

The Orion Group Annual Report



Nau mai, haere mai

Welcome to The Orion Group Annual Report 2024

The Orion Group is committed to our purpose of powering a cleaner and brighter future with our community. With a steadfast dedication to serving central Waitaha Canterbury and beyond, we're ensuring we meet the demand for electricity, both now and in the future.

People are at the heart of what we do, and we understand that an electricity system that is safe, reliable, resilient and innovative is essential for the health, wellbeing, and prosperity of everyone.

Last year we began our journey to an integrated reporting approach, and this year has seen us introduce more of those elements within our Annual Report.

Our new identity for The Orion Group — which includes Orion and Connetics — reflects our aligned and integrated approach to delivering on our purpose.

We invite you to read about some of the opportunities and challenges The Orion Group has faced this financial year, as we navigate the dynamic environment we're operating in and prepare for an increasingly electrified future.

To learn more about The Orion Group you can read our Asset Management Plan and Statement of Intent on our website: oriongroup.co.nz

Contents

Highlights	2
Group Strategy	4
Chair and Chief Executive's Report	6
Materiality	10
Risks and opportunities	12
Value creation model	14

Our focus areas:

– Facilitating decarbonisation and hosting capacity at lowest cost	17
– Investing to maintain a safe, reliable, resilient network, at lowest total lifecycle cost	21
– Being a force for good in the community we serve, enabling the net zero transition	25
– Creating the preferred workplace	29
– Fit for purpose capital structure	33

Five-year comparisons	36
Our Leadership Team	38
Our Board of Directors	40
Audited financial statements	43
Governance statement	86
Directory	95

Highlights

Being a force for good in the community we serve

295



households supported to be more energy efficient
320 less than last year

25



community groups supported by The Orion Group
Five more than last year

8.3/10



Customer Satisfaction rating
+35 Net Promoter Score last year
see page 26 for methodology change

14,125 tCO₂e



6,537 tCO₂e below last year
see page 80 for more detail

Facilitating decarbonisation and hosting capacity at lowest cost

698MW



network maximum demand
37.5MW above last year

59.2%



load factor — utilisation of our network

Creating the preferred workplace

7.8%



Group employee turnover
8.7% less than last year

65%



Group employee engagement score
2% more than last year

Investing to maintain a safe, reliable, resilient network, at lowest total lifecycle cost

225,331



customer connections
4,559 more than last year

3,627



gigawatt hrs of electricity delivered
106 more than last year

Fit for purpose capital structure

\$46.6m

earnings before interest and tax
\$0.5m above last year

\$11.6m

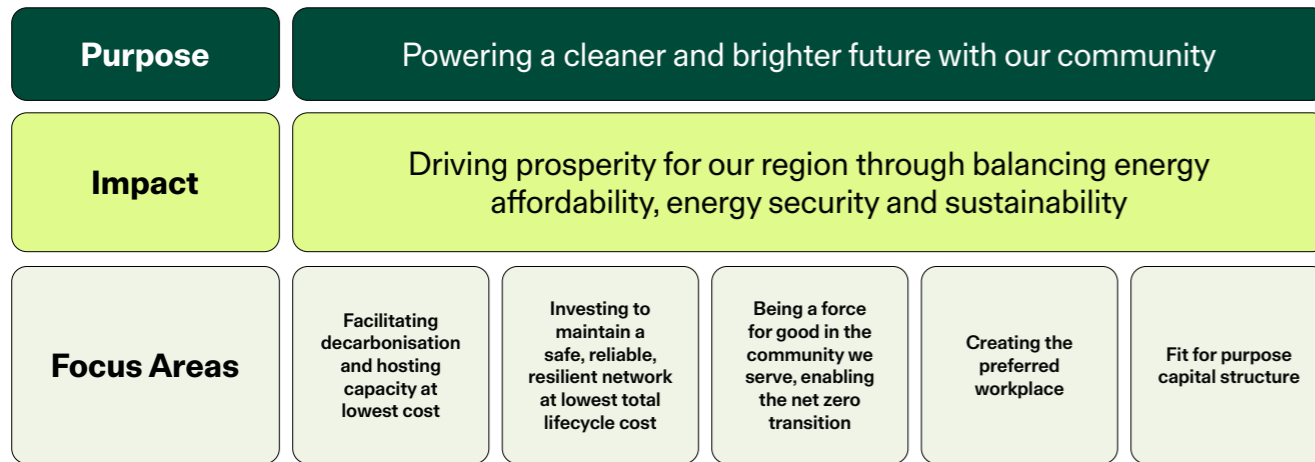
profit after tax
\$10m below last year

\$25m

fully-imputed dividends
\$7m below last year

The Orion Group Strategy

The *Orion* Group



Our Group strategy begins with our purpose — powering a cleaner and brighter future with our community — and talks to the impacts we want to make on regional prosperity through energy equity, sustainability, and energy security.

Our priority for the next five years is to get 'match fit.' This means our network will be ready for the increased demand as electricity plays a crucial role in decarbonising Aotearoa New Zealand.

Orion

 **connetics**
ALL WAYS CONNECTING

Chair and Chief Executive's Report

Tēnā koutou katoa,

Haere mai, welcome to The Orion Group 2024 Annual Report. It's been another year of change and growth, both for the electricity sector and the country. With resilience brought into sharp focus once again this year and continuing growth across our region, our community's reliance on electricity as the energy source of choice for Aotearoa New Zealand is increasing all the time.

We're in the second year of our match fit strategy to be ready for the increasing demand for electricity. Guided by our purpose to power a cleaner and brighter future with our community and our move towards an Integrated Reporting approach, this year we've included our Value Creation Model to show how we create, preserve and erode value. This helps us ensure the focus areas in our strategy create value for our stakeholders and business. We've also included details of the materiality process we go through to understand what's most important to our stakeholders and business and why; our material topics. You can read more about this on the following pages.

Investing for tomorrow, today

We had the privilege of officially opening our Norwood Grid Exit Point (GXP) in late 2023. This infrastructure project, a partnership with Transpower, marks a significant once in a generation investment, and one that will set our region in good stead for our increasingly electrified future. The GXP, which increases Orion's network's capacity by 25 per cent, is about investing wisely for the future of our community and region, and the associated growth in demand we're already seeing.

Our financial performance

The Orion Group delivered another year of solid financial performance. We have certainly not been immune to significant upwards pressure on costs due to the current economic environment. Other than the impact of a \$5.2m deferred tax expense arising from the removal of tax depreciation on buildings, our overall financial performance was in line with expectations but below last year's result. You can read more about this later in the report.

A sustainable future for our region

We are committed to being a force for good in our community and contributing to our country's net zero transition target. In line with our commitment to being a sustainable, environmentally responsible organisation we've made some positive strides in our partnership with Wairewa Rūnanga to recloak Te Kaio Tumbledown Bay on Banks Peninsula.

The project, which was gifted the name Tautoru Mautai by Wairewa, is now well underway, with over 50,000 trees planted last financial year. This is the first stage of this long-term, intergenerational project and we're extremely proud to be on this journey with the whānau from Wairewa.

Powering a cleaner brighter future with our community means just that — supporting others who are investing in clean energy and decarbonisation initiatives in our region. We are working proactively with those installing grid scale solar and looking to partner with those bringing clean energy sources to our community.

We're also proud to power Energy Hub, based at EPIC Ōtautahi Christchurch. This is a space for people to collaborate, innovate and learn together on our energy transition journey through innovation initiatives, events and more.

Empowering our customers and communities

Our annual perceptions survey conducted in 2023 gathered insights from 773 customers from across urban and rural areas, as well as businesses. It was heartening to see Orion receive a customer satisfaction score of 8.3/10, an outstanding result.

We take huge pride in serving our community and we thank the Orion and Connetics teams for their mahi to contribute to this score. It's a positive reflection of our ongoing commitment to our most important stakeholder — the people of central Waitaha Canterbury.



Paul Munro,
Chair



Nigel Barbour,
Group Chief Executive

A safe, reliable, resilient network

With resilience a priority, we're pleased to report we've made good progress on our long-term project to upgrade our 66kV underground cable. The section of cable from Bromley zone substation to Milton zone substation was completed midway through this year. Work is beginning on the next project in the work programme, connecting Milton to Hoon Hay and Halswell substations. This is a significant piece of work to increase the resilience of our network.

The programme to upgrade the cable includes extensive community engagement aimed at minimising disruption to residents, commuters and the public. The local community and road users affected by the works have been patient and accommodating, given the significant construction activities, and we're grateful for the community's support.

This year, we experienced some disruptive reminders of the need for a resilient power network. Following the major devastation from Cyclone Gabrielle and the Auckland Anniversary Weekend floods in early 2023, we experienced our own weather event in October with a severe windstorm cutting power to around 8,500 customers.

Our team did what they always do in these situations — leap into action and get power restored quickly and safely. Alongside our Operators and Controllers doing what they do best, it was an opportunity to put our new automatic power restoration technology to the test. The system was able to restore over 1,000 customers almost instantaneously.

Earlier this year when a fire on the Port Hills caused a Transpower line to trip and left nearly 39,000 customers without power, we had everyone back up and running in less than half an hour. This was a testament not only to the diligence of our team, but the resilience we have built (and are continuing to build) into our network.

Health, safety, and wellbeing

As an electricity distributor, we are firmly committed to the safety and wellbeing of our staff, contractors and the community. It's good to see there were no serious events reported in the last financial year for our staff or service providers. We did however have one event that resulted in an injury to a member of the public, and as a result we have taken steps to reduce the chance of a repeat of such an incident.



Nigel and Paul with Transpower General Manager Grid Development John Clarke at the opening of the new Norwood Grid Exit Point.

Meeting demand

In addition to traditional network build, we continue to explore possibilities offered by flexibility through our work with FlexForum, our Resi-Flex project in partnership with Wellington Electricity, and our Lincoln Flexibility trial in partnership with electricity retailer Ecotricity. Flexibility is a term we are hearing more and more in the industry — and for good reason. You can read more about flexibility and what Orion is doing in this space on page 18 of this report.

The Energy Academy

Established in 2021 largely as a startup enterprise acting for and on behalf of the industry, The Energy Academy set out to stimulate collaboration in the energy sector and begin to address some of the broader future of work challenges the energy sector faces. Several programmes of work have been established with much success resulting from our industry collaboration.

The decision was made this year to transition the programmes initiated by The Energy Academy to our partners, enabling them to take the lead. As a result, The Energy Academy closed its doors earlier this year, bringing Orion's role as founding partner to a close.

Instrumental in the success of The Energy Academy since its inception was Deanna Anderson — Energy Academy Establishment Lead. We thank Deanna for creating this success in our sector, and for her leadership of the Energy Academy Team.

“We are fortunate to have kaimahi who show up every day eager to deliver for their community. As with any sector going through a period of growth and change, we face challenges, but they are part of what make this a particularly exciting time to be in the electricity industry.”

Looking ahead

We are currently investigating our expenditure pathway for the upcoming Default Price-quality Path (DPP), to understand whether it will allow us to do what we need to over the next ten years. As we signalled in our Asset Management Plan 2024, we believe there is a significant expenditure gap between the DPP and what we will need to fulfil our Group Strategy. The Commerce Commission uses the DPP to set expenditure for the next five years. As a result, we are exploring whether we apply to the Commerce Commission for a Customised Price-quality Path (CPP) to reset Orion's regulated revenue allowances to a level that allows us to meet our customers' needs, legislative requirements and maintain good industry practice. For us to continue to deliver a long-term secure, reliable and resilient supply of energy to our customers and community, one that can meet their future needs, this work is a key objective for FY25 and beyond. The draft DPP decision was published in June, giving us our first comprehensive view of the expenditure gap. We are determining our next steps from this.

Another key project for Orion in the coming financial year and beyond is the implementation of our Integrated Asset Management (IAM) programme. IAM is significant because it will fundamentally touch all our major processes across The Orion Group and positively impact our organisation by enhancing our ability to scale, innovate and generate. It will enable us to predict when to undertake the right task, at the right time — which will enhance efficiency. Ultimately, it gives us confidence in our ability to deliver.

One thing is clear, there will need to be significant investment in Aotearoa New Zealand's infrastructure in the coming years, particularly in the electricity sector. We're assessing the investments Orion needs to make in that context, and continuously reviewing priorities and the expenditure that supports those. We're well aware of the value of electricity to all our customers and we know cost is at the top of everyone's minds in these challenging times. What's important is that we continue to deliver to the standard and future our customers expect, and ultimately that will be the decider for the direction we take.

Ngā mate

It is with sadness we acknowledge the passing of Theo Bunker and Bishop Richard Wallace earlier this year. Theo and Te Pihopa were pillars of the Wairewa community and were deeply involved in our Taururu Mautai partnership to recloak Te Kaio Tumbledown Bay. Theo was on the project steering committee and was instrumental in getting the project off the ground. Bishop Richard blessed the site at the official ceremony to plant the first trees on the whenua in late 2023. On behalf of The Orion Group, we extend my deepest condolences to the whānau pani. Haere, haere, moe mai rā.

Our sincere thanks

It was a pleasure to welcome Vena Crawley to The Orion Group Board earlier this year. Vena brings significant international leadership experience, strategic thinking and customer-centric focus to the table.

We would like to express our gratitude to our shareholders — Christchurch City Council (via CCHL) and Selwyn District Council. Together we are navigating a challenging period for our region and on behalf of The Orion Group Board and Leadership Team we extend our thanks for their unwavering support.

We'd also like to thank the extremely enthusiastic and driven team across The Orion Group. We are fortunate to have kaimahi who show up every day eager to deliver for their community. As with any sector going through a period of growth and change, we face challenges, but they are part of what make this a particularly exciting time to be in the electricity industry. We are very proud to have such a passionate workforce and we're optimistic about our direction of travel as we head towards a cleaner and brighter future for central Waitaha Canterbury.

Paul Munro,
Chair

Nigel Barbour,
Group Chief Executive

Materiality process

In 2022, The Orion Group identified topics of material importance to us using the process below:



Our top 10 material topics are mapped to our five strategic focus areas to demonstrate their connectivity to our strategy. These material topics form the basis of this report to ensure we report on what is most important to The Orion Group and our stakeholders.



