



Statement of Corporate Intent

For the Year Ending 31 March 2024

Version: Publish

This document is the governing agreement between Top Energy Limited (the Group) and the Top Energy Consumer Trust (the Shareholder). Responsibility for compliance with the content, and the achievement of the Objectives and Performance targets in respect of the financial and service levels set out in this Statement, rests with the Directors of Top Energy Limited.

TOP ENERGY LIMITED
STATEMENT OF CORPORATE INTENT

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1. INTRODUCTION

We are pleased to present Top Energy's 2023 Statement of Corporate Intent (SCI). Our SCI is prepared to comply with Section 39 of the Energy Companies Act 1992 and includes any other matters as agreed by the Company's Directors and the Shareholder.

This SCI sets out the overall objectives of Top Energy Limited for the financial year ending 31 March 2024 and the two succeeding financial years, with the actual results achieved reported annually through the company's Annual Report.

Our objectives remain the same and we believe are critical in this current climate. To achieve the country's decarbonisation goals through electrification, we are continually reviewing our asset management plans to ensure that our Network remains resilient.

The environmental factors behind decarbonisation continue to be a significant focus with outstanding progress on our emissions reduction over the past 12 months with a goal to achieve emission free geothermal generation in the next 12 months.

Our relationships amongst our Far North communities are important and we continue to engage with the Ngawha mana whenua hapu and support economic development through targeted community sponsorships to enable ambitions for the future.

Affordability is something that we are acutely aware of, and a conscious effort has been made to support our consumers and absorb the increased Transpower transmission charges and higher overall inflation on operating costs. Not increasing our network line revenue in the year ahead places pressure on the Company to manage but reflects sharing the value of our locally owned assets.

We hope you find that this SCI showcases that we are focused on delivering long-term value to our consumers in the Far North.



