17%)
- Higher mass market net average sales price
- Mass market revenue increased $51M (16%)
- 2% growth in corporate sales volume at a higher average sales price
- Corporate sales revenue increased $32M (16%)

Customer sales	Average price ($/MWh)	Total sales volume (GWh)	North Island sales volume (GWh)	South Island sales volume (GWh)
1H FY23				
Residential		955	521	434
Small medium business		846	519	327
Agricultural		639	212	427
Large business		310	202	108
Total mass market	**$135**	**2,750**	**1,454**	**1,296**
Corporate	$119	1,920	1,231	689
1H FY22				
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

Generation

- Inflows 114% of average in 1H FY23, including highest winter inflows on record
- Lowest January Waiau inflows on record in January 2023
- Lake Pukaki storage has now fallen back to average for the first time since July 2022
- Manapōuri and Te Anau lakes both remain below average for this time of year
- Factors outside of hydrology continue to put upward pressure on forward wholesale prices

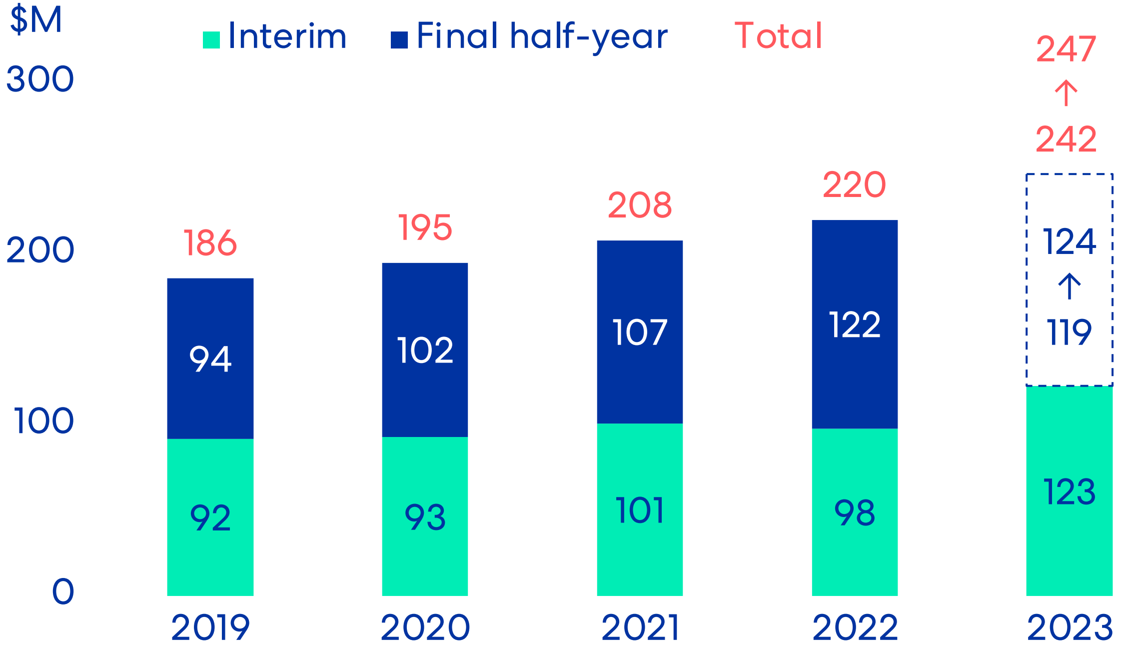


Source: Meridian

Operating costs

- Operating costs $25M (26%) higher than 1H FY22
- 1H FY22 included a $7M provision release relating to the MBIE review of Meridian's holiday pay treatment
- Growth in 1H FY23 from Flux and development investment, salary uplifts and treatment change in Australia call centre costs
- Expecting FY23 operating costs of between $242M and $247M

Operating costs[1]



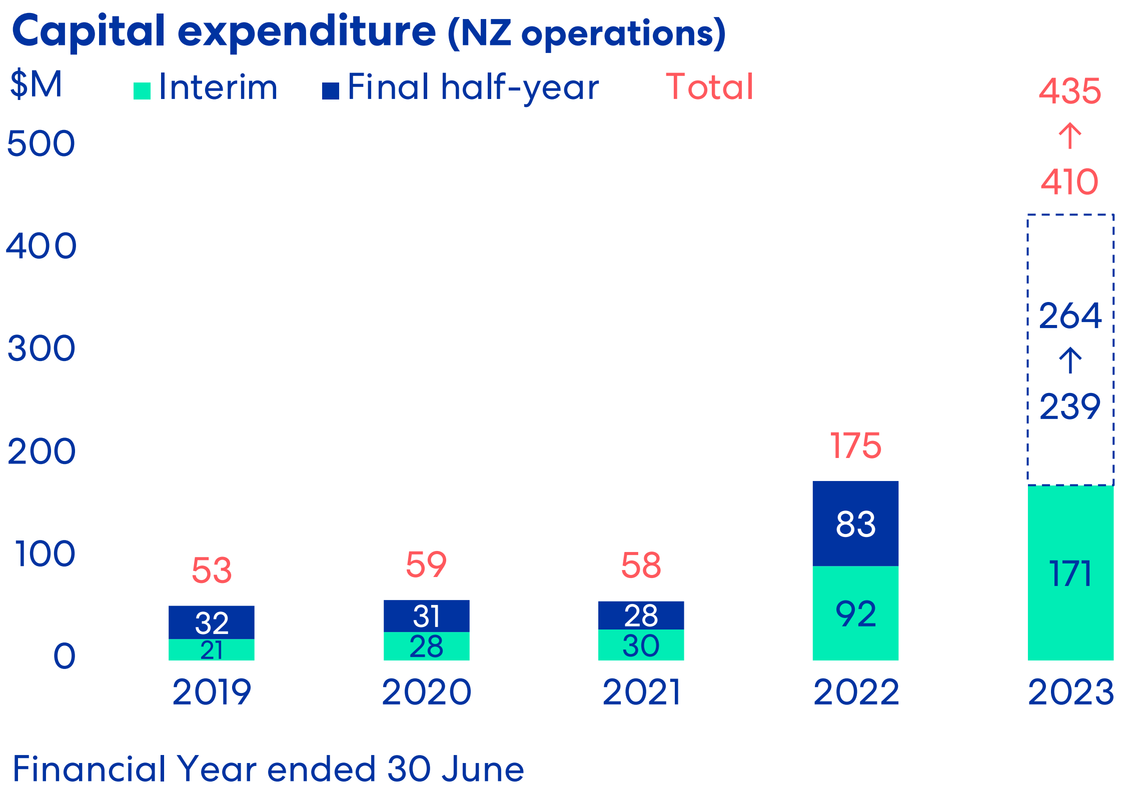
Financial Year ended 30 June

Source: Meridian

[1]including historical adjustments for IFRS 16 and software as a service

Capital expenditure

- Capital expenditure of $171M in 1H FY23
- Expecting FY23 capital expenditure of between $410M and $435M
  - $50M to $55M of stay in business capex
  - $360M to $380M of currently approved investment spend
- Generation cash costs of $40M in 1H FY23, 4% higher than 1H FY21
- Expected FY23 generation cash costs of $83M to $88M

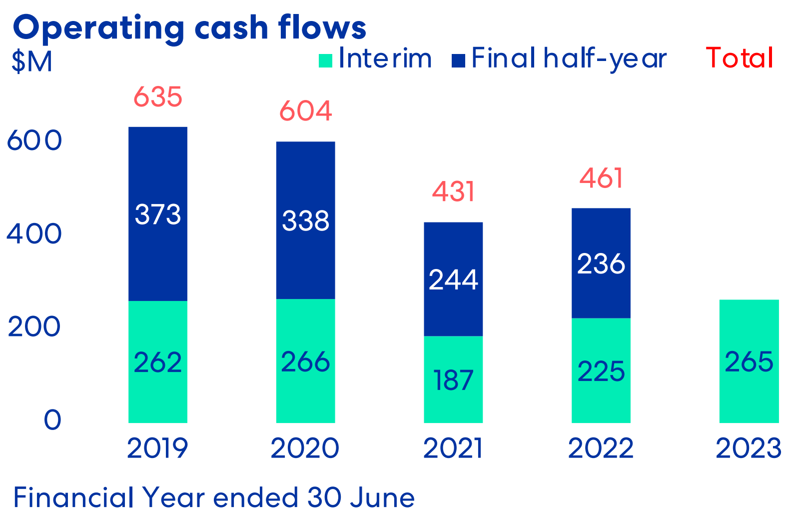


Below EBITDAF

- $5M decrease in NPBT[1] from fair value of electricity hedges from rising forward electricity prices ($68M decrease in 1H FY22)
- $32M increase in NPBT from fair value of treasury instruments from rising interest rates ($58M increase in 1H FY22)
- $6M net impairment charge on exit of Wellington office lease
- $16M reduction in net finance costs with Australia sale proceeds
- Resulted in a $56M (+39%) increase in NPAT
- $36M (+25%) increase in Underlying NPAT[2] largely from higher earnings, lower interest costs
- $740M increase in generation and plant asset valuation
- Net Debt to EBITDAF at 1.3 times as at 31 December 2022

Meridian is currently considering a green bond offer of up to $200 million. Full offer details are expected to be released on 6th March

Underlying net profit after tax		
Six months ended 31 December	**2022**	**2021**
$M		
EBITDAF	425	394
Depreciation and amortisation	(144)	(144)
Premiums paid on electricity options net of interest	(9)	(10)
Net finance costs	(23)	(39)
Tax effect	(68)	(56)
Underlying net profit after tax	**181**	**145**



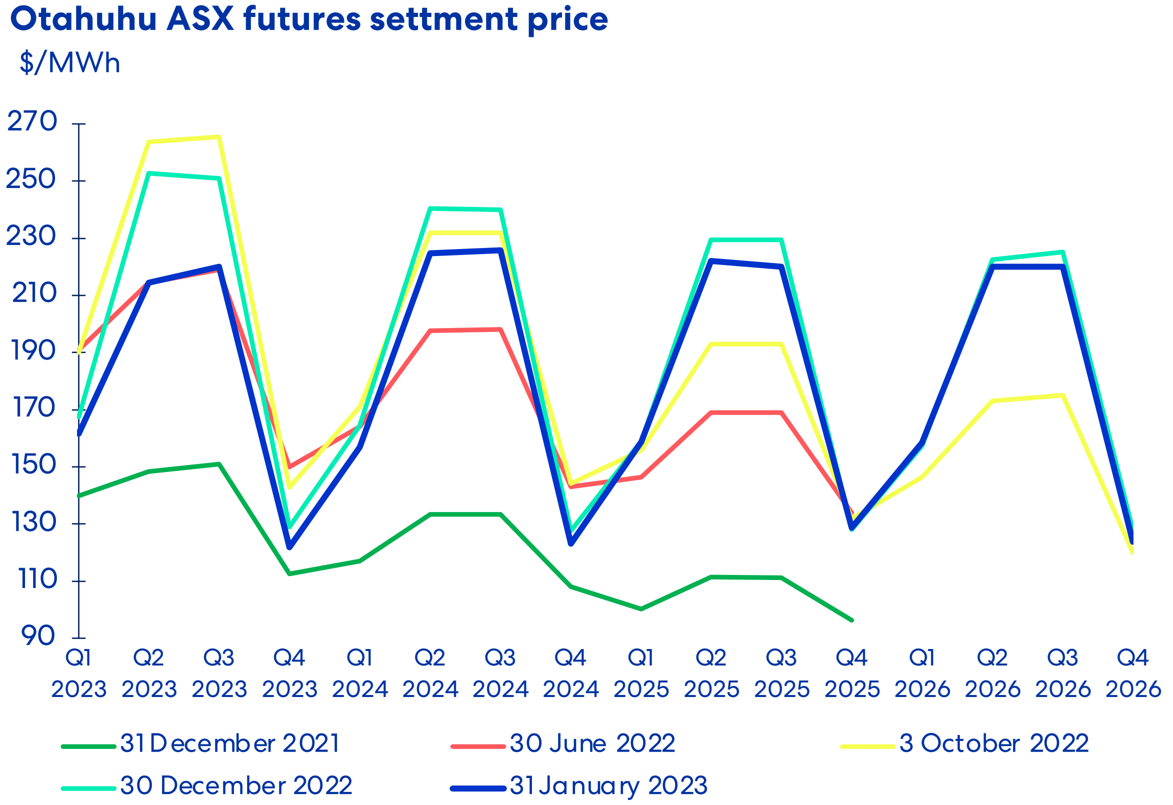
[1]Net profit before tax

[2]Net 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 40

Business update

Wholesale prices

- Above average inflows during 1H FY23
- January 2023 inflows were 46% of average
- 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
- Growing global demand for renewables is introducing supply pressures
- Market is responding to these price signals
- $2.5B in new generation investment now under construction
- Delivered into the market from 2023