Future materiality outlook

In our coming financial year, The Orion Group will continue to evolve our approach to materiality towards an independent best practice process. This will be aligned with new international reporting standards to enable better use and understanding of The Orion Group value creation model and embrace integrated thinking and reporting.

Risks

Access to capital

Regulatory funding constraints	Constrained ability to invest in our network and execute essential initiatives due to limits on regulatory allowances.
Capital availability	The availability of capital can impact on Orion's ability to fund operations, projects, and strategic initiatives.
Electricity sector inflation	Global events have led to inflation in the electricity sector such as the price for copper and electrical components. There remains a risk that further global events may drive further cost increases.
Sudden asset loss	An event such as an earthquake or tsunami could leave parts of the network uninhabited and destroy the local electricity infrastructure. This could reduce Orion's asset base which would, under regulations, mean that Orion's ongoing revenue would reduce.

Workforce and change

Insufficient workforce	Global increased competition for the specialist workforce required by Orion and its suppliers could diminish our ability to operate, maintain and grow the network.
Orion capacity to adapt	There is an increasing amount of change needed at Orion with the changing way customers interact with the network and an evolution in the skills needed to meet customer demand. Orion has a certain amount of capacity and faces a challenge to keep the skills at Orion current and fit for future requirements, alongside delivery of the volume of change, including technological change, required.

Electricity users and decarbonisation

Decarbonisation	Our network could be a barrier to decarbonisation due to insufficient visibility of how our customers use our low voltage network, uncertainty around future decarbonisation paths, and network capacity constraints that may hinder decarbonisation efforts. Overinvestment may also result in unnecessary costs and excess network capacity.
Customer and community	Our customers and community may not equitably engage or participate in the transition, resulting in higher overall cost of decarbonisation / lower affordability; slow or stalled decarbonisation; increasing energy inequity and hardship; lower community energy resilience; and missed opportunities for regional / community economic development.

Safety and security

Health and safety event	Orion could experience a serious health and safety incident that may result in fatalities or injuries to employees, contractors, or the general public.
Cyber event impacting assets or operations	Orion could suffer a security breach impacting business operations, assets, or the private information of customers and staff.
Natural event causing significant damages (Earthquake, tsunami, fire, flood, weather)	Natural events such as earthquakes, tsunamis, fire, floods and storms can and do have significant impacts on electricity networks with large one off costs to repair. Climate change increases the likelihood and severity of fires, floods and storm events.
Significant equipment or technology failure	Orion could experience a significant equipment or technology failure due to poor asset condition or human error.



Opportunities

Customer growth	<p>We expect significant growth in demand across our network in most of our future scenarios. In the next 10 years we can expect peak demand to grow between 10% to 44%.</p> <p>This presents The Orion Group with opportunities to grow its customer and asset base. The Group may also have opportunities to attract customers from outside of the region and to change the way it invests to deliver services to customers. Creating a more highly utilised network through technology to optimise network demand is a key efficiency and investment opportunity.</p>
Efficient change through technology	<p>A key element of our role in supporting decarbonisation is leveraging the power of integrated systems and data analytics to make our work smarter, more intuitive and to improve productivity.</p> <p>To support this ambition and realise the efficiencies associated with embracing new technologies such as drones, Orion is upgrading and developing new systems and processes and our 2024 AMP reflects significant investment to lift our asset management platforms and customer management tools to state of the art levels.</p>
Industry capability	<p>Attracting, developing and retaining a skilled workforce across The Orion Group and our service delivery partners is essential to Orion being able to perform our critical role in supporting growth and maintaining a safe, reliable and resilient network.</p> <p>Ōtautahi Christchurch and Aotearoa New Zealand as a whole is an increasingly attractive location for employees to settle. The Orion Group purpose and commitment to climate action, and employee wellbeing, provides an opportunity to attract skilled employees who share our purpose.</p> <p>AI presents an opportunity to allow employees to work smarter not harder and at 8 to 11% female our current gender diversity provides a significant opportunity to expand our potential employee pool. Standardisation of designs and necessary competencies to work across our industry would support the ability of employees to easily share expertise and time across NZ.</p>



Value creation model

Powering a cleaner and brighter future with our community

Driving prosperity for our region through balancing energy affordability, energy security and sustainability

Inputs

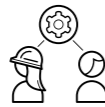
Assets

Our built network and value chain, network management systems



Know-how

Technical knowledge and skills to build and design, asset management planning and technologies



Community

Reputation and goodwill, relationships with our community, regional partnerships for decarbonisation



Environment

Land for operations, SF6 use, delivering renewable and non-renewable electricity



People

Our diverse workforce, technical skills and capabilities



Financial

Shareholder equity and debt facilities
Regulated income from our customers
Innovating distribution pricing



What we do



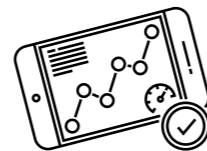
Connect people and power



Enable electricity distribution



Build and manage our network



Act to be future ready



Care for our people and community

Outputs

➔ **Designed, built and maintained electrical infrastructure, for our region and across Aotearoa**

➔ **A network that enables a safe, reliable and consistent supply of electricity to our customers**

➔ **Communicating with our customers and community to minimise the impact of disruptions**

➔ **Industry leadership and contribution**

➔ **Environmental and social impact of our activities in our community**

➔ **Employee value proposition and engagement**

➔ **Financial returns to our shareholders**



Outcomes for our focus areas

Facilitating decarbonisation and hosting capacity at lowest cost

- Using smart technologies and data to maximise our existing network
- Enabling participation through flexibility



Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost

- Prioritising cost-effectiveness and efficiency
- Designing and building a future-fit network through continual innovation



Being a force for good in the community we serve, enabling the net zero transition

- Managing emerging strategic threats and opportunities
- Collaborating on climate and energy plans
- Holding authentic, respectful and collaborative relationships with Ngāi Tahu and papatipu rūnanga



Creating the preferred workplace

- Utilising our people's skills and expertise
- Attracting, developing and retaining an inclusive team



Fit for purpose capital structure

- Fit for purpose capital structure
- Certainty to our shareholders and flexibility to respond to unexpected shocks



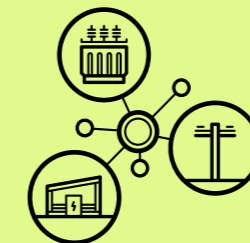


Charging up Orion's EV Experience cars.

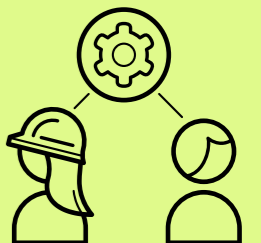
Focus area:

Facilitating decarbonisation and hosting capacity at lowest cost

Assets



Know-how



As we continue to see the impacts of climate change on our region and the country, we know now more than ever the move towards an electrified future will be crucial for Aotearoa New Zealand. As our reliance on electricity increases, so too does the need to grow our capacity. The Orion Group is exploring exciting initiatives to meet growing demand that could also provide alternative solutions to building more network, keeping costs down for our customers in the process.



Collaborating on residential flexibility

The Resi-Flex project, a collaboration between Orion and Wellington Electricity, is exploring the use of flexibility from residential consumers as part of the future energy mix. Through understanding the requirements of all users across the value chain for flexibility, from consumers to flexibility stakeholders, to distribution network companies — Resi-Flex will help to define and trial the commercial mechanisms needed to incentivise greater use of flexibility resources in the future. Orion and Wellington Electricity’s work on residential flexibility saw the teams take out the Best Paper — Member award for their joint presentation at the 2023 Electricity Engineers’ Association (EEA) Conference in Ōtautahi Christchurch for their paper and presentation: “Resi-Flex — Incentivising flexibility from residential consumers by exploring commercial mechanisms with flexibility stakeholders.”

Lincoln Flex

We proudly partnered with electricity retailer Ecotricity to deliver a flexibility solution for the Lincoln area. Lincoln is seeing large scale residential growth, which is raising the demand for electricity in the area. As well as investing in traditional network solutions, including a potential new zone substation for the township, in order to meet growing electricity demand we’re exploring all other options, and flexibility is top of the list. Ecotricity’s proposal involves a primarily residential-based battery solution, this could help reduce network demand at key times, like winter morning or evening peaks. The trial began in May and is proposed to run through to the end of 2025.

Getting smarter with data

By partnering with Bluecurrent, Orion has gained access to detailed operational data from smart electricity meters. This is providing an efficient and cost-effective way for us to get enhanced visibility on the performance of our low voltage network, right up to the boundary of around 90% of our customers. Orion was the first electricity distribution business in the country to access the information from Bluecurrent, the largest smart metering provider in New Zealand. By accessing this smart meter information we’ll be much better placed to improve the optimisation of our network as our region’s demand for electricity increases with decarbonisation. Gaining access to smart meter operational data gives us terrific visibility and understanding of our low voltage network, including electricity load and voltage across the day.

Poipoia te kākano kia puāwai— nurture the seed and it will bloom

When Rob Mattson (Ngāti Kahungunu ki Te Wairoa) first joined the Orion team after many years in the electrical industry, he was able to bring in two of his many interests — electricity and teaching.

“When an opportunity came up at Orion to apply those skills, I had to go for it. I started working in the Network Access team teaching a range of courses from basic entry into our restricted areas through to operating some equipment.”

After several years he decided it was time for some more learning and development of his own, and that led him to Orion Network Control.

“I felt I had the skillset to be useful in that environment. There was another course I was involved with, which was about developing a contingency crew from our office staff. We were training them up for if we had a major event and needed to pull people in to assist the Control Room.”

That exposure to the Control Room environment gave Rob certainty it was where he wanted to be.

“Becoming a relief controller opened the door for me. I realised how much I loved the combination of technical knowledge, computer skills, interacting and coordinating with different people, and of course being obsessed with detail.”

While he’s been honing his skills in Control, Rob has been on a personal journey to connect with his whakapapa and Māoritanga.

“There’s a focus for me now on investigating and engaging in my Māori heritage. Through Orion, I’ve been spending time learning te reo Māori, and about tikanga. I’ve visited marae and I’m taking every opportunity I can to learn having been disengaged all my life from that world.”

Programmes like CCHL’s He Huanui Māori Pathways as well as learning opportunities offered by The Orion Group have helped him grow his connection to his whakapapa.

“I’m grateful for Orion wanting to engage in Te Tiriti and learn what it means to be a good partner. Making visits to marae available for staff who want to attend. Even though I feel very new on that journey it’s now become part of my identity. Orion’s made it easy for me to move into that space because it’s been very encouraging of it.”

Rob says getting together with kaimahi to form the Orion waiata rōpū has been another way to foster the connection with staff from across the business.

“You come away from a lunchtime session, having sung amazing songs with fellow colleagues. As both a musician and as a kaimahi Māori, it’s just a beautiful thing. I go back to the Control Room thinking wow, that was the best lunch break I’ve had in a fortnight.”

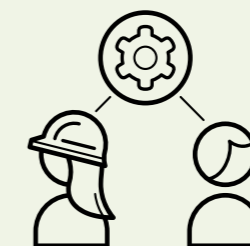
Rob Mattson (left) with some members of the Orion waiata rōpū.



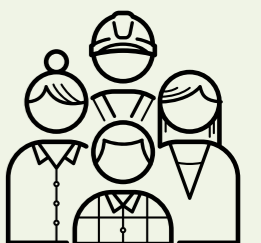
Focus area:

Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost

Know-how



People



As demand for electricity continues to grow, a safe, reliable and resilient network that's cost-effective for our community remains a key focus for Orion.

We were reminded of the importance of a resilient network yet again this year, as we faced severe windstorms and another major fire on the Port Hills. The use of smart technology and the continual strengthening of our network helped us restore power quickly and safely in both events.

Increasing our resilience

We recently completed construction on the Milton Zone Substation, with the installation of the new 66kV underground cable from Bromley to Milton due for completion soon. The Bromley to Milton cable project has included extensive community engagement to minimise disruption to residents, commuters and the public.

The local community and road users affected by the works have been patient and accommodating, given the significant construction activities. The crews have worked hard to keep the community informed about the works and the impacts on traffic.

Norwood GXP boosts Canterbury power supply

The completion of the Norwood Grid Exit Point (GXP) and zone substation in the Selwyn district was celebrated at an official opening event in December 2023. The significant once-in-a-generation investment, a partnership between The Orion Group and Transpower, increases central Waitaha Canterbury's power capacity by 25 per cent.

The project, which is Transpower's first new GXP since 2013, signals the continuing increase in demand for electricity. The investment will also support population growth in the Rolleston and Lincoln areas. Work began in late 2022 on the 13-hectare section and construction was completed efficiently, with the site successfully commissioned in late October 2023. The new GXP will increase Orion's ability to draw power from the national grid by 200MW. This adds significant capacity to the two major 220kV-66kV GXPs already in Orion's network.

The sky's the limit

This year we trialled an automated unmanned aerial vehicle (UAV) to monitor the Norwood GXP. This enables the team to find faults and fix them before they cause outages. The UAV launches from a protective base station and completes a pre-programmed flight path, collecting data and transmitting it to a secure site for real-time viewing in the Orion Control Room. After completing its flight, the drone returns home to the base station, which then closes to protect and recharge the UAV. Over 200 trial flights were

conducted to ensure its suitability for substation sites, with minimal risk to people and infrastructure, while eliminating a repetitive task and freeing up our people for more valuable work. With successful trials completed, we are now looking to use the UAV to regularly monitor the site.

Automatic power restoration a first

In mid-2023 Orion enabled its Automatic Power Restoration System (APRS), marking a significant milestone for network operations within the electricity industry in Aotearoa New Zealand. The system automatically determines the location of a high-voltage network fault, completes a power-flow study, and then undertakes the required switching to restore supply to as many customers as possible — all without human intervention. This means our customers will have their power restored much faster than with traditional methods, improving their overall experience.

After rigorous testing the technology was proven soon after it went live. Following a fault on the Wainui Main Road line circuit breaker shortly after midnight in late July, the APRS restored 213 customers in about 20 seconds. It was tested again during the severe windstorm that struck the region in mid-October. The event saw about 8,500 properties without power at its peak, and the APRS was able to restore around 1,250 customers automatically. APRS is now active on around 200 circuits, covering about 42% of Orion's customer base. From now on, every additional item of switchable equipment that Orion upgrades with remote control will further enhance the network's fault-finding and restoration capability using APRS.

