

## *Release*

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Stock Exchange Listings NZX (MEL) ASX (MEZ)

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# Meridian Energy Limited 2024 Interim Results

28 February 2024

Today Meridian Energy releases its interim results for the six months ended 31 December 2023.

Included in this announcement is:

1. Media Announcement
2. Condensed Interim Financial Statements for the six months ended 31 December 2023
3. Investor Presentation
4. Investor Letter
5. Financial Commentary
6. NZX Results Announcement
7. NZX Distribution Notice detailing the ordinary interim dividend of 6.15 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:**

Phil Clark  
Head of Communications  
027 838 5710

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# Strong retail and wholesale sales fuel Meridian's half-year result

28 February 2024

Meridian Energy has reported net profit after tax (NPAT) of \$191 million for the six months ended 31 December 2023, \$10 million or 5% lower than the same period last year. The year-on-year reduction in NPAT is largely due to changes in the fair value of hedge instruments. Operating earnings (EBITDAF<sup>1</sup>) of \$443 million increased by \$18 million (4%) over the previous year, driven by higher retail and wholesale sales.

Meridian Energy Chief Executive Neal Barclay says he is particularly pleased with how the retail business is performing in extremely competitive market conditions: "This is a solid result overall, but the stand-out is a 3% lift in retail sales volumes over the same period last year. This increase was driven by the agribusiness and large business segments, up 9% and 6% respectively."

Meridian continued to gain momentum in supporting industrial customers to convert to electric boilers, including recent agreements with Fonterra and Open Country Dairy. Meridian now has 891GWh of process heat either contracted or under memoranda of understanding.

"These deals are significant in terms of both sales volumes and their contribution to decarbonising our customers' businesses and the New Zealand economy. Fonterra's installation of a 20-megawatt electrode boiler at its Edendale site in Southland will reduce the facility's emissions by around 20% or 47,500 tonnes of CO<sub>2</sub>e per annum – the equivalent of taking almost 20,000 cars off New Zealand roads," says Barclay.

### **Development and Construction**

The first six months of the year have seen Meridian make strong progress in the construction of its Harapaki wind farm in Hawke's Bay and the Ruakākā grid-scale battery north of Auckland. A year ago, communities in Hawke's Bay were devastated by Cyclone Gabrielle, causing a three-month

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<sup>1</sup> EBITDAF is a non-GAAP measure of earnings before interest, tax, depreciation, amortisation, unrealised changes in fair value of hedges, impairments and gains and losses on sale of assets.

delay in the Harapaki project. Since first power in November 2023, Meridian now has 20 turbines commissioned, with the project on track for full power by September 2024. The Ruakākā battery also remains on track and should be operational by the end of this year.

Meridian has continued to advance its development pipeline, with consent applications live for both the 90MW Mt Munro wind farm in the Wairarapa and the 120 MW Ruakākā solar farm.

In October 2023, the company reached an agreement with NZ Windfarms to form a joint venture to repower and extend the Te Rere Hau wind farm near Palmerston North. The project involves the design, construction and operation of up to 39 new turbines with generation capacity of up to 170 MW. This will be New Zealand's first wind farm repowering project.

Also, during October 2023, Meridian and Europe-based Parkwind signed a memorandum of understanding for the exploration of offshore wind generation in New Zealand waters, focused principally off the Taranaki coast.

"We are creating a portfolio of renewable energy options and partnerships, utilising different technologies, that will help this country transition to net zero carbon by 2050. We are playing a long game. Our development pipeline reflects what we need to do over the next 30 years, not just the next few," says Barclay.

### **Waitaki Reconsenting**

During July 2023, Meridian submitted a reconsenting application to secure the generation outputs from the portion of the Waitaki Power Scheme that it owns and operates. Meridian is seeking new consents for 35 years, commencing in April 2025. The Waitaki scheme accounts for around 18% of Aotearoa's electricity production and, more importantly, around 67% of average hydro-electricity storage.

"The flexibility this scheme provides is a key enabler for New Zealand to decarbonise through continued electrification and enables further growth of intermittent wind and solar electricity. This reconsenting is mission critical for our business, but we have agreements in place with key parties and are confident of a positive outcome," says Barclay.

### **Generation**

Transformer reliability has been an issue for Meridian over the last year with reduced capacity at both the West Wind farm and the Manapōuri power station due to main unit transformer outages. West Wind is currently operating with a 31% reduction in generation capacity and two of the seven units at Manapōuri are currently out of service while transformers undergo critical maintenance.

"While these outages have presented challenges, our maintenance teams are working extremely hard to bring as much capacity as possible on-line before this winter," says Barclay.

Hydro inflows were 95% of average during the first six months of the financial year and catchment storage levels are slightly below average at the end of January 2024.

“When we look forward to winter 2024, El Niño climate conditions are prevalent and expected to persist into autumn, which would typically bring more rainfall into the southern hydro catchments. But while the hydrology outlook is positive, long range weather forecasts in New Zealand are notoriously hard to predict, and so hydro lake management is as important as ever,” adds Barclay.

### **Interim Dividend**

The Meridian Board has announced an interim ordinary dividend of 6.15 cents per share, 3% 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 14 March 2024. Shareholders are reminded outcomes from discussions with the owners of the Tiwai Point aluminium smelter on a potential contract beyond 2024 remain uncertain. The interim dividend will be paid, and new shares issued under the reinvestment plan on 26 March 2024.

### **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:**  
Phil Clark  
Head of Communications  
027 838 5710



# Right. Now.

Condensed Interim Financial Statements.  
As at and for the six months to 31 December 2023.



**Meridian.**



# Financial performance menu

## Condensed Interim Financial Statements

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The income earned and operating expenditure incurred by the Meridian Group during the six months.

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# Income Statement

For the six months to 31 December 2023

		Unaudited	Restated*
	Note	2023 \$M	Unaudited 2022 \$M
Operating revenue	A2	2,111	1,470
Operating expenses	A3	(1,701)	(1,009)
Depreciation and amortisation	B1, B2	(164)	(144)
Impairment of assets	A3	2	(6)
Gain on sale of assets and investments	A2	9	-
Net change in fair value of energy hedges	D1	44	(41)
Finance costs	A3	(31)	(29)
Interest income		6	6
Net change in fair value of treasury hedges	D1	(13)	32
<b>Net profit before tax</b>		<b>263</b>	<b>279</b>
Income tax expense	A4	(72)	(78)
<b>Net profit after tax</b>		<b>191</b>	<b>201</b>
<b>Earnings per share (EPS) attributed to the shareholders of the parent company</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted EPS	C2	7.4	7.8

\* The Income Statement has been restated due to a change in presentation in the current year.  
Refer to the Significant matters section Note S1 for more information.

# Comprehensive Income Statement

For the six months to 31 December 2023

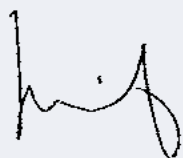
		Unaudited	Unaudited
	Note	2023 \$M	2022 \$M
<b>Net profit after tax</b>		<b>191</b>	<b>201</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Asset revaluation	B1	-	740
Deferred tax on the above item		-	(207)
		-	533
<i>Items that may be reclassified to profit or loss:</i>			
Net (loss)/gain on cash flow hedges		(7)	(11)
Income tax on the above items		2	3
		(5)	(8)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(5)</b>	<b>525</b>
<b>Total comprehensive income for the period, net of tax attributed to shareholders of the parent company</b>		<b>186</b>	<b>726</b>

# Balance Sheet

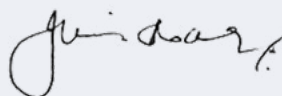
As at 31 December 2023

Note	Restated*		
	Unaudited 31 Dec 2023 \$M	Unaudited 31 Dec 2022 \$M	Audited 30 Jun 2023 \$M
<b>Current assets</b>			
Cash and cash equivalents	221	198	212
Trade receivables	458	259	334
Customer contract assets	13	14	13
Financial instruments	D1	225	291
Other assets	42	48	47
<b>Total current assets</b>	<b>959</b>	<b>810</b>	<b>747</b>
<b>Non-current assets</b>			
Property, plant and equipment	B1	9,031	8,587
Intangible assets	B2	80	82
Financial instruments	D1	118	354
Other assets	E1	11	–
<b>Total non-current assets</b>	<b>9,240</b>	<b>9,023</b>	<b>9,275</b>
<b>Total assets</b>	<b>10,199</b>	<b>9,833</b>	<b>10,022</b>

For and on behalf of the Board of Directors who authorised the issue of the financial statements on 27 February 2024.



**Mark Verbiest**  
Chair, 27 February 2024



**Julia Hoare**  
Chair, Audit and Risk Committee, 27 February 2024

Note	Restated*		
	Unaudited 31 Dec 2023 \$M	Unaudited 31 Dec 2022 \$M	Audited 30 Jun 2023 \$M
<b>Current liabilities</b>			
Payables and accruals	499	291	352
Employee entitlements	15	14	20
Customer contract liabilities	15	12	14
Current portion of borrowings	C4	382	159
Current portion of lease liabilities	C4	3	3
Financial instruments	D1	63	84
Current tax payable	44	36	46
<b>Total current liabilities</b>	<b>1,021</b>	<b>599</b>	<b>720</b>
<b>Non-current liabilities</b>			
Borrowings	C4	1,009	959
Deferred tax		2,071	2,118
Lease liabilities	C4	28	25
Financial instruments	D1	102	112
Term payables	83	50	55
<b>Total non-current liabilities</b>	<b>3,293</b>	<b>3,264</b>	<b>3,315</b>
<b>Total liabilities</b>	<b>4,314</b>	<b>3,863</b>	<b>4,035</b>
<b>Net assets</b>	<b>5,885</b>	<b>5,970</b>	<b>5,987</b>
<b>Shareholders' equity</b>			
Share capital	1,719	1,690	1,700
Reserves	4,166	4,280	4,287
<b>Total shareholders' equity</b>	<b>5,885</b>	<b>5,970</b>	<b>5,987</b>

\* The Balance Sheet has been restated due to a change in presentation in the current year. Refer to the Significant matters section Note S1 for more information.





# Changes in Equity

For the six months to 31 December 2023

Audited (\$M)	Note	Share capital	Share option reserve	Revaluation reserve	Cash flow hedge reserve	Retained earnings	Shareholders equity
<b>Balance at 1 July 2022</b>		1,671	2	5,079	13	(1,242)	5,523
<b>Net profit for the year</b>		–	–	–	–	95	95
<b>Other comprehensive income</b>							
Asset revaluation	B1	–	–	1,111	–	–	1,111
Net gain/(loss) on cash flow hedges		–	–	–	(11)	–	(11)
Income tax relating to other comprehensive income		–	–	(311)	3	–	(308)
<b>Total other comprehensive income, net of tax</b>		–	–	800	(8)	–	792
<b>Total comprehensive income for the year, net of tax</b>		–	–	800	(8)	95	887
Share-based transactions		(1)	1	–	–	–	–
Dividend reinvestment plan		30	–	–	–	–	30
Dividends paid/reinvested		–	–	–	–	(453)	(453)
<b>Balance at 30 June 2023 and 1 July 2023</b>		1,700	3	5,879	5	(1,600)	5,987
<b>Unaudited (\$M)</b>							
<b>Net profit for the period</b>		–	–	–	–	191	191
<b>Other comprehensive income</b>							
Asset revaluation	B1	–	–	–	–	–	–
Net gain/(loss) on cash flow hedges		–	–	–	(7)	–	(7)
Income tax relating to other comprehensive income		–	–	–	2	–	2
<b>Total other comprehensive income, net of tax</b>		–	–	–	(5)	–	(5)
<b>Total comprehensive income for the year, net of tax</b>		–	–	–	(5)	191	186
Share-based transactions		(1)	–	–	–	–	(1)
Dividend reinvestment plan		20	–	–	–	–	20
Dividends paid/reinvested		–	–	–	–	(307)	(307)
<b>Balance at 31 December 2023</b>		1,719	3	5,879	–	(1,716)	5,885
<b>Unaudited (\$M)</b>							
<b>Balance at 1 July 2022</b>		1,671	2	5,079	13	(1,242)	5,523
<b>Net profit for the period</b>		–	–	–	–	201	201
<b>Other comprehensive income</b>							
Asset revaluation	B1	–	–	740	–	–	740
Net gain/(loss) on cash flow hedges		–	–	–	(11)	–	(11)
Income tax relating to other comprehensive income		–	–	(207)	3	–	(204)
<b>Total other comprehensive income, net of tax</b>		–	–	533	(8)	–	525
<b>Total comprehensive income for the year, net of tax</b>		–	–	533	(8)	201	726
Share-based transactions		–	–	–	–	–	–
Dividend reinvestment plan		19	–	–	–	–	19
Dividends paid/reinvested		–	–	–	–	(298)	(298)
<b>Balance at 31 December 2022</b>		1,690	2	5,612	5	(1,339)	5,970

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

# Cash Flows

For the six months to 31 December 2023

	Note	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Operating activities</b>			
Receipts from customers		2,044	1,637
Interest received		6	6
Payments to suppliers and employees		(1,605)	(1,253)
Interest paid		(38)	(33)
Income tax paid		(104)	(92)
<b>Operating cash flows</b>		<b>303</b>	<b>265</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(143)	(136)
Purchase of intangible assets		(12)	(8)
Purchase of other assets		(11)	–
<b>Investing cash flows</b>		<b>(166)</b>	<b>(144)</b>
<b>Financing activities</b>			
Borrowings drawn	C4	167	–
Borrowings repaid	C4	(5)	(5)
Shares purchases for long term incentive		(2)	–
Lease liabilities paid	C4	(1)	(3)
Dividends	C3	(287)	(278)
<b>Financing cash flows</b>		<b>(128)</b>	<b>(286)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9</b>	<b>(165)</b>
Cash and cash equivalents at beginning of the six months		212	363
<b>Cash and cash equivalents at end of the six months</b>		<b>221</b>	<b>198</b>

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 Energy Limited's (Meridian) 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 is a for-profit entity domiciled and registered under the Companies Act 1993 in New Zealand. It is a Financial Markets Conduct (FMC) 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 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 2023 have been prepared:

- using Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as appropriate for interim financial statements, accounting policies consistent with International Financial Reporting Standards (IFRS) and the New Zealand equivalents (NZ IFRS) and in accordance with IAS 34 Interim Financial Reporting and NZ IAS 34 Interim Financial Reporting, as appropriate for a for-profit entity;
- in accordance with the requirements of the Financial Markets Conduct Act 2013;
- on the basis of historical cost, modified by revaluation of certain assets and liabilities; and
- in New Zealand dollars (NZD).

The principal functional currency of international subsidiaries is British Pounds (GBP): the closing rate at 31 December 2023 was 0.4969 (31 December 2022: 0.5249, 30 June 2023: 0.4822).

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 2023 have been applied consistently to all periods presented in the condensed interim financial statements.

## Judgements and estimates

The basis of key judgements and estimates have not changed from those used in preparing the Group financial statements for the year ended 30 June 2023.

## Basis of consolidation

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



# S: Significant matters in the six months

## In this section

Significant matters which have impacted Meridian's financial performance.

### S1 Change in presentation of realised energy hedge balances

In the current period, the Group has made adjustments to the classification and presentation of realised energy hedge balances. This follows a change in interpretation of NZ IFRS 9 Financial Instruments and its requirements. These adjustments were first made for reporting at 30 June 2023.

In previous periods, Meridian has accounted for and disclosed realised energy hedge balances as follows;

- In the Income Statement, these were classified as part of operating revenue or operating expense, depending on whether the underlying derivative was a hedge of energy sales or energy purchases
- In the Balance Sheet, accruals in relation to realised energy hedges were shown in the receivables or payables and accruals lines, depending on whether the accrual was receivable or payable.

Our practice aligned with peers in the New Zealand energy sector and meant that the impact of our risk management activities (hedges) were presented in the same places as the risk hedged.

This practice does not comply with NZ IFRS 9 and therefore it was discontinued. We note our past practice would be acceptable if our energy hedges were in hedge accounting relationships. However, we do not hedge account for energy hedges.

As a result, we have amended the classification of realised energy hedge balances in both the current and comparative periods.

The main impacts are as follows:

- In the Income Statement, this has meant the reclassification of realised energy hedge balances from operating revenue and operating expenses to net change in fair value of energy hedges, as well as the removal of some subtotals. Notably, EBITDAF (as defined in the Non-GAAP measures section) is no longer shown on the face of the Income Statement. However, it remains one of our core non-GAAP measures of business performance, as reported in Note A1 Segment Performance.
- In the Balance Sheet, we have reclassified realised energy hedge balances out of trade receivables and payables and accruals and into the appropriate financial Instruments line.

We have also amended our definition of EBITDAF to make clear that as intended, this core non-GAAP reporting measure excludes unrealised movements on energy hedges.



## S S1 Change in presentation of realised energy hedge balances continued

The impact of the changes on the primary financial statements are as follows:

Income Statement	Comment	Restated	2022	Change
		2022	\$M	\$M
Operating revenue		1,470	1,529	(59)
Operating expenses		(1,009)	(1,104)	95
<b>Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items (EBITDAF)</b>	Subtotal removed		<b>425</b>	<b>n/a</b>
Depreciation and amortisation		(144)	(144)	–
Impairment of assets		(6)	(6)	–
Net change in fair value of energy hedges		(41)	(5)	(36)
<b>Operating profit</b>	Subtotal removed		<b>270</b>	<b>n/a</b>
Finance costs		(29)	(29)	–
Interest income		6	6	–
Net change in fair value of treasury hedges		32	32	–
<b>Net profit before tax</b>		<b>279</b>	<b>279</b>	<b>–</b>
Income tax expense		(78)	(78)	–
<b>Net profit after tax</b>		<b>201</b>	<b>201</b>	<b>–</b>

Balance Sheet		Restated	2022	Change
		2022	\$M	\$M
Trade receivables		259	271	(12)
Financial instruments (current asset)		291	288	3
Financial instruments (non current asset)		354	345	9
Payables and accruals		291	322	(31)
Financial instruments (current liability)		84	54	30
Financial instruments (non current liability)		112	111	1



# Significant matters in the six months

## 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 started the six month period with strong storage positions in both the Waiau and Waitaki catchments.

In the Waitaki, a drier than normal winter period meant inflows fell below average. Storage declined until late September, when spring inflows stabilised lake levels. Dry weather then resumed and the catchment recorded lower than average inflows through to the end of December.

In the Waiau, there were more regular inflows over winter and the storage levels held accordingly. However, since early November it has been drier, with inflows falling below average and storage levels declining.

We ended the calendar year with storage just over 80% of average in both the Waiau and Waitaki catchments.

## 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, unrealised changes in fair value of hedges, impairments and gains and losses on sale of assets. This definition has been updated this year to make clear that as intended, it excludes unrealised changes in the fair value of hedges.

## Segment performance note

EBITDAF is reported in Note A1 Segment Performance, allowing the evaluation of Meridian's operating performance without the non-cash impact of depreciation, amortisation, unrealised 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 the reader to compare operating performance with that of other electricity industry companies.

## 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 36% (31 December 2022: 35%) 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 \$133 per megawatt hour (MWh) (2022: \$104 per 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".

