TE PUNA

ANNUAL REPORT 2024/25

HIHIKO

THREE **POU** ONE **PURPOSE**

Our commitment to the Far North goes beyond keeping the lights on. It is built on three essential pou that strengthen our region and ensure a resilient and thriving future for all.

Kia toko ake i te tangata,
ko whai patanga tātou katoa.

Because when we invest in our people, we all benefit.

POU TAHI

Safety First

Supporting lifesaving services that protect our people.

One of our most enduring and valuable sponsorships is the Northland WaterSafe programme, which has been teaching water safety skills to primary and intermediate aged tamariki for 30 years.

POU RUA

Growing local talent

Investing in the next generation and celebrating business success.

Top Energy Line Mechanics are top of their game. Winners of the overall Line Mechanics award and the Ross Archer Memorial Award for best trainee at the Connexis Annual Connection event in Te Awamutu, October 2024.

POU TORU

Supporting community wellbeing

Helping whānau thrive through targeted initiatives.

Top Energy launched the Energy Wellness Fund in November 2024 to support grassroot projects that reduce barriers to energy hardship, improve living standards, and foster resilience in our Far North community.

Inugural winners CBEC draws curtains on cold homes with their thermal curtain programme. Image: Top two people are Healthy Homes Te Tai Tokerau worker Blake Wassing, and Jordan Moses, Healthy Homes Te Tai Tokerau Zone Leader and Healthy Home Assessor. Bottom two people are CBEC's Cliff Colquhoun and Jo Shanks.

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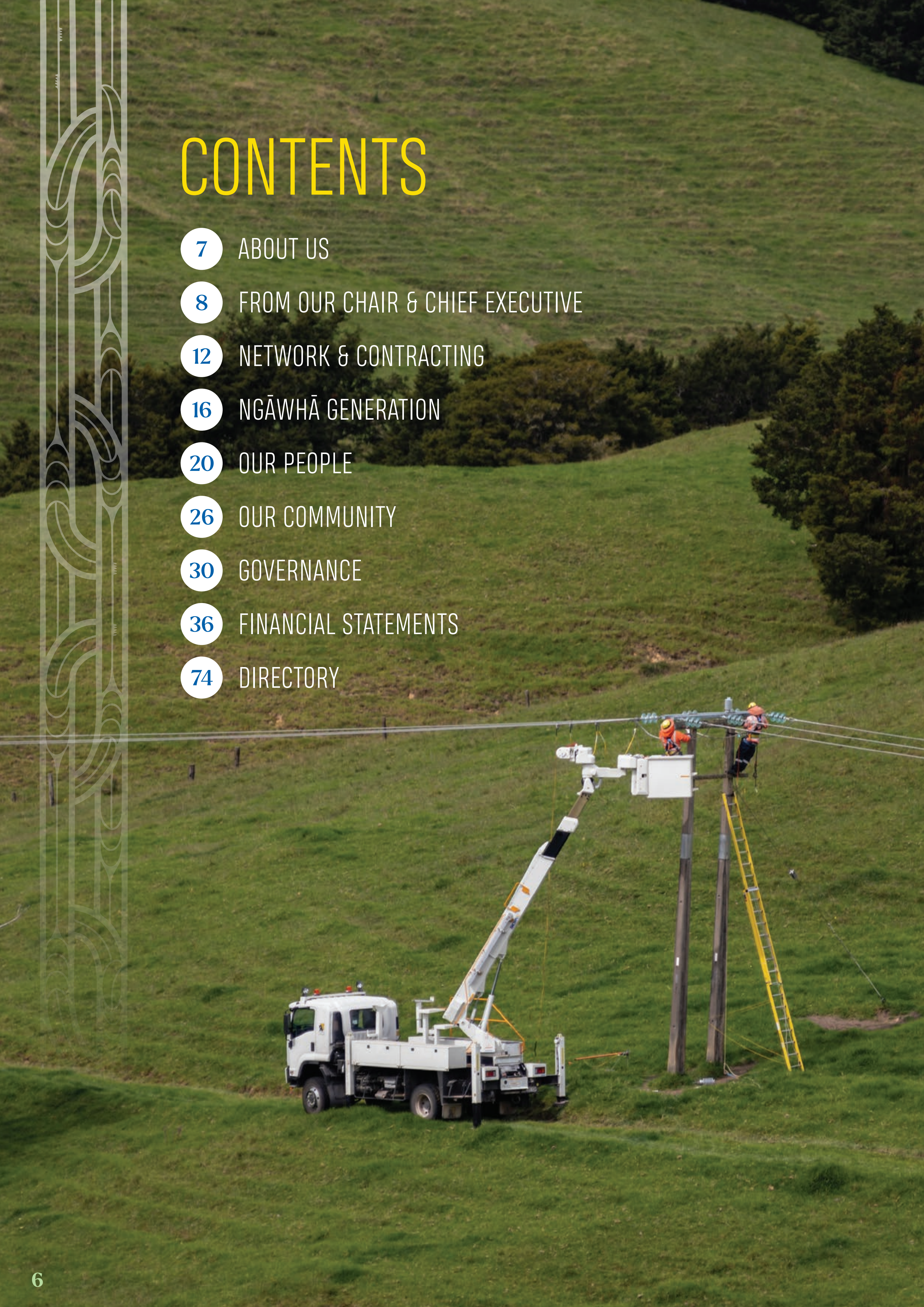


ABOUT US / MŌ MĀTOU

Top Energy is the consumer-trust owned electricity lines company and power generator in 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 34,500 homes and businesses** from North Hukerenui to the Cape.

34,500
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**

190
KAIMAHI (STAFF)

The Group **employs over 190 kaimahi**

OVER
830
MILLION ($) IN ASSETS

The Group manages **assets of over $830 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

The power stations at Ngāwhā Generation **convert geothermal heat into electricity**

57
MEGA WATTS

57MW of electricity is generated

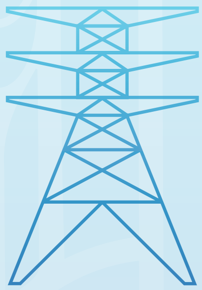
125
PERCENT (%)

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

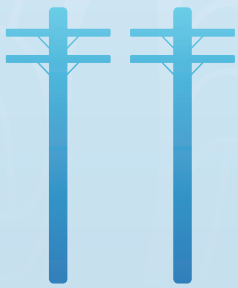
We are one company with a clear purpose

Delivering sustainable energy to Far North consumers.

Geothermal power **generation**



Transmission and distribution lines **network**



Electrical reticulation **contracting**

FROM OUR CHAIR AND CHIEF EXECUTIVE

NĀ TE HEAMANA ME TE TUMU WHAKARAE

On behalf of the Board of Directors and the Executive Leadership Team, we are pleased to present our report for the 2025 financial year.

THE GROUP HAS DELIVERED STRONG RESULTS DURING A TIME WHEN THE INDUSTRY HAS FACED CONSIDERABLE MARKET DISRUPTION AND UNCERTAINTY.

From Northland's perspective, this began in June 2024 when we experienced a regional power outage due to the collapse of the Transpower transmission tower. It continued with an energy fuel shortage in July and August 2024, which resulted in average wholesale prices exceeding $800/ MWh. The year has ended with another impending energy fuel shortage risk for the upcoming winter. Future electricity price increases have also been a significant concern, with the five-year network regulatory price reset effective from April 2025.

David Sullivan
Chair

Russell Shaw
Chief Executive

The Group's assets performed for the Far North. We were proud to get the power back on quickly for all Far North residential consumers during the June transmission tower failure event using Ngāwhā and Top Energy's diesel generators. This showcased the value of distributed generation and its role in providing regional resilience. Without this local generation, power would have been off for three days while temporary towers were installed.

The market stress observed in wholesale prices – caused by a lack of fuel due to low hydro levels and gas availability – underscores the need for increased generation capacity and emphasises the significant role of geothermal energy, which provides baseload power with high availability. Thus, it was challenging to decide to pause the development of OEC5, a 32MW consented power station, due to high construction costs resulting from resource availability and a weak exchange rate. We will continue to assess the project's feasibility and hope to proceed when economic conditions improve.

Ngāwhā Generation continued to deliver on reducing emissions, obtaining a further unique emissions factor of 0.0 for the fourth power station. This means we reported no emissions from electricity generation during the year, meeting our purpose of delivering sustainable energy to Far North consumers.

We recognise that many of our consumers face energy hardship. Over the past year, we have launched several initiatives, including our Energy Wellness Fund and a door-to-door campaign to educate consumers and improve switching rates. We have also collaborated with the Trustees to minimise future price increases as we deliver against the energy trilemma. This effort will evolve next year as we continue to work towards the objectives in our Statement of Corporate Intent.

Health & safety

The safety and wellbeing of our employees, contractors and the community we serve continues to be a high priority for the Board and management.

Unfortunately, there were eight recordable injuries reported on the network, two of which were lost time injuries, resulting in 21 days off work. Consequently, the network TRIFR performance was 4.1, higher than the 2.0 target. The generation business had one recordable injury, a medical treatment with no lost time. Due to the small size of the team, the generation TRIFR performance was 4.4, higher than the 1.5 target.

During the year, the Board and management completed the five-year review of the Safety Case, a critical requirement for a Tier 1 Major Hazard Facility, and the core operational safety document. This has been accepted by WorkSafe.

With a focus on simplifying and reporting on what matters, with an emphasis on critical risks, we have started our journey to implement ISO 45001, which will complement our existing ISO 9001 quality management system. We have created a consultative committee to help us meet best practices and enhance our safety culture. The committee has already held several sessions.

Financial results

The growth in the Group's operating earnings reflects a period that experienced significant volatility in average wholesale electricity prices, underpinned by strong operational performance. Earnings before interest, tax, depreciation, amortisation and fair value adjustments (EBITDAF) were 7.3% above budget for the period and 9.8% higher than the same period last year. These results were impressive considering the OEC5 feasibility study costs of $3.5m.

Revenue increased by 12.1% ($11.7m). Electricity sales from Ngāwhā Generation were higher by 19.0% ($8.6m), with total generation output increasing by 3.2GWh to 447.1GWh. In addition, average wholesale prices increased by $66/MWh to $211/MWh. Network revenue net of discounts increased by 8.9% ($3.9m), largely driven by tariff increases. Overall consumption remained steady compared to last year, with a 2.6% growth in residential electricity consumption offset by a 2.8% drop in commercial and industrial usage. Capital contributions (the network extensions driven by customer requirements) slowed down, with a 21.6% ($1.1m) decrease. This reflects the current economic environment.

Operating expenses increased by 14.8%, or $6.6m. The most significant contributor was the $3.5m OEC5 feasibility study cost. Employee expenses increased by 15.4% ($2.7m), reflecting the growth in personnel as we continue to focus on growing local talent and increasing field resources.

Finance costs continue to decrease, down 6.0% ($1.0m). We are continuing to reduce our debt and improve our debt leverage, which, combined with a reduction in interest rates, is improving our performance against our funding covenants.