Theft on the network

The year certainly hasn't been without its challenges. Instances of line theft across our network have been a source of ongoing frustration for our teams on the ground and an unnecessary cause of interrupted power supply for our community. Most importantly these incidents pose a serious safety risk, not just for our staff and contractors but for the public, who may unknowingly encounter cut wires that are often left hanging. Our team continues to work closely with Police and we thank members of the public who have remained vigilant in reporting these thefts, which has led to several arrests.



Paymon Shahidi
Orion Network
Operator

A foot in the door

Like many teenagers, Paymon Shahidi wasn't quite sure what direction he wanted to take in life.

"High school wasn't for me, and I didn't see a future in university. I was young and not as mature as I am now."

He wanted to pursue a trade, and after discounting building and plumbing he landed on electrical. After starting an electrical apprenticeship at 18 he spent time working on the residential side. He then moved into industrial systems, where he did everything from building switchboards to working in dairy sheds, irrigation, and water treatment plants. After getting qualified he spent time as a tradesperson.

"After some time working in the trade I started looking ahead to the future and to where I wanted to be. I'd seen Orion's network operators around and I thought that's what I really want to be doing."

Going straight to the source, Paymon connected with an Orion operator and started asking lots of questions about how to get a foot in the door.

"I'd heard that Orion's cadetships (the Orion Development Programme) had been put on hold, so I called Orion one day and asked, 'when are these cadetships being

brought back?' The person I spoke to said, 'funny that, the advertisements go up tomorrow.' I applied the next day. It was meant to be."

Having all these opportunities on offer, Paymon wanted to study hard and perform to his absolute best.

"It was tough, and honestly, I struggled at the start. As I said, I didn't enjoy school and I've never been particularly academic. I put a lot of pressure on myself but the difference this time is I knew this is what I wanted to do, and I had the maturity to put the effort and time into it."

Now in his final year in the Orion Development Programme Paymon has had exposure to different areas of the business and is right where he wants to be, deployed as a Network Operator.

"It's been a great journey at Orion. I've loved every minute of it, it's exactly what I wanted to do."

His advice for anyone who might not know what they want to do is simple.

"The world's your oyster really, it's what you make of it. Everything's sitting on a plate for you here and it's up to you take it."

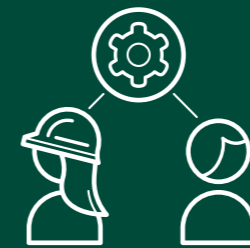


Wairewa Rūnanga member Robin Wybrow and The Orion Group Chief Executive Nigel Barbour after planting the first native trees at Te Kaio Tumbledown Bay.

Focus area:

Being a force for good in the community we serve, enabling the net zero transition

Know-how



Community



Environment



Ehara taku toa i te toa takitahi, engari he toa takitini — my success is not the work of an individual, but the work of the collective.

Whether it's supporting energy efficiency in households, powering local groups and initiatives, or partnering with mana whenua, we are committed to making a positive impact on the wellbeing of our community.

Recloaking the whenua

Our partnership with Wairewa Rūnanga to recloak Te Kaio farm made great progress in 2023. The 280-hectare block of ex-farmland belongs to the Rūnanga and the shared aspiration of the project is to see the whenua restored to its former state as a native forest. Following a blessing of the site and a ceremonial planting of the first trees, began to plant 50,000 trees in the first year of the long-term project. By November last year that target had already been achieved and the mahi has continued at pace. The Orion Group began offsetting our emissions in 2022. Carbon credits generated from this project will offset our residual emissions out to 2025.

Powering the festival of light

The Orion Group was proud to power Tīrama Mai, Ōtautahi Christchurch's annual winter festival of light in 2023. Produced by Christchurch City Council, the third annual Tīrama Mai event celebrates Puaka-Matariki, the Māori New Year and the coming of winter, through a stunning display of light and sound. The festival featured 26 different lighting displays, artworks and interactive installations. As Principal Partners, Orion and Connetics provided the necessary power connections to light up Victoria Square and Te Ara Ōtākaro The Avon River between Victoria Street and the Bridge of Remembrance.

What our community thinks

We received some positive results from our annual Customer Perceptions Survey. We interviewed 773 customers across urban and rural areas, as well as businesses. The key findings are:

89% satisfied with reliability.

78% believe Orion is trustworthy.

8.3/10 satisfaction with Orion.

8.9/10 rating of ease of doing business with us.

8.8/10 rating of service received.

It's important to note that this financial year we have moved away from Net Promoter Score (NPS) as a measure, as it fails to predict behaviour. It's also a measure of loyalty, which our customers have no control over. Customer Satisfaction scoring gives us much more useful data to better understand where our customers want us to be focused.

Tracey Taylor
Orion Customer Support
Representative



Part of the family

Fulfillment, flexibility and a feeling of being part of the family are what's kept Tracey Taylor at Orion for so many years.

A long-serving member of the Orion Customer Support team, Tracey first joined Orion when she had a young family and appreciated the flexible hours on offer, which included working nights as part of a close-knit team. After many years she took a new job opportunity, but she missed the environment and her old role.

Tracey kept in close contact with the team in the years she was away from the organisation, catching up with her former colleagues for coffee. After a while, the allure of coming back eventually got the better of her.

"What drew me back was that family unit, being somewhere where people know you and care about you. I've made friends here, friends for life. Our children didn't grow up together, but our stories of our children grew up together."

While it's not always a quiet day at the office, she enjoys the ebb and flow of working in a customer service role.

"I like the rush when it's busy, say if there's a storm or an adverse event. It's quite a buzz," says Tracey.

"There's something really appealing about being able to help people. Sometimes it's as simple as just smiling when you answer the phone, it can really put people at ease. It's a good feeling, even just to have made a difference to somebody who may have been a bit worried or unsure about something. I find that fills the cup up."

As a senior team member Tracey says there are plenty of opportunities to learn and develop all the time.

"I'm always open to learning and I find if there's a course or development opportunity I'd really like to do I can talk to my people leader and I know that she would see value in it, and she would support it. I feel like that kind of thing is really supported here."

Ultimately, it's the people that have kept Tracey a part of the Orion whānau for so many years.

"We have great people, and that always helps with a sense of job satisfaction. I can go home feeling like I've made a difference, but I can enjoy the hours I'm here too because of the great company. There are some really good characters here."

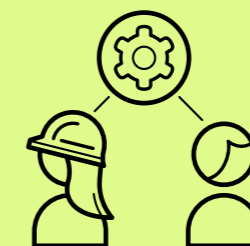


Orion kaimahi enjoy a coffee and catch up.

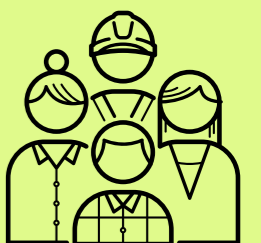
Focus area:

Creating the preferred workplace

Know-how



People



As we continue our transition to an electrified future, growing demand means a growing workforce. In fact, an increase in the required distribution and transmission sector workforce of between 45%–75% is predicted by 2035, to deliver the additional investment need. It’s an exciting time to be in the electricity industry and The Orion Group is focused on attracting, developing and retaining kaimahi who are empowered to thrive.

Diversity, equity and inclusion

Creating an inclusive workplace where all people belong and thrive, is not just the right thing to do, it’s an advantage for Orion. The unique lived experiences our kaimahi bring every day to work, ensure we are able to power a cleaner and brighter future with our community. By recognising and celebrating our differences we can be successful in attracting and retaining the best people out there. With increasing talent shortages forecast in our industry, we are taking action to set ourselves up for success as a preferred workplace.

Ubuntu, our Diversity, Equity and Inclusion Strategy, speaks to the priority we place on ensuring our workplace is a space where all individuals are welcomed and supported. Ubuntu is a beautiful West African concept meaning ‘humanity towards others’ or ‘I am because we are’. It speaks to the idea that you can’t exist as a human in isolation; you are connected and what you do affects others. When you do well, it spreads out; it is for the whole of humanity.

Orion’s Inclusion Council has been up and running for a number of years and consists of a small group of passionate and dedicated people who want to share the voices of minority groups, celebrate cultural events and drive positive improvements in how our organisation supports our people.

Mana wāhine

Three Orion kaimahi — Michelle Flanagan, Yuyin Kueh and Correna Rodrigues — participated in the pilot of Te Puna Manawa — CCHL’s inaugural Women’s Leadership Development Programme — which concluded in early 2024. The kaupapa empowered 16 women working across CCHL’s group with skills and clarity to be great leaders and further grow their careers. The Orion Group has seen the value of this programme and of investing in our wāhine. We have worked with the Female Career to bring the programme in-house and 36 wāhine from across The Orion Group are journeying through the Te Puna Manawa programme. The second CCHL cohort begins in September 2024.

Embracing Mātauranga Māori

We are also proud to be part of CCHL’s He Huanui Māori Pathways programme is designed to help embed Te Ao Māori, Tikanga Māori, Mātauranga Māori and the principles of Te Tiriti o Waitangi within the CCHL Group. We encourage our staff from Orion and Connetics to take part in the activities available through this wonderful programme. This year staff have attended marae visits, taken up the opportunity to begin or continue learning te reo and attended sessions on topics including the principles of Te Tiriti o Waitangi, and the significance of Matariki. We were proud to lead a group of nearly 150 kaimahi from across CCHL’s group in an online waiata session for last year’s Te Wā Tuku Reo Māori — Māori Language Moment, celebrating Te Wiki o Te Reo Māori.

Attracting, retaining and developing staff

To ensure we can continue to grow our workforce we’re committed to making this a great place to work. Orion has brought in wellbeing initiatives that include flexible working (including equipment to work from home), three My Days in addition to annual leave, a wellbeing allowance and a generous parental leave policy. Our focus on developing our people includes career development and coaching, leadership development and coaching and support to attend professional conferences. The Orion Group has also launched Mana Taumata, our core behaviours framework that models how we work with our people and their leaders to craft a roadmap for each kaimahi and their individual needs.



Emma Lloyd
Connetics Electrical
Engineer

Empowering development

Having graduated with an Engineering degree, Emma Lloyd knew there was huge potential in Connetics having its own Graduate Programme.

“I went to uni to do engineering. I wanted to do something that was a net positive, so I was going to do natural resources engineering, which deals with sustainable systems and things like that.”

A chance conversation helped steer Emma towards electrical engineering.

“Someone said, if you do power engineering, you’re way more likely to work with renewable systems and in terms of job opportunities and job stability, we’ll always need power, and electrical engineers are always in demand. That was really appealing to me.”

Upon graduating, Emma went on the job hunt and after approaching Connetics she became the first recent graduate to be taken on by the company.

“Graduates joining Connetics had always happened organically. Because they hadn’t had grads as part of an official programme before they weren’t really sure what that programme should entail. Having just graduated myself I said, ‘well this is what I liked, and this is what I didn’t like’. We started taking on summer interns and I was managing their programmes. Then I put forward a business case and the graduate programme kind of grew from there.”

She says one thing that sets the Connetics Graduate Programme apart is the graduates have so many options.

“You can go in through one route and you could end up somewhere completely different to where you started. The whole time you’re getting paid while being in a safe job environment. I just think that’s so cool.”

“Connetics hires electricians, trains you up, pays you to study, you become a high voltage electrician and then if you are good and keen and eager, they’ll bring you into the office and you can become a project manager, an engineer, whatever suits your passions. For our uni grads, you get to rotate through different teams, go to Orion, get some PPE on and go to substation, check out the transformers sitting in our yard. It’s really hands on.”

Emma’s advice to those considering the electricity industry is to connect with as many people as possible.

“I think mentorships are important. Talk to people in the industry, don’t just talk to one person in one role. There’s so much going on in the electricity industry that you don’t have to do one thing. There are just so many opportunities if you can get into the industry and find your place.”

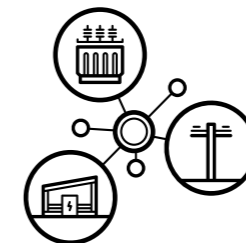


A drum of the 66kV cable for the Milton to Bromley cable upgrade programme.

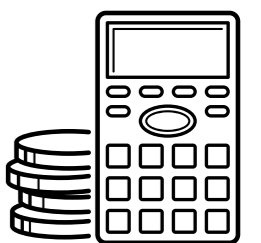
Focus area:

Fit for purpose capital structure

Assets



Financial



An appropriate capital structure enables Orion to ensure we are financially sustainable over the long term and can enable investment to fulfil our purpose of powering a cleaner and brighter future with our community. It provides flexibility to manage our business and to adjust in response to both growth and unexpected shocks, whilst also delivering an appropriate level of certainty to our key stakeholders.

A year of solid performance

The Orion Group delivered another year of solid financial performance. Along with most other businesses, significant upwards pressure occurred on all our costs due to the current economic environment. However, under the Commerce Commission's Default Price-quality Path (DPP) regulatory settings we are constrained in our ability to recover those costs in a timely manner — some costs will be able to be recovered in future years under the Commission's revenue framework.

Our FY24 profit after tax was \$11.6m, \$4.4m below our Statement of Intent (SOI) target. In FY24 we recognised a one-off \$5.2m deferred tax expense (non-cash) due to the legislative change to disallow tax depreciation deductions on commercial buildings. Other than this unbudgeted expense, our actual profit performance was in line with expectations.

Our FY24 earnings before interest and tax was also in line with FY23's result.

Further analysis of our performance against our Statement of Intent targets and our FY23 results is provided later in this report.

Dividends

The Group's financial performance enabled us to pay \$25m of dividends to our shareholders — Christchurch City Council (CCC) and Selwyn District Council — in line with our SOI target. A recent change in legislation allowed the Group to provide for a subvention payment of \$2.9m to the CCC in FY23 allowing the CCC to access their tax losses, and we have allowed for a further \$2.0m in the current year. Subvention payments provide a benefit to the CCC Group but have no effect on our net profit after tax, customers or dividends paid.