## 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 (a definition of these measures is included within Significant Matters in the financial period) 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

	NZ Wholesale		NZ Retail		Other and Unallocated		Inter-segment		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	Unaudited	Unaudited
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>For the six months to 31 December</b>										
Contracted sales, net of distribution costs and hedging	296	226	670	600	-	-	-	-	966	826
Costs to supply customers, net of hedging	(1,334)	(541)	(660)	(503)	-	-	729	521	(1,265)	(523)
Net cost of other hedges	51	(68)	-	-	-	-	-	-	51	(68)
Generation spot revenue, net of hedging	885	371	-	-	-	-	-	-	885	371
Inter-segment electricity sales	729	521	-	-	-	-	(729)	(521)	-	-
Virtual asset swap margins	(3)	(4)	-	-	-	-	-	-	(3)	(4)
Other market revenue/(costs)	(5)	(5)	-	1	-	-	-	-	(5)	(4)
<b>Energy margin (see reconciliation on next page)</b>	<b>619</b>	<b>500</b>	<b>10</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>629</b>	<b>598</b>
Other revenue	2	1	9	8	10	13	(5)	(8)	16	14
Hosting expense	-	-	-	-	(2)	-	-	-	(2)	-
Energy transmission expense	(36)	(41)	-	-	-	-	-	-	(36)	(41)
Energy metering expenses	-	-	(25)	(23)	-	-	-	-	(25)	(23)
<b>Gross margin</b>	<b>585</b>	<b>460</b>	<b>(6)</b>	<b>83</b>	<b>8</b>	<b>13</b>	<b>(5)</b>	<b>(8)</b>	<b>582</b>	<b>548</b>
Employee expenses	(16)	(13)	(18)	(18)	(32)	(29)	-	-	(66)	(60)
Other operating expenses	(35)	(29)	(19)	(17)	(23)	(20)	4	3	(73)	(63)
<b>EBITDAF (see reconciliation on next page)</b>	<b>534</b>	<b>418</b>	<b>(43)</b>	<b>48</b>	<b>(47)</b>	<b>(36)</b>	<b>(1)</b>	<b>(5)</b>	<b>443</b>	<b>425</b>
Depreciation and amortisation									(164)	(144)
Impairment of assets									2	(6)
Gain on sale of assets and investments									9	-
Net change in fair value of energy hedges (see reconciliation on next page)									11	(5)
Finance costs									(31)	(29)
Interest income									6	6
Net change in fair value of treasury hedges									(13)	32
<b>Net profit before tax</b>									<b>263</b>	<b>279</b>
Income tax expense									(72)	(78)
<b>Net profit after tax</b>									<b>191</b>	<b>201</b>



## A A1 Segment performance continued

		Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Reconciliation of energy margin</b>	<b>Note</b>		
Energy sales to customers	A2	1,203	1,063
Generation revenue	A2	892	393
Energy expenses	A3	(1,136)	(475)
Energy distribution expenses	A3	(363)	(347)
Realised energy hedges (see below)		33	(36)
<b>Energy margin</b>		<b>629</b>	<b>598</b>

		Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Reconciliation of EBITDAF</b>	<b>Note</b>		
Operating income	A2	2,111	1,470
Operating expenses	A3	(1,701)	(1,009)
Realised energy hedges (see below)		33	(36)
<b>EBITDAF</b>		<b>443</b>	<b>425</b>

		Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Reconciliation of net change in fair value of energy hedges</b>			
Realised energy hedges shown within energy margin (see above)		33	(36)
Unrealised changes in the fair value of energy hedges (as noted on previous page)		11	(5)
<b>Net change in fair value of energy hedges per the Income Statement</b>		<b>44</b>	<b>(41)</b>



## A2 Income

	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Operating revenue</b> Six months ended 31 December		
Energy sales to customers	1,203	1,063
Generation revenue	892	393
Energy-related services revenue	5	5
Other revenue	11	9
<b>Total operating revenue</b>	<b>2,111</b>	<b>1,470</b>

	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Total revenue by geographic area</b> Six months ended 31 December		
New Zealand	2,111	1,470
<b>Total operating revenue</b>	<b>2,111</b>	<b>1,470</b>

	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Gain on sale of assets and investments</b> Six months ended 31 December		
Gain on sale of assets and investments	9	–

### 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

Revenue received from energy generated and sold into the wholesale markets. This revenue is influenced by the quantity of generation and wholesale spot prices. It is recognised at the time of generation.

#### Gain on sale of investments

The current period gain relates to the refund of Australian stamp duty originally paid on the purchase of the Green State Power hydro assets. Refer to Note E2 for more information.



## A3 Expenses

	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Operating expenses</b> <b>Six months ended 31 December</b>		
Energy expenses	1,136	475
Energy distribution expenses	363	347
Energy transmission expenses	36	41
Energy metering expense	25	23
Hosting expenses	2	2
Employee expenses	66	60
Other expenses	73	61
<b>Total operating expenses</b>	<b>1,701</b>	<b>1,009</b>

	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Finance costs</b> <b>Six months ended 31 December</b>		
Interest on borrowings	40	32
Interest on option premiums	1	1
Interest on lease liabilities	1	1
Less capitalised interest	(11)	(5)
<b>Total finance costs</b>	<b>31</b>	<b>29</b>

	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Impairment of assets</b> <b>Six months ended 31 December</b>		
Net impairment income/(expense)	2	(6)

### Energy expenses

The cost of:

- energy purchased from wholesale markets to supply customers; and
- related charges and services.

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

### Energy distribution expenses

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

### Energy transmission expenses

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

### Employee expenses

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

### 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 5.58% (2022: 5.37%)

### Impairment of non-financial assets

The current period includes the reversal of impairment expense recorded in June 2023 on carbon credit inventory. Carbon credit price recovered in late 2023 and therefore the impairment entries have been reversed.

In the prior period, impairment expenses related to the exit of Meridian's office lease at Lady Elizabeth Lane in Wellington.



## A4 Taxation

	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Income tax expense</b>		
Six months ended 31 December		
Current income tax charge	102	97
Deferred tax	(30)	(19)
<b>Income tax expense</b>	<b>72</b>	<b>78</b>
<i>Reconciliation to profit before tax</i>		
<b>Profit before tax</b>	<b>263</b>	<b>279</b>
Income tax at applicable rates	74	78
Income not assessable for tax	(2)	–
<b>Income tax expense</b>	<b>72</b>	<b>78</b>

### 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%.

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:

- property, plant and equipment; and
- 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 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. Meridian continues to use an income approach in calculating the fair value of generation structures and plant. Meridian uses a Discounted Cash Flow (DCF) approach to determine a fair value range.

A review and assessment of key inputs included in the valuation of generation structures and plant has been undertaken as at 31 December 2023, indicating that the carrying value was materially in line with fair value and therefore a formal revaluation was unnecessary (2022: assets were revalued up 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. Refer to the sensitivity table on the next page.

### B1 Property, plant and equipment

Position as at	Unaudited 31 Dec 2023 \$M	Unaudited 31 Dec 2022 \$M	Audited 30 Jun 2023 \$M
Opening net book value	8,989	7,830	7,830
Additions	200	162	328
Impairment	–	(12)	(12)
Disposals	(6)	(2)	(1)
Adjustment of Right of Use assets	(3)	–	(1)
Generation structures and plant revaluation:			
revaluation reserve	–	740	1,111
income statement	–	–	–
Depreciation expense	(149)	(131)	(266)
<b>Closing net book value</b>	<b>9,031</b>	<b>8,587</b>	<b>8,989</b>

### B2 Intangible assets

Position as at	Unaudited 31 Dec 2023 \$M	Unaudited 31 Dec 2022 \$M	Audited 30 Jun 2023 \$M
Opening Net Book value	73	85	85
Additions	22	10	18
Impairment	–	–	(2)
Amortisation expense	(15)	(13)	(28)
<b>Closing net book value</b>	<b>80</b>	<b>82</b>	<b>73</b>

### Capital Commitments

At 31 December 2023, Meridian has capital commitments of \$165 million (2022: \$295 million).

## B

The table below describes the key inputs and their sensitivity to changes for the formal valuations performed in prior periods.

Key input to measure fair value	Description	Unaudited 31 December 2022			Audited 30 June 2023		
		Range of unobservable inputs	Sensitivity	Impact on valuation	Range of unobservable inputs	Sensitivity	Impact on valuation
Future NZ wholesale electricity prices	The price received for NZ generation	\$42MWh to \$148MWh between FY23 and FY42 (in real terms)	+ \$3MWh - \$3MWh	\$440M (\$440M)	\$43MWh to \$150MWh between FY24 and FY43 (in real terms)	+ \$3MWh - \$3MWh	\$456M (\$456M)
New Zealand generation volume	Annual generation production	13,284GWh p.a. to 13,832GWh p.a. (in real terms)	+ 250GWh - 250GWh	\$225M (\$225M)	13,304GWh p.a. to 13,804GWh p.a.	+ 250GWh - 250GWh	\$210M (\$210M)
Operating expenditure (excluding electricity purchase costs or transmission charges)	Meridian's cost of operations	Forecast costs are in line with with 30 June 2022 inputs and inflated at appropriate escalation rates	+ \$10M - \$10M	(\$130M) \$130M	\$154M in FY24, \$163M in FY25 (in real terms) and inflated at appropriate escalation rates from FY26 onward	+ \$10M - \$10M	(\$116M) \$116M
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	8.40%	+ 0.5% - 0.5%	(\$585M) \$683M

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, reserves and net debt.

Meridian manages its capital through various means, including:

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

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

Meridian is in full compliance with debt facility financial covenants.

Position as at	Note	Unaudited 31 Dec 2023 \$M	Unaudited 31 Dec 2022 \$M	Audited 30 Jun 2023 \$M
Share capital		1,719	1,690	1,700
Retained earnings		(1,716)	(1,339)	(1,600)
Other reserves		5,882	5,619	5,887
		5,885	5,970	5,987
Drawn borrowings	C4	1,383	1,121	1,221
add: Lease liabilities		31	28	27
less: Cash and cash equivalents		(221)	(198)	(212)
<b>Net Debt</b>		<b>1,193</b>	<b>951</b>	<b>1,036</b>
<b>Net capital</b>		<b>7,078</b>	<b>6,921</b>	<b>7,023</b>



## C2 Earning per share

	Unaudited 31 Dec 2023	Unaudited 31 Dec 2022
<b>Basic and diluted earnings per share (EPS)</b>		
Net profit after tax	191	201
Weighted average number of shares used in the calculation of EPS	2,583,937,890	2,578,784,219
Basic and diluted EPS (cents per share)	7.4	7.8

## C3 Dividends

	Unaudited 2023 \$M	Unaudited 2022 \$M
<b>Dividends declared and paid</b>		
Six months ended 31 December		
Final ordinary dividend 2023: 11.90cps (2022: 11.55cps)	307	298
<b>Total dividends paid</b>	<b>307</b>	<b>298</b>
<b>Dividends declared and not recognised as a liability</b>		
Interim ordinary dividend 2024: 6.15cps (2023: 6.00cps)	159	155

### 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.

Meridian operates a Dividend Reinvestment Plan (DRP) plan where shares are issued in lieu of cash which are excluded from dividends paid in the Statement of Cash Flows.

During the period, Meridian investors were issued 3,838,342 new shares with a value of \$20 million through the DRP (31 December 2022: 3,864,231 shares with a value of \$19 million. 30 June 2023: 5,865,181 shares with a value of \$30 million).



### Subsequent event – dividend declared

On 27 February 2024 the Board declared a partially imputed interim ordinary dividend of 6.15 cents per share.

## C4 Borrowings

Group (NZ\$M)	Currency borrowed in	Drawn facility amount	Unaudited 31 Dec 2023			Unaudited 31 Dec 2022				Audited 30 Jun 2023			
			Transaction costs	Fair value adjustment	Carrying amount	Drawn facility amount	Transaction costs paid	Fair value adjustment	Carrying amount	Drawn facility amount	Transaction costs	Fair value adjustment	Carrying amount
Current borrowings													
Unsecured borrowings	NZD	382	–	–	382	160	(1)	–	159	215	(1)	–	214
Total current borrowings		382	–	–	382	160	(1)	–	159	215	(1)	–	214
Non-current borrowings													
Unsecured borrowings	NZD	415	(1)	–	414	375	–	–	375	420	–	–	420
Unsecured borrowings	USD	586	(1)	10	595	586	(1)	(1)	584	586	(1)	17	602
Total non – current borrowings		1,001	(2)	10	1,009	961	(1)	(1)	959	1,006	(1)	17	1,022
Total borrowings		1,383	(2)	10	1,391	1,121	(2)	(1)	1,118	1,221	(2)	17	1,236

Meridian has committed bank facilities of \$650 million of which \$601 million were undrawn at 31 December 2023 (31 December 2022: facilities of \$585 million of which \$550 million were undrawn). Where facilities have expiry dates, these expiries range from June 2024 to April 2027. \$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	Unaudited 31 Dec 2023 \$M	Unaudited 31 Dec 2022 \$M	Audited 30 Jun 2023 \$M	Unaudited 31 Dec 2023 \$M	Unaudited 31 Dec 2022 \$M	Audited 30 Jun 2023 \$M
	Carrying value			Fair value		
Retail bonds	550	500	550	553	489	543
Unsecured term loan (EKF facility)	25	35	30	26	36	31

Within 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 borrowings.

### 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 December 2023											
Group (\$M)	Balance at 30 Jun 2023	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign exchange	New lease recognised	Lease remeasure- ment	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 31 Dec 2023
Unsecured borrowings – NZD	634	167	(5)	–	–	–	–	–	–	–	796
Unsecured borrowings – USD	602	–	–	13	(20)	–	–	–	–	–	595
Lease liabilities	27	–	–	–	–	7	(3)	(1)	–	1	31
<b>Total</b>	<b>1,263</b>	<b>167</b>	<b>(5)</b>	<b>13</b>	<b>(20)</b>	<b>7</b>	<b>(3)</b>	<b>(1)</b>	<b>–</b>	<b>1</b>	<b>1,422</b>

Unaudited 31 December 2022											
Group (\$M)	Balance at 30 Jun 2022	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign exchange	New lease recognised	Lease remeasure- ment	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
<b>Total</b>	<b>1,204</b>	<b>–</b>	<b>(5)</b>	<b>(29)</b>	<b>(11)</b>			<b>(3)</b>	<b>(11)</b>	<b>1</b>	<b>1,146</b>

Audited 30 June 2023											
Group (\$M)	Balance at 30 Jun 2022	Term borrowings drawn	Term borrowings repaid	Fair value adjustments	Foreign exchange	New lease recognised	Lease remeasure- ment	Lease liabilities paid	Lease derecognition	Unwind of discounting	Balance at 30 Jun 2023
Unsecured borrowings – NZD	539	255	(160)	–	–	–	–	–	–	–	634
Unsecured borrowings – USD	624	–	–	(34)	12	–	–	–	–	–	602
Lease liabilities	41	–	–	–	–	–	(2)	(3)	(11)	2	27
<b>Total</b>	<b>1,204</b>	<b>255</b>	<b>(160)</b>	<b>(34)</b>	<b>12</b>		<b>(2)</b>	<b>(3)</b>	<b>(11)</b>	<b>2</b>	<b>1,263</b>





## 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).

### Green Debt Instruments under Meridian's Green Finance Programme

Green Debt allocated to the Hydro Pool <sup>1</sup>			Unaudited 31 Dec 2023		Unaudited 31 Dec 2022		Audited 30 Jun 2023	
Type – Group (\$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 <sup>2</sup>	Q5995*AB4	USD	147	147	147	147	147	147
USPP Series 2019-1 Tranche A <sup>2</sup>	Q5995#AE4	USD	183	183	183	183	183	183
USPP Series 2019-1 Tranche B <sup>2</sup>	Q5995#AF1	USD	183	183	183	183	183	183
USPP Series 2019-1 Tranche C <sup>2</sup>	Q5995#AG9	USD	73	73	73	73	73	73
<b>Total USPP</b>			<b>586</b>	<b>586</b>	<b>586</b>	<b>586</b>	<b>586</b>	<b>586</b>
Bank Facilities <sup>3</sup>		NZD	625	24	550	–	550	15
Commercial Paper <sup>4</sup>		NZD	200	198	–	–	40	40
<b>Total Green Debt allocated to the Hydro Pool</b>			<b>1,411</b>	<b>808</b>	<b>1,136</b>	<b>586</b>	<b>1,176</b>	<b>641</b>

Green Debt allocated to the Wind Pool <sup>5</sup>			Unaudited 31 Dec 2023		Unaudited 31 Dec 2022		Audited 30 Jun 2023	
Type – Group (\$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	–	–
Retail Bond (Mar-24)	MEL040	NZD	150	150	150	150	150	150
Retail Bond (Mar-25)	MEL050	NZD	200	200	200	200	200	200
Retail Bond (Sep-28)	MEL060	NZD	200	200	–	–	200	200
<b>Total Domestic Bonds</b>			<b>550</b>	<b>550</b>	<b>500</b>	<b>500</b>	<b>550</b>	<b>550</b>
EKF Amortising Facility		NZD	25	25	35	35	30	30
<b>Total Green Debt allocated to the Wind Pool</b>			<b>575</b>	<b>575</b>	<b>535</b>	<b>535</b>	<b>580</b>	<b>580</b>
<b>Total Green Debt</b>			<b>1,986</b>	<b>1,383</b>	<b>1,671</b>	<b>1,121</b>	<b>1,756</b>	<b>1,221</b>

Further information on the Green Finance Programme, including the Programme framework document, opinions from DNV, Climate Bonds Standard (CBS) Certification and Green Asset and Debt registers are available on Meridian's website at [meridianenergy.co.nz/about-us/investors/reports/green-finance](https://meridianenergy.co.nz/about-us/investors/reports/green-finance).

- 1 Verified as meeting the criteria established for 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. The drawn value of Commercial Paper differs to the facility value due to the discount on issue
- 5 Climate Bonds Standard Certified

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.

DNV Business Assurance Australia Pty Ltd (DNV) has been commissioned by Meridian to provide an external review of the Programme through verification of the Wind Pool and the Green Debt allocated (directly or notionally) to the Wind Pool under the CBS; and a second party opinion of the Hydro Pool and the Green Debt allocated (directly or notionally) to the Hydro Pool under the Green Bond Principles (GBP) and Green Loan Principles (GLP). The conclusion of DNV's external reviews are provided within the following documents (also available on Meridian's website via link above):

- DNV Periodic Assurance Opinion 2023, Climate Bonds Standard Project Pool (Wind) 31 July 2023; and
- DNV Periodic Second Party Opinion 2023, Green Bond & Loan Principles Project Pool (Hydro) 31 July 2023.

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

At 31 December 2023, Meridian remains compliant with the requirements of the Programme.

# D: Financial instruments

## In this section

In this section of the summary notes there is information:

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

## D1 Financial instruments

### Fair value of hedging financial instruments

The recognition and measurement of hedging financial instruments requires management estimation and judgement (this is discussed in further detail later in this note). These estimates can have a significant risk of material adjustment in future periods. Fair value measurements are grouped within a

three-level fair value hierarchy based on the observability of valuation inputs (described below).

