ANNUAL MEETING OF SHAREHOLDERS: TRUSTPOWER LIMITED

Virtual Meeting, Wednesday 22 September 2021 at 1.00pm

Welcome from Paul Ridley-Smith, chair of Trustpower

Welcome to Trustpower's 2021 Annual Meeting. I'm Paul Ridley-Smith, chair of Trustpower.

Because of the COVID-19 issues, Trustpower originally proposed a hybrid meeting to give shareholders the option to join the meeting in person in Tauranga or join online. For reasons only too well known to you, we aren't able to have an in-person meeting when limited to 50 people, including all staff. And three of our current directors, and one prospective director, are in Auckland.

But just because we're 100% virtual, there's no reason why we can't engage with you just as much. It would be disappointing to us if you don't use the online platform to ask us questions. Within limits, there's no such thing as a silly question so please send through your questions at any time and, at the appropriate time, we'll address them. You don't need to wait until the particular resolution or matter is before the meeting.

The questions will be visible to four or five of us who will seek to answer. Other participants in the meeting won't see them on their screens.

So, to help this here is the slide that reminds how you ask your questions. Select the Q&A tab on the right half of your screen anytime, type your question into the field and press send. If you require assistance our Computershare team is available in the chat function.

This slide gives the instructions on how to vote. You can vote on any resolution at any time. If you have already submitted a proxy form and given authority to someone else to vote for you, perhaps me as chair or the NZ Shareholders Association, then you don't need to do anything more. Your shares will be voted in accordance with your instructions. But if you intend to vote online today, you will need your shareholder number (known as a CSN). This is on your Notice of Meeting and each dividend statement. So, take a minute now while we do the presentations to get this information in front of you.

So, that's the rather tedious formalities of the virtual world.

Now let me introduce Trustpower's directors, CEO and senior staff. We have with us today directors Keith Turner, Susan Peterson, David Gibson, Kevin Baker, Peter Coman and David Prentice (who is also CEO) and Fiona Smith, Matt van Deventer, Stephen Fraser, Paul Bacon, Kevin Palmer, Peter Calderwood & Sara Broadhurst. And I'm sure that also online will be a wider group of Trustpower people.

The Board has confirmed that the minutes of the last annual meeting held virtually on 20 August 2020 are a true and correct record of that meeting. Copies of the minutes of that meeting are available to shareholders.

Update from the Chair

As you know from the Notice of Meeting, we do have a full agenda today so let's get to business.

The strategic issues facing Trustpower and the wider energy sector are as interesting and challenging as ever. Broadly we look at these as follows:

1. The impacts of COVID: From a generation view, the effects have been relatively modest. We have maintained our operations and aggregate electricity demand has not been materially affected. But at the consumer level the effects have been severe and adverse for some customers, fortunately not a huge number. We, and the industry overall, have worked hard to help those customers most adversely affected.

2. Electrification and climate change response: Our core assumptions are that the current policy direction will continue, and we support that direction – that is that carbon will be priced at ever higher levels, industries and consumers will seek to decarbonise their activities and lives and aggregate demand for electricity will increase. David talks more of this later. Exactly how, and at what pace, are more difficult to predict. And our Government, as most do around the world, will struggle to consistently implement equitable and effective policies to support the process. The emissions trading scheme is a powerful tool that can do more lifting to reduce net carbon. But ad hoc policies like the clean car discount, or ute tax, are not. The intent of vehicle electrification is good, but we need better designed schemes.

3. At Trustpower, what this means is that we keep our focus on the safe and efficient operation of our hydropower schemes and we actively seek out new renewable energy developments. Our focus is on wind, utility scale solar and geothermal. The economics of these are all changing, mostly favourably, as technology advances and global scale manufacturing efficiencies are achieved. Much of what is being sought will come through technology and innovation, where New Zealand is an importer and follower, and planning law changes that we control ourselves.