Network capital expenditure

The ongoing high numbers of new connections as well as significant increases in our labour and material costs for our network development programme were reflected in network capital expenditure additions of \$123m, \$12m higher than last year.

Network assets revalued

Deloitte revalued our electricity distribution network and Colliers our land and buildings during the year. The overall uplift in the carrying value of our property, plant and equipment from these revaluations was \$70m, lifting the Group's property, plant and equipment to \$1.7b.

Connetics

We are pleased to report Connetics grew profit to targeted levels. Connetics continues its focus on developing new revenue streams and opportunities to utilise their expertise in the new energy environment, as well as implementing ways to increase operational efficiency.

Debt to Regulatory Asset Base (RAB)

The percentage of debt to RAB is a measure of financial strength routinely applied to Electricity Distribution Businesses (EDBs). Orion's estimated percentage for FY24 is 37%, comfortably below the Commerce Commission's assessment of 41% for an EDB debt gearing ratio.

Josh Pope
Orion Investment
Strategy Lead



Amping up for the future

Orion Investment Strategy Lead Josh Pope is passionate about asset management. In fact, he's so invested in this critical area he's even started his own podcast on the subject.

For Josh, asset management is fundamentally about balancing many competing factors to get the best outcome for our community.

"I think we're ultimately trying to make the best long-term decision for customers, because that's the linkage at the end of the day. The money we spend now costs everybody, so how can we make the best decisions and get the most value for our community in the long run?"

Having been through the Orion Development Programme, Josh has had exposure to different aspects of the business, which served him well when he found his way into the complicated world of asset management planning.

"The environment we're operating in and making decisions in gets more and more complex. Each year there may be a new driver for what's causing us to invest in the network and it could be system growth, it could be sustainability, it

could be resilience, it could be reliability. There are all these critical factors we need to weigh up."

Josh is conscious of the responsibility to keep the network affordable, while also ensuring the level of investment is fit to deliver a safe, reliable, and resilient electricity supply to our customers.

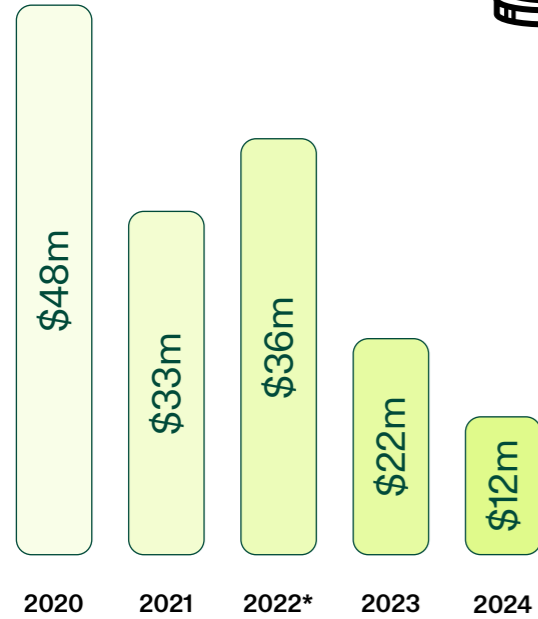
As for the podcast, 'NZ Asset Guardians — kaitiaki rawa' explores asset management across different sectors in Aotearoa New Zealand.

"The intention of it was to try and create a platform for people within the emerging space of asset management," says Josh, and it seems to be catching on.

"It's funny how many people reach out and say, "hey, I heard the podcast", or I'll go to a conference and people have come up to me saying "oh, I listened to this particular episode". It's quite a weird feeling, but I think it shows this is a growing area of interest, not just within our industry but across other disciplines."

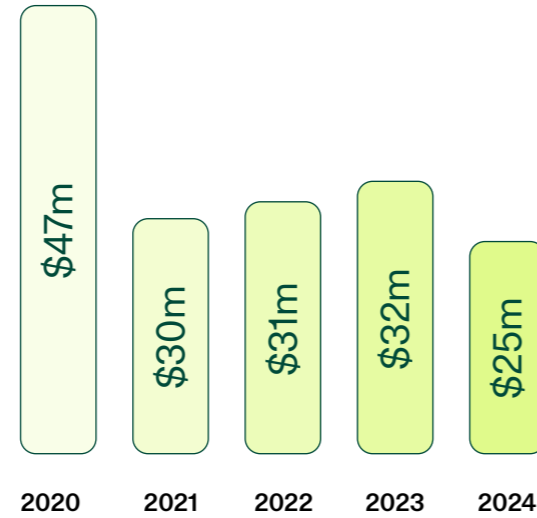
Five year comparisons

Net profit

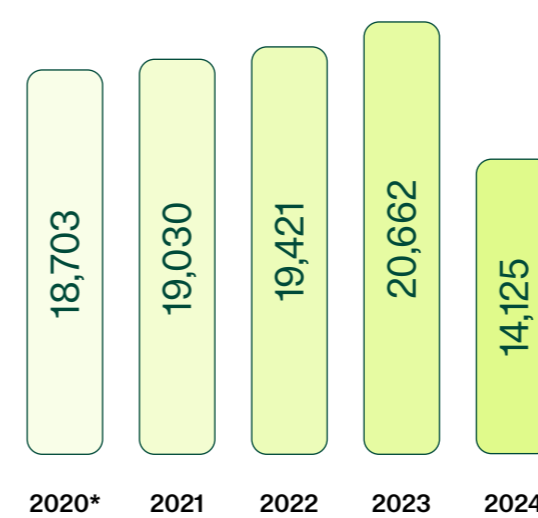


*2022 restated, see Note 11, page 60

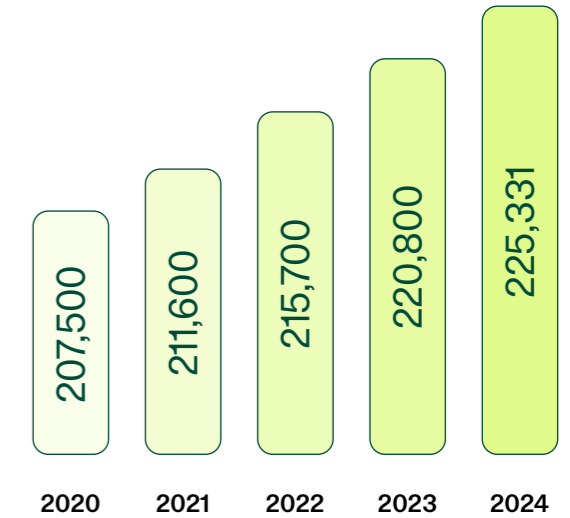
Cash distributions to shareholders



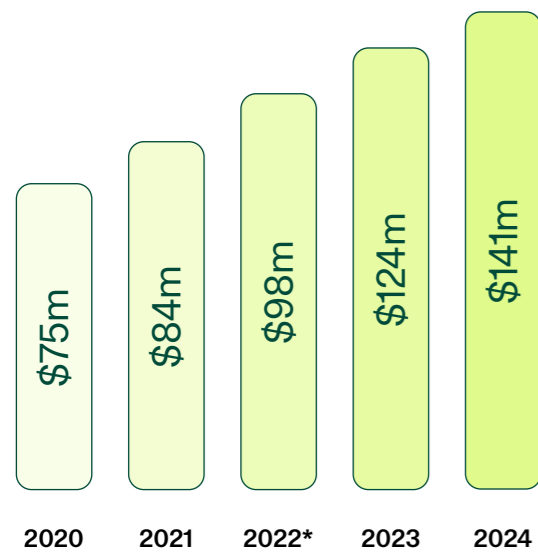
Greenhouse gas emissions for Orion Group tCO2e



Customer connections

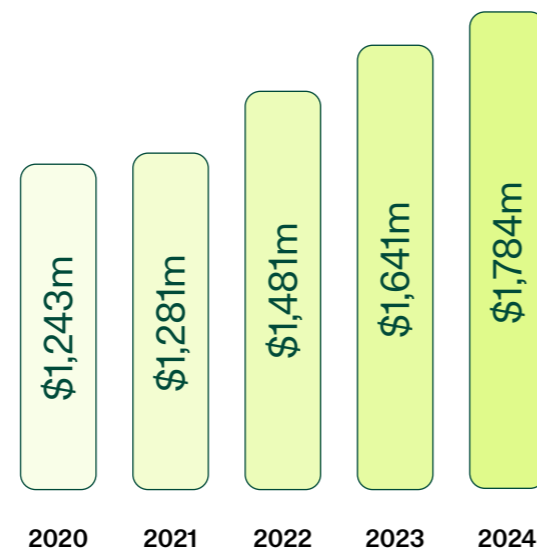


Group capital expenditure

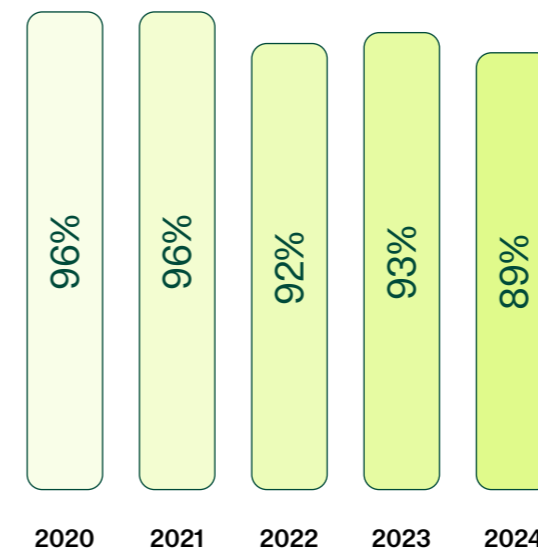


*2022 restated

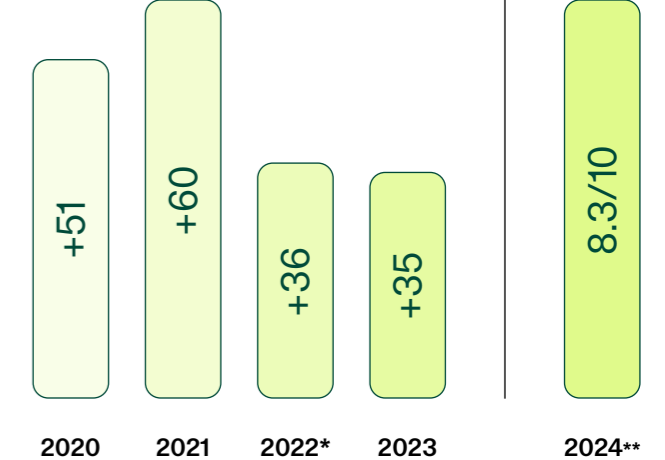
Total Group Assets



Residential customer satisfaction with reliability



Residential customer Net Promoter Score



*Methodology changed to provide a more representative sample of our community

**Methodology changed to Customer Perceptions score to provide us with better data

Our Leadership Team



Nigel Barbour
The Orion Group
Chief Executive



Sam Elder
GM Energy Futures



David Freeman-Greene
GM Future Network



Vaughan Hartland
Chief Financial Officer



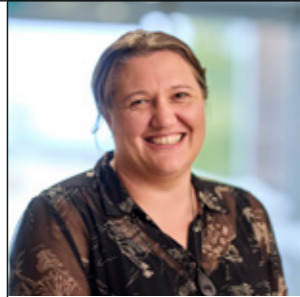
Steve Macdonald
GM Electricity Network



Duane Makin
GM Data, Digital
and Technology



John Thompson
Chief Executive of
Connetics



Alice van den Hout
GM Purpose and
Performance



Karen Wiese
Chief Governance Officer



Nick Wong
GM Growth and
Development



Our Board of Directors



Paul Munro
B.Com (Finance & Accounting),
FCA, CFInstD

Paul joined the Orion board for the second time as a director in February 2022 and was appointed as Interim Chair on 1 April 2022, and chair on 31 August 2022. He was Chief Executive of Christchurch City Holdings Limited for almost six years until March 2022. Prior to CCHL, Paul was a Corporate Finance Partner with Deloitte for 24 years. He was a director of Orion from 2012 to 2016, and is currently a director of EA Networks, Online Distribution, Lynn River, and MHV Water. He is a Chartered Accountant Fellow of CAANZ and a Chartered Fellow of the IoD.



Jen Crawford
BA (Hons), LLB, CFInstD

Jen was appointed as an Orion director in August 2021. She is a professional director with a background in resource management and infrastructure projects. Jen has governance experience in a range of sectors and practiced for more than 20 years as a specialist lawyer in New Zealand and the UK, including as a Partner at Anderson Lloyd. Jen is currently a director of ChristchurchNZ, Nelmac, MHV Water and Chair of Rangitata Diversion Race Management Limited. Jen is a Chartered Fellow of the IoD and a Barrister and Solicitor of the High Court of New Zealand.



Vena Crawley
MBA, BA

Vena was appointed as an Orion director in March 2024. He holds a number of governance roles and is currently a Non-Executive Director at Summerset Group, Independent board member on Te Whatu Ora sub-committee for People, Culture & Development, Chair of the Business School Advisory Board at Auckland University of Technology, a member of the IoD Pacific Governance Advisory Group and recently completed an extended term as the Future Director at The Warehouse Group.



Sally Farrier
BE (Hons), MBA, GDipAppFin

Sally was appointed as an Orion director in August 2020. She has more than 20 years' experience as non-executive director with specialist expertise in economic regulation and governance of energy, utilities and infrastructure. Sally is a director of AusNet Services Ltd which owns and operates an electricity distribution network in Victoria, Australia, and is a former director of Meridian Energy. She has served on Ministerial panels, determination and review bodies related to pricing, planning and reform. She is an active angel investor and was a member of the team that founded Patientrack in the early 2000s.



Jason McDonald
BE Elec (Hons), MBA (Technology Management)

Jason was appointed as an Orion director in August 2017 and is a director of Orion's subsidiary Connetics. He is an independent energy consultant and professional director. He is currently a director on the Clarus group of companies and is a director of Helios Energy and CentrePort. He was previously a director of Mevo, Top Energy and Red Bus. Jason has 30 years' experience in the energy sector including a number of executive roles at Meridian. He is a Chartered Member of the NZ Institute of Directors.