The significant volatility mentioned earlier, which supported the increased generation revenue, has contributed to the negative fair value adjustments to our derivative contracts, with a negative $26.7m adjustment as required by accounting reporting standards. As noted in previous reports, these movements do not involve cash in any way and simply offset the values previously held in the balance sheet.

The year's performance increased equity by $39.0m, showing strong operating earnings and an increase in the value of our generation assets. This demonstrates that the investment in generation continues to offer significant value into the future.

The Statement of Corporate Intent financial targets were met or exceeded on all metrics, reflecting the strong performance across the Group.

Board Governance

This report includes the Board's annual review of its Governance Code, maintaining our transparent approach to governance.

We have made significant progress on our sustainability journey over the last few years, and we continue to build on this with annual initiatives and our commitment to maintaining our Toitū carbonreduce certification.

In September 2024, we converted 100% of our lending facilities into Green Loans with full support from our lenders. This is a testament to the achievements made across the Group on our sustainability pillars of People, Planet and Prosperity, which are detailed in our fourth Sustainability Report.

Network reliability

Network reliability has continued to improve, with 256 unplanned SAIDI minutes (the average number of high-voltage outage minutes per customer) compared to our internal targets of 302 and actual of 292 last year.

The improved performance, helped by relatively settled weather, also results from the delivery of the reliability work programme initiated in 2022, which focused on the 11kV distribution network. The delivery of the 10-year Asset Management Plan is critical to building resilience and reliability (through replacing end-of-life assets) and reducing the impact of climate change.

Recruiting additional field crews has continued, with four joining us during the year, two of which were trainees. This has increased our field resources and local talent by 13 (20%) over the last two years, improving our ability to deliver our work schedule and respond to outages.

Industry and regulatory issues

The sector has drawn considerable interest from the government and regulators as the country tackles its future energy needs and affordability. We continue to actively engage with our two ministers, including our newly appointed Minister for Energy, directly and through Electricity Networks Aotearoa, the Northern Energy Group and the Northland Corporate Group.

In November 2024, the Commerce Commission released its final determination on maximum prices under the DPP4 regulatory framework, which will affect prices starting in April 2025. It was gratifying to see that although Top Energy had the largest maximum allowable increase, it managed to have the second-lowest published price increase.

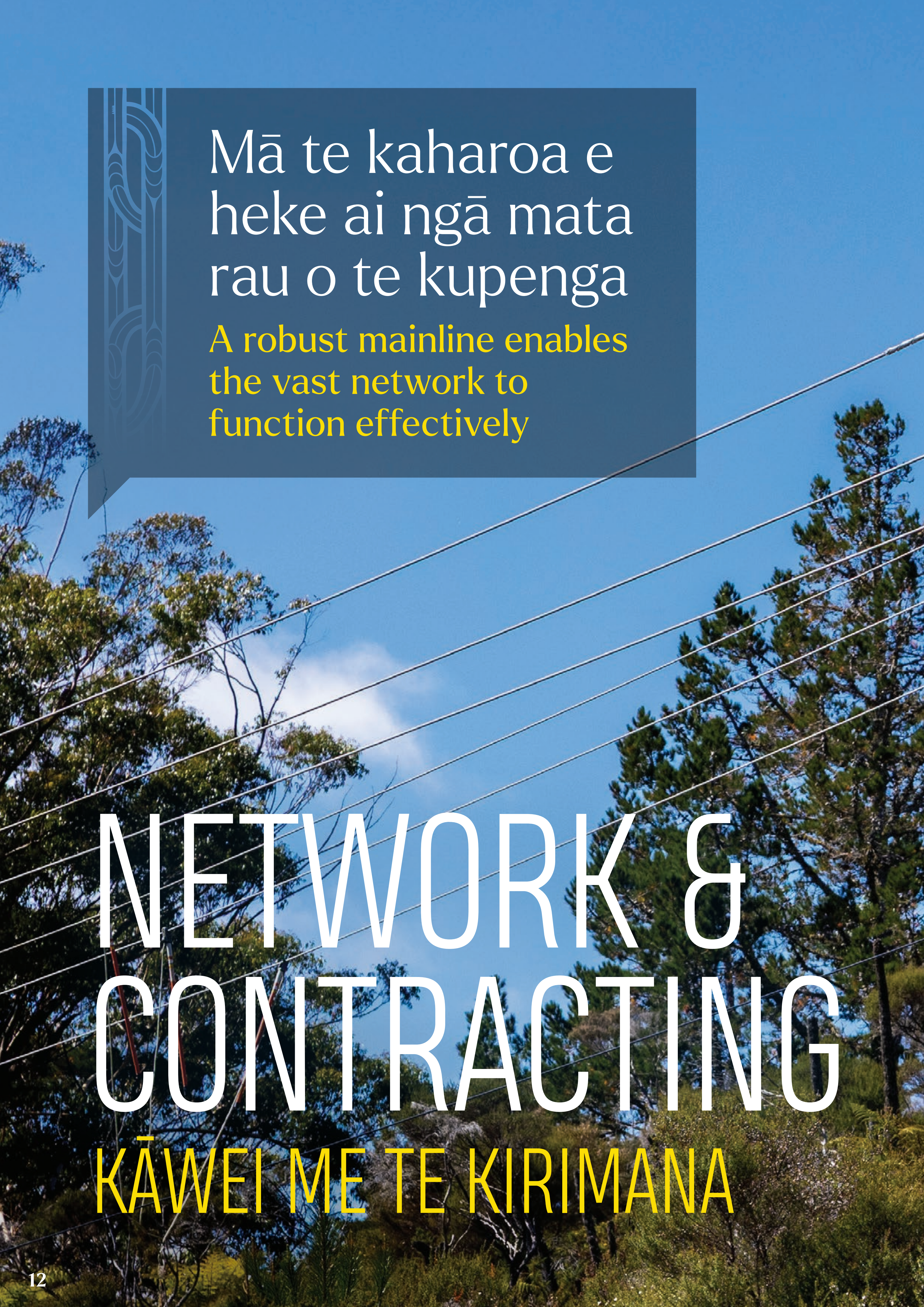
The government has also announced that it will remove all limits on the amount of electricity generation that electricity distribution companies can own. This is significant for the Group, as we have previously needed exemptions to own and operate both the geothermal and diesel generation embedded in the network.

Looking forward

The Group's performance continues to deliver sustainable long-term value for the people of the Far North. Balancing the trilemma of investments for growth and reliability, optimal debt, and affordability for our consumers is crucial. This remains our core challenge to deliver for current and future generations.

Our people

We can only deliver to our consumers, maintain our network and achieve our sustainability results because of the Top Energy team. We take pride in our accomplishments and recognise the significant mahi 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 accomplish.



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

A robust mainline enables the vast network to function effectively

NETWORK & CONTRACTING

KĀWEI ME TE KIRIMANA

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 network team is supported by our in-house contracting team who provide construction, maintenance, vegetation management and a 24/7 fault response service.

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 34,500 homes and businesses** from North Hukerenui to Cape Reinga.

SOLAR UPTAKE AND EMERGING TECHNOLOGIES

Top Energy board and senior management with Lodestone Energy management at their solar farm in Kaitaia.

The Far North's geothermal fields and high sunshine hours enable us to provide sustainable energy solutions that benefit our whole community. With some of the highest sunshine levels in New Zealand, Kaitāia is the solar capital of Aotearoa and home to the country's largest solar farm.

Our community's rapid adoption of solar power across the Far North demonstrates our shared commitment to renewable energy, creating a sustainable future for generations to come.

Currently there are 2,345 customers connected to our network, with more than 11.8MW 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.

Our economic and social reliance on electricity grows every day as technology evolves. From smartphones to digital work, AI and electric vehicles, our society depends on reliable power in ways previous generations never imagined.

To support our transition to a more flexible energy future, this year we appointed a Distribution System Operator Manager and a New Technology Engineer. These new positions will provide focus on improving our data visibility, utilisation, flexibility strategy and new technology opportunities.

Data access and network visibility are essential for managing load and outage processes. Efforts are being made to gather data and enhance our low-voltage (LV) visibility. We are improving our understanding of consumer behaviours on the LV network through the trial of a digital tool with smart meter access. The trial will enable us to better understand the impacts of electric vehicles and solar uptake in the region, plan for the future and respond to changes in consumer behaviour.

Key projects update

Our teams have been kept busy over the year to ensure a safe, secure and reliable power supply for our customers.

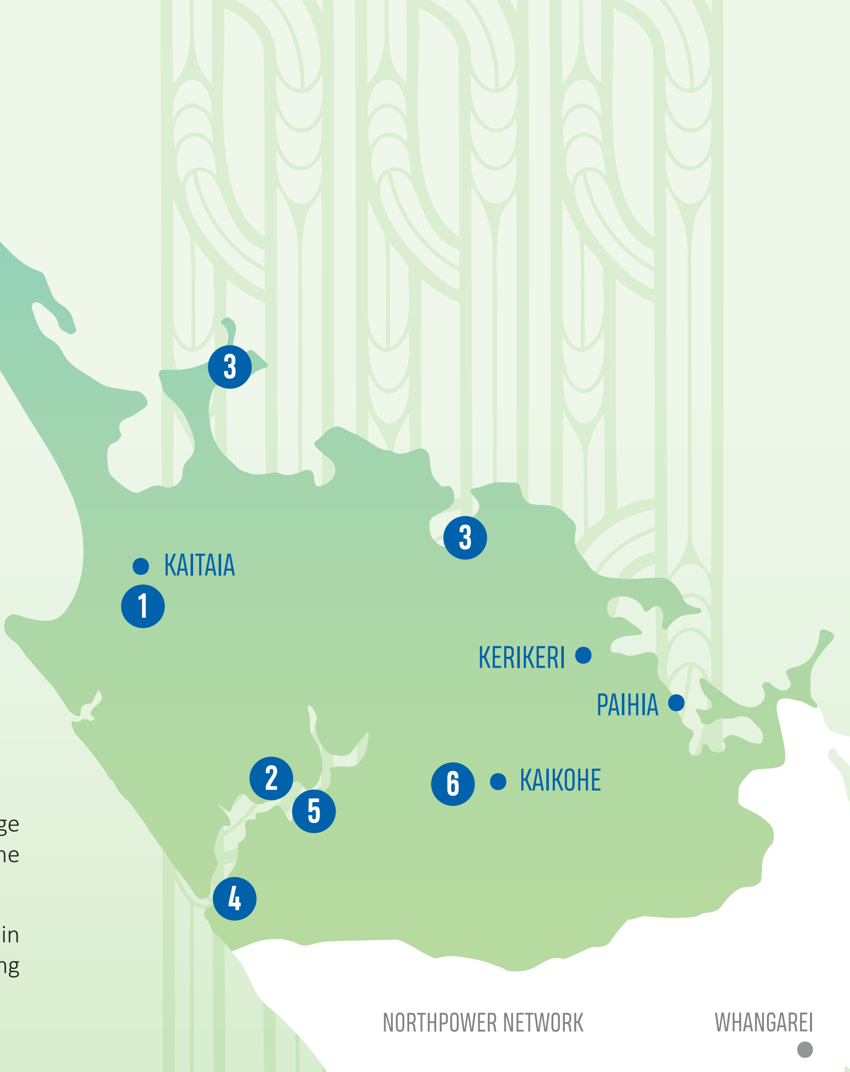
KAITĀIA MAINTENANCE

One of the major events in our contracting programme is the maintenance of the critical electricity line into Kaitāia, which supplies 12,551 customers.

