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TE PUNA

ANNUAL REPORT 2023/24

HIHIKO

30 YEARS OF DELIVERING BETTER ENERGY OUTCOMES FOR THE FAR NORTH

2023 A CAUSE FOR CELEBRATION

In addition to celebrating our birthday, we set a sustainable precedent for the region.



Top Energy wins Outcomes Award at the 2023 NZ Energy Excellence Awards. To accept the award (from left to right): John Kidd (Head of Research, Enerlytica), Ray Robinson (GM Generation, Ngāwhā Generation Ltd), Fabian Hanik (Assistant Plant Manager, Ngāwhā Generation Ltd), Russell Shaw (Chief Executive, Top Energy), Paul Doherty (GM Finance, Top Energy), David Sullivan (Chair, Top Energy Group), Sarah Gillies (CEO Electricity Authority).

Since our incorporation on 1 May 1993, when we transitioned from the Bay of Islands Electric Power Board, Top Energy has grown to meet the needs of power consumers in the Far North.

We will continue to do so, providing an affordable, sustainable and reliable supply of electricity from generation to light switch.



97

% OF EMISSIONS
RESOLVED

30,000

EQUIVALENT CARS REMOVED
FROM THE ROAD

\$8m

OF CARBON CREDITS
SAVED ANNUALLY

NEW ZEALAND
ENERGY
EXCELLENCE
AWARDS
2023

OUTCOMES AWARD FOR
AFFORDABLE ENERGY

- **Ngāwhā Generation became New Zealand's first zero-carbon-emitting geothermal power station operator** and we won awards for our efforts towards achieving our sustainability goals
- **Outcomes Award**, New Zealand Energy Excellence Awards
- **Environmental Action in Industry**, Whakamānawa ā Taiao – Environmental Awards
- **Environmental Action to Address Climate Change**, Whakamānawa ā Taiao – Environmental Awards
- **Achieved Toitū carbonreduce certification**



ISO 14064-1
ORGANISATION

THE FAR NORTH'S JOURNEY TO ENERGY SELF-SUFFICIENCY

1927

Alderton Utility Company builds hydro-electric plant on the Kerikeri River at Rainbow Falls as a draw card for the wives of British settlers.

1992

Energy Companies Act & Electricity Act pass enabling Power boards to become limited liability companies and issue shares.

1996

Top Energy forms wholly-owned subsidiary Ngāwhā Generation to improve reliability of power supplied and create an energy self-sufficient Far North.

1938

Bay of Islands Electric Power Board forms.

Electrification of the Far North begins.

1993

Top Energy is born with shares held in trust for the people of the Far North (the shareholders) by the Top Energy Consumer Trust.

1998

1st geothermal powerstation is commissioned providing 10MW of electricity.



Left: Cable truck circa 1930s. Right: Pole maintenance circa 1968.

From 17 electricity consumers in 1939 to 34,000 in 2023

From 5 miles of electricity lines to over 4,500 kilometres

In 1929, Kerikeri was one of four areas with electricity north of Whangārei. Kohukohu and Rawene had oil-driven plants, and Moerewa was supplied by the Auckland Farmers Freezing Company. In 2023, we generated more power in the Far North than we consumed; exporting the excess south through the National Grid.

2008

2nd geothermal powerstation is commissioned providing a further 15MW of electricity.

Top Energy moves closer to energy independence.

2020

3rd geothermal power station is commissioned generating 32MW of electricity.

Top Energy realises **vision of an energy self-sufficient Far North with a total of 57MW.**

2023

Ngāwhā Generation becomes New Zealand's first zero carbon emitting geothermal power station operator.

2019

Top Energy installs generators in Bonnets Road, Kaitaia, Opononi, Pukenui and Taipa to improve security of supply to the top of the Far North.

2021

Top Energy keeps the lights on in the Far North during National Grid failure.

Begins move towards having a **more affordable electricity network in New Zealand.**

Our future...



Left: Pole & cross arm replacement at Lake Omapere. Right: Top Energy Elevated Work Platform (EWP) or bucket truck used for everything from vegetation, lines & poles management to cherry picker rides at A&P shows.

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ABOUT US / MŌ MĀTOU

Top Energy is the electricity generation and lines network Group which **distributes power to the consumers of the Far North.**

We are responsible for the maintenance and repair of **4,500km of power lines, 13 substations** and **over 6,000 transformers** that **provide electricity to 34,000 homes and businesses** from North Hukerenui to the Cape.

34,000

POWER CONSUMERS

Top Energy is owned by the Top Energy Consumer Trust, on behalf of **the power consumers connected to the company's electricity network**

180

KAIMAHI (STAFF)

The Group **employs over 180 kaimahi**

750

MILLION (\$) IN ASSETS

The Group manages **assets of more than \$750 million**

Our subsidiary Ngāwhā Generation Limited is **the first geothermal power station operator in New Zealand to achieve net carbon zero emissions.**

3

POWER STATIONS

Power stations at Ngāwhā Generation that **convert geothermal heat into electricity**

444

GWH

Electricity generated last year

125

%

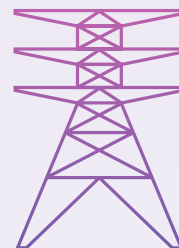
Electricity generated **meets 125% of the Far North's energy needs**

We are one company with a clear purpose

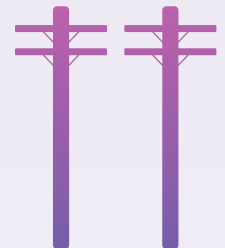
Delivering affordable and sustainable energy to Far North consumers.



Geothermal power **generation**



Transmission and distribution lines **network**



Electrical reticulation **contracting**

A scenic view of a coastline. In the foreground, a paved path curves along a grassy hillside. The hillside is covered in green grass and some low-lying plants. In the background, the ocean is visible with waves breaking. The sky is blue. The text is overlaid on a dark blue rectangular background.

FROM OUR CHAIR
& CHIEF EXECUTIVE

NĀ TE HEAMANA ME
TE TUMU WHAKARAE



It has been a year of significant achievements, highlighting the commitment of the Group to create long-term value for Far North consumers and delivering on the objectives contained in the Statement of Corporate Intent.

It was fitting that the year also marked the 30-year anniversary of Top Energy being owned by Far North consumers through the Top Energy Consumer Trust, having transitioned from the Bay of Islands Electric Power Board on 1 May 1993.

We were proud to be recognised at the 2023 Energy Excellence Awards and bring home the Community Outcome Award for affordable energy for those in energy poverty.

This results from our commitment to reduce the line charges in the Far North to be in the lower quartile across the industry. This goal was achieved after we reduced line charges by 23% over the last three years and the award recognised that we have identified the consumers' need for affordable electricity and are doing something about it.

With a strong financial performance over the last 12 months, we have continued this focus by increasing our total distributions to our Far North consumers by 20%. In March 2024, the directors approved our first dividend in 12 years to the Top Energy Consumer Trust, which, combined with our existing line charge discount, provides \$10 million for our consumers.

In addition, the innovative thinking at Ngāwhā Generation to devise a solution to eliminate our carbon emissions from geothermal generation was recognised at the Northland Regional Council Environment Awards. The team brought home two awards, Environmental Action in Industry and Environmental Action to Address Climate Change.

Ngāwhā Generation also achieved a first with the emission trading scheme, obtaining a unique emissions factor of 0.0 for the emissions from three of the four stations.

This is another great achievement that recognises the removal of emissions, and we are on track to achieve the same for our fourth station for the 2024 calendar year.

On behalf of the Board of Directors and the Executive Leadership Team, we are pleased to present our report for the 2024 financial year.

Safety, Health and Wellbeing

The continual safety and wellbeing of our employees, contractors, and the community we serve is a high priority for the Board and management. Unfortunately, three recordable injuries were reported during the period, one of which was a lost time injury resulting in three days off work. The other two were a restricted work injury and a medical treatment injury. Overall, our Total Recordable Incident Frequency Rate (TRIFR) performance of 1.7 was better than the 2.6 target.

The importance of completing risk assessments, managing critical risks, validating that our controls are effective, and having a continual learning mindset positions us to have the highest levels of health, safety, and wellbeing.

Financial Results

We are very pleased with the Group's operating earnings, which reflect our commitment to delivering on our strategic objectives including providing affordable electricity. Earnings before Interest, Tax, Depreciation, Amortisation, and Fair Value Adjustments (EBITDAF) exceeded our internal budget by 4%, although it was 5% lower than the same period last year. The lower performance from last year reflects the decision to support our consumers with the cost of living crisis and absorb the significant increase in transmission costs.

Revenue increased by a modest 0.8% (\$0.7m). There was growth in Capital Contributions, the network extensions driven by customer requirements, with a 19.0% (\$0.8m) increase. Although residential electricity consumption continues to increase, this year by 2.2%, overall consumption decreased by 0.6%, with a 13.6% drop in industrial usage. Peak demand dropped back to 2022 levels, from 78MW to 77MW; however, across the top 100 peaks, demand is higher.

Although network revenue increased by 2.8% (\$1.2m), this was due to the line discount being reduced by \$1.3m and the separate dividend being declared. Electricity sales from Ngāwhā were lower by 2.1% (\$1.0m), with an OEC4 turbine bearing failure causing a 27-day outage, resulting in a revenue loss of \$1.5m. Total generation output reduced by 6.7GWh to 443.9GWh partially offset by average wholesale prices increasing \$28/MWh to \$145/MWh. Improvements made to the turbine alignment have provided confidence that a longer bearing life should be achievable.

Although operating expenses show an increase of 8.5% or \$3.5m, \$4.9m is due to increased transmission charges. Employee expenses increased by 2.7% (\$0.5m), and the other categories reduced.

Finance costs continue to reduce, down 9.8% (\$1.8m). Optimising the hedging strategy and further reducing debt improves our financial position and performance against our funding covenants.

For the first time in many years, the market movements on our derivative contracts are relatively stable at the reporting date with a minor \$0.8m fair value adjustment as required by accounting reporting standards, noting that these movements do not involve cash in any way and simply offset the values previously held in the balance sheet. However, we note that the interest rate and wholesale electricity markets remain volatile.

The Statement of Corporate Intent financial targets were exceeded across all metrics except one, reflecting the strong performance across the Group.

Network Reliability

Network reliability improved this year, achieving 292 unplanned SAIDI minutes (the average number of high voltage outage minutes per customer) compared to our internal target of 302 and 514 last year when we battled significant weather events.

The Board and management remain focused on delivering the 11kV resilience work programme, which we commenced last year. We have also recently agreed on a 15-year work programme with a range of initiatives to build resilience and assist in reducing the impact of climate change while supporting demand growth.

To deliver this work programme, we have been actively recruiting additional field crews as we build our future resources. Our headcount has increased by 16 (10%) over the past 12 months as we attract highly experienced talent and new trainees into the industry. To have eight new trainees join during the year is part of our ongoing commitment to grow local talent and capability.

Board Governance

The Board commits to be transparent in its approach to governance and has included its annual review of the Board's Governance Code.

We continue to make great progress on our sustainability journey, achieving recognition through the industry awards mentioned earlier and validating our progress with Toitū carbonreduce certification. For the Climate Commission to state in their draft advice on the fourth emissions budget that they see geothermal energy playing a significant role in the country's future due to the success of capturing emissions at Ngāwhā, is a tribute to the team and a fantastic outcome for the industry.

We are proud to share our evolution in our third Sustainability Report, which showcases our progress across the components of Planet, People, and Prosperity. Our strong governance framework continues to support our progress and will ensure we are prepared to face our future headwinds.

Industry and Regulatory Issues

There has been significant regulatory activity occurring with the Commerce Commission working through the process of setting the network's allowable revenue for the next five-year regulatory period, effective from 1 April 2025. The macro-environment has changed significantly over the past few years, from the cost of debt, inflation, and the increased resilience required to manage climate change, all of which need to be considered.

Our new government has provided us with two ministers, splitting the Energy and Resources portfolio. We have actively engaged with ministers through Electricity Networks Aotearoa and directly as a group to promote the role that electricity has in the future to support decarbonisation and the country's goal of Net Zero 2050.

Looking forward

The Group's investments and strategies are well-positioned to deliver on our purpose: "To provide affordable and sustainable energy to Far North consumers."

It is acknowledged that the cost of electricity across the country will increase as significant investment is made to enable electrification. This will place pressure on all consumers, and we accept the challenge to support our Far North consumers, current and future generations, as we work through this change.

Our people

We can only deliver to our consumers, maintain our network, and achieve our sustainability results because of the Top Energy team. We are proud of our achievements and acknowledge the significant contributions of everyone at Top Energy and their whānau, who support us in meeting the needs of our Far North consumers and challenge what the industry can achieve.



David Sullivan
Chair

Russell Shaw
Chief Executive

NETWORK AND CONTRACTING KĀWEI ME TE KIRIMANA

Mā te kaharoa e heke ai ngā mata rau o te kupenga

A robust mainline enables the vast
network to function effectively





Meeting the Electricity Needs of the Far North

Top Energy’s network team is responsible for managing the network to ensure it is safe, resilient, and reliable. The team is supported by our in-house contracting team who provide construction, maintenance, vegetation management and a 24/7 fault response service.

Key Projects Update

Our teams work hard to ensure a safe, secure, and reliable supply of power to our customers, now and into the future.

1 SOUTH ROAD (KAITAIA) AUTOMATION

Automation will significantly reduce the number of customers impacted by outages by sectioning line damage during a fault. This will also decrease the amount of time customers are without power. This project is scheduled to be delivered by the end of May 2024.

2 WHANGAROA & MATAURI BAY INTERCONNECTION

Interconnection will create a loop of lines so, if the power goes off, we can re-route electricity from another direction to get the power back on. Stages 1 and 2 are now complete. Conductor upgrade on this section of line is planned for FY2025.