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

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

Fair value on the balance sheet								Fair value movements in the income statement	
	Level	Unaudited 31 Dec 2023		Unaudited 31 Dec 2022		Audited 30 Jun 2023		Unaudited 31 Dec 2023	Unaudited 31 Dec 2022
		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	(26)	(10)	(34)	(11)	(34)	(15)	–	1
CCIRS – basis and margin risk	2	–	(3)	–	(4)	–	–	–	–
CCIRS – foreign exchange risk	2	46	–	44	–	66	–	–	–
Total CCIRS		20	(13)	10	(15)	32	(15)	–	1
Foreign exchange hedges	2	3	–	13	–	7	–	–	–
Interest rate swaps (IRS)	2	35	(14)	51	(11)	46	(12)	(13)	31
Total treasury hedges		58	(27)	74	(26)	85	(27)	(13)	32
Energy hedges									
Market traded electricity hedges	1	128	(43)	278	(19)	133	(48)	1	(21)
Other electricity hedges	3	123	(94)	251	(151)	102	(107)	52	(13)
Electricity options	3	34	–	42	–	34	–	(9)	(7)
Total energy hedges		285	(137)	571	(170)	269	(155)	44	(41)
Total hedges		343	(164)	645	(196)	354	(182)	31	(9)
Of which									
Current		225	(63)	291	(84)	141	(71)		
Non current		118	(102)	354	(112)	213	(111)		
Total hedges		343	(165)	645	(196)	354	(182)		



### Analysis of fair value movements on energy hedges

The following table provides an analysis of fair value movements on energy hedges. In Note A1 Segment Performance, realised movements on energy hedges are presented within Energy Margin and EBITDAF.

\$M	Unaudited Six months ended 31 Dec 2023				Unaudited Six months ended 31 Dec 2022			
	Market traded energy hedges	Other energy hedges	Energy options	Total	Market traded energy hedges	Other energy hedges	Energy options	Total
Realised movements in energy hedges	(6)	38	1	33	(10)	(26)	–	(36)
Unrealised movements in energy hedges	7	14	(10)	11	(11)	13	(7)	(5)
<b>Total fair value movements in energy hedges</b>	<b>1</b>	<b>52</b>	<b>(9)</b>	<b>44</b>	<b>(21)</b>	<b>(13)</b>	<b>(7)</b>	<b>(41)</b>

### Level 3 financial instrument analysis

The following provides a summary of the movements through EBITDAF and movements in the fair value of Level 3 financial instruments:

\$M	Unaudited 31 Dec 2023			Unaudited 31 Dec 2022		
	Other Electricity Hedges	Electricity Options	Total	Other Electricity Hedges	Electricity Options	Total
Net change in fair value of energy hedges:						
Realised movements	38	1	39	(26)	–	(26)
Unrealised movements	14	(10)	4	13	(7)	6
<b>Total net change in fair value of energy hedges</b>	<b>52</b>	<b>(9)</b>	<b>43</b>	<b>(13)</b>	<b>(7)</b>	<b>(20)</b>
<b>Balance at the beginning of the period</b>	<b>(5)</b>	<b>33</b>	<b>28</b>	<b>87</b>	<b>39</b>	<b>126</b>
Fair value movements in the Income Statement	52	(9)	43	(13)	(7)	(20)
Remeasurement	(18)	–	(18)	26	–	26
New hedge recognised	–	10	10	–	10	10
<b>Balance at the end of the period</b>	<b>29</b>	<b>34</b>	<b>63</b>	<b>100</b>	<b>42</b>	<b>142</b>



### 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 Meridian Audit and Risk Committee determines the overall appropriateness of key valuation techniques and inputs for fair value measurement. The Chief Financial Officer explains fair value movements in their report to the Board.

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

These are:

- forward price curves referenced to the ASX for electricity, published market interest rates and published forward foreign exchange rates;

- Meridian's best estimate of volumes called over the life of energy 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.	\$29/MWh to \$55/MWh (30 June 2023: \$29/MWh to \$55/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.



## E: Other

### E1 Group structure

Meridian and NZ Windfarms Limited have agreed to form a 50-50 joint venture to repower and extend the Te Rere Hau wind farm. Meridian has incorporated the new company "Kōkako SPV Limited" to manage its ownership in the joint venture.

During the period Meridian purchased a 19.9% shareholding in NZ Windfarms Limited at a cost of \$11 million. This investment is an associate as significant influence exists and the equity method of accounting is applied. This is classified as an other non-current asset on the Balance Sheet.

Meridian also acquired a 20% shareholding in Te Arawaru o Te Waitaki Tāpui Limited for nil consideration.

No other changes occurred to Meridian's Group structure in the six months to 31 December 2023.

### E2 Contingent assets and liabilities

There are no contingent assets or liabilities as at 31 December 2023 (31 Dec 2022: Nil, 30 Jun 2023: Nil)

In the comparative period, Meridian noted the following contingent items:

- a swaption and CFD contract with Contact Energy, for which certain conditions had not been met and the transactions were not yet confirmed. Conditions were confirmed in November 2023 and the derivatives are now disclosed as part of the D1 Financial Instruments disclosure.
- a potential refund of stamp duty from the Australian Tax Office, in respect of stamp duty paid on the acquisition of Green State Power. A final court decision was made on this matter in December 2023 and Meridian has now recognised a \$9 million receivable and income in the current period.

### E3 Subsequent events

The Directors declared an interim dividend on 27 February 2024. Refer to Note C3 Dividends for more information.

### 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

## 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 of the Group on his behalf.

### Conclusion

We have reviewed the condensed interim financial statements of the Group on pages 2 to 26, which comprise the balance sheet as at 31 December 2023, income statement, comprehensive income statement, statement of changes in equity and statement of cash flows for the six months ended on that date, and notes to the interim financial statements, including material accounting policy 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 2023 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 Board.

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, principals and employees of our firm deal with the Group on arm's length 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 engagements and arm's length transactions, and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with, or interests in, the Group.

**Deloitte.**





### **Directors' responsibilities for the interim financial statements**

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

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

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

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

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.



#### **Mike Hoshek, Partner**

for Deloitte Limited  
On behalf of the Auditor-General  
Christchurch, New Zealand  
27 February 2024





# Meridian.

The Power to  
Make a Difference.

## Condensed Interim Financial Statements.

As at and for the six months  
to 31 December 2023.

[meridian.co.nz](https://www.meridian.co.nz)





Meridian.

# 2024 Interim Results Presentation

28 FEBRUARY 2024

Turbine construction at Meridian's Harapaki wind farm

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





# Key points



**3% growth in retail electricity sales volume**



**4% increase in EBITDAF\***



**2.5% increase in interim dividend**



**Electrification partnership signed with Open Country Dairy and Fonterra**



**13% increase in operating expenses**



**Shift in energy policy focus from new coalition government**



**First power achieved at Harapaki**



**Joint venture signed to repower the Te Rere Hau wind farm**



**Transformer issues at Manapōuri and West Wind**

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

\*EBITDAF is a non-GAAP measure of earnings before interest, tax, depreciation, amortisation, unrealised changes in fair value of hedges, impairments and gains or losses on sale of assets

# Financial performance

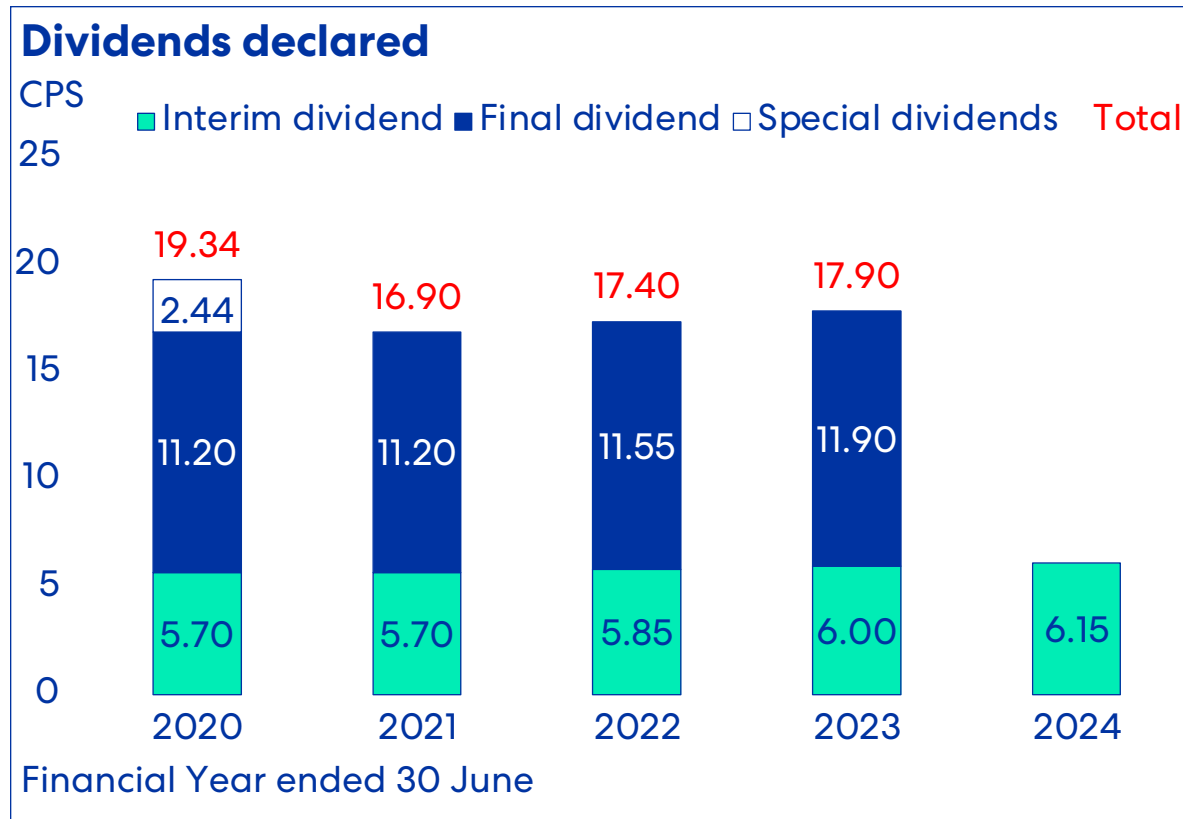




# Dividends

- Interim ordinary dividend declared of 6.15 cps (80% imputed), 2.5% increase from 1H FY23
- Dividend reinvestment plan will apply to this interim dividend at 0% discount

Dividends declared	1H FY24		1H FY23	
	cents per share	imputation	cents per share	imputation
Ordinary dividends	6.15	80%	6.00	80%

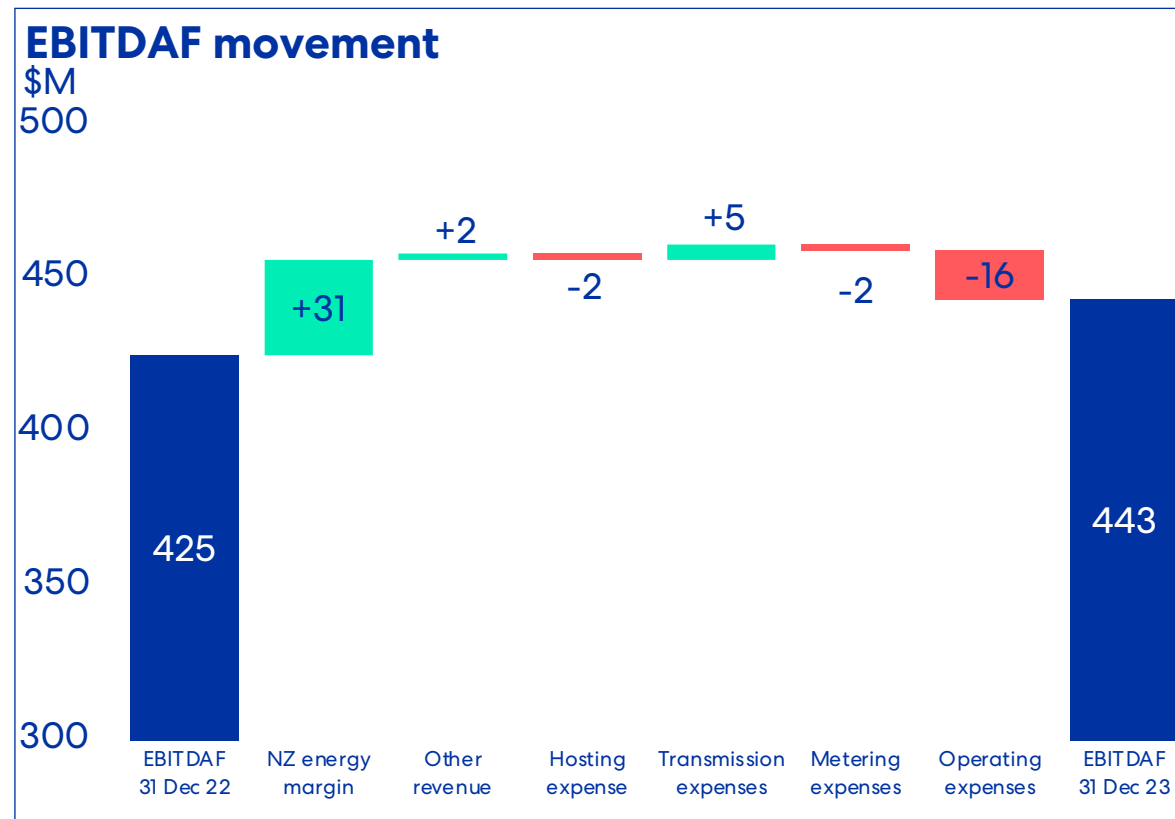
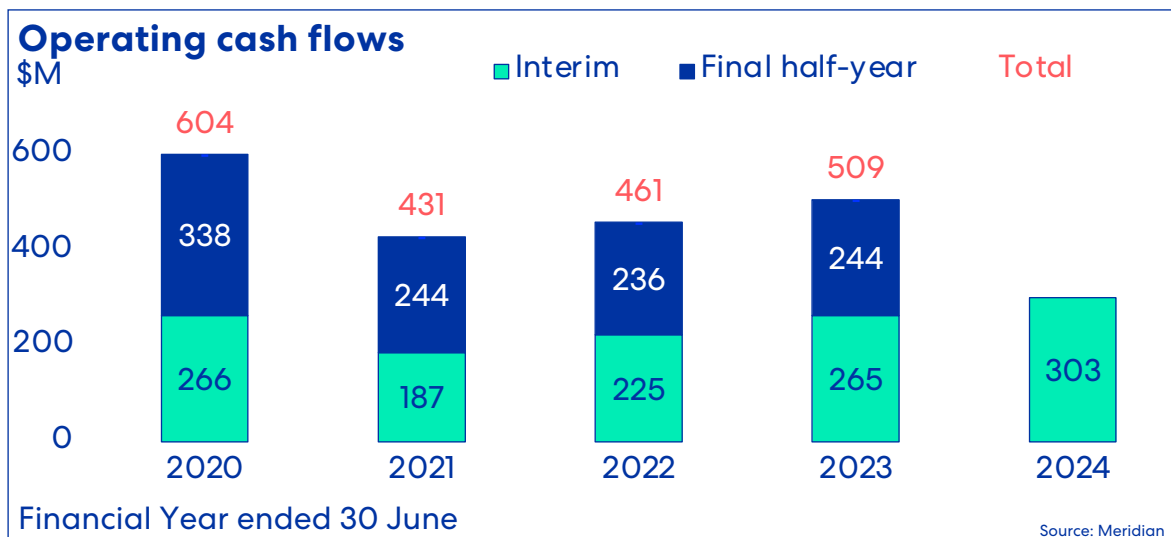


## Dividend Reinvestment Plan Dates

Ex dividend date	8 Mar	Strike price announced	15 Mar
Record date	11 Mar	Dividend paid/shares issued	26 Mar
Elections close	12 Mar		

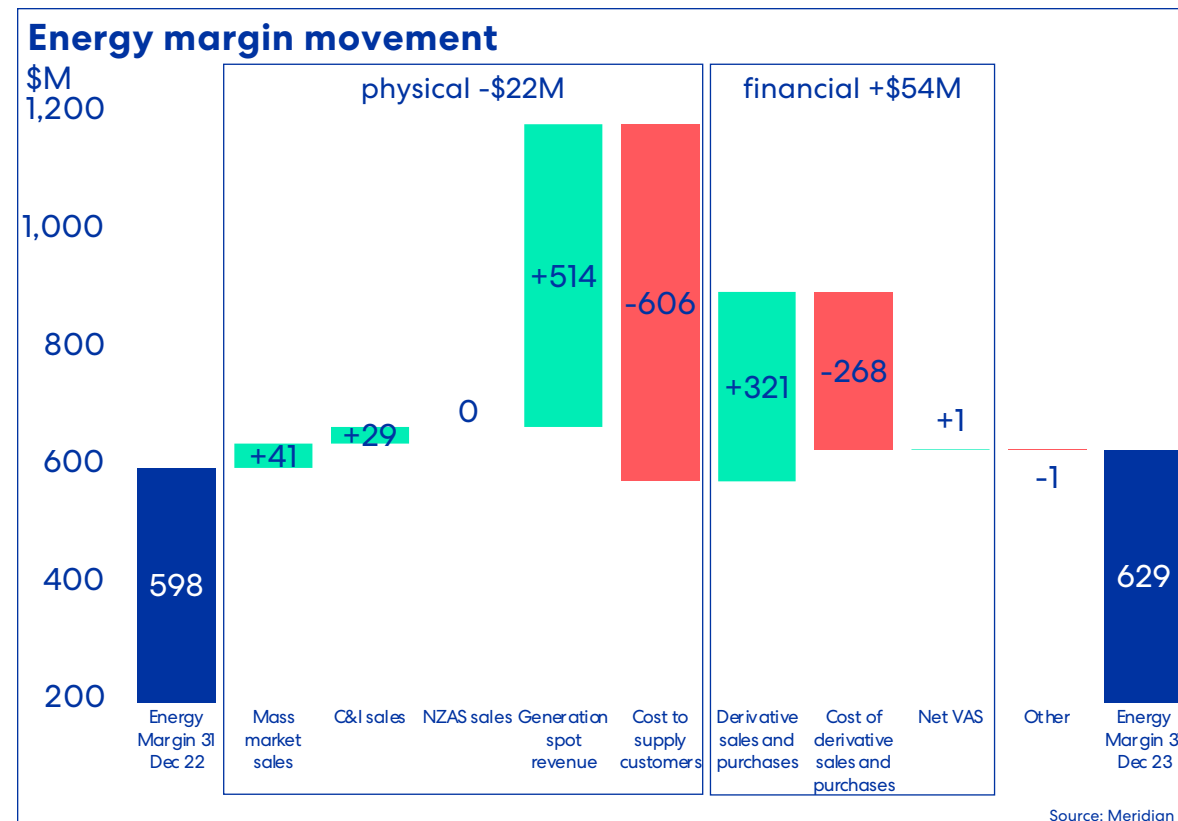
# EBITDAF

- EBITDAF of \$443M, 4% higher than 1H FY23
- \$70M (12%) higher retail contracted sales revenue
- Higher generation revenue and supply costs from higher wholesale spot prices
- \$18M gain on close outs of forward hedge positions (\$51M gain in 1H FY23)
- Operating costs \$16M (13%) higher than 1H FY23
- 2H FY24 has started with good inflow conditions



# Energy margin<sup>1</sup>

- +12% growth (+\$70M) in retail sales revenue
- Financial contract, spot generation and hedging revenues all reflected higher wholesale prices
- Those higher prices increased costs in the portfolio
- Higher hedging volumes and contract sales also increased costs in the portfolio



<sup>1</sup>Energy margin is a non-GAAP measure that 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. Refer to pages 33-36 for a further information on energy margin