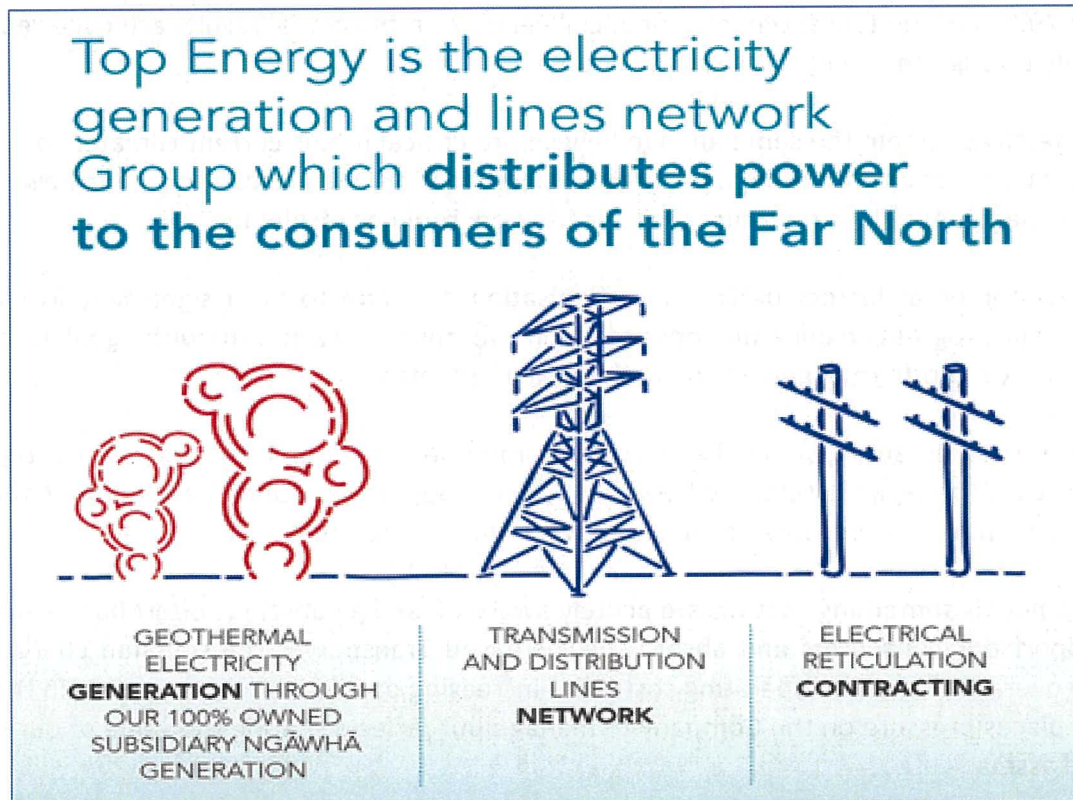
David Sullivan
Chair
Top Energy Limited



Yvonne Sharp
Chair
Top Energy Consumer Trust

2. NATURE AND SCOPE OF ACTIVITIES

The Company operates and maintains the electricity supply network within its area of geographical operation and provides related construction and maintenance services. Through its subsidiary, the Company operates a geothermal electricity generator (together, the Group). Other activities may be considered if they meet the Objectives as set out in this Statement of Corporate Intent.



Our Vision is *"Enabling Northland to contribute to the decarbonisation challenge"* and the Group is uniquely placed to deliver this SCI using the Group's assets and its diverse, high performing and highly engaged workforce.

3. OBJECTIVES

The following objectives have been set, taking into consideration their importance to the Group and its stakeholders.

- A.** To operate a successful business to optimise the long-term value of the Group for its Shareholder
- B.** To encourage a safety and organisational culture where all our employees take responsibility for themselves and others to minimise the risk of injuries to customers, staff, contractors and the public
- C.** To achieve network quality standards that are acceptable to our consumers
- D.** To operate in an environmentally sustainable manner, to be responsive to the social needs of our community and enable the Far North to contribute to the decarbonisation challenge.
- E.** To minimise the total delivered cost of electricity to our consumers

These objectives are supported by well-defined corporate governance system to support the long-term strategy. For each of these objectives, there are strategies that will be deployed, and performance will be measured through key metrics. These are further detailed in the following sections.

4. STRATEGIES TO DELIVER THE OBJECTIVES

A. Long Term Value

Long Term value can mean many things. The Group has defined the term through three core components:

- i. Optimise the long-term value from the Network, which is a balance between network reliability/risk and the cost to consumers.
 - Network returns will be achieved by utilising the regulatory allowance at each 5-year regulatory revenue reset. Focus is also on maintaining currently connected profitable consumers whilst driving continuous improvement in asset management and operational efficiency. With one third of the network being uneconomic, the strategy is to vigorously assess capital expenditure alternatives to provide the most economic supply utilising the optimal regulated asset base (RAB),
 - Prices that are set in the annual tariff schedule will ensure that consumer groups pay their fair share.
- ii. Maximise the long-term value of Ngawha geothermal generation;
 - Achieving the highest wholesale energy prices for all generation and balancing risk and returns when considering the tenure of any longer-term hedging arrangements,
 - Finding solutions to manage (through reduction and offset) the CO₂ emission obligations that occur to support long term sustainability,
 - Preventing any major events that may impact plant availability by driving continuous improvement in asset management practices to maximise operational efficiency and asset life.
- iii. Consider new generation options;
 - Diversification of the generation portfolio, to be able to offer counterparties other renewable sources and utilising our wholesale energy trading capability to maximise returns.
- iv. Minimise financing costs and risk;
 - The ability to secure funding, both at competitive rates and with reasonable risks, is critical for the Group to deliver the objective.

B. Safety and Organisational Culture

Health and Safety is always the number one priority throughout the Group and is a foundation that our strategy is built upon; ensuring a safe working environment is provided and promoting a health and safety culture as envisaged by the Health and Safety at Work Act 2015.

The identification of critical risks across the Group, understanding them, and ensuring appropriate controls are in place to mitigate against undesired consequences is an important element within the safety culture and maturity of the organisation.

There has been a continual drive to encourage the reporting of injuries and events so learnings can be taken from the circumstances to improve in the future. The focus on hazards rather than near misses is also part of the continual evolution of enhancing safety maturing the safety culture.

The safety focus includes the Groups contractors with recording of safety performance for internal staff and external contractors combined, ensuring that safety for all people involved on the Groups work site is covered in safety discussions.