4 OMANAIA 33KV REFURBISHMENT (STAGE 6)

Omanaia has one line providing electricity. We are assessing what needs to be upgraded and are replacing poles and line sections where needed. Stages 1 to 5 have been completed. Stage 6 is the final stage and planned for completion during FY2025.

3 PAUA 11KV (TE KAO) REFURBISHMENT

In the late '70s concrete poles were used in the construction of the line feeding Te Kao. Now more than 40 years old, some structures are exhibiting signs of end-of-life and need to be replaced.

5 RAWENE 11KV RECONDUCTORING (STAGE 2)

This project has been running for two years and is now 70% complete, with the recent replacement of 6km of line between the Rawene junction and the bottom of Parnell Street. Stages 1 & 2 have been completed. The last stage will be to replace approximately 2km of the existing conductor. This project is planned for completion during FY2025.

6 LV DATA CAPTURE PROGRAMME

This multi-year project is to document Top Energy’s low-voltage asset base in our upgraded mapping system. This work ensures faster fault location and power restoration. Look out for our team in the Kerikeri area doing the mahi.

CAPE REINGA



Solar Uptake and Emerging Technologies

The Northland region has the highest penetration of network-connected rooftop photovoltaic generation in the country. Currently there are 1980 customers connected to our network, with more than 11.8 MW of solar generation capacity. New connections continue to grow monthly. Top Energy has a streamlined process for people wishing to install solar, both from residential customers and larger-scale farms.

Willie Eriwata and Steven Cooper at Lodestone's Kohirā 33 MW capacity solar farm outside of Kaitiāia



Cyclone Gabrielle ... a year on

Last year, we experienced one of the most extreme and devastating storms to hit Aotearoa New Zealand this century.

The experience had a profound effect on us and our Far North community. Never had we dealt with such a fluid and dynamic range of outages on the network and, in some areas, it took several weeks to restore power.

We worked closely with Northland Civil Defence and the Far North District Council, and we were grateful for the support and patience of the community.

With the increased frequency of major storms and extreme weather, we have made some changes to how we manage major events on our network.

- Staff numbers and managing fatigue over a prolonged period were our biggest issues. We have increased staff numbers by bringing in new lines staff from Fiji and doubling the number of apprentices that we employ.
- Support contracts with external lines contractors now provide us with a 10% increase in staff numbers during a storm event.
- We have committed an additional \$3m each year to projects that will improve network reliability.
- We have increased vegetation staff numbers by bringing in an extra team, and we have increased our spend on tree removal.
- We are working with local councils and central government to ensure we have a series of community hubs with solar, satellite communications, and local generation so there is somewhere for people to go if there are extended outages.

Finally, the level of support from the electricity sector was unprecedented – notably Orion subsidiary Connetics Limited, and Dannevirke-based Scanpower who sent crews to help with restoration. We have put in place reciprocal support agreements and with common systems to control our networks, if another cyclone hits further south, we can help and repay the favour.



NGĀWHĀ OPERATIONS

NGĀ MAHINGA O NGĀWHĀ

Ko Ngāwhā he
puna hiko toitū.

Ngāwhā serves as the cornerstone
of sustainable energy.



Hitting zero – a cause for celebration and recognition

It has been a big year for Ngāwhā Generation Limited (NGL) as it transitioned from one of the highest emitting geothermal power stations in New Zealand to one of the lowest.

This achievement was made possible through a groundbreaking trial at two of its power stations, where 100% of non-condensable gases extracted during geothermal electricity generation were reinjected into the ground, creating a closed-loop carbon zero system.

This means that instead of releasing gases into the atmosphere, they are recycled through the power station and returned underground into the reservoir from where they originate.

Approximately 128,000 tonnes of CO₂ equivalent gases per annum are being eliminated.

This innovative technology, originally trialled by the station designers, Israeli company Ormat and Puna Geothermal Venture in Hawaii, set Ngāwhā Generation on its path to net zero.

The company’s commitment to environmental sustainability has not gone unnoticed. NGL was recognised with both the Environmental Action in Industry award and the Environmental Action to Address Climate Change award at the Northland Regional Council’s 2023 Whakamānawa ā Taiao – Environmental Awards.

Additionally, Assistant Plant Manager Fabian Hanik’s contributions have been acknowledged, as he was nominated for the Young Energy Professional of the Year at the Energy Excellence Awards.

NGL facilitates the net export of electricity 95% of the time from the Top Energy network. With the conversion of all the NGL power stations, the electricity consumed on the network during exports period is carbon neutral.

This significant step not only mitigates the effects of climate change in the Far North but also contributes to the transition towards a low-carbon economy.

From Left: Fabian Hanik NGL Assistant Plant Manager, Russell Shaw Top Energy Chief Executive, Ray Robinson NGL General Manager, Tui Shortland Northland Regional Council Deputy Chair at the Northland Regional Council’s 2023 Whakamānawa ā Taiao – Environmental Awards.





Environmental Monitoring

Environmental monitoring has continued in accordance with the resource consent, with the Peer Review Panel members happy with the results.

The Ngāwhā Village meteorological and hydrogen sulphide monitoring site has been upgraded with the addition of a Teledyne

T101 UV Fluorescence Analyzer. This is the same equipment used at the OEC4 monitoring site and is very accurate. The wetland and gumland environments continue to flourish.

Image above: Environmental monitoring encompasses the full NGL area with regular monitoring of the two holding ponds, Lake Tuwhakino and one of the local hot spring pools, wetland/gumland environment areas.

Annual Shutdown

The station runs to a monthly target of 98.8% availability. The exception is in October/November when the annual shutdown occurs for routine maintenance and checks.

The stations are base-load generators, which means that they run continuously, except for planned maintenance periods. It

is not unusual for NGL to exceed the monthly target, and last financial year was no different.

Actual availability for the entire year was over 96%. The station generated all the electricity consumed in the Far North in the year, plus an additional 36% which was transmitted out of the district.

Summer Interns – learning on the job

Jessica Mooney and Rosey Robb, recipients of Top Energy’s engineering scholarship, are getting hands-on experience with Keith Guest, NGL’s seasoned in-house contractor.

Since NGL stations were commissioned in 1998, Keith has been a reliable mentor, training numerous newcomers.

He’s deeply involved in plant maintenance, ensuring compliance, and is a go-to expert on Ngāwhā Generation assets. Keith’s role is crucial for plant availability and reliability.

Under his guidance, Jessica and Rosey are gaining practical skills for their future in the energy industry.

Keith Guest with Rosey (L) and Jessica working on the reinjection pipeline.



OUR PEOPLE

Ā MĀTOU TĀNGATA

Whakamākūkūtia ngā pakiaka kia tupu rearea ai

**Nourish the roots for strong
new growth**



The electricity industry faces a huge challenge. An estimated 1,100 new employees are needed in Aotearoa each year to meet current demand levels.

Top Energy acknowledges the mahi of our people as we look ahead to ensure our Far North community has access to a safe and reliable electricity supply for their homes and businesses.

To strengthen and grow our capability, last year we employed four people from Fiji with a proven track record in the field. We also hired eight new trainees, a graduate engineer and a vegetation assistant.

Right top image: Derek Hodges (Vegetation Assistant), Zara Guthrie (Trainee Technician), Jaali Kapua (Line Mechanic Trainee), and Troy Reihana (Line Mechanic Trainee) and Lily Wilson (Trainee Technician), Puketona.

Right centre images: Manaia Nicholls (Line Mechanic Trainee). James Bai (Graduate Engineer).

Right bottom image: Callum Hoult (Trainee Technical Plant Operator).

Raising the next generation of kaimahi

Ensuring our Far North community has access to a safe and reliable electricity supply for their homes and businesses starts with our people.

Our experienced kaimahi (workers) and the knowledge they share with the trainees we hire each year are good examples of this.

Lee Needham is a communications technician with 10 years at Top Energy and over 30 years in Radio Frequency systems. He ensures the continuous flow of data from field assets back into Top Energy’s electricity network monitoring and control systems.

Lily Wilson joined the business in August 2023 and is our first female trainee technician. She had heard about Top Energy’s trainee programme and came to us seeking a more hands-on approach to learning than university could offer her. She impressed us with her positive attitude and willingness to learn.

Lee has taken Lily under his wing, working out of our Puketona depot.

He enjoys sharing his knowledge with someone as eager and quick to learn as Lily. Their collaboration highlights the strength of Top Energy’s trainee programme. Lily gains valuable knowledge, while Lee ensures his expertise is passed on to the next generation.

“Lily’s work can’t be faulted. She’s pleasant to work with and I get to share what I know with someone who wants to learn.”

Shortly after joining, she built and installed an isolation cabinet out in the field for network communications. Eight months later, during routine maintenance, she got to check on her creation- a tangible reminder of the impact of her work.



Lily has started an electrical apprenticeship at Top Energy that will take three years to complete. Offering skills-based training empowers young talent like Lily to build successful careers without leaving Northland.

“It is a fantastic learning opportunity, and I didn’t need to leave Northland to find it.”

By investing in the next generation, Top Energy strengthens its capability and ensures our kaimahi – experienced and new – enable better energy outcomes for our Far North community.



Creating a Great Place to Work

It is a challenge to attract people to the Far North to work on our network. As a result, we strive to create a workplace where kaimahi feel valued, supported, and inspired to excel. Our efforts to build a great place to work extend into our community, as we recognise the importance of attracting and retaining skilled people to the region.

Diversity and Inclusion

Top Energy is proud to have a workforce made up of many individuals with diverse skills, values, backgrounds and experiences. Our differences are what brings us all together; they are the reason we have a safe, successful and thriving workplace, a supportive work culture and strong relationships within the Far North community we are part of.

Diversity and inclusion are built into our everyday operations. We are actively involved with the Northern Energy Group (NEG) subcommittee focused on the attraction, development and retention of talent across the electricity industry.

To form a closer connection with our community we are developing a three-year learning programme for kaimahi to raise awareness and capability of Te Ao Māori.

We are an Accredited Immigration Employer, enabling us to recruit from overseas when we cannot find, or develop locally, kaimahi with the necessary skills we require.

Employee Wellbeing

Mental health and wellbeing continue to be a focus for our kaimahi. We provide annual wellness checks, flu vaccinations, an employee assistance programme, and medical insurance; and we encourage participation in sporting events.



Living Wage

We are proud to be a Living Wage Employer, and ensure all paid workers of contractors we engage with on an ongoing basis are also paid the living wage as a minimum. It helps our kaimahi and the people in our community to pay for the necessities of life.

Reward & Recognition

Our rewards and recognition programme empowers anyone in the business to formally recognise, encourage and reward high performance by individuals and teams who demonstrate our company values.

Professional Development

We are committed to upskilling our staff and supporting them with their professional development. In the last year, several staff completed or continued a range of industry qualifications, training, or leadership development.

Long-Service Recognition

This year Gordon Ramsay, Richard Hodge and Adam Crawford were recognised for achieving significant career milestones. Gordon and Richard have worked at Top Energy for 35 years and Adam for 20 years.

Daggy Sperry, Brett Adams and Russell Shaw have provided 15 years of great service to the company.

Norene Butterworth, Malcolm Windelborn and Lee Needham have worked for us for 10 years.

Image: Gordon, Richard and Adam



Keeping Ourselves and our Community Safe

Employee Safety

In 2024, the business reduced last year's workplace injuries (lost and restricted time, and medical treatment cases) from 4 to 3. At 1.7, Total Recordable Injury Frequency Rate (TRIFR)* was again below our target limit of 2.6. However, lost and restricted calendar days rose from 72 to 83.

Our continued focus on employee safety saw us roll out a comprehensive contractor management process for kaimahi and contractors, and make improvements to our lone worker and change management processes and procedures. For consistency across the business, we also aligned Ngāwhā Generation's fatigue management policy and processes with those in place at Top Energy.

We are working towards a better understanding of the mahi our people do in terms of associated risks, especially critical risk, i.e. of fatality or life-changing consequences if uncontrolled.

We are looking at leading indicators (e.g. training completed) and annual staff health monitoring by job category from a risk-based perspective.

This year, we introduced our managers to the concept of safety risk management as a component of organisation risk management. Next year's activity includes the 'operationalisation' of the Boards' risk appetite and tolerance parameters.

*TRIFR is a lagging measure of the rate of workplace injuries per 200,000 exposure hours.

Public Safety

Whilst electricity safety regulations require a specific focus on public safety, the Health and Safety at Work Act 2015 (HSWA) also requires us to manage the safety risks of anyone who may be affected by the work we do, i.e. our staff, contractors and the public.

This year our Network & Contracting team completed an extensive review of critical risks and controls; Ngāwhā Generation will undertake a similar exercise next year.

Health, Safety and Wellbeing Committee

The Committee's focus remains on improving our Health and Safety representatives' (HSR) capabilities to manage the health and safety risks associated with the work we do, especially critical risks.

A typical activity plan for the year includes training and workshops with WorkSafe and other organisations. This year, in addition to completing hazardous substances awareness training, two HSRs visited Lyttelton Port and another distribution company, while two others attended the annual SafeSkills HSR conference.

This year HSRs took on the responsibility of workplace safety discussions with field staff, broadening a role performed by the company's leadership team for a long time. Now when staff get injured, they are asked to talk to the Committee to see if our processes and training are fit for purpose and how they can be improved.

The HSRs are becoming more confident. They engage with the CEO, take turns leading Committee meetings, and lead the Safe Team meetings. Our kaimahi are starting to see them as experts and representatives for health and safety matters.

Ka pai, Faultman Terry Price! He was the winner of this year's Annual Health and Safety Innovation Award. His invention to help line mechanics work safely when removing Catu earthing heads from overhead lines is now being manufactured for use across the network.

The annual Health & Safety Calendar competition for the tamariki of our kaimahi kicked-off this year. They drew pictures about 'the work their parents do' and their associated hazards, risks and controls. The winning drawings were categorised by age and put in a calendar. The competition is designed to encourage safety-related conversations with family members at home and at work.