# Retail

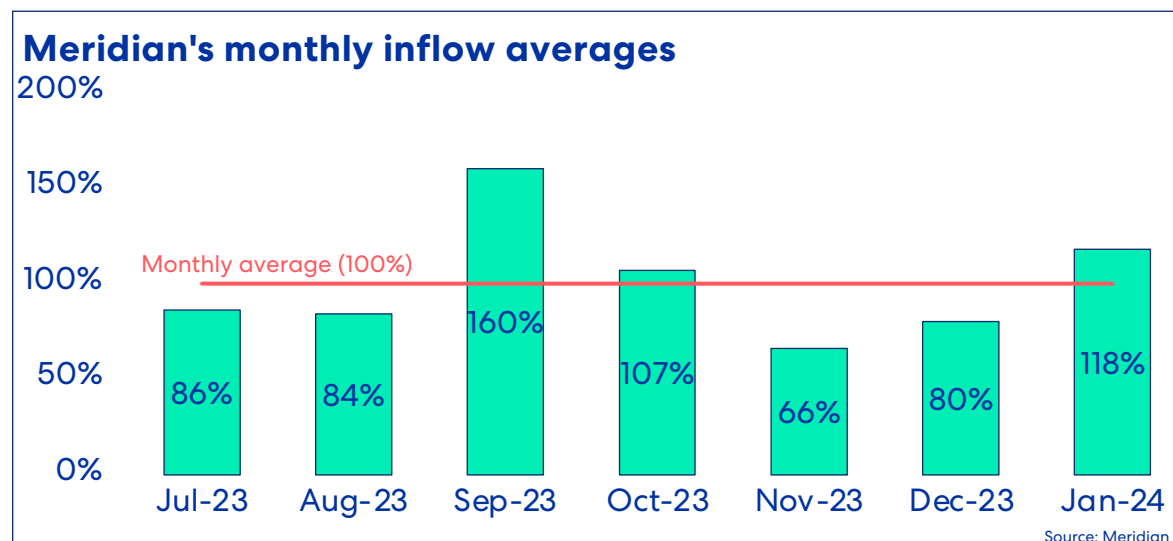
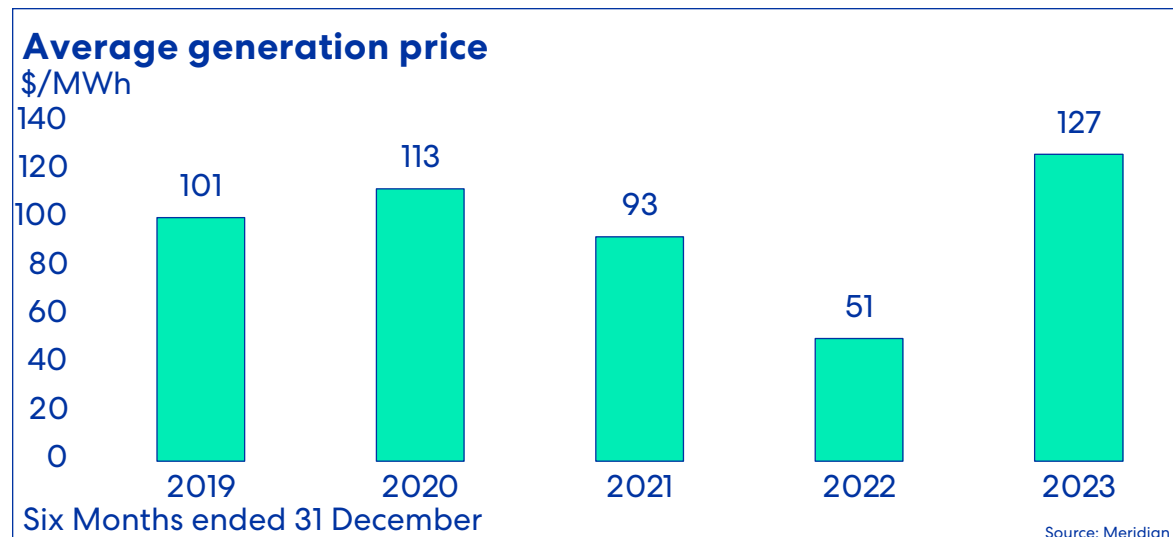
- Sales volume growth in small medium business (+1%), agricultural (+9%), large business (+6%)
- Residential sales volume decreased -1%
- Lift in both mass market and corporate average pricing
- Mass market revenue increased +\$41M (+11%)
- +3% growth in corporate sales volume at a higher average sales price
- Corporate sales revenue increased +\$29M (+13%)

<u>Customer sales</u>	Average price <sup>2</sup> (\$/MWh)	Total sales volume (GWh)	North Island sales volume (GWh)	South Island sales volume (GWh)
<b>1H FY24</b>				
Residential		947	530	417
Small medium business		850	521	329
Agricultural		695	212	483
Large business		330	212	118
Total mass market	\$146	2,822	1,475	1,347
Corporate	\$130	1,984	1,180	804
<b>1H FY23</b>				
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

<sup>2</sup>Volume weighted average electricity price received from retail customers, less distribution costs

# Generation

- -4% lower physical generation
- Inflows 95% of average in 1H FY24, following a relatively dry winter and wet spring
- Waitaki storage has tracked below average since late November 2023; 93% of average at 31 January 2024
- Strong El Niño conditions are prevalent and expected to persist through into autumn, with more variable rainfall patterns
- Factors outside of hydrology continue to influence forward wholesale prices



# Operating expenses

- Operating expenses \$16M (13%) higher than 1H FY23
- Growth in 1H FY24 from workforce and remuneration increases, rates uplift, higher ICT project and contractor spend, insurance premium increases
- Expecting higher FY24 operating costs of between \$276M and \$282M (previously \$268M-\$274M)

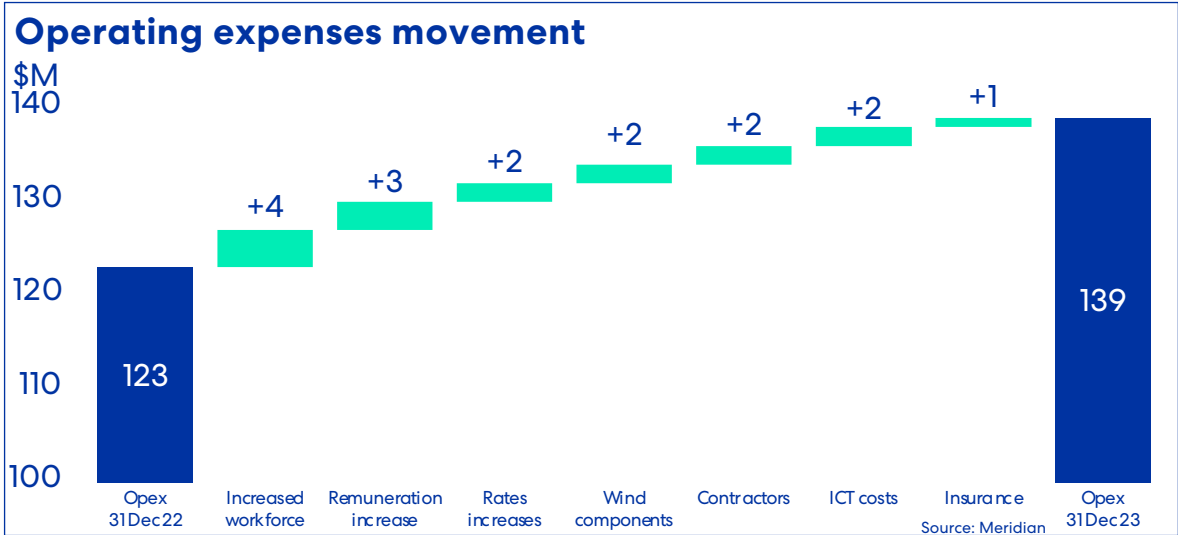
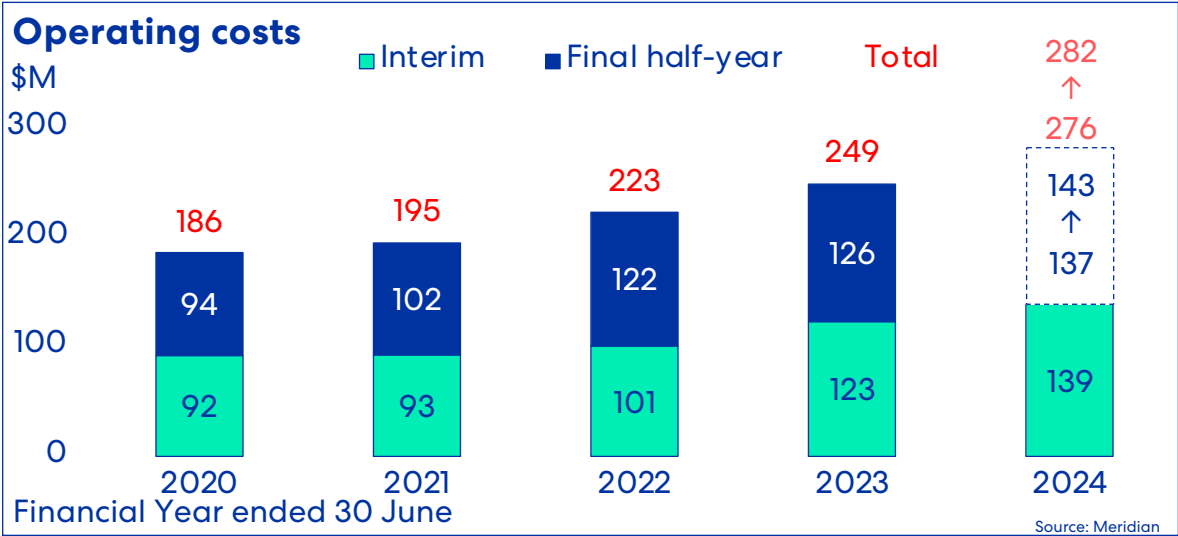
Operating Costs

Stay in Business  
Growth

**Total Capital Expenditure**

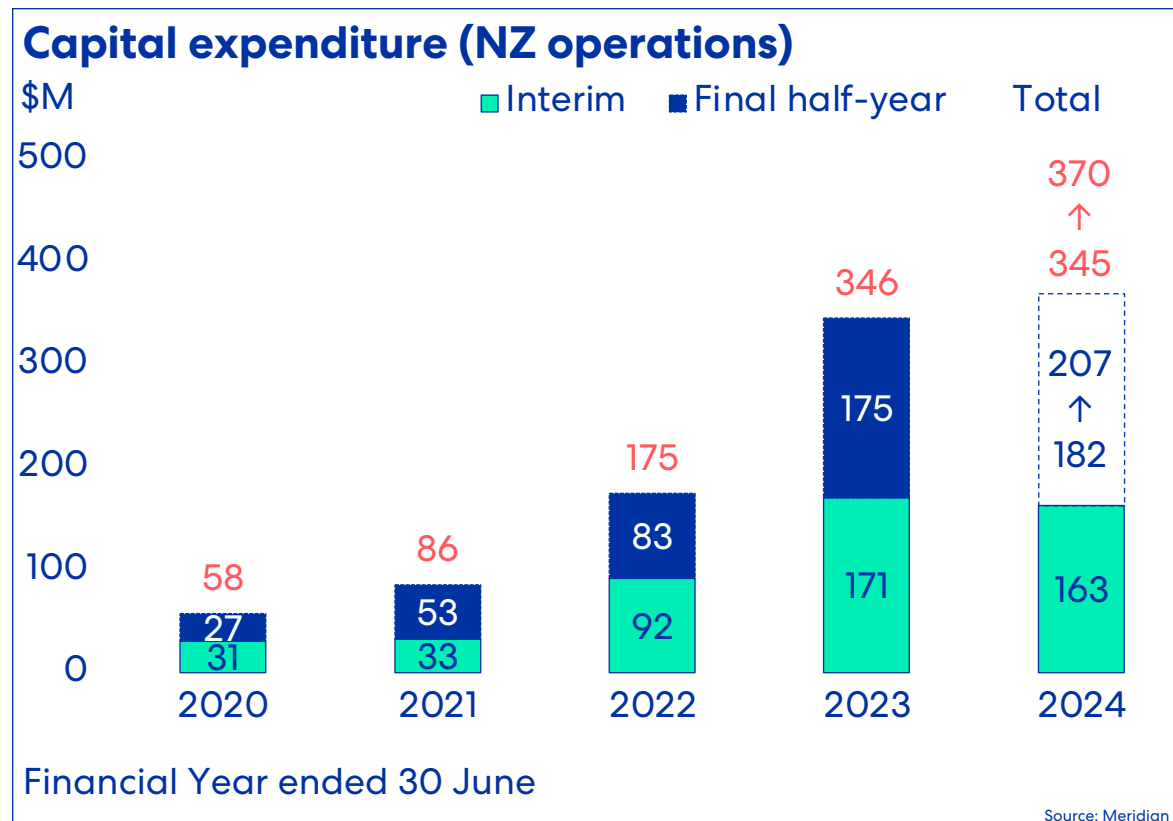
Total Cash Costs

FY24 Cost Guidance		
Generation	Flux	Total
	\$18M	\$276M - \$282M
		\$70M - \$75M
		\$275M - \$295M
<b>Total Capital Expenditure</b>		<b>\$345M - \$370M</b>
<b>Total Cash Costs</b>	\$95M - \$100M	



# Capital expenditure

- Capital expenditure of \$163M in 1H FY24
- Expecting lower FY24 capital expenditure of between \$345M and \$370M (previously \$420M-\$445M)
  - \$70M to \$75M of stay in business capex
  - \$275M to \$295M of currently approved investment spend
- Generation cash costs of \$48M in 1H FY24, 20% higher than 1H FY23
- Expected FY24 generation cash costs of \$95M to \$100M (previously \$90M-\$95M)



# Below EBITDAF

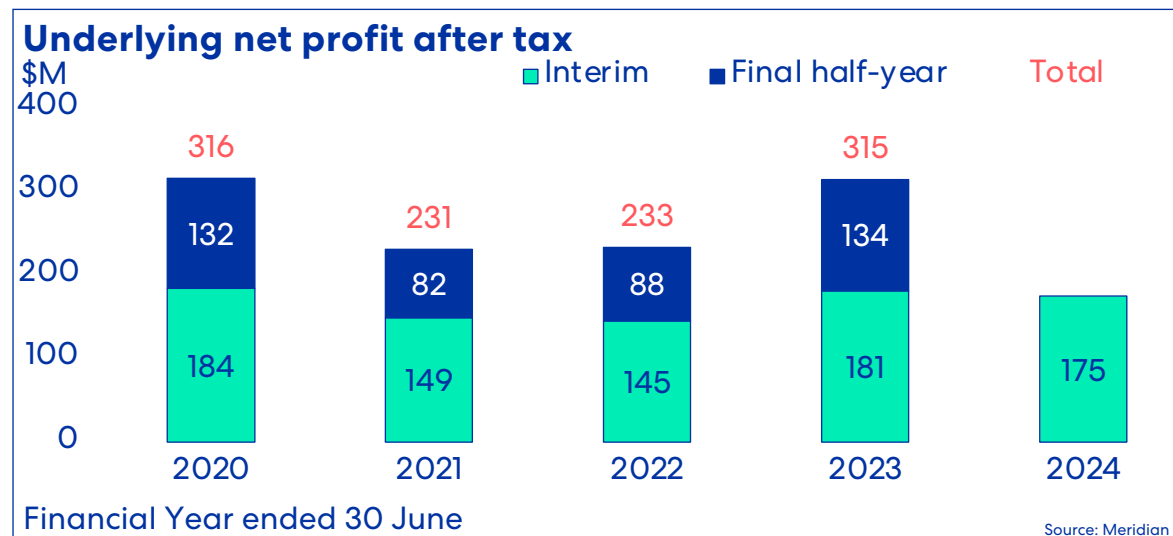
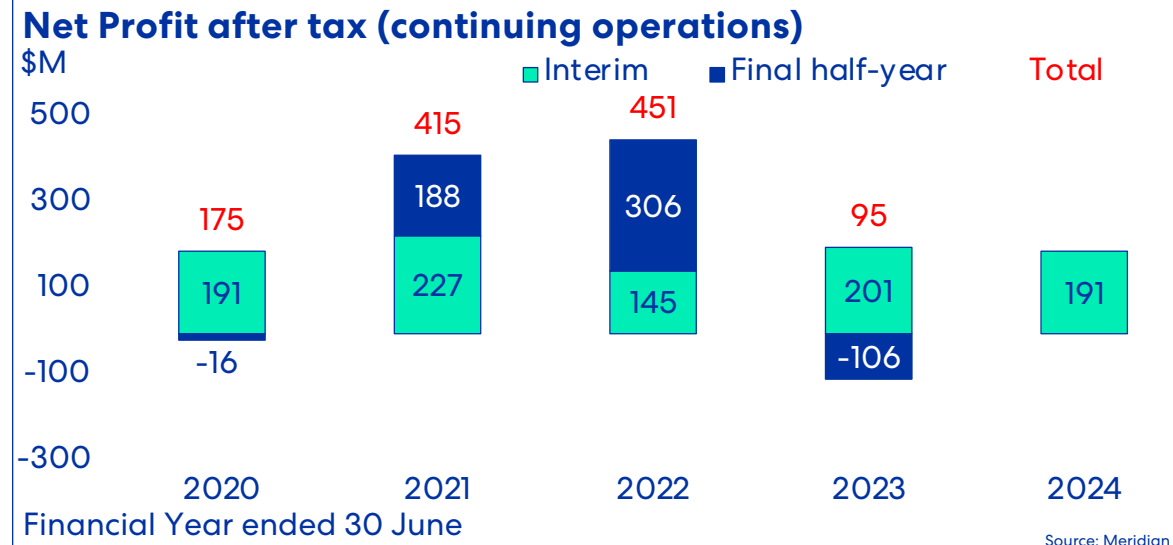
- \$11M increase in NPBT<sup>3</sup> from fair value of energy hedges from changes in forward electricity prices (\$5M decrease in 1H FY23)
- \$13M decrease in NPBT from fair value of treasury instruments from changes in wholesale interest rates (\$32M increase in 1H FY23)
- \$2M net impairment gain on reversal of June 2023 NZU writedown
- \$9M gain from refund of Australian stamp duty
- Resulted in a \$10M (-5%) decrease in NPAT<sup>4</sup>
- \$6M (-3%) decrease in Underlying NPAT<sup>5</sup> largely from higher depreciation and amortisation offsetting higher earnings and lower interest costs

<sup>3</sup>Net profit before tax from continuing operations

<sup>4</sup>Net profit after tax from continuing operations

<sup>5</sup>Net profit after tax adjusted for the effects of unrealised changes in fair value of hedges, electricity option premiums and other non-cash items and their tax effects.

