



# TE PUNA

ANNUAL REPORT 2025/26

# HIHIKO

# THREE POU ONE PURPOSE

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

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## POU TAHI

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# Safety First

Supporting lifesaving services that protect our people.

This year, we became a major sponsor of the Northland Coastguard Air Patrol, supporting them to provide vital aerial search and guidance to local rescue vessels from Whangārei up to Cape Reinga.



## POU RUA

# Growing Local Talent

Investing in the next generation and celebrating business success.

Top Energy Line Mechanics were winners of the overall Line Mechanics title at the 2025 Connexis Annual Connection NZ event for a second year in a row. The team delivered outstanding results across multiple events, including concrete pole installation, Wagner pole installation and underground cable installation, along with individual awards for leadership and the Dougie Award.

*From left to right: Karl Wilson, Simon Bayliss, Dave James (GM Contracting Services), Michael Kava, Lance Kahotea and Michael Mitchell.*



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## POU TORU

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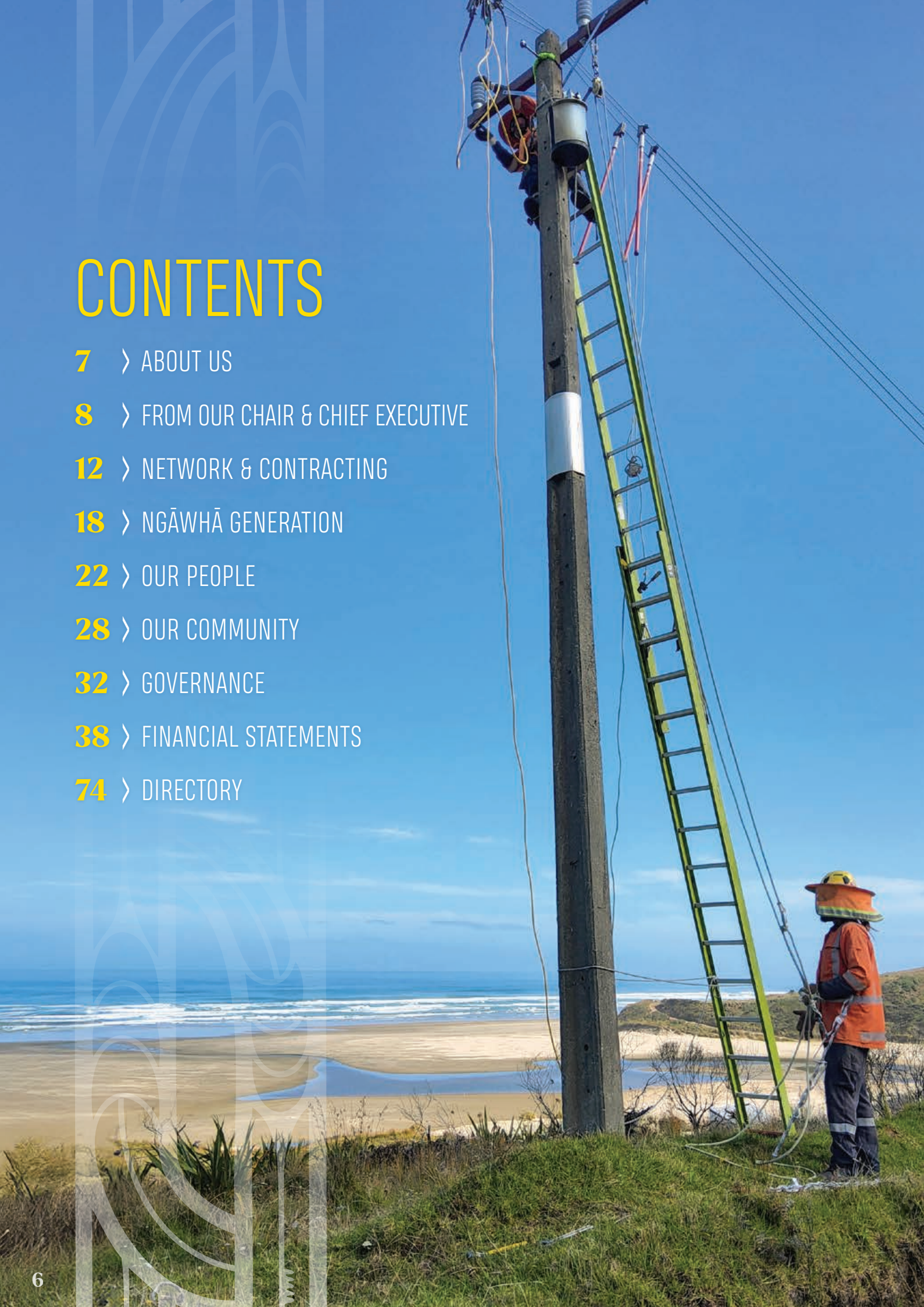
# Supporting Community Wellbeing

Helping whānau thrive through targeted initiatives.

Since 2008, Top Energy has sponsored the Healthy Homes Tai Tokerau initiative, helping to subsidise the retrofit of insulation into over 12,000 Northland homes and improve living standards in our Far North community.

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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 Hūkerenui to the Cape.

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

We are one company with a clear purpose:  
**Delivering sustainable energy to Far North consumers.**

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**

3

POWER STATIONS

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



Geothermal power generation

195

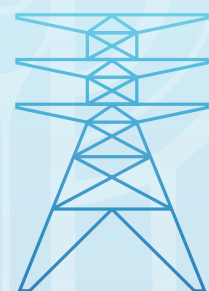
KAIMAHI (STAFF)

The Group **employs over 195 kaimahi**

57

MEGA WATTS

**57MW of electricity is generated**



Transmission and distribution lines **network**

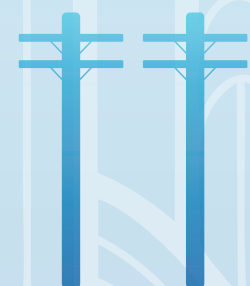
OVER 800

MILLION (\$) IN ASSETS

The Group manages **assets over \$800 million**

125%

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



Electrical reticulation **contracting**



# FROM OUR CHAIR AND CHIEF EXECUTIVE

NĀ TE HEAMANA ME  
TE TUMU WHAKARAE



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On behalf of the Board of Directors and the Executive Leadership Team, we are pleased to present this report for the 2026 financial year.

The Group delivered a strong performance in 2026, with our people responding well to a demanding operating environment and continuing to deliver for Far North consumers.

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Top Energy network experienced several significant events during the year, including ex-cyclone Tam, the failure of the core 33kV switchgear at Kaikohe, transmission capacity constraints associated with strong solar growth in the Far North, and a lightning strike at the Kaitaia 110kV substation.

Our teams responded promptly to restore supply, manage system impacts and maintain service continuity. The rapid growth in two-way energy flows also required changes to protection settings, demonstrating the capability of our people to manage an increasingly complex network.

The Ngāwhā generation business also managed several operational events, including two turbine bearing failures at OEC4. Response times continued to improve, reducing outage duration by more than 30%. Investment also continued in accordance with the asset management plan, including replacement of a generator commissioned in 1998, installation

## Health & safety

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

On the network, there were six recordable injuries, down two from last year. Three were lost-time injuries, resulting in 11 days off work. Consequently, although the network total recordable injury frequency rate (TRIFR) performance improved, at 2.9, it remains worse than the target of 2.0. The generation business had one recordable injury: a lost-time injury with four days off work. The small size of the team meant the generation TRIFR performance was 4.1, slightly better than last year but worse than the target of 1.5.

The Health & Safety Management System development is complete, and operational implementation of group standards into business units is in progress. An external gap analysis for ISO45001 certification is scheduled for early next financial year. Accessibility to key health and safety information has significantly improved with the rollout of the new Health and Safety Intranet Hub in February, including designated pages for leaders, health and safety representatives and our first responders. Over 30 health, safety and risk modules have now been developed and are a new mandatory step in the onboarding process, ensuring managers allocate these modules to relevant kaimahi.

## Financial results

The growth in the Group's operating earnings was driven by strong capital contributions from new connections to the network, offsetting challenging operational performance. Earnings before interest, tax, depreciation, amortisation and fair value adjustments (EBITDAF) were 0.7% above budget for the period and 5.3% higher than the same period last year.

Revenue increased by 6.4% (\$6.9m). Electricity sales from Ngāwhā Generation were lower by 2.9% (\$1.5m), with total generation output reducing by 23.7GWh to 423.4GWh. In addition, average wholesale prices, at \$117/Mwh, were lower by \$94/MWh. Network revenue increased by 15.3% (\$7.3m), driven by the 2025-2030 electricity default price path (DPP4) regulatory reset, Transpower increases and an increase in overall consumption of 0.2%. Consumption was driven by a growth in commercial electricity consumption of 1.0%, and 2.8% growth in industrial usage, offset by a -1.1% drop in residential consumption. Capital contributions (the network extensions driven by customer requirements) increased by 34.3% (\$4.0m), reflecting some larger connections completed this year.

Operating expenses increased by 7.5% (\$3.8m). The most significant contributor was the \$1.8m loss on the disposal of carbon units, as we realised the cash in an uncertain Emissions Trading Scheme environment, no longer requiring the carbon units to settle emissions with full rejection at Ngāwhā. Employee expenses increased by 10.8% (\$2.7m), reflecting the growth in personnel as we continue to focus on growing local talent and increasing field resources. Transmission charges increased by 18.3% (\$1.3m), reflecting Transpower's regulatory reset.

Finance costs increased slightly, up 2.3% (\$0.4m), as interest rates increased. The carbon unit disposals at the end of the financial year reduced year-on-year debt levels, and funding covenants were met. The lower wholesale prices mentioned earlier have contributed to the positive fair value adjustments to our derivative contracts, with a positive \$74.1m 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 \$66.9m, \$53.3m derived from the non-cash derivative adjustment noted above (net of tax) and the remaining from operating earnings.

The Statement of Corporate Intent financial targets were met or exceeded on all but one metric, reflecting the resilient performance across the Group.

of the final gas reinjection pumps at OEC3 to increase output by 1MW, and the successful clearing of a production well blockage during the annual shutdown.