OUR COMMUNITY
TŌ TĀTOU KĀINGA

He kāwei
kūmara ki
te māra, he
kāwei tangata
ki te kāinga

Just like intertwining
kumara vines, people are
deeply interconnected



Kōrero with our community

Top Energy is owned by the people of the Far North, so it's important that we take advantage of opportunities to get out into the community and chat with people about who we are and what we do.

A team of staff volunteers regularly attend the district's agricultural and pastoral (A&P) shows. They talk about staying safe around the network and our services, provide advice on preparing for outages and what to do when one happens, the importance of tree trimming and the dangers of planting near power lines. A tour of the Ngāwhā geothermal power station is offered at the Kaikohe A&P show and the cherry-picker rides for kids are always a firm favourite.

In November 2023, students from Kaikohe Christian School visited Ngāwhā power station to learn more about geothermal power as an energy source.

"I learnt so many new things, not just how the power station is run, but also how geothermal heat energy and fluid is converted into electricity for the whole of the Far North."

"It was surprising to learn that geothermal energy is replenishable and sustainable, and as long as the earth is alive, geothermal fluid and heat can be converted into electricity."

"The team were helpful and informative. I might become an engineer one day."



Caring about the community we are part of

\$450K

ANNUAL SPONSORSHIP PROGRAMME

19

BUSINESS GRANTS AWARDED SINCE 2014

8

ENGINEERING SCHOLARSHIPS SINCE 2018

8

LOCAL TRAINEES JOINED OUR CONTRACTING FIELD SERVICES THIS YEAR

As a consumer-owned company, it is a privilege for Top Energy to help our local businesses achieve success and our young people reach their potential.

Our \$450,000 annual sponsorship programme is designed to benefit as many individuals, whānau and businesses in our Far North community as possible.

The programme has helped our tamariki learn to swim, explore business ideas and take off to university; given our innovative businesses an extra boost; and assisted those struggling with energy costs and uninsulated homes.

Our most enduring sponsorships are the **Northland Rescue Helicopter** and **Watersafe**. We also fund youth voyages aboard the **R Tucker Thompson** and the retrofitting of home insulation through **Healthy Homes Te Tai Tokerau**.

Helping our community to thrive



Twice a year, Top Energy awards a \$30,000 Business Development grant for business ideas or initiatives with the potential to grow and diversify our Far North economy.

Top image: Doug Sturrock, founder of Rockstead Construction, showcases an acoustic balanced feature wall made with Geobind hempcrete panels.

Middle image: Sean Hallowes and Tanya Bijl of Areion Sports Coaches, the trailblazing manufacturer of custom-built horse floats, caravans and 4x4 motor homes in the Bay of Islands.



Our Engineering Scholarship programme provides financial assistance and summer internships to Far North students studying an engineering (honours) degree.

Bottom image: Grace McDonald, recipient of 2023/24 Top Energy Engineering scholarship.



Top Energy are proud to sponsor

NorthChamber
Northland
Business
Excellence
Awards

Māori Business
Leader
Award for the
Taitokerau
Māori Business
Awards

Far North
Science and
Technology
Fair for
secondary
school
students

Young
Enterprise
Scheme
(YES) for
enterprising
youth

First-place prize
at The Lions
International
Young
Ambassador
(Far North)
Programme

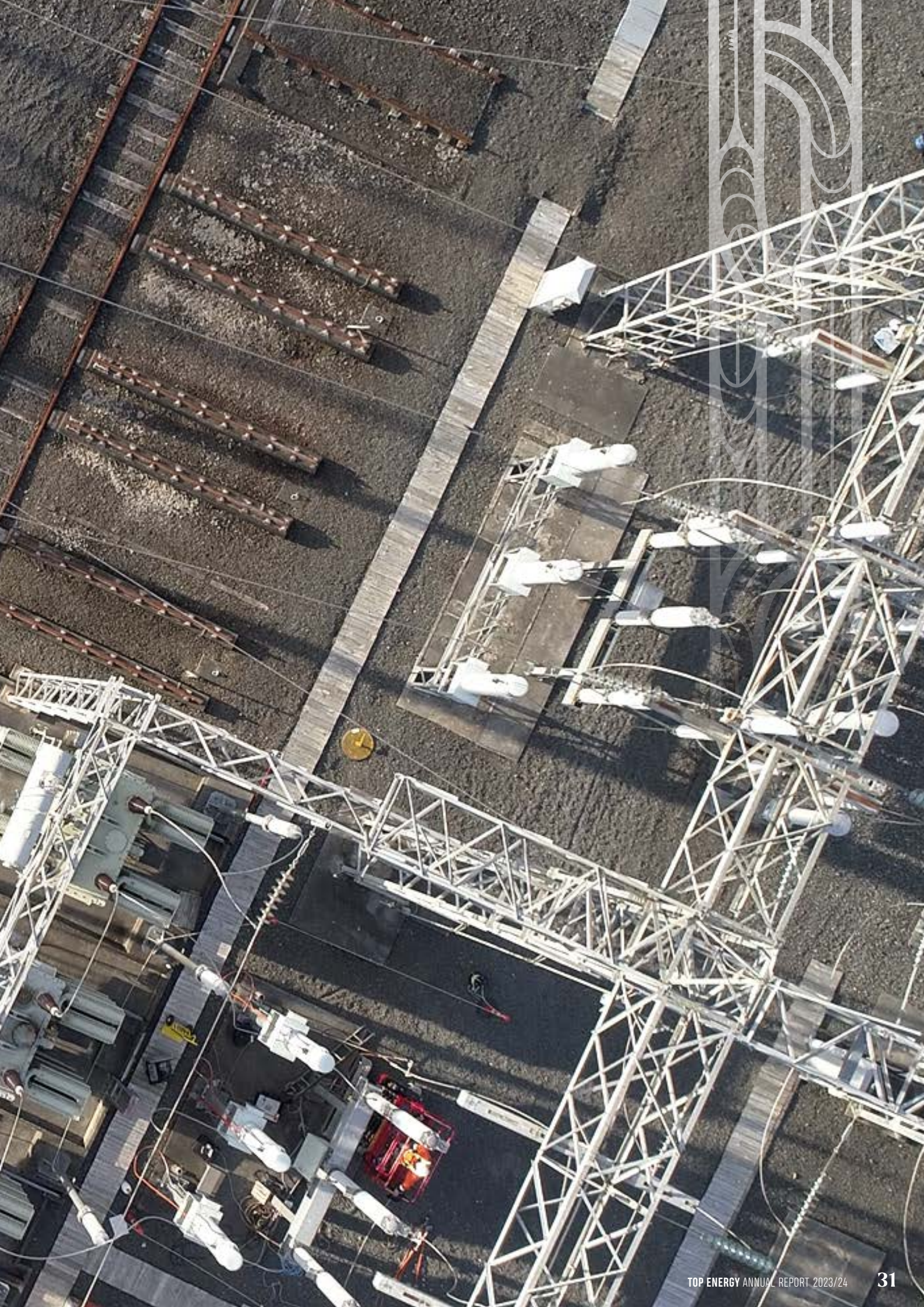


GOVERNANCE

MANA WHAKAHAERE

Ko te uru tōtara,
tū mārohirohi.

A group of leaders stands
firm and determined.



Top Energy is consumer trust-owned

Top Energy is owned by the Top Energy Consumer Trust, who hold shares in the company on behalf of 34,000 power consumers in the Far North.

Five trustees, appointed by the selections panel set out in the Trust's deed, appoint and work with the company's directors to guide its strategic direction and monitor its performance, in line with the key objectives in our Statement of Corporate Intent.

The trust ownership model is reviewed every five years in public consultation with the power consumers in the Far North. The last review was completed in 2022.

In April 2023, three new trustees were appointed to the Trust's board for a four-year term: Adrienne Tari, Paul White and Steven James.



From left to right: David Sullivan, Top Energy board Chair and Russell Shaw, Top Energy chief executive with trustees from the Top Energy Consumer Trust. Adrienne Tari, Steve James, Paul White and Yvonne Sharp (Chair).

How we govern

The Top Energy Board is committed to maintaining high standards of corporate governance, ensuring transparency and fairness, and recognising the interests of our shareholders and stakeholders.

The Top Energy Group has an established Corporate Governance Code, which is based on the Financial Markets Authority (FMA) guidance for corporate governance. A copy of the Corporate Governance Code is available on the company's website at www.topenergy.co.nz/tell-me-about/top-energy-group/our-directors

The Corporate Governance Code calls for a review annually. This was completed in November 2023 with a change made to the Board Charter- Main Functions of the Board, to add more detail to the health and safety function.

The Top Energy Group is conscious that each Group company needs to operate in its best interests and ensure that all related transactions have independent consideration and are on an arms-length basis. To support this, both Top Energy and Ngāwhā Generation have two independent directors to confirm all transactions between the companies are fair and appropriate and that correct inquiries and judgments are made.

Code of Ethics

- A review of compliance with the Code of Ethics has been undertaken by the CEO, which included an invitation for feedback from all employees and directors. There were no issues raised or concerns expressed in relation to the Code.
- There were no reported breaches made under the Protected Disclosures policy.
- There were no reports of loss, damage, misuse, waste, or theft of company assets.

Board Charter

- The Board met formally, through the annual general meeting with the shareholder, and on two further occasions to discuss strategy, the changes to the risk environment and how the company was responding, and the drafting of next year's Statement of Corporate Intent.
- The chair and CEO met the shareholder twice during the year to provide updates on general operations.
- The chair met the shareholder as a member of the shareholder's Director Nominations Committee on four occasions to report on director performance and to discuss any director reappointments and the new appointment of a subsidiary director.
- Keith Tempest, a director at Ngāwhā Generation Ltd, resigned on 4 December 2023. The Board appointed Brian Jones as director of Ngāwhā Generation Ltd on 20 March 2024. The Board appointed Russell Shaw as a director of Ngāwhā Generation Ltd on 26 February 2024 for an interim period until 25 March 2024.
- Steven Sanderson and Paul Doherty were appointed directors of Te Puna Hihiko Limited, an insurance captive incorporated in the Cook Islands. Antony Will was appointed as the resident director.

- Interest registers have been maintained for all directors and are reviewed and updated at each directors' meeting. Any perceived or potential conflicts of interest that were identified were noted and managed appropriately to ensure full transparency. None of these instances required a director to remove themselves from the discussion.
- No director has failed to attend a properly notified meeting without providing an apology and leave being granted in relation to that absence.
- Director fees were considered during the year and a recommendation was made to the shareholder to increase fees to reflect the scale and complexity of the company and market movements. The fees proposed were benchmarked using an independent report. The shareholder accepted the recommendation.

Audit and Risk Committee

- The Committee met six times during the financial year.
- The Committee reviewed all major risks. No significant changes or concerns were identified that weren't already being managed by the Group.
- The Committee reviewed the financial and regulatory disclosures for the prior financial year and was satisfied that they were compliant with the relevant accounting standards and regulatory determinations.
- The Committee reviewed the appropriateness of internal controls and key financial policies and was satisfied that there was full compliance with those policies and all legislative requirements.

Performance Planning

- The Board has maintained an annual Work Plan and ensured all material items have been completed.
- The Board met with the CEO to assess his and senior management's performance and to ensure suitable remuneration arrangements are in place.

Stakeholder Engagement

- The Statement of Corporate Intent for the period to 31 March 2024 was provided to the shareholder within the statutory period required. All comments provided by the shareholder were considered and incorporated into the document. The Statement of Corporate Intent was adopted at the AGM on 27 June 2023 and published on the company's website.
- All legislated disclosures and information were provided to the shareholder by the dates required.

Risk Management

- After consideration of the report from the Audit and Risk Committee, in relation to the review of all material risks to which the company is exposed, the Board confirms that there are no known risks that are expected to materialise that could impact on the business to an extent that the business could not address them as part of its normal business process and using its existing resources. The Board has paid particular attention to the risks in relation to customer affordability, decarbonisation and sustainability, network investment requirements to meet electricity demand and building resilience in the face of climate change. Overlaying the risks was the consideration of the global environment, the cost-of-living crisis, and the impact on the wider community.

Statement of Corporate Intent

The SCI is reviewed annually by Top Energy and discussed with the Trust. Finding alignment on the key deliverables remains an important part of the success that has been achieved across all five key objectives: safety, shareholders returns, quality and security of supply, be relevant to our customers, and cost to serve.

Quarterly reporting against the performance of the SCI is provided to the Trust, allowing ongoing discussion and transparency throughout the year.



Sustainability

Sustainability is critical to the Group's long-term success. It requires maintaining the delicate balance between affordability and sustainability while ensuring a reliable electricity network.

Our 2024 Sustainability Report shows the company has made significant progress towards its sustainability goals in the last 12 months through innovation, embracing technology, and adapting our traditional ways of working.

The achievement of 100% reinjection of emissions at Ngāwhā Generation's geothermal power plants has resolved 97% of the company's emissions. Equivalent to removing 30,000 cars from the road, it saves the company \$8 million annually in carbon credits and significantly reduces our environmental impact. As well as setting a sustainable precedent for the region, we are contributing to energy affordability and accessibility in the Far North despite an increase in transmission pricing and a significant rise in the cost of living.

Our accreditation to the Toitū carbonreduce programme commits us to setting further carbon reduction targets and measuring the Group's greenhouse gas emissions.

The connection of the country's largest solar farm to the Top Energy's network and the continual growth of residential solar connections, demonstrates our commitment to bolstering renewable energy and ensuring a reliable, sustainable electricity supply.

Group Directors



David Sullivan (Chair)

David Sullivan was appointed board chair in June 2022, having been deputy chair since October 2021 and on the Board since August 2018, and the Ngāwhā Generation board since October 2018. He was previously chair of the Audit and Risk Committee, becoming an ex officio member when he became board chair. David is a qualified chartered accountant. He has many years of experience as a senior executive, holding several significant CFO roles, and as a director, including chair of the Audit Committee of a substantial finance company.