A reconciliation of NPAT to Underlying NPAT is on page 39

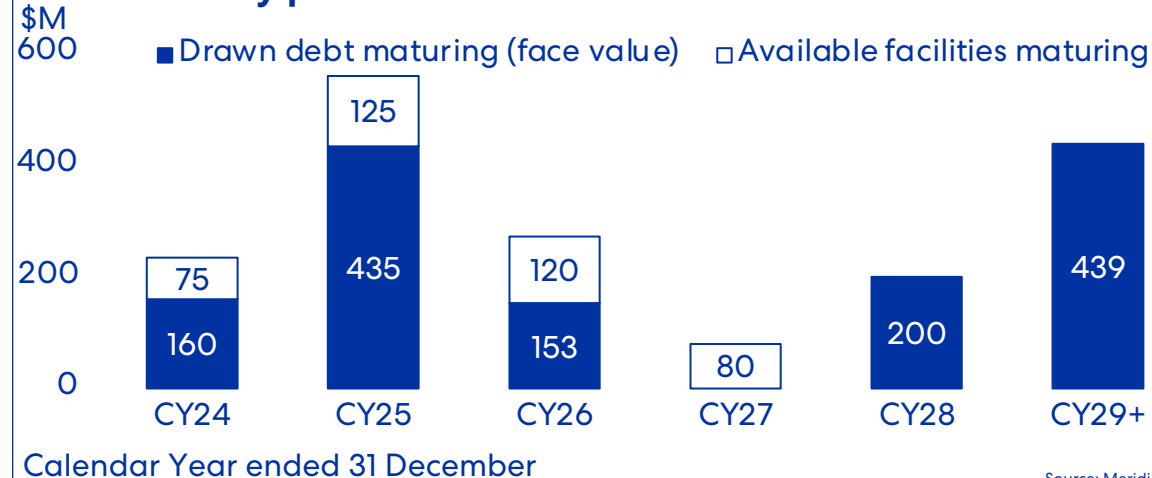


# Debt and funding

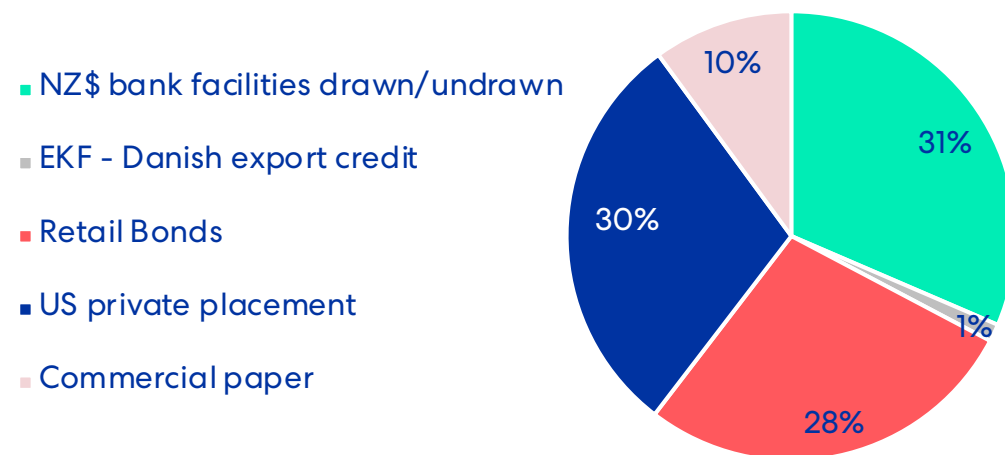
- December 2023 total borrowings of \$1,391M<sup>6</sup>
- Total funding facilities of \$1,986M, of which \$601M were undrawn
- All facilities classified under Meridian's Green Finance Programme
- Net debt to EBITDAF at 1.3x (1H FY23: 1.6x)
- Credit rating maintained at BBB+/Stable
- Meridian is currently considering a new green bond offer. Full offer details are expected to be released on 11 March 2024

<sup>6</sup>Including \$10M fair value adjustment

**Debt maturity profile as at 31 December 2023**

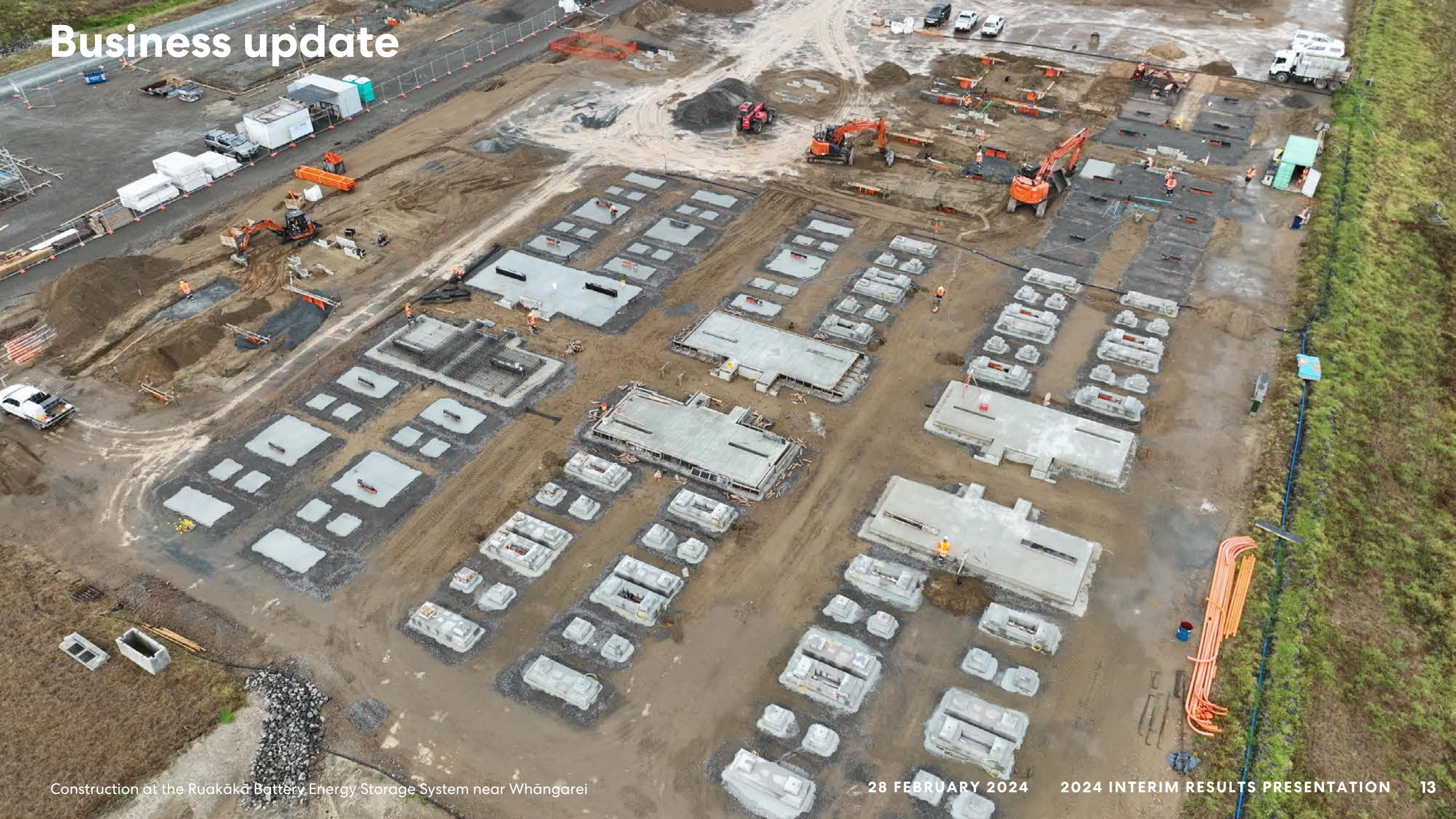


**Sources of Funding - 31 December 2023**





# Business update





# Customers

- Developing a new approach to retail
  - Energy landscape is evolving quickly
  - Technology rapidly creating new options for customers to interact with energy
  - Transformation with accelerated electrification and a digital first retail environment



Meridian has built New Zealand's second largest EV charging network with 260 charge points now installed



# Process heat electrification

- Process heat volume expanded to 891GWh of MoU and contracted load
- Partnership with Open Country Dairy to replace its existing coal boiler with a 13MW electric boiler at their Awarua facility near Invercargill
- Includes a 27MW demand flexibility agreement
- Fonterra has announced it will install a 20MW electrode boiler at its Edendale site in Southland, partnering with Meridian for electricity supply



Fonterra's Edendale site in Southland

# Renewable construction

## Harapaki wind farm

- 20 turbines commissioned
- On track for full power in September 2024, inside the \$448M capital budget

## Ruakākā Battery Energy Storage System

- First battery containers arrived last month
- Completion expected in last quarter of 2024, at the \$186M capital budget



Completed string of turbines at the Harapaki wind farm in Hawkes Bay



Ruakākā battery shipment arriving at Northport near Whāngarei

# Renewable development pipeline

- Joint venture signed with NZ Windfarms to repower and extend the Te Rere Hau wind farm
- Final investment decision expected in Q2 2025, project completion expected in Q4 2027
- Mt Munro wind farm consent in progress, project completion expected in mid 2027
- Ruakākā solar farm consent application submitted, project completion expected in early 2026
- Waitaki consenting application submitted
- Consent preparation underway on a large-scale Taranaki wind farm option
- MoU signed with Parkwind for the exploration of offshore wind generation



Existing turbines at the Te Rere Hau wind farm in the Tararua Ranges, outside of Palmerston North



# Renewable development pipeline

- 4.9GW (11TWh) of development options
- 2.1GW secured, 2.8GW in advanced prospects



## Wind

Total 1.7GW

Te Rere Hau  
(170MW)

Mt Munro  
(90MW)

Taranaki  
(300MW)

Manawatū  
(200MW)

Secured options (170MW)  
Advanced prospects (750MW)

## Solar

Total 3.1GW

Ruakākā  
(120MW)

Swannanoa  
(130MW)

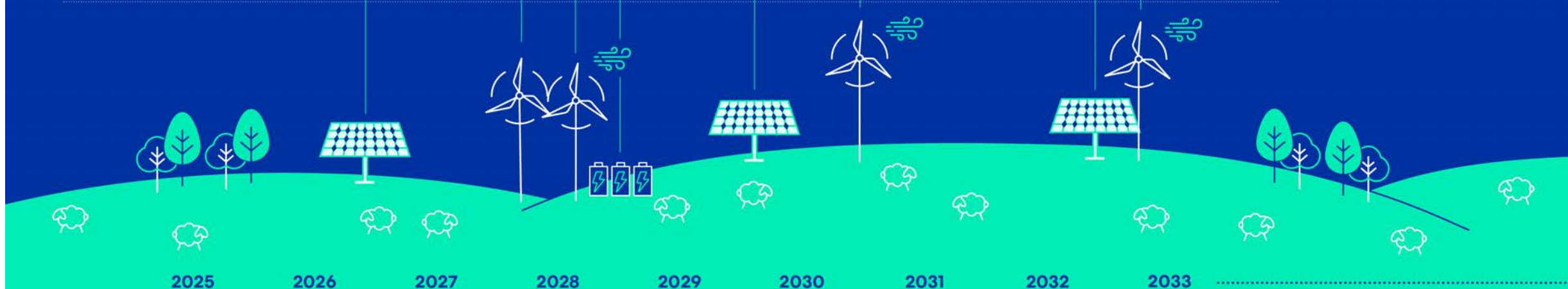
Taranaki  
(150MW)

Secured options (1,200MW)  
Advanced prospects (1,500MW)

## Battery storage

Total 0.1GW

Manawatū  
(100MW)



# Energy policies from the new coalition government

## Energy policy

- Cease work on Onslow pumped hydro
- Repeal offshore oil and gas exploration ban
- Net Zero by 2050 reiterated with doubling of renewable electricity included

## Climate change

- Stop the current review of Emissions Trading Scheme
- Maintain separate approaches to methane and carbon dioxide emissions
- Cease further GIDI funding and remove clean car discounts and the 'ute tax'
- Accelerate EV infrastructure investment including a nationwide public charging network



Lake Benmore in the Waitaki Valley

# Energy policies from the new coalition government

## Hydrogen and other fuels

- Plan for transitional low carbon fuels including hydrogen infrastructure
- A Hydrogen National Policy Statement to be introduced to provide investment certainty

## Resource Management Act (RMA) reform

- Repeal Natural and Built Environment and Spatial Planning Acts
- Establish a streamlined consenting and permitting process for significant projects
- Replace the RMA with new resource management laws designed to make new infrastructure consenting easier
- Establish a National Infrastructure Agency

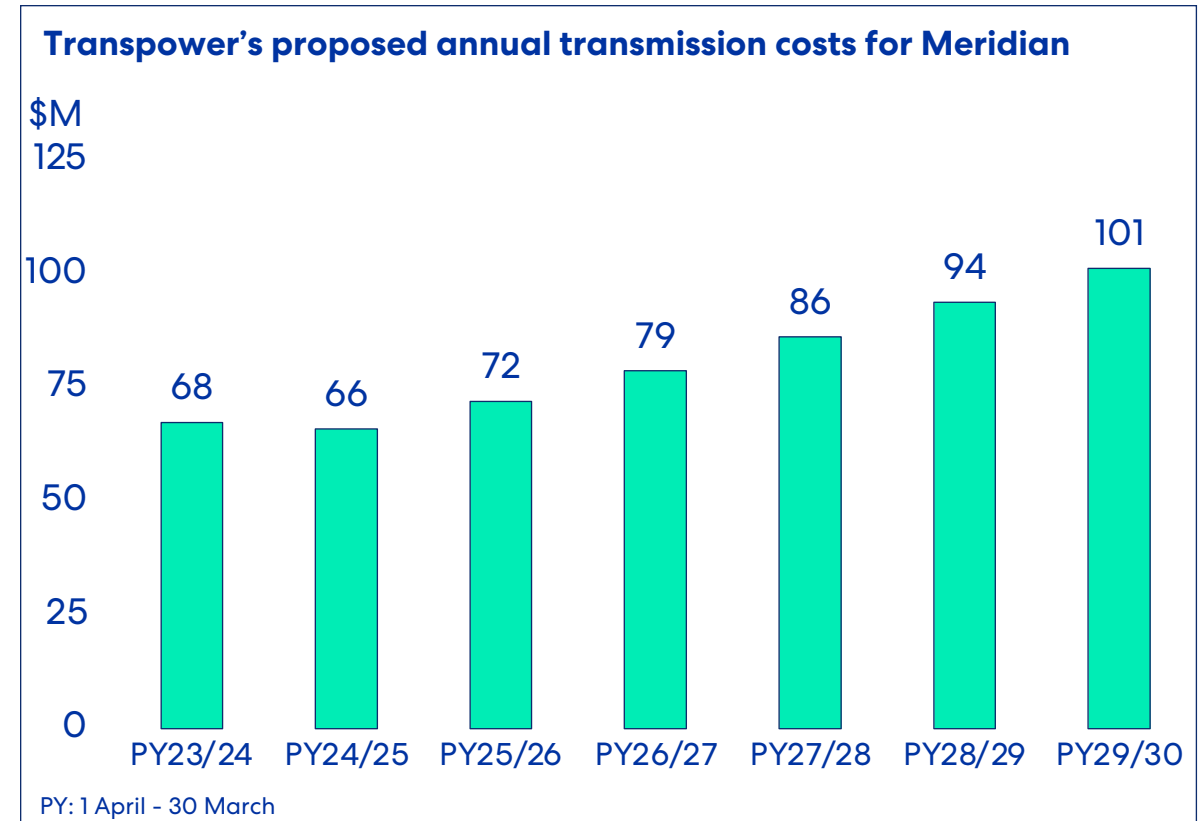


West Wind farm near Wellington



# Transmission costs

- Transpower submitted its next 5-year work plan proposal (RCP4, 2025-2030) to the Commerce Commission in November 2023
- In December 2023, the Commerce Commission made a determination to index Transpower's regulatory asset base from the start of RCP4
- This determination reduces the level of transmission cost increases originally proposed by Transpower
- Proposed cost increases are still significant: annual increases for Meridian +\$34M (+50%) and NZAS +\$20M (+44%) by 2030
- Commerce Commission will investigate Transpower's asset health and network risk modelling
- Commerce Commission's final determination is due in November 2024



Source: Transpower

# NZAS termination – portfolio response





# Closing comments

- Higher customer sales again underpinned the financial result
- Decarbonisation of agricultural processing is gaining momentum
- Construction projects progressing on time and budget
- Waitaki catchment reconsenting application submitted
- Mt Munro wind and Ruakākā solar consent lodged
- Investment decision on New Zealand's first wind repowering project expected in mid 2025



Blade transportation at Meridian's Harapaki wind farm



# Questions





# Additional information



# Segment results

- Flux Federation included in 'other and unallocated' segment

\$M	<u>Wholesale</u>		<u>Retail</u>		<u>Other &amp; unallocated</u>		<u>Inter-segment</u>		<u>Total</u>	
	1H FY24	1H FY23	1H FY24	1H FY23	1H FY24	1H FY23	1H FY24	1H FY23	1H FY24	1H FY23
Contracted sales	296	226	670	600	-	-	-	-	966	826
Cost to supply customers	(1,334)	(541)	(660)	(503)	-	-	729	521	(1,265)	(523)
Net cost of hedging	51	(68)	-	-	-	-	-	-	51	(68)
Generation spot revenue	885	371	-	-	-	-	-	-	885	371
Inter-segment electricity sales	729	521	-	-	-	-	(729)	(521)	-	-
Virtual asset swap margins	(3)	(4)	-	-	-	-	-	-	(3)	(4)
Other market revenue/(costs)	(5)	(5)	-	1	-	-	-	-	(5)	(4)
<b>Energy margin</b>	<b>619</b>	<b>500</b>	<b>10</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>629</b>	<b>598</b>
Other revenue	2	1	9	8	10	13	(5)	(8)	16	14
Hosting expense	-	-	-	-	(2)	-	-	-	(2)	-
Energy transmission expense	(36)	(41)	-	-	-	-	-	-	(36)	(41)
Energy metering expense	-	-	(25)	(23)	-	-	-	-	(25)	(23)
<b>Gross margin</b>	<b>585</b>	<b>460</b>	<b>(6)</b>	<b>83</b>	<b>8</b>	<b>13</b>	<b>(5)</b>	<b>(8)</b>	<b>582</b>	<b>548</b>
Employee expenses	(16)	(13)	(18)	(18)	(32)	(29)	-	-	(66)	(60)
Other operating expenses	(35)	(29)	(19)	(17)	(23)	(20)	4	3	(73)	(63)
Operating expenses	(51)	(42)	(37)	(35)	(55)	(49)	4	3	(139)	(123)
<b>EBITDAF</b>	<b>534</b>	<b>418</b>	<b>(43)</b>	<b>48</b>	<b>(47)</b>	<b>(36)</b>	<b>(1)</b>	<b>(5)</b>	<b>443</b>	<b>425</b>

# Change in presentation of realised energy hedge balances

- From a change in interpretation of NZ IFRS 9
- Previous income statement treatment was as revenue or expenses (hedge energy sales or purchases)
- Realised energy hedge balances now included in the net change in fair value of energy hedges
- EBITDAF no longer included in the income statement, still included in the segment earnings statement