Source: ASX

Policy and regulation

Resource management reform

- The New Zealand Government is replacing the current Resource Management Act with three new pieces of legislation
- The first two bills were introduced into Parliament in November 2022 and are expected to pass into law in 2023
- These three new Acts, together with a new National Planning Framework, will set a new regulatory environment under which existing generation assets are reconsented and new development options are consented
- Meridian's focus is on ensuring the regulatory environment enables renewable generation for NZ's low carbon future

Transmission pricing

- Final pricing published by Transpower for 2023-24 pricing year, which incorporates the new TPM changes
- Meridian will receive total annual charges of $66M in 2023-24, $12M lower than 2022-23 and $5M above Transpower's last indicative pricing
- Increase to Asset Replacement costs (additional $5M), half earlier estimates

Manapōuri transformers

- In early December 2022 Manapōuri Unit 6 was taken out of service due to issues with the transformer
- Six months is the best estimate of the time to resolve the issues with the Unit 6 transformer
- The transformer for Manapōuri Unit 1 also previously indicated similar issues
- Following inspection, Unit 1 was returned to service in late December 2022

Harapaki construction

- Good progress on bulk earthworks, cable trenching and foundation piling during the last quarter
- Revised roading design has proved mostly resilient to the 1.6 metres of rain that fell on site during January and February 2023
- First 14 sets of turbines are en route and expected to reach Napier in early March 2023
- Cyclone Gabrielle's extensive damage to State Highway 5 and the main transmission line into Hawke's Bay mean project impacts are still being assessed

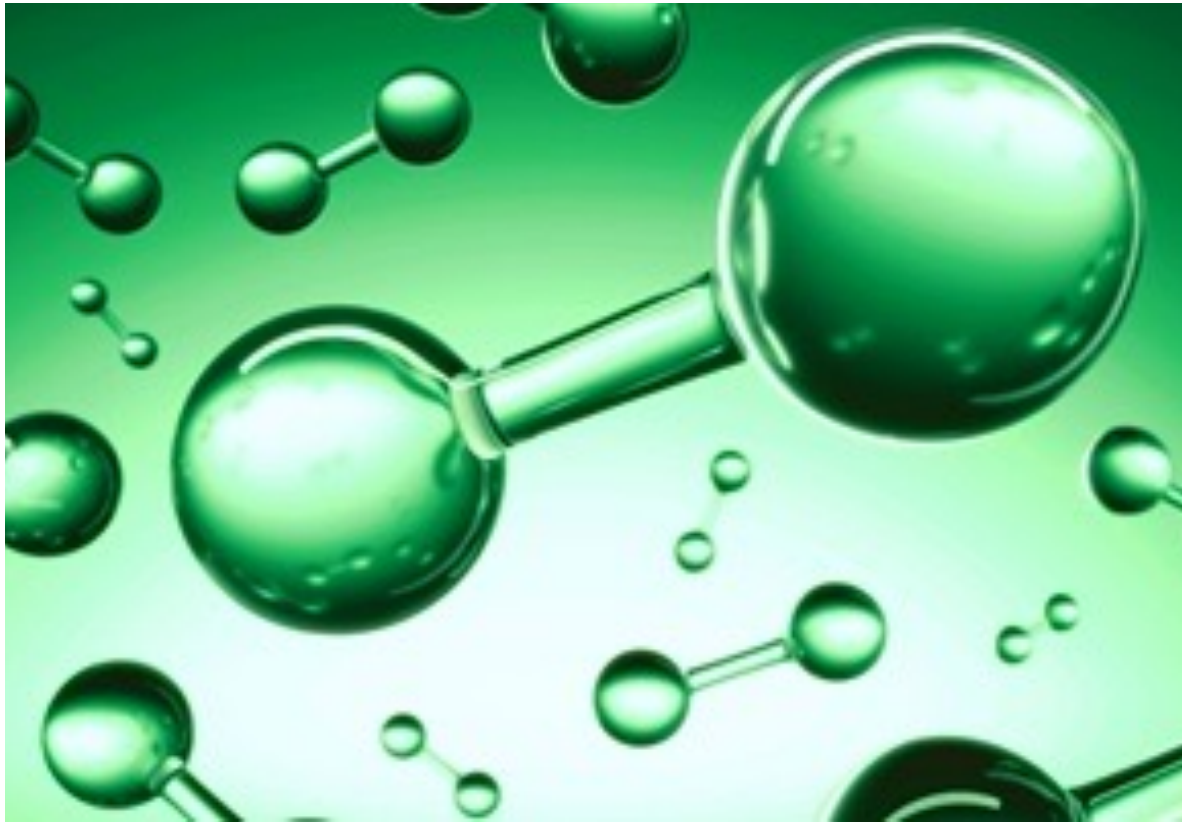
Ruakākā battery energy storage system

- Construction announced in December 2022
- Stage one of a two-stage project that anticipates the future construction of a 130MW solar farm
- 100 MW peak and 200 MWh (2 hours) energy storage
- Project completion in second half of 2024
- SafT Battery Energy Storage Solution (integrated supply, install, commission, operational services)
- Shared infrastructure (switchgear, buildings) will reduce stage two solar project unit cost by ~$20/MWh
- $186M capital investment, including contingency
- $20M - $30M EBITDAF p.a. (average, low - high scenarios)

Up to $35M revenue p.a. from:
price arbitrage
reserve market participation
indirect revenue

Southern Green Hydrogen

- Woodside Energy selected as preferred partner, moving into the development stage of the project
- A final investment decision will follow the development stage
- Mitsui & Co., Ltd. will participate in development of potential markets
- Collaboration with Ngāi Tahu and local Rūnanga to align project with their energy vision and supports their principles under mana whenua
- Targeting to produce 500,000 tonnes of green ammonia per year
- Facility could potentially provide up to 40% of New Zealand's dry year flexibility needs
- Commenced front-end engineering design
- Technical work on the facility continuing
- Options being assessed for domestic hydrogen and green ammonia supply and export to Asia and Europe



Retail initiatives

Certified Renewable Energy

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

Zero charging network

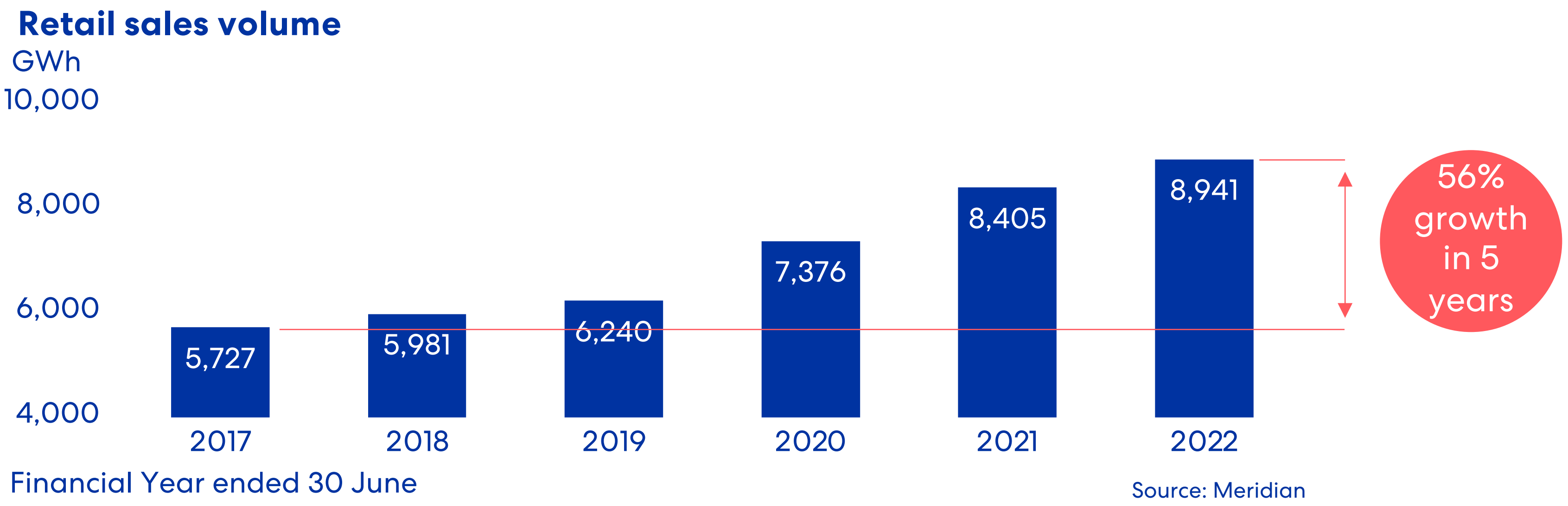
- 137 public EV chargers deployed

Energy hardship

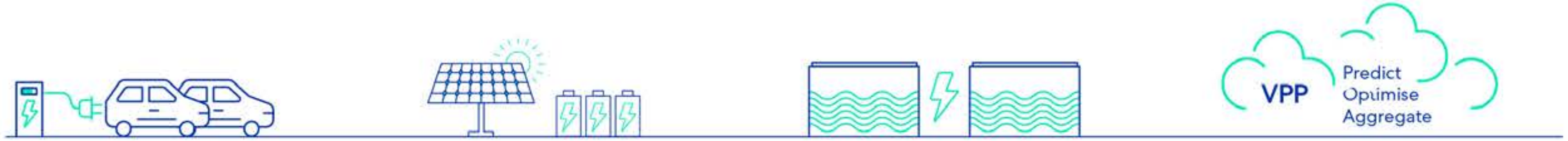
- New energy wellbeing pilot completed
- Scaling up with the aim of making a long-term meaningful difference