Simon Young

Simon has been a Top Energy and Ngāwhā Generation director since June 2015. He has over 20 years' experience in the electricity industry and associated financial markets. He holds several directorships in a number of energy-related companies, including Electricity Invercargill Limited, Southern Generation Partnership Limited and Roaring Forties Energy GP Limited. As an executive, Simon has been general manager of Opunake Hydro, managing director of Alliant Energy New Zealand and founding managing director of Empower, New Zealand's first independent electricity retailer.



Jon Nichols

Jon Nichols was appointed a director of Top Energy and Ngāwhā Generation in March 2022 and chairs the Group's Audit and Risk Committee. He is a director and business consultant with experience in a number of strategic growth, regulatory and performance-based initiatives for infrastructure-related businesses in New Zealand and the Pacific Islands. He also serves on the board of the Eastland Group and its subsidiaries, and Hawke's Bay Airport. Additionally, Jon is the independent chair of the Risk and Assurance Committee at the Hastings District Council and the Audit and Risk Committee at the Maungaharuru-Tangitu Trust. He is a fellow member of the Chartered Accountants Australia and New Zealand and a chartered member of the New Zealand Institute of Directors.

Top Energy Independent Directors



Nicole Anderson

Nicole Anderson was appointed an independent director in April 2021, and is on the company's Audit and Risk Committee. Nicole is a chartered professional director with a background in accountancy, health, and business development. She holds other directorships, including Kāinga Ora and Far North Holdings Limited. She is also chair of the International Accreditation Council.



Steve Sanderson

Steve Sanderson was appointed an independent director in March 2022. Steve's career has mainly been in infrastructure businesses, including chief executive of Wellington and Queenstown Airports, general manager for New Zealand and Australia at Powerco, and general manager at Lyttelton Port Company. He also serves on the board of Ports of Taranaki and is chair of Mitchell Daysh.

Ngāwhā Generation Independent Directors



Dr Robert Kirkpatrick

Robert Kirkpatrick has been an independent director since October 2009. He teaches engineering and business at The University of Auckland, including design to chemical engineers. Robert also conducts his own consulting practice, reflecting his more than 40 years of experience in the refining and petrochemical industries.



Brian Jones

Brian Jones was appointed an independent director in March 2024. He has over 40 years of engineering, project management, large industrial plant operations management and large capital project development consulting experience both in New Zealand and in overseas locations such as Southeast Asia, North Africa, the Middle East, and the former Soviet Union. Brian has held senior/executive management positions with Methanex, Worley and, most recently, the Todd Corporation. He is a graduate mechanical engineer of the University of Alberta and held a professional practice license in the Province of Alberta, Canada, for over 30 years. Brian is a member of the Institute of Directors.

Top Energy Consumer Trust – Board of Trustees



Yvonne Sharp (Chair)

Yvonne Sharp has served as trust chair since 2015, having been first appointed to the Trust in 2010. She has many years of experience as a director and senior executive and is also chair of the Hospice Mid Northland. Yvonne was mayor of the Far North District Council from 1998 to 2007.



Hugh Ammundsen (Deputy Chair)

Hugh Ammundsen has served as deputy chair since 2015, following his first appointment in 2013. He is a solicitor of Doubtless Bay Law, the proprietor of the Doubtless Bay Wine Company, and has been a financial and business consultant for many years.



Steven James

Steven James was first appointed in 2022. He brings a wealth of knowledge, having been involved with Top Energy for 30 years. He served as Top Energy's general manager corporate services and as secretary for the Top Energy Consumer Trust since its creation in 1993, retiring in December 2021.



Adrienne Tari

Adrienne Tari was appointed in 2023. Since returning to Kaikohe in 2006, Adrienne has been heavily involved in administering community-based initiatives, taking on a wide range of responsibilities and contributing to the economic development of Taitokerau. She was the previous general manager for Pou Herenga Tai Twin Coast Cycle Trail Trust, an initiative which has contributed to tourism and employment in the region. She is a relationship manager at Northland Region Corrections Facility.



Paul White

Paul White was appointed in 2023. Paul is a consultant providing a range of management, organisational and Māori development services. He is on several boards including Te Matapihi, Ngāi Tūpoto ki Motukaraka Trust and GNS Science. Previously, Paul was CEO of the Ngāi Tahu Development Corporation. Paul was on the Top Energy Board from May 2010 to June 2021.

FINANCIAL STATEMENTS PŪRONGO PŪTEA

Top Energy Group 2023/24

+10%

Increase in field staff

-43%

Unplanned SAIDI reduction

+0.8%

Revenue increase

Directors' report

The Directors present the annual report of the Top Energy Limited Group, incorporating the financial statements and the auditor's report, for the year ended 31 March 2024.

With the agreement of the shareholder, the Group has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993. The Board of Directors of the Company authorised the financial statements presented on pages 9 to 54 for issue on 12 June 2024.

For and on behalf of the Board.



D Sullivan (Chair)



J Nichols (Chair ARC)

12 June 2024

+8.5%

Operating expenses increase

-9.8%

Finance costs decrease

+29%

Increase in distributions to consumers

Statement of corporate intent

Report on performance indicators contained within the Statement of Corporate Intent (SCI)

	ACTUAL 31.03.2024	TARGET 31.03.2024	ACTUAL 31.03.2023
FINANCIAL PERFORMANCE TARGETS			
Group			
Net profit after tax as a percentage of average shareholder's funds	6.0%	4.8%	5.0%
Ratio of shareholder's funds to total assets	1:2.7	1:2.7	1:2.8
Network business			
Profit before finance and tax as a percentage of total tangible assets	3.0%	2.7%	3.6%
Net profit after tax as a percentage of average shareholder's funds	2.5%	1.8%	3.4%
Generation business			
Profit before finance and tax as a percentage of total tangible assets	9.5%	9.1%	8.4%
Net profit after tax as a percentage of average shareholder's funds	13.0%	13.1%	10.9%

- (i) The above performance targets and actual results are before any unrealised gains or losses from derivatives (Ngāwhā and Group) are taken to account and exclude the effect of any asset revaluations (Ngāwhā and Group).
- (ii) Group results include Network (Top Energy), Generation (Ngāwhā) 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 amounts from other major activities.
- (iii) 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 determined 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 Financial Statements.

	ACTUAL 31.03.2024	TARGET 31.03.2024	ACTUAL 31.03.2023
NETWORK QUALITY STANDARDS			
System Average Interruption Duration Index (SAIDI).			
The average duration of high voltage outages (including planned) per customer (minutes)			
– Planned	131	125	68
– Unplanned	292	302	516
System Average Interruption Frequency Index (SAIFI).			
The average number of outages (including planned) per year for any customer			
– Planned	1.2	1.0	0.7
– Unplanned	3.3	4.0	5.5
Above items are measured using the methodology determined by the Commerce Commission, and are subject to audit.			
SAFETY CULTURE			
Total Recordable Injury Frequency Rate (TRIFR)	1.7	2.6	2.9

OWNERSHIP

The Company is owned by the Top Energy Consumer Trust. The income and capital beneficiaries of the Trust are the persons connected to the Company's network.

Consolidated statement of comprehensive income

For the year ended 31 March 2024

	Notes	2024 \$'000	2023 \$'000
Operating revenue	4	96,466	95,720
Operating expenses	5	(44,339)	(40,851)
Earnings before interest, tax, depreciation, amortisation and fair value movements of financial assets (EBITDAF)		52,127	54,869
Depreciation and amortisation	5	(24,920)	(27,896)
Finance costs		(16,484)	(18,285)
Earnings before tax and fair value movements of financial assets (EBTF)		10,723	8,688
Fair value gains (losses) on financial assets	6	773	31,554
Profit (Loss) before income tax		11,496	40,242
Income tax credit (expense) from continuing operations	7	(1,803)	(10,069)
Profit (Loss) from continuing operations		9,693	30,173
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain (loss) on revaluation of generation plant	24	–	64,487
Income tax relating to revaluation of non-current assets	7	–	(18,056)
Other comprehensive income for the year, net of tax		–	46,431
Total comprehensive income for the year		9,693	76,604
<i>Profit (loss) is attributable to:</i>			
Equity holders of Top Energy Limited		9,693	30,173
		9,693	30,173
<i>Total comprehensive income for the year is attributable to:</i>			
Equity holders of Top Energy Limited		9,693	76,604
		9,693	76,604

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 March 2024

	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	276	2
Receivables	9	11,350	13,002
Inventories	10	4,199	3,516
Current tax benefit	11	1,933	1,420
Intangible assets	13	893	1,209
Derivative financial instruments	12	3,474	126
Total current assets		22,125	19,275
Non-current assets			
Property, plant and equipment	14	685,028	685,438
Intangible assets	15	37,150	33,726
Derivative financial instruments	12	3,574	10,074
Right-of-use lease assets	16	6,456	5,802
Total non-current assets		732,208	735,040
TOTAL ASSETS		754,333	754,315
LIABILITIES			
Current liabilities			
Trade and Other Payables	17	24,595	26,093
Interest bearing liabilities	18	1,587	1,583
Provisions	19	349	333
Derivative financial instruments	12	39,124	20,190
Right-of-use lease liabilities	16	1,210	975
Total current liabilities		66,865	49,174
Non-current liabilities			
Interest bearing liabilities	20	295,600	299,450
Derivative financial instruments	12	34,246	57,104
Deferred tax liabilities	21	70,727	68,411
Right-of-use lease liabilities	16	5,920	5,378
Total non-current liabilities		406,493	430,343
TOTAL LIABILITIES		473,358	479,517
NET ASSETS		280,975	274,798
EQUITY			
Contributed equity	23	25,267	25,267
Reserves	24	105,486	109,428
Retained earnings	24	150,222	140,103
TOTAL EQUITY		280,975	274,798

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 March 2024

	Notes	SHARE CAPITAL \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
Balance as at 1 April 2023		25,267	109,428	140,103	274,798
<i>Comprehensive income</i>					
Profit (loss) for the year		–	–	9,693	9,693
Revaluation of generation plant	14	–	–	–	–
Income tax relating to components of other comprehensive income	7	–	–	–	–
Amortisation of revaluation reserve	24	–	(5,475)	5,475	–
Deferred tax released on amortisation of reserve	24	–	1,533	(1,533)	–
Total comprehensive income		–	(3,942)	13,635	9,693
<i>Transactions with owners</i>					
Dividends	25	–	–	(3,516)	(3,516)
Total transactions with owners		–	–	(3,516)	(3,516)
Balance as at 31 March 2024		25,267	105,486	150,222	280,975
Balance as at 1 April 2022		25,267	66,046	107,026	198,339
<i>Comprehensive income</i>					
Profit (loss) for the year		–	–	30,173	30,173
Revaluation of generation plant	14	–	64,487	–	64,487
Income tax relating to components of other comprehensive income	14	–	(18,056)	–	(18,056)
Amortisation of revaluation reserve	24	–	(4,234)	4,234	–
Deferred tax released on amortisation of reserve	24	–	1,185	(1,185)	–
Total comprehensive income		–	43,382	33,222	76,604
<i>Transactions with owners</i>					
Dividends	25	–	–	(145)	(145)
Total transactions with owners		–	–	(145)	(145)
Balance as at 31 March 2023		25,267	109,428	140,103	274,798

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

For the year ended 31 March 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers (exclusive of goods and services tax)		98,604	95,744
Payments to suppliers and employees (exclusive of goods and services tax)		(49,463)	(36,601)
		49,141	59,143
Interest received		–	–
Interest paid		(15,499)	(18,645)
Income taxes paid		–	–
Net cash inflow from operating activities	32	33,642	40,498
Cash flows from investing activities			
Purchases of property, plant and equipment		(27,148)	(18,568)
Proceeds from sale of property, plant and equipment		85	282
Purchases of Emission Trading Scheme units		(1,140)	–
Increase / (repayment) of loan from parent		11	23
Net cash inflow / (outflow) from investing activities		(28,192)	(18,263)
Cash flows from financing activities			
Proceeds from (repayment of) borrowings		(3,850)	(21,512)
Dividends paid to the Group's shareholders	25	(155)	(145)
Interest on Right-of-use leases		(413)	(342)
Payments on Right-of-use leases		(751)	(370)
Net cash inflow / (outflow) from financing activities		(5,169)	(22,369)
Net increase (decrease) in cash and cash equivalents			
Cash at bank and on hand at the beginning of the financial year		281	(134)
Cash and cash equivalents at end of year	8	276	(5)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

[1] General information

Top Energy Limited (the Company) provides electricity line function, electrical construction and other services. The Company and its subsidiaries (together, the Group) operate geothermal power stations, sell electricity on the wholesale market and to energy retailers in New Zealand.

The Company is a limited liability company incorporated and domiciled in New Zealand. Its registered office is at Level 2, John Butler Centre, 60 Kerikeri Road, Kerikeri. The Company is not listed on any stock exchange. These financial statements were approved for issue by the Board of Directors on 12 June 2024.

[2] Summary of material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Statutory base

Top Energy Limited is registered under the Companies Act 1993.

These financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the Energy Companies Act 1992.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable New Zealand Financial Reporting Standards, as appropriate for entities that fall within the Tier 1 for-profit category.

(ii) Going Concern

The Group recorded a gain after tax of \$9.7m, with an underlying operational profit (EBITDAF) of \$52.1m.