Mike Sang
BCA

Mike was appointed as an Orion director in August 2021. He has a finance background with a career in a variety of sectors including roles as CEO of Ngāi Tahu Holdings and CFO of PGG Wrightson. He is a professional director and has had a number of directorships with current roles including Government Super Fund Authority, BRANZ and Comvita. Mike is a Chartered Member of the IOD and a Chartered Accountant with CAANZ.

Audited financial statements



The Board of Directors is pleased to present the audited financial statements of Orion New Zealand Limited and its subsidiaries for the year ended 31 March 2024.

The Group's audited information includes financial statements and performance information.

Performance information comprises:

- Financial
- Facilitating decarbonisation and hosting capacity at lowest cost
- Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost
- Being a force for good in the communities we serve, enabling the net zero transition
- Creating the preferred workplace
- Health, safety and wellbeing

Authorised for issue on 20 June 2024.

For and on behalf of the Board of Directors:

Paul Munro,
Director

Mike Sang,
Director

Contents

Statement of comprehensive income	45
Statement of changes in equity	46
Statement of financial position	47
Statement of cash flows	48
Notes to the financial statements	50
Performance information	74
Independent audit report	84

Statement of comprehensive income

	Notes	2024 \$000	2023 \$000
Operating revenues	2	334,365	322,617
Operating expenses	3	(225,124)	(219,356)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		109,241	103,261
Depreciation, amortisation and impairment expenses	4	(62,605)	(57,162)
Earnings before net interest expense and tax (EBIT)		46,636	46,099
Interest income		301	38
Interest expense	5	(23,737)	(16,411)
Capitalised interest recovery	5	1,045	-
Net change in fair value of derivatives income	15	584	770
Subvention expense	21	(2,000)	(2,827)
Profit before income tax		22,829	27,669
Income tax expense	6	(11,234)	(6,051)
Net profit		11,595	21,618
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment	11	71,480	80,647
Deferred tax effect	6	(17,800)	(22,173)
Gain/(loss) on revaluation of carbon emissions units	10	106	(571)
Deferred tax effect	6	(30)	160
		53,756	58,063
Items that may be reclassified to profit or loss in future:			
Change in fair value of cash flow hedges gain	15	(9,453)	2,886
Deferred tax effect	6	2,647	(808)
		(6,806)	2,078
Other comprehensive income net of tax		46,950	60,141
Total comprehensive income		58,545	81,759

The accompanying notes form part of these financial statements

Statement of changes in equity

	Share capital \$000	Retained earnings \$000	Asset revaluation reserve \$000	Cash flow hedge reserve \$000	Carbon revaluation reserve \$000	Total Equity \$000
Balance as at 1 April 2022	105,000	476,941	195,305	14,642	741	792,629
Net profit	-	21,618	-	-	-	21,618
Other comprehensive income	-	-	58,474	2,078	(411)	60,141
Total comprehensive income	-	21,618	58,474	2,078	(411)	81,759
Transfers between reserves:						
Realised gain on disposal	-	532	(532)	-	-	-
Deferred tax on realised gain	-	(110)	110	-	-	-
Dividends paid	-	(32,000)	-	-	-	(32,000)
Balance as at 31 March 2023	105,000	466,981	253,357	16,720	330	842,388
Net profit	-	11,595	-	-	-	11,595
Other comprehensive income	-	-	53,680	(6,806)	76	46,950
Total comprehensive income	-	11,595	53,680	(6,806)	76	58,545
Transfers between reserves:						
Realised gain on disposal	-	1,014	(1,014)	-	-	-
Deferred tax on realised gain	-	(284)	284	-	-	-
Dividends paid	-	(25,000)	-	-	-	(25,000)
Balance as at 31 March 2024	105,000	454,306	306,307	9,914	406	875,933

The accompanying notes form part of these financial statements

Statement of financial position

	Notes	2024 \$000	2023 \$000
Current assets			
Cash and cash equivalents		802	585
Trade and other receivables	8	41,281	38,163
Inventories	9	17,837	20,675
Prepayments		4,997	3,964
Income tax	6	800	-
Interest rate swaps	15	10,405	1,451
Total current assets		76,122	64,838
Non-current assets			
Prepayments		1,644	695
Intangible assets	10	15,027	8,698
Property, plant and equipment	11	1,686,783	1,543,935
Interest rate swaps	15	4,621	23,220
Total non-current assets		1,708,075	1,576,548
Total assets		1,784,197	1,641,386
Current liabilities			
Trade and other payables	12	48,082	48,237
Borrowings and other liabilities	14	682	150,829
Income tax	6	-	906
Employee entitlements	13	9,099	8,740
Interest rate swaps	15	-	-
Total current liabilities		57,863	208,712
Non-current liabilities			
Borrowings and other liabilities	14	583,311	346,805
Employee entitlements	13	2,870	2,808
Interest rate swaps	15	1,256	2,032
Deferred tax	6	262,964	238,641
Total non-current liabilities		850,401	590,286
Shareholders' equity			
Share capital	16	105,000	105,000
Retained earnings		454,306	466,981
Reserves		316,627	270,407
Total equity		875,933	842,388
Total liabilities and equity		1,784,197	1,641,386

The accompanying notes form part of these financial statements

Statement of cash flows

	2024 \$000	2023 \$000
Cash flows from operating activities		
Receipts from customers	335,407	311,847
Interest received	300	37
Payments to suppliers and employees	(234,606)	(223,121)
Payments for interest and other finance costs	(23,816)	(16,065)
Payments for income tax	(3,800)	(7,826)
Subvention payment	(2,827)	-
Net cash provided from operating activities	<u>70,658</u>	<u>64,872</u>
Cash flows used in investing activities		
Proceeds from the sale of property, plant and equipment	583	488
Payments for property, plant and equipment	(124,312)	(108,647)
Payments for intangible assets	(7,666)	(2,505)
Payments for forestry investment	(321)	(247)
Net cash used in investing activities	<u>(131,716)</u>	<u>(110,911)</u>
Cash flows from financing activities		
Proceeds from bank loans	117,500	86,500
Proceeds from US Private Placement borrowing	200,000	-
Repayment of bank loans	(230,000)	(107,800)
Proceeds from intragroup borrowing	-	100,000
Repayment of lease liabilities	(1,225)	(687)
Dividends paid	(25,000)	(32,000)
Net cash provided from financing activities	<u>61,275</u>	<u>46,013</u>
Net increase/(decrease) in cash and cash equivalents	<u>217</u>	<u>(26)</u>
Summary		
Cash and cash equivalents at beginning of year	585	611
Net increase/(decrease) in cash and cash equivalents	217	(26)
Cash and cash equivalents at end of year	<u>802</u>	<u>585</u>

The accompanying notes form part of these financial statements

Statement of cash flows continued

	2024 \$000	2023 \$000
Reconciliation of net profit to net cash provided from operating activities		
Net profit	11,595	21,618
Adjustments		
Gain on disposal of property, plant and equipment	(269)	(123)
Property, plant and equipment disposed and written off	474	293
Impairment loss on revaluation	419	-
Impairment reversal of intangible assets	-	62
Impairment reversal of property, plant and equipment	96	-
Depreciation, amortisation and impairment of property, plant and equipment	61,616	56,807
Internal costs allocated to property, plant and equipment and intangible assets	(9,375)	(8,633)
Change in fair value of derivatives	(584)	(770)
Increase in deferred tax liability	9,141	646
Impairment of financial assets	474	(32)
Other	51	47
	<u>62,043</u>	<u>48,297</u>
Increase in assets		
Trade and other receivables	(3,118)	(19,786)
Inventories	2,838	(4,348)
Prepayments	(1,661)	(269)
Increase/(decrease) in liabilities		
Trade and other payables	197	20,763
Employee entitlements	421	1,017
Income tax	(1,657)	(2,420)
	<u>(2,980)</u>	<u>(5,043)</u>
Net cash provided from operating activities	<u>70,658</u>	<u>64,872</u>

The accompanying notes form part of these financial statements

Notes to the financial statements

1. Statement of accounting policies

Corporate information

Orion New Zealand Limited (the company) is a for-profit company incorporated in New Zealand under the Companies Act 1993 and the Energy Companies Act 1992. The consolidated financial statements are for the group comprising the company and its subsidiaries (Connetics Limited and Orion New Zealand Ventures Limited).

The group primarily operates in one segment – it owns and operates the electricity distribution network in Christchurch and Central Canterbury.

Statement of compliance

The financial statements comply with section 44 of the Energy Companies Act 1992. They also comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and with International Financial Reporting Standards.

Basis of financial statement preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purpose of complying with NZ GAAP, the group is a for-profit entity. The financial statements have been prepared on the basis of historical cost, except for certain financial instruments, land and buildings, and the electricity distribution network, which have been measured at fair value.

The capital expenditure commitment reported in Note 18 *Commitments* has been restated for the 2023 financial year. Detailed information about the restatement can be found in Note 18.

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

Significant judgements, estimates and assumptions

In applying the accounting policies, the group has made the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in these financial statements. The group regularly reviews these estimates and assumptions. Actual results may differ from the group's estimates and assumptions.

Electricity delivery revenue

The company invoices electricity retailers monthly for electricity delivery services on the basis of actual usage, later adjusted for more accurate metering data when it becomes available from the electricity wholesale market and from electricity retailers. The company has made an allowance in revenue and in current assets/liabilities for estimated amounts under/over charged during the reporting period. Because final metering data is not available for up to 12 months after the initial invoices to customers, the final amounts payable or receivable may vary from that initially invoiced.

Electricity distribution network valuation

The company owns and operates an extensive integrated electricity distribution network in Christchurch and Central Canterbury, comprising large numbers of individual network asset components.

The company values its electricity distribution network on a discounted cash flow basis. The company has adopted assumptions and estimates in its discounted cash flow valuation, including the amounts and timing of future cash flows and the relevant discount rate. Key assumptions are outlined in Note 11.

The Commerce Commission (the Commission) has authorised the company to implement specific network delivery price increases for the five years commencing 1 April 2020 consistent with the Commission's 2020-2025 Default Price-Quality Path (DPP). There is less certainty in forecasting the company's future revenue cash flows from 1 April 2025 as the company enters the subsequent DPP period, which will determine the allowable revenues and reliability limits that will apply from 1 April 2025 to 31 March 2030. The Commission released a draft DPP for the next five-year period on 29 May 2024 and a final decision is expected in November 2024.

The company acquires certain electricity distribution assets for less than their replacement cost, sometimes at nil cash cost. The company considers that the cash consideration for these assets represents fair value. Only the cash consideration generates additional future cash inflows under the regulatory price control regime.

The group estimates and eliminates intra-group profits in new electricity distribution network assets.

Notes to the financial statements continued

Land and buildings valuation

The company values its land and buildings using various valuation techniques, including sales comparisons and capitalisation of assessed market rentals for equivalent properties. Key assumptions are outlined in Note 11.

Capitalisation of costs and impairment

The group makes judgements about whether costs incurred should be capitalised or expensed. The group assesses whether individual assets or groups of related assets (which generate cash flows independently) are impaired by estimating the future cash flows that those assets are expected to generate. The group applies assumptions and estimates when assessing future cash flows and appropriate discount rates.

Other areas of judgement

Other areas of judgement include estimating: useful lives of assets, provisions for doubtful debts, unrecoverable work in progress, provisions for employee benefits, revaluation of interest rate swaps, income tax, deferred tax, and network reliability (SAIDI/SAIFI) measures.

Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in these financial statements:

(a) Basis of consolidation

A subsidiary is an entity that is directly or indirectly controlled by the company.

The consolidated financial statements are prepared by combining the financial statements of all group entities for the same reporting period, using consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising within the group, are eliminated in full.

(b) Revenue recognition

Revenues from contracts with customers primarily come from the provision of electricity delivery services, customer capital contributions, contracting services and the sale of goods and services.

Electricity delivery service revenue relates to the provision of electricity distribution services to both electricity retailers and directly contracted customers. Electricity retailer delivery services are performed on a daily basis and considered as a series of distinct services provided over time. Prices are regulated and retailers are charged through a combination of fixed charges and variable charges based on the quantities delivered. Revenue is recognised over time using an output method based on the actual delivery services provided on a daily basis.

In applying NZ IFRS 15 *Revenue from Contracts with Customers* to directly contracted customers, the group has determined that the individual construction contracts and individual delivery service agreements were negotiated as a package with a single commercial objective, to provide the required delivery capacity to the customer. The performance obligation has been assessed as being satisfied over time based on the duration of the contractual arrangement. The contract term is the period during which the parties have present and enforceable rights and obligations. A term of ten years has been determined based on the requirements of the contract and the group's business practice. The transaction price includes customer contributions and delivery charges based on an estimate of quantities delivered. Revenue is recognised over time based on an output method, as the performance obligation is satisfied on a straight-line basis over the term of the contract.

The group derives contracting service revenue from the construction and maintenance of overhead and underground lines for the delivery of utility and infrastructure services across New Zealand. The contracts are typically determined to have one single performance obligation which is integrated and is fulfilled over time.

However, some contracts can be entered into for a construction job including the supply of significant materials. In this case the group will identify the multiple performance obligations and allocate the total transaction price across each performance obligation based on stand-alone selling price. The transaction price is normally fixed at the start of the project. However, changes to job scope and bonuses or penalties, based on performance criteria, result in elements of variable consideration.

Notes to the financial statements continued

Revenue from contracting services where the output is easily measurable is recognised on the output method by reference to the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The output method is also used for maintenance contracts, where regular maintenance services are provided to a customer at regular intervals.

Revenue from all other contracting services is recognised on the measured input by reference to recoverable costs incurred during the financial year plus the percentage of forecast profit earned. Percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

The group derives revenue from supply and logistics services which require it to provide either a) a specified quantity of distinct goods or services or b) to make available an undefined quantity of goods or services over the duration of the contract period. There is typically one performance obligation (sale of goods). The contractual arrangement includes a requirement for the group to hold a certain level of inventory for a customer in which case there are two performance obligations (sale of goods and inventory/storage service). Revenue from the supply of goods is recognised at the point in time when sales are invoiced on despatch which is when the control of the goods has transferred to the buyer. Inventory/storage service recognises revenue over time.