Six months ended 31 December	2022	2022	2022	2023		2022	2023
Income statement	reported	change	restated	reported	Segment earnings statement		
Energy sales to customers	1,063	0	1,063	1,203	Energy margin	598	629
Generation revenue	452	(59)	393	892	Other revenue	14	16
Energy related services revenue	5	0	5	5	Energy transmission expense	(41)	(36)
Other revenue	9	0	9	11	Hosting expenses	(2)	(2)
<b>Total operating revenue</b>	<b>1,529</b>	<b>(59)</b>	<b>1,470</b>	<b>2,111</b>	Energy metering expense	(23)	(25)
Energy expenses	(570)	95	(475)	(1,136)	<b>Gross margin</b>	<b>546</b>	<b>582</b>
Energy distribution expenses	(347)	0	(347)	(363)	Employee expenses	(60)	(66)
Energy transmission expenses	(41)	0	(41)	(36)	Other operating expenses	(61)	(73)
Hosting expenses	0	(2)	(2)	(2)	<b>EBITDAF</b>	<b>425</b>	<b>443</b>
Electricity metering expenses	(23)	0	(23)	(25)			
Employee expenses	(60)	0	(60)	(66)			
Other expenses	(63)	2	(61)	(73)			
<b>Total operating expenses</b>	<b>(1,104)</b>	<b>95</b>	<b>(1,009)</b>	<b>(1,701)</b>			
Depreciation and amortisation	(144)	0	(144)	(164)			
Impairment of assets	(6)	0	(6)	2			
Gain on sale of assets and investments	0	0	0	9			
realised energy hedges	0	(36)	(36)	33			
unrealised energy hedges	(5)	0	(5)	11			
Net change in fair value of energy hedges	(5)	(36)	(41)	44			
Net finance costs	(23)	0	(23)	(25)			
Net change in fair value of treasury hedges	32	0	32	(13)			
<b>Net profit before tax</b>	<b>279</b>	<b>0</b>	<b>279</b>	<b>263</b>			
Income tax expense	(78)	0	(78)	(72)			
<b>Net profit after tax</b>	<b>201</b>	<b>0</b>	<b>201</b>	<b>191</b>			

# Retail

## Customers

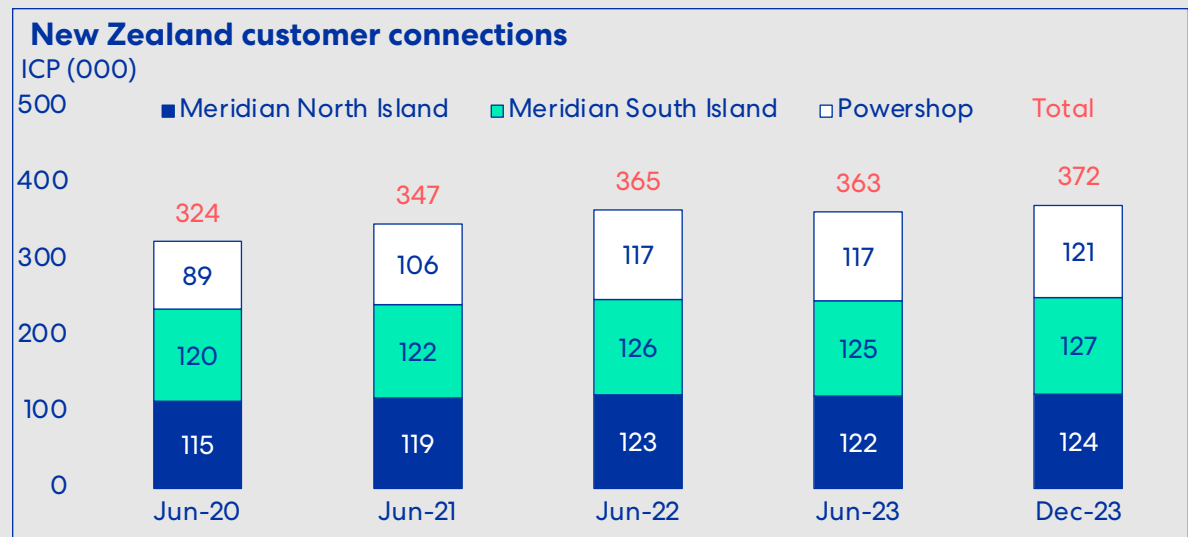
- 2% increase in customers since June 2023

## Residential, business, agri segment

- 1% decrease in residential volumes
- 1% increase in small business volumes
- 9% increase in agri volumes
- 6% increase in large business volumes
- 8% increase in average sales price

## Corporate segment

- 3% increase in volumes
- 9% increase in average sales price





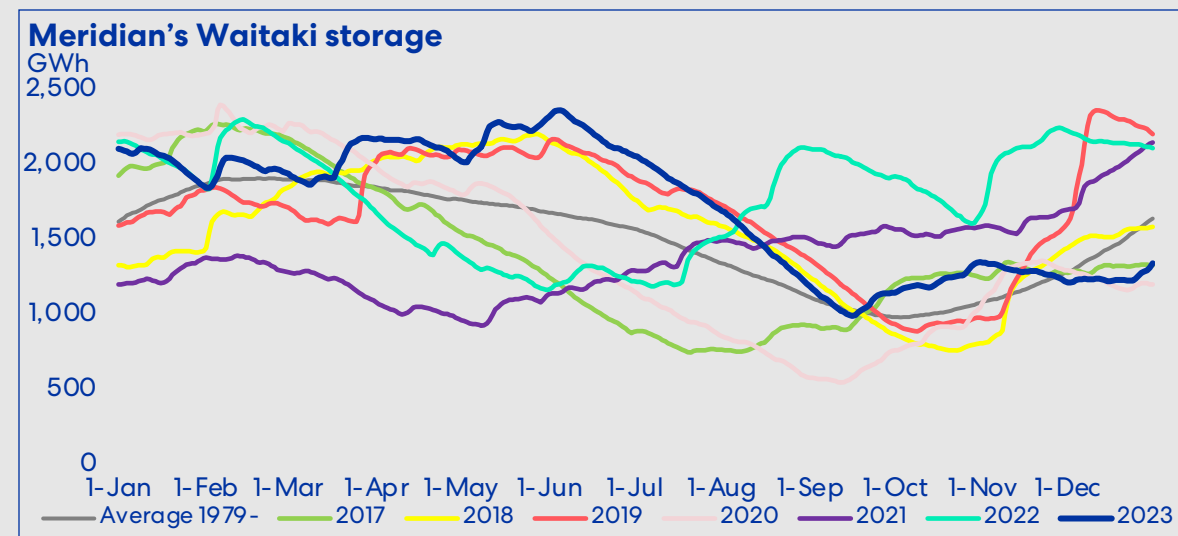
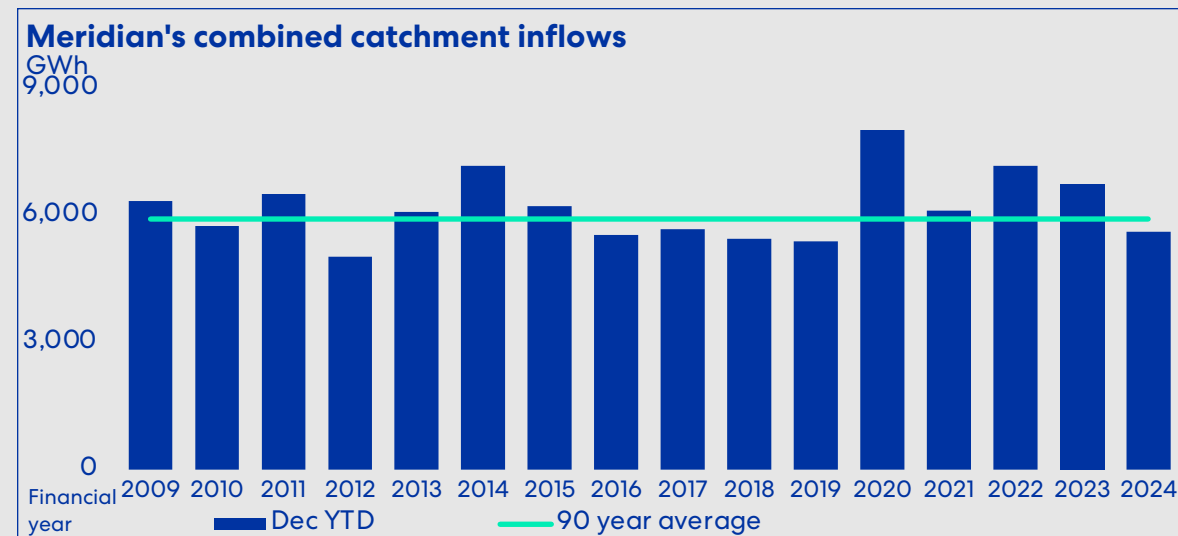
# Hydrology

## Inflows

- 1H FY24 inflows were 95% of average
- January 2024 inflows were 118% of average

## Storage

- Meridian's Waitaki storage at 31 December 2023 was 82% of average
- By 31 January 2024, this position was 93% of average



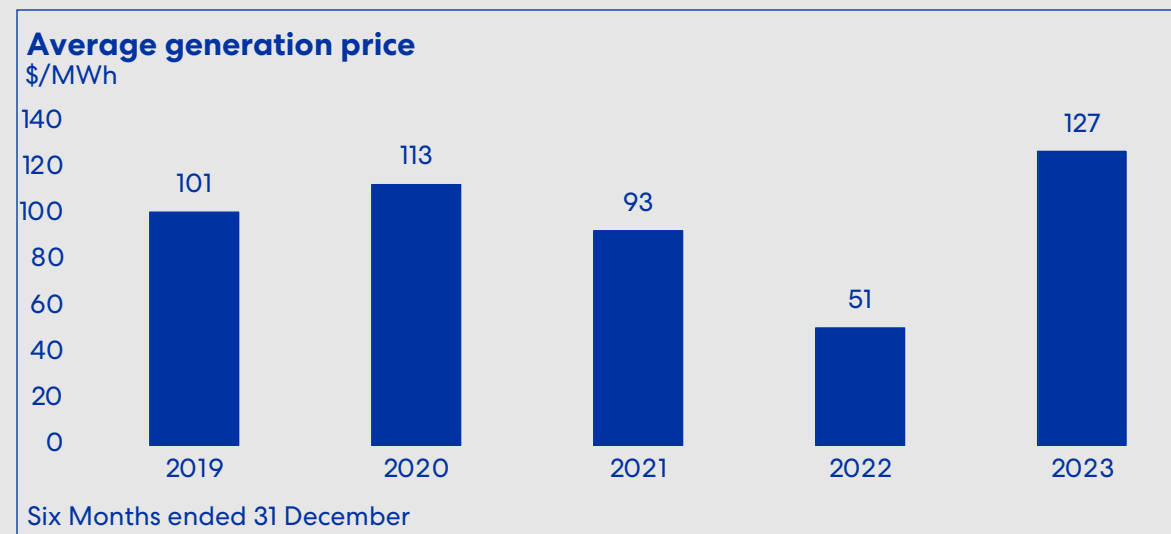
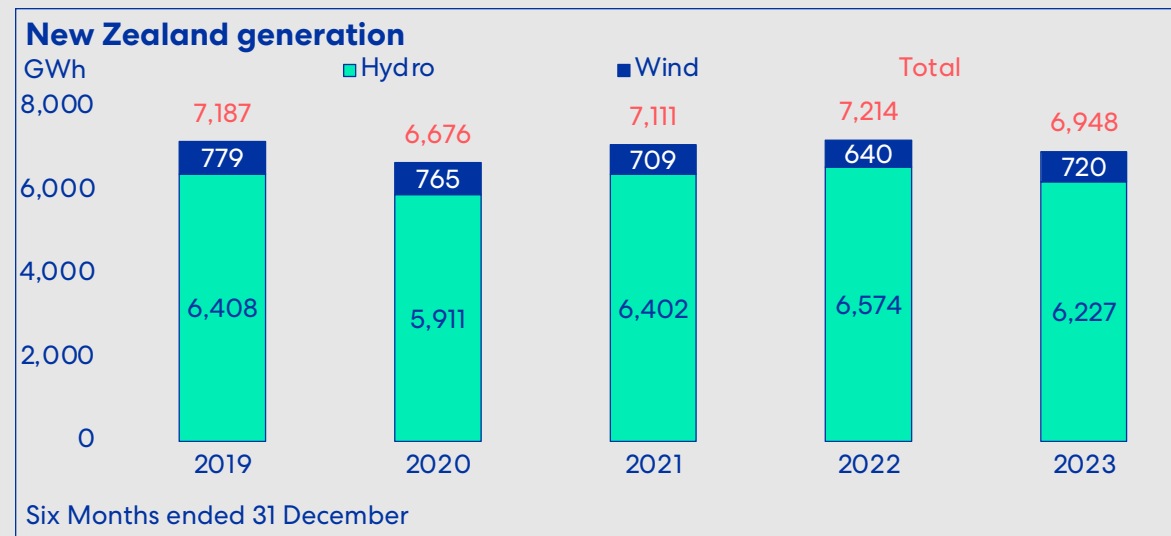
# Generation

## Volume

- 1H FY24 generation was 4% lower than 1H FY23, with lower hydro and higher wind generation

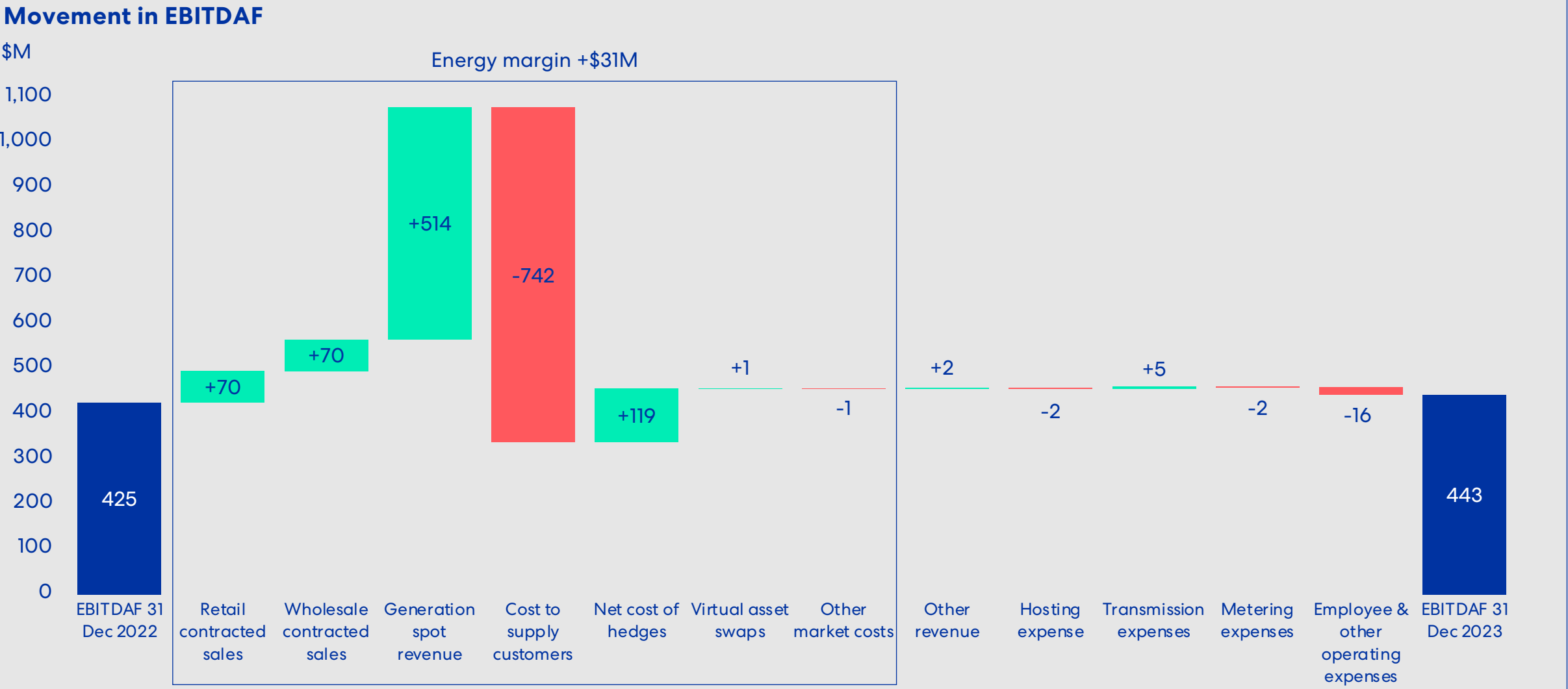
## Price

- 1H FY24 average price Meridian received for its generation was 148% higher than 1H FY23
- 1H FY24 average price Meridian paid to supply customers was 130% higher than 1H FY23