We also completed the upgrade of our core SAP ERP (Enterprise Resource Planning) system to the latest cloud-based solution, strengthening procurement, asset management and financial reporting across the Group. Building local capability remains a priority, with headcount increasing to 197, seven new trainees joining the business, five trainees completing their qualifications and two engineering graduates commencing. A new learning management system and AI-enabled tools were also introduced to support capability and productivity.

We continue our long-term focus, progressing planning for the replacement of the 110kV line to Kaitaia and advancing the business case for the next phase of generation expansion at Ngāwhā. Energy hardship remains a key focus. We strengthened partnerships with Te Pūtahi-Nui-o-Rehua and Community Business & Environment Centre (CBEC) to support informed consumer decision-making and access to appropriate retail options. Working with our shareholder, we also agreed future network price increases and identified opportunities to better demonstrate the value created for consumers through local ownership. This will be reflected in our next Statement of Corporate Intent.



**Russell Shaw**  
Chief Executive

**David Sullivan**  
Chair

## Network reliability

It was a tough year for network reliability, with 398 unplanned System Average Interruption Duration Index (SAIDI) minutes (the average number of high-voltage outage minutes per customer) compared with our internal targets of 294 minutes and last year's actual total of 256 minutes. The result was just under the regulatory cap of 399 minutes and sums up a year of managing weather events and equipment failures and embedding significant solar export volumes into the network.

The Kaikohe substation equipment failure event in November meant that we triggered an extreme event quality breach, which is reportable to the Commerce Commission. External investigations with the supplier have identified that this was an internal failure of the breaker, which is part of a "sealed for life" unit and not due to any installation, maintenance, operating or environmental issues. With lower load growth on the network, the latest 2026 10-year Asset Management Plan has an even greater focus on asset replacement and renewal rather than creating additional capacity.

## Board Governance

This report includes the Board's annual review of its governance code, maintaining our transparent approach to governance. We continue our sustainability journey, which commenced in 2022, with annual initiatives to maintain our Toitū Carbon Reduce certification. Over the next 12 months, we will commence the task of measuring our scope 3 supplier emissions.

We have also facilitated a Modern Slavery Working Group to strengthen awareness on the issue across Electricity Distribution Businesses in New Zealand and start the conversation around where slavery could be present in our supply chains. Modern Slavery awareness training has been delivered across the Group.

Our fifth Sustainability Report confirms our commitment to our pillars of People, Planet and Prosperity.

## Industry and regulatory issues

Government and regulators remain actively engaged with the electricity sector, with capacity and affordability continuing to be key priorities. Ahead of the upcoming election, parties are outlining their respective energy policies. We continue to engage with ministers and regulators to demonstrate our achievements and plans and how we are supporting Far North consumers. In January, we submitted our response to the Minister of Energy's letter, offering support to pilot several initiatives to reduce costs for consumers, which aligns with the Minister's objective. This approach is consistent with our achievements over recent years to improve community outcomes by minimising prices and increasing distributions. We await the independent review by the Ministry of Business, Innovation and Employment and Asset Dynamics, and any subsequent action taken by the Minister.

## Looking forward

The Group's results continue to create sustainable long-term value for the Far North. Successfully managing the trilemma—investing for growth and reliability, maintaining an appropriate level of debt and minimising price increases for our consumers—is essential. Striking this balance remains our central challenge as we deliver for both today's community and future generations.

## Our people

Our ability to serve our consumers, keep our network performing and deliver on our sustainability outcomes is made possible by the Top Energy team. We're proud of what we've achieved, and we acknowledge the significant mahi of everyone at Top Energy and their whānau, whose support helps us meet the needs of Far North consumers and continue to push what we and our industry can achieve.

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

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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.

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## A challenging year

Over the past year, Top Energy's network has been tested by a series of significant events, from severe weather such as ex-Cyclone Tam to major outages linked to vegetation damage, lightning strikes and critical equipment failure.

In April 2025, ex-Cyclone Tam caused widespread disruption across Te Tai Tokerau, with Top Energy reporting around 14,000 customers without power after a night of severe weather. Later in the year, major outages centred on Kaikohe affected about 23,000 customers, first after a tree damaged the 33kV line to Mount Pokaka in October and then following a major equipment failure inside Kaikohe substation in November. In February 2026, a lightning strike also damaged equipment at the Kaitaia substation, and technical challenges arising from utility scale solar integrating onto the northern network have contributed to outages in Kaitaia and the wider Te Hiku area.

Together, these events were a strong reminder of how exposed electricity infrastructure is to severe weather, climate-related pressures, vegetation risk and unexpected asset failures and of the very real impact outages have on homes, businesses and essential services across the Far North.

They reinforced the importance of preparedness, clear communication, safe restoration and ongoing investment in a network that is better able to withstand disruption and recover strongly when it happens.

# Building a resilient and flexible network

Top Energy has continued to invest in projects that strengthen the resilience, reliability and flexibility of the network, with delivery led by the Top Energy Contracting team. Alongside major capital works, a number of smaller but important reliability improvements were also carried out to help reduce outage duration and limit the impact of faults on customers. These improvements make the network more flexible, giving our teams more ways to respond and restore supply when outages occur.

This included refurbishing ageing lines and installing new reclosers and other protection devices on long rural feeders so faults can be isolated more quickly and with less impact on customers. Group fusing was also installed on 11kV spurs so faults can be contained to that part of the network, reducing the number of customers affected.

Other initiatives included improving feeder interconnections to allow back-feeding from alternative sources during outages and installing additional remote-controlled switches across the 11kV network so the network can be reconfigured remotely from the control room after a fault.



Access can sometimes be challenging when attending outages

## A skilled team behind the network

We are proud of our award-winning contracting team of line mechanics, who – for the second year running – won the Connexis Annual Connection Lines Competition. They bring that same focus and professionalism to their daily work and are an integral part of delivering Top Energy’s network work programme. Over the year, the team grew from 62 to 67 people, with a further five trainees recruited to replace the five who qualified during the year. This reflects an ongoing commitment to building skills and capability for the future.

Because parts of our network are remote and difficult to access, it is important that the team has the right equipment

and vehicles to work safely and efficiently. During the year, we replaced four of our 4-wheel drive elevating work platforms. Over the past 3 years, we have replaced 16 heavy specialised vehicles. The team also continued to expand the use of electronic and digital platforms to improve data capture, with the next stage of this work focusing on time and attendance.

From left to right: Karl Wilson, Simon Bayliss, Lance Kahotea, Michael Kava, and Michael Mitchell.



# Capital works and maintenance

We continued to invest in renewing and upgrading network assets to maintain safety, reliability and compliance with current standards.

## 110kV annual planned shutdown

Top Energy plans an annual 110kV shutdown to keep abreast of essential replacements and maintenance on the critical transmission line between Kaikohe and Kaitiāia substations. In the past, these works would have required a full-day outage for around 10,000 customers within the northern area of our network. Supply is now maintained by diesel generators with little to no customer disruption.



Based on condition assessments, three 110kV structures were replaced and approximately 80 maintenance tasks completed during the past financial year.

## Ngāwhā 110kV substation

Top Energy undertook a project on behalf of Ngāwhā Generation Limited to improve the security of supply and increase the export capacity of the existing connection at Ngāwhā Geothermal Power Station.

The project involved installing additional infrastructure to provide a more secure connection, including backup capability if one part of the connection is unavailable, while also increasing export capacity to support future expansion of the geothermal power station.



Top image: Ngāwhā 110/33 kV Transmission Substation. Above image: Substation Relay Room.

# Growth and changing demand

## Customer-initiated works

Capital contribution revenue from customer-initiated works was above budget in the 2026 financial year, supported by projects including the Pukenui Solar Farm and the Rānui Twin Rivers Solar Farm. New connection applications and interconnection control point (ICP) connections were lower than in previous years, indicating a slower Northland economy, but demand for domestic rooftop solar remained healthy.

The focus for the coming year will be on meeting the Electricity Authority's updated requirements under Part 6 of the Electricity Industry Participation Code, particularly in relation to connection pricing and processes.

## Solar uptake

The Far North is emerging as one of New Zealand's highest solar uptake regions, with more households and businesses installing rooftop solar than ever before. Across our network, small-scale solar connections continue to grow strongly.

Currently, 2,590 households and businesses have rooftop solar connected to the network and can export surplus power back into it. Many systems now also include batteries to store excess generation for later use. Top Energy recently increased the residential solar export limit to 10kW, giving customers greater opportunity to benefit from their solar investment.

Image right: Far North households and businesses continue to install rooftop solar.

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## Wiroa Road substation

Top Energy is upgrading Wiroa Road substation to strengthen the security of supply across the northern network. The project will provide for two 110/33kV power transformers and an expanded 110kV switchyard, supporting longer-term reinforcement of the network, including provision for a new 110kV overhead line to Kaitaia.

Stage 1 of the project is now complete. It involved earthworks and extension of the existing substation platform and switchyard footprint to accommodate the future transformers and associated equipment. Stage 2, which includes the electrical installation and associated civil works for the switchyard, is scheduled to commence in the third quarter of the 2027 financial year.



Earthworks to extend the existing Wiroa Road substation platform and switchyard.

## Sandhills Road – Herekino and Awanui high voltage distribution lines

Sandhills Road project enables the interconnection between Awanui and Herekino. It includes upgrading the existing two wire lines on Sandhills Road to three and extending a new line to complete the interconnection.

Apart from improving resilience, it allows the back feed of supply from an alternative direction, resulting in fewer customers being without power during planned and unplanned outages.

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## Omanaia 33kV sub-transmission line refurbish (stage 7)

The Omanaia 33kV sub-transmission line is the sole source of power supply to Omanaia. To increase flexibility and security to the power supply in this area and improve the reliability of the line, we are refurbishing the 33kV line by replacing power poles, cross arms and line hardware. This is ongoing work, and we have reached this project's seventh stage, in which 59 structures will be addressed.

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## Underground Omanaia sub-transmission line

During the Omanaia rebuild, some risks – such as dual lines on a single structure out of the substation – were identified for the security of power supply to the South Hokianga area.