Government grants are recognised where there is reasonable assurance that the grant will be received, and all associated conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(c) Capital contributions

Customer contribution revenue relates to contributions received from customers towards the cost of new assets, including connections and network extensions. The customer's supply of electricity is recognised separately, either interposed through a retailer or contracted directly, and is therefore not considered to impact the assessment of the customer or performance obligations of the connection contracts. Pricing is fixed and contributions are paid in advance for new connections. Capital contributions are recognised as revenue at the point in time of livening the connection to the network. Capital contributions that are refundable to customers are treated as a contract liability until refunded or applied.

The group also receives capital contributions from customers towards the relocation of existing assets and the construction of assets specific to that customer. Revenue is recognised over time on a contractual milestone basis.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money, unless it is specifically provided for in the construction contract.

Where distribution assets are constructed by electricity users and transferred to the group at below full replacement cost, the group recognises the transfer price as being fair value.

(d) Income tax

Income tax expense comprises current tax and deferred tax.

Current tax is the income tax payable based on the taxable profit for the current year, plus adjustments to income tax payable for prior years. Current tax is calculated using rates enacted or substantively enacted by balance date.

Deferred tax is recognised on temporary differences between the carrying values of assets and liabilities and the equivalent amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which the deductible temporary differences or tax losses can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the temporary differences will reverse.

Current tax and deferred tax are charged or credited to profit or loss. When deferred tax relates to items charged or credited to other comprehensive income, then deferred tax is recognised in other comprehensive income.

Notes to the financial statements continued

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset - an asset that takes a substantial period of time to get ready for intended sale or use and is of significant cost - are capitalised as part of the cost of that asset. The group calculates a weighted average funding cost to apply as it does not directly attribute incremental borrowings to specific capital projects. All other borrowing costs are expensed in the period in which they occur.

(f) Financial instruments

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

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss), and
- those to be measured at amortised cost

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

All financial instruments are initially recognised at fair value plus directly attributable transaction costs where applicable.

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 three 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are recognised in the statement of profit or loss
- **Fair Value through Other Comprehensive Income (FVOCI)** – assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest and measured at fair value, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method
- **Fair Value through Profit or Loss (FVPL)** – assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less impairment.

Financial liabilities at amortised cost consist of trade and other payables and borrowings. Financial liabilities at amortised cost are measured using the effective interest rate method. Due to their short-term nature, trade and other payables are not discounted.

The group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The fair value of derivatives is determined, pursuant to NZ IFRS 13 *Fair Value Measurement (Level 2)*, using valuation techniques and models where all significant inputs are observable.

Notes to the financial statements continued

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative, and they are only offset against each other if the group has a legal right of offset.

For the purpose of hedge accounting an interest rate swap is classified as a cash flow hedge when hedging the exposure to variability in cash flows that is attributable to movements in interest rates on existing or forecast debt. At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio in the hedge relationship is the same as the quantity of the hedged item and of the hedge instrument that the group actually uses for hedging purposes

The group designates all interest rate swaps as cash flow hedging instruments. Existing swaps with a non-zero value at designation will have a portion of ineffectiveness until their maturity. The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income (OCI), while any ineffective portion is recognised immediately in net profit. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item. The amount accumulated in OCI is reclassified to net profit as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. Prior to 31 March 2020 the group had not designated any derivatives as hedges for financial reporting purposes.

The group applies the NZ IFRS 9 *Financial instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on historical experience, external indicators and forward-looking information.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value, with an allowance for obsolescence where necessary. Net realisable value is the amount inventories are expected to realise in the ordinary course of business. Individual stock items are valued on a weighted average cost basis.

(h) Intangible assets

Computer software assets

Computer software assets have a finite life. Carrying values are amortised over their estimated useful lives, usually not exceeding three years. However, for significant projects, estimated useful lives may be assessed as up to ten years.

Carbon emissions units

The asset class, New Zealand Units (NZUs) purchased by the group are initially recognised at cost on the date of acquisition. NZUs have an indefinite useful life and are subsequently measured using a fair value model based on observable market prices. Any increase in the fair value of the NZUs is recognised in other comprehensive income and the carbon revaluation reserve to the extent that it does not reverse a previous impairment. Any decrease in the fair value of the NZUs is recognised in other comprehensive income to the extent that it does not exceed the carbon revaluation reserve for that asset.

The asset class, Verified Emission Reductions (VERs) are initially recognised at cost on the date of acquisition. VERs have no established secondary market and therefore are subsequently measured at cost. VERs have an indefinite useful life. At each balance date VERs are assessed for indicators of impairment. Any impairment loss is recognised as an expense. Cancelled VERs are recognised as an expense.

Notes to the financial statements continued

The group is aiming to achieve carbon neutrality for corporate emissions. The NZUs and VERs are held to offset corporate carbon emissions. Excess units may be sold if no longer required by the group.

(i) Property, plant and equipment

Property, plant and equipment acquisitions are initially measured at cost.

Land and buildings are measured at fair value, based on periodic independent valuations prepared by external valuers, which are based on comparable market sales, discounted cash flows or capitalisation of net income (as appropriate), less subsequent depreciation. Fair value is reviewed at the end of each reporting period to assess whether carrying value is materially different to fair value.

The electricity distribution network is measured at fair value based on a discounted cash flow methodology, using periodic valuations prepared by an external valuer or a management internal assessment. Fair value is reviewed at the end of each reporting period to assess whether the carrying value is materially different to fair value.

Any revaluation increase arising on the revaluation of land and buildings and the electricity distribution network is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A revaluation decrease is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve from previous revaluations of that asset.

Depreciation on property, plant and equipment, including freehold buildings, land improvements and right-of-use assets but excluding land, is charged to profit or loss.

Other plant and equipment and leasehold improvements are recognised at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. The cost of self-constructed assets includes the cost of materials and attributed direct labour.

Depreciation is calculated on a straight-line basis to write off the net cost, or other revalued amount of each asset, over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The main bases for the calculation of depreciation are periods generally not exceeding:

	Years		Years
Electricity distribution network	60	Cars and vans	5
Building structures	70	Trucks	10
Building services	30	Plant and equipment	15
Building fit-out	20	Computer equipment	3

Residual values for items of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying amount for an item of property, plant and equipment is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are included in profit or loss.

Notes to the financial statements **continued**

(j) Impairment of assets

The carrying amounts of the group's assets, other than inventory and deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent of other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The group's integrated electricity distribution network is treated as a single cash-generating unit for the purposes of impairment assessment.

The recoverable amounts are the higher of fair value (less costs to sell) or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Goodwill is tested for impairment annually, and whenever there is an indication that it may be impaired. An impairment of goodwill is not subsequently reversed.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the revaluation reserve related to that asset, with any remaining impairment loss expensed in profit or loss. If the impairment loss is subsequently reversed, the reversal is firstly applied to profit or loss to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve.

For assets which are not revalued, an impairment loss is expensed immediately in profit or loss. If an impairment loss is subsequently reversed, the carrying value of the asset is stated at not more than what its carrying value would have been had the earlier impairment not occurred.

(k) Right-of-use assets and lease liabilities

Leases are classified as leases of right-of-use assets whenever the lease terms transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments that are short-term or low value are recognised as an expense on a straight-line basis over the lease term.

Lease liability payments are allocated between expense and reduction of the lease liability over the term of the lease.

Capitalised right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

(l) New accounting standards and interpretations

No new accounting standards or interpretations that became effective for the year ended 31 March 2024 had an impact on the group.

Certain new accounting standards and amendments have been issued that are not mandatory for the year ended 31 March 2024 and have not been early adopted by the group. The group has assessed that these are not likely to have an effect on its financial statements.

(m) Change in accounting policies

The accounting policies detailed above have been applied in the preparation of these financial statements for the year ended 31 March 2024 and have been consistently applied throughout the year.

There have been no changes in accounting policies in comparison with the prior year.

Notes to the financial statements **continued**

	2024 \$000	2023 \$000
2. Operating revenues		
Revenue from contracts		
<i>Recognised over time</i>		
Electricity delivery services	238,033	230,080
Contracting services	51,825	56,838
Consumer capital contributions	156	156
<i>Recognised at a point in time</i>		
Sale of goods and services	18,878	15,088
Contracting services	2,691	318
Consumer capital contributions	5,309	3,314
Other income		
Transmission rental rebates received from Transpower	14,323	13,394
Ministry of Social Development wage subsidy	-	104
Gain on disposal of property, plant and equipment	144	-
Other	3,006	3,325
	334,365	322,617
3. Operating expenses		
Transmission	56,117	62,696
Transmission rental rebates passed to retailers	14,323	13,394
Employee benefits	78,839	69,625
Network maintenance	32,464	29,428
Operating lease payments	559	727
Other	42,822	43,486
	225,124	219,356
Employee benefits in 2024 are net of \$9.4m allocated to capital projects (2023: \$8.6m).		
4. Depreciation, amortisation and impairment expenses		
Depreciation of property, plant and equipment	58,527	54,077
Depreciation of right-of-use assets	863	847
Impairment loss on revaluation of property, plant and equipment	419	-
Impairment of property, plant and equipment	96	-
Impairment of intangible assets	-	62
Amortisation of intangible assets	2,226	1,883
Property, plant and equipment disposed and written off	474	293
	62,605	57,162
5. Interest expense		
Interest bearing floating rate debt	23,183	15,813
Lease liabilities	554	598
	23,737	16,411
Interest expense of \$1.0m was capitalised during 2024 (2023: nil). As the group does not borrow specifically for new projects, the weighted average interest rate attributable to all borrowings is applied to significant capital projects during construction. In 2024, the rate varied between 4.07% and 4.80%.		

Notes to the financial statements **continued**

	2024 \$000	2023 \$000
6. Income tax and deferred tax		
Income tax expense comprises:		
Current income tax charge	2,940	5,420
Adjustments to prior years	(846)	(15)
Temporary differences	3,912	646
Deferred tax expense from removal of depreciation on buildings	5,228	-
	11,234	6,051
Reconciliation of profit before income tax with income tax expense:		
Profit before income tax	22,829	27,669
Prima facie income tax expense calculated at 28%	6,392	7,747
Tax group loss offset in respect of current year	(1,440)	(2,035)
Other permanent differences	1,054	339
Deferred tax expense from removal of depreciation on buildings	5,228	-
Income tax expense	11,234	6,051

	Property, plant and equipment \$000	Derivatives \$000	Provisions \$000	Other \$000	Total \$000
Deferred tax liability					
Balance as at 1 April 2022	211,552	5,315	(2,483)	790	215,174
Charged/(credited) to income	86	216	(153)	497	646
Charged to other comprehensive income	22,173	808	-	(160)	22,821
Balance as at 31 March 2023	233,811	6,339	(2,636)	1,127	238,641
Charged/(credited) to income	8,483	164	(219)	712	9,140
Charged/(credited) to other comprehensive income	17,800	(2,647)	-	30	15,183
Balance as at 31 March 2024	260,094	3,856	(2,855)	1,869	262,964

The group's current income tax asset as at 31 March 2024 is \$0.8m (2023: \$0.9m liability). The asset mainly comprises the group's instalments of provisional income tax for the 2024 year due in the 2025 year, less the 2024 income tax expense.

The Orion consolidated tax group comprises the company, Connetics Limited and Orion New Zealand Ventures Limited for imputation credit account purposes.

The group's imputation credits available for use in subsequent reporting periods total \$14.5m as at 31 March 2024 (2023: \$12.4m), which includes the group income tax asset of \$0.8m (2023: \$0.9m liability).

Notes to the financial statements **continued**

	2024 \$000	2023 \$000
7. Remuneration of the auditor		
Audit of the financial statements – current year	363	338
Audit of the financial statements – prior year	-	33
Assurance services – current year	122	142
Assurance services – prior year	7	33
	492	546

Assurance services comprise assurance reviews of the company's annual default price-quality path (DPP) compliance statement and regulatory information disclosures.

8. Trade and other receivables		
Trade receivables and accruals	36,056	32,926
Contract assets	5,404	5,489
Allowance for impairment of trade receivables	(179)	(252)
	41,281	38,163

Trade receivables before allowance for impairment:

Current	34,193	31,833
1 month overdue	1,085	171
2 months overdue	220	218
3 months overdue	558	704
	36,056	32,926

9. Inventories		
Goods for sale	8,257	10,465
Electricity distribution network stock	9,801	10,467
Allowance for impairment	(221)	(257)
	17,837	20,675

Notes to the financial statements **continued**

	Computer software \$000	Carbon emissions units		Total \$000
		NZUs \$000	VERs \$000	
10. Intangible assets				
Gross carrying amount				
Balance as at 1 April 2022	12,573	978	340	13,891
Additions	3,315	-	-	3,315
Carbon credits transferred	-	5	-	5
Carbon credits cancelled	-	(11)	-	(11)
Emissions units retired	-	-	(40)	(40)
Disposals	(2,214)	-	-	(2,214)
Balance as at 31 March 2023	13,674	972	300	14,946
Additions	8,534	-	-	8,534
Carbon credits cancelled	-	(8)	-	(8)
Emissions units retired	-	-	(44)	(44)
Disposals	(1,390)	-	-	(1,390)
Balance as at 31 March 2024	20,818	964	256	22,038
Accumulated amortisation, impairment and revaluation				
Balance as at 1 April 2022	6,977	(1,031)	-	5,946
Disposals	(2,214)	-	-	(2,214)
Amortisation	1,883	-	-	1,883
Impairment	62	-	-	62
Revaluation loss through comprehensive income	-	571	-	571
Balance as at 31 March 2023	6,708	(460)	-	6,248
Disposals	(1,357)	-	-	(1,357)
Amortisation	2,226	-	-	2,226
Revaluation gain through comprehensive income	-	(106)	-	(106)
Balance as at 31 March 2024	7,577	(566)	-	7,011
Net book value as at 31 March 2023	6,966	1,432	300	8,698
Net book value as at 31 March 2024	13,241	1,530	256	15,027
Capital work in progress included above:				
As at 31 March 2023	1,721	-	-	1,721
As at 31 March 2024	6,767	-	-	6,767
Units held:				
As at 31 March 2023	-	26,522	24,874	-
As at 31 March 2024	-	26,376	21,482	-