4. The final strategic focus is regulatory and market structure. Governments, of all types, feel the pressure to intervene and change existing structures. Our current Government has made some good decisions – for example not materially increasing regulation in the retail electricity market, but tidying up some historic anomalies, or changing the operation of the wholesale electricity market. But it has also made some others. If the target is aggregate carbon reduction across the economy (as it should be) targeting 100% renewable electricity generation is the wrong target. Natural gas should be in the mix and, if it is, then greater renewable electricity production will be achieved, and carbon emissions will come down faster – and stay down. Likewise, with respect to the NZ Battery and Lake Onslow projects. There are smart things New Zealand can do to ensure security of supply and provide a supportive environment for the build of new renewable schemes – but that isn't spending billions of dollars (an amount impossible to estimate with any precision given the size of the scheme) on the largest civil works project in New Zealand. We're optimistic that these smarter solutions will come out of the current Government workstream and we're developing renewable growth options on that assumption. Along with our generator peers, we recently made strong submissions on the Natural & Built Environments Act, the proposed successor to the Resource Management Act, and how it should change to encourage the build of new renewable generation. Absent changes to the Bill, we're worried that the new build of renewable energy will get harder.

Now turning to the major strategic issue for Trustpower today, shareholder approval for the sale of the retail business to Mercury Energy. The proposed sale of the retail business represents a significant change in strategic direction, but one which your directors unanimously support and which we believe better positions Trustpower for the future. As I've already said, we're convicted about greater electrification of New Zealand and we believe we can play a bigger role as a generation company with an enhanced development capability and wholesale and Commercial & Industrial sale channels to market. I will come back to the merits of the retail sale transaction when we consider Resolution Seven.

Assuming the resolution passes and the transaction completes – and 1 February 2022 is the most likely date – I do wish to share with shareholders what I will say to our retail team closer to completion. That is thanks very much for, over a long period of time, creating such an excellent retail business. We're only achieving such a good result for shareholders because of the value that you've helped create. The directors wish all the people leaving Trustpower the very best in their new roles at Mercury Energy and look forward to watching the combined Mercury Energy and Trustpower retail businesses thrive.

Later in the meeting, we will vote on director appointments. There are also other board changes. Retiring today as directors are Susan Peterson and David Prentice. David, however, is not leaving us. We were very happy to confirm him as CEO earlier in the year so he's with us for quite a bit longer. But, none-the-less thank you for your services as director.

Susan Peterson joined the board in 2016 and has been a huge help to us as we've undergone significant change repositioning Trustpower, obviously subject to a resolution still to be passed, as Manawa Energy – a renewable energy generation and development company.

Also announced today is that Keith Turner will retire effective 31 October 2021. He, too, has been an excellent resource for us with his energy sector experience and expertise that goes back to the NZED. There are few as knowledgeable.

We wish Susan and Keith well, both have added insight and intellect and contributed to a strong board and management culture. Thanks again.

Finally, in this part of my presentation we introduce Manawa Energy. When the retail transaction completes, the Trustpower name and brand will pass to Mercury Energy. So, we need a new name. I'm delighted with the choice of Manawa Energy and the provenance behind the name. Manawa, meaning heart, was suggested, and gifted to us, by Ngāti Hangarau hapū, who hold mana whenua where our Kaimai scheme is situated, not far from Trustpower's head office. The name acknowledges our shared whakapapa in the Tauranga region and our shared interests in the sustainability of our generation, and the rivers on which we operate, particularly in this case the Omanawa River. It is a privilege to have been gifted the Manawa name by Ngāti Hangarau hapū and we will do our best to honour it – hei taonga mo tatou. Tena ra koutou. *A gift for us all. We are most thankful.*

Now I would now like to hand over to David Prentice to present the Chief Executive report.

Following David's report, we will take questions on matter that either he or I have raised, or other matters of interest to you, including the annual report and financial statements.

Chief Executive Overview from David Prentice

Ko Mauao te maunga
Ko Tauranga te moana
Ko Tauranga te whenua kura.

E nga iwi e pae nei.
Tena koutou.

Nau mai haere mai ki tenei Hui a Tau.
Tena koutou, tena koutou, tena koutou katoa.

Mauao is the mountain
Tauranga is the harbour
Tauranga is the treasured land (we connect with)

To the people seated here
Greetings.

Welcome, welcome to our meeting.
Greetings, greetings, greetings to you all.