This project undergrounds these lines and upgrades the switchgear at the Omanaia substation to enable security and alleviate constraints. Construction was scheduled for summer 2025/26, with completion at the end of March 2026.



Ko Ngāwhā he  
puna hiko toitū

Ngāwhā serves as  
the cornerstone of  
sustainable energy

# NGĀWHĀ GENERATION

## NGĀWHĀ-PUTANGA HIKO





45 T2





# WORKING TOGETHER WHEN IT MATTERED MOST

In November 2025, the Far North faced a major outage when a catastrophic protection breaker failure damaged part of Top Energy's Kaikohe substation.

**Around 23,000 customers were affected, and restoring supply was a significant challenge for the wider Top Energy group.**

Ngāwhā Generation Limited played an important role in that response. Equipment from Ngāwhā was brought into service to support restoration at Kaikohe, helping return the substation to normal operating conditions by early December. At the same time, Ngāwhā was in the middle of its planned annual shutdown, meaning normal backup generation was not fully available. In response, the team worked hard to complete maintenance early and bring OEC3 back online as soon as it was safe and certified to do so, restoring an important layer of backup for the Far North network.

Together, these efforts showed the value of practical collaboration across the Top Energy group.



# Reinjection Pump Strengthens Future Performance

During the November 2025 annual shutdown, Ngāwhā Generation completed the physical works for the OEC3 reinjection pump.

The project is a significant investment in long-term steam field sustainability and supports the ongoing delivery of zero-emissions geothermal electricity.

The pump enables high-pressure return of geothermal brine and naturally occurring non-condensable gases to the reservoir, strengthening reinjection capability and supporting the efficient use of existing generation assets. This helps maintain reservoir pressure, improve operational flexibility and sustain generation output.

Originally developed in early 2022, the project benefited from early detailed design and safety planning that allowed construction to proceed efficiently when needed. The system uses an approach developed at Ngāwhā, where non-condensable gases are reinjected into the suction side of the pump. First trialled on site in late 2021, this practical solution addressed a complex operational challenge and is believed to be a world first in geothermal power generation.



Image: The pump was fully commissioned in February 2026 and is now part of normal plant operations, enhancing resilience and supporting reliable, renewable electricity generation for the Far North now and into the future.

# Turbine Bearing failure

A turbine bearing failure took OEC4 offline for just over 307 hours in January 2026, temporarily reducing generation availability until the unit was returned to service on 21 January. This was the fastest recovery from a bearing-related outage on OEC4 to date. Investigation and follow-up work is continuing to better understand the contributing factors and support future reliability improvements.

# MONITORING

Another monitoring period has come to an end, with new technology trialled and put into action during the year. To reduce health and safety risks associated with potentially high levels of hydrogen sulphide gas in the Hidden Walks area, a drone is now used to sample Tiger Bath.

Extensive firebreak maintenance, along with weed and pest control in and around the gumland and wetland environments, is helping native species such as the Northland mudfish and North Island fernbird to thrive.



Whakamākūkūtia  
ngā pakiaka kia  
tupu rearea ai

Nourish the roots for  
strong new growth

OUR PEOPLE

Ā MĀTOU TĀNGATA





# HELPING TO BUILD A STRONGER, MORE RESILIENT ENERGY FUTURE



The strength of Top Energy lies in our people and the mahi they put in every day to ensure the homes and businesses in our Far North community have access to a safe and reliable electricity supply.

By continuing to invest in our people, experienced and new, we are building the capability needed to support the Far North now and for generations to come.

## Leading from the front: Line mechanics recognised nationally

This year, our line mechanics once again demonstrated the skill, teamwork and resilience that underpin our people.

At the 2025 Connexis Annual Connection event, the Top Energy team were named overall winners for the second year in a row.

They also achieved top placings across multiple disciplines, including Concrete Pole Installation, Wagner Pole Installation and Underground Cable Installation, along with individual leadership and team awards. These results reflect both technical excellence and the strong culture of teamwork and pride that exists across our contracting services team.

We also acknowledge General Manager Contracting Services, David James, who was recognised for 23 years of service as a judge at the event. This is a testament to his long-standing contribution to the industry.

Image right: Our winning team – taking it away two years in a row.



## Our Te Ao Māori Practice

We have continued to progress our te ao Māori journey, moving beyond learning into embedding practices across the business.

In the second year of our capability programme, all kaimahi have had opportunities to deepen their understanding of te reo Māori, tikanga and local history. This includes language courses, cultural training and the integration of te ao Māori into our induction programme, with visits to Ngāwhā Marae and local heritage sites.

Our teams can now use waiata and karakia, helping to strengthen connection to each other, to our community and to the whenua we serve.

The Board also met with the Ngāwhā Marae Trustees Komiti, and following the pōwhiri, shared an update on the Group's plans and heard from the mana whenua on their priorities as we continue to build this relationship.

Image left: Ngāwhā Marae Trustees and Top Energy Directors.

# Creating a great place to work

Attracting and retaining skilled people in the Far North continues to be a challenge and an opportunity.

This year, we introduced our Employee Value Proposition, shaped by feedback from our kaimahi. It reflects what makes Top Energy a unique place to work and reinforces our commitment to being an employer of choice in the Far North. "Top Energy: Powering your potential" is supported by enhanced benefits, including improved parental leave and additional leave. This work is about more than recruitment. It is about creating a workplace where people feel valued, supported and able to build long-term careers in the Far North.

## Supporting wellbeing

### The health and wellbeing of our kaimahi remains a priority.

We continue to provide annual health checks, flu vaccinations, health insurance, access to an employee assistance programme and an online wellness platform. We also encourage participation in sporting and community events. This year, we also introduced sessions for staff focused on online safety and the challenges facing whānau in the digital environment. This reflects our understanding that wellbeing extends beyond the workplace and into the home.

Top Energy remains committed to being a Living Wage Employer. Our people and those working with us are paid fairly and can meet the cost of living in our community.



## Recognising contribution

### Our rewards and recognition programme continues to celebrate kaimahi who go the extra mile and demonstrate our company values in action.

This year, participation reached a new milestone, reflecting a strong culture of appreciation across the business. A total of 304 awards were issued across the three award categories of Display, Achieve and Exceed. For the first time since the programme started 10 years ago, the Display category exceeded its target. We also recognised excellence through internal and industry awards, showcasing the talent and commitment of our people across a range of roles.

## Developing our people

### Investing in professional development remains a key priority.

Over the past year, kaimahi have completed or progressed a wide range of industry qualifications and training, from line mechanic certification and health and safety qualifications to advanced technical and leadership programmes. We also continue to support leadership development across the group, helping to build capability at all levels and ensuring we are well positioned for the future. The implementation of a HR learning management system will help foster the learning environment for all kaimahi across the business.

## Building the next generation

### Developing local talent is critical to the future of our network and our community.

This year, five trainees qualified as line mechanics, with a further 11 trainees currently progressing across line mechanic, technician and communications roles. We also supported two engineering graduates as they begin their careers with Top Energy.

Alongside this, our engineering scholarship programme continues to support Far North students pursuing careers in engineering, helping to build a pipeline of future talent for the region.



Left to right: Trainee line mechanics Khalon Walters, Thore Paarmann and Corbin Aspinall.



Left to right: Trainee line mechanics Lane Gamble and Levon Pure.

## Long service recognition

At 45 years of service, Richard Jurisich became one of Top Energy's longest serving employees.



We are proud to recognise the long-standing contribution of our people, with several team members reaching significant service milestones this year.

John Alexander (40 years) and Peter Horrobin (35 years) are joined by Shelley Masters and Heather Fitchett (30 years), Aaron Birt and Ronald Wihongi (20 years), David Parsonson, Aaron Kilgour, Mike Shepherd, Bruce Larsen and Todd Campbell (15 years), and Tom Combrinck, Andy Rogerson, Casey Lloyd, Jasmine Armstrong, Simon Bayliss, Donna Whyte, Shane Munford and Sandra Dearnley (10 years).

These milestones reflect the strong sense of loyalty and connection our people have with Top Energy and the Far North community.

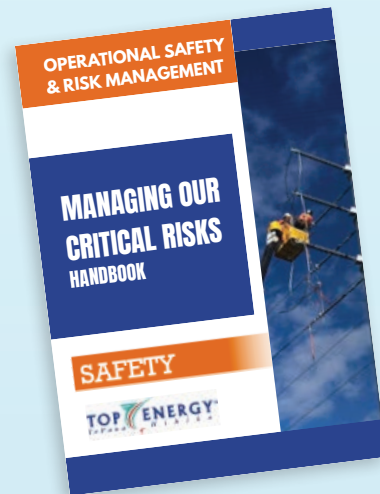
## Keeping our people and community safe

### Strengthening our approach

Safety remains our highest priority and is part of how we work every day.

Over the past year, we have continued to strengthen our health, safety and risk systems, with a strong focus on aligning our approach to ISO 45001, the international standard for occupational health and safety management systems. This work is laying the foundation for a more consistent and effective approach to managing risk across the organisation.

A key part of this progress has been the development of our Critical Risk Handbook and Group Standards. These tools provide clarity for our teams and support consistent practices across all areas of the business, ensuring risks are well understood and effectively managed every day.



### Led by our people

Our consultative committee, made up of kaimahi from across the organisation, has played an important role in shaping these systems. Their involvement ensures our approach reflects real operational environments and supports shared accountability for safety outcomes.

We have also continued to build capability within our health and safety team, strengthening the support available to our people and reinforcing our 'Safety First' value across the business.

### Protecting our community

Public safety remains a critical focus. This year, our Public Safety Management System maintained external certification under NZS 7901:2014, reflecting our commitment to maintaining high standards and protecting the communities we serve.

Looking ahead, our focus is on continuing this momentum. This includes progressing towards ISO 45001 certification, strengthening leadership accountability and further embedding a strong safety culture led at every level of the organisation.

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



# POWERING OUR COMMUNITY, TOGETHER

Top Energy is owned by the people of the Far North, and that shapes how we invest back into our community.

Our role goes beyond providing electricity. We support the people, services and initiatives that help our district stay connected, resilient and able to thrive.



## Supporting our community when it matters most

This year, our focus has been on supporting the services and organisations that communities rely on in times of need.