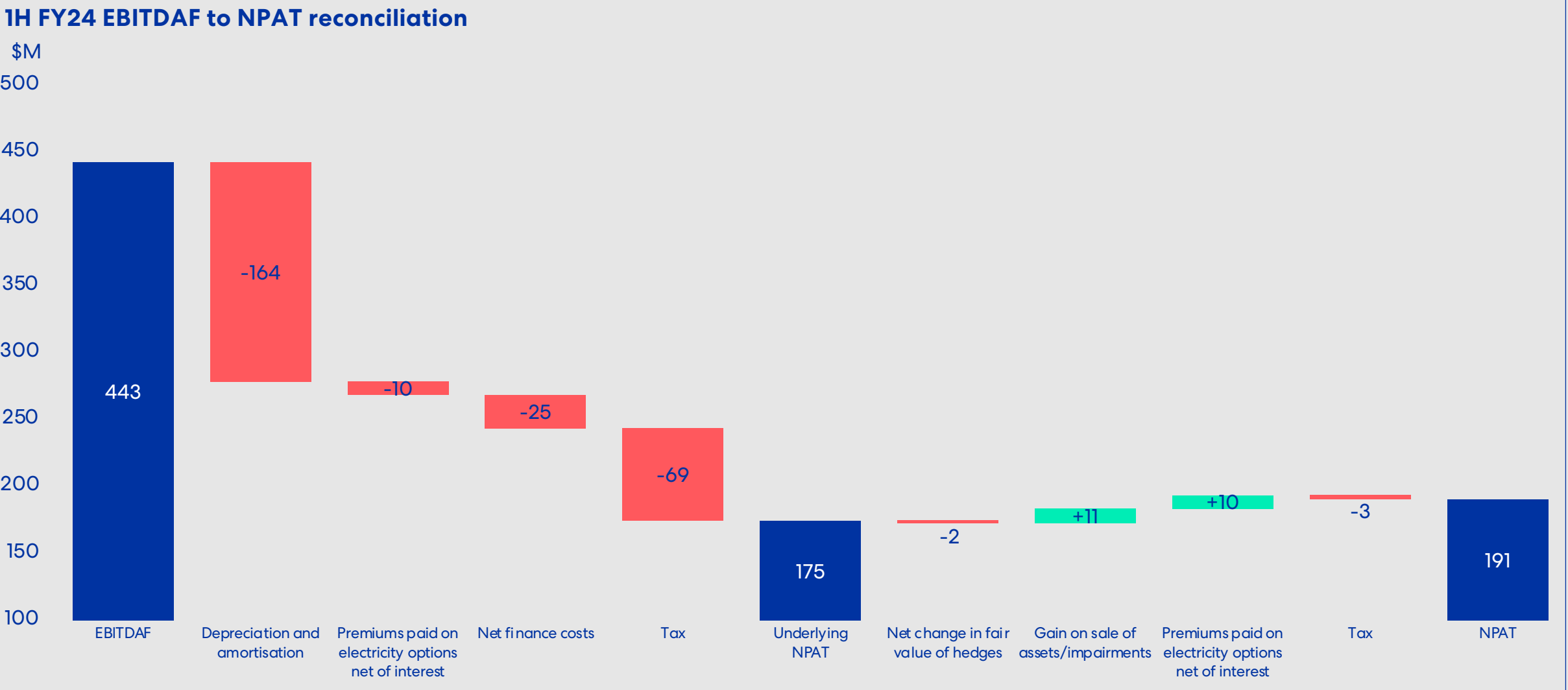




# 1H FY24 EBITDAF



# EBITDAF to NPAT



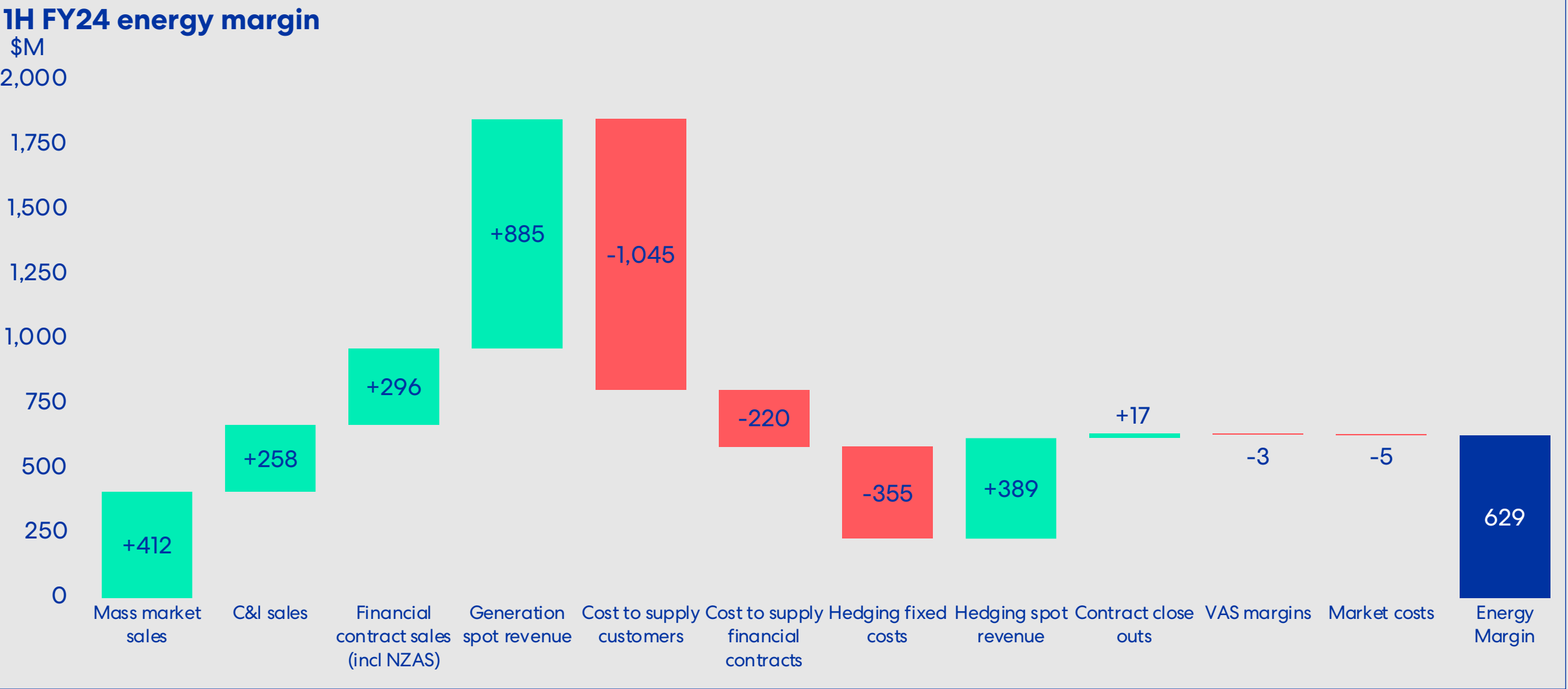
# Energy margin

- 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

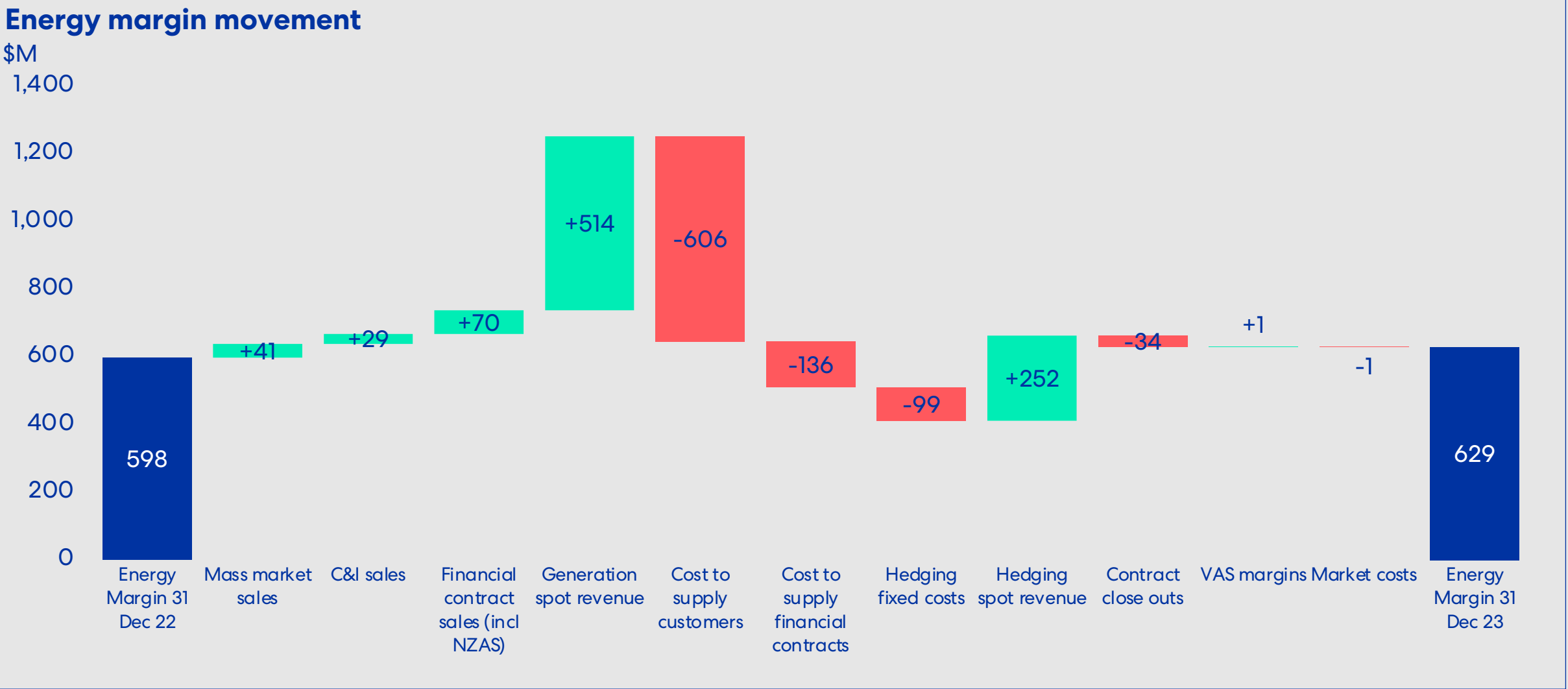
## Defined as

- 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 of 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
- Changes in the realised fair value of energy hedges

# Energy margin



# Energy margin



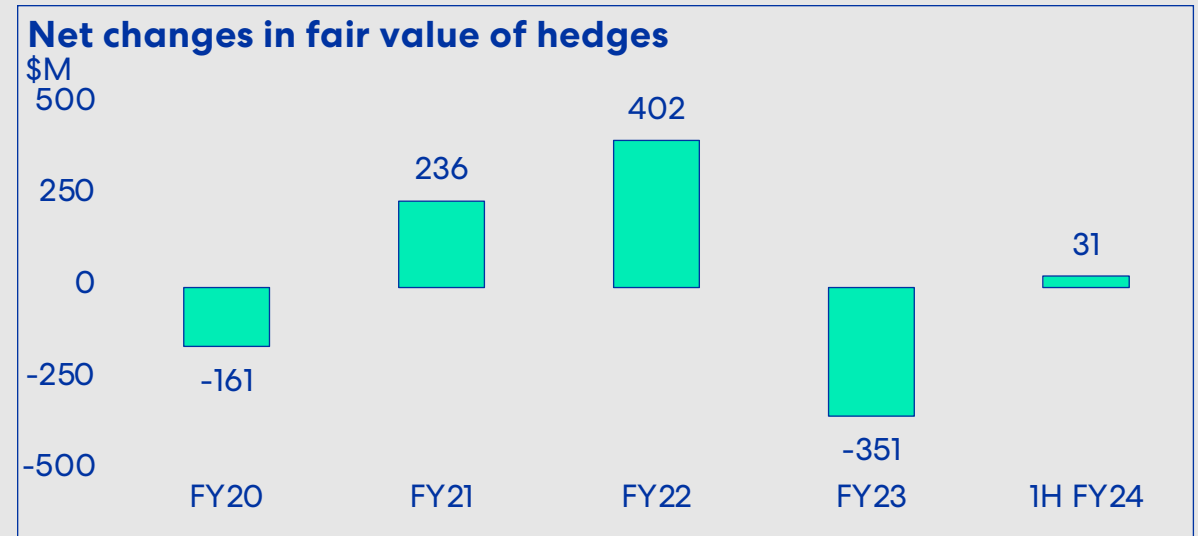


# New Zealand energy margin

	<u>1H FY24</u>			<u>1H FY23</u>		
	Volume	VWAP	NZD M	Volume	VWAP	NZD M
Res, business, agri sales	2,822	\$146	412	2,750	\$135	371
Corporate and industrial sales	1,984	\$130	258	1,920	\$119	229
Retail contracted sales	4,806	\$139	670	4,670	\$128	600
NZAS sales	2,525			2,524		
Financial contract sales	1,763			1,432		
Wholesale contracted sales	4,289	\$69	296	3,956	\$57	226
Cost to supply retail customers	5,108	-\$142	(726)	4,965	-\$63	(312)
Cost to supply wholesale customers	2,525	-\$126	(319)	2,525	-\$50	(127)
Cost of financial contracts	1,763	-\$125	(220)	1,590	-\$53	(84)
Cost to supply customers	9,396	-\$135	(1,265)	9,081	-\$58	(523)
Hedging costs	2,860	-\$124	(355)	2,260	-\$113	(256)
Hedging spot revenue	2,860	\$136	389	2,260	\$60	137
Close-outs			17			51
Net cost of hedging			51			(68)
Hydro generation	6,227			6,574		
Wind generation	720			641		
Generation revenue	6,948	\$127	885	7,214	\$51	371
Virtual asset swap margins			(3)			(4)
Other			(5)			(4)
<b>Energy margin</b>			<b>629</b>			<b>598</b>

# 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
- \$44M increase in NPBT from fair value of energy hedges from changing forward electricity prices (\$41M decrease in 1H FY23)
- \$13M decrease in NPBT from fair value of treasury hedges (\$32M increase in 1H FY23)



# Segment earnings statement

<b><u>Segment earnings statement</u></b>		
<b>Six months ended 31 December</b>	<b>2023</b>	<b>2022</b>
<b>\$M</b>		
New Zealand energy margin	629	598
Other revenue	16	14
Hosting expense	(2)	-
Energy transmission expense	(36)	(41)
Electricity metering expenses	(25)	(23)
Employee and other operating expenses	(139)	(123)
<b>EBITDAF</b>	<b>443</b>	<b>425</b>
Depreciation and amortisation	(164)	(144)
Impairment of assets	2	(6)
Gain/(loss) on sale of assets	9	-
Net change in fair value of energy hedges	11	(5)
Net finance costs	(25)	(23)
Net change in fair value of treasury hedges	(13)	32
<b>Net profit before tax</b>	<b>263</b>	<b>279</b>
Income tax expense	(72)	(78)
<b>Net profit after tax</b>	<b>191</b>	<b>201</b>

# Underlying NPAT reconciliation

<b><u>Underlying net profit after tax</u></b>		
<b>Six months ended 31 December</b>	<b>2023</b>	<b>2022</b>
<b>\$M</b>		
Net profit after tax	191	201
Underlying adjustments		
<b><u>Hedging instruments</u></b>		
Net change in fair value of energy hedges	(11)	5
Net change in fair value of treasury hedges	13	(32)
Premiums paid on electricity options net of interest	(10)	(9)
<b><u>Assets</u></b>		
(Gain)/loss on sale of assets	(9)	-
Impairment of assets	(2)	6
Total adjustments before tax	(19)	(30)
<b><u>Taxation</u></b>		
Tax effect of above adjustments	3	10
<b>Underlying net profit after tax</b>	<b>175</b>	<b>181</b>

# Cash flow statement

<b>Cash flow statement</b>		
<b>Six months ended 31 December</b>	<b>2023</b>	<b>2022</b>
<b>\$M</b>		
Receipts from customers	2,044	1,637
Interest received	6	6
Payments to suppliers and employees	(1,605)	(1,253)
Interest paid	(38)	(33)
Income tax paid	(104)	(92)
<b>Operating cash flows</b>	<b>303</b>	<b>265</b>
Purchase of property, plant and equipment	(143)	(136)
Purchase of intangible assets and investments	(12)	(8)
Purchase of other assets	(11)	-
<b>Investing cash flows</b>	<b>(166)</b>	<b>(144)</b>
Borrowings drawn	167	-
Borrowings repaid	(5)	(5)
Shares purchased for long term incentive	(2)	-
Lease liabilities paid	(1)	(3)
Dividends	(287)	(278)
<b>Financing cash flows</b>	<b>(128)</b>	<b>(286)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>9</b>	<b>(165)</b>
Cash and cash equivalents at beginning of the six months	212	363
<b>Cash and cash equivalents at end of the six months</b>	<b>221</b>	<b>198</b>



# Balance sheet

<b>Balance sheet</b>		
<b>Six months ended 31 December</b>	<b>2023</b>	<b>2022</b>
<b>\$M</b>		
Cash and cash equivalents	221	198
Trade receivables	458	259
Customer contract assets	13	14
Financial instruments	225	291
Other assets	42	48
<b>Total current assets</b>	<b>959</b>	<b>810</b>
Property, plant and equipment	9,031	8,587
Intangible assets	80	82
Financial instruments	118	354
Other assets	11	-
<b>Total non-current assets</b>	<b>9,240</b>	<b>9,023</b>
Payables, accruals and employee entitlements	514	305
Customer contract liabilities	15	12
Current portion of term borrowings	382	159
Current portion of lease liabilities	3	3
Financial instruments	63	84
Current tax payable	44	36
<b>Total current liabilities</b>	<b>1,021</b>	<b>599</b>
Borrowings	1,009	959
Deferred tax	2,071	2,118
Lease liabilities	28	25
Financial instruments	102	112
Term payables	83	50
<b>Total non-current liabilities</b>	<b>3,293</b>	<b>3,264</b>
<b>Net assets</b>	<b>5,885</b>	<b>5,970</b>

# 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	number of installation control points, excluding vacants
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 <a href="http://www.emi.ea.govt.nz">www.emi.ea.govt.nz</a>
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
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mercury New Zealand. They do not result in the physical supply of electricity

# Disclaimer

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

The information contained in this presentation should be considered in conjunction with the company's condensed financial statements for the six months ended 31 December 2023, available at:

[www.meridianenergy.co.nz/about-us/investors](http://www.meridianenergy.co.nz/about-us/investors)

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



# Right. Now.



**Meridian.**

**Meridian Energy Limited. Investor Letter.**  
For the six months ended 31 December 2023.

28 FEBRUARY 2024.



Today we are reporting net profit after tax of \$191 million for the six months ended 31 December 2023. This is \$10 million (5%) lower than the same period last year.

Our operating earnings (EBITDAF<sup>1</sup>) of \$443 million, increased by \$18 million (4%) over the same period last year, benefiting from higher retail and wholesale sales.

The Board has announced an interim ordinary dividend of 6.15 cents per share, 3% 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 14 March 2024. Shareholders are reminded outcomes from discussions with the owners of the Tiwai Point aluminium smelter on a potential contract beyond 2024 remain uncertain. The interim dividend will be paid and new shares issued under the reinvestment plan on 26 March 2024.

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.

Some key highlights of the first six months of this financial year are outlined below. If you'd like more information about our financial performance during this period, the full financial commentary is available at [meridianenergy.co.nz/about-us/investors/reports/interim-results-and-reports](https://meridianenergy.co.nz/about-us/investors/reports/interim-results-and-reports)



Neal Barclay,  
Chief Executive

Mark Verbiest,  
Chair

## Waitaki reconsenting

In July 2023 we submitted a reconsenting application to secure the generation outputs from the portion of the Waitaki Power Scheme (WPS) that we own and will operate for the next 35 years. Meridian and Genesis are owners and operators of the power stations making up the WPS, and the existing consent conditions for both companies expire in April 2025.

The scheme accounts for around 18% of Aotearoa's electricity and, more importantly, around 67% of the country's average hydro-

electricity storage. This means the continued operation of the scheme is critical for all electricity users.

The flexibility this scheme provides will also play a key role in New Zealand's continued electrification to combat the impacts of climate change, by enabling further growth of intermittent wind and solar electricity generation. The more wind and solar generation that is built, the more storage in our lakes can be used for peak or dry periods.

Together with Genesis, we are building a strong partnership with Waitaki Rūnaka (Moeraki,

Waihao and Arowhenua), as the representatives of mana whenua Ngāi Tahu Whānui, and the Department of Conservation for the long-term health of the catchment. This includes support for the reconsenting application and operation of the scheme for the next 35 years.

The reconsenting process still needs to run its course and we are reassured we have strong endorsement and support from iwi and the key parties in the region.

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



## Renewable construction

We are now generating power from our latest wind farm development, Harapaki, in the Hawke's Bay. The first turbine of the 41-turbine wind farm began production in November 2023, with the remaining turbines being switched on progressively as we work towards full power by September 2024.

When completed, the wind farm, located north of Napier on SH5 in the Maungaharuru Range, will have 176MW of generation capacity – enough to power the equivalent of 70,000 households. The progress of the project has been pleasing given the devastation local communities suffered during Cyclone Gabrielle.

Construction is also well underway at our Ruakākā Battery Energy Storage System (BESS). The project will deliver 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 will offer 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, further reducing this country's reliance on fossil fuels.

The project is on track for completion late this year.

## Renewable development

**Meridian is also continuing to progress its pipeline of renewable development options.**

In May 2023 we lodged consent for our 90MW Mt Munro wind farm in the Wairarapa.

We will also expand our operations at Ruakākā, with plans for a 120MW grid scale solar farm. Consent for the solar farm was lodged in September 2023.

In October 2023, Meridian reached agreement with NZ Windfarms to form a joint venture to repower and extend the Te Rere Hau wind farm, located near Palmerston North on the Tararua Ranges. This will be New Zealand's first wind farm repowering project and has the potential to generate seven times the annual renewable energy production of the existing wind farm. The project involves the design, construction and operation of up to 39 new turbines with generation capacity of up to 170 MW.

Consent preparation work is underway on a large-scale, onshore wind development option in Taranaki. Separately, in October 2023 Meridian and Europe-based Parkwind signed a memorandum of understanding for the exploration of offshore wind generation in New Zealand waters, focused principally off the Taranaki coast.

▼ Construction at the Ruakākā Battery Energy Storage System, near Whāngārei.





▲ Open Country Dairy's Awarua facility, near Invercargill.

## Customers

In the six months ended 31 December 2023, Meridian has seen retail sales volumes increase by 3%. Sales volumes in small/medium business, large business, agricultural and corporate segments in the six months to December 2023 grew by 1%, 6%, 9% and 3% respectively compared to the same period last year. Residential volumes were 1% lower than last year.