This year, our teams replaced five high-voltage towers and completed other essential work, representing one of the largest scopes of maintenance works undertaken by the company in a single weekend.

Historically, this work would have required a power outage to the surrounding areas, but supply was maintained by the diesel generators from our Bonnetts Road depot in Kaitāia.

We are grateful for the support from our community – in particular, their efforts to conserve power and avoid putting pressure on the back-up generators.



1 KAITĀIA SUBSTATION 11KV FEEDER RECONFIGURATION: Te whakahou i te hikuawa o te wāhi punahiko 11kv o Kaitāia

We have optimised the use of the existing power transformer at our Kaitāia substation to create more connections to increase the security of supply in Te Hiku. All primary plant is completed and commissioned.

2 KOHUKOHU SINGLE LINE REPLACEMENT: Te whakakapi i te taura hiko kotahi o Kohukohu

The single-wire high-voltage line running along the back of the Te Karae hills was almost 50 years old. We have upgraded this line to three wires for future network expansion and increased reliability. Construction was completed in March 2025.

3 WHANGAROA & MATAURI BAY INTERCONNECTION: Te tūhononga i Whangroa me Matauri

After commissioning the newly constructed Whangaroa–Matauri Bay 11kV interconnection, we decided to upgrade a few sections of the overhead lines which still have low-load conductors. The section of the overhead line that was upgraded covered 5.0km and involved 55 structures from Te Ngaere Bay to the junction of Wainui Road and Matauri Bay Road. The project was completed in December 2024.

4 OPONONI FEEDER REBUILD: Te whakahou i te hikuawa i Opononi

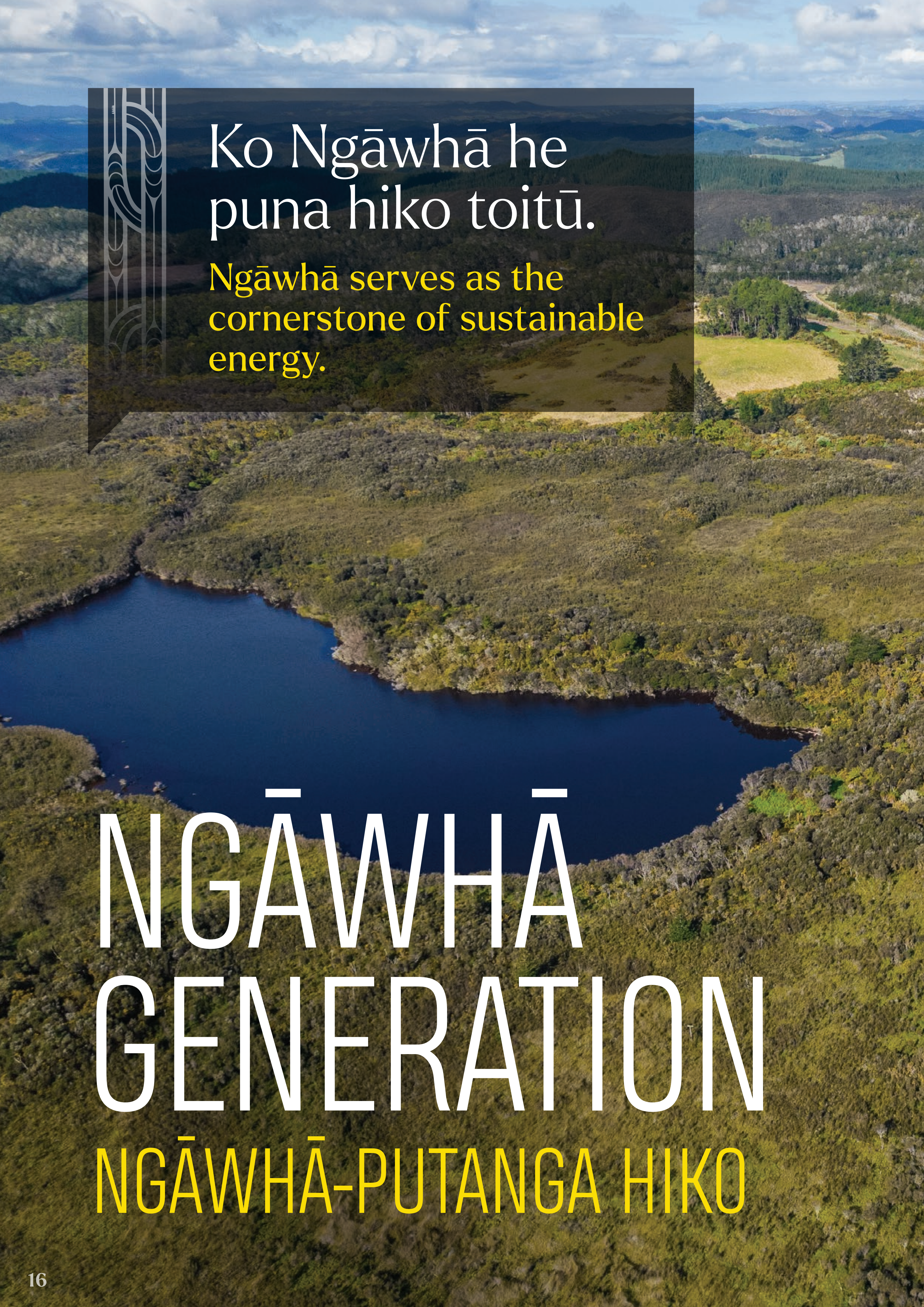
Part of the Opononi network from Omanaia Road to SH12 was constructed in the late 1940s, making it over 70 years old. We are replacing a portion of this line with underground cables which will reduce the need for vegetation control and increase network reliability in this area. This project was completed in March 2025.

5 RAWENE RECONDUCTORING STAGE 3: Te taumata tuatoru o te whakapūkawetanga anō o Rāwene

Stage 3 is to replace the remaining 2km of powerlines from the intersection at SH12 along Rawene Road. This is the last stage of the Rawene feeder reconductor. This project was completed in December 2024.

6 NGT EXTENSION: Te whakarahi i te Ngāwhā transmission

We are upgrading the Ngāwhā transmission substation to increase the security of supply for the transmission connection from the Ngāwhā Power Station to the national grid. Civil and electrical construction works are almost complete. This is due for completion in October 2025.



NGĀWHĀ GENERATION

NGĀWHĀ-PUTANGA HIKO

Ko Ngāwhā he puna hiko toitū.

Ngāwhā serves as the cornerstone of sustainable energy.

Callum Hault, Trainee Technical Plant Operator

CONTRIBUTING TO NEW ZEALAND'S RENEWABLE ENERGY FUTURE

Ngāwhā Generation Limited (NGL) is proud to contribute to New Zealand's renewable energy future, leading the way in sustainable power generation.

Our 57MW geothermal power station generates 100% carbon-neutral electricity – enough to power every household on our network with clean energy. Any surplus is exported to help meet demand further south.

We achieved carbon zero through a groundbreaking trial, reinjecting 100% of the non-condensable gases extracted during geothermal electricity generation back into the ground, from where it originates and naturally exists. This creates a closed-loop, carbon-zero system where approximately 128,000 tonnes of CO_2-equivalent gases are eliminated each year.

What happens when a grid emergency is declared?

In June 2024, a Transpower 220kV double circuit tower on the HEN-MDN A line in Glorit fell, cutting power supply to 88,000 north Auckland and Northland consumers on the Vector, Northpower and Top Energy networks.

We received many questions about why Ngāwhā didn't continue operating during the outage and operate independently of Transpower's transmission network – known as 'island mode'. As a baseload generator, Ngāwhā runs at full output continuously. It cannot ramp power up or down rapidly. In a major grid disruption, it automatically shuts down to protect both the power station and household appliances from damage.

When Transpower declares a grid emergency, it takes control and sets strict limits on how much electricity can be used on local networks. Once Transpower restored some capacity via its 110kV line, Ngāwhā resumed operation – restoring supply to the Far North and supporting the wider Northland region. Ngāwhā worked as designed and supported the system to help avoid rolling outages while Transpower repaired its infrastructure.

Annual shutdown

The station aims for 98.8% availability each month, except for a scheduled annual shutdown for maintenance and inspections in October/November.

As a baseload generator, the station runs continuously outside of planned maintenance. It is not unusual for Ngāwhā to exceed its availability target. Last financial year was no exception, with actual availability over 96%.

The station generated all the electricity consumed in the Far North, plus an additional 36% that was exported to other areas.

ENVIRONMENTAL MONITORING

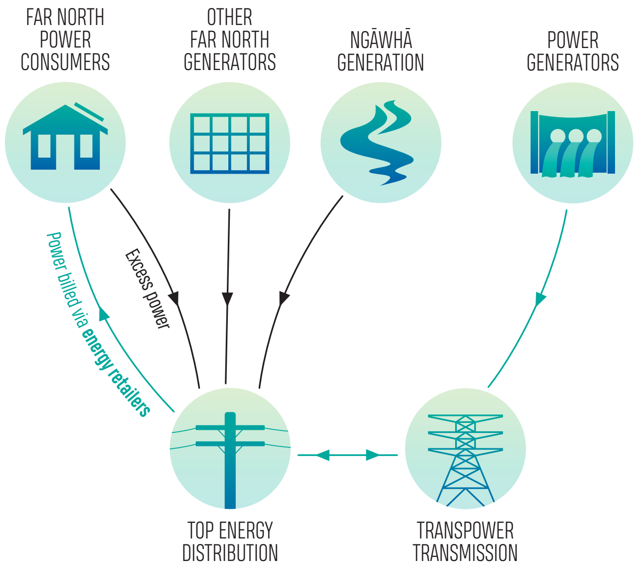
Environmental compliance monitoring has continued in accordance with the resource consent, with peer review panel members expressing satisfaction with the results. During the April 2024 to March 2025 monitoring period, all environmental parameters were maintained within required limits and all consent conditions were met. This demonstrates the effectiveness of the infrastructure and the diligence of power station staff in maintaining appropriate operational controls continuously.

An integrated electricity system

Ngāwhā Geothermal Power Station generates enough electricity to meet 125% of the Far North's electricity needs 95% of the year, ensuring a reliable local supply.

At times of peak demand – for example, cold winter evenings – we may need to import additional power from Transpower's transmission network.

Ngāwhā, the Top Energy network and Transpower's national grid form part of the national integrated electricity system. These interdependent relationships are vital. The diagram on the right shows how the pieces fit together.



Safety

In March 2025, WorkSafe NZ's High Hazard Unit formally accepted our five-yearly NGL safety case resubmission.