Our sponsorship of Coastguard Top Energy Rescue and the Northland Rescue Helicopter helps ensure these critical lifelines can continue to operate when it matters most. In a region increasingly impacted by severe weather and rural isolation, these services play an essential role in keeping people safe.

We also continue to support organisations working directly with whānau experiencing energy hardship, helping deliver practical assistance that makes homes warmer, healthier and more affordable to run.

## Our investment in the community

Our sponsorship programme continues to support a wide range of initiatives across the Far North, including youth development, business growth, energy hardship and critical lifeline services.

\$425k

ANNUAL SPONSORSHIP PROGRAMME

5

YOUTH SPONSORSHIPS

2

BUSINESS SPONSORSHIPS

3

ENERGY HARDSHIP SPONSORSHIPS

2

CRITICAL LIFELINE SPONSORSHIPS

## 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

## Backing the future of the Far North

We believe in the potential of our tamariki and rangatahi and the role education and opportunity play in building a stronger Far North. Through our engineering scholarship, science and technology fairs and youth enterprise programmes, we are supporting the next generation of thinkers, innovators and leaders.



Image left: Milly Leong was this year's YES winner with her company 'The Stripecy Caterpillar'. She won the Excellence Award for Sales, Communication and Marketing, Young Managing Director of the Year and YES Company of the Year.. Image right: Carter Bird won this years Engineering Scholarship.

## Celebrating local success

We are proud to support initiatives that recognise excellence and leadership across the Far North. From the Northland Business Excellence Awards to the Taitokerau Māori Business Awards, these programmes celebrate the people and organisations driving progress and creating opportunity in our region.

## Staying connected with our community

Being present in our community remains an important part of who we are. Each year, our teams attend A&P shows across the district, connecting with whānau and sharing practical advice on electrical safety, outage preparedness and looking after the network. For many, the cherry picker rides remain a highlight, helping create positive, hands-on experiences for local families.



Our fantastic team of volunteers at the Kaitiā A&P show.

Ko te uru tōtara,  
tū mārohirohi

A group of leaders  
stands firm and  
determined

# GOVERNANCE

MANA WHAKAHAERE

SIEMENS  
Type: 6ES7 311-1CG03-0AB0  
Order No.: 6ES7 311-1CG03-0AB0  
Date: 01.09.14  
Scale: 1:1  
Drawing No.: 6ES7 311-1CG03-0AB0  
Drawing Date: 01.09.14  
Drawing Version: 1  
Drawing Status: Approved  
Drawing Scale: 1:1  
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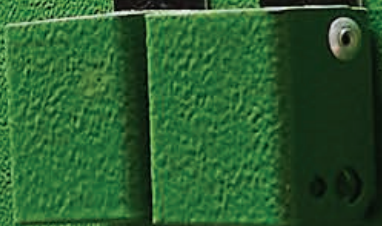
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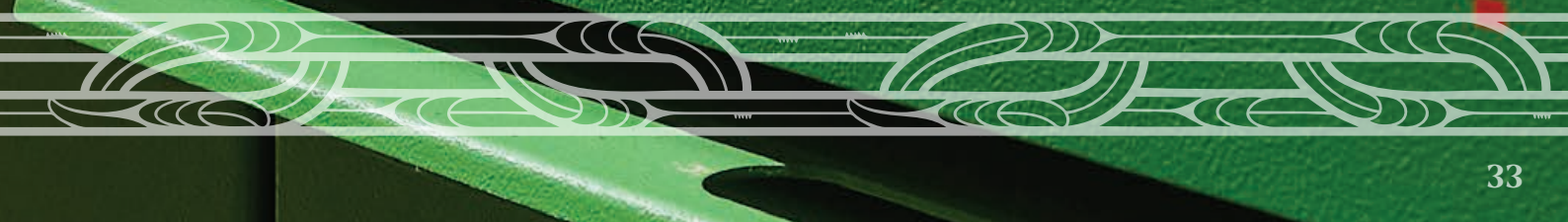


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CLOSE OPEN



5



# 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 selection 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 5 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 our website at <https://topenergy.co.nz/tell-me-about/top-energy-group/our-directors>.

The Corporate Governance Code calls for an annual review. This was completed in November 2025, when a change was made to the Board Charter to address relevant court decisions related to Health and Safety and 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

- The CEO has undertaken a review of compliance with the Code of Ethics, and this included an invitation for feedback from all employees and directors. No issues were raised or concerns expressed in relation to the code.
- No breaches under the Protected Disclosures Policy were reported.
- No reports of loss, damage, misuse, waste or theft of company assets were made.

### Board Charter

- The Board formally met with the shareholder (the Trust) through the annual general meeting (AGM) and on three further occasions to discuss strategy, network reliability, generation investment, network pricing and consumer affordability, the energy trilemma, changes to the risk environment, and the drafting of next year's Statement of Corporate Intent.
- The Chair and CEO met the shareholder three times during the year to provide updates on general operations. The CEO also provided an update on one further occasion.
- The Chair met the shareholder three times as a member of the shareholder's Director Nominations Committee to report on Director performance and to discuss director reappointments.
- Jon Nichols retired as a common director on 24 April 2025. Matt Todd was appointed as common director on 1 September 2025 and was appointed Chair of the Audit and Risk Committee.
- 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. Where appropriate, the director concerned removes themselves from the discussion. This happened on one occasion.

- 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 that fees would remain at the existing level. The shareholder accepted that recommendation.

## 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 resilience against global and economic uncertainty was undertaken to assess critical spares, including labour and spare parts. 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 that 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 and Board initiated actions to meet the recommendations contained in the external director performance assessment commissioned in the previous financial year.

## Stakeholder Engagement

- The Statement of Corporate Intent for the period to 31 March 2026 was provided to the shareholder within the statutory period required. The shareholder provided some comments that were included in the document as appropriate. The Statement of Corporate Intent was adopted at the AGM on 24 June 2025 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, the future demand growth of electricity, the risk of the changing regulatory framework and Government policy 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 balancing affordability, reliability and sustainability as we respond to changing consumer needs and a rapidly evolving energy landscape.

Our 2026 Sustainability Report reflects a more focused and mature approach, with greater clarity on the issues that matter most to our consumers, stakeholders and staff. This includes refining our framework to align with five priority Sustainable Development Goals and strengthening how we measure and report our progress.



During the year, we have supported the Far North's growing role in renewable energy and continued to invest in the resilience and reliability of our network. We have also expanded practical support for those experiencing energy hardship, strengthened our approach to climate and supply chain risks, and continued to build capability across the organisation, including embedding te ao Māori in how we work.

Our Toitū Carbon Reduce certification continues to guide our emissions reduction pathway and supports our commitment to integrating sustainability into everyday decision-making across the Group.



# 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 Chief Financial Officer 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 Limited, Managing Director of Alliant Energy New Zealand Limited and founding Managing Director of Empower Energy, New Zealand's first independent electricity retailer.



## Matt Todd

Matt Todd was appointed to the Top Energy Board in August 2025. He is an engineer and experienced business leader, having served as Chief Executive of Eastland Group Limited for over 20 years, growing the organisation into a diversified energy and infrastructure business valued at more than \$1 billion.

Matt brings deep experience across the electricity, utilities and infrastructure sectors, along with a strong track record in leadership and governance. He holds qualifications in electrical engineering and engineering management and a Master of Business Administration. Matt is a graduate of the Harvard Business School Advanced Management Programme, a Justice of the Peace 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 financial management, health and regional economic development. She holds other directorships, including Far North Holdings Limited and Te Ohu Kai Moana. She is also Chair of the International Accreditation Council.



## Steve Sanderson

Steve Sanderson was appointed an independent Director in March 2022. Steve's career has mainly been in infrastructure businesses, including as Chief Executive of Wellington International Airport and Queenstown Airport, General Manager for New Zealand and Australia at Powerco and General Manager at Lyttelton Port Company. He also serves on the Board of Port 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 Corporation, 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.



## Ann Court (Deputy Chair)

Ann Court was appointed to the Top Energy Consumer Trust in 2025. She brings extensive governance and leadership experience, supported by a strong professional background across business and community sectors. Ann is a Councillor for the Far North District Council, having been an elected member for nine terms. She has also been actively involved in business and community initiatives across the Far North and is committed to ensuring the Trust continues to deliver long-term benefits to electricity consumers across the region.



## 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 Te Tai Tokerau. 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 Earth Science NZ. Previously, Paul was CEO of the Ngāi Tahu Development Corporation. Paul was on the Top Energy Board from May 2010 to June 2021.

2025/26

Top Energy Group

# FINANCIAL STATEMENTS

PŪRONGO PŪTEA

+6%

Revenue  
increase

+5%

Operating profit  
increase

\$10m


Distribution  
to consumers

## 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 2026.

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 40 to 70 for issue on 9 June 2026.

For and on behalf of the Board.



**D Sullivan** (Chair)



**M Todd** (Director)

9 June 2026

## Statement of corporate intent

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

	ACTUAL 31.03.2026	TARGET 31.03.2026	ACTUAL 31.03.2025
<b>FINANCIAL PERFORMANCE TARGETS</b>			
<b>Group</b>			
Net profit after tax as a percentage of average shareholder's funds	8.4%	8.1%	7.2%
Ratio of shareholder's funds to total assets	1:2.5	1:2.5	1:2.6
<b>Network business</b>			
Profit before finance and tax as a percentage of total tangible assets	3.1%	2.3%	2.3%
Net profit after tax as a percentage of average shareholder's funds	2.4%	0.8%	1.5%
<b>Generation business</b>			
Profit before finance and tax as a percentage of total tangible assets	12.4%	12.1%	11.3%
Net profit after tax as a percentage of average shareholder's funds	17.6%	20.7%	17.3%

#### Notes:

- (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 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.