Evolving our customer approach

- From growth



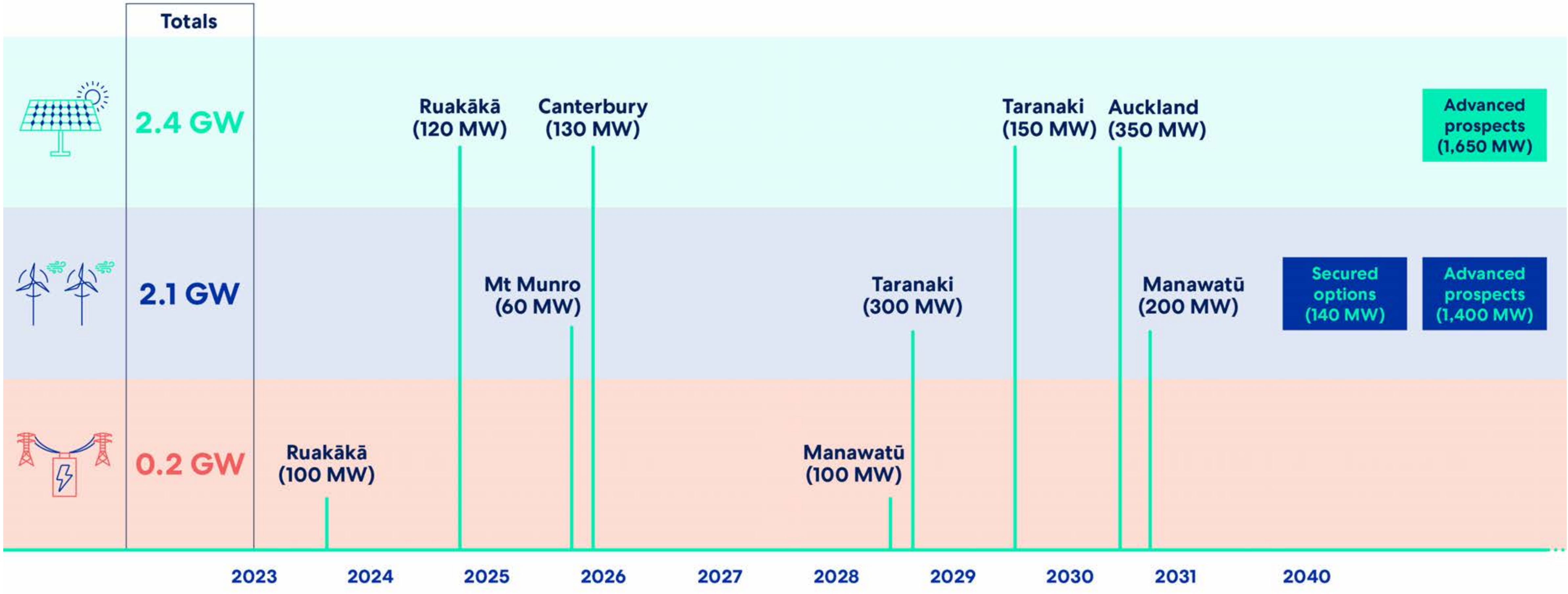
- To energy solutions



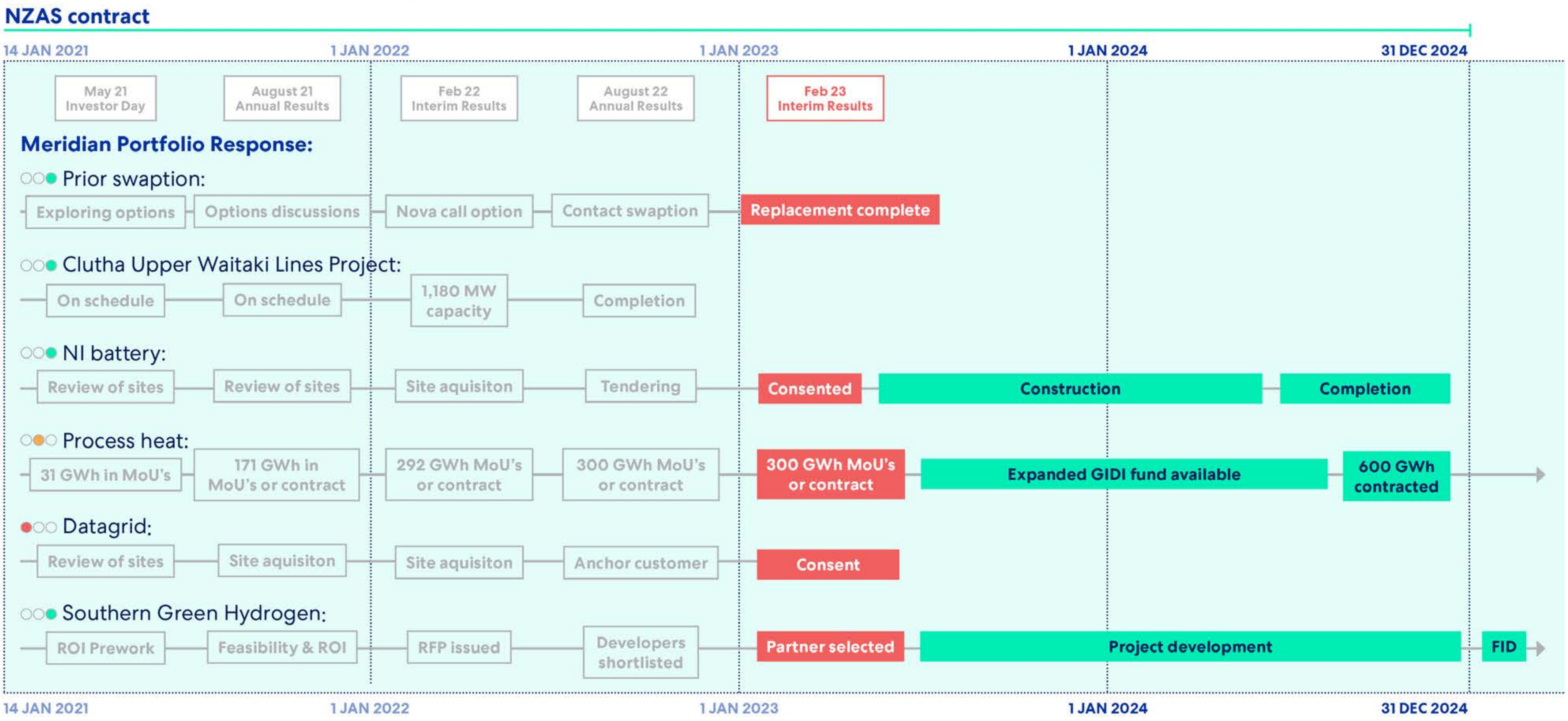
	Transport	Distributed Gen/Storage	Process Heat	Demand Flexibility
2025 Outcomes	Retail to 30% of homes/businesses with an EV	Retail to or operate 30% of distributed solar in New Zealand	50MW of flexibility and 600GWh of new demand	Utility scale VPP/DF asset by 2025

Renewable development pipeline

- Deep pipeline of 4.7 GW (11.1 TWh) of development options
- Pipeline has doubled in size in the last six months
- 1.5 GW secured, 3.2 GW in advanced prospects



NZAS contract termination – portfolio response



Closing comments

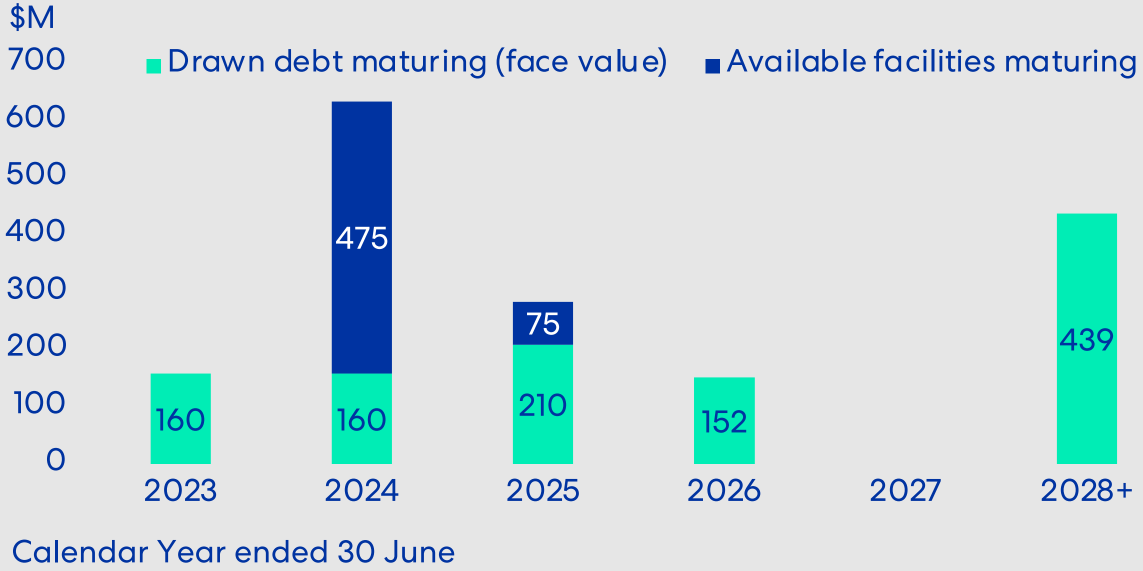
- Strong interim performance supported by record winter 2022 inflows
- Relatively low 2022-23 summer inflows and NIWA outlook suggests a continuation of dryish conditions, with a La Niña influence prevailing into autumn
- Ruakākā solar farm and Mt Munro wind farm consents will both be lodged mid-2023
- Ruakākā battery will be operational in second half of 2024
- Southern Green Hydrogen final investment decision to follow project development phase

Additional information

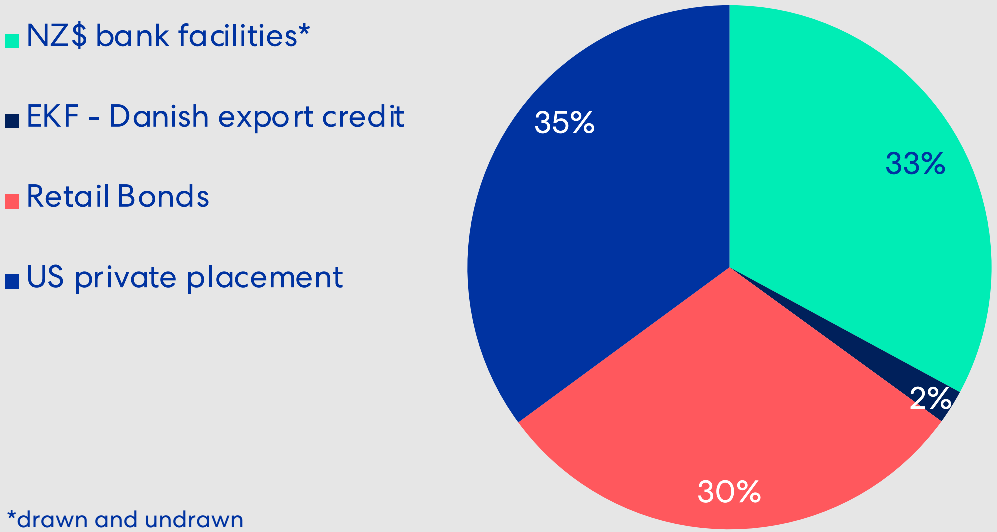
Debt and funding

- December 2022 total borrowings of $1,118M
- Committed bank facilities of $585M, of which $550M were undrawn
- Green bond offer of up to $200M under consideration
- Net debt to EBITDAF at 1.3x at 31 December 2022

Debt maturity profile as at 31 December 2022



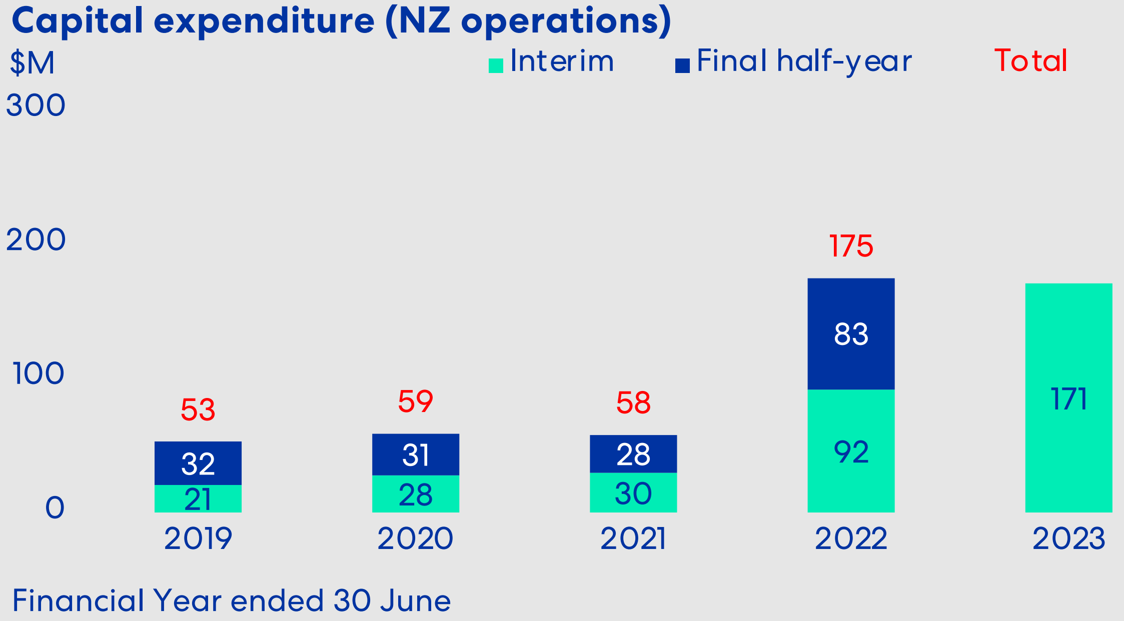
Sources of Funding - 31 December 2022



*drawn and undrawn

Capital expenditure

- Consistent level of stay in business capex
- Largely consists of system and generation asset enhancement spend
- NZ operations capex of $171M in 1H FY23
- Expecting FY23 NZ operations capex of between $410M and $435M
  - $50M to $55M of stay in business capex
  - $360M to $380M of currently approved investment spend