This comprehensive document – a requirement under New Zealand's Health and Safety at work (Major Hazard Facilities Regulations 2016) – demonstrates how we identify, assess and control potential major incident hazards while maintaining effective safety management systems. The safety case serves as both evidence of our safety preparedness and an active management tool that undergoes regular review and updates. This critical achievement represents the collaborative effort of our entire station team and the culmination of thousands of dedicated work hours.

Ray Robinson, General Manager Generation, in the Ngawha operations centre.

Whakamākūkūtia ngā pakiaka kia tupu rearea ai

Nourish the roots for strong new growth

OUR PEOPLE

Ā MĀTOU TĀNGATA


OEC4
COMMISSIONING TEAM
Ngawha Geothermal

WHEN WE INVEST IN OUR PEOPLE, WE ALL BENEFIT

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.

By investing in the next generation, we strengthen our capability and ensure our kaimahi – experienced and new – enable better energy outcomes for our Far North community.

Michael Mitchell wins the Ross Archer Memorial Award for Best Trainee at the three-day Connexis Annual Connection event in Te Awamutu.

OUR TE AO MĀORI JOURNEY

Last year we began the journey to form genuine connections with our Māori consumers when we published our first te reo Māori advertorial, *"E Whakahiko Ana I Te Tai Tokerau Ki Te Raki Koni Atu I Te 80 Tau – Powering the Far North for over 80 years"*, in local newspapers.

This year we launched a three-year te ao Māori capability programme, enabling our kaimahi to make the journey with us. The business has provided:

- Te reo Māori language course for beginners – 10-week face-to-face lessons
- Te reo Māori for professionals – delivered online
- Year-long membership tickets to Waitangi Treaty Grounds for staff and their partners
- Cultural awareness and communication courses available to all staff.

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.

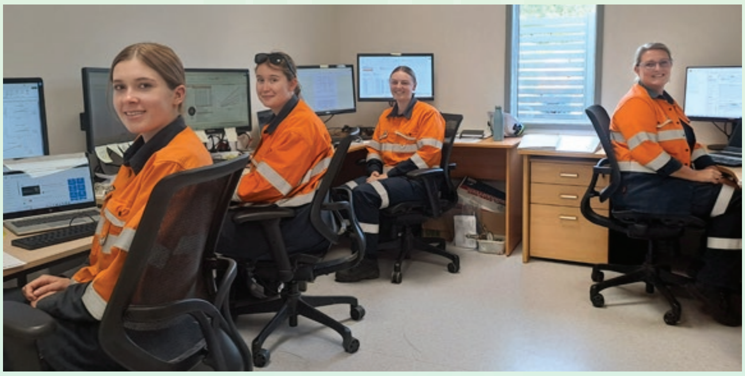
Diversity and inclusion

At Top Energy, we value the diverse skills, backgrounds and experiences of our people. These differences help create a thriving, inclusive workplace and strong ties with our Far North community.

We're focused on building a more diverse industry, with targeted efforts to attract more wāhine and training for unconscious bias for staff in recruitment roles. We also promote career opportunities in local schools and offer trainee roles to school leavers where appropriate.

Our commitment to inclusion extends across the business and into the industry. This includes our involvement in the Northern Energy Group and initiatives like our te ao Māori journey and Employee Value Proposition. We recently hosted a talk series with ADHD coach Alex Campbell to deepen our understanding of neurodiversity.

As an accredited immigration employer, we continue to recruit internationally when needed, ensuring culturally appropriate support is in place for all new employees.



Wāhine at our geothermal power plant at Ngāwhā. From L to R Natalie Crieghton (Summer Engineering Student), Grace MacDonald (Summer Engineering Student and Engineering Scholarship winner), Rosey Robb (Graduate Engineer and Engineering Scholarship winner) and Tanya Heath (Technical Administrator).

Living Wage

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

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. We encourage our kaimahi to participate in sporting events.

Reward and 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. After 10 years of the Applaud Award, this year our kaimahi exceeded expectations with more than 100 awards given out in one category for the first time.

Professional development

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

Several staff members were either promoted or transferred to other roles as part of their ongoing development.

Long-Service recognition

This year Peter Yerkovich, Monty Walker and Terry Price were recognised for achieving significant career milestones. All three have worked at Top Energy for 20 years.

Ray Robinson, Paul Doherty, Karl Wilson, Kape Murray and Dion Reid have provided 15 years of great service to the company. Brad Patrick, Viasi Narukutabua, Steven Cooper and Robert Ramsey have worked for us for 10 years.

Monty Walker celebrates 20 years long service at Top Energy.

The next generation of kaimahi, planning for the future

Building a smarter, more resilient network for our Far North communities relies on good planning and data. Carlo Pimentel, Top Energy's Future Technology Engineer, plays a key role in this work.

Carlo joined Top Energy in July 2022 through our graduate engineering programme. Two years on, he's using data and insights to help us plan for how people will generate and use electricity in years to come.

His work ensures we are preparing for emerging technologies like solar generation, battery storage and electric vehicle charging – all of which are transforming electricity use across Aotearoa.

Originally from Brazil, Carlo came to New Zealand in 2019, intending to stay for just one year to backpack and improve his English. When COVID hit, he completed his engineering degree remotely while working in a warehouse in Tauranga to support himself.

He applied for the graduate programme while waiting on his residency and impressed the panel with a project he had completed on hydroelectric power.

"He showed a real depth of knowledge, was personable and thoughtful. We admired that he'd decided to stay and build his career here in New Zealand."

Carlo now lives in Kerikeri, which happens to suit this avid surfer well. When he's not at work, he's chasing waves on either coast.

In his role, Carlo works closely with the network planning team and IT to ensure the quality of data from intelligent network devices is fit for purpose. He analyses patterns and shares insights across the business. He is a valuable bridge between teams across the company working with different technologies and priorities.

The strong sense of community at Top Energy has helped him settle. When he's out and about, he's often met with positive stories about the company and its people.

"It's not just about doing a job," Carlo says. "Here, I get to help build something meaningful for the future in a place where people are connected, supported and given the opportunity to grow."

Keeping ourselves and our community safe

Growing Our safety team

In 2025, we have continued to strengthen and grow our commitment to safety. Our health, safety and risk (HSR) team welcomed a new HSR Manager, HSR Advisor and Technical Safety Engineer, along with the introduction of a dedicated Contracting Health, Safety and Quality Manager role. These additions enhance our capability to deliver on our Safety First value and support our people across the business.

Embedding safety first

Safety First remains a core value, guiding our focus on managing critical risks. Over the past year, we have worked closely with our teams to carry out risk assessments, implement our critical risk framework, and enhance the usability and accessibility of safety information. This work ensures our control measures are effective and continue to protect our people every day.

Looking ahead: ISO 45001 alignment

Our focus for 2025 and 2026 is the development of our Health and Safety Management System in alignment with ISO 45001. To support this important work, we've added a dedicated resource to our team for the duration of the project, ensuring continued excellence in risk management throughout the transition. A consultative committee made up of representatives from across all levels of the organisation has been established to ensure the system is shaped by the people who use it.

Public safety

Our Public Safety Management System was reviewed in 2025 and successfully achieved external certification under NZS 7901. Public safety remains a top priority, and this certification reflects our continued focus on maintaining high standards in all areas of our operations.

Health, safety and wellbeing committee

The Committee continues to focus on building the capability of our Health and Safety Representatives (HSRs) to manage the risks within the areas they represent. Our HSRs have played a vital role in strengthening our systems and contributing to risk assessments. They ensure that our training and competency frameworks remain relevant, consistent and aligned with workforce needs.


TOP ENERGY


NETWORKS
EXCELLENCE AWARDS
CONNEXIS


TOP ENERGY

OUR KAIMAHI


TOP ENERGY


LIVESTOCK


COMPETITION

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

Just like intertwining kumara vines, people are deeply interconnected

OUR COMMUNITY

TŌ TĀTOU KĀINGA

Image (L to R): Jordan Moses, Healthy Homes Te Tai Tokerau Zone Leader and Healthy Home Assessor; CBEC's Cliff Colquhoun and Jo Shanks and Healthy Homes Te Tai Tokerau worker Blake Wassing.

POWERING OUR COMMUNITY, TOGETHER

At Top Energy, we're more than just an electricity provider – **we're a part of the Far North Community.**

Because we're a consumer trust-owned company, every person who pays a power bill in the Far North is a co-owner, sharing in the benefits of locally generated, 100% carbon-neutral electricity from our geothermal power plant at Ngāwhā. But our commitment goes beyond keeping the lights on. We invest in the people, businesses and initiatives that make our community stronger.

Investing in our future

We believe in the potential of our tamariki and rangatahi. Through scholarships, science competitions and water safety programmes, we're helping shape the next generation.

Celebrating local success

From the Northland Business Excellence Awards to the Māori Business Leadership Award, we champion those driving innovation and success in our region.

Supporting critical lifelines

Our sponsorship of the Northland Rescue Helicopter and Coastguard Top Energy Rescue ensures these vital services can continue saving lives when it matters most.

Helping whānau in need

We recognise the reality of energy hardship in our community. That's why we support and sponsor trusted local organisations working to provide practical, meaningful assistance to whānau facing energy challenges.

Kōrero with our Community

Each year we attend the district's agricultural and pastoral (A&P) shows. Staff volunteers talk about our services, staying safe around the network, 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.

$480K
ANNUAL SPONSORSHIP PROGRAMME

5 YOUTH SPONSORSHIPS

2 BUSINESS SPONSORSHIPS

3 ENERGY HARDSHIP SPONSORSHIPS

2 CRITICAL LIFELINE SPONSORSHIPS

Local leader recognised for contribution

Pita Tipene won the 2025 Maori Business Leader Award in recognition of his valued contribution to Te Iwi Māori and Tai Tokerau. He is a well-known leader in Tai Tokerau across commercial entities, trade and tribal governance.

Pita Tipene receiving his award from Russell Shaw, CEO Top Energy.

Energy wellness fund launches

In November, we launched our Energy Wellness Fund. **We award $70,000 annually to support non-profit organisations** in their initiatives to reduce barriers to energy hardship, improve living standards and foster resilience within our community.

Power bill assessors go door-knocking

In February, we began trialling a programme to help power consumers in the region save money on their power bills using Consumer NZ's Powerswitch website. Starting in the main centres, our power bill assessment team went door to door, helping people compare their current rates with those offered by other retailers.

Norma Mutu and Lisa Baldock, two of our assessors, going door to door in Kerikeri.

We are proud sponsors of:

NorthChamber **Northland Business Excellence Awards**

Māori Business Leader Award for the Taitokerau Māori Business Awards

Young Enterprise Scheme (YES) for enterprising youth

Far North Science and Technology Fair for secondary school students

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

Ko te uru tōtara, tū mārohirohi

A group of leaders stands firm and determined

GOVERNANCE

MANA WHAKAHAERE


ZERO
TOP ENERGY

TOP ENERGY IS OWNED BY THE CONSUMERS

Top Energy is owned by the Top Energy Consumer Trust, which holds shares in the company on behalf of 34,500 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.