## NETWORK QUALITY STANDARDS

### System Average Interruption Duration Index (SAIDI)

The average duration of high voltage outages (including planned) per customer (minutes)

– Planned	165	170	125
– Unplanned	398	294	258

### System Average Interruption Frequency Index (SAIFI)

The average number of outages (including planned) per year for any customer

– Planned	1.0	1.0	1.1
– Unplanned	3.7	4.0	3.0

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	2.9	≤2.0	4.1
Total Recordable Injury Frequency Rate (TRIFR) – Generation	4.1	≤1.5	4.4

## 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 2026

	Notes	2026 \$'000	2025 \$'000
Operating revenue	4	115,002	108,133
Operating expenses	5	(54,731)	(50,914)
<b>Earnings before interest, tax, depreciation, amortisation and fair value movements of financial assets (EBITDAF)</b>		<b>60,271</b>	<b>57,219</b>
Depreciation and amortisation	5	(27,651)	(25,519)
Finance costs		(15,848)	(15,489)
<b>Earnings before tax and fair value movements of financial assets (EBTF)</b>		<b>16,772</b>	<b>16,211</b>
Fair value gains (losses) on financial assets	6	74,052	(26,692)
<b>Profit (Loss) before income tax</b>		<b>90,823</b>	<b>(10,481)</b>
Income tax credit (expense) from continuing operations	7	(23,936)	4,047
<b>Profit (Loss) from continuing operations</b>		<b>66,888</b>	<b>(6,434)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain (loss) on revaluation of generation plant	23	–	67,185
Cash flow hedges	23	–	91
Income tax relating to revaluation of non-current assets	7	–	(18,812)
<b>Other comprehensive income for the year, net of tax</b>		<b>–</b>	<b>48,464</b>
<b>Total comprehensive income for the year</b>		<b>66,888</b>	<b>42,030</b>
<i>Profit (loss) is attributable to:</i>			
Equity holders of Top Energy Limited		66,888	(6,434)
		66,888	(6,434)
<i>Total comprehensive income for the year is attributable to:</i>			
Equity holders of Top Energy Limited		66,888	42,030
		<b>66,888</b>	<b>42,030</b>

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

# Consolidated statement of financial position

As at 31 March 2026

	Notes	2026 \$'000	2025 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	573	257
Receivables	9	15,251	19,381
Inventories	10	4,044	4,398
Current tax benefit	11	1,750	–
Derivative financial instruments	12	1,456	222
<b>Total current assets</b>		<b>23,074</b>	<b>24,258</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	771,306	761,168
Intangible assets	14	28,301	42,654
Derivative financial instruments	12	5,060	905
Right-of-use lease assets	15	9,491	7,171
<b>Total non-current assets</b>		<b>814,158</b>	<b>811,898</b>
<b>TOTAL ASSETS</b>		<b>837,232</b>	<b>836,156</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and Other Payables	16	22,759	28,749
Interest bearing liabilities	17	25,110	76,755
Current tax liabilities		–	24
Provisions	18	399	374
Derivative financial instruments	12	9,223	42,673
Right-of-use lease liabilities	15	1,842	1,247
<b>Total current liabilities</b>		<b>59,333</b>	<b>149,822</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	19	264,700	225,000
Derivative financial instruments	12	16,255	51,377
Deferred tax liabilities	20	105,883	83,269
Right-of-use lease liabilities	15	8,600	6,703
<b>Total non-current liabilities</b>		<b>395,438</b>	<b>366,349</b>
<b>TOTAL LIABILITIES</b>		<b>454,771</b>	<b>516,171</b>
<b>NET ASSETS</b>		<b>382,461</b>	<b>319,985</b>
<b>EQUITY</b>			
Contributed equity	22	25,267	25,267
Reserves	23	144,845	149,910
Retained earnings	23	212,349	144,808
<b>TOTAL EQUITY</b>		<b>382,461</b>	<b>319,985</b>

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 2026

	Notes	SHARE CAPITAL \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
<b>Balance as at 1 April 2025</b>		<b>25,267</b>	<b>149,910</b>	<b>144,808</b>	<b>319,985</b>
<i>Comprehensive income</i>					
Profit (loss) for the year		–	–	66,888	66,888
Revaluation of generation plant	23	–	–	–	–
Income tax relating to components of other comprehensive income	7	–	–	–	–
Reversal of revaluation on disposal of revalued assets	23	–	–	–	–
Deferred tax released on disposal of revalued assets	23	–	–	–	–
Cash flow hedges		–	(91)	–	(91)
Amortisation of revaluation reserve	23	–	(6,908)	6,908	–
Deferred tax released on amortisation of reserve	23	–	1,934	(1,934)	–
<b>Total comprehensive income</b>		<b>–</b>	<b>(5,065)</b>	<b>71,862</b>	<b>66,797</b>
<i>Transactions with owners</i>					
Dividends	24	–	–	(4,321)	(4,321)
<b>Total transactions with owners</b>		<b>–</b>	<b>–</b>	<b>(4,321)</b>	<b>(4,321)</b>
<b>Balance as at 31 March 2026</b>		<b>25,267</b>	<b>144,845</b>	<b>212,349</b>	<b>382,461</b>
<b>Balance as at 1 April 2024</b>		<b>25,267</b>	<b>105,486</b>	<b>150,225</b>	<b>280,978</b>
<i>Comprehensive income</i>					
Profit (loss) for the year		–	–	(6,434)	(6,434)
Revaluation of generation plant	13	–	67,185	–	67,185
Income tax relating to components of other comprehensive income	13	–	(18,812)	–	(18,812)
Reversal of revaluation on disposal of revalued assets		–	(119)	119	–
Deferred tax released on disposal of revalued assets		–	33	(33)	–
Cash flow hedges		–	91	–	91
Amortisation of revaluation reserve	23	–	(5,492)	5,492	–
Deferred tax released on amortisation of reserve	23	–	1,538	(1,538)	–
<b>Total comprehensive income</b>		<b>–</b>	<b>44,424</b>	<b>(2,394)</b>	<b>42,030</b>
<i>Transactions with owners</i>					
Adjustment on equity after disposal of subsidiary		–	–	627	627
Dividends	24	–	–	(3,650)	(3,650)
<b>Total transactions with owners</b>		<b>–</b>	<b>–</b>	<b>(3,023)</b>	<b>(3,023)</b>
<b>Balance as at 31 March 2025</b>		<b>25,267</b>	<b>149,910</b>	<b>144,808</b>	<b>319,985</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated cash flow statement

For the year ended 31 March 2026

	Notes	2026 \$'000	2025 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (exclusive of goods and services tax)		118,920	104,879
Payments to suppliers and employees (exclusive of goods and services tax)		(58,536)	(47,360)
		<b>60,934</b>	<b>57,519</b>
Interest received		–	44
Interest paid		(14,958)	(15,481)
Income taxes paid		(3,057)	–
<b>Net cash inflow from operating activities</b>	31	<b>42,369</b>	<b>42,082</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(36,488)	(36,589)
Proceeds from sale of property, plant and equipment		230	(10)
Purchases of Emission Trading Scheme units		(9,095)	(2,404)
Proceeds from sale of ETS units		21,380	–
Movement in cash hedge reserve		–	91
Increase / (repayment) of loan from parent		65	3,458
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(23,908)</b>	<b>(35,454)</b>
<b>Cash flows from financing activities</b>			
Proceeds from (repayment of) borrowings		(12,010)	1,110
Dividends paid to the Group's shareholders	24	(4,321)	(7,011)
Dissolution of subsidiary		–	627
Interest on Right-of-use leases		(549)	(438)
Payments on Right-of-use leases		(1,265)	(934)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(18,145)</b>	<b>(6,646)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>			
Cash at bank and on hand at the beginning of the financial year		257	275
<b>Cash and cash equivalents at end of year</b>	8	<b>573</b>	<b>257</b>

The above cash flow statement 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 9 June 2026.

## [ 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 profit after tax of \$66.9m, with an underlying operational profit (EBITDAF) of \$60.3m.

The cause of the profit after tax was principally due to \$53.3m (net of tax) fair value gain 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 2026 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 \$42.3m;
- 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 a \$20m facility, which has subsequently been refinanced. Financial derivatives, annual network line discount provision and income received in advance are the other contributors;
- A desktop assessment of the carrying value of the Generation assets has been completed. No impairment was identified and the value remains reflective of fair value;
- The Group is forecast to operate within the conditions of its banking facilities as disclosed in note 19.

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

During the year ended 31 March 2026, the group revised the presentation of certain expenses within the Expenses note to improve the classification of costs by nature/function. Accordingly, comparative figures have been reclassified to conform to the current year presentation. This reclassification has no impact on total expenses, profit for the year, or equity. The impact of the reclassification on the comparative figures has resulted in increase in expenses related to raw materials and consumables used by \$12.6m, increase in employee benefits expense by \$4.9m and decrease in other expenses by \$17.5m.

#### (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 2026 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. Qualifying assets comprise capital projects which have an expected cost in excess of \$500,000 and a planned duration of longer than three months.

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 the group 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 value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of 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 tested for impairment, 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:

<b><i>Straight Line basis</i></b>	<b><i>Years</i></b>
Distribution system	15-60
Generation plant	5-50
Plant and equipment	3-20
Freehold buildings	50
Building fit-outs	5-10
Motor vehicles	7

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 work completion which is when the business has the right for payment of the work.

### **(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 the date of completion, which is when the business has the right for payment of the work.

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.

In May 2024 the Exyernal Reporting Board issued NZ IFRS 18: *Presentation and Disclosure in Financial Statements* ('NZ IFRS 18'), effective for reporting periods commencing on or after 1 January 2027. This accounting standard is expected to change the presentation of the Group's income statement and may introduce additional note disclosures. NZ IFRS 18 does not impact the financial position, financial performance or cash flows of the Group. Other standards, amendments and interpretations which are not yet effective are not expected to have a material impact on the Group.

### (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 zero forward foreign currency contracts (2025: 2 contracts: EUR 1,186,000) 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 3.28% (2025: 4.75%) 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 +\$7,244,000/- \$7,597,000 respectively (2025: +\$9,655,000/- \$10,175,000).