Segment results

- Flux Federation included in 'other and unallocated' segment

$M	Wholesale		Retail		Australia		Other & unallocated		Inter-segment		Discontinued ops		Total	
	1H FY23	1H FY22	1H FY23	1H FY22	1H FY23	1H FY22	1H FY23	1H FY22	1H FY23	1H FY22	1H FY23	1H FY22	1H FY23	1H FY22
Contracted sales	226	270	600	518	-	85	-	-	-	-	-	(85)	826	788
Cost to supply customers	(541)	(937)	(503)	(422)	-	(73)	-	-	521	454	-	73	(523)	(905)
Net cost of hedging	(68)	(4)	-	-	-	1	-	-	-	-	-	(1)	(68)	(4)
Generation spot revenue	371	661	-	-	-	40	-	-	-	-	-	(40)	371	661
Inter-segment electricity sales	521	454	-	-	-	-	-	-	(521)	(454)	-	-	-	-
Virtual asset swap margins	(4)	3	-	-	-	-	-	-	-	-	-	-	(4)	3
Other market revenue/(costs)	(5)	(6)	1	-	-	(1)	-	-	-	-	-	1	(4)	(6)
Energy margin	**500**	**441**	**98**	**96**	**-**	**52**	**-**	**-**	**-**	**-**	**-**	**(52)**	**598**	**537**
Other revenue	1	1	8	7	-	1	13	23	(8)	(17)	-	(1)	14	14
Energy transmission expense	(41)	(38)	-	-	-	(3)	-	-	-	-	-	3	(41)	(38)
Energy metering expense	-	-	(23)	(21)	-	-	-	-	-	-	-	-	(23)	(21)
Gross margin	**460**	**404**	**83**	**82**	**-**	**50**	**13**	**23**	**(8)**	**(17)**	**-**	**(50)**	**548**	**492**
Operating expenses	(42)	(41)	(35)	(33)	-	(26)	(49)	(32)	3	8	-	26	(123)	(98)
EBITDAF	**418**	**363**	**48**	**49**	**-**	**24**	**(36)**	**(9)**	**(5)**	**(9)**	**-**	**(24)**	**425**	**394**

NZ operations results

<u>NZ Operations EBITDAF</u>

Financial year ended 30 June $M	2022	2021	2020	2019	2018	2017
Contracted sales	1,582	1,433	1,327	1,178	1,064	968
Cost to supply customers	(2,463)	(2,896)	(1,486)	(1,874)	(1,194)	(707)
Net cost of hedging	148	271	11	126	41	(4)
Generation spot revenue	1,757	2,193	1,266	1,672	1,039	684
Virtual asset swap margins	2	(3)	9	11	(2)	4
Other market revenue/(costs)	(4)	(4)	(5)	(5)	(4)	(5)
Energy margin	**1,022**	**994**	**1,122**	**1,108**	**944**	**940**
Other revenue	27	27	24	23	21	19
Energy transmission expense	(79)	(82)	(116)	(125)	(122)	(125)
Energy metering expense	(43)	(39)	(36)	(33)	(31)	(30)
Gross margin	**927**	**900**	**994**	**973**	**812**	**804**
Operating expenses	(218)	(209)	(207)	(199)	(190)	(183)
EBITDAF	**709**	**691**	**787**	**774**	**622**	**621**

Retail

Customers

- 0.4% increase in customers since June 2022

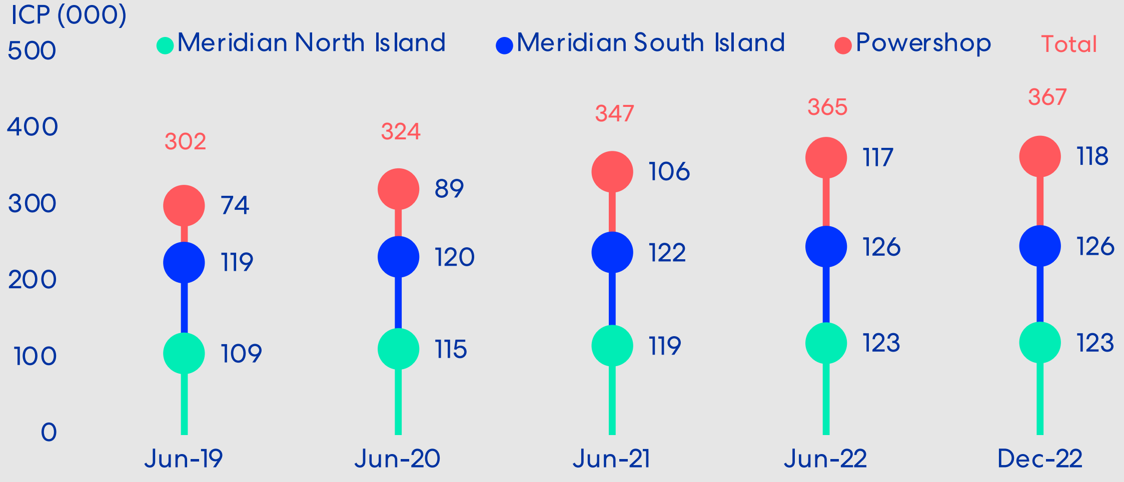
Mass market segment

- 1% decrease in residential volumes
- 13% increase in small business volumes
- 8% increase in agri volumes
- 17% increase in large business volumes

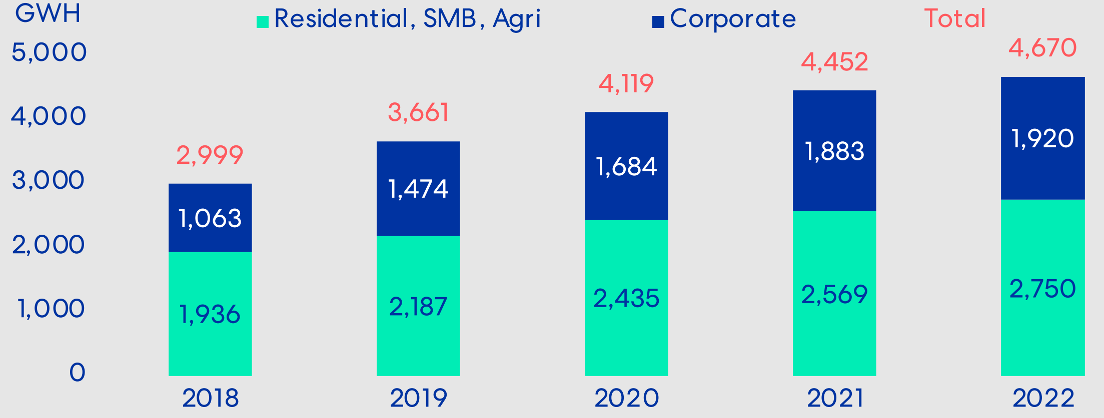
Corporate segment

- 2% increase in volumes

New Zealand customer connections



New Zealand retail sales volume



Six Months ended 31 December

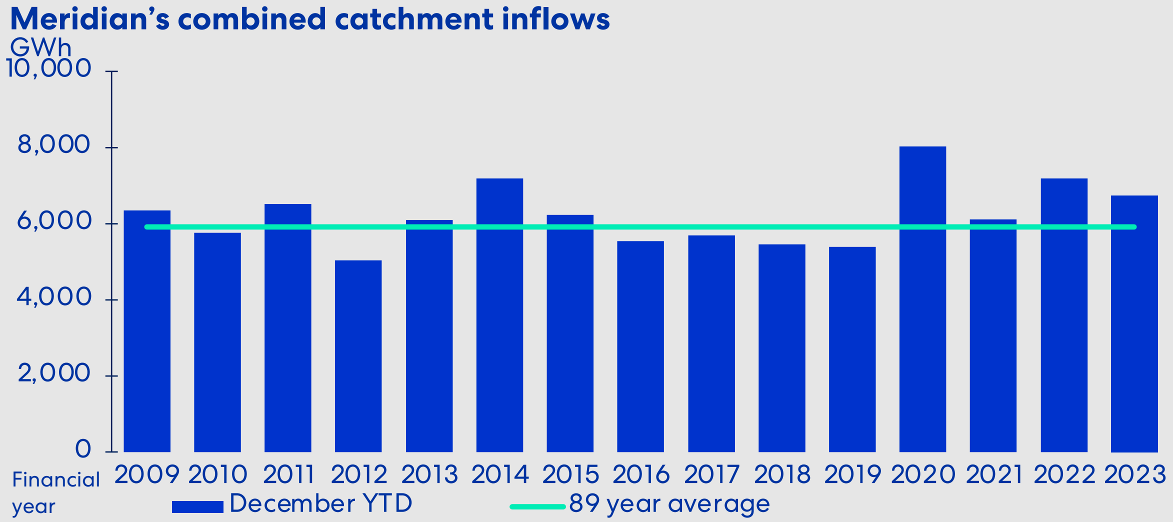
Hydrology

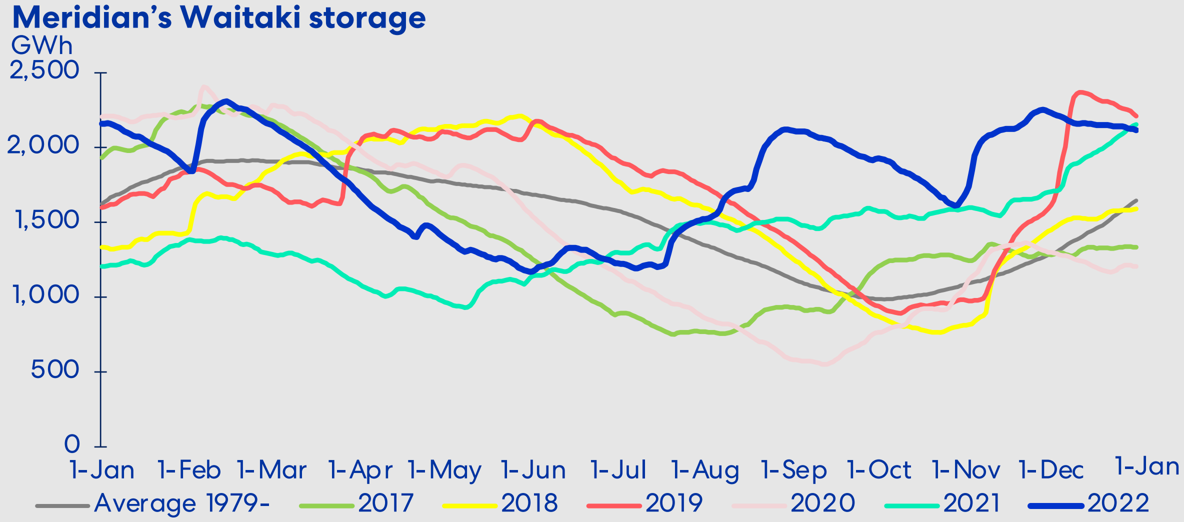
Inflows

- 1H FY23 inflows were 114% of average
- January 2023 inflows were 46% of average

Storage

- Meridian's Waitaki storage as of 31 December 2022 was 129% of average
- By 31 January 2023, this position was 99% of average