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 guidance for corporate governance. A copy of the Corporate Governance Code is available on the company's website at https://topenergy.co.nz/tell-me-about/top-energy-group/our-directors

The Corporate Governance Code calls for a review annually. This was last completed in November 2024, when a change was made to the Board Charter regarding the use of artificial intelligence (AI) tools.

The Top Energy Group is conscious that each Group company needs to operate in its best interests. All related transactions must have independent thought and be 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 enquiries and judgements 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 with the shareholder formally, through the annual general meeting (AGM) and on three further occasions, to discuss strategy, DPP4 pricing allowances and consumer affordability, the energy trilemma, the changes to the risk environment, 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 CEO also provided an operational update on one further occasion.
- The Chair met the shareholder twice as a member of the shareholder's Director Nominations Committee to report on Director performance and to discuss Director reappointments.
- There were no changes in Directors.
- Interest registers have been maintained for all Directors and are reviewed and updated at each Board meeting. Any perceived or potential conflicts of interest that were identified were noted and managed appropriately to ensure full transparency, including informing the shareholder as appropriate. 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 recommendation was accepted by the shareholder.

Audit and Risk Committee

- The Committee met six times during the financial year.
- The Committee reviewed all major risks of the business. No significant changes or concerns were identified that weren't already being managed by the Group. A deep dive into climate risks was undertaken to understand the potential impact on the Group and how resilience could be improved.
- 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 were satisfied that there was 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 performance and the performances of senior management and to ensure suitable remuneration arrangements are in place.
- The shareholder initiated an external director performance assessment which reviewed the Board's skills matrix and Director performance. Directors all received individual reports with any actions agreed with the Chair and the shareholder as appropriate.

Stakeholder engagement

- The Statement of Corporate Intent for the period to 31 March 2025 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 25 June 2024 and published on the company's website.
- All legislated disclosures and information were provided to the shareholder by the dates required.

Risk management

- After considering the report from the Audit and Risk Committee on the review of all material risks to which the company is exposed, the Board confirms that no known risks are expected to materialise that could impact the business to an extent that the business could not address as part of its normal business process and using its existing resources.
- The Board has paid particular attention to the risks in relation to network pricing and consumer affordability, decarbonisation, the future demand growth of electricity, climate change and the effect on the Group's assets, the use of AI, and supply chain risks including rising prices and longer lead-in times for procuring equipment and spares. Overlaying the risks was the consideration of the wider international political and economic environment.

Statement of Corporate Intent

Top Energy reviews the Statement of Corporate Intent annually and discusses it with the shareholder. Finding alignment on the key deliverables remains an important part of the success achieved across all five key objectives: safety, shareholder returns, quality and security of supply, relevance to our customers, and cost to serve.

The shareholder is provided with quarterly reporting on the Statement of Corporate Intent's performance, allowing ongoing discussion and transparency throughout the year.

Sustainability

Sustainability remains critical to the energy trilemma and the Group's long-term success. It requires setting a delicate balance between affordability and sustainability while ensuring we maintain a reliable electricity network that meets our consumers' needs.

Our 2025 Sustainability Report demonstrates that the company is continuing to make significant progress across the three pou (pillars): Planet, People and Prosperity.

The achievements are wide-ranging – from 100% reinjection of emissions at Ngāwhā Generation's geothermal power plants, introducing more hybrid vehicles, waste minimisation projects, refocusing our sponsorship to support energy hardship, growing local talent and embracing te ao Māori.

Our Toitū Carbon Reduce certification commits us to setting further carbon reduction targets and challenges us to make sustainability an integral part of our operations.

GROUP DIRECTORS

David Sullivan (Chair)

David Sullivan was appointed Board Chair in June 2022, having been Deputy Chair since October 2021. He joined the Top Energy Board in August 2018 and the Ngāwhā Generation Board in October 2018.

He was previously Chair of the Audit and Risk Committee, moving to ex officio membership when he became Board Chair. David is a qualified chartered accountant and a member of the Institute of Directors New Zealand. 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 directorships in several energy-related companies, including Electricity Invercargill 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 strategic growth, regulatory and performance-based initiatives for infrastructure businesses in New Zealand and the Pacific Islands.

He also serves on the Board of Eastland Generation, Unison Networks and Hawke's Bay Airport. Additionally, Jon is the independent Chair of the Risk and Assurance Committee at the Maungaharuru Tangitu Trust.

He is a fellow member of Chartered Accountants Australia and New Zealand and a chartered member of the Institute of Directors New Zealand.

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 professional director and a chartered member of the Institute of Directors New Zealand with a background in accountancy, health and business development.

She holds several other directorships, including Far North Holdings Limited, and NZ Blood and Organ Service. She is also Deputy Chair of Scion and 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 Limited.

NGĀWHĀ GENERATION 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 2023. He has over 40 years of engineering, project management, large industrial plant operations management and large capital project development consulting experience.

He has worked in New Zealand and in overseas locations such as south-east 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 licence in the Province of Alberta, Canada, for over 30 years. Brian is a member of the Institute of Directors New Zealand.

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 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 at Doubtless Bay Law, the proprietor of the Doubtless Bay Wine Company, and has been a financial and business consultant for many years.

Steven James

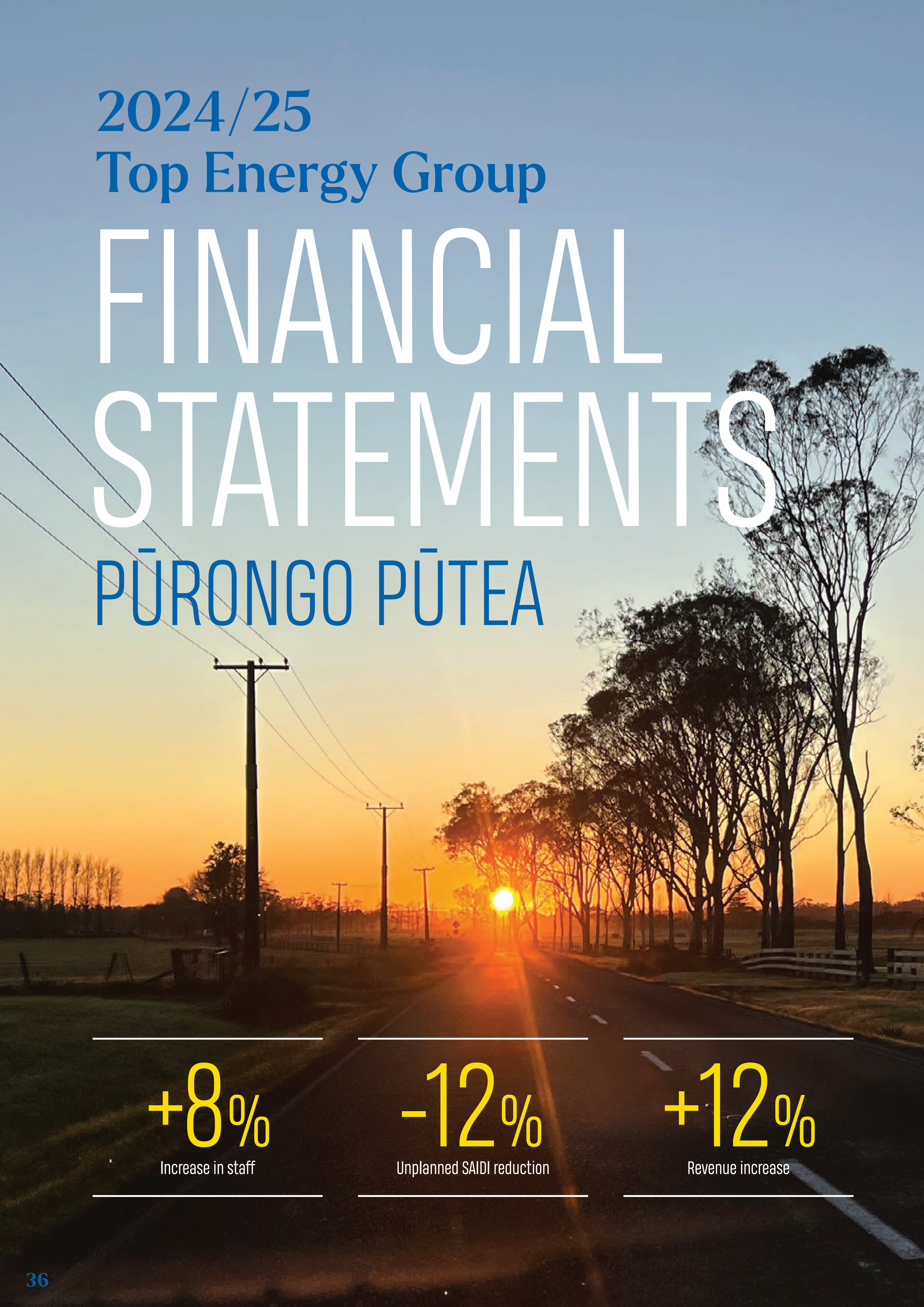
Steven James was first appointed to the Trust in 2022. He brings a wealth of knowledge, having been involved with Top Energy for 30 years. He served as Top Energy's General Manager Corporate Services and as Secretary for the Top Energy Consumer Trust since its creation in 1993, retiring in December 2021.

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 that has contributed to tourism and employment in the region. She is a relationship manager at the 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 Trust, 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.



2024/25 Top Energy Group FINANCIAL STATEMENTS

PŪRONGO PŪTEA

+8%
Increase in staff

-12%
Unplanned SAIDI reduction

+12%
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 2025.

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 38 to 70 for issue on 10 June 2025.

For and on behalf of the Board.