##### (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 2026, the notional amount of current contracts totalled \$208,870,000 (31 March 2025: \$173,581,000). 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 65% of the Group's total trade accounts receivable as at 31 March 2026 (2025: 70%). 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
<b>At 31 March 2026</b>				
Bank overdrafts and loans	29,332	8,760	234,113	–
Right-of-use lease liabilities	1,892	1,872	5,414	4,414
Other loans	5,111	–	–	–
Trade and other payables	22,670	–	–	–
<b>At 31 March 2025</b>				
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	–	–	–

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
<b>At 31 March 2026</b>				
<i>Forward foreign exchange contracts</i>				
– inflow	–	–	–	–
– outflow	–	–	–	–
<i>Interest rate swaps</i>				
– inflow	–	–	–	–
– outflow	(3,601)	(3,300)	(5,808)	–
<i>Electricity CFDs</i>				
– inflow	1,456	1,688	2,944	–
– outflow	(9,053)	(9,006)	(6,051)	–
<b>At 31 March 2025</b>				
<i>Forward foreign exchange contracts</i>				
– inflow	91	–	–	–
– outflow	–	–	–	–
<i>Interest rate swaps</i>				
– inflow	443	239	176	–
– outflow	(5,965)	(5,963)	(17,770)	(65)
<i>Electricity CFDs</i>				
– inflow	130	730	–	–
– outflow	(42,669)	(23,105)	(25,256)	–

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 13 for disclosures of generation plant that is measured at fair value.

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL BALANCE \$'000
<b>At 31 March 2026</b>				
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss</i>				
– Trading derivatives - interest rate swaps	–	428	–	428
– Trading derivatives - electricity CFDs	–	6,088	–	6,088
– Trading derivatives - forward FX contracts	–	–	–	–
<b>Total assets</b>	–	<b>6,516</b>	–	<b>6,516</b>
<b>Liabilities</b>				
<i>Financial liabilities at fair value through profit or loss</i>				
– Trading derivatives - interest rate swaps	–	(1,368)	–	(1,368)
– Trading derivatives - electricity CFDs	–	(24,110)	–	(24,110)
<b>Total liabilities</b>	–	<b>(25,478)</b>	–	<b>(25,478)</b>
<b>At 31 March 2025</b>				
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss</i>				
– Trading derivatives - interest rate swaps	–	176	–	176
– Trading derivatives - electricity CFDs	–	860	–	860
– Trading derivatives - forward FX contracts	–	91	–	91
<b>Total assets</b>	–	<b>1,127</b>	–	<b>1,127</b>
<b>Liabilities</b>				
<i>Financial liabilities at fair value through profit or loss</i>				
– Trading derivatives - interest rate swaps	–	(3,020)	–	(3,020)
– Trading derivatives - electricity CFDs	–	(91,030)	–	(91,030)
<b>Total liabilities</b>	–	<b>(94,050)</b>	–	<b>(94,050)</b>

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
<b>At 31 March 2026</b>					
Derivative financial instruments- electricity CFDs	–	6,088	–	–	16,088
Derivative financial instruments- interest rate swaps	–	428	–	–	428
Derivative financial instruments- forward FX contracts	–	–	–	–	–
Trade and other receivables	12,908	–	–	–	12,908
Other financial assets- ETS units	–	–	–	–	–
Cash and cash equivalents	573	–	–	–	573
	<b>13,481</b>	<b>6,516</b>	<b>–</b>	<b>–</b>	<b>19,997</b>
<b>At 31 March 2025</b>					
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
	<b>17,060</b>	<b>1,036</b>	<b>91</b>	<b>14,078</b>	<b>32,265</b>

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
<b>At 31 March 2026</b>			
Borrowings	284,700	–	284,700
Derivative financial instruments- interest rate swaps	–	1,368	1,368
Derivative financial instruments- electricity CFDs	–	24,110	24,110
Right-of-use lease liabilities	10,442	–	10,442
Trade and other payables	22,670	–	22,670
	<b>317,812</b>	<b>25,478</b>	<b>343,290</b>
<b>At 31 March 2025</b>			
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
	<b>328,244</b>	<b>94,050</b>	<b>422,294</b>

## [ 4 ] Revenue

	2026 \$'000	2025 \$'000
<b>From continuing operations</b>		
Electricity line revenue	60,431	53,190
Network line charge discount	(5,830)	(5,846)
Capital contributions	5,346	3,981
Electricity sales	52,206	53,750
Contracting services	2,503	2,820
Other revenue	346	238
<b>Total revenue from continuing operations</b>	<b>115,002</b>	<b>108,133</b>

## [ 5 ] Expenses

	2026 \$'000	2025 \$'000
<b>Expenses, excluding depreciation, amortisation and finance costs, included in the Statement of Comprehensive Income classified by nature</b>		
Raw materials and consumables used	15,605	16,922
Employee benefits expense	27,945	25,211
Other expenses	2,852	1,739
Transmission charges	8,329	7,042
	<b>54,731</b>	<b>50,914</b>
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Distribution system	9,633	9,198
Generation plant	13,863	12,845
Plant and equipment	908	646
Vehicles	672	567
Buildings	120	211
Right-of-use leased assets	1,366	1,039
<b>Total depreciation</b>	<b>26,562</b>	<b>24,506</b>
<i>Amortisation</i>		
Software	549	578
Resource consents	540	435
<b>Total amortisation</b>	<b>1,089</b>	<b>1,013</b>
<b>Total depreciation and amortisation</b>	<b>27,651</b>	<b>25,519</b>
<b>Net loss (gain) on disposal of property, plant and equipment</b>	<b>110</b>	<b>63</b>
<i>Employee benefit expense</i>		
Wages and salaries, including restructuring costs and termination benefits	26,459	23,897
ACC levies and employee medical insurance	837	722
Pension costs- defined contribution plans	649	592
	<b>27,945</b>	<b>25,211</b>

### Auditors' fees

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

	2026 \$'000	2025 \$'000
<i>Audit services</i>		
Audit of the financial statements- Deloitte Limited	325	282
<b>Total remuneration for audit services</b>	<b>325</b>	<b>282</b>
<i>Other assurance services</i>		
Audit of regulatory statements- Deloitte Limited	72	116
Audit of Unique Emissions Factor- Deloitte Limited	–	21
<b>Total remuneration for other assurance services</b>	<b>72</b>	<b>137</b>
<b>Total remuneration for assurance services</b>	<b>397</b>	<b>419</b>

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

	2026 \$'000	2025 \$'000
Net (loss) / gain on interest rate swaps	1,904	(9,630)
Net (loss) / gain on electricity Contract For Differences	72,148	(17,062)
	<b>74,052</b>	<b>(26,692)</b>

## [ 7 ] Income tax expense

### (a) Income tax expense

	2026 \$'000	2025 \$'000
<i>Current tax</i>		
Current tax expense / (benefit) on profits for the year	538	1,955
Adjustments in respect of prior years	–	1
Total current tax expense / (benefit)	<b>538</b>	<b>1,956</b>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	23,398	12,809
Exclude: element arising on fixed asset revaluation- recognised in equity	–	(18,812)
Under / (over) provided in prior years--		
Total deferred tax	23,398	(6,003)
Income tax expense / (benefit)	<b>23,936</b>	<b>(4,047)</b>
<b>Profit / (loss) from continuing operations</b>	<b>23,936</b>	<b>(4,047)</b>
<i>Deferred income tax expense (benefit) included in income tax expense comprises:</i>		
Decrease / (increase) in deferred tax assets	19,380	(5,948)
Increase / (decrease) in deferred tax liabilities	4,018	(55)
	<b>23,398</b>	<b>(6,003)</b>

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

	2026 \$'000	2025 \$'000
Profit / (Loss) from continuing operations before income tax expense	90,824	(10,481)
	<b>90,824</b>	<b>(10,481)</b>
Tax at the New Zealand tax rate of 28%	25,431	(2,935)
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Non-deductible expenditure	2	3
Income not subject to tax	(1,497)	(1,115)
<i>Other reconciling items</i>		
<b>Income tax expense</b>	<b>23,936</b>	<b>(4,047)</b>

## [ 8 ] Current assets – Cash and cash equivalents

	2026 \$'000	2025 \$'000
Cash on hand	1	1
Bank balances	572	256
	<b>573</b>	<b>257</b>

### (a) Reconciliation to cash at the reporting date

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

	2026 \$'000	2025 \$'000
Balances as above	573	257
Cash and cash equivalents	<b>573</b>	<b>257</b>

## [ 9 ] Current assets – Trade and other receivables

	2026 \$'000	2025 \$'000
<i>Net trade receivables</i>		
Trade debtors	12,908	16,803
GST receivable	370	394
Provision for doubtful receivables	(564)	(527)
<b>Net trade receivables</b>	<b>12,714</b>	<b>16,670</b>
Sundry prepayments	2,537	2,711
<b>Total current receivables</b>	<b>15,251</b>	<b>19,381</b>

### (a) Impaired receivables

	2026 \$'000	2025 \$'000
<i>Movements in the provision for impairment of trade receivables are as follows:</i>		
<b>At 1 April</b>	(527)	(368)
Provision for impairment arising during the year	(36)	(158)
Provision for impairment released in the year	–	–
Charge (credit) to profit and loss during the period	(1)	(1)
<b>At 31 March</b>	<b>(564)</b>	<b>(527)</b>

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 their fair value.

## [ 10 ] Current assets – Inventories

	2026 \$'000	2025 \$'000
<i>Raw materials</i>		
Raw materials at cost	3,347	3,913
Contract costs incurred less recognised losses	697	485
	<b>4,044</b>	<b>4,398</b>

## [ 11 ] Current assets – Current tax benefit

	2026 \$'000	2025 \$'000
Excess of tax paid for current period over amount due	1,750	–
	<b>1,750</b>	<b>–</b>

## [ 12 ] Derivative financial instruments

	2026 \$'000	2025 \$'000
<b>Current assets</b>		
Forward foreign exchange contracts- at fair value through profit or loss- see below ((a)(i))	–	91
Interest rate swaps- at fair value through profit or loss- see below ((a)(ii))	–	1
Electricity Contract for Differences- see below ((a)(iii))	1,456	130
Total current derivative financial instrument assets	<b>1,456</b>	<b>222</b>
<b>Non-current assets</b>		
Interest rate swaps- at fair value through profit or loss- see below ((a)(ii))	428	175
Electricity Contract For Differences- see below ((a)(iii))	4,632	730
Total non-current derivative financial instrument assets	<b>5,060</b>	<b>905</b>
<b>Total derivative financial instrument assets</b>	<b>6,516</b>	<b>1,127</b>
<b>Current liabilities</b>		
Interest rate swaps- at fair value through profit or loss- see below ((a)(ii))	(170)	(4)
Electricity Contract For Differences- see below ((a)(iii))	(9,053)	(42,669)
Total current derivative financial instrument liabilities	<b>(9,223)</b>	<b>(42,673)</b>
<b>Non-current liabilities</b>		
Interest rate swaps- at fair value through profit or loss- see below ((a)(ii))	(1,198)	(3,016)
Electricity Contract For Differences- see below ((a)(iii))	(15,057)	(48,361)
Total non-current derivative financial instrument liabilities	<b>(16,255)</b>	<b>(51,377)</b>
<b>Total derivative financial instrument liabilities</b>	<b>(25,478)</b>	<b>(94,050)</b>
<b>Net assets (liabilities) in relation to derivative financial instruments</b>	<b>(18,962)</b>	<b>(92,923)</b>

For further information refer to note 2(g).