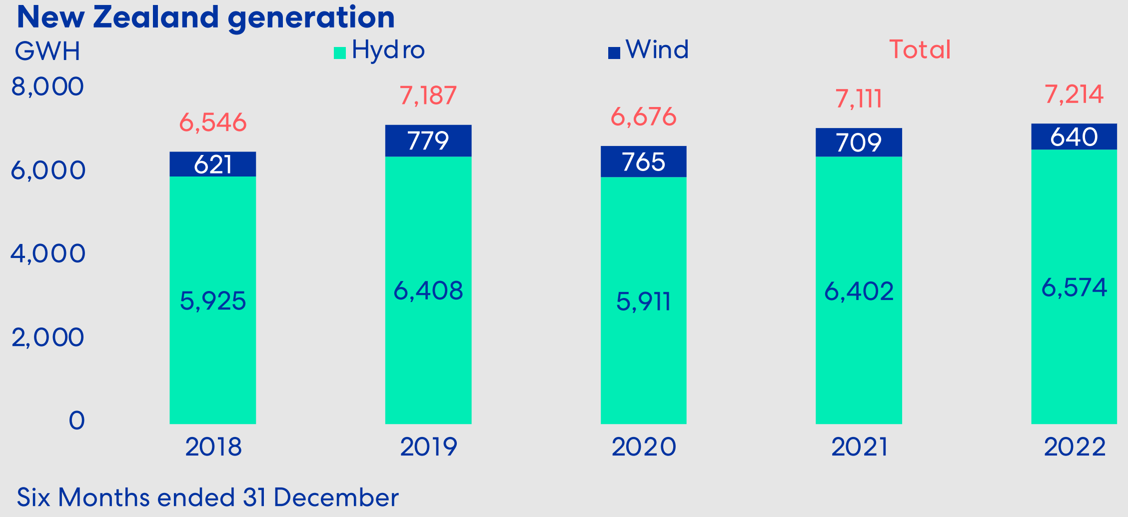
Generation

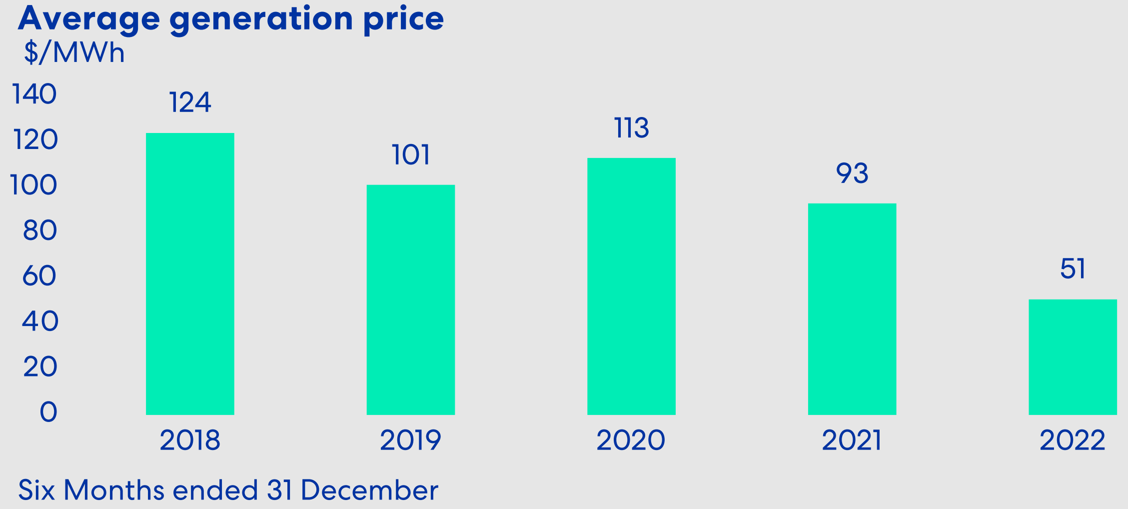
Volume

- 1H FY23 generation was 1.4% higher than 1H FY22, with higher hydro and lower wind generation

Price

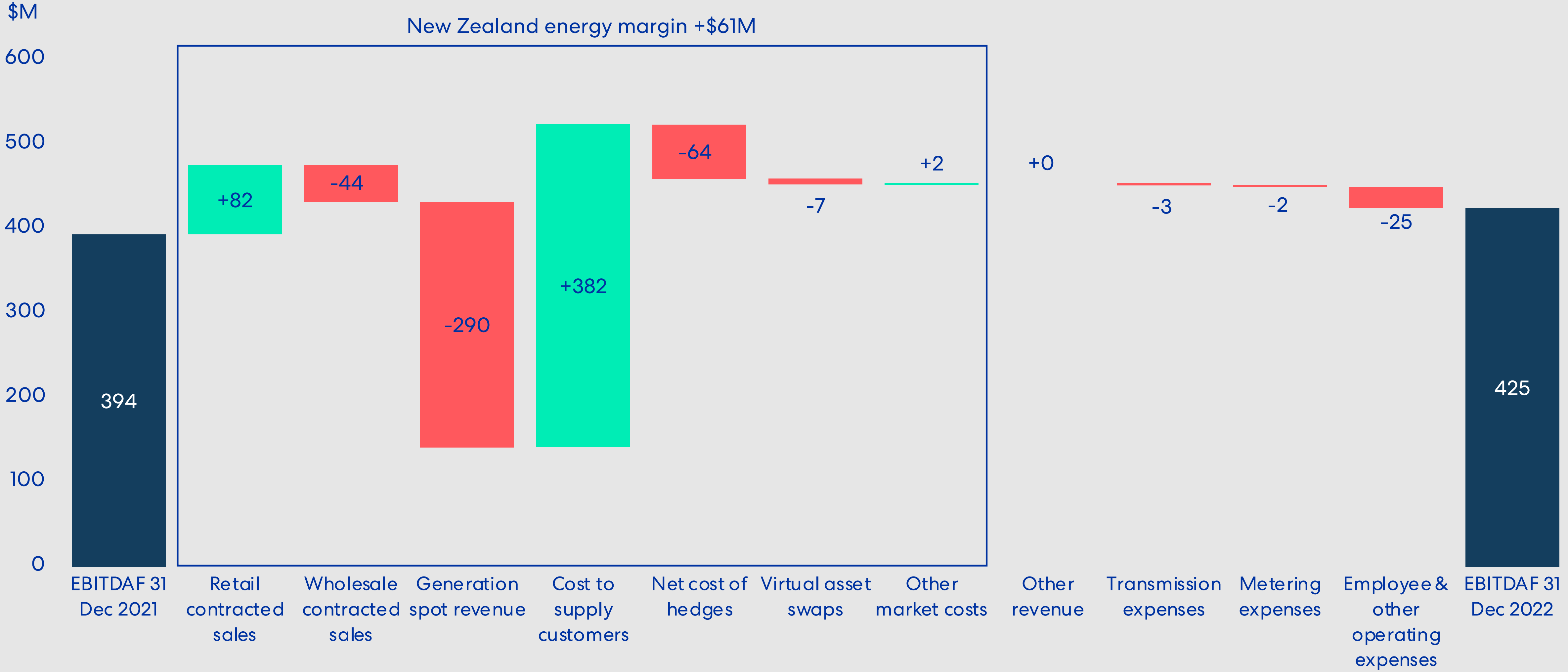
- 1H FY23 average price Meridian received for its generation was 45% lower than 1H FY22
- 1H FY23 average price Meridian paid to supply customers was 43% lower than 1H FY22