Employee Wellbeing is a key aspect of the safety culture and has been reviewed across five key themes, health, security, environment, relationships and purpose. The objective is to provide employees an environment of physical, mental and social wellbeing through the development of amongst others, policies, digital wellbeing and employee assistance platforms, engagement surveys, development opportunities, training plans, keynote speakers and community involvement.

Public safety is of high importance to the Group with a Safety Management System in place. It is the intention that accreditation against the NZ Standard 7901:2008 is maintained, certified by Telarc.

Ngawha Generation is classified as an upper tier Major Hazard Facility under the Health and Safety at Work Act 2015 (HSWA). A Safety Case, detailing all identified risks and processes and how they are managed, has been developed and accepted by WorkSafe. The Safety Case forms the basis of the operation of the generation plant, continuously updated with operational improvements.

C. Network Quality Standards

Network service quality standards have improved significantly following the network investment over the last 10 years. The last two years has seen a change in climatic conditions which has seen an increase in unplanned outages. The current focus is reviewing current and future investment to ensure it remains appropriate to address climate change to maintain reliability and resilience while balancing with consumer affordability. Following the introduction of the HSWA, outages have increased due to the requirement to de-energise most work sites, as there is a need to eliminate the risk associated with “live working” practices.

The core reliability metrics, SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) are split between planned and unplanned. Whilst unplanned outages have a larger impact on consumers, both are important and closely managed to ensure the overall availability of the Network meets our consumer needs.

The Asset Management Plan (AMP) is the defining document for the Group’s Network business and sets out the Network strategy and the 10-year capital and maintenance expenditure levels estimated to be required to ensure the Network is managed in a sustainable way and delivers the expected quality standards. The plan also details areas of Network business focus and development and the approach to risk management and contingency planning. A key section of the AMP is how technologies will be embraced to provide the most economical supply, whether that be improving security of supply short term through diesel or bio-diesel generation

or providing an alternative supply through remote energy solutions. In addition, the Network has a pivotal role to play to assist consumers decarbonise as the global drive to electrify continues.

The AMP is a public document disclosed on the website and prepared in compliance with Requirement 2.4 of the Electricity Distribution Information Disclosure Determination 2012. The current plan covering the period 1 April 2023 to 31 March 2033 was adopted and published on 27 March 2023.

D. Environmental and Social

As the Group is consumer owned, it is highly visible in the community and maintaining public trust is of high importance to the Group. The Group believes it has a role to play in supporting the sustainable development of the Far North and wants to ensure it is focused on having a positive impact in the community in which it operates.

Advances in technology, changes in consumer expectations and the global drive to protect our planet are driving new ways of providing energy to further improve our community's lives. To continue enabling our community, the Group will evolve, adapt and transform what and how things are done to ensure that the Far North has a sustainable electricity system to deliver our consumers energy needs. Central to the Groups future role(s) is that services are provided that are valued by consumers including being safe, reliable, cost effective and sustainable.

The Group has been enabling the growth in renewable generation across the Network with the second highest solar penetration in the county and has connection agreements with large scale solar generators for nearly 70MW. Due to the significant interest and growth in large solar farms, the Group is aware of Network and Transmission constraints across Northland and is working with key stakeholders to remove these external and internal roadblocks through a renewable energy zone.

The Group will actively develop options to manage our carbon and resource footprints and be prepared for potential climate change impacts in the Far North.

The Group has adopted the United Nations Sustainable Development Goals (SDGs) to guide its sustainability strategy. The SDG's are the blueprint to achieve a better and more sustainable future for all and address global challenges, including those related to poverty, inequality, climate change and environmental degradation. In order to leave no one behind, The United Nations believes it is important these goals are achieved by 2030. The Group has set targets in areas it can contribute to this goal which cover 9 of the 17 SDG's being:

- To address social needs, the Group will continue to refine how current activities, such as community sponsorship and partnerships support ambitions for the future and determining what gaps exist that might prevent meeting these ambitions. The Group provides financial support to assist in areas of economic development, including a Business Development Fund, Engineering Scholarships and supporting the Young Enterprise Scheme and energy hardship through Healthy Homes and EnergyMate. Community financial support is provided for critical activities including the Electricity Rescue Helicopter and WaterSafe and community relationships are maintained through A&P shows.