D Sullivan *(Chair)*

S Young *(Director)*

10 June 2025

+15%
Operating expenses increase

-6%
Finance costs decrease

+10%
Increase in asset value

Statement of corporate intent

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

	ACTUAL 31.03.2025	TARGET 31.03.2025	ACTUAL 31.03.2024
FINANCIAL PERFORMANCE TARGETS			
Group			
Net profit after tax as a percentage of average shareholder's funds	7.2%	5.9%	6.0%
Ratio of shareholder's funds to total assets	1:2.6	1:2.7	1:2.7
Network business			
Profit before finance and tax as a percentage of total tangible assets	2.3%	2.0%	3.0%
Net profit after tax as a percentage of average shareholder's funds	1.5%	1.0%	2.5%
Generation business			
Profit before finance and tax as a percentage of total tangible assets	11.3%	10.4%	9.5%
Net profit after tax as a percentage of average shareholder's funds	17.3%	16.0%	13.0%

(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 31.03.2025	TARGET 31.03.2025	ACTUAL 31.03.2024
NETWORK QUALITY STANDARDS			
System Average Interruption Duration Index (SAIDI). The average duration of high voltage outages (including planned) per customer (minutes)			
– Planned	125	125	131
– Unplanned	258	302	292
System Average Interruption Frequency Index (SAIFI). The average number of outages (including planned) per year for any customer			
– Planned	1.1	1.0	1.2
– Unplanned	3.0	4.0	3.3
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) – Network	4.1	≤ 2.0	1.7
Total Recordable Injury Frequency Rate (TRIFR) – Generation	4.4	≤ 1.5	0

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 2025

	Notes	**2025 $'000**	2024 $'000
Operating revenue	4	108,133	96,466
Operating expenses	5	(50,914)	(44,339)
Earnings before interest, tax, depreciation, amortisation and fair value movements of financial assets (EBITDAF)		**57,219**	**52,127**
Depreciation and amortisation	5	(25,519)	(24,920)
Finance costs		(15,489)	(16,484)
Earnings before tax and fair value movements of financial assets (EBTF)		**16,211**	**10,723**
Fair value gains (losses) on financial assets	6	(26,692)	773
Profit (Loss) before income tax		**(10,481)**	**11,496**
Income tax credit (expense) from continuing operations	7	4,047	(1,803)
Profit (Loss) from continuing operations		**(6,434)**	**9,693**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Gain (loss) on revaluation of generation plant	24	67,185	–
Cash flow hedges	24	91	–
Income tax relating to revaluation of non-current assets	7	(18,812)	–
Other comprehensive income for the year, net of tax		**48,464**	–
Total comprehensive income for the year		**42,030**	**9,693**
Profit (loss) is attributable to:			
Equity holders of Top Energy Limited		(6,434)	9,693
		(6,434)	9,693
Total comprehensive income for the year is attributable to:			
Equity holders of Top Energy Limited		42,030	9,693
		42,030	**9,693**

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

Consolidated statement of financial position

As at 31 March 2025

	Notes	2025 $'000	2024 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	257	275
Receivables	9	19,381	16,294
Inventories	10	4,398	4,199
Current tax benefit	11	–	1,933
Intangible assets	13	–	893
Derivative financial instruments	12	222	3,474
Total current assets		**24,258**	**27,068**
Non-current assets			
Property, plant and equipment	14	761,168	685,028
Intangible assets	15	42,654	37,150
Derivative financial instruments	12	905	3,574
Right-of-use lease assets	16	7,171	6,456
Total non-current assets		**811,898**	**732,208**
TOTAL ASSETS		**836,156**	**759,276**
LIABILITIES			
Current liabilities			
Trade and Other Payables	17	28,749	29,535
Interest bearing liabilities	18	76,755	1,587
Current tax liabilities		24	–
Provisions	19	374	349
Derivative financial instruments	12	42,673	39,124
Right-of-use lease liabilities	16	1,247	1,210
Total current liabilities		**149,822**	**71,805**
Non-current liabilities			
Interest bearing liabilities	20	225,000	295,600
Derivative financial instruments	12	51,377	34,246
Deferred tax liabilities	21	83,269	70,727
Right-of-use lease liabilities	16	6,703	5,920
Total non-current liabilities		**366,349**	**406,493**
TOTAL LIABILITIES		**516,171**	**478,298**
NET ASSETS		**319,985**	**280,978**
EQUITY			
Contributed equity	23	25,267	25,267
Reserves	24	149,910	105,486
Retained earnings	24	144,808	150,225
TOTAL EQUITY		**319,985**	**280,978**

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 2025

	Notes	SHARE CAPITAL $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance as at 1 April 2024		**25,267**	**105,486**	**150,225**	**280,978**
Comprehensive income					
Profit (loss) for the year		–	–	(6,434)	(6,434)
Revaluation of generation plant	24	–	67,185	–	67,185
Income tax relating to components of other comprehensive income	7	–	(18,812)	–	(18,812)
Reversal of revaluation on disposal of revalued assets	24	–	(119)	119	–
Deferred tax released on disposal of revalued assets	24	–	33	(33)	–
Cash flow hedges		–	91	–	91
Amortisation of revaluation reserve	24	–	(5,492)	5,492	–
Deferred tax released on amortisation of reserve	24	–	1,538	(1,538)	–
Total comprehensive income		**–**	**44,424**	**(2,394)**	**42,030**
Transactions with owners					
Adjustment on equity after disposal of subsidiary		–	–	627	627
Dividends	25	–	–	(3,650)	(3,650)
Total transactions with owners		–	–	**(3,023)**	**(3,023)**
Balance as at 31 March 2025		**25,267**	**149,910**	**144,808**	**319,985**
Balance as at 1 April 2023		**25,267**	**109,428**	**140,101**	**274,796**
Comprehensive income					
Profit (loss) for the year		–	–	9,693	9,693
Revaluation of generation plant	24	–	–	–	–
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**
Transactions with owners					
Adjustment on equity		–	–	5	5
Dividends	25	–	–	(3,516)	(3,516)
Total transactions with owners		–	–	**(3,511)**	**(3,511)**
Balance as at 31 March 2024		**25,267**	**105,486**	**150,225**	**280,978**

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 2025

	Notes	2025 $'000	2024 $'000
Cash flows from operating activities			
Receipts from customers (exclusive of goods and services tax)		104,897	98,604
Payments to suppliers and employees (exclusive of goods and services tax)		(47,360)	(49,463)
		57,519	**49,141**
Interest received		44	–
Interest paid		(15,481)	(15,499)
Net cash inflow from operating activities	32	**42,082**	**33,642**
Cash flows from investing activities			
Purchases of property, plant and equipment		(36,589)	(27,148)
Proceeds from sale of property, plant and equipment		(10)	85
Purchases of Emission Trading Scheme units		(2,404)	(1,140)
Movement in cash hedge reserve		91	–
Increase / (repayment) of loan from parent		3,458	11
Net cash inflow / (outflow) from investing activities		**(35,454)**	**(28,192)**
Cash flows from financing activities			
Proceeds from (repayment of) borrowings		1,110	(3,850)
Dividends paid to the Group's shareholders	25	(7,011)	(155)
Dissolution of subsidary		627	–
Interest on Right-of-use leases		(438)	(414)
Payments on Right-of-use leases		(934)	(751)
Net cash inflow / (outflow) from financing activities		**(6,646)**	**(5,170)**
Net increase (decrease) in cash and cash equivalents		(18)	280
Cash at bank and on hand at the beginning of the financial year		275	(5)
Cash and cash equivalents at end of year	8	**257**	**275**

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 10 June 2025.

[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 loss after tax of $6.4m, with an underlying operational profit (EBITDAF) of $57.2m. The cause of the loss of tax was principally due to $19.2m (net of tax) fair value loss on derivatives, covering electricity contract for differences and interest rate hedges. The Company intends to hold these derivatives to maturity as they are economic hedges and provide certainty to the underlying prices.

The Group's ability to continue as a going concern has also been assessed by evaluating the results to 31 March 2025 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 $42.1m, up $8.4m compared to 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 and income received in advance are the other contributors;
- As described in note 14, the carrying value of the Generation assets have had an external valuation completed to ensure that the appropriate judgements can be made. A positive adjustment of $67.2m was made;
- The Group is forecast to operate within the conditions of its banking facilities as disclosed in note 20.
- At the date of signing, all bank loans have ben refinanced. Refer to note 31 for details.

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

The comparative figures for trade receivables and trade payables for the prior period have been restated as a result of CFD settlements with trade receivables adjusted from $9,042,000 to $13,986,000 and trade payables from $4,963,000 to $9,907,000. These adjustments have been applied retrospectively to ensure consistency with the current period's financial statements.

(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 2025 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 remeasured to their fair value. Resulting gain or loss for derivatives excluding cash flow hedge is recognised in profit or loss. Material items may be placed in hedge accounting relationships and can be either fair value hedges or cash flow hedges, depending on the nature of the transaction/ underlying exposure and particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

(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 to five 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 and for assets measured at spot rates, gains and losses are added to the cost of the asset.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 hedge relationship: Hedges of a particular cash flow associated with a recognised asset or liability or a highly probable forecast transaction. For contracts designated as cash flow hedges for accounting purposes, when the cash flows occur Top Energy Limited adjusts the carrying value of the asset acquired.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost are measured at fair valuethrough 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 profit or loss 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.

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.

(v) 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).

(vi) 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 2025 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:

Straight Line basis	*Years*
Distribution system	15-60
Generation plant	5-50
Plant and equipment	3-20
Freehold buildings	50
Building fit-outs	5-10
Diminishing Value basis	*Rate*
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. The foreign currency exposures give rise to the risk of variability to future cash flows. To mitigate this risk, forward foreign exchange contracts have been entered into. The cash flows associated with these contracts are timed to mature when the payment for capital expenditure is made. For contracts designated as cash flow hedges for accounting purposes, when the cash flows occur Top Energy Limited adjusts the carrying value of the asset acquired.

At the current reporting date, the Group had entered into 2 forward foreign currency contracts for EUR 1,186,000 (2024: EUR 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 4.75% (2024: 5.73%) 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 +$9,655,000/ -$10,175,000 respectively (2024: +$5,262,000/-$5,494,000).

(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 2025, the notional amount of current contracts totalled $173,581,000 (31 March 2024: $168,629,000). 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 70% of the Group's total trade accounts receivable as at 31 March 2025 (2024: 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 discounted contractual cash flows 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 2025				
Bank overdrafts and loans	14,096	13,132	253,683	–
Right-of-use lease liabilities	1,280	2,481	3,557	4,660
Other loans	5,045	–	–	–
Trade and other payables	23,584	–	–	–
At 31 March 2024				
Bank overdrafts and loans	19,902	18,103	277,747	–
Right-of-use lease liabilities	1,382	1,733	6,091	7,508
Other loans	1,587	–	–	–
Trade and other payables	24,657	–	–	–

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 2025				
Forward foreign exchange contracts				
– inflow	91	–	–	–
– outflow	–	–	–	–
Interest rate swaps				
– inflow	443	239	176	–
– outflow	(5,965)	(5,963)	(17,770)	(65)
Electricity CFDs				
– inflow	130	730	–	–
– outflow	(42,669)	(23,105)	(25,256)	–
At 31 March 2024				
Forward foreign exchange contracts				
– inflow	–	–	–	–
– outflow	–	–	–	–
Interest rate swaps				
– inflow	6,168	2,186	2,026	–
– outflow	(1,908)	(1,908)	(5,476)	(1,060)
Electricity CFDs				
– inflow	98	164	–	–
– outflow	(39,124)	(20,670)	(13,577)	–

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 2025				
Assets				
Financial assets at fair value through profit or loss				
– Trading derivatives - interest rate swaps	–	176	–	176
– Trading derivatives - electricity CFDs	–	860	–	860
– Trading derivatives - forward FX contracts	–	91	–	91
Total assets	**–**	**1,127**	**–**	**1,127**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Trading derivatives - interest rate swaps	–	(3,020)	–	(3,020)
– Trading derivatives - electricity CFDs	–	(91,030)	–	(91,030)
Total liabilities	**–**	**(94,050)**	**–**	**(94,050)**
At 31 March 2024				
Assets				
Financial assets at fair value through profit or loss				
– Trading derivatives - interest rate swaps	–	6,786	–	6,786
– Trading derivatives - electricity CFDs	–	262	–	262
Total assets	**–**	**7,048**	**–**	**7,048**
Liabilities				
Financial liabilities at fair value through profit or loss				
– Trading derivatives - interest rate swaps				
– Trading derivatives - electricity CFDs	–	(73,370)	–	(73,370)
Total liabilities	**–**	**(73,370)**	**–**	**(73,370)**