The Group's ability to continue as a going concern has also been assessed by evaluating the results to 31 March 2024 and the following:

- The Group's operation consists of electricity generation and distribution which is considered an essential service;
- Cash flow from operating activities is positive \$33.6m;
- Borrowing has decreased by \$3.9m when compared to the previous year.
- 10-year forecasts have been reviewed including relevant sensitivity analysis, and compliance against funding obligations;
- The statement of financial position for the period, which currently shows a net working capital deficit is largely driven by fair value loss on financial derivatives. The annual network line discount provision, dividend payable, and income received in advance are the other contributors;
- A desktop assessment of the carrying value of the Generation assets has been completed. No impairment was identified and the value remains reflective of fair value
- The Group is forecast to operate within the conditions of its banking facilities as disclosed in note 20.

As a result of the above considerations, these financial statements have been prepared on a going concern basis.

(iii) Entities reporting

The consolidated financial statements for the 'Group' are for the economic entity comprising Top Energy Limited and all its subsidiary companies.

The Directors have taken advantage of the provisions of the Financial Reporting Act 2013 and the Financial Reporting (Amendments to Other Enactments) Act 2013 and have not provided separate financial statements for the Parent as part of the Group financial statements

All Group companies are designated as profit-oriented entities as defined in External Reporting Board Standard A1: Application of the Accounting Standards Framework.

(iv) Historic cost convention

These financial statements have been prepared under the historic cost convention, as modified by the following:

- the revaluation of financial assets and liabilities (including derivative instruments), which are adjusted to fair value through profit or loss; and
- the revaluation of certain classes of property, plant and equipment and Fair Value through Other Comprehensive Income financial assets, which are adjusted to fair value through other comprehensive income.

(v) Comparative figures

To ensure consistency with the current period, comparative figures have been restated where appropriate in accordance with NZ IFRS requirements. There were no reclassifications or restatements in these financial statements in respect of the year ended 31 March 2023.

(vi) Functional and presentation currency

Items included in the financial statements of each Group company's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). These financial statements are presented in New Zealand dollars, which is the parent entity's functional and presentation currency.

All financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

(b) Accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described in the relevant accounting policies or notes, as appropriate.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including future events, the expected outcomes of which, are believed to be reasonable under the circumstances.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Top Energy Limited (the 'Company' or 'parent entity') as at 31 March 2024 and the results of all subsidiaries for the year then ended. Top Energy Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date when control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and

liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss component of the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. If applicable, amounts reported by subsidiaries are adjusted to ensure consistency with the Group's accounting policies.

(d) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

All other borrowing costs are recognised in the profit or loss component of the statement of comprehensive Income, in the period in which they are incurred.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and bank overdrafts. These items are readily convertible with known amounts of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts are included within the total of interest bearing liabilities, in current liabilities, in the statement of financial position.

(f) Contract work in progress

Contract work in progress is stated at the aggregate of contract costs incurred to date less recognised losses. Cost includes all expenses directly related to specific contracts and an allocation of general overhead expenses incurred by the relevant Group company's contracting operations.

Where income has been received in respect of contract work and the work has not been completed by the reporting date, the total of such held on account is included in Trade and Other Payables as Revenue received in advance.

(g) Derivatives and hedging activities

Derivatives are recognised initially at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The resulting gain or loss is recognised in profit or loss.

(h) Dividend distributions

Dividend distributions to the Parent Company's shareholder are recognised in the Group's financial statements in the accounting period in which the distribution is declared by the Directors.

(i) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service gratuity

The liability for retirement gratuity payments due to eligible long-serving employees is recognised in the provision for employee benefits and measured as the value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(iii) Retirement benefit obligations

The Group makes contributions to defined contribution pension schemes on behalf of some employees. The Group's legal or constructive obligation is limited to these contributions. Contributions are recognised as an expense when employees have rendered service entitling them to the contributions.

(j) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and Fair Value through Other Comprehensive Income securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine

fair value for the remaining financial instruments. The fair value of interest-rate swaps and electricity Contract For Differences are calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(k) Foreign currency translation

Items included in the financial statements of each Group company's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). These financial statements are presented in New Zealand dollars, which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other (losses)/gains – net'.

(l) Goods and Services Tax (GST)

The statement of comprehensive income and items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(m) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(n) Income tax

The tax expense or benefit for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in items of other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as applicable.

The income tax expense or benefit for the period is the total of the current period's taxable income based on the national income tax rate for each jurisdiction plus/minus any prior years' under/over provisions, plus/minus movements in the deferred tax balance, except where the movement in deferred tax is attributable to a movement in reserves.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not offset within the Group as there is currently no legally enforceable right to offset current tax assets against current tax liabilities.

(o) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's (or Company's) share of the net identifiable assets of the acquired business or entity at the date of acquisition. Goodwill on acquisitions of businesses and subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, it is tested for impairment annually, or more frequently if circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed of.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (typically, three years).

(iii) Emission Trading Scheme assets

Carbon emission units are recognised at their initial cost less any accumulated impairment losses. For the purpose of impairment testing, carbon emission units are allocated to the cash generating unit to which they relate.

The carrying value of the units, and the value of the liabilities for which they will have to be surrendered, are calculated on a first in first out basis. The total value of units held is allocated between current and non-current intangible assets. The basis of allocation is that the carrying value of units which equals the current amount accrued as an ETS liability is treated as a current intangible asset less any obligation. The carrying value of all other units is treated as a non-current intangible asset.

(iv) Easements

Easements are perpetual rights over land owned by others. The Group obtains easements in order to protect access to its network assets where these are sited on or pass over privately owned land.

Easements are deemed to have an indefinite useful life as the grants do not have a maturity date and the Group expects to use and have benefit from each easement indefinitely. Therefore the Group does not amortise the cost of easements acquired. The Group reviews the carrying value of easements annually for impairment, and writes down the carrying value if any are found to be impaired.

(v) Resource Consents

Resource consents are capitalised on the basis of the costs incurred. The Group remeasures Resource Consents at fair value, along with its Generation Assets, as they are intrinsically linked. Resource Consents are amortised over their useful lives, considered to be the period of time until their expiry. Details of Generation Assets are provided within Note 2(t).

(p) Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost.

Borrowings are classified as current liabilities unless the relevant Group company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(q) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of weighted average cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(r) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of comprehensive income within other gains/(losses) in the period in which it arises.

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(v) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are carried at fair value. Gains or losses arising from changes in the fair value are recognised within Fair value gains (losses) on financial assets.

Details on how the fair value of financial instruments is determined are disclosed in note 2(j).

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(vi) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified

as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Impairment testing of trade receivables is described in note 2(x).

(vii) Income recognition

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(s) Leases

Lease liabilities are measured at the present value of remaining lease payments, discounted using a rate which represents our Incremental Borrowing Rate (IBR), as well as a deemed margin to reflect commercial borrowing risk where applicable. This rate is effective on the date of transition, and subsequently reassessed for new lease liabilities on the date they are recognised.

Right-of-use (ROU) assets are initially recognised at cost, being the amount of the lease liability. ROU assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

In considering the lease term, the Group applies judgment in determining whether it is reasonably certain that an extension or termination option will be exercised. The majority of the group's leases are property leases. The Group has the right to renew the leases at the end of their lease terms.

The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(t) Property, plant and equipment

Property, plant and equipment, including the distribution network

Except for generation assets, all property, plant and equipment is shown at cost, less subsequent depreciation. Cost includes the amounts of revaluation surpluses that arose prior to the Group's transition to NZ IFRS and which were treated as deemed cost at the date of transition.

Generation assets

Effective 31 March 2014, the Group has accounted for its generation assets at fair value. Valuations are undertaken at sufficiently regular intervals so that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The net revaluation results are presented within other comprehensive income and are accumulated to an asset revaluation reserve in equity.

Additions made subsequent to a periodic revaluation are carried at cost less accumulated depreciation until the date of the next revaluation of the asset class, at which point they are included in the updated valuation total.

A revaluation of the generation assets was undertaken as at 31 March 2023 and the resulting values have been incorporated into these financial statements.

Other property, plant and equipment

All other property, plant and equipment is stated at historic cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

Land is not depreciated.

Fit-outs to leasehold buildings are depreciated on the straight line basis over the term of the underlying lease. It is assumed that leases will terminate at their next renewal date unless management has already planned to extend the lease beyond that date, in which case the term for depreciation purposes runs to the intended termination date.

Depreciation on other assets is calculated using either the straight line or diminishing value methods to allocate their cost, net of their residual value, over their estimated useful life, as follows:

<i>Straight Line basis</i>	<i>Years</i>
Distribution system	15-60
Generation plant	5-50
Plant and equipment	3-20
Freehold buildings	50
Building fit-outs	5-10
<i>Diminishing Value basis</i>	<i>Rate</i>
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss component of the statement of comprehensive income.

(u) Provisions

Provisions are recognised when all of the following conditions are met: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and Goods and Services Tax.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(i) Electricity line revenue and Electricity sales revenue

Electricity line revenue is recognised in profit or loss on the basis of amounts received and receivable by the Parent for line function services supplied to customers in the ordinary course of business. The right to payment corresponds directly with the pattern of distribution and electricity consumption. Electricity line revenue is based on actual and assessed meter readings and includes an allowance for unread meters at the reporting date, as this is the most faithful measure of consumption. Revenue is recognised over time as the customer receives and consumes the benefits on an ongoing basis.

Electricity sales income is recognised as electricity generated and sold by reference to the quantity delivered as measured in kilowatt hours. Revenue is recognised over time as the customer receives and consumes the benefits on an ongoing basis.

Critical judgements in applying this accounting policy

Part of the network charges are based on normalisation, where consumption is estimated by the retailers who supply the consumer, to the end of the billing period based on historical actual electricity usage, as this is the most faithful measure of consumption. Occasionally, historical electricity usage data is not consistent and subsequent adjustments are made.

These adjustments are immaterial compared with total network revenue.

(ii) Capital contributions

Funds received from customers, as a contribution towards the cost of uneconomic supply facilities, are recognised in profit or loss as soon as any obligations attaching to the contributions have been met. For contributions that are refundable, there is a period of 5 years from the date of receipt which a part or all of the contribution may be refunded to the customer. Revenue is recognised at a point in time being the date of completion which is when the business has the right for payment of the work, and the time that the customer takes over control of the asset.

(iii) Contracting Services

When received in advance, are held as payments on account (as a liability in the statement of financial position) and released once the relevant job/contract has been completed. As the customer cannot consume any benefit until all components are completed, revenue is recognised at a point in time being the date of completion, which is when the business has the right for payment of the work, and the time that the customer takes over control of the asset.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

(iv) Other revenue

Revenue is recognised when the Group finalises a contract for sale with the purchaser over time as the customer receives and consumes the benefits of the task being completed as it is being performed. Other revenue also includes the

rendering of services, where revenue recognised in the accounting period in which it arises. Typically, this will be on completion of the underlying transaction.

(w) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company or the Group prior to the end of the accounting period and which are unpaid at that date.

Included in trade payables are amounts of contract liabilities. These represent payments received from customers of the Group's Contracting Services division prior to the commencement of the work contracted for. In the event that the customer were to cancel the contract prior to the commencement of work, the advance payment would become repayable to the customer.

Provisions for the Group's obligations under the New Zealand Emissions Trading Scheme are recognised when the Group's liability is incurred under Scheme regulations. The liability is calculated in accordance with the prescribed regulations and is recognised at the cost value of the emission units acquired to meet the obligation.

Carbon emission units are surrendered on a first-in first-out basis.

(x) Trade and other receivables

Trade receivables are amounts due from customers for services supplied or goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision

is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in the consolidated income statement.

(y) Changes in accounting policies

All accounting policies have been applied on a basis consistent with those applied during the previous reporting period unless otherwise stated within these financial statements.

(z) Adoption status of relevant new financial reporting standards and interpretations

Standards, interpretations and amendments to published standards that came into effect during the reporting year

All mandatory Standards, Amendments and Interpretations have been adopted in the current accounting period. None have had a material impact on these financial statements.

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group

There are a number of Standards, Amendments and Interpretations which have been approved. The Group expects to adopt these when they become mandatory.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts, interest rate swaps and electricity Contract For Differences (CFDs) to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out by senior management under policies approved by the Board of Directors. Management identifies and evaluates relevant financial risks and acts to manage these where possible within the parameters set out by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

At the current reporting date, the Group had not entered into any forward foreign currency contracts (2023: US\$Nil) to manage exposure.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Throughout the periods presented in these financial statements, the Group's borrowings at variable rate were denominated in New Zealand dollars.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts, calculated by reference to the agreed notional principal amounts.

Interest rate risk arises in respect of the portion of the Group's borrowings that is not covered by interest rate swaps. The element of Group borrowings at the reporting dates presented in these financial statements is sufficiently small such that, if interest rates had changed by +/- 1% (=100bp) from the average period rate of 5.73% (2023: 5.74%) with all other variables held constant, the effect on post-tax profit for the year in respect of that element of total borrowings would have been less than \$500,000.

If the above sensitivity calculation were applied to the total of interest rate swaps entered into by the Group at the reporting date, the effect of a change of +/- 1% (=100bp) in the floating rate element of those swaps would result in a reduction / increase in the fair value derivative loss recognised at the reporting date of +\$5,262,000/- \$5,494,000 respectively (2023: +\$10,552,000/- \$11,116,000).

(iii) Energy market risk

The Group has entered into electricity Contract For Differences (CFDs) under which it receives a fixed amount based on a notional quantity of electricity generation. At 31 March 2024, the notional amount of current contracts totalled \$168,629,000 (31 March 2023: \$161,151,000). The settlement dates coincide with the dates on which spot prices are receivable on the underlying electricity generation, being 20th of the following month.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum Standard & Poor's credit rating of 'A' (or equivalent) are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and any other relevant factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Customers' credit limits are regularly monitored by management.

Three customers comprised 82% of the Group's total trade accounts receivable as at 31 March 2024 (2023: 82%). Subsequent to the reporting dates, the amounts then due were cleared. The Group does not expect the non-performance of any material obligations as at the reporting date.

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises on derivative financial instruments with unrealised gains. Unrealised gains are presented as derivative financial instrument assets within note 12.