Kia ora. I'd like to extend Paul's welcome and thank you for joining us here today, albeit virtually. I've got a few slides to go through where I'll provide some detail on the operational highlights over the last year and then finish off with some thoughts on the future as we plan for a potential transition to Manawa Energy.

Before I do that, I want to echo some of Paul's comments earlier and take this opportunity to thank my colleagues on the Senior Leadership Team. There have been a lot of changes over the past year, which can be challenging at the best of times. Clearly we have been operating in a complex environment with the Covid-19 pandemic and the strategic review of the Retail business, but we could not have got though this as successfully as we have without the commitment, teamwork and leadership from this group. I'd also like to acknowledge a long-standing member of the Leadership Team, Craig Neustroski, who left earlier this year, for his support and influence over the last year or so.

So, moving on, this slide provides a brief snapshot of some key performance metrics. After a challenging 2020, we are really pleased to have recorded a positive result last year with EBITDAF of $200.2 million, up 7.3% on the prior year. This was despite unprecedented dry sequences across

New Zealand, Tiwai point uncertainty, reduced gas supplies and the ongoing impacts of the Covid-19 pandemic.

Our net profit after tax of $30.7 million was below last year's NPAT of $97.6 million, but this was mainly due to an increase in net fair value losses. However, these non-cash losses will reverse in future years as the underlying generation they support is produced. When you look at underlying profit after tax, which excludes fair value losses and one-off gains, we were approximately 20% above last year.

The improved financial performance occurred mainly in our retail division from solid gains in electricity and telecommunications product margins, and lower operating costs mainly driven by Covid-19 lockdowns having the effect of reducing customer acquisition activity.

In terms of operational highlights, both our generation and retail divisions contributed to our positive result. We delivered on planned maintenance activity across our generation fleet and continue to drive our asset investment pipeline through enhancements at a number of our key schemes. We also saw an increase in our retail customers for fibre and mobile services, due to the continued development of our retail strategy and customer offerings.

The graph on this slide really highlights the extended dry weather sequences we experienced and how these impacted inflows nationwide. However, because of our unique geographically dispersed portfolio of run of river and high storage volume generation assets, we were able to manage this risk through astute placement of product and thus minimise any downside impacts.

From a generation standpoint, despite the record low inflow last year, our generation division produced a solid result with an EBITDAF contribution of $154m. We continued to develop our understanding of asset criticality and health, using digital technology to enable more data-informed decisions, and drive improvements in the reliability and availability of our higher production volume assets.

Another key area of focus over the last year has been on improving our asset management maturity. Our asset management goal is simple – to maximise the lifecycle value of our assets. This means we need to move away from a reactive maintenance approach to more of a proactive long-term mindset. We are nearing completion of the first year of a two-year major programme of works to improve our systems and processes for managing our assets with the aim of accelerating clearly identified work to increase the performance and value of our assets. We'll make sure we provide regular updates as we work through this important transformational project.

We are actively responding to increased demand for renewable energy as New Zealand pursues greater electrification to meet its climate change goals. This will come from the development of new generation but also through enhancements of our existing schemes.

Pleasingly, despite Covid-19 restrictions, we improved our portfolio of hydro assets and added additional generation of 9.5GWh per year through enhancements at our Waipori, Cobb and Kumara power schemes last year. Going forward, we have an unprecedented level of material upgrades to our existing assets which will add close to 70 GWh per year within five years. This slide shows the extent of the work either planned or underway.

We continue to celebrate proactive safety actions across the business and were very pleased to see a continued reduction in our Total Recordable Injury Frequency Rate as well as another year of having zero lost time injuries.

Wellness of our people has been a key consideration for us, especially over the last year as we have negotiated the complexities of the pandemic. I would just like to take this opportunity to acknowledge the ongoing commitment made by all our people during this time to continue to support our customers and sites all around the country which required many staff going above and beyond their usual duties.

As mentioned earlier, the retail performance was very pleasing. We saw a lift in retail EBITDAF of 32.9% over the prior year, with big improvements at a gross profit level across both electricity and telecommunications. Further gains resulted from our continued focus on reducing costs to acquire and serve.

In May 2020, we launched our new mobile services, complementing our existing product set of electricity, gas, phone and broadband. Today we now have over 10,000 customers with customer satisfaction amongst our early mobile adopters very high.