## (a) Instruments used by the Group

### (i) Forward foreign exchange contracts

Details can be found in note 3(a)(i).

### (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 2026 the notional principal amount of current contracts totalled \$285,000,000 (31 March 2025: \$304,000,000). At 31 March 2026 there was 2 remaining forward starting contracts (31 March 2025: 13), with a total

notional principal value of \$70,000,000 (2025: \$147,000,000), 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. Details can be found in note 3(a)(iii).

## (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 ] 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
<b>Year ended 31 March 2026</b>								
Opening net book amount	285,313	14,342	443,981	4,070	2,979	8,197	2,286	761,168
Additions	28,508	12,038	1,936	6,357	1,179	–	–	50,018
Disposals	(388)	–	–	–	(998)	–	–	(1,386)
Transfers and reclassifications	–	(14,340)	–	–	–	–	–	(14,340)
Depreciation charge	(9,633)	–	(13,863)	(908)	(672)	–	(120)	(25,196)
Depreciation released on disposals	109	–	–	–	933	–	–	1,042
Revaluation of generation plant	–	–	–	–	–	–	–	–
<b>Closing net book amount</b>	<b>303,909</b>	<b>12,040</b>	<b>432,054</b>	<b>9,519</b>	<b>3,421</b>	<b>8,197</b>	<b>2,166</b>	<b>771,306</b>
<b>At 31 March 2026</b>								
Cost	537,290	12,040	3,195	20,919	8,813	8,197	4,018	594,472
Valuation	–	–	442,866	–	–	–	–	442,866
Accumulated depreciation	(233,381)	–	(14,007)	(11,400)	(5,392)	–	(1,852)	(266,032)
<b>Net book amount</b>	<b>303,909</b>	<b>12,040</b>	<b>432,054</b>	<b>9,519</b>	<b>3,421</b>	<b>8,197</b>	<b>2,166</b>	<b>771,306</b>
<b>Year ended 31 March 2025</b>								
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
<b>Closing net book amount</b>	<b>285,313</b>	<b>14,342</b>	<b>443,981</b>	<b>4,070</b>	<b>2,979</b>	<b>8,197</b>	<b>2,286</b>	<b>761,168</b>
<b>At 31 March 2025</b>								
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)
<b>Net book amount</b>	<b>285,313</b>	<b>14,342</b>	<b>443,981</b>	<b>4,070</b>	<b>2,979</b>	<b>8,197</b>	<b>2,286</b>	<b>761,168</b>

### (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 23).

The carrying amount of the generation plant that would have been recognised at 31 March 2026 had those assets been carried under the cost model is \$239,531,000 (31 March 2025: \$252,375,000).

### (c) Valuation processes of the Group

The Group has engaged external, independent and qualified valuers to determine the fair value of the Group's generation plant assets. As at 31 March 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 2026 (\$'000)	VALUATION TECHNIQUE(S)	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
<b>Generation assets</b>	443,000	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 2026 was \$728,000 (2025: \$42,000). Interest capitalised was at the average rate of 3.28% for the year ended 31 March 2026 (2025: 4.26%).

## [ 14 ] Non-current assets – Intangible assets

	GOODWILL \$'000	RESOURCE CONSENTS \$'000	COMPUTER SOFTWARE \$'000	EASEMENTS \$'000	EMISSION TRADING SCHEME UNITS \$'000	TOTAL \$'000
<b>Year ended 31 March 2026</b>						
Opening net book amount	811	12,502	1,636	13,627	14,078	42,654
Additions	–	–	814	–	9,095	9,909
Transfers and reclassifications	–	–	–	–	–	–
Disposals	–	–	–	–	(23,173)	(23,173)
Reclassification between current and non-current ETS units	–	–	–	–	–	–
Amortisation charge (note 5)	–	(540)	(549)	–	–	(1,089)
<b>Closing net book amount</b>	<b>811</b>	<b>11,962</b>	<b>1,901</b>	<b>13,627</b>	<b>–</b>	<b>28,301</b>
<b>At 31 March 2026</b>						
Cost	811	–	8,990	13,627	–	23,428
Valuation	–	12,502	–	–	–	12,502
Accumulated amortisation	–	(540)	(7,089)	–	–	(7,629)
<b>Net book amount</b>	<b>811</b>	<b>11,962</b>	<b>1,901</b>	<b>13,627</b>	<b>–</b>	<b>28,301</b>
<b>Year ended 31 March 2025</b>						
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
<b>Closing net book amount</b>	<b>811</b>	<b>12,502</b>	<b>1,636</b>	<b>13,627</b>	<b>14,078</b>	<b>42,654</b>
<b>At 31 March 2025</b>						
Cost	811	–	8,176	13,627	14,078	36,692
Valuation	–	12,502	–	–	–	12,502
Accumulated amortisation	–	–	(6,540)	–	–	(6,540)
<b>Net book amount</b>	<b>811</b>	<b>12,502</b>	<b>1,636</b>	<b>13,627</b>	<b>14,078</b>	<b>42,654</b>

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

### (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
<b>At 31 March 2026</b>		
Cost at 1 April 2025	811	811
<b>At 31 March 2025</b>	<b>811</b>	<b>811</b>
<b>At 31 March 2025</b>		
Cost at 1 April 2024	811	811
<b>At 31 March 2025</b>	<b>811</b>	<b>811</b>

### (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 2037, and a post-tax discount rate of 7.93% (2025: 7.93%). At 31 March 2026 and 2025 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.

## [ 15 ] 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:

	2026 \$'000	2025 \$'000
<i>Right-of-use lease assets net book value</i>		
Properties	3,709	2,401
Vehicles	4,627	3,551
Equipment	20	39
Well sites	1,135	1,180
	<b>9,491</b>	<b>7,171</b>
<i>Right-of-use lease liabilities</i>		
Current	1,842	1,247
Non-current	8,600	6,703
	<b>10,442</b>	<b>7,950</b>

### (b) Amounts recognised in the statement of comprehensive income

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

	2026 \$'000	2025 \$'000
<i>Depreciation charge of Right-of-use assets</i>		
Properties	566	537
Equipment	19	18
Vehicles	736	440
Well sites	45	45
	<b>1,366</b>	<b>1,040</b>
<i>Interest on Right-of-use leases</i>		
Interest expense (included in finance cost)	550	438
	<b>550</b>	<b>438</b>

The total cash outflow for Right-of-use leases in the year ended 31 March 2026 was \$1,743,000 (2025: \$1,372,000).

### (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.

## [ 16 ] Current liabilities – Trade and other payables

	2026 \$'000	2025 \$'000
Trade payables	7,203	12,667
ACC levies, PAYE and other payroll taxes	337	333
Payroll creditors	2,686	2,786
Accruals	2,709	2,364
Discount Payable	5,917	5,880
Revenue received in advance	3,907	4,832
	<b>22,759</b>	<b>28,749</b>

## [ 17 ] Current liabilities – Interest-bearing liabilities

	2026t \$'000	2025 \$'000
<i>Secured</i>		
Bank loans	20,000	71,710
<b>Total interest bearing bank borrowings</b>	<b>20,000</b>	<b>71,710</b>
<i>Unsecured</i>		
Loan from parent entity	5,110	5,045
<b>Total other interest bearing borrowings</b>	<b>5,110</b>	<b>5,045</b>
<b>Total current interest bearing borrowings</b>	<b>25,110</b>	<b>76,755</b>

The Group's borrowings are subject to covenants agreed with its lenders. Details are provided at note 19.

## [ 18 ] Current liabilities – Provisions

	2026 \$'000	2025 \$'000
Employee benefits	399	374
	<b>399</b>	<b>374</b>

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.

## [ 19 ] Non-current liabilities – Interest bearing liabilities

	2026 \$'000	2025 \$'000
<i>Secured</i>		
Bank loans	264,700	225,000
<b>Total non-current interest bearing liabilities</b>	<b>264,700</b>	<b>225,000</b>

\* Further information relating to loans from related parties is set out in note 28.

### (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:

	2026 \$'000	2025 \$'000
Bank overdrafts and bank loans	284,700	296,710
<b>Total liabilities covered by the negative pledges</b>	<b>284,700</b>	<b>296,710</b>

### (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 26) comprises Top Energy Limited, and Ngawha Generation Limited as at 31 March 2026. 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.

## [ 20 ] Non-current liabilities – Deferred tax liabilities

	2026 \$'000	2025 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Property, plant and equipment	114,057	107,182
Intangible assets	(1,274)	3,117
Financial assets at fair value through profit or loss	(5,309)	(26,044)
Other temporary differences	(1,591)	(986)
Prior period adjustment	–	–
<b>Net deferred tax liabilities</b>	<b>105,883</b>	<b>83,269</b>
<i>Movements</i>		
Balance at 1 April	83,269	70,727
Charged / (credited) to profit or loss	23,398	(6,003)
Eliminated on disposal of subsidiary	–	(267)
Tax charged / (credited) directly to equity (note 7)	–	18,812
Prior period adjustment	(784)	–
<b>Closing balance at 31 March</b>	<b>105,883</b>	<b>83,269</b>
<i>Expected maturity of deferred tax liabilities</i>		
Within 12 months	(3,766)	(12,897)
In excess of 12 months	109,649	96,166
	<b>105,883</b>	<b>83,269</b>

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

## [ 21 ] Imputation credits

	2026 \$'000	2025 \$'000
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2025: 28%)	16,507	15,197
	<b>16,507</b>	<b>15,197</b>

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.