The Group undertakes all of its transactions in foreign exchange and interest rate contracts with trading banks that are registered with the Reserve Bank of New Zealand.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group's management aims to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow.

The table below analyses the Group's financial liabilities, excluding derivative financial instruments (which are shown separately), into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows (2024YE: discounted, 2023YE: discounted) and include interest to maturity.

	LESS THAN 1 YEAR \$'000	BETWEEN 1 & 2 YEARS \$'000	BETWEEN 2 & 5 YEARS \$'000	OVER 5 YEARS \$'000
At 31 March 2024				
Bank overdrafts and loans	19,902	18,103	277,747	–
Right-of-use lease liabilities	1,382	1,733	2,049	6,493
Other loans	1,587	–	–	–
Trade and other payables	24,557	–	–	–
At 31 March 2023				
Bank overdrafts and loans	18,576	16,896	278,732	–
Right-of-use lease liabilities	1,001	896	1,813	3,641
Other loans	1,653	–	–	–
Trade and other payables	26,093	–	–	–

The following table analyses the Group's derivative financial instruments that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For the

purposes of calculating the undiscounted contractual cashflows on the interest rate swaps, it has been assumed that the base rate driving the floating portion will remain the same throughout the term of each contract.

	LESS THAN 1 YEAR \$'000	BETWEEN 1 & 2 YEARS \$'000	BETWEEN 2 & 5 YEARS \$'000	OVER 5 YEARS \$'000
At 31 March 2024				
<i>Interest rate swaps</i>				
– inflow	6,168	2,186	2,026	–
– outflow	(1,908)	(1,908)	(5,476)	(1,060)
<i>Electricity CFDs</i>				
– inflow	98	164	–	–
– outflow	(39,124)	(20,670)	(13,577)	–
At 31 March 2023				
<i>Interest rate swaps</i>				
– inflow	3,746	3,469	7,599	2,579
– outflow	(1,909)	(1,908)	(5,724)	(2,725)
<i>Electricity CFDs</i>				
– inflow	126	144	212	–
– outflow	(20,190)	(25,878)	(31,226)	–

Cash flow forecasting is performed in aggregate by the Group. The Group monitors rolling forecasts of its liquidity requirements, to ensure it has sufficient cash to meet its operational needs whilst maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, so that the Group does not breach its borrowing limits or covenants (as

applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, where applicable, external regulatory or legal requirements (for example, currency restrictions).

(d) Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the relevant reporting date. Quoted market prices or dealer quotes for similar instruments are used as the basis for valuing interest rate swaps, electricity CFDs and forward foreign exchange contracts. Additional credit and debit value adjustments are made to the market prices in order to arrive at fair values as defined by NZ IFRS 13 Fair Value Measurement. The Group employs specialist independent valuers to calculate these valuations.

The carrying value, less impairment provision, of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group applies the provisions of NZ IFRS 7 Financial Instruments: Disclosures for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise equity investments quoted on a recognised stock exchange that are classified as trading securities or Fair Value through Other Comprehensive Income.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

The following table presents the Group's assets and liabilities that are measured at fair value. Refer to note 14 for disclosures of generation plant that is measured at fair value.

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL BALANCE \$'000
At 31 March 2024				
Assets				
<i>Financial assets at fair value through profit or loss</i>				
– Trading derivatives - interest rate swaps	–	6,786	–	6,786
– Trading derivatives - electricity CFDs	–	262	–	262
Total assets	–	7,048	–	7,048
Liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
– Trading derivatives - interest rate swaps	–	–	–	–
– Trading derivatives - electricity CFDs	–	(73,370)	–	(73,370)
Total liabilities	–	(73,370)	–	(73,370)
At 31 March 2023				
Assets				
<i>Financial assets at fair value through profit or loss</i>				
– Trading derivatives - interest rate swaps	–	9,718	–	9,718
– Trading derivatives - electricity CFDs	–	482	–	482
Total assets	–	10,200	–	10,200
Liabilities				
<i>Financial liabilities at fair value through profit or loss</i>				
– Trading derivatives - interest rate swaps	–	–	–	–
– Trading derivatives - electricity CFDs	–	(77,294)	–	(77,294)
Total liabilities	–	(77,294)	–	(77,294)

There were no transfers between levels 1,2 and 3 during the above years.

(e) Financial instruments by category

FINANCIAL ASSETS as per statement of financial position	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS \$'000	OTHER \$'000	TOTAL \$'000
At 31 March 2024				
Derivative financial instruments - electricity CFDs	–	262	–	262
Derivative financial instruments - interest rate swaps	–	6,786	–	6,786
Trade and other receivables	9,042	–	–	9,042
Other financial assets	–	–	12,373	12,373
Cash and cash equivalents	276	–	–	276
	9,318	7,048	12,373	28,739
At 31 March 2023				
Derivative financial instruments - electricity CFDs	–	482	–	482
Derivative financial instruments - interest rate swaps	–	9,718	–	9,718
Trade and other receivables	11,180	–	–	11,180
Other financial assets	–	–	12,014	12,014
Cash and cash equivalents	2	–	–	2
	11,182	10,200	12,014	33,396

FINANCIAL LIABILITIES as per statement of financial position	FINANCIAL LIABILITIES AT AMORTISED COST \$'000	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS \$'000	TOTAL \$'000
At 31 March 2024			
Borrowings	297,187	–	297,187
Derivative financial instruments - interest rate swaps	–	–	–
Derivative financial instruments - electricity CFDs	–	73,370	73,370
Right-of-use lease liabilities	7,130	–	7,130
Trade and other payables	13,438	–	13,438
	317,755	73,370	391,125
At 31 March 2023			
Borrowings	301,033	–	301,033
Derivative financial instruments - interest rate swaps	–	–	–
Derivative financial instruments - electricity CFDs	–	77,294	77,294
Right-of-use lease liabilities	6,353	–	6,353
Trade and other payables	13,553	–	13,553
	320,939	77,294	398,233

[4] Revenue

	2024 \$'000	2023 \$'000
From continuing operations		
Electricity line revenue	49,274	49,356
Network line charge discount	(5,786)	(7,069)
Capital contributions	5,093	4,280
Electricity sales	45,173	46,158
Contracting services	2,584	2,842
Other revenue	128	153
Total revenue from continuing operations	96,466	95,720

[5] Expenses

	2024 \$'000	2023 \$'000
Expenses, excluding depreciation, amortisation and finance costs, included in the Statement of Comprehensive Income classified by nature		
Raw materials and consumables used	3,922	5,237
Employee benefits expense	17,640	17,175
Other expenses	16,023	16,569
Transmission charges	6,754	1,870
	44,339	40,851
Profit before income tax includes the following specific expenses:		
Depreciation		
Distribution system	8,964	8,777
Generation plant	12,779	15,742
Plant and equipment	640	711
Vehicles	557	583
Buildings	217	210
Right-of-use leased assets	874	601
Total depreciation	24,031	26,624
Amortisation		
Software	455	985
Resource consents	434	287
Total amortisation	889	1,272
Total depreciation and amortisation	24,920	27,896
Net loss (gain) on disposal of property, plant and equipment	250	143
<i>Employee benefit expense</i>		
Wages and salaries, including restructuring costs and termination benefits	16,462	16,091
ACC levies and employee medical insurance	638	589
Pension costs - defined contribution plans	540	495
	17,640	17,175

Auditors' fees

The following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	2024 \$'000	2023 \$'000
<i>Audit services</i>		
Audit of the financial statements - Deloitte Limited	214	204
Total remuneration for audit services	214	204
<i>Other assurance services</i>		
Audit of regulatory statements - Deloitte Limited	69	69
Audit of Unique Emissions Factor - Deloitte Limited	22	18
Total remuneration for other assurance services	91	87
Total remuneration for assurance services	305	291

[6] Fair value gains / (losses) on financial assets

	2024 \$'000	2023 \$'000
Net (loss) / gain on interest rate swaps	(2,932)	12,262
Net (loss) / gain on electricity Contract For Differences	3,705	19,292
	773	31

[7] Income tax expense

(a) Income tax expense

	2024 \$'000	2023 \$'000
Current tax		
Current tax expense / (benefit) on profits for the year	(521)	(251)
Adjustments in respect of prior years	7	117
Total current tax expense / (benefit)	(513)	(134)
Deferred tax		
Origination and reversal of temporary differences	2,316	28,380
Exclude: element arising on fixed asset revaluation- recognised in equity	–	(18,056)
Under / (over) provided in prior years	–	(121)
Total deferred tax	2,316	10,203
Income tax expense / (benefit)	1,803	10,069
Profit / (loss) from continuing operations	1,803	10,069
<i>Deferred income tax expense (benefit) included in income tax expense comprises:</i>		
Decrease / (increase) in deferred tax assets	1,166	6,021
Increase / (decrease) in deferred tax liabilities	1,150	4,182
	2,316	10,203

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2024 \$'000	2023 \$'000
Profit/(Loss) from continuing operations before income tax expense	11,496	40,242
	11,496	40,242
Tax at the New Zealand tax rate of 28%	3,219	11,268
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Non-deductible expenditure	3	4
Income not subject to tax	(1,426)	(1,198)
Other reconciling items		
Adjustment in respect of prior years	7	(5)
Income tax expense	1,803	10,069

[8] Current assets – Cash and cash equivalents

	2024 \$'000	2023 \$'000
Cash on hand	1	1
Bank balances	275	1
	276	2

(a) Reconciliation to cash at the reporting date

Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	2024 \$'000	2023 \$'000
Balances as above	276	2
Bank overdrafts (note 18)	–	(7)
Cash and cash equivalents	276	(5)

[9] Current assets – Trade and other receivables

	2024 \$'000	2023 \$'000
<i>Net trade receivables</i>		
Trade debtors	9,042	11,180
Provision for doubtful receivables	(368)	(393)
Net trade receivables	8,674	10,787
Sundry prepayments	2,676	2,215
Total current receivables	11,350	13,002

(a) Impaired receivables

	2024 \$'000	2023 \$'000
Movements in the provision for impairment of trade receivables are as follows:		
At 1 April	(393)	(374)
Provision for impairment arising during the year	–	(28)
Provision for impairment released in the year	25	–
Charge (credit) to profit and loss during the period	–	9
At 31 March	(368)	(393)

The creation and release of the provision for impaired receivables has been included in 'other expenses' in profit or loss. Amounts charged to the allowance account are generally

written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

(b) Foreign exchange and interest rate risk

A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in note 3.

(c) Fair value

Due to the short-term nature of trade receivables, their carrying value is assumed to approximate to their fair value.

[10] Current assets – Inventories

	2024 \$'000	2023 \$'000
<i>Raw materials</i>		
Raw materials at cost	3,683	3,062
Contract costs incurred less recognised losses	516	454
	4,199	3,516

[11] Current assets – Current tax benefit

	2024 \$'000	2023 \$'000
Tax benefit of losses	1,933	1,420
	1,933	1,420

[12] Derivative financial instruments

	2024 \$'000	2023 \$'000
Current assets		
Interest rate swaps- at fair value through profit or loss - see below ((a)(ii))	3,376	–
Electricity Contract for Differences - see below ((a)(iii))	98	126
Total current derivative financial instrument assets	3,474	126
Non-current assets		
Interest rate swaps- at fair value through profit or loss - see below ((a)(ii))	3,410	9,718
Electricity Contract For Differences - see below ((a)(iii))	164	356
Total non-current derivative financial instrument assets	3,574	10,074
Total derivative financial instrument assets	7,048	10,200
Current liabilities		
Interest rate swaps- at fair value through profit or loss - see below ((a)(ii))	–	–
Electricity Contract For Differences - see below ((a)(iii))	(39,124)	(20,190)
Electricity Contract For Differences - see below ((a)(iii))	(34,246)	(57,104)
Total derivative financial instrument liabilities	(73,370)	(77,294)
Net assets (liabilities) in relation to derivative financial instruments	(66,322)	(67,094)

For further information refer to note 2(g).

(a) Instruments used by the Group

(i) Forward foreign exchange contracts

The Group had previously entered into forward foreign exchange contracts relating to the expansion of the Ngawha generation plant. These contracts matured during the period 31 March 2023.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

(ii) Interest rate swaps

The Group has entered into interest rate swap contracts under which it receives interest at variable rates and pays interest at fixed rates in respect of the notional principal amount of each contract. At 31 March 2024 the notional principal amount of current contracts totalled \$307,000,000 (31 March 2023:

\$297,000,000). At 31 March 2024 there was 2 remaining forward starting contracts (31 March 2023: 2), with a total notional principal value of \$50,000,000 (2023: \$50,000,000), to replace maturing contracts.

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

(iii) Electricity Contract for Differences

The Group has entered into electricity Contract For Differences (CFDs) under which it receives a fixed amount based on a notional quantity of electricity generation. At 31 March 2024, the notional amount of current contracts totalled \$168,629,000 (31 March 2023: \$161,151,000). The settlement dates coincide with the dates on which spot prices are receivable on the underlying electricity generation, being 20th of the following month.

(b) Credit risk exposures

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity.

This arises on derivative financial instruments with unrealised gains. Details of the Group's exposure to credit risk are given at note 3(b).

[13] Current assets – Intangible assets

	2024 \$'000	2023 \$'000
Emission Trading Scheme Units	893 893	1,209 1,209

The Emission Trading Scheme Units have been purchased to settle the Group's liabilities under the Scheme and are held in the Group's account at the Registry. They will be surrendered in the May following the end of the calendar year in which the liability arises.

The Units are held at cost on the grounds that it is not the Group's intention to dispose of them other than in settlement of its ETS liabilities.

During the reporting period ended 31 March 2019, the Company entered into a forward contract for the purchase of 77,000 NZUs with a value of \$2,402,400. Settlement of this contract is due in April 2024.