- The Group chooses to report on sustainability incorporating the principles behind the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and future Climate-related Disclosure Standards introduced by the External Reporting Board, to demonstrate the resilience of the Groups strategies.
- The Group is aware of the impact the presence of the Ngawha generation plant has on the local Ngawha Springs Village and works closely with the village to manage any concerns, as they arise. Sustainability is crucial for the generation plant; therefore, independent monitoring of the geothermal resource, flora, fauna and waterways is undertaken on a routine basis. The Group acknowledges that the generation plant emits carbon and is actively looking at opportunities to either reuse, capture or offset these emissions.

As part of the Ngawha Generation resource consent, cultural monitoring is undertaken according to a Cultural Monitoring Plan agreed to by the mana whenua hapu. The Group acknowledges that the hapu of Ngati Rangi and Parahirahi Ngawha Waiariki Trust have kaitiaki responsibilities over the Ngawha geothermal field and its surrounding land area. There is an agreement for an ongoing relationship with these parties to demonstrate support to exercise kaitiakitanga and improve all parties understanding of each other's values and aspirations in relation to the Ngawha geothermal resource. A Kaitiaki Advisor is provided by the Parahirahi Ngawha Waiariki Trust to provide cultural advice to the Peer Review Panel who monitor consent conditions on behalf of the Northern Regional Council. Ngawha Marae Trustee Komiti also attend these Peer Review Panel meetings.

E. Total Delivered Cost of Electricity

The Group is conscious of the social and economic challenges across the Far North and is focused on minimising the cost to serve its consumers. Strategies to achieve this are contained within the AMP and include the utilisation of diesel or bio-diesel generators and continuous improvement in asset management, supported by new technology.

With the investment in generation at Ngawha, the Group continues to look for opportunities to reduce future wholesale energy (market driven) and transmission costs as the Far North becomes more self-sufficient in energy generation.

Promoting that Far North consumers are paying a fair total market price for electricity is important to the Group. The Group encourages new retailers to operate in the Far North with over 20 retailers currently operating through a default agreement. This assists in new pricing structures being made available to our consumers as the Group introduces more cost reflective and fair pricing.

Making consumers aware of the competitive market and promoting tools such as PowerSwitch, will help consumers make informed decisions on the best retail deal available.

To enable the delivery of these strategies, to achieve the objectives, there is a well-defined corporate governance structure.

The Group has a published Corporate Governance Code which includes a Code of Ethics and a Corporate Governance Performance Planning and Review Policy. The Group is committed to ensuring that it conducts its business in a transparent manner and in accordance with the highest ethical standards and applicable corporate governance best practice.

The Group has chosen to substantially comply with the corporate governance principles and guidelines issued by the Financial Markets Authority (FMA). In doing so, it recognises that it is entirely owned by a consumer trust, that the FMA principles and guidelines are not a checklist or set of rules and the Group has attempted to implement the spirit and intent of the principles and guidelines.

5. PERFORMANCE METRICS

A. Long Term Value

It has been agreed between the Company and the Trust that the Company will provide various administrative services to the Trust, at no cost to the Trust. These services will include, but will not be limited to, provision of routine secretarial services, administration of the distribution of any dividend paid to the Trust and administration of the periodic Ownership Review. Reflecting the incurrence of these costs, the following financial performance targets have been set.

The financial forecasts included in this SCI are an estimate of the most probable of a range of possible outcomes based on the assumptions made in our business planning process. That is, the financial forecasts are an estimate of the most probable outcome given the best available information as at the date of this SCI.

Future returns are forecast to be lower over the next two years due to the impact of higher inflation on operating costs. To deliver on the SCI objective to lower the cost of delivered electricity, the increased transmission costs have also been absorbed which has impacted the Network returns, which then start to improve at the next regulatory reset in FY2026. The generation returns continue to improve with a higher wholesale price path and significant benefits occurring through carbon emission reinjection.