Notes to the financial statements **continued**

	and land improvements at fair value \$000	distribution network at fair value \$000	Plant and equipment at cost \$000	Total \$000
Gross carrying amount				
Balance as at 1 April 2022	147,481	1,231,636	59,951	1,439,068
Additions	3,915	111,356	6,548	121,819
Disposals	(348)	(1,028)	(2,783)	(4,159)
Reclassified assets	292	-	(1,814)	(1,522)
Subsequent measurement of right of use asset	37	-	-	37
Revaluation	75	33,011	-	33,086
Balance as at 31 March 2023	151,452	1,374,975	61,902	1,588,329
Additions	708	123,226	8,407	132,341
Disposals	(457)	(747)	(2,127)	(3,331)
Subsequent measurement of right of use asset	83	-	(16)	67
Revaluation	2,496	13,736	-	16,232
Balance as at 31 March 2024	154,282	1,511,190	68,166	1,733,638
Accumulated depreciation and impairment				
Balance as at 1 April 2022	1,039	-	40,092	41,131
Disposals	-	68	(2,633)	(2,565)
Depreciation expense	2,281	47,506	5,137	54,924
Reclassified assets	(1,267)	-	(255)	(1,522)
Revaluation	-	(47,574)	-	(47,574)
Balance as at 31 March 2023	2,053	-	42,341	44,394
Disposals	-	(191)	(1,910)	(2,101)
Depreciation expense	2,313	51,796	5,281	59,390
Revaluation	(3,223)	(51,605)	-	(54,828)
Balance as at 31 March 2024	1,143	-	45,712	46,855
Net book value as at 31 March 2023	149,399	1,374,975	19,561	1,543,935
Net book value as at 31 March 2024	153,139	1,511,190	22,454	1,686,783
Capital work in progress included above:				
As at 31 March 2023	114	62,833	1,435	64,382
As at 31 March 2024	-	73,316	907	74,223

Notes to the financial statements continued

11. Property, plant and equipment continued

Electricity distribution network

The electricity distribution network, including substation buildings and easements, (the network) was revalued to fair value of \$1,440.7m as at 31 March 2024, based on a valuation range provided by independent valuer Deloitte Limited (as trustee for the Deloitte Trading Trust) (Deloitte), in accordance with NZ IAS 16 *Property, Plant and Equipment*, NZ IAS 36 *Impairment of Assets*, and NZ IRFS 13 *Fair Value Measurement*. Deloitte has significant experience in undertaking valuations of unlisted entities and assets for unit pricing, accounting and commercial purposes.

Including capital work in progress, Deloitte's valuation resulted in a total network valuation of \$1,514.0m. Of this total the fair value of easements as at 31 March 2024 of \$2.7m (2023: \$2.1m) is included in freehold land at fair value.

In the absence of an active market for the network, Deloitte calculated fair value using significant unobservable inputs (level 3, as defined in NZ IFRS 13). Deloitte used a Discounted Cash Flow (DCF) methodology. Deloitte based its cash flow forecasts on the company's cash flow forecasts and adjusted those forecasts to remove the impacts of expansionary growth on forecast future revenues, operating expenditure and capital expenditure, and to reflect Deloitte's estimates of the regulatory Weighted Average Cost of Capital (WACC) for RCP4 and RCP5.

Deloitte's key valuation assumptions were that:

- for the ten years ending 31 March 2034 estimated network revenues follow the Commerce Commission's building blocks approach, but exclude growth assumptions related to expansionary growth
- for the five years ending 31 March 2030 network revenues will be reset to achieve returns based on the new expected regulatory parameters - reset regulatory WACC - on regulatory investment value, adjusted for any known or estimated wash-up amounts carried forward from the current regulatory period
- the estimated DCF mid-point discount rate is 6.65% (nominal, post-tax). The discount rate is a matter of professional judgement. Deloitte has used the ten-year NZ government bond rate as at the valuation date as the basis of risk-free rate. This has been used in conjunction with a view of an appropriate post tax market risk premium. Deloitte has used the same level of asset beta and leverage to that set by the Commerce Commission for the five-year regulatory period commencing 1 April 2025.

Deloitte performed sensitivity analysis as follows. The sensitivities were calculated by flexing a single variable at a time, noting that in practice the variables are inter-related within the regulatory framework.

- a capital expenditure increase/(decrease) of 5% would decrease/(increase) fair value by \$50.8m/(\$50.8m)
- an operating expenditure increase/(decrease) of 5% would decrease/(increase) fair value by \$72.0m/(\$72.0m)
- a discount rate increase/(decrease) of 0.5% would decrease/(increase) fair value by \$132.0m/(\$158.1m)
- an increase/(decrease) in distribution revenue of 0.5% would increase/(decrease) fair value by \$18.7m/(\$18.7m)

At 31 March 2023 management updated a valuation prepared by Deloitte as at 31 March 2022 using revised cash flow forecasts and an identical methodology. The management team has an extensive background in valuation, finance, electricity regulation and financial modelling, and has a good understanding of the current regulatory and commercial environment.

Management used a mid-point nominal post-tax WACC of 6.0% and determined a fair value of \$1,314.7m for the electricity distribution network, including substation buildings and easements (the network).

Management's key valuation assumptions were that:

- for the ten years ending 31 March 2033 estimated network revenues follow the Commerce Commission's building blocks approach, but exclude growth assumptions related to expansionary growth
- for the two years ending 31 March 2025 network revenues will be below the company's Default Price-Quality Path (DPP) limit as a result of excluding expansionary revenue and expenditure

Notes to the financial statements continued

11. Property, plant and equipment continued

- for the five years ending 31 March 2030 network revenues will be reset to achieve returns based on expected regulatory parameters – a reset regulatory WACC on an updated regulatory investment value and reset regulatory opex, capex and revenue allowances
- the estimated DCF mid-point discount rate is 6.0% (nominal, post-tax). The discount rate is a matter of judgement. Management used the ten-year NZ government bond rate as at the valuation date as the basis of risk-free rate. This has been used in conjunction with a view of an appropriate post tax market risk premium. Management used the same level of asset beta and similar level of leverage to that set by the Commerce Commission for the five-year regulatory period which started on 1 April 2020.

Management performed sensitivity analysis as follows:

- a capital expenditure increase/(decrease) of 5% would decrease/(increase) fair value by \$40.1m/(\$40.1m)
- an operating expenditure increase/(decrease) of 5% would decrease/(increase) fair value by \$27.6m/(\$27.6m)
- a discount rate increase/(decrease) of 0.5% would decrease/(increase) fair value by \$64.0m/(\$67.3m)
- an increase/(decrease) in distribution revenue of 0.5% would increase/(decrease) fair value by \$9.1m/(\$9.1m)

Land and non-substation buildings

The majority of the company's land and non-substation buildings were revalued to fair value as at 31 December 2023, by John Pryor, in accordance with NZ IAS 16, NZ IAS 36, and NZ IFRS 13. John Pryor is a registered valuer and a director of Colliers International Limited. John Pryor used significant observable inputs (level 2, as defined in NZ IFRS 13).

John Pryor determined a fair value of \$146.8m for the parent company's land and non-substation building assets. He:

- selected a representative sample of the company's substation sites and valued land at those sites using sales comparisons and unit metre frontage methodologies (level 2). He compared his values with their respective rateable values and used these comparisons to develop standard site multipliers, which he applied to rateable land values for approximately 2,500 substation sites
- valued the company's head office land and building using a market rental assessment and a capitalisation rate of 6.75% and compared his result with recent market transactions (level 2)
- valued the company's Waterloo Road property using a market rental assessment and a capitalisation rate of 6.0% and compared his result with recent market transactions (level 2)

From 1 January 2024 the company processed asset additions at cost, removed assets on disposal and depreciated assets to determine carrying values as at 31 March 2024. John Pryor has confirmed that market movements between 31 December 2023 and balance date have not been material.

At 31 March 2023 the company reviewed the fair value of its land and non-substation buildings in accordance with NZ IAS 16, NZ IAS 36, and NZ IFRS 13. Based on a review by management which considered price movements in the prior twelve months in the residential, commercial and industrial sectors, Directors formed a view that the carrying value of the company's land and non-substation buildings was materially at fair value. The company's 31 March 2023 carrying values were largely based on John Pryor's valuation as at 31 March 2022, after allowing for additions, disposals and depreciation during the year to March 2023.

Minor land and building assets are carried at a combination of depreciated cost or government valuation totalling \$1.0m as at 31 March 2024 (2023: \$1.0m). The carrying value of freehold land also includes \$2.7m (2023: \$2.1m) of easements, valued as part of the electricity distribution network.

Notes to the financial statements continued

11. Property, plant and equipment continued

Asset impairment

As at 31 March 2024 the company considered whether any assets showed indicators that their carrying value should be impaired. No indications of impairment were identified. Of note:

- the carrying value of the company's electricity distribution network and substation buildings are materially in line with the Regulatory Asset Base (RAB) allowed by the New Zealand Commerce Commission. The RAB is a key determinant of the cash flows that assets generate
- land and non-substation buildings were reviewed and revalued, as described above
- other assets are sold at market values close to their carrying value and are not material to overall carrying values.

Restrictions over title

There are no restrictions over the title of the group's property, plant and equipment, nor is any property, plant and equipment pledged as security for liabilities.

	2024 \$000	2023 \$000
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Right-of-use assets

Right-of-use assets are included in property, plant and equipment at fair value as follows:

• Electricity distribution network	7,761	7,966
• Buildings and land improvements	1,323	2,137
• Plant and equipment	-	26

Additions to right-of-use assets were:

• Buildings and land improvements	-	-
• Plant and equipment	-	-

The remeasurement of a lease liability during the year ended 31 March 2024 resulted in a decrease of \$5,741,000 in the carrying value of the associated right-of-use asset (2023: increase of \$37,000).

Other assets

Other assets are carried at cost less accumulated depreciation. The group undertakes an annual impairment test for non-revalued assets and has determined that these assets are not impaired.

Notes to the financial statements continued

	2024 \$000	2023 \$000
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12. Trade and other payables

Trade payables and accruals	39,419	39,046
GST payable	313	124
Subvention payable	2,000	2,827
Other	6,350	6,240
	<u>48,082</u>	<u>48,237</u>

The group has liabilities which relate to service agreements with Transpower New Zealand Limited (Transpower) for Transpower to install new assets at or near its local grid exit points at Norwood. The asset was commissioned in October 2023, with payments deferred until 1 April 2024. At 31 March 2024, the Transpower Works Agreement has a remaining term of 30 years. The group does not own the assets at the end of the service term. There is no security provided for the arrangement. The payment amounts are reviewed periodically by Transpower based on prevailing interest rates and agreed margins. At 31 March 2024, a liability of \$1m has recognised in trade payables and accruals as the liability and transmission expenses are spread over the 40-year expected useful life of the asset. The payment amounts will be paid monthly over the 30-year term of the Transpower Works Agreement, and any difference between the liability and payments will be recognised as a prepayment and released over the 40-year expected useful life of the asset.

13. Employee entitlements

Current	9,099	8,740
Non-current	2,870	2,808
	<u>11,969</u>	<u>11,548</u>

Employee entitlements include a provision for employee long service leave. Key assumptions in the actuarial assessment of the provision as at 31 March 2024 include the risk-free rate 4.64% to 4.65% (2023: 4.2% to 4.3%) and salary inflation 3.94% to 4.00% (2023: 4.3% to 4.9%), and an assessment of the probability of employees receiving each long service leave entitlement.

14. Borrowings and other liabilities

Current

Lease liabilities	682	829
Bank loans	-	150,000
Total current borrowings	<u>682</u>	<u>150,829</u>

Non-current

Lease liabilities	8,611	9,605
Bank loans	134,700	97,200
Intra Group Funding Facility loans	100,000	100,000
US Private Placement floating rate notes	340,000	140,000
Total non-current borrowings	<u>583,311</u>	<u>346,805</u>

The group has lease liabilities which relate to agreements with Transpower New Zealand Limited (Transpower) for Transpower to install new assets at or near its local grid exit points, and for the lease of properties in the Wellington and Central Otago areas. At 31 March 2024, the Transpower agreements have remaining terms of between one and 24 years (2023: between two and 25 years). The group does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amounts are reviewed periodically by Transpower based on prevailing interest rates and agreed margins.

Notes to the financial statements continued

	Minimum future lease payables		Present value of minimum future lease payables	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000
14. Borrowings continued				
Lease liabilities				
No later than one year	1,174	1,306	682	829
Later than one year and not later than five years	3,367	3,838	1,625	1,914
Later than five years	11,313	13,308	6,986	7,691
Minimum lease payments	15,854	18,452	9,293	10,434
Less future finance charges	(6,561)	(8,018)	-	-
Present value of minimum lease payments	9,293	10,434	9,293	10,434
Current			682	829
Non-current			8,611	9,605
			9,293	10,434

15. Financial instruments

Exposures to interest rates, foreign currency, liquidity and credit risk arise in the normal course of the group's business. The group has policies to manage the risks associated with financial instruments. The significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

Capital management

The group's capital includes share capital, reserves and retained earnings. The group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors regularly reviews the group's policies in respect of the management and allocation of capital. There has been no material change to the group's management and allocation of capital during the year.

All bank loans are unsecured against the group. The group provides certain covenants to its key lenders, by way of a negative pledge deed, that it will not create any material security interest over its assets to any party, except under certain agreed circumstances. The deed has other covenants that restrict certain asset disposals, the lending of money to other parties, non-commercial transactions with related parties, the alteration of share capital where this would have a material adverse effect and any material change of business. The deed includes an EBITDA interest coverage requirement and an obligation that the guaranteeing group will comprise at least 75% of the group in terms of assets and earnings. The deed places other undertakings and obligations on the company – for example the obligation to provide relevant lenders with information, comply with the law and to pay taxes as they fall due. The company has complied with all covenants during the two years ended 31 March 2024.

The Intra Group Funding Facility loans are unsecured against the group. The loan facility agreement with Christchurch City Holdings Limited (CCHL) has terms which are substantially similar to those in the negative pledge deed referred to above. The loan agreement was executed 30 August 2022.

The US Private Placement floating rate notes are unsecured against the group. The Note Purchase agreement with the US investors has terms which are substantially similar to those in the negative pledge deed referred to above. The company has complied with all terms of the agreement during the two years ended 31 March 2024.

