

Geothermal Investor Day: Geothermal growth strengthens Mercury's renewable platform

Better Today | Building Tomorrow | Brighter Together

Mercury's Geothermal Investor Day set out how its geothermal platform can support long-term shareholder value through firm renewable growth, portfolio resilience and disciplined capital allocation.

The day focused on the pathway from option value to commercialisation, showcasing an established and hard-to-replicate platform of reservoirs, vertically integrated capability and strong partnerships ready to deliver reliable renewable electricity for Aotearoa New Zealand.

Key points

| Theme | Investor takeaway |
|------------------------------|---|
| Reliable renewable growth | Geothermal adds baseload, renewable generation that is not weather dependent, complementing Mercury's hydro and wind portfolio |
| A meaningful opportunity set | Mercury has identified up to 5TWh of conventional geothermal growth options across Horizons 1 and 2, with around 1TWh entering feasibility, and additional opportunities progressing through the development pipeline |
| Disciplined execution | Capital has been committed to a \$75m FY27-FY28 appraisal drilling campaign, with major investment decisions staged through reservoir, drilling, consenting and investment gates |
| Trusted partner of choice | Mercury's geothermal strategy is underpinned by deep relationships with mana whenua and a focus on creating enduring value with partners |
| Balance sheet strength | Growth is being pursued within clear financial guardrails and is fundable on balance sheet, while supporting durable earnings and progressive dividends |

Why geothermal matters for Mercury

Geothermal strengthens Mercury's portfolio in three ways. It provides firm renewable supply, supports long-term contracting with major energy users, and creates a growth pathway that is complementary to Mercury's hydro and wind assets.

- **Demand outlook:** Mercury expects strong long-term electricity demand growth, with demand lifting from around 40TWh today to around 49TWh by 2035. The 2025-2030 period includes a high-confidence demand uplift of around 4TWh, led primarily by data centres and industrial electrification.
- **Portfolio value:** Geothermal offers high-value, 24/7 renewable generation that supports price capture and contracting in a market increasingly shaped by variable renewable supply.
- **Platform advantage:** Mercury is building from existing geothermal fields, in-house technical capability, proven delivery systems and long-standing partnerships.

Better Today: building from a strong renewable platform

Mercury's current renewable platform combines rain-fed hydro, baseload geothermal and wind generation. This mix provides diversification across fuel sources, weather patterns, locations and market conditions.

- Mercury's geothermal portfolio is centred on North Island resources close to main demand centres.
- Recent delivery, including OEC5, demonstrates the capability to execute complex renewable projects safely and with discipline.
- Mercury has completed a recent eight-well geothermal drilling campaign in which wells met or exceeded objectives, strengthening reservoir confidence and future development options.

Building Tomorrow: a staged geothermal growth pathway

Mercury has set out three geothermal development horizons. The near-term focus is conventional geothermal, where Mercury can apply its existing resource knowledge, project capability and partnership model before pursuing larger or more innovative options over time.

| Horizon | Focus | What this means |
|-------------------|--|---|
| Horizon 1 to 2035 | Brownfield development and appraisal drilling | Prioritise high-confidence extensions at existing or well-understood reservoirs |
| Horizon 2 to 2040 | Greenfield development and positioning for next-generation geothermal | Add further conventional options while building capability for future technologies |
| Horizon 3 to 2050 | Next-generation geothermal, including enhanced geothermal systems and superhot options | Maintain low-regret exposure to future upside as technology and policy support mature |

Near-term opportunities under development

- Ngā Tamariki extension: up to 75MW, equivalent to up to around 620GWh of annual generation, ready for appraisal drilling.
- Rotokawa extension: up to 50MW, equivalent to up to around 420GWh of annual generation, ready for appraisal drilling.
- Further brownfield and greenfield opportunities remain under assessment, with Mercury identifying total potential additional conventional geothermal development opportunity of up to 5TWh.

Brighter Together: partnerships and capability that are hard to replicate

Geothermal development is long-term by nature. Mercury's approach is therefore grounded in kaitiakitanga, enduring relationships and disciplined stewardship of high-value resources.

- Partnerships with mana whenua are central to how opportunities are identified, developed and operated.
- Mercury brings vertically integrated capability across exploration, subsurface modelling, drilling, consenting, project delivery, operations and maintenance.
- The platform includes decades of in-house geothermal science and engineering expertise, active management of resource consents and dedicated operating teams focused on safe, reliable generation.

Disciplined capital allocation

Mercury emphasised that geothermal must compete for capital on value, timing, risk and funding. The approach is not growth for growth's sake. It is staged investment behind opportunities where Mercury has a clear right to win.

- Value: invest where projects are expected to be value accretive, prioritising value over simple MW growth. The 1TWh of projects entering feasibility represents a significant future investment opportunity, equivalent to around \$0.8b to \$1.0b using current cost assumptions, with the Board approved drilling programme expected to be an NPV positive investment.

- Timing: align investment to visible demand growth and long-term contracting opportunities.
- Risk: use stage gates before major capital is committed, building confidence across resource, drilling, consenting and commercial readiness.
- Funding: pursue growth within balance sheet guardrails. Mercury has committed \$75m to an expected positive NPV geothermal appraisal drilling campaign across FY27-FY28. On Mercury's current plan, leverage peaks at around 2.6x before declining, consistent with S&P settings.

What this means for investors

Mercury's geothermal strategy is focused on long-term shareholder value creation through resilient earnings, disciplined growth and balance sheet strength.

Mercury offers exposure to firm renewable generation at a time when the electricity system needs more reliable, low-carbon supply. The geothermal platform provides a credible pathway to support new demand growth, long-term contracting and New Zealand's shift to a low-carbon future.

Geothermal supports earnings quality because it is firm renewable baseload generation that is not weather dependent. Mercury's staged approach, balance sheet guardrails and commitment to progressive dividends support financial resilience while the company invests for growth.

Mercury's programme includes clear near-term milestones, including the FY27-FY28 appraisal drilling campaign, ongoing project de-risking and progression of the Ngā Tamariki and Rotokawa extension opportunities. These milestones provide clearer markers of execution and option value.

Closing message

Mercury's message from the day was clear: geothermal is a disciplined growth engine within a winning renewable platform. With up to 5TWh of conventional geothermal options identified, a funded and expected positive NPV appraisal drilling programme, proven delivery capability and trusted partnerships, Mercury is positioned to help meet New Zealand's future electricity needs while creating value for shareholders.

Mercury CE Mr Stew Hamilton said our approach is practical and disciplined:

"We are leveraging the strengths that make Mercury different: a credible, investable and repeatable geothermal platform, strong partnerships, proven delivery capability and balance sheet strength. Geothermal supports firm renewables, disciplined growth and long-term shareholder value."

Disclaimer

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