	Actual FY2023	Forecast FY 2024	Forecast FY 2025	Forecast FY2026
Network Business				
Earnings before Interest and Tax as a percentage of Total Tangible Assets	3.6%	2.7%	2.6%	3.9%
Net Profit After Tax, as a Percentage of Average Shareholder Funds	3.4%	1.8%	1.5%	2.9%
Generation Business				
Earnings Before Interest and Tax as a percentage of Total Tangible Assets	8.4%	9.1%	7.2%	13.9%
Net Profit After Tax, as a percentage of Average Shareholder Funds	10.9%	13.1%	8.0%	22.9%
Group				
Net Profit After Tax, as a percentage of Average Shareholder Funds	5.0%	4.8%	3.3%	9.9%
Shareholder's Funds to Total Assets	1:2.8	1:2.7	1:2.7	1:2.5

NOTES:

- Revenue of the Network business is controlled under the Commerce Act 1986. The Group's ability to achieve the profit performance targets agreed above could be materially affected by changes in Government Policies, Legislation and Regulations.
- The above performance targets are before any unrealised gains or losses from derivatives (Ngawha and Group) are taken to account and exclude the effect of any asset revaluations (Ngawha and Group).
- The Network performance excludes any indexation (CPI) that is applied to the regulated asset base, which forms part of the regulatory returns that are audited and disclosed to the Commerce Commission. This means that the returns expressed within the SCI, are lower than those assessed by the regulator.
- Group results include Network (Top Energy), Generation (Ngawha) and all other minor activities carried out by the Group. Network Business plus Generation Business will not add to the Group due to the immaterial minor activities.
- The ratio of consolidated Shareholder's Funds to Total Assets will not be greater than 1:3.0. This is relevant with the present ownership.
- Shareholder's Funds comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves, excluding any minority interests, excluding any effect of the revaluations. Total Assets of the Group comprise all the tangible and intangible assets of the Group at their current book values as defined in the Group's Statement of Accounting Policies, excluding the effect of any asset revaluations. Therefore, these values will not be the same as disclosed in the Annual Financial Statements.

B. Safety and Organisational Culture

The key safety metric is the Total Recordable Injury Frequency Rate (TRIFR) which is the total number of recordable injuries multiplied by 200,000, divided by actual annual hours worked.

This includes staff and contractors. For contractors, the targets are based on the number of hours worked in the preceding period. The aim is for zero harm. However, the targets below are set with reference to the EEA Safety Performance Indicators Report for the Electricity Supply Industry. The targets are lower than the benchmarks contained in the report.

	Actual FY2023	Forecast FY 2024	Forecast FY 2025	Forecast FY2026
Total Recordable Injury Frequency Rate (TRIFR)	2.9	2.6	2.6	2.6

C. Network Quality Standards

The quality standards have been calculated in line with the requirements of the relevant Electricity Distribution Services Default Price-Quality Path Determination. A Determination is issued every five years, with the latest being released for the periods from the financial year 31 March 2021, setting new quality standards for both planned and unplanned outages from that period onwards.

	Actual FY2023	Forecast FY 2024	Forecast FY 2025	Forecast FY2026
SAIDI System Average Interruption Duration Index. (Refer Note (ii) to (iv)).				
- <i>Planned</i>	68	125	125	125
- <i>Unplanned</i>	516	302	302	311
SAIFI System Average Interruption Frequency Index. (Refer Notes (i) to (vi)).				
- <i>Planned</i>	0.7	1.0	1.0	1.0
- <i>Unplanned</i>	5.5	4.0	4.0	4.0

NOTES:

- (i) SAIDI – the number of minutes that an average customer can expect to be without supply each year.
- (ii) SAIFI – the number of high voltage outages experienced by the average customer each year.
- (iii) Items are measured using the methodology determined by of the Commerce Commission.
- (iv) These performance levels do not include any faults arising on the Transpower system (National Grid).

D. Environment and Social

The Group publishes a Sustainability Report which outlines the current performance and future targets in line with our SDG's and the XRB financial disclosure standards.

The Group has adopted the measuring emissions methodology based on the Ministry of Environment - Measuring Emissions, A Guide for Organisations. The Group has calculated these

baselines and they are shown in the below tables, along with the target for the next year, with more detail included in the Sustainability Report.

“Emission” includes direct emissions from generation (geothermal and diesel), transport fuels and refrigerants and indirect emissions from electricity purchased and air travel. The forecast reduction (FY2022 129,434tCO₂e) follows the successful geothermal carbon reinjection programme which has significantly reduced emissions over the past 12 months and is expected to continue to show improvements in the future.