## [ 22 ] Contributed equity

### (a) Share capital

	2026 Shares 000s	2025 Shares 000s	2026 \$'000	2025 \$'000
<b>Ordinary shares</b>				
Authorised, issued and fully paid	25,000	25,000	25,267	25,267
<b>Total contributed equity</b>			<b>25,267</b>	<b>25,267</b>

### (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.

## [ 23 ] Reserves and retained earnings

### (a) Reserves

	2026 \$'000	2025 \$'000
Property, plant and equipment revaluation reserve	144,845	149,819
Hedging reserve- cash flow hedges	–	91
	<b>144,845</b>	<b>149,910</b>
<b>Movements in reserve</b>		
<i>Property, plant and equipment revaluation reserve</i>		
Balance at 1 April	149,819	105,486
Revaluation- before tax	–	67,185
Deferred tax on the revaluation	–	(18,812)
Amortisation of revaluation reserve	(6,908)	(5,492)
Deferred tax released on amortisation of reserve	1,934	1,538
Reversal of revaluation surplus on disposal of revalued assets	–	(119)
Deferred tax released on disposal of revalued assets	–	33
<b>Balance at 31 March</b>	<b>144,845</b>	<b>149,819</b>
<b>Hedging reserve - cash flow hedges</b>		
Balance 1 April	91	–
Hedging reserve for the period	(91)	91
<b>Balance 31 March</b>	<b>–</b>	<b>91</b>

### (b) Retained earnings

Movements in retained earnings were as follows:

	2026 \$'000	2025 \$'000
Balance at 1 April	144,808	150,225
Net profit for the year	66,888	(6,434)
Equity of subsidiary dissolved during the year	–	627
Dividends	(4,321)	(3,650)
Net transfer between reserves	4,974	4,040
<b>Balance at 31 March</b>	<b>212,349</b>	<b>144,808</b>

## [ 24 ] Dividends

### (a) Ordinary shares

	2026 \$'000	2025 \$'000
Dividend of 17,284 cents per ordinary share paid on 31 March 2026- Imputed	4,321	–
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
	<b>4,321</b>	<b>3,650</b>

### (b) Dividend imputation

Top Energy declared and paid a dividend of \$5,299,000 in March 2026 (\$5,112,000 in March 2025) by way of an imputed consumer dividend (including withholding tax).

## [ 25 ] Director disclosures

The following persons were directors of Top Energy Limited during the financial year ended 31 March 2026:

**(i) Chair - non-executive**

- Mr David Sullivan

**(ii) Other non-executive directors**

- Ms Nicole Anderson
- Mr Matthew Todd
- Mr Steven Sanderson
- Mr Simon Young

**(iii) Directors of other Group companies**

- Mr D Sullivan, Mr M Todd, 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 (\$)
<b>Year to 31 March 2026</b>		
<b>Directors of Top Energy Ltd</b>		
– D Sullivan	145,300	145,300
– N Anderson	58,200	58,200
– M Todd (commenced 01 Sep 2025)	49,000	49,000
– J Nichols (ceased 24 Apr 2025)	13,767	13,767
– S Sanderson	58,200	58,200
– S Young	73,000	73,000
<b>Directors of other Group companies</b>		
– P Doherty*	–	–
– B Jones	58,200	58,200
– R Kirkpatrick	58,200	58,200
– A Will	3,700	3,700
<b>Total</b>	<b>517,567</b>	<b>517,567</b>
<b>Year to 31 March 2025</b>		
<b>Directors of Top Energy Ltd</b>		
– 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
<b>Directors of other Group companies</b>		
– P Doherty*	–	–
– B Jones	57,575	57,575
– R Kirkpatrick	57,575	57,575
– A Will	3,700	3,700
<b>Total</b>	<b>531,549</b>	<b>531,549</b>

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.

Mr D Sullivan	Mahurangi Olives Limited Cognition Education Limited	Director Director
Mr M Todd	Connetics Ltd GisVin Ltd Ruakura EDB GP Ltd Papa Rererangi Charitable Trust Plus Business Ltd Marlborough Lines Ltd and subsidiaries Hiko Kakariki Ltd	Director Director Director Director Director Director Director
Ms N Anderson	Anderson Trading Co Limited Far North Holdings Limited and subsidiaries International Accreditation Council and subsidiaries NZ Blood and Organ Service Anderson Commercial Ltd Nga Pai Kitea Tapui Ltd Te Ohu Kai Moana Trustee Ltd and subsidiaries Waitangi National Trust and subsidiaries Te Whakaminenga O Te Hikutu Hapu Whanau Engagement Trust Northland Rugby Union Te Hau Ora O Ngapuhi Ltd & subsidiaries	Director Director Chair Director Director Chair/Director Director Trustee Trustee Board Member Chair/Director
Dr D Kirkpatrick	RKP Limited	Director
Mr S Sanderson	Mitchell Daysh Limited Ports of Taranaki Limited	Chair/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

## [ 26 ] 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 29 May 2025.

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 2026 the total value entered into by the Group was \$5,775,000 (2025: \$5,775,000).

There is a High Court case involving Ngawha Generation Limited and Platinum Power Retail Limited and Platinum Energy Limited as Plaintiffs. No quantum has been claimed, and Ngawha Generation Limited position is that there is no merit in the case.

On 6 November 2025, the Kaikohe Substation equipment failure triggered an extreme event breach under the Electricity Distribution Services Default Price-Quality Path Determination 2025.

## [ 27 ] Commitments

### (a) Capital commitments

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

	2026 \$'000	2025 \$'000
Property, plant and equipment	5,152	7,021

Of the capital commitments, \$4,610,000 relate to the Ngawha Generation subsidiary (2025: \$941,000).

### (b) Purchases of Carbon Credits

	2026 \$'000	2025 \$'000
Forward contracts for NZU's	–	9,095

The Emission Trading Scheme Units have been purchased to settle the Company's liabilities under the Scheme and are held in the Company's account at the Registry. All forward contracts have been settled during the year.

## [ 28 ] 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 \$4,321,000 to the Trust during the year ended 31 March 2026 (2025: \$3,650,000). The Company continued to pay interest to the

Trust on the balance of funds loaned, totalling \$184,000 in the year ended 31 March 2026 (2025: \$69,000).

As at 31 March 2026, a balance of \$5,110,000 was owed by the Company to the Trust (31 March 2025: \$5,045,000) 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 25.

### (c) Key management personnel remuneration

	SHORT-TERM BENEFITS \$'000	EMPLOYMENT BENEFITS \$'000	OTHER BENEFITS \$'000	TOTAL \$'000
Year ended 31 March 2026	7,863	201	144	8,208
Year ended 31 March 2025	6,813	175	125	7,113

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 29. 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:

	2026 \$'000	2025 \$'000
Balance due to the Trust at 1 April	5,045	1,576
Loan advanced from (repaid to) the Trust	(119)	3,400
Interest charged by the Trust	184	69
<b>Balance due to the Trust at 31 March</b>	<b>5,110</b>	<b>5,045</b>

## (g) Guarantees

Details of security made by the Group to its lenders are given at note 19.

## (h) Terms and conditions

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

## [ 29 ] Investments in subsidiaries

The Group had the following subsidiaries at 31 March 2026

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.

## [ 30 ] Events occurring after the reporting period

On 26 May 2026 the Board resolved to refinance the current bank debt for a two-year tenor. At the date of signing, the current bank debt under note 17 of \$20m is non-current.

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

	2026 \$'000	2025 \$'000
<b>Profit for the year</b>	<b>66,888</b>	<b>(6,434)</b>
<i>Adjustments made for:</i>		
Depreciation and amortisation	27,652	25,519
Net (loss) gain on sale of non-current assets	1,903	63
Movement in provision for doubtful debts	37	159
Fair value (gains) losses on other financial assets at fair value through profit or loss	(73,961)	26,601
Interest on Right-of-use leases	549	438
<i>Changes in working capital:</i>		
Decrease (increase) in trade debtors	3,918	(2,817)
Decrease (increase) in inventories	354	(199)
Decrease (increase) in other operating assets	174	858
Increase (decrease) in trade creditors	(6,636)	2,430
Increase (decrease) in other operating liabilities	651	(223)
Increase (decrease) in income taxes payable	(24)	24
Increase (decrease) in provision for deferred income tax	20,863	(4,337)
<b>Net cash inflow from operating activities</b>	<b>42,369</b>	<b>42,082</b>



## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF TOP ENERGY LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2026

#### Opinion

The Auditor-General is the auditor of Top Energy Limited and its subsidiaries (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 performance information of the Group on his behalf.

We have audited:

- the financial statements of the Group on pages 41 to 70, that comprise the Statement of financial position as at 31 March 2026, 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 policy information and other explanatory information; and
- the performance information of the Group on page 40

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - the Group's financial position as at 31 March 2026; and
    - the 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; and
- the performance information of the Group:
  - accurately reports, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2026; and
  - has been prepared, in all material respects, in accordance with section 44 of the Energy Companies Act 1992 (the Act).

Our audit was completed on 9 June 2026. This is the date at which our opinion is expressed.

#### 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 in accordance with the Act.

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 Group'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 the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Act.

## **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 shareholders 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 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Group's shareholders to judge the actual performance of the Group against the performance targets adopted in its Statement of corporate intent.
- We plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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 all of the information included in the annual report 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 (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

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



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



# DIRECTORY

## Principal business

Electricity generation and lines distribution business

## Directors

- Mr David Sullivan *BCom CA MInstD – Chair*
- Mr Matthew Todd *NZCE, PG Dip Bus, MBA, CMInstD, JP*
- Ms Nicole Anderson *PGDPH DipAcc DipBus DipMgt 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

[www.topenergy.co.nz](http://www.topenergy.co.nz)



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*Te Puna Hihiko*

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