We continue to develop customer experiences with new technologies implemented that have enabled our people to support our customer needs seamlessly from any work setting, and new working-from-home options that have had the added benefit of increasing our people's work satisfaction ratings.

We pride ourselves on being a positive contributor to New Zealand's Climate Change effort and proactively engage at many levels and intend to play our part in meeting New Zealand's climate change goals. This year we refreshed our greenhouse gas data collection methodology, set new emissions reduction targets for ourselves, and further embedded climate change risk and sustainability across the business.

We are also now proactively reporting against some of the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) requirements, which will be mandatory for publicly listed companies by 2023. In practical terms this means we publicly share more information on how our Board gains oversight of, and addresses, climate change risks.

Caring for people and place – Tiaki, is part of our organisational values and business aspirations, and affirms our commitment to making a difference for a sustainable future.
We demonstrate our care for people and place through many initiatives. We put particular focus on the local communities around New Zealand where our people reside in relation to our generation assets. We are proud to partner with people and their communities – providing funding to support, among other things, educational scholarships, community group sponsorships, and environmental funds and trusts.

Future Outlook from David Prentice

Clearly until the transaction with Mercury has gone unconditional, it is business as usual but on the assumption this does proceed, then as Paul mentioned earlier, Trustpower will be known as Manawa Energy. We will provide a lot more information on the strategy for Manawa in due course but in the interim this slide provides some high-level information on the proposed new business with progress going well on the many activities required to set up our new business.

While Trustpower has clearly been very successful over the years, we want to challenge the status quo in terms of how we set up the organisational model and the cultural framework to drive even greater success for Manawa Energy. We believe we will have a unique business model in our sector and we want to take the time to really investigate and define our point of difference and develop new and exciting ways of thinking and doing things.

From a generation operations perspective, we will focus on optimising our operations and driving efficiency gains to improve our performance and make us stand out from our competitors. Core to this is technology and we will continue to drive digital transformation through more effective use of data and AI.

We will focus on ensuring our Commercial & Industrial customers continue to have a great experience, but also look for ways where we can partner with them to provide more bespoke solutions to their needs in what is an ever changing and dynamic environment.

And we will deliver on our significant growth agenda, not just through continued enhancements of our existing asset base as mentioned earlier, but through the development of new renewable generation through a variety of channels.

It is estimated that New Zealand will need to grow its generation capacity by as much as 70% by 2050 to enable the electrification of the economy and to meet New Zealand's Climate Change commitments. Over the last year, we have expanded our generation development capability and are now actively creating both near-term and long-term options for new generation.

We have increased our activity in getting new renewable projects to investment decision and will continue to deploy capital in growth projects. We are not limited to green field projects and indeed believe that more strategic partnerships will be necessary between interested parties (for instance Iwi, local government, lines companies, etc.) if we are to deliver the scale of new generation required.

However, we do note that if New Zealand is to achieve its ambitious climate change goals, then we need a more stable and balanced regulatory environment which allows appropriate prioritisation of conflicting issues and Government policy and which ultimately encourages new development.

And on that point, there is no doubt that we are facing a period of increasing regulatory uncertainty, with key upcoming changes including the proposed new Transmission Pricing Methodology (TPM) and the resource management and freshwater reforms.
To enable widespread decarbonisation, we believe a considerably more supportive environmental regulatory framework will be required, with clear and coherent policy direction an imperative, if we are to meet New Zealand's carbon reduction targets.

We will continue to work with industry and sector groups to help Government appreciate the need to ensure appropriate balance is achieved, such that there are no unintended negative impacts felt by customers, the industry, or the economy in general from any of the proposed reforms.

So, in summary, the future for Trustpower will be dependent on the outcome of the strategic review. Regardless, we will find ourselves in a new era of living and working in a post-Covid environment and on a fast track to decarbonisation. Both these big macro levers will continue to bring both challenge and opportunity as people's work habits and electricity usage change.

As mentioned earlier, we have a unique opportunity to leverage off the success that Trustpower has gained over the years and whether we remain as Trustpower or transition to Manawa Energy, we intend to play our part in helping New Zealand meet its stated climate change goals.

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