During the reporting period ended 31 March 2022, the Company entered into a forward contracts for the purchase of 100,000 NZUs with a value of \$9,095,000. Settlement of this contract is due in April 2025.

[14] Non-current assets – Property, plant and equipment

	DISTRIBUTION SYSTEM \$'000	CAPITAL WORK IN PROGRESS \$'000	GENERATION PLANT \$'000	PLANT AND EQUIPMENT \$'000	MOTOR VEHICLES \$'000	FREEHOLD LAND \$'000	BUILDINGS \$'000	TOTAL \$'000
Year ended 31 March 2024								
Opening net book amount	257,873	9,951	402,541	1,843	2,376	8,197	2,657	685,438
Additions	19,021	4,274	1,031	709	992	–	47	26,074
Disposals	(1,080)	–	–	(124)	(1,290)	–	–	(2,494)
Transfers and reclassifications	4,987	(8,796)	871	104	9	–	10	(2,815)
Depreciation charge	(8,964)	–	(12,779)	(640)	(557)	–	(217)	(23,157)
Depreciation released on disposals	698	–	–	120	1,164	–	–	1,982
Revaluation of generation plant	–	–	–	–	–	–	–	–
Closing net book amount	272,535	5,429	391,664	2,012	2,694	8,197	2,497	685,028
At 31 March 2024								
Cost	487,530	5,429	3,135	12,331	8,727	8,197	4,018	529,367
Valuation	–	–	401,498	–	–	–	–	401,498
Accumulated depreciation	(214,995)	–	(12,969)	(10,319)	(6,033)	–	(1,521)	(245,837)
Net book amount	272,535	5,429	391,664	2,012	2,694	8,197	2,497	685,028
Year ended 31 March 2023								
Opening net book amount	254,448	7,012	356,030	1,883	2,798	7,939	2,857	632,967
Additions	9,289	7,362	297	584	244	258	11	18,045
Disposals	(769)	–	–	(133)	(1,424)	–	–	(2,326)
Transfers and reclassifications	3,245	(4,423)	–	92	2	–	–	(1,084)
Depreciation charge	(8,777)	–	(15,741)	(711)	(583)	–	(211)	(26,023)
Depreciation released on disposals	437	–	–	128	1,339	–	–	1,904
Revaluation of generation plant	–	–	61,955	–	–	–	–	61,955
Closing net book amount	257,873	9,951	402,541	1,843	2,376	8,197	2,657	685,438
At 31 March 2023								
Cost	464,603	9,951	3,230	11,642	9,016	8,197	3,961	510,600
Valuation	–	–	399,501	–	–	–	–	399,501
Accumulated depreciation	(206,730)	–	(190)	(9,799)	(6,640)	–	(1,304)	(224,663)
Net book amount	257,873	9,951	402,541	1,843	2,376	8,197	2,657	685,438

(a) Critical accounting estimates and assumptions

The Group considers annually whether the carrying values of its property, plant and equipment are supportable, based on their expected value-in-use as detailed below. This also takes into consideration note 2(a)(ii)- Going Concern. The carrying value of the distribution network at 31 March 2024 did not exceed its Regulatory Asset Basis value as defined in the Electricity Distribution Information Disclosure Determination 2012.

The external valuation of the generation plant was performed as at 31 March 2023 using an approach based principally on discounted predicted future cash flows over a 15 year period to 31 March 2038 using a post tax WACC of 7.71% as a discount rate. The forecasts included estimates of future revenues, operating costs, capital expenditure, tax depreciation charges, working capital movements and tax payments. For the 2023 valuation, the Mid Point valuation was used.

In setting the expected useful lives of the assets that comprise the Ngawha power station, it has been assumed that the necessary resource consents, which have a fixed life, will be renewed prior to their expiry. Under the terms of the resource consent and a subsequent variation issued in June 2017, the consent was granted for 35 years from the date of the variation, expiring in June 2052.

(b) Valuation of generation plant

Independent valuations of the Group's generation plant were performed by valuers to determine its fair value as at 31 March 2023. The revaluation adjustment net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'reserves' in shareholders equity (note 24).

The carrying amount of the generation plant that would have been recognised at 31 March 2024 had those assets been carried under the cost model is \$264,616,000 (31 March 2023: \$270,599,000).

(c) Valuation processes of the Group

The Group has engaged external, independent and qualified valuers to determine the fair value of the Group's generation plant assets. As at 31 March 2023, the fair values of the generation plant assets were determined by a specialist team within PricewaterhouseCoopers, Auckland.

The size and nature of the electricity generation plant is such that there have been no directly comparable disposals within New Zealand, consequently the valuations were performed using unobservable inputs. The principal factors as determined by the external valuers are set out in the following table.

(d) Information about fair value measurements using significant unobservable inputs (Level 3)

DESCRIPTION	FAIR VALUE AT 31 MARCH 2024 (\$'000)	VALUATION TECHNIQUE(S)	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Generation plant	420,500	Discounted cash flow	Projected Wholesale Price Path (revenue) taking into consideration ASX futures prices and a combination of short to medium term factors including an assessment of the Long Run Marginal Cost (LRMC) of electricity generation in New Zealand.	The higher the revenue, the higher the fair value.
			Operating Costs, taking into account management's experience and knowledge of the asset's condition and required maintenance plans.	The higher the operating costs, the lower the fair value.
			Capital expenditure, taking into account management's experience and knowledge of the asset's condition.	The higher the capital expenditure, the lower the fair value.
			Weighted average cost of capital, determined using a Capital Asset Pricing Model post tax WACC of 7.71%.	The higher the weighted average cost of capital, the lower the fair value.
			Terminal growth rate.	The higher the terminal growth rate, the higher the fair value.

Sensitivities

The valuation is most sensitive to a change in revenue driven by a change in the wholesale price path and post tax WACC. A 5% movement in revenue and post tax WACC changes the mid-point valuation by approximately +/- 19.7% and +6.9% /

-5.9% respectively. The average impact on the mid-point valuation of a movement of 5% in operating costs is +/- 10.7%. The valuation is relatively insensitive to movements in terminal growth rate and capital expenditure.

(e) Capitalised borrowing costs

Capital work in progress during the periods reported above includes capital projects which have an expected cost in excess of \$500,000 and a planned duration of longer than three months. Interest on borrowings raised to finance those projects has been capitalised. The amount capitalised by the

Group during the year ended 31 March 2024 was \$190,000 (2023: \$58,000).

Interest capitalised was at the average rate of 5.73% for the year ended 31 March 2024 (2023: 5.74%).

[15] Non-current assets – Intangible assets

	GOODWILL \$'000	RESOURCE CONSENTS \$'000	COMPUTER SOFTWARE \$'000	EASEMENTS \$'000	EMISSION TRADING SCHEME UNITS \$'000	TOTAL \$'000
Year ended 31 March 2024						
Opening net book amount	811	10,650	983	10,477	10,805	33,726
Additions	–	8	343	473	1,140	1,964
Transfers and reclassifications	–	–	193	2,623	425	3,241
Reclassification between current and non-current ETS units	–	–	–	–	(893)	(893)
Amortisation charge (note 5)	–	(434)	(454)	–	–	(888)
Closing net book amount	811	10,224	1,065	13,573	11,477	37,150
At 31 March 2024						
Cost	811	–	7,026	13,573	11,477	32,887
Valuation	–	10,658	–	–	–	10,658
Accumulated amortisation	–	(434)	(5,961)	–	–	(6,395)
Net book amount	811	10,224	1,065	13,573	11,477	37,150
Year ended 31 March 2023						
Opening net book amount	811	7,920	851	10,476	11,656	31,714
Additions	–	485	36	1	–	522
Transfers and reclassifications	–	–	1,081	–	–	1,081
Reclassification between current and non-current ETS units	–	–	–	–	(851)	(851)
Amortisation charge (note 5)	–	(286)	(985)	–	–	(1,271)
Revaluation of generation plant	–	2,531	–	–	–	2,531
Closing net book amount	811	10,650	983	10,477	10,805	33,726
At 31 March 2023						
Cost	811	–	6,490	10,477	10,805	28,583
Valuation	–	10,650	–	–	–	10,650
Accumulated amortisation	–	–	(5,507)	–	–	(5,507)
Net book amount	811	10,650	983	10,477	10,805	33,726

For further details of the Emission Trading Scheme units refer to note 13.

(a) Allocation of goodwill between cash-generating units

Goodwill is allocated to the following of the Group's cash-generating units (CGUs):

	NGĀWHĀ GENERATION LTD \$'000	TOTAL \$'000
At 31 March 2024		
Cost at 1 April 2023	811	811
At 31 March 2024	811	811
At 31 March 2023		
Cost at 1 April 2022	811	811
At 31 March 2023	811	811

(b) Impairment testing of goodwill

As described in note 2(o) goodwill is tested at least annually for impairment. An impairment arises where the goodwill's carrying value exceeds its recoverable amount.

Critical accounting estimates and assumptions

The goodwill recoverable amounts are based on value-in-use calculations. Those calculations use cash flow and profit projections based on budgets approved by management to

31 March 2023, and a post-tax discount rate of 7.71% (2023: 7.71%). At 31 March 2024 and 2023 the calculations support the carrying amounts of recorded goodwill. Management believes that any reasonable change in the key assumptions used in the calculations would not cause the current carrying amount to exceed its recoverable amount.

[16] Leases

(a) Amounts recognised in the Statement of financial position

The Statement of financial position shows the following amounts relating to Right-of-use leases:

	2024 \$'000	2023 \$'000
<i>Right-of-use lease assets net book value</i>		
Properties	2,926	3,189
Vehicles	2,306	1,329
Equipment	–	15
Well sites	1,224	1,269
	6,456	5,802
<i>Right-of-use lease liabilities</i>		
Current	1,210	975
Non-current	5,920	5,378
	7,130	6,353

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to Right-of-use leases:

	2024 \$'000	2023 \$'000
<i>Depreciation charge of Right-of-use assets</i>		
Properties	510	510
Equipment	15	16
Vehicles	304	33
Well sites	45	42
	874	601
<i>Interest on Right-of-use leases</i>		
Interest expense (included in finance cost)	413	342
	413	342

The total cash outflow for Right-of-use leases in the year ended 31 March 2024 was \$1,163,000 (2023: \$864,000)

(c) The Company leasing activity and how these are accounted for

The Group leases various offices, warehouses, depot sites, well sites, vehicles and equipment. Rental contracts are typically made for fixed periods, but may have extension options. These are used to maximise operational; flexibility in

terms of managing the assets used in the Group's operations. The majority of extensions and termination options held are exercisable only by the Group and not by the respective lessor.

[17] Current liabilities – Trade and other payables

	2024 \$'000	2023 \$'000
Trade payables	4,967	4,926
GST payable	37	30
ACC levies, PAYE and other payroll taxes	214	94
Dividend payable	3,361	–
Payroll creditors	2,386	2,610
Accruals	3,217	5,441
Discount Payable	5,786	7,069
Revenue received in advance	4,627	5,923
	24,595	26,093

[18] Current liabilities – Interest-bearing liabilities

	2024 \$'000	2023 \$'000
Bank overdrafts	–	7
Total interest bearing bank borrowings	–	7
Loan from parent entity	1,587	1,576
Total other interest bearing borrowings	1,587	1,576
Total current interest bearing borrowings	1,587	1,583

The Group's borrowings are subject to covenants agreed with its lenders. Details are provided at note 20.

[19] Current liabilities – Provisions

	2024 \$'000	2023 \$'000
Employee benefits	349	333
	349	333

The provision for employee benefits relates to entitlements to retirement gratuity payments under a scheme that ceased to be available to new employees more than 20 years ago. The provision has been calculated as the value of expected future payments to be made in respect of services provided by eligible

employees up to the reporting date, using those employees' current wage and salary levels. The provision represents the full entitlement of those qualifying employees, all of which now qualify for the entitlement.

[20] Non-current liabilities – Interest-bearing liabilities

	2024 \$'000	2023 \$'000
Bank loans	295,600	299,450
Total non-current interest bearing liabilities	295,600	299,450

* Further information relating to loans from related parties is set out in note 29.

(a) Liabilities subject to negative pledges given over assets

Total liabilities (both current and non-current) in respect of which negative pledges have been given to the Group's bankers by the Guaranteeing Group of companies are as follows:

	2024 \$'000	2023 \$'000
Bank overdrafts and bank loans	295,600	299,457
Total liabilities covered by the negative pledges	295,600	299,457

(b) Banking covenants

The bank loans and overdraft are subject to identical negative pledges given to all of the Group's banks. The pledges impose certain covenants on a "Guaranteeing Group". The Guaranteeing Group (per note 27) comprises Top Energy Limited, and Ngawha Generation Limited only as at 31 March 2024. Each negative pledge states that the Guaranteeing Group will ensure that the following financial ratios are met:

(i) Consolidated EBITDA (earnings before borrowing costs, taxation, depreciation and amortisation, extraordinary items, profits and losses derived on the sale of fixed assets or investment, and non-cash unrealised gains or losses from foreign exchange, interest rate swaps, futures and

options measured over the preceding 12 month period) to Net Interest Costs for that 12 month period will not be less than 2.00:1.00,

(ii) Consolidated net debt to consolidated EBITDA will be no greater than 6.50:1.00,

(iii) Consolidated tangible assets will not be less than 90% of the consolidated tangible assets of the Group,

(iv) Consolidated EBITDA will not be less than 90% of the total EBITDA of the Group.

All of the above covenants were complied with throughout the year.

[21] Non-current liabilities – Deferred tax liabilities

	2024 \$'000	2023 \$'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	89,016	86,994
Intangible assets	1,110	1,099
Financial assets at fair value through profit or loss	(18,570)	(18,786)
Other temporary differences	(829)	(896)
Net deferred tax liabilities	70,727	68,411
<i>Movements</i>		
Balance at 1 April	68,411	40,153
Charged / (credited) to profit or loss	2,316	10,202
Tax charged/(credited) directly to equity (note 7)	–	18,056
Closing balance at 31 March	70,727	68,411
<i>Expected maturity of deferred tax liabilities</i>		
Within 12 months	(10,810)	(6,514)
In excess of 12 months	81,537	74,925
	70,727	68,411

The tax rate applied in calculating the deferred tax provision was 28% at each of the reporting dates in these financial statements.