Meridian's Process Heat Electrification Programme has continued to gain momentum, supporting customers to switch from coal or gas boilers to those utilising electricity. In October 2023 we announced a partnership with Open Country Dairy, supporting replacement of their existing coal boiler with a high-pressure electric boiler. This change will result in a massive reduction of 41,110 tCO<sub>2</sub>e annually. In January 2024 we announced

a partnership with Fonterra that will see the company install a 20-megawatt electrode boiler at its Edendale site in Southland.

Fonterra's investment will reduce the Edendale site's emissions by around 20% or 47,500 tonnes of CO<sub>2</sub>e per annum – the equivalent of taking almost 20,000 cars off New Zealand roads.

Meridian also has a number of other process heat deals under negotiation.



## Hydrology

During the six months ended 31 December 2023, hydro inflows were 95% of average, with catchment storage levels at the end of January 2024 remaining slightly below average. Strong El Niño climate conditions are prevalent and expected to persist through into autumn, albeit with more variable rainfall patterns.

## Transmission costs

The complexity of operating the power system is expected to grow, with more diverse, distributed, and intermittent sources of both generation and load in the future.

In late 2023, Transpower submitted its next five-year work plan proposal for the period through to 2030. Transpower's plan highlights an ageing transmission grid, with significant volumes of assets requiring replacement or refurbishment within the next 10 to 15 years.

If approved, the result is potentially substantial transmission cost increases in the future, supporting significant proposed investment by Transpower. A final decision on Transpower's proposed work plan is expected from the Commerce Commission in November 2024.

## Concluding comments

We continue to focus on building new renewable generation to support the increased electrification needed to help Aotearoa New Zealand achieve its climate goals and reduce reliance on fossil fuels.

We are moving forward on our new customer approach that focuses on energy wellbeing and new solutions in transport, distributed generation and storage (e.g. rooftop solar with batteries), process heat and demand flexibility. A supportive consenting regime, strong partnerships and timely investment in transmission and distribution are critical to this country's future success.

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.

▼ Transmission lines in Southland.





# Meridian.

The Power to  
Make a Difference.

► Turbine construction at the Harapaki wind farm in Hawke's Bay.

# Financial Commentary.

## Five-year performance

### EBITDAF<sup>1</sup> (continuing operations)

Financial year ended 30 June



### Net Profit after Tax (continuing operations)

Financial year ended 30 June



### Underlying NPAT<sup>2</sup>

Financial year ended 30 June



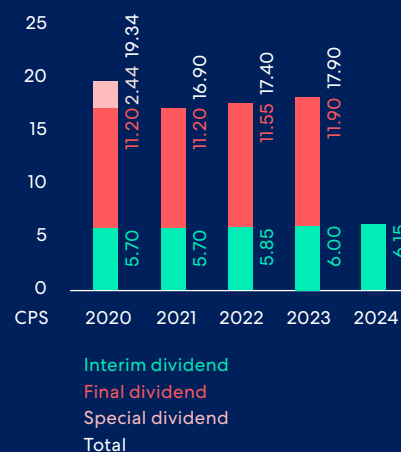
### Operating cash flows

Financial year ended 30 June



### Dividend declared

Financial year ended 30 June



### Capital expenditure

Financial year ended 30 June



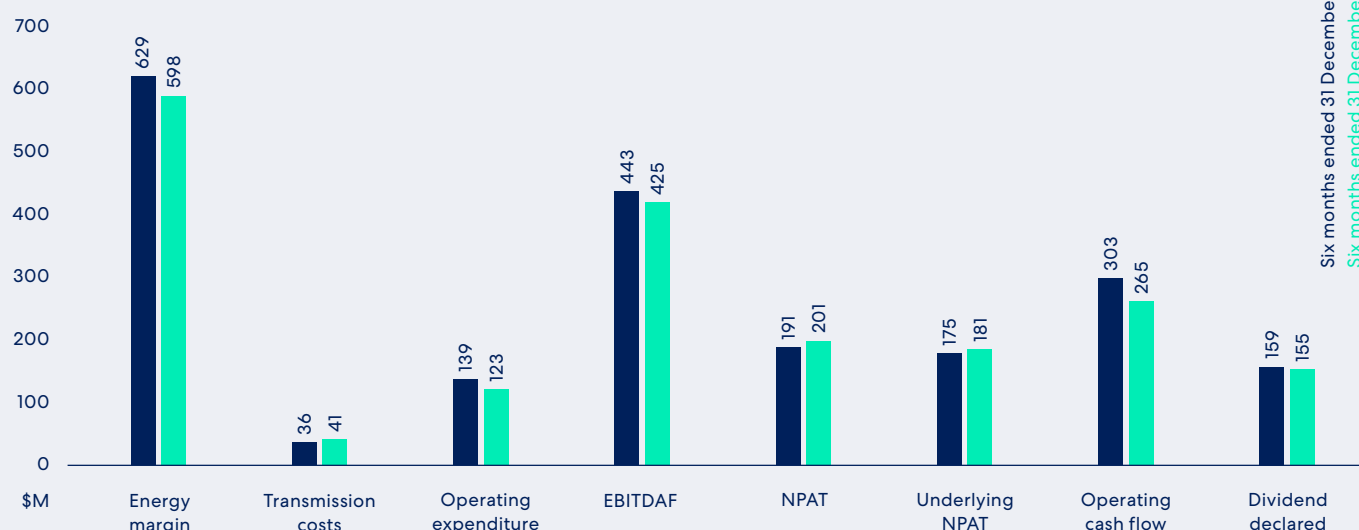
1. EBITDAF is a non-GAAP financial measure of earnings before interest, tax, depreciation, amortisation, unrealised changes in fair value of hedges, impairments and gains and losses on sale of assets.

2. Net profit after tax adjusted for the effects of changes in fair value of unrealised hedges, electricity option premiums and other non-cash items and their tax effects.



# Overview

## Financial performance against prior comparative period



Meridian has reported net profit after tax of \$191 million for the six months ended 31 December 2023, \$10 million (5%) lower than the same period last year. Included in the result is an unrealised loss in the value of hedge instruments amounting to \$2 million (compared with a gain last year of \$27 million). Also included in the result is a \$9 million gain on the sale of assets and investments, from a refund of Australian stamp duty originally paid on the purchase of the Green State Power hydro assets in 2018.

Meridian has reported EBITDAF of \$443 million, \$18 million (4%) higher than the prior corresponding period. Higher retail and wholesale contracted sales and higher average generation prices helped to offset the impacts of lower generation volumes. Those higher wholesale market prices also increased the cost of supplying customers.

The Board has announced an interim ordinary dividend of 6.15 cents per share, 3% higher 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. Shareholders are reminded outcomes from discussions with the owners of the Tiwai Point aluminium smelter on a potential contract beyond 2024 remain uncertain. The interim dividend will be paid, and new shares issued under the reinvestment plan on 26 March 2024.

## Dividends declared

	1H FY2024		1H FY2023	
	cents per share	imputation	cents per share	imputation
Ordinary dividends	6.15	80%	6.00	80%

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



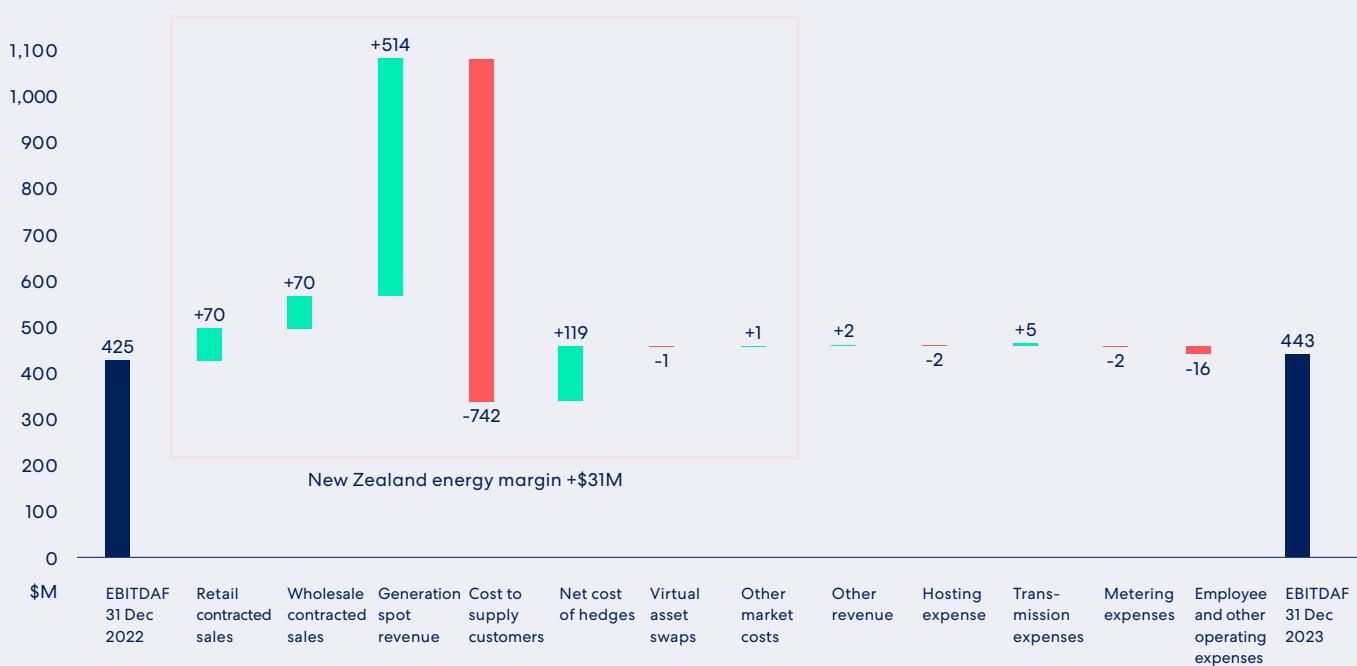
## Cash flows

Operating cash flows were \$303 million for 1H FY2024<sup>2</sup>, \$38 million (14%) higher than 1H FY2023<sup>3</sup>, largely a result of the impacts of higher customer sales and higher wholesale prices, with increases in the amounts of income tax and interest paid during the period.

Total Capital expenditure in 1H FY2024 was \$163 million, of which \$30 million was stay in business capital expenditure. Growth capital expenditure largely reflects the Harapaki wind farm construction in Hawke's Bay and the Ruakākā battery energy storage system.

## Earnings

### Movement in EBITDAF



EBITDAF was \$443 million in 1H FY2024, \$18 million (4%) higher than the same period last year.

2. The six months ended 31 December 2023  
3. The six months ended 31 December 2022



# Energy margin

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

\$M		1H FY2024	1H FY2023
<b>Retail contracted sales revenue</b>	Revenues received from sales to retail customers net of distribution costs (fees to distribution network companies that cover the costs of distribution of electricity to customers)	<b>670</b>	600
<b>Wholesale contracted sales revenue</b>	Sales to large industrial customers and fixed price revenues from derivatives sold	<b>296</b>	226
<b>Costs to supply customers</b>	The volume of electricity purchased to cover contracted customer sales	<b>-1,265</b>	-523
<b>Net hedging position</b>	The fixed cost of derivatives used to manage market risk, net of the spot revenue received from those derivatives	<b>51</b>	-68
<b>Generation spot revenue</b>	Revenue from the volume of electricity that Meridian generates	<b>885</b>	371
<b>Net VAS revenue</b>	The net revenue position of virtual asset swaps (VAS) with Genesis Energy and Mercury New Zealand	<b>-3</b>	-4
<b>Other</b>	Other associated market revenues and costs including Electricity Authority levies and ancillary generation revenues such as frequency keeping)	<b>-5</b>	-4
<b>Total New Zealand energy margin</b>		<b>629</b>	<b>598</b>

Energy margin was \$629 million in 1H FY2024, \$31 million (5%) higher than the same period last year, with Meridian continuing to deliver strong sales momentum in its retail business. Sales volumes in small/medium business, large business, agricultural and corporate segments in the six months to December 2023 grew by 1%, 6%, 9% and 3% respectively. Residential volumes were 1% lower than last year.

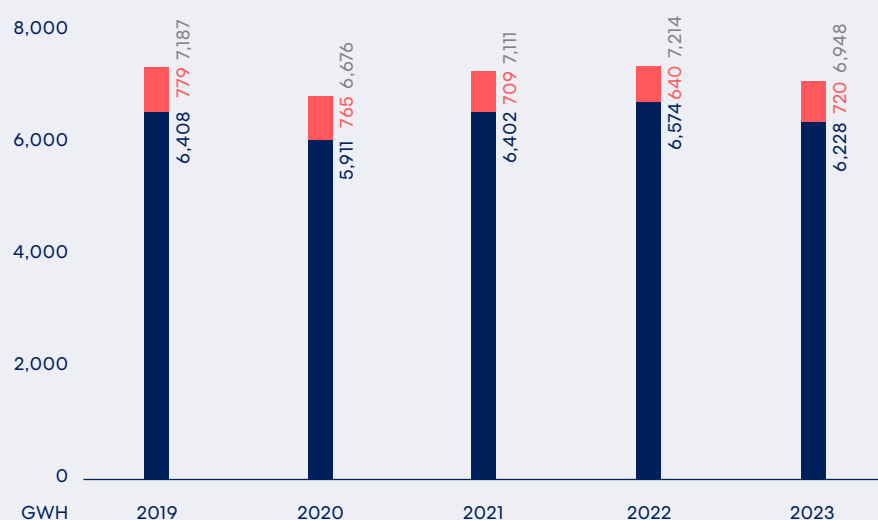
Wholesale contracted sales revenue was \$70 million (31%) higher in 1H FY2024. Wholesale derivative sales volumes were 23% higher at a 23% higher average price than the same period last year. Sales to the Tiwai Point aluminium smelter were at similar levels to 1H FY2023.

The costs to supply customers increased \$742 million (142%) in 1H FY2024 with a 134% higher average cost Meridian paid to supply customers on 4% higher volumes.

The net cost of hedging was \$119 million lower in 1H FY2024 with higher average spot prices and 27% higher hedging volumes. The net position on forward contract close outs in 1H FY2024 decreased \$34 million compared to 1H FY2023.

## New Zealand generation

Six months ended 31 December



Hydro  
Wind  
Total

With inflows below average across the six months ended 31 December 2023, generation volumes were 4% lower than the same period last year. Average generation prices were 148% higher than the same period last year, resulting in generation revenue in 1H FY2024 being 139% higher than last year.





Harapaki wind farm construction, Hawke's Bay

## Expenses

1H FY2024 saw a 9% increase in metering expenses and a 12% decrease in transmission expenses. Employee and other operating costs were \$139 million in 1H FY2024, reflecting higher staff salary costs and one-off costs associated with Meridian's move to new Wellington offices.

## Net profit after tax

NPAT from continuing operations was \$191 million in 1H FY2024, \$10 million (5%) lower than the same period last year and included movements in the fair value of energy hedges and treasury hedges.

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.

Unrealised fair value movements in energy hedges increased net profit before tax by \$11 million in 1H FY2024, compared to a \$5 million decrease in the same period last year, reflecting changes in forward electricity prices.

Fair value movements in treasury hedges decreased net profit before tax by \$13 million in 1H FY2024, compared to a \$32 million increase in the same period last year, reflecting changes in wholesale interest rates.

Net financing costs increased 9% compared to the same period last year and income tax expense was \$72 million in 1H FY2024, \$6 million (8%) lower than the same period last year, reflecting lower net profit before tax.

After removing the impact of unrealised fair value movements and other one-off or infrequently occurring events, Meridian's underlying NPAT (reconciliation on page 6) was \$175 million in 1H FY2024. This was \$6 million (4%) lower than the same period last year.



## Income statement

\$M

For the six months to 31 December	2023	2022
New Zealand energy margin	629	598
Other revenue	16	14
Hosting expense	(2)	–
Energy transmission expense	(36)	(41)
Electricity metering expense	(25)	(23)
Employee and other operating expenses	(139)	(123)
<b>EBITDAF</b>	<b>443</b>	<b>425</b>
Depreciation and amortisation	(164)	(144)
Impairment of assets	2	(6)
Gain on sale of assets and investments	9	–
Net unrealised change in fair value of energy hedges	11	(5)
Net finance costs	(25)	(23)
Net change in fair value of treasury instruments	(13)	32
<b>Net profit before tax</b>	<b>263</b>	<b>279</b>
Income tax expense	(72)	(78)
<b>Net profit after tax</b>	<b>191</b>	<b>201</b>

## Underlying net profit after tax

\$M

For the six months to 31 December	2023	2022
Net profit after tax	191	201
<b>Underlying adjustments</b>		
<i>Hedging instruments</i>		
Net unrealised change in fair value of energy hedges	(11)	5
Net change in fair value of treasury instruments	13	(32)
Premiums paid on electricity options net of interest	(9)	(9)
<b>Assets</b>	<b>–</b>	<b>–</b>
Gain on sale of assets and investments	(9)	–
Impairment of assets	(2)	6
Total adjustments before tax	(18)	(30)
<b>Taxation</b>		
Tax effect of above adjustments	2	10
<b>Underlying net profit after tax</b>	<b>175</b>	<b>181</b>





Results for announcement to the market		
Name of issuer	Meridian Energy Limited	
Reporting Period	6 months to 31 December 2023	
Previous Reporting Period	6 months to 31 December 2022	
Currency	NZD	
	Amount (NZ\$m)	Percentage change
Revenue from continuing operations	\$2,111	+44%
Total Revenue	\$2,111	+44%
Net profit/(loss) from continuing operations	\$191	-5%
Total net profit/(loss)	\$191	-5%
Interim/Final Dividend		
Amount per Quoted Equity Security	NZ \$0.06150000 Interim Ordinary Dividend	
Imputed amount per Quoted Equity Security	NZ \$0.01913333	
Record Date	11/03/2024	
Dividend Payment Date	26/03/2024	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$2.18	\$2.22
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 2023.	
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 21 309 962	
Contact email address	Jason.Woolley@meridianenergy.co.nz	
Date of release through MAP	28/02/2024	

Audited financial statements accompany this announcement.

Section 1: Issuer information				
Name of issuer	Meridian Energy Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	MEL			
ISIN (If unknown, check on NZX website)	NZMELE0002S7			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies	X		
Record date	Close of trading on 11/03/2024			
Ex-Date (one business day before the Record Date)	08/03/2024			
Payment date (and allotment date for DRP)	26/03/2024			
Total monies associated with the distribution <sup>1</sup>	\$159,082,509			
Source of distribution (for example, retained earnings)	Retained Earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution <sup>2</sup>	\$0.08063333			
Gross taxable amount <sup>3</sup>	\$0.08063333			
Total cash distribution <sup>4</sup>	\$0.06150000			
Excluded amount (applicable to listed PIEs)	\$0.00000000			
Supplementary distribution amount	\$0.00868235			
Section 3: Imputation credits and Resident Withholding Tax <sup>5</sup>				
Is the distribution imputed	Partial imputation			
If fully or partially imputed, please state imputation rate as % applied <sup>6</sup>	80%			
Imputation tax credits per financial product	\$0.01913333			

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

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

<sup>3</sup> "Gross taxable amount" is the gross distribution minus any excluded income.

<sup>4</sup> "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.

<sup>5</sup> 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.

<sup>6</sup> 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	\$0.00747567	
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	08 March 2024	14 March 2024
Date strike price to be announced (if not available at this time)	15 March 2024	
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	12 March 2024	
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 21 309 962	
Contact email address	jason.woolley@meridianenergy.co.nz	
Date of release through MAP	28/02/2024	