Environmental				
Metric	Actual FY2023	Forecast FY 2024	Forecast FY 2025	Forecast FY2026
Gross Carbon Emissions (tCO ₂ e)	57,368	40,303	34,694	1,827
Maintain consent compliance without remedial actions	100%	100%	100%	100%
Ngawha Cultural Monitoring Plan compliance without remedial actions	100%	100%	100%	100%

The Group is a holder of significant resource consents which include environmental and social undertakings. Any breach of a consent will be promptly disclosed to the regulatory authority, along with impact and remedial actions that are required or have been undertaken to remedy such breach.

Relationships with the local hapu are important to ensure that parties are aware of the Groups operations and how this interacts with the surrounding land areas.

Social				
Metric	Actual FY2023	Forecast FY 2024	Forecast FY 2025	Forecast FY2026
Peer Review Meetings held with Ngati Rangi and Parahirahi Ngawha Waiariki Trust	2	2	2	2

The Group continues to enable the growth of renewable generation in the Far North as it is an important part of the decarbonisation challenge and as the region becomes a net exporter of renewable energy. The success of this can be seen in the following metrics:

Renewable Generation				
Metric	Actual FY2023	Forecast FY 2024	Forecast FY 2025	Forecast FY2026
Geothermal (MW cumulative)	57	57	57	57
Residential Solar (MW cumulative)	9.5	10.5	11.0	11.5
Large Scale Solar Installed (MW cumulative)	0	43	67	67
Renewable electricity compared to consumption ¹	138%	150%	159%	166%

¹ Calculated by total renewable electricity generated across the Far North compared to the total electricity consumed

E. Total Delivered Cost of Electricity

The Group will calculate and monitor the average residential distribution and transmission cost to serve per installation control point (\$/ICP).

By 2030, the goal is to move from being a high-cost region for electricity to be one of the lowest. This may be achieved through the absorption of some cost increases and a combination of a dividend and discount.

Other metrics, to understand whether consumers are actively changing their behaviour to reduce the cost of their delivered electricity, combined with the level of retail competition in the Far North, are also linked to the Group's intention to support and encourage consumers to source the best market price for their electricity. These include:

1. Trader switches – the number of trader switches over the total number of active ICP's (%), compared against NZ trader switches.
2. The number of retailers that operate on the Network as a measure of competitiveness.

Measure (%)	Actual FY2023	Forecast FY 2024	Forecast FY 2025	Forecast FY2026
Average residential distribution and transmission cost to serve per installation control point, net of posted discounts (\$/ICP). <i>Intention is to be at least the middle band (out of 29)</i>	Middle (12 th)	Middle (16 th)	Middle (>16 th)	Middle (>16 th)
Top Energy Trader Switches / NZ Trader switches	4.6%	5.8%	5.8%	5.8%
Number of retailers operating on Network	23	>20	>20	>20

In addition to reporting against the above 5 objectives, the Group will report in its Annual Report, the performance against the published Corporate Governance Code and compliance with the FMA principles.

6. DISTRIBUTION POLICY

Subject to compliance with solvency requirements, the Company will declare an annual dividend to the Trust to cover the net operational costs of the Trust, for that preceding period.

Any decision for the Company to pay an additional dividend to the shareholder, for distribution to beneficiaries, will be made by the directors and will reflect the trading performance and the financial position of the Group.

If a dividend is declared, the calculation of any amount to be paid out (the Distribution Amount) will be based on free cash flows, being the amount of the Net Profit After Tax, plus depreciation and any other non-cash items, less capital expenditure.

If a dividend is declared, all of the distribution amount derived from the Group's Network business activities will be distributed, after allowing for any requirements the Group's Network business may have for working capital funds to implement the operational plan for the following year(s) and to meet the capital requirements of the AMP and the investment strategy. Of the remaining business activities of the Group, up to 50% of the distribution amount may be paid to the Shareholder.

In the event of a dividend distribution, the Board of Directors will include within a report provided to the shareholder, a statement setting out the amount which this policy would produce as a distribution, together with a recommendation as to the Distribution Amount and whether any particular distribution will be by way of dividend or some other means.

The Group presently has no separately identified capital reserves.

It is intended that distributions in relation to any particular financial year ended 31 March will be made as a single payment during the last two months of the same calendar year as the year end.