[22] Imputation credits

	2024 \$'000	2023 \$'000
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2023: 28%)	17,006	17,273
	17,006	17,273

The above amounts represent the aggregate balances of the individual entities' imputation accounts as at the end of the reporting period, adjusted for:

a) Imputation credits that will arise from the payment of the amount of the provision for income tax;

b) Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
c) Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

[23] Contributed equity

(a) Share capital

	2024 Shares 000s	2023 Shares 000s	2024 \$'000	2023 \$'000
Ordinary shares				
Authorised, issued and fully paid	25,000	25,000	25,267	25,267
Total contributed equity			25,267	25,267

(b) Ordinary shares

The entire share capital of Top Energy Limited is held by the Chair of the Top Energy Consumer Trust, for the benefit of those

electricity customers who are connected to the Company's distribution network.

(c) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, in order to continue to provide returns for shareholders and to maintain an optimal capital structure to minimise the Group's cost of capital.

In order to maintain or adjust the capital structure, Top Energy Ltd may adjust the amount of dividends paid to its shareholder, may return capital to the shareholder, and may sell assets to reduce debt.

[24] Reserves and retained earnings

(a) Reserves

	2024 \$'000	2023 \$'000
Property, plant and equipment revaluation reserve	105,486	109,428
Movements		
<i>Property, plant and equipment revaluation reserve</i>		
Balance at 1 April	109,428	66,046
Revaluation- before tax	–	64,487
Deferred tax on the revaluation	–	(18,056)
Amortisation of revaluation reserve	(5,475)	(4,234)
Deferred tax released on amortisation of reserve	1,533	1,185
Balance at 31 March	105,486	109,428

(b) Retained earnings

Movements in retained earnings were as follows:

	2024 \$'000	2023 \$'000
Balance at 1 April	140,104	107,027
Net profit for the year	9,693	30,173
Dividends	(3,516)	(145)
Net transfer between reserves	3,941	3,048
Balance at 31 March	150,222	140,103

[25] Dividends

(a) Ordinary shares

	2024 \$'000	2023 \$'000
Dividend of 0.62 cents per ordinary share paid on 31 March 2024	155	–
Dividend of 0.58 cents per ordinary share paid on 31 March 2023	–	145
	155	145

(b) Dividend imputation

Top Energy declared a dividend of \$5,016,418 by way of an imputed consumer dividend (including withholding tax).

[26] Director disclosures

The following persons were directors of Top Energy Limited during the financial year ended 31 March 2024:

(i) Chair - non-executive

- Mr David Sullivan

(ii) Other non-executive directors

- Ms Nicole Anderson
- Mr Jon Nichols
- Mr Steven Sanderson
- Mr Simon Young

(iii) Directors of other Group companies

- Mr D Sullivan, Mr J Nichols, and Mr S Young are directors of Ngawha Generation Limited.
- Mr D Sullivan, Mr R Shaw and Mr S Young are directors of Top Energy Ngawha Spa Limited.
- Mr P Doherty, Mr S Sanderson and Mr A Will are directors of Te Puna Hihiko Risk Limited.

(a) Details of remuneration

Details of the remuneration of each director of the Top Energy Limited Group are set out in the following tables.

	CASH SALARY AND FEES (\$)	TOTAL (\$)
Year to 31 March 2024		
Directors of Top Energy Ltd		
– D Sullivan	136,300	136,300
– N Anderson	55,350	55,350
– J Nichols	77,925	77,925
– S Sanderson	55,350	55,350
– S Young	69,300	69,300
Directors of other Group companies		
– P Doherty* (appointed 06 October 2023)	–	–
– B Jones (appointed 20 March 2024)	2,321	2,321
– R Kirkpatrick	55,350	55,350
– S Sanderson (appointed 06 October 2023)	–	–
– R Shaw*	–	–
– A Will (appointed 06 October 2023)	2,000	2,000
– K Tempest (resigned 04 December 2023)	41,425	41,425
Total	495,321	495,321
Year to 31 March 2023		
Directors of Top Energy Ltd		
– D Sullivan	119,908	119,908
– R Krogh (to 28 June 2022)	30,825	30,825
– N Anderson	53,900	53,900
– J Nichols	73,817	73,817
– S Sanderson	53,900	53,900
– S Young	66,850	66,850
Directors of other Group companies		
– R Kirkpatrick	53,900	53,900
– R Shaw*	–	–
– K Tempest	53,900	53,900
Total	507,000	507,000

The directors of various subsidiary companies whose names are marked with * are employees of Top Energy Ltd and are remunerated by that company.

(b) Directors' interests in other entities

Each company within the Group maintains a register of its directors' interests in other entities. No director has declared an actual conflict of interest in respect of their interests in other entities.

DIRECTOR	ENTITY	
Mr D Sullivan	Matakana Olive Oil Co-operative Limited Mahurangi Olives Limited Cognition Education Limited	Director Director Director
Ms N Anderson	Northland Inc Limited Anderson Trading Co Limited Far North Holdings Limited International Accreditation Council Kainga Ora	Director Director Director Chair Director
Dr D Kirkpatrick	RKP Limited	Director
Mr J Nichols	Eastland Group Limited Eastland Generation Limited Gisborne Airport Limited Eastland Port Limited Hawkes Bay Airport Limited Hawkes Bay Airport Construction Limited Nichols Consulting Limited	Director Director Director Director Director Director Director
Mr S Sanderson	Mitchell Daysh Limited Ports of Taranaki Limited	Director Director
Mr S Young	The Karo Group Limited Jimmi Interests Limited Smith & Young Nominees Limited Carbon One Limited Utilise Limited Jimmi Limited Jimmi Holdings Limited On Farm Energy Limited Electricity Invercargill Limited Roaring Forties Energy GP Limited Southern Generation Partnership Limited	Director Director Director Director Director Director Director Director Director Director Director

[27] Contingencies

As at 31 March 2024 a “Guaranteeing Group” had executed a Common Terms Deed in favour of ANZ Bank New Zealand Limited, Bank of China Limited- Auckland Branch, Bank of New Zealand Limited, China Construction Bank (New Zealand) Limited, Industrial and Commercial Bank of China Limited - Auckland Branch, and Westpac New Zealand Limited. The Guaranteeing Group comprises Top Energy Limited and Ngawha Generation Limited. The security arrangement imposes a liability on each subsidiary company within the Group, where each subsidiary is liable to repay all or any part of the guaranteed indebtedness should any of the guaranteeing group fail to meet its obligations under the Deed. The Common Terms Deed and respective Facility Agreements were executed on 5 October 2022.

For the year 31 March 2023, Top Energy Limited breached the unplanned SAIDI interruption cap and the unplanned SAIFI

limit as set in the Electricity Distribution Services Default Price-Quality Path Determination 2020. The Commerce Commission was informed of the provisional results on 3 April 2023 including an overview of the significant weather events during the year, the detailed analysis completed and actions that are being taken. The Commission has acknowledged our disclosure and actions taken and will review the annual compliance statement that will be published by 31 August 2023. At reporting date, no correspondence from the commission has been received.

The Group has provided guarantees to unrelated third parties in respect of the costs of existing and potential future obligations arising from its business activities. At 31 March 2024 the total value entered into by the Group was \$6,175,000 (2023: \$6,175,000).

[28] Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2024 \$'000	2023 \$'000
Property, plant and equipment	9,859	4,492

Of the capital commitments, \$2,889,000 relate to the Ngawha Generation subsidiary (2023: \$1,228,000).

(b) Purchases of Carbon Credits

	2024 \$'000	2023 \$'000
Forward contracts for NZU's	11,497	12,637

Further information relating to the purchase of carbon credits are set out in note 13.

[29] Related party transactions

(a) Parent entity

Top Energy Ltd is wholly owned by the Top Energy Consumer Trust ("the Trust"). During the year, Top Energy Ltd processed transactions on an agency basis on behalf of the Trust in order to settle the latter's routine business dealings.

The Company paid a dividend of \$155,000 to the Trust during the year ended 31 March 2024 (2023: \$145,000). These dividends were to assist with the Trust's running costs. The Company continued to pay interest to the Trust on the balance of funds loaned, totalling \$69,000 in the year ended 31 March 2024 (2023: \$73,000).

The company declared a dividend of \$3,361,000 to the Trust during the year ended 31 March 2024 (2023: Nil) to be distributed to consumers.

As at 31 March 2024, a balance of \$1,587,000 was owed by the Company to the Trust (31 March 2023: \$1,576,000) and this has been included in current liabilities in the statement of financial position. All transactions between the Company and the Trust are made on normal business terms.

(b) Directors

The names of persons who were directors of the company at any time during the financial year are given at note 26.

(c) Key management personnel remuneration

	SHORT-TERM BENEFITS \$'000	POST-EMPLOYMENT BENEFITS \$'000	OTHER LONG-TERM BENEFITS \$'000	TOTAL \$'000
Year ended 31 March 2024	6,358	169	109	6,636
Year ended 31 March 2023	5,390	141	97	5,628

There were no contracts for share-based payments during the periods presented within these financial statements.

(d) Other transactions with key management personnel or entities related to them

There were no other transactions with key management personnel or entities related to them, other than the payment of remuneration, during the periods presented within these financial statements.

(e) Subsidiaries

The Group's interests in its subsidiaries are set out in note 30. All transactions between the Parent and its subsidiaries are made on normal business terms and have been eliminated on consolidation.

(f) Loan from Parent – The Top Energy Consumer Trust

Movements in the loan were as follows:

	2024 \$'000	2023 \$'000
Balance due to the Trust at 1 April	1,576	1,553
Loan advanced from (repaid to) the Trust	(58)	(50)
Interest charged by the Trust	69	73
Balance due to the Trust at 31 March	1,587	1,576

(g) Guarantees

Details of security made by the Group to its lenders are given at note 20.

(h) Terms and conditions

Outstanding balances between Group entities are unsecured and are repayable on demand, or in accordance with loan agreements.

[30] Investments in subsidiaries

The Group had the following subsidiaries at 31 March 2024

NAME	COUNTRY OF INCORPORATION AND PLACE OF BUSINESS	NATURE OF BUSINESS	PROPORTION OF ORDINARY SHARES DIRECTLY HELD BY THE PARENT (%)
Ngāwhā Generation Ltd	New Zealand	Electricity generation	100
Top Energy Ngāwhā Spa Ltd	New Zealand	Liquid asset holding	100
Te Puna Hihiko Risk Ltd	Cook Islands	Captive	100

The companies listed above are directly-held subsidiaries of Top Energy Ltd. All subsidiary undertakings are included in the consolidation. The proportions of the voting rights in the

subsidiary undertakings held directly by the Parent company do not differ from the proportion of ordinary shares held.

[31] Events occurring after the reporting period

In the opinion of the Directors, there are no events occurring after the reporting date which require disclosure in these financial statements.

[32] Reconciliation of profit after income tax to net cash inflow from operating activities

	2024 \$'000	2023 \$'000
Profit for the year	9,693	30,173
<i>Adjustments made for:</i>		
Depreciation and amortisation	24,920	27,896
Net (loss) gain on sale of non-current assets	250	143
Movement in provision for doubtful debts	(25)	19
Fair value (gains) losses on other financial assets at fair value through profit or loss	(772)	(31,553)
Interest on Right-of-use leases	413	342
<i>Changes in working capital:</i>		
Decrease (increase) in trade debtors	2,138	24
Decrease (increase) in inventories	(683)	(1,035)
Decrease (increase) in other operating assets	748	902
Increase (decrease) in trade creditors	(1,248)	2,254
Increase (decrease) in other operating liabilities	(3,595)	1,261
Increase (decrease) in provision for deferred income tax	1,803	10,072
Net cash inflow from operating activities	33,642	40,498



Independent Auditor's Report to The Readers of Top Energy Limited Group's Financial Statements And Performance Information For The Year Ended 31 March 2024

The Auditor-General is the auditor of Top Energy Limited Group (the Group). The Auditor-General has appointed me, Jason Stachurski, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 39 to 70, that comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on page 38.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 31 March 2024; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards.
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2024.

Our audit was completed on 12 June 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is also responsible on behalf of the Group for preparing performance information that is fairly presented.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error. In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing,



as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance;
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 7 to 37, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.



In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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 the audit, we have carried out engagements in the areas of regulatory assurance, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

A handwritten signature in black ink, appearing to read "J. Stachurski".

Jason Stachurski
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand

DIRECTORY

Principal business

Electricity generation and lines distribution business

Directors

- Mr David Sullivan *BCom CA MInstD - Chair*
- Ms Nicole Anderson *PGDPH DipAcc DipBus DipMgt CMIInstD*
- Mr Jon Nichols *FCA*
- Mr Steven Sanderson *MBA*
- Mr Simon Young *BBS MSc Dip Hort Sc M Phil (Econ)*

Officers

- Mr Russell Shaw *B Eng (Hons) MSc CEng FIET FEngNZ
MInstD - Chief Executive*
- Mr Paul Doherty *BBS CA - General Manager - Finance*



Registered office

Level 2, John Butler Centre, 60 Kerikeri Road, Kerikeri

Auditor

Jason Stachurski of Deloitte Limited on behalf of the Auditor General

Bankers

- Australia and New Zealand Banking Group Limited., Auckland
- Bank of China Limited, Auckland Branch
- Bank of New Zealand Limited, Auckland
- China Construction Bank (New Zealand) Limited, Auckland
- Industrial and Commercial Bank of China Limited, Auckland Branch
- Westpac New Zealand Limited, Auckland

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