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	DERIVATIVES USED FOR HEDGING $'000	OTHER $'000	TOTAL $'000
At 31 March 2025					
Derivative financial instruments - electricity CFDs	–	860	–	–	860
Derivative financial instruments - interest rate swaps	–	176	–	–	176
Derivative financial instruments - forward FX contracts	–	–	91	–	91
Trade and other receivables	16,803	–	–	–	16,803
Other financial assets- ETS units	–	–	–	14,078	14,078
Cash and cash equivalents	257	–	–	–	257
	17,060	**1,036**	**91**	**14,078**	**32,265**
At 31 March 2024					
Derivative financial instruments - electricity CFDs	–	262	–	–	262
Derivative financial instruments - interest rate swaps	–	6,786	–	–	6,786
Derivative financial instruments - forward FX contracts	–	–	–	–	–
Trade and other receivables	13,986	–	–	–	13,986
Other financial assets-ETS units	–	–	–	12,373	12,373
Cash and cash equivalents	276	–	–	–	276
	14,262	**7,048**	**–**	**12,373**	**33,683**

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 2025			
Borrowings	296,710	–	296,710
Derivative financial instruments - interest rate swaps	–	3,020	3,020
Derivative financial instruments - electricity CFDs	–	91,030	91,030
Right-of-use lease liabilities	7,950	–	7,950
Trade and other payables	23,584	–	23,584
	328,244	**94,050**	**422,294**
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	24,657	–	24,657
	328,974	**73,370**	**402,344**

[4] Revenue

	2025 $'000	2024 $'000
From continuing operations		
Electricity line revenue	53,190	49,274
Network line charge discount	(5,846)	(5,786)
Capital contributions	3,981	5,093
Electricity sales	53,750	45,173
Contracting services	2,820	2,584
Other revenue	238	128
Total revenue from continuing operations	**108,133**	**96,466**

[5] Expenses

	2025 $'000	2024 $'000
Expenses, excluding depreciation, amortisation and finance costs, included in the Statement of Comprehensive Income classified by nature		
Raw materials and consumables used	4,351	3,922
Employee benefits expense	20,353	17,640
Other expenses	19,168	16,023
Transmission charges	7,042	6,754
	50,914	**44,339**
Profit before income tax includes the following specific expenses:		
Depreciation		
Distribution system	9,198	8,964
Generation plant	12,845	12,779
Plant and equipment	646	640
Vehicles	567	557
Buildings	211	217
Right-of-use leased assets	1,039	874
Total depreciation	**24,506**	**24,031**
Amortisation		
Software	578	455
Resource consents	435	434
Total amortisation	**1,013**	**889**
Total depreciation and amortisation	**25,519**	**24,920**
Net loss (gain) on disposal of property, plant and equipment	**63**	**250**
Employee benefit expense		
Wages and salaries, including restructuring costs and termination benefits	19,039	16,462
ACC levies and employee medical insurance	722	638
Pension costs - defined contribution plans	592	540
	20,353	**17,640**

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:

	2025 $'000	2024 $'000
Audit services		
Audit of the financial statements - Deloitte Limited	282	260
Total remuneration for audit services	**282**	**260**
Other assurance services		
Audit of regulatory statements - Deloitte Limited	116	69
Audit of Unique Emissions Factor - Deloitte Limited	21	20
Total remuneration for other assurance services	**137**	**89**
Total remuneration for assurance services	**419**	**349**

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

	2025 $'000	2024 $'000
Net (loss) / gain on interest rate swaps	(9,630)	(2,932)
Net (loss) / gain on electricity Contract For Differences	(17,062)	3,705
	(26,692)	**773**

[7] Income tax expense

(a) Income tax expense

	2025 $'000	2024 $'000
Current tax		
Current tax expense / (benefit) on profits for the year	1,955	(521)
Adjustments in respect of prior years	1	7
Total current tax expense / (benefit)	**1,956**	**(513)**
Deferred tax		
Origination and reversal of temporary differences	12,809	2,316
Exclude: element arising on fixed asset revaluation- recognised in equity	(18,812)	–
Total deferred tax	**(6,003)**	**2,316**
Income tax expense / (benefit)	**(4,047)**	**1,803**
Profit / (loss) from continuing operations	(4,047)	1,803
Deferred income tax expense (benefit) included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(5,948)	1,166
Increase / (decrease) in deferred tax liabilities	(55)	1,150
	(6,003)	**2,316**

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

	2025 $'000	2024 $'000
Profit/(Loss) from continuing operations before income tax expense	(10,481)	11,496
	(10,481)	**11,496**
Tax at the New Zealand tax rate of 28%	(2,935)	3,219
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenditure	3	3
Income not subject to tax	(1,115)	(1,426)
Other reconciling items		
Adjustment in respect of prior years	–	7
Income tax expense	**(4,047)**	**1,803**

[8] Current assets – Cash and cash equivalents

	2025 $'000	2024 $'000
Cash on hand	1	1
Bank balances	256	274
	257	**275**

(a) Reconciliation to cash at the reporting date

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

	2025 $'000	2024 $'000
Balances as above	257	275
Cash and cash equivalents	**257**	**275**

[9] Current assets – Trade and other receivables

	2025 $'000	2024 $'000
Net trade receivables		
Trade debtors	16,803	13,986
GST receivable	394	–
Provision for doubtful receivables	(527)	(368)
Net trade receivables	**16,670**	**13,618**
Sundry prepayments	2,711	2,676
Total current receivables	**19,381**	**16,294**

(a) Impaired receivables

	2025 $'000	2024 $'000
Movements in the provision for impairment of trade receivables are as follows:		
At 1 April	(368)	(393)
Provision for impairment arising during the year	(158)	–
Provision for impairment released in the year	–	25
Charge (credit) to profit and loss during the period	(1)	–
At 31 March	**(527)**	**(368)**

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

	2025 $'000	2024 $'000
Raw materials		
Raw materials at cost	3,913	3,683
Contract costs incurred less recognised losses	485	516
	4,398	**4,199**

[11] Current assets – Current tax benefit

	2025 $'000	2024 $'000
Tax benefit of losses	–	1,933
	–	**1,933**

[12] Derivative financial instruments

	2025 $'000	2024 $'000
Current assets		
Interest rate swaps - at fair value through profit or loss- see below ((a)(ii))	1	3,376
Electricity Contract for Differences- see below ((a)(iii))	130	98
Other hedging instruments	91	–
Total current derivative financial instrument assets	**222**	**3,474**
Non-current assets		
Interest rate swaps - at fair value through profit or loss- see below ((a)(ii))	175	3,410
Electricity Contract For Differences- see below ((a)(iii))	730	164
Total non-current derivative financial instrument assets	**905**	**3,574**
Total derivative financial instrument assets	**1,127**	**7,048**
Current liabilities		
Interest rate swaps - at fair value through profit or loss- see below ((a)(ii))	(4)	–
Electricity Contract For Differences- see below ((a)(iii))	(42,669)	(39,124)
Total current derivative financial instrument liabilities	**(42,673)**	**(39,124)**
Non-current liabilities		
Interest rate swaps - at fair value through profit or loss- see below ((a)(ii))	(3,016)	–
Electricity Contract For Differences- see below ((a)(iii))	(48,361)	(34,246)
Total non-current derivative financial instrument liabilities	**(51,377)**	**(34,246)**
Total derivative financial instrument liabilities	**(94,050)**	**(73,370)**
Net assets (liabilities) in relation to derivative financial instruments	**(92,923)**	**(66,322)**

For further information refer to note 2(g).

(a) Instruments used by the Group

(i) Forward foreign exchange contracts

At the current reporting date, the Group had entered into 2 forward foreign currency contracts for EUR 1,186,000 (2024: EUR Nil) to manage exposure. The cash flows associated with these contracts are timed to mature when the payment for capital expenditure is made. For contracts designated as cash flow hedges for accounting purposes, when the cash flows occur Top Energy Limited adjusts the carrying value of the asset acquired.

(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 2025 the notional principal amount of current contracts totalled $304,000,000 (31 March 2024: $307,000,000). At 31 March 2025 there was 13 remaining forward starting contracts (31 March 2024: 2), with a total notional principal value of $147,000,000 (2024: $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 2025, the notional amount of current contracts totalled $173,581,000 (31 March 2024: $168,629,000). 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

	2025 $'000	2024 $'000
Emission Trading Scheme Units	–	893
	–	**893**

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 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 2025								
Opening net book amount	272,535	5,429	391,663	2,012	2,694	8,197	2,497	685,027
Additions	18,827	13,356	551	2,425	903	–	–	36,062
Disposals	(475)	–	–	(187)	(588)	–	–	(1,250)
Transfers and reclassifications	3,288	(4,443)	113	281	57	–	–	(704)
Depreciation charge	(9,198)	–	(12,845)	(646)	(567)	–	(211)	(23,467)
Depreciation released on disposals	336	–	–	185	480	–	–	1,001
Revaluation of generation plant	–	–	64,500	–	–	–	–	64,500
Closing net book amount	**285,313**	**14,342**	**443,981**	**4,070**	**2,979**	**8,197**	**2,286**	**761,168**
At 31 March 2025								
Cost	509,170	14,342	3,089	14,850	9,099	8,197	4,018	562,765
Valuation	–	–	441,038	–	–	–	–	441,038
Accumulated depreciation	(223,857)	–	(146)	(10,780)	(6,120)	–	(1,732)	(242,635)
Net book amount	**285,313**	**14,342**	**443,981**	**4,070**	**2,979**	**8,197**	**2,286**	**761,168**
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
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**

(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 2025 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 2025 using an approach based principally on discounted predicted future cash flows over a year period to 31 March 2045 using a post tax WACC of 7.93% 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 2025 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 2025. 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 2025 had those assets been carried under the cost model is $252,375,000 (31 March 2024: $264,616,000). As per accounting policy 2(r) and 2(t) the revaluation uplift of generation plant is $67.2m which includes generation plant uplift of $64.5 and resource consent uplift of $2.7m.

(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 2025, 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 2025 ($'000)	VALUATION TECHNIQUE(S)	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Generation assets	466,000	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 7.93%.	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 movement in revenue and post tax WACC changes the mid-point valuation in operating costs. 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 2025 was $42,000 (2024: $190,000).

Interest capitalised was at the average rate of 4.26% for the year ended 31 March 2025 (2024: 5.73%).