It is noted that, should the Group overcharge its customers, in total or any particular group or class of customers, it may return such overcharge by way of rebate or discount. Such a rebate or discount is not a distribution of profits, subject to the policy set out in this section.

7. INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

The Group will provide information that meets the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Energy Companies Act 1992.

- i. A Quarterly report will be delivered to the Group's shareholder within one month of the end of the quarter which will comprise divisional level reporting and progress against the SCI Targets for the period.
- ii. A half-year report will be delivered to the Group's shareholder within three months of the end of each half-year. The report will comprise:
 - a. A report from the Chairman covering the Operations and achievement against SCI Objectives for the half year period, and
 - b. The information required to be included by this Statement of Corporate Intent.
- iii. An Annual Report will be delivered to the Group's Shareholder within three months of the end of each financial year and will comprise:
 - a. A report from the Chairman covering the Operations and achievement against SCI Objectives for the year, and
 - b. audited, Consolidated Financial Statements for the financial year in respect of the Group, and
 - c. an auditor's report on the Financial Statements.

The Group's audited Consolidated Financial Statements will comprise the following:

- A Report on the Performance Indicators contained within the Statement of Corporate Intent
- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Cash Flow Statement
- Such other statements as may be necessary to fairly reflect the financial position of the Group.

- iv. Any event that is defined as a Major Transaction in the Company's Constitution must be approved by the Shareholder. In addition, the Company will bring to the attention of the Trustees, any transaction or decision that is deemed significant.

A significant event, is one where the value of the event is 10% or more of,

- the asset base of the Group, or
- any other event the Company deems the Trustees may have an interest in,

Whenever possible, the Company will inform the Trustees of such an event in a timely manner to allow the Trustees to understand, evaluate and respond to the Company in relation to the matter.

- v. A draft Statement of Corporate Intent will be delivered to the Group's Shareholder within one month of the end of each financial year.

8. ACCOUNTING POLICIES

The Company's accounting policies will comply with the legal requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

Details of the current accounting policies and their application are contained in the Top Energy Annual Report, which is available on the Company's website. These policies are expected to be applied consistently in future periods.

<https://topenergy.co.nz/tell-me-about/top-energy-group/publications-and-disclosures>

9. REPORTABLE INTRA-GROUP TRANSACTIONS AND TRANSACTIONS WITH CERTAIN OTHER PARTIES

Transactions between related Companies within the Group and with certain other parties, that are anticipated to occur during the three-year period to 31 March 2026, are set out in APPENDIX 1.

10. PROCEDURES FOR AN INVESTMENT OR ACQUISITION OF SHARES IN A COMPANY OR OTHER ORGANISATIONS

Where a Group company identifies a potential investment or business acquisition, appropriate due diligence work is to be undertaken and a report prepared for consideration by the Directors. Any decision to proceed with the proposed investment or acquisition requires approval by a majority of the Directors.

Investments or acquisitions will be made only when the interest acquired will add value to the Group within a period not exceeding 10 years and should achieve a minimum post tax rate of return at least to maintain or improve the Groups earnings. If the proposed transaction constitutes a Major Transaction, the provisions relating to Major Transactions, set out above will be complied with.

APPENDIX 1 – RELATED PARTY TRANSACTIONS

Transactions between related companies within the Top Energy Limited Group that are anticipated to occur during the period covered by this Statement of Corporate Intent are set out in the table below.

Provider	Recipient	Description of transaction	Actual value of transactions for the year ended the year ended (\$'000s)	Forecast value of transactions for the year ending (\$'000s)		
				31 March 23	31 March 24	31 March 25
Top Energy Ltd	Top Energy Consumer Trust	Dividend	145		2,965	2,992
Top Energy Ltd	Ngawha Generation Ltd	Operating cost	1,867		1,297	1,358
Top Energy Ltd	Ngawha Generation Ltd	Cost of funding	13,718		12,805	11,643
Top Energy Ltd	Ngawha Generation Ltd	Injection Charges	539		763	778
Top Energy Ltd	Ngawha Generation Ltd	Connection Agreement	777		777	792
Ngawha Generation Ltd	Top Energy Ltd	Avoided Cost of Transmission	2,410		0	0
Ngawha Generation Ltd	Top Energy Ltd	Avoided Cost of Distribution	350		137	35