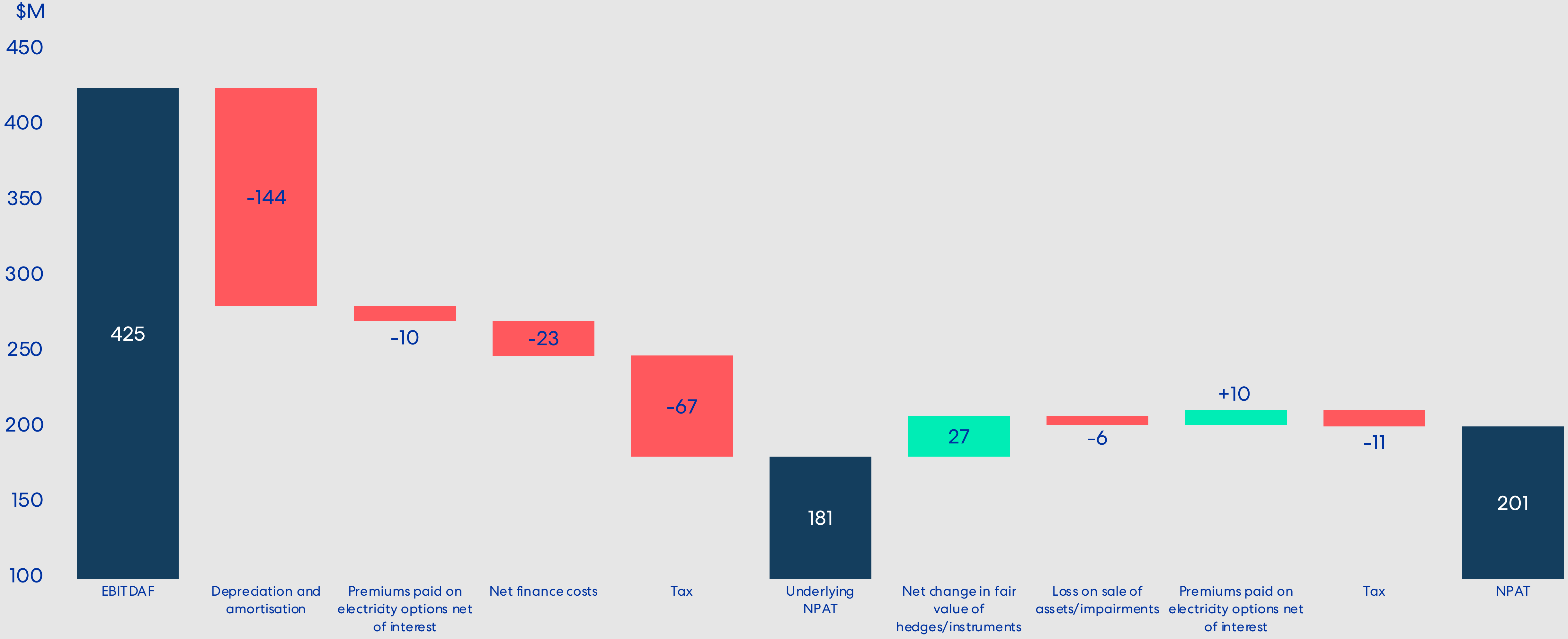
1H FY23 EBITDAF

Movement in EBITDAF



EBITDAF to NPAT

1H FY23 EBITDAF to NPAT reconciliation



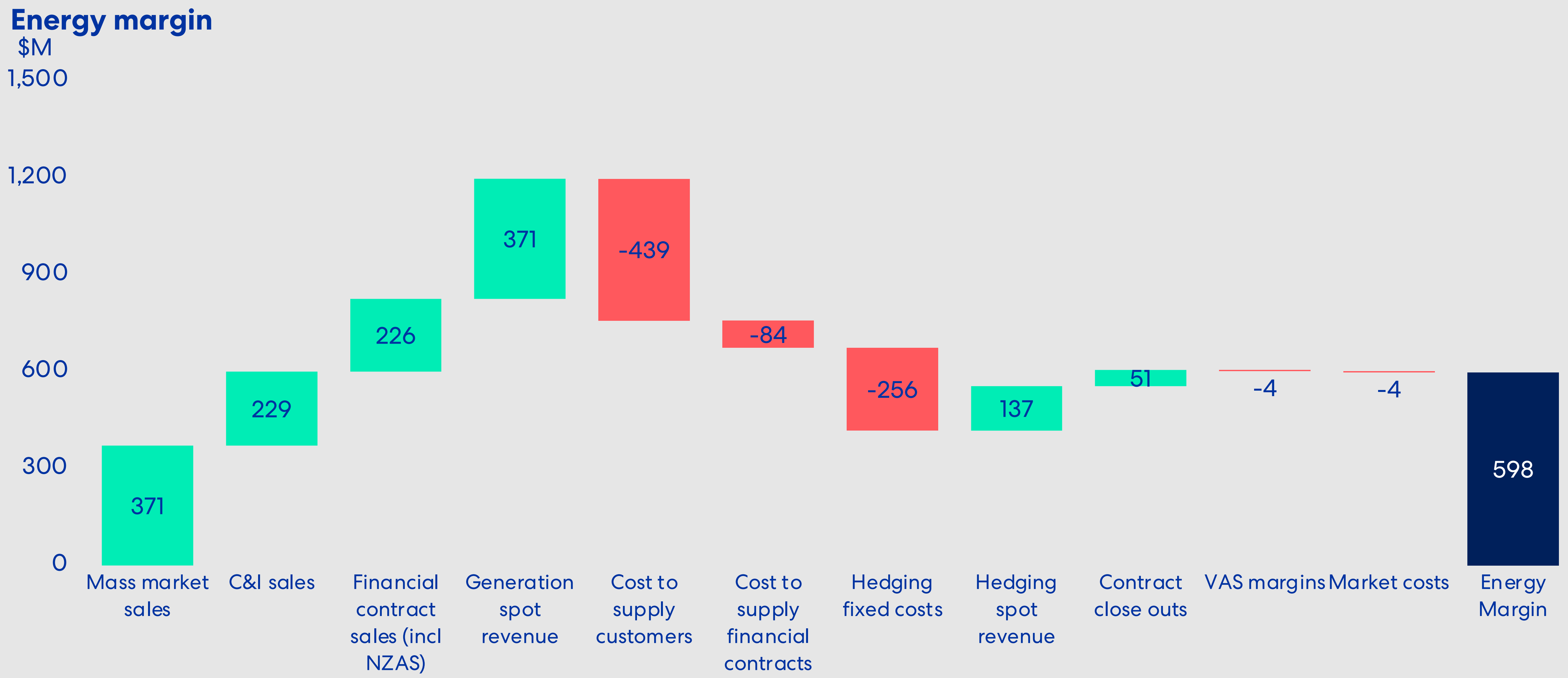
Energy margin

- 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

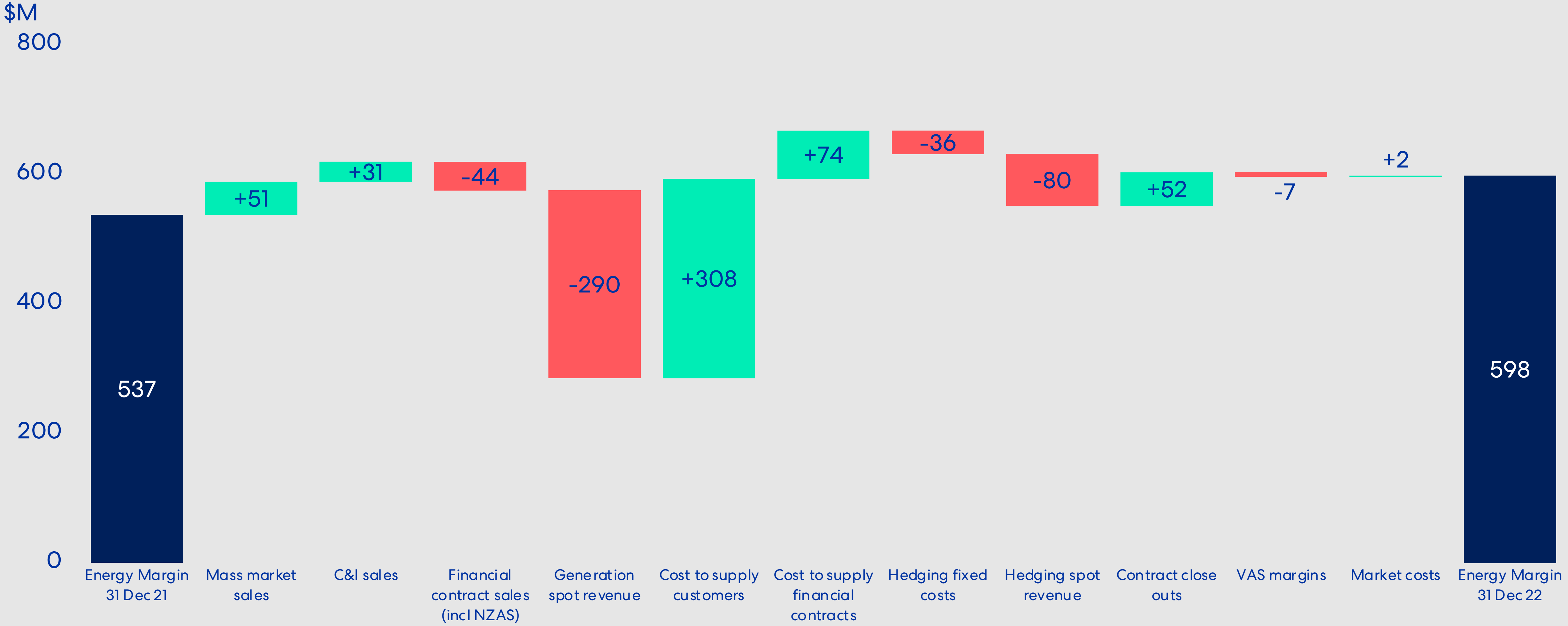
- Revenues received from sales to customers net of distribution costs (fees to distribution network companies that cover the costs of distribution of electricity to customers), sales to large industrial customers and fixed price revenues from financial contracts sold (contract sales revenue)
- The volume 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

Energy margin



Energy margin

Energy margin movement

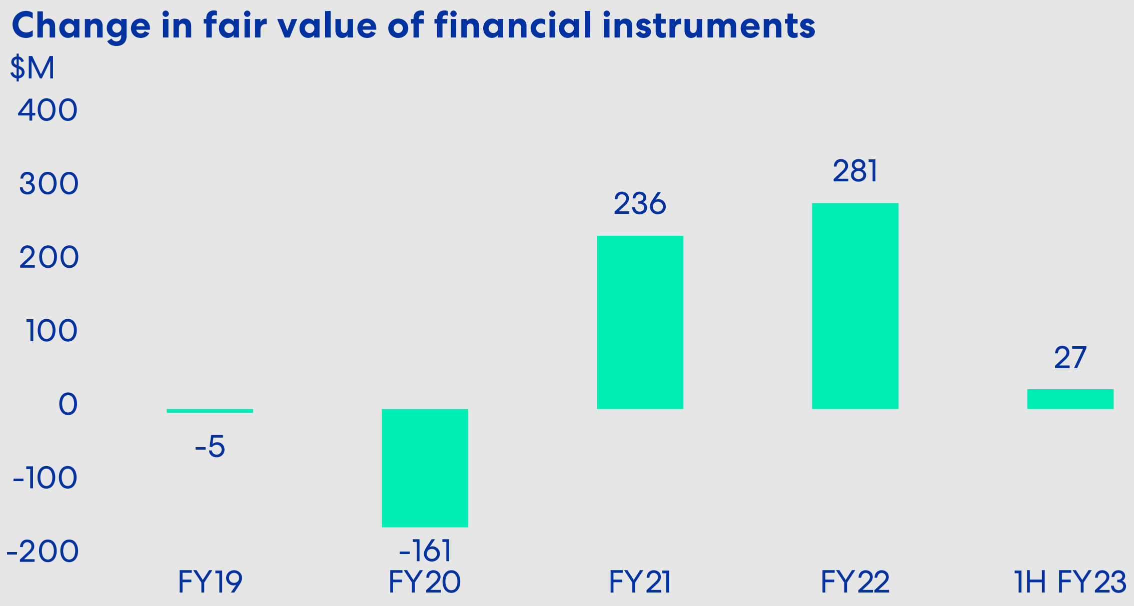


Energy margin

	1H FY23			1H FY22		
	Volume	VWAP	NZD M	Volume	VWAP	NZD M
Res, business, agri sales	2,750	$135	371	2,568	$125	320
Corporate and industrial sales	1,920	$119	229	1,884	$105	198
Retail contracted sales	4,670	$128	600	4,452	$116	518
NZAS sales	2,524			2,525		
Financial contract sales	1,432			1,590		
Wholesale contracted sales	3,956	$57	226	4,116	$66	270
Cost to supply retail customers	4,965	-$63	(312)	4,700	-$113	(530)
Cost to supply wholesale customers	2,525	-$50	(127)	2,525	-$86	(217)
Cost of financial contracts	1,590	-$53	(84)	1,590	-$99	(158)
Cost to supply customers	9,081	-$58	(523)	8,816	-$103	(905)
Hedging costs	2,260	-$113	(256)	1,978	-$111	(220)
Hedging spot revenue	2,260	$60	137	1,978	$110	217
Close-outs			51			(1)
Net cost of hedging			(68)			(4)
Hydro generation	6,574			6,403		
Wind generation	641			708		
Generation revenue	7,214	$51	371	7,111	$93	661
Virtual asset swap margins			(4)			3
Other			(4)			(6)
Energy margin			**598**			**537**

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
- $5M decrease in NPBT from fair value of electricity hedges from changing forward electricity prices ($68M decrease in 1H FY22)
- $32M increase in NPBT from fair value of treasury instruments ($58M increase in 1H FY22)



Income statement

Six months ended 31 December $M	2022	2021
New Zealand energy margin	598	537
Other revenue	14	14
Energy transmission expense	(41)	(38)
Electricity metering expenses	(23)	(21)
Employee and other operating expenses	(123)	(98)
EBITDAF	**425**	**394**
Depreciation and amortisation	(144)	(144)
Impairment of assets	(6)	-
Gain/(loss) on sale of assets	-	-
Net change in fair value of energy hedges	(5)	(68)
Net finance costs	(23)	(39)
Net change in fair value of treasury instruments	32	58
Net profit before tax	**279**	**201**
Income tax expense	(78)	(56)
Net profit after tax from continuing operations	**201**	**145**

Underlying NPAT reconciliation

Six months ended 31 December	2022	2021
$M		
Net profit after tax	201	145
Underlying adjustments		
Hedging instruments		
Net change in fair value of energy hedges	5	68
Net change in fair value of treasury instruments	(32)	(58)
Premiums paid on electricity options net of interest	(9)	(10)
Assets		
(Gain)/loss on sale of assets	-	-
Impairment of assets	6	-
Total adjustments before tax	(30)	-
Taxation		
Tax effect of above adjustments	10	-
Underlying net profit after tax	**181**	**145**

Cash flow statement

Six months ended 31 December $M	2022	2021
Receipts from customers	1,637	1,986
Interest received	6	-
Payments to suppliers and employees	(1,253)	(1,629)
Interest paid	(33)	(40)
Income tax paid	(92)	(92)
Operating cash flows	**265**	**225**
Purchase of property, plant and equipment	(136)	(82)
Purchase of intangible assets and investments	(8)	(13)
Investing cash flows	**(144)**	**(95)**
Term borrowings drawn	-	182
Term borrowings repaid	(5)	(63)
Lease liabilities paid	(3)	(4)
Dividends	(278)	(222)
Financing cash flows	**(286)**	**(107)**
Net (decrease)/increase in cash and cash equivalents	**(165)**	**23**
Cash and cash equivalents at beginning of the six months	363	148
Adjustment for cash classified as assets held for sale	-	(19)
Cash and cash equivalents at end of the six months	**198**	**152**

Balance sheet

Six months ended 31 December	2022	2021
$M		
Cash and cash equivalents	198	152
Trade receivables	271	303
Customer contract assets	14	15
Other current assets	336	156
Assets held for sale	-	729
Total current assets	**819**	**1,355**
Property, plant and equipment	8,587	7,966
Intangible assets	82	80
Other non-curent assets	345	241
Total non-current assets	**9,014**	**8,287**
Payables, accruals and employee entitlements	336	339
Customer contract liabilities	12	14
Current portion of term borrowings	159	269
Current portion of lease liabilities	3	4
Other current liabilities	90	78
Liabilities held for sale	-	197
Total current liabilities	**600**	**901**
Term borrowings	959	1,530
Deferred tax	2,118	1,883
Lease liabilities	25	46
Other non-current liabilities	161	147
Total non-current liabilities	**3,263**	**3,606**
Net assets	**5,970**	**5,135**

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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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 2022, available at:

www.meridianenergy.co.nz/investors

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

Changing Step.
Together.

Meridian.

Meridian Energy Limited. **Investor Letter.**

For the six months ended 31 December 2022.

Financial results

Meridian Energy has reported net profit after tax of $201 million for the six months ended 31 December 2022, $56 million (39%) higher than the same period last year. Included in the result is an unrealised gain in the value of hedge instruments amounting to $27 million (vs a loss last year of $10 million) and a $16 million reduction in finance costs due to the retirement of debt following the sale of Meridian Energy Australia during January 2022.

Meridian's operating earnings from continuing operations (EBITDAF[1]) increased by $31 million (8%) over the prior period. Operating earnings benefited from $51 million of electricity hedge close outs.

The Board has announced an interim ordinary dividend of 6.00 cents per share, 2.6% higher than last year's interim dividend. The interim ordinary dividend will be 80% 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 13 March 2023. The interim dividend will be paid, and new shares issued under the reinvestment plan on 23 March 2023.

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 information: meridianenergy.co.nz/investors/reports-and-presentations/interim-results-and-reports

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.

View of Aoraki/Mt Cook from Lake Pukaki, New Zealand's largest hydro storage lake.

Hydrology and wholesale prices

Meridian's lake storage levels lifted significantly during the first part of the current financial year, driven by the highest winter inflows on record. In contrast, late spring and summer has seen much drier conditions, with the Waiau catchment recording its lowest January inflow on record in January 2023.