[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 2025						
Opening net book amount	811	10,224	1,065	13,573	11,477	37,150
Additions	–	28	496	4	2,404	2,932
Transfers and reclassifications	–	–	653	50	–	703
Reclassification between current and non-current ETS units	–	–	–	–	197	197
Amortisation charge (note 5)	–	(435)	(578)	–	–	(1,013)
Revaluation of generation plant	–	2,685	–	–	–	2,685
Closing net book amount	**811**	**12,502**	**1,636**	**13,627**	**14,078**	**42,654**
At 31 March 2025						
Cost	811	–	8,176	13,627	14,078	36,692
Valuation	–	12,502	–	–	–	12,502
Accumulated amortisation	–	–	(6,540)	–	–	(6,540)
Net book amount	**811**	**12,502**	**1,636**	**13,627**	**14,078**	**42,654**
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
Reclassification between current and non-current ETS units	–	–	–	–	(893)	(893)
Transfers and reclassifications	–	–	193	2,623	425	3,241
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**

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 2025		
Cost at 1 April 2024	811	811
At 31 March 2025	**811**	**811**
At 31 March 2024		
Cost at 1 April 2023	811	811
At 31 March 2024	**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 2036, and a post-tax discount rate of 7.93% (2024: 7.71%). At 31 March 2025 and 2024 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:

	2025 $'000	2024 $'000
Right-of-use lease assets net book value		
Properties	2,401	2,926
Vehicles	3,551	2,306
Equipment	39	–
Well sites	1,180	1,224
	7,171	**6,456**
Right-of-use lease liabilities		
Current	1,247	1,210
Non-current	6,703	5,920
	7,950	**7,130**

(b) Amounts recognised in the statement of comprehensive income

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

	2025 $'000	2024 $'000
Depreciation charge of Right-of-use assets		
Properties	537	510
Equipment	18	15
Vehicles	440	304
Well sites	45	45
	1,040	**874**
Interest on Right-of-use leases		
Interest expense (included in finance cost)	438	413
	438	**413**

The total cash outflow for Right-of-use leases in the year ended 31 March 2025 was $1,372,000 (2024: $1,163,000).

(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

	2025 $'000	2024 $'000
Trade payables	12,553	9,907
GST payable	–	37
ACC levies, PAYE and other payroll taxes	333	214
Dividend payable	–	3,361
Payroll creditors	2,786	2,386
Accruals	2,365	3,217
Discount Payable	5,880	5,786
Revenue received in advance	4,832	4,627
	28,749	**29,535**

[18] Current liabilities – Interest-bearing liabilities

	2025 $'000	2024 $'000
Secured		
Bank overdrafts	71,710	–
Total interest bearing bank borrowings	**71,710**	**–**
Unsecured		
Loan from parent entity	5,045	1,587
Total other interest bearing borrowings	**5,045**	**1,587**
Total current interest bearing borrowings	**76,755**	**1,587**

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

Bank overdrafts of $71.7m are maturing in October 2025. Refer to note 31 for details on the refinancing subsequent event.

[19] Current liabilities – Provisions

	2025 $'000	2024 $'000
Employee benefits	374	349
	374	**349**

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

	2025 $'000	2024 $'000
Secured		
Bank loans	225,000	295,600
Total non-current interest bearing liabilities	**225,000**	**295,600**

* 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:

	2025 $'000	2024 $'000
Bank overdrafts and bank loans	296,710	295,600
Total liabilities covered by the negative pledges	**296,710**	**295,600**

(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 2025. 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

	2025 $'000	2024 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	107,182	89,016
Intangible assets	3,117	1,110
Financial assets at fair value through profit or loss	(26,044)	(18,570)
Other temporary differences	(986)	(829)
Net deferred tax liabilities	**83,269**	**70,727**
Movements		
Balance at 1 April	70,727	68,411
Charged / (credited) to profit or loss	(6,003)	2,316
Eliminated on disposal of subsidiary	(267)	–
Tax charged / (credited) directly to equity (note 7)	18,812	–
Closing balance at 31 March	**83,269**	**70,727**
Expected maturity of deferred tax liabilities		
Within 12 months	(12,897)	(10,810)
In excess of 12 months	96,166	81,537
	83,269	**70,727**

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

	2025 $'000	2024 $'000
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2024: 28%)	15,197	17,006
	15,197	**17,006**

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

	2025 Shares 000s	2024 Shares 000s	2025 $'000	2024 $'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

	2025 $'000	2024 $'000
Property, plant and equipment revaluation reserve	149,819	105,486
Hedging reserve- cash flow hedges	91	–
	149,910	**105,486**
Movements in reserve		
Property, plant and equipment revaluation reserve		
Balance at 1 April	105,486	109,428
Revaluation - before tax	67,185	–
Deferred tax on the revaluation	(18,812)	–
Amortisation of revaluation reserve	(5,492)	(5,475)
Deferred tax released on amortisation of reserve	1,538	1,533
Reversal of revaluation surplus on disposal of revalued assets	(119)	–
Deferred tax released on disposal of revalued assets	33	–
Balance at 31 March	**149,819**	**105,486**
Hedgeing reserve - cash flow hedges		
Balance 1 April	–	–
Hedging reserve for the period	91	–
Balance 31 March	**91**	**–**

(b) Retained earnings

Movements in retained earnings were as follows:

	2025 $'000	2024 $'000
Balance at 1 April	150,225	140,107
Net profit for the year	(6,434)	9,693
Equity of subsidiary dissolved during the year	627	–
Dividends	(3,650)	(3,516)
Net transfer between reserves	4,040	3,941
Balance at 31 March	**144,808**	**150,225**

[25] Dividends

(a) Ordinary shares

	2025 $'000	2024 $'000
Dividend of 13,700 cents per ordinary share paid on 31 March 2025- Imputed	3,425	–
Dividend of 0.90 cents per ordinary share paid on 31 March 2025- Unimputed	225	–
Dividend of 13,444 cents per ordinary share declared on 31 March 2024- Imputed	–	3,361
Dividend of 0.62 cents per ordinary share paid on 31 March 2024- Unimputed	–	155
	3,650	**3,516**

(b) Dividend imputation

Top Energy declared and paid a dividend of $5,112,000 in March 2025 ($5,016,000 in March 2024) 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 2025:

(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 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 2025		
Directors of Top Energy Ltd		
– D Sullivan	143,725	143,725
– N Anderson	57,575	57,575
– J Nichols	81,599	81,599
– S Sanderson	57,575	57,575
– S Young	72,225	72,225
Directors of other Group companies		
– P Doherty*	–	–
– B Jones	57,575	57,575
– R Kirkpatrick	57,575	57,575
– A Will	3,700	3,700
Total	**531,549**	**531,549**
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**

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	Mahurangi Olives Limited Cognition Education Limited	Director Director
Ms N Anderson	Anderson Trading Co Limited Far North Holdings Limited International Accreditation Council Kainga Ora Telarc Limited NZ Blood and Organ Service Scion Anderson Commercial Ltd Nga Pai Kitea Tapui Ltd Te Ohu Kai Moana Trustee Ltd	Director Director Director Director Director Director Director Director Chair/Director Director
Dr D Kirkpatrick	RKP Limited	Director
Mr J Nichols	Eastland Generation Limited Hawkes Bay Airport Limited Nichols Consulting Limited Unison Networks Ltd	Director Chair/Director Director Director
Mr S Sanderson	Mitchell Daysh Limited Ports of Taranaki Limited	Director Director
Mr S Young	Jimmi Interests Limited Smith & Young Nominees Limited Carbon One Limited Utilise Limited Jimmi Limited Jimmi Holdings Limited On Farm Energy Limited Electricity Invercargill Limited The Karo Group Ltd Janus Electric New Zealand Ltd	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.

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 2025 the total value entered into by the Group was $5,775,000 (2024: $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:

	2025 $'000	2024 $'000
Property, plant and equipment	**7,021**	9,859

Of the capital commitments, $941,000 relate to the Ngawha Generation subsidiary (2024: $2,889,000).

(b) Purchases of Carbon Credits

	2025 $'000	2024 $'000
Forward contracts for NZU's	**9,095**	11,497

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 declared and paid a dividend of $3,650,000 to the Trust during the year ended 31 March 2025 (2024: $3,516,000). Included in these dividends were unimputed dividends of $225,000 to assist with the Trust’s running costs (2024: $155,000). The Company continued to pay interest to the Trust on the balance of funds loaned, totalling $69,000 in the year ended 31 March 2025 (2024: $69,000).

As at 31 March 2025, a balance of $5,045,000 was owed by the Company to the Trust (31 March 2024: $1,587,000) 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 2025	**6,813**	**175**	**125**	**7,113**
Year ended 31 March 2024	6,358	169	109	6,636

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:

	2025 $'000	2024 $'000
Balance due to the Trust at 1 April	1,576	1,576
Loan advanced from (repaid to) the Trust	3,400	(58)
Interest charged by the Trust	69	69
Balance due to the Trust at 31 March	**5,045**	**1,587**

(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 2025

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
Te Puna Hihiko Risk Ltd	Cook Islands	Insurance 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

Subsequent to balance date, Top Energy Limited Group purchased carbon credits of $9,095,000 (Note 10).

On 27 May 2025, the Board resolved to refinance all bank loans. Financial close was achieved on 30 May 2025 with tenors ranging from on to five years. At the date of signing, the current debt under note 18 of $71.7m is non-current.

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

	2025 $'000	2024 $'000
Profit for the year	**(6,434)**	**9,693**
Adjustments made for:		
Depreciation and amortisation	25,519	24,920
Net (loss) gain on sale of non-current assets	63	250
Movement in provision for doubtful debts	159	(25)
Fair value (gains) losses on other financial assets at fair value through profit or loss	26,601	(772)
Interest on Right-of-use leases	438	413
Changes in working capital:		
Decrease (increase) in trade debtors	(2,817)	(1,941)
Decrease (increase) in inventories	(199)	(683)
Decrease (increase) in other operating assets	858	748
Increase (decrease) in trade creditors	2,430	(1,248)
Increase (decrease) in other operating liabilities	(223)	484
Increase (decrease) in income taxes payable	24	–
Increase (decrease) in provision for deferred income tax	(4,337)	1,803
Net cash inflow from operating activities	**42,082**	**33,642**

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TOP ENERGY LIMITED GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2025

The Auditor-General is the auditor of Top Energy Limited Group (the Group). The Auditor-General has appointed me, Bryce Henderson, 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 2025, 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 material 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 2025; 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 2025

Our audit was completed on 10 June 2025. 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 and unique emissions factors, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

Bryce Henderson
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand

This audit report relates to the financial statements of Top Energy Group (the 'Group') for the year ended 31 March 2025, included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the audited financial statements and related audit report dated 10 June 2025 to confirm the information included in the audited financial statements presented on this website.

DIRECTORY

www.topenergy.co.nz

Principal business

Electricity generation and lines distribution business

Directors

- Mr David Sullivan — *BCom CA MInstD - Chair*
- Ms Nicole Anderson — *PGDPH DipAcc DipBus DipMgt CMInstD*
- Mr Jon Nichols — *FCA CMInstD*
- 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 MInstD - General Manager - Finance*

Registered office

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

Auditor

Bryce Henderson 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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