During the six months ended 31 December 2022, inflows were 114% of average, with storage levels at that date 129% of average in the Waitaki catchment and 65% of average in the Waiau catchment.

The higher-than-average inflows during the six months ended 31 December 2022 supported 1.4% higher generation than the prior period.

Factors outside of hydrology continue to put upward pressure on wholesale prices. Thermal fuel costs, ongoing concerns about its availability, along with higher carbon prices have resulted in wholesale prices continuing to be above long-term averages.

The New Zealand electricity market is reacting to these price signals with significant new investment in renewable generation to increase overall capacity. Around $2.5 billion of generation investment is currently under construction and expected to be delivered into the market from 2023.

Outages at Manapōuri

In December 2022, Manapōuri Unit 6 (125MW) was taken out of service for an expected six month period to resolve issues discovered with the unit's transformer.

The transformer for Manapōuri Unit 1 has previously indicated a similar issue. Meridian also undertook a physical inspection of that unit and after investigation, Manapōuri Unit 1 (125MW) has been returned to service.

Meridian is investigating construction of the Mt Munro wind farm near Eketahuna. (Visual simulation by Boffa Miskell.)

Southern Green Hydrogen

Meridian, with the support of Ngāi Tahu, has selected Woodside Energy (Woodside) as the preferred partner to move forward to the development stage of the proposed Southern Green Hydrogen (SGH) project in New Zealand. A final investment decision will follow the development stage.

Woodside was selected after an extensive competitive bidding process based on its capability and experience in operations, process safety, and liquids marketing.

Mitsui & Co., Ltd. (Mitsui) will participate in the development of potential markets for green ammonia offtake, with the aim of creating a world-class collaboration that covers the full green hydrogen and ammonia supply chain. Mitsui has 50 years of experience in the ammonia business, including the largest share of ammonia imports into Japan.

Subject to finalising commercial arrangements, Meridian, Woodside, and Mitsui will work towards commencing front-end engineering design for the project.

Murihiku Regeneration, representing both Ngāi Tahu and the local rūnanga of Murihiku, were closely involved in the selection process. Looking ahead, Meridian, Woodside, and Mitsui will actively work with Murihiku Regeneration to ensure the project aligns with their energy vision for the region and supports their principles under mana whenua.

The proposed project is targeting to produce 500,000 tonnes per year of green ammonia utilising electrolysis from renewable power. Technical work on the facility is continuing in parallel with the design of the commercial structure for the project. Options for the supply of hydrogen and ammonia to the domestic market, as well as for the potential to export ammonia to Asia and Europe, will be assessed.

The SGH project originally consisted of Meridian and Contact Energy. Contact has made the decision to no longer continue into the next phase of the project as a development partner and has indicated an interest in continuing to support the project as a potential electricity supplier.

Renewable development

In December 2022, Meridian announced it will begin construction of the Ruakākā Battery Energy Storage System (BESS) in the first quarter of 2023. The project will construct New Zealand's first large-scale grid battery storage system, providing Meridian with a versatile North Island asset, situated south of Whangārei.

With a 100MW peak and offering two hours of energy storage, the BESS offers multiple new revenue streams. It will provide the ability to store and release energy to the system between price periods and to participate in the North Island reserve electricity market. As intermittent renewable generation increases in this country, the Ruakākā BESS will help manage supply fluctuations through a low carbon footprint, reducing this country's reliance on fossil fuels.

Global battery specialist Saft (a subsidiary of French energy company TotalEnergies) will provide integrated battery supply, installation, commissioning and operational services for the Ruakākā BESS. Meridian will manage a multi contract delivery approach, with project completion expected in the second half of 2024.

Meridian expects to expand its operations at Ruakākā, with a grid-scale solar farm planned for construction in 2024.

Meridian is preparing to lodge consent applications in the middle of 2023 for both the 130MW solar farm at Ruakākā and a 60MW wind farm at Mount Munro in the Wairarapa.

Customers

Meridian continues to deliver strong sales momentum in its retail business, particularly in its business segments. Sales volumes in small/medium business, large business, agricultural and corporate segments in the six months to December 2022 grew by 13%, 9%, 17% and 2% respectively compared to the same period last year. Residential volumes were 1% lower than last year.

Meridian has now completed a four year project to migrate all its customers onto the its Flux platform, providing them with an enhanced customer care experience.

Our Process Heat Electrification Programme has earmarked up to 600GWh per annum, to support customers to switch from coal or gas to electricity. In doing so we will help our customers avoid pumping around 300,000 tonnes of C02 into the atmosphere every year, which is the equivalent of removing about 150,000 cars off our roads.

We have also continued to walk the talk when it comes to the electrification of transport, and in September we launched our own nationwide EV charging network – Zero. Zero is aiming to have 250 chargers installed nationwide. We have made good progress so far with 137 public chargers now installed. Zero is a tangible way that we can help New Zealanders to reduce their reliance on fossil fuels and help combat climate change.

Our Certified Renewable Energy product has also enabled around 100 large business customers to purchase more than 660GWh of Renewable Energy Certificates last year. This enables those customers to legitimately reduce their emissions and improve the sustainability and marketing of their products. Further, we have made a commitment to reinvest all the proceeds from the Renewable Energy Certificates into community group decarbonisation projects through the establishment of our Decarbonisation Fund.

We are also conscious that customers are facing significant cost-of-living increases. We continue to offer energy wellbeing support and have now completed an Energy Wellbeing pilot in 2022. We learnt how we can make a meaningful difference for customers and are developing this programme to significantly increase our support and reach.

Our sponsorship of the amazing work done by KidsCan includes both a cash contribution to its running costs and direct assistance with its fundraising activities. We continue to support KidsCan with a $1 million contribution each year and we are proud of the difference that this funding support makes to under-privileged children in Aotearoa New Zealand.

Solar array at Lincoln University, Ōtautahi, Christchurch.

Tūī Corridor planting, Christchurch Adventure Park, Ōtautahi.

Continuing with our own decarbonisation efforts

During 2022 we completed a refreshed Climate Action Plan. The Plan sets out a roadmap for delivering our Half by 30 and Forever Forests programmes. It also accounts for the work we're doing to support our customers in their decarbonisation efforts.

Our Half by 30 target means we plan to halve our gross scope 1, 2 and 3 operational emissions by FY30 on an FY21 baseline. We recently gained approval from the Science Based Targets initiative (SBTi) that our near-term emission reduction targets are science-aligned*. Our light passenger vehicle fleet is now fully electrified and we are making good progress with the rest of our fleet.

We also continue to make good progress with our Forever Forests initiative and are on track to cover our remaining gross operational emissions by 2030.

Resource Management Reform

The New Zealand Government is intending to replace the current Resource Management Act with three new pieces of legislation.

The first two bills were introduced into Parliament in November 2022 and are expected to pass into law in 2023. These three new Acts, together with a new National Planning Framework, will set a new regulatory environment under which existing generation assets are reconsented and new development options are consented.

Meridian's focus through the reforms is to ensure the new regulatory environment enables the renewable energy this country needs to support its low carbon future.

Renewal of our partnership of Kākāpō Recovery Programme

In December we renewed our support of the Department of Conservation's Kākāpō Recovery Programme.

We have been National Partner of the programme since 2016 and are committed to the future of this endangered taonga species.

* The SBTi has approved that Meridian's underlying target to reduce absolute scope 1 and 2 GHG emissions by 50% by FY30 from a FY21 base year is in line with a 1.5°C trajectory, with our further commitment noted to also reduce absolute scope 3 GHG emissions by 50% within the same timeframe (excluding all one-time construction emissions from major projects and all activities that are capitalised as part of renewable energy projects).

Our momentum to contribute to decarbonising the economy continues to grow and we look forward to an exciting future. Building our partnerships is part of forging a strong, shared pathway for the future along with an active development programme. We're working with our customers to make it possible for them to evolve to a renewable future as well.

The strength of our brands and the resilience of our people remain key advantages in our bid to do right by Aotearoa New Zealand and continue to deliver value for all our stakeholders.

On behalf of the Board and the Executive Team, we would like to thank our customers, our partners, our investors and everyone in our teams for your commitment to cleaner energy for a fairer and healthier world.

Planting the next phase of coastal forest on the Kaitoke Peninsula with Raglan Area School.

Meridian.

Financial Commentary.

Five-year performance

EBITDAF[1] (continuing operations)

Financial year ended 30 June

Net Profit after Tax (continuing operations)

Financial year ended 30 June

Underlying NPAT

Financial year ended 30 June

Operating cash flows

Financial year ended 30 June

Dividend declared

Financial year ended 30 June

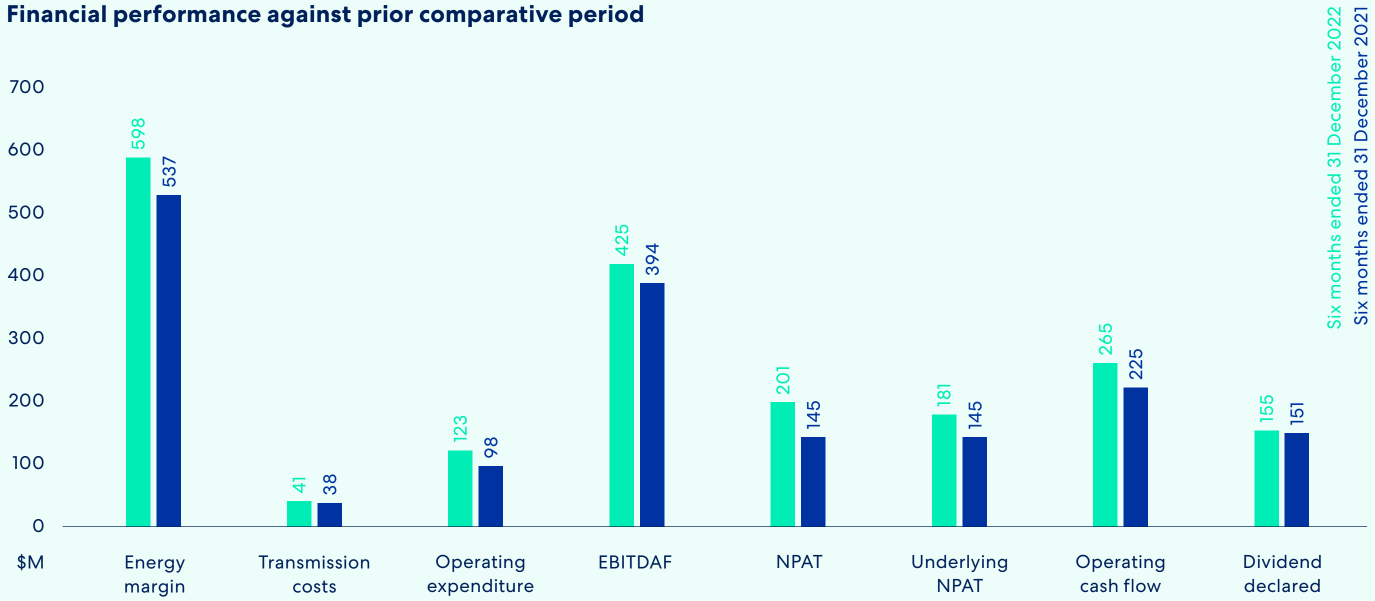
Capital expenditure (NZ operations)

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, and other significant items.

Overview

Financial performance against prior comparative period



Meridian has reported net profit after tax of $201 million for the six months ended 31 December 2022, $56 million (39%) higher than the same period last year. Included in the result is an unrealised gain in the value of hedge instruments amounting to $27 million (vs a loss last year of $10 million) and a $16 million reduction in finance costs due to the retirement of debt following the sale of Meridian Energy Australia during January 2022. Meridian's operating earnings from continuing operations (EBITDAF) increased by $31 million (8%) over the prior period.

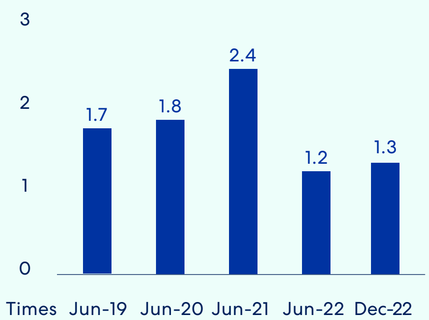
Higher retail and wholesale contracted sales and higher generation volumes helped to offset the impacts of lower generation prices. Those lower wholesale market prices also reduced the cost of supplying customers. Operating earnings also benefited from $51 million of electricity hedge close outs.

The Board has announced an interim ordinary dividend of 6.00 cents per share, 2.6% higher than last year's interim dividend. The interim ordinary dividend will be 80% imputed and Meridian's Dividend Reinvestment Plan will apply to this interim ordinary dividend. The interim dividend will be paid, and new shares issued under the reinvestment plan on 23 March 2023.

Dividends declared	1H FY2023		1H FY2022	
	cents per share	imputation	cents per share	imputation
Ordinary dividends	**6.00**	**80%**	**5.85**	**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



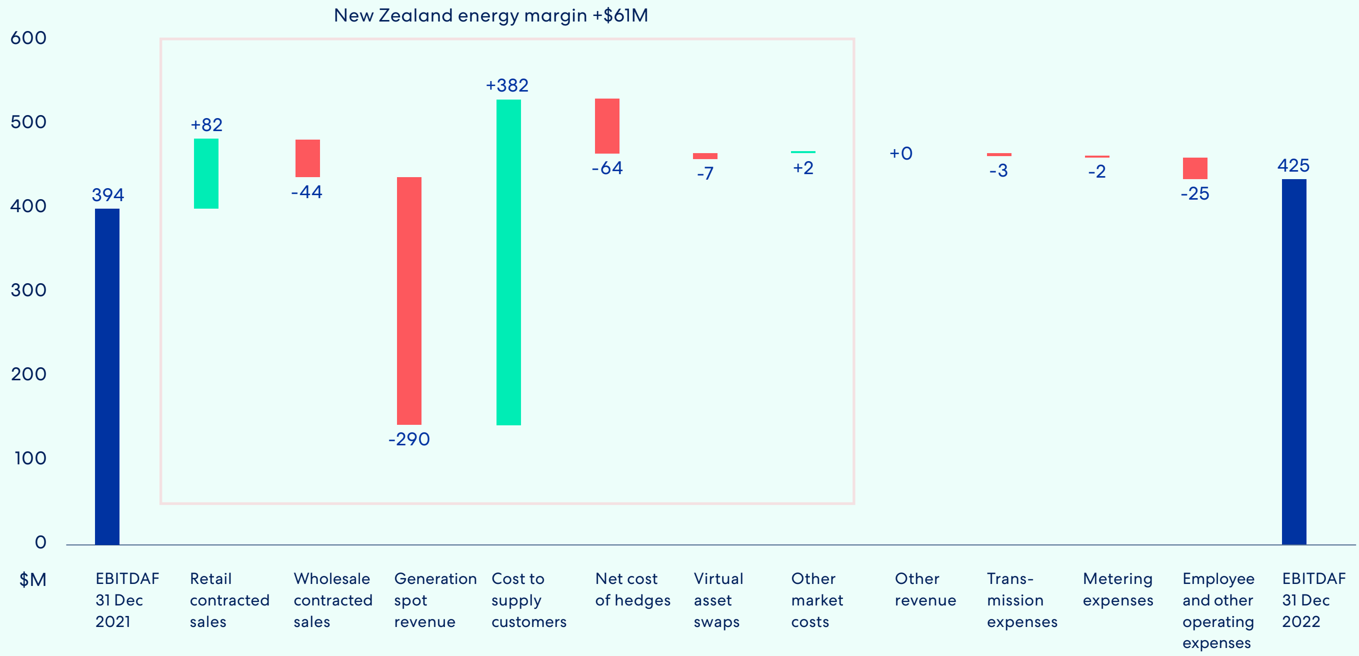
Cash flows

Operating cash flows were $265 million for 1H FY2023[2], $40 million (18%) higher than 1H FY2022[3], largely as a result of the impacts of lower wholesale prices on the cost of supplying customers and lower interest costs from the proceeds from the sale of Meridian Energy Australia completed in January 2022.

Total capital expenditure in 1H FY2023 was $171 million, of which $22 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 was $425 million in 1H FY2023, $31 million (8%) higher than the same period last year.

2. The six months ended 31 December 2022
3. The six months ended 31 December 2021

New Zealand energy margin

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

$M		1H FY2023	1H FY2022
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)	**600**	518
Wholesale contracted sales revenue	Sales to large industrial customers and fixed-price revenue from derivatives sold	**226**	270
Costs to supply customers	The volume of electricity purchased to cover contracted customer sales	**-523**	-905
Net hedging position	The fixed cost of derivatives used to manage market risk, net of the spot revenue recovered from those derivatives	**-68**	-4
Generation spot revenue	Revenue from the volume of electricity that Meridian generates	**371**	661
Net VAS revenue	The net revenue position of virtual asset swaps (VAS) with Genesis Energy and Mercury New Zealand	**-4**	3
Other	Authority levies and ancillary generation revenue (such as frequency keeping)	**-4**	-6
Total New Zealand energy margin		**598**	**537**

Energy margin was $598 million in 1H FY2023, $61 million (11%) higher than the same period last year.

Meridian continues to deliver strong sales momentum in its retail businesses, particularly in the small, medium business and corporate and industrial segments. Sales volumes in small/medium business, large business, agricultural and corporate segments in the six months to December 2022 grew by 13%, 9%, 17% and 2% respectively. Residential volumes were 1% lower than last year.

Wholesale contracted sales revenue was $44 million (16%) lower in 1H FY2023. Wholesale derivative sales volumes were 10% lower at a 16% lower average price than the same period last year. Sales to the Tiwai Point aluminium smelter were at similar levels to 1H FY2022.

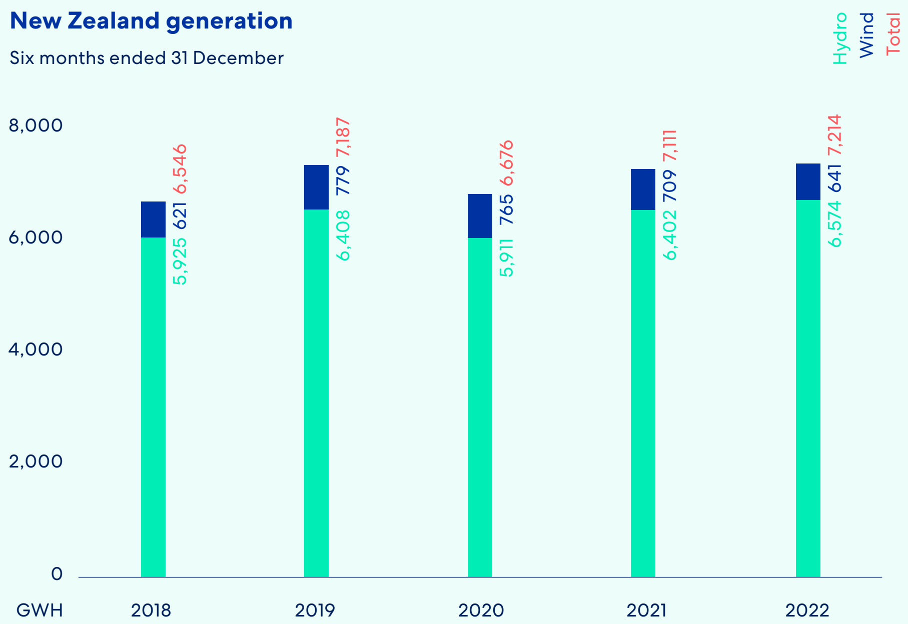
With inflows above average across the six months ended 31 December 2022, generation volumes were 2% higher than the same period last year. Average generation prices were 45% lower than the same period last year, resulting in generation revenue in 1H FY2023 being 44% lower than last year.

The costs to supply customers decreased $382 million (42%) in 1H FY2023 with a 44% lower average price Meridian paid to supply customers partially offset by higher customer sales volumes.

The net cost of hedging was $64 million higher in 1H FY2023 with lower wholesale prices partly offset by 15% higher hedging volumes and a $51 million benefit from forward contract close outs in 1H FY2023.

New Zealand generation

Six months ended 31 December



West Wind, Wellington

Expenses

1H FY2023 saw increases in transmission and metering costs. Employee and other operating costs were $123 million in 1H FY2023, $25 million (26%) higher than 1H FY2022, reflecting higher staff salary costs and growth in Meridian's generation development capability and the Flux business.

Net profit after tax

NPAT from continuing operations was $201 million in 1H FY2023, $56 million (38%) higher than the same period last year. 1H FY2023 saw 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 $5 million in 1H FY2023, compared to $68 million decrease in the same period last year, reflecting changes in forward electricity prices.

Fair value movements in treasury instruments increased net profit before tax by $32 million in 1H FY2023, compared to a $58 million increase in the same period last year.

Net financing costs decreased by $16 million (41%)compared to the same period last year, reflecting the proceeds from the sale of Meridian Energy Australia completed in January 2022. Meridian has maintained its BBB+ (stable outlook) credit rating from Standard & Poor's.

Income tax expense was $78 million in 1H FY2023, $22 million (39%) higher than the same period last year, reflecting higher 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 $181 million in 1H FY2023. This was $37 million (26%) higher than the same period last year.

Income statement

Six months ended 31 December

$M	2022	2021
New Zealand energy margin	**598**	537
Other revenue	**14**	14
Energy transmission expense	**(41)**	(38)
Energy metering expenses	**(23)**	(21)
Employee and other operating expenses	**(123)**	(98)
EBITDAF	**425**	**394**
Depreciation and amortisation	**(144)**	(144)
Impairment of assets	**(6)**	–
Gain/(loss) on sale of assets	**–**	–
Net change in fair value of electricity and other hedges	**(5)**	(68)
Net finance costs	**(23)**	(39)
Net change in fair value of treasury instruments	**32**	58
Net profit before tax	**279**	**201**
Income tax expense	**(78)**	(56)
Net profit after tax from continuing operations	**201**	**145**

Underlying net profit after tax

Six months ended 31 December

$M	2022	2021
Net profit after tax	**201**	145
Underlying adjustments		
Hedging instruments		
Net change in fair value of energy hedges	**5**	68
Net change in fair value of treasury instruments	**(32)**	(58)
Premiums paid on electricity options net of interest	**(9)**	(10)
Assets		
(Gain)/loss on sale of assets	**–**	–
Impairment of assets	**6**	–
Total adjustments before tax	**(30)**	–
Taxation		
Tax effect of above adjustments	**10**	–
Underlying net profit after tax	**181**	**145**

Results announcement

Results for announcement to the market		
Name of issuer	Meridian Energy Limited	
Reporting Period	6 months to 31 December 2022	
Previous Reporting Period	6 months to 31 December 2021	
Currency	NZD	
	Amount (NZ$m)	**Percentage change**
Revenue from continuing operations	$1,529	-9%
Total Revenue	$1,529	-9%
Net profit/(loss) from continuing operations	$201	+39%
Total net profit/(loss)	$201	+51%
Interim/Final Dividend		
Amount per Quoted Equity Security	NZ $0.06000000 Interim Ordinary Dividend	
Imputed amount per Quoted Equity Security	NZ $0.01866667	
Record Date	8 March 2023	
Dividend Payment Date	23 March 2023	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$2.22	$1.90
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 final results presentation. This announcement should be read in conjunction with the attached Condensed Interim Financial Statements for the six months ended 31 December 2022.	
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	1 March 2023	

Audited financial statements accompany this announcement.

Meridian.

Distribution Notice

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 8 March 2023			
Ex-Date (one business day before the Record Date)	7 March 2023			
Payment date (and allotment date for DRP)	23 March 2023			
Total monies associated with the distribution[1]	$154,776,199			
Source of distribution (for example, retained earnings)	Retained Earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.07866667			
Gross taxable amount [3]	$0.07866667			
Total cash distribution[4]	$0.06000000			
Excluded amount (applicable to listed PIEs)	$0.00000000			
Supplementary distribution amount	$0.00847059			
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]	80%			
Imputation tax credits per financial product	$0.01866667			

[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	$0.00729333	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	0.0%	
Start date and end date for determining market price for DRP	7 March 2023	13 March 2023
Date strike price to be announced (if not available at this time)	14 March 2023	
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	9 March 2023	
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	1 March 2023	