All interest-bearing bank loans, Intra Group Funding Facility and US Private Placement debt and lease liabilities are in New Zealand dollars.

Liquidity risk management

Liquidity risk represents the risk that the group may not be able to meet its financial contractual obligations. Prudent liquidity risk management implies maintaining sufficient cash, sufficient committed credit facilities and the ability to close out market positions.

Notes to the financial statements continued

15. Financial instruments continued

The group manages its liquidity in accordance with its board-approved treasury policy. This policy requires that the group must ensure that prudent levels of committed funding facilities are in place at all times, using management's best overall judgement in conjunction with the board, and based on prudent cash flow forecasts.

The group generates sufficient cash flows from its operating activities to meet its contractual obligations and it has sufficient funding arrangements in place to cover potential shortfalls. The group evaluates its liquidity requirements on an ongoing basis. The group's current forecasts for its debt/debt-plus-equity and its interest coverage indicate that it will maintain its financial ability to meet its contractual obligations for the foreseeable future, at least for the next 12 months.

	2024 \$000	2023 \$000
Unsecured bank overdraft facility, payable at call:		
Amount used at reporting date	-	-
Amount unused at reporting date	500	500
	500	500

Unsecured bank loan facilities as at 31 March 2024 mature as follows:

\$75m on 20 September 2025

\$100m on 31 July 2026

Amount used at reporting date	134,700	247,200
Amount unused at reporting date	40,300	57,800
	175,000	305,000

Unsecured CCHL Intra Group Funding Facility floating rate notes as at 31 March 2024 mature as follows:

\$150m on 30 June 2038

Amount used at reporting date	100,000	100,000
Amount unused at reporting date	50,000	50,000
	150,000	150,000

Unsecured US Private Placement floating rate notes as at 31 March 2024 mature as follows:

\$45m on 20 September 2028

\$95m on 20 September 2030

\$100m on 22 November 2033

\$100m on 22 November 2035

Amount used at reporting date	340,000	140,000
Amount unused at reporting date	-	-
	340,000	140,000

Notes to the financial statements continued

15. Financial instruments continued

Interest rate risk management

The group has interest bearing floating rate debt, and so the group is exposed to variations in market interest rates.

Interest rates on the group's bank loans are based on market rates for bank bills plus a margin. As at 31 March 2024, interest rates (including margins) on the group's bank loans averaged 6.52% (2023: 5.83%). Daily commitment fees are also payable on the bank loan facilities.

Interest rates on the group's Intra Group Funding Facility floating rate loans are based on market rates for bank bills plus a margin. As at 31 March 2024, interest rates (including margins) on the company's intra group funding facility loans averaged 6.71% (2023: 6.20%).

Interest rates on the group's US Private Placement floating rate notes are based on market rates for bank bills plus a margin. As at 31 March 2024, interest rates (including margins) on the group's floating rate notes averaged 7.41% (2023: 6.70%).

Interest rates on the group's Transpower lease liabilities are at rates set by Transpower plus, for some contracts, a margin. As at 31 March 2024, interest rates on the group's Transpower lease liabilities averaged 5.71% (2023: 5.75%).

Interest rates on the group's property lease liabilities are assessed at the incremental borrowing rate for the entity at inception of the lease. As at 31 March 2024, interest rates on the group's property lease liabilities averaged 4.66% (2023: 7.25%).

The group's other financial liabilities are non-interest bearing.

The group enters into interest rate swaps to manage the company's interest rate risk based on the five-year regulatory price reset periods (regulatory hedge strategy). The group aims to hedge as close as practicable to 80% of each year's forecast average interest-bearing debt for each regulatory period. This approach creates an effective partial hedge between the group fixing interest costs on the majority of its forecast debt and the Commerce Commission fixing regulatory WACC and applying that to the company's forecast regulatory asset value during the five-year regulatory period.

The swaps are with various New Zealand registered bank counterparties with such credit ratings and within limits set by the Board of Directors. The swaps' cash requirements are limited to the contracted fixed interest rates for the periods specified in each swap. The group usually enters swaps for periods of up to six years in tenor.

Under interest rate swap contracts, the group agrees to pay fixed interest rates and to receive floating interest rates, calculated on agreed notional principal amounts for specified periods. The swaps effectively convert portions of floating rate debt into fixed rate debt. All swaps are held by the company. These swaps are designated as cash flow hedges. There is an economic relationship between the interest rate swaps and the group's debt as the terms of the interest rate swaps match the terms of the debt, as regards notional amounts and interest reset dates. The group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swaps contracts are identical to the risks of the debt and are expected to move in opposite directions. To test the hedge effectiveness, the group uses the hypothetical derivative / match terms method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. The group expects that its hedges will be highly effective, however some ineffectiveness may arise from the credit value adjustment of the bank counterparty and from existing swaps with a non-zero value at designation during the period to maturity of those swaps.

The fair values of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below.

Notes to the financial statements continued

15. Financial instruments continued

Outstanding interest rate swaps as at the reporting date:

Swap maturity dates	Average contracted fixed interest rates	Notional principal swap amounts		Carrying value asset/(liability)	
		2024 \$000	2023 \$000	2024 \$000	2023 \$000
December 2023	2.5	-	70,000	-	1,451
March 2025	1.3	265,000	265,000	10,405	15,894
April 2025	1.5	100,000	100,000	4,621	7,326
April 2027	4.8	150,000	150,000	(1,256)	(2,032)
		515,000	585,000	13,770	22,639

Disclosed as:

Current assets	10,405	1,451
Non-current assets	4,621	23,220
Non-current liabilities	(1,256)	(2,032)
	13,770	22,639

Change in fair value recognised in:

Profit and loss income	584	770
Other comprehensive income	(9,453)	2,886
	(8,869)	3,656

The group manages its liquidity in accordance with its board-approved treasury policy. This policy requires that the group must ensure that prudent levels of committed funding facilities are in place at all times, using senior management's best overall judgement in conjunction with the board, and based on prudent cash flow forecasts.

The group considers that a reasonably possible movement in New Zealand interest rates is a 1% movement in either direction. The group assesses that the impact on the fair value of interest rate swaps which hedge bank loans, Intra Group Funding Facility loans and USPP floating rate notes is as follows:

	2024 \$000	2023 \$000
Increase of 1% in interest rates as at reporting date		
Increase in profit before income tax	-	-
Increase in other comprehensive income	6,605	10,082
Decrease of 1% in interest rates as at reporting date		
Decrease in profit before income tax	-	-
Decrease in other comprehensive income	6,864	10,401

When interest rates rise, the benefit from the revaluation of the group's multi-year interest rate swaps outweighs the additional one-year interest expense on the company's floating rate debt. The converse applies when interest rates decrease. For the group's other financial assets and liabilities, an increase/decrease of 1% in interest rates would have an immaterial impact on the group's profit before income tax.

Notes to the financial statements **continued**

15. Financial instruments **continued**

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the group. Financial instruments that potentially subject the group to concentrations of credit risk consist of cash, short term investments, trade receivables and derivative financial instruments.

The group places its cash, short term investments and derivative financial instruments with registered New Zealand banks. Only independently rated banks with a minimum Standard & Poor's (or equivalent) credit rating of 'A' or better are accepted. The group limits the credit exposure to any one bank in accordance with its board-approved treasury policy.

The group manages its exposure to credit risk from trade receivables by performing credit evaluations on customers requiring credit wherever practicable and monitoring credit exposures to individual customers. There are no significant concentrations of credit risk within trade receivables. Trade receivables are non-interest bearing. The carrying value of trade receivables approximates their estimated fair value.

Pursuant to the electricity participation code, the group may only require collateral securities from its electricity retailer customers if those customers do not have a Standard & Poor's (or equivalent) minimum credit rating of 'BBB-minus'. The group invoices electricity retailers and its direct major customers by the 10th working day of the month following the month of usage with payment due on the 20th of that month. Invoiced amounts are subject to subsequent adjustments for later more accurate metering data as outlined under critical judgements, estimates and assumptions in Note 1. Collateral security is not generally required from the group's other customers.

Bad debts written off mostly relate to debtors who have damaged the company's electricity distribution network assets. The company enters arrangements with some of these debtors to allow them to pay their debts off over time. These rearranged debts form the majority of the 'three months overdue' category in Note 8.

The maximum exposure to credit risk for bank balances, accounts receivable and derivative financial instrument assets is equal to the carrying values of these assets.

Carrying values of financial instruments

Cash and cash equivalents, trade and other receivables, trade payables and borrowings are measured at face value less impairment.

The group uses observable market prices and discounted cash flow techniques to calculate the fair value of its interest rate swaps. The discount rate used is based on the applicable market swap curve. This is the 'level 2' valuation category as described in NZ IFRS 13.

16. Share capital

At 31 March 2024, the group has 70 million fully paid ordinary shares on issue with a par value of \$1.50 per share, total \$105m (2023: \$105m).

17. Information about subsidiaries

Connetics Limited is a contractor in the electricity distribution and utility sectors. The company has owned a 100% equity interest in Connetics since April 1996.

Notes to the financial statements **continued**

	2024 \$000	2023 \$000
18. Commitments		
Capital expenditure*	36,788	43,506
Operating leases	130	74

Most commitments are expected to be incurred in the next financial year.

* Prior year restatement

The 2023 capital expenditure results have been restated from \$69,866,000. The company identified that \$31,347,000 in future contributions related to the design and construction of the Transpower-owned 220kV substation at Norwood ("grid exit point assets") had been incorrectly included as a capital expenditure commitment. The contributions the company will make under this agreement are in exchange for delivery of services over time rather than for acquisition of property, plant and equipment., and should not have been disclosed within capital expenditure commitments. In addition, \$4,987,000 in relation to the construction of the company-owned 66kV substation at Norwood had been excluded from capital commitments. The net effect is that capital expenditure commitments for the 2023 year was overstated by \$26,360,000.

19. Contingent assets and liabilities

Performance bonds	1,333	1,303
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The expiry dates for the performance bonds range from 2025 to 2030 depending on the specific terms and conditions of their respective contracts (2023: 2024 to 2029).

Revenue above and below maximum allowable revenue

The group is permitted to receive a Maximum Allowable Revenue (MAR) for its electricity distribution services under the Commerce Commission's default price path regime. Due to differences between quantity estimates and CPI estimates used in price setting and actual quantities and actual CPI during the year ended 31 March 2024, the group estimates that it charged customers \$12.26m below its MAR (2023: estimated \$13.35m below MAR). This amount is still subject to wash-ups as improved information becomes available. The group will adjust the final amount plus interest when it sets delivery prices for the year ending 31 March 2026 (2023: recovered within delivery prices in the year ending 31 March 2025).

Other than the potential issues above, the group had no significant contingent assets or liabilities as at 31 March 2024 (2023: nil).

20. Significant events after balance date

The group is not aware of any other significant events between the preparation and authorisation of these financial statements on 20 June 2024.

Notes to the financial statements continued

21. Related party transactions

Group structure

The parent is Orion New Zealand Limited, which is owned by Christchurch City Holdings Limited (CCHL) (89.275%) and the Selwyn District Council (SDC) (10.725%). CCHL is owned by the Christchurch City Council (CCC).

Related parties include:

- subsidiaries (Connetics Limited and Orion New Zealand Ventures Limited)
- CCC and SDC
- the subsidiaries of CCC and SDC
- the group's key management personnel

The group undertakes many transactions with the CCC and SDC and their related parties, which are carried out on a commercial and arms-length basis. The group utilises the Electricity Act 1992 and historical arrangements to determine the capital contributions required from CCC and SDC towards underground conversion and asset relocation projects. These contributions may not recover all costs incurred. No material transactions, other than the payment of dividends to CCHL and SDC and subvention payments payable to CCC, were entered into with related parties during the year. The group's dividend policy is outlined in its FY25 Statement of Intent approved by the Orion Board on 20 June 2024.

Other transactions involving related parties

Some members of the CCC group are grouped for tax purposes. As a nominated member of the CCC group, the group intends to reduce part of its current year income tax liability by making a subvention payment of \$2,000,000 payable to CCC (2023: \$2,827,000) and tax loss offset of \$5,143,000 (2023: \$7,269,000).

The group paid directors' fees totalling \$413,000 during the year ended 31 March 2024 (2023: \$425,000). No directors received retirement gifts during the year ended 31 March 2024 (2023: nil). No other transactions were entered into with any of the group's directors, other than the payment of directors' fees and the reimbursement of valid company-related expenses such as travel costs to board.

Key management personnel are defined as:

- the company's directors (refer above for directors' fees)
- the Group Chief Executive and the integrated leadership team (ILT) (refer below for compensation)

No key management personnel purchased goods and services from the group during the year ended 31 March 2024 (2023: nil). A total of nil was due from key management personnel as at 31 March 2024 (2023: nil). All transactions were conducted on standard commercial terms, except as noted above.

	2024 \$000	2023 \$000
Group Chief Executive and ILT personnel compensation		
Salaries and short-term employee benefits	4,066	3,847
Post-employment benefits	97	91
	4,163	3,938

The total key management personnel compensation for the year ended 31 March 2024 was \$4,576,000 (2023: \$4,363,000). All director remuneration is considered short-term employee benefits.

Notes to the financial statements continued

	2024 \$000	2023 \$000
21. Related party transactions continued		
Transactions during the year		
Dividends paid to CCHL and SDC	25,000	32,000
Subvention expense payable to CCC	2,000	2,827
Group loss offset	5,143	7,269
Subvention expense paid to CCC	2,827	-
CCHL Intra Group Funding Facility interest expense	6,628	1,335
Purchases from CCC/SDC	5,660	5,252
Underground conversion and asset relocation contributions from CCC/SDC	1,455	777
Other sales to CCC/SDC	10,103	8,238
Purchases from subsidiaries for network related services	84,967	69,184
Sales to subsidiaries (including interest and excluding rent and reimbursements of payments made on behalf of the subsidiaries)	1,646	1,251
Rent of premises to subsidiary	1,901	1,901
Purchases from other related parties	628	579
Sales to other related parties	2,594	4,411
Outstanding balances as at 31 March		
Accounts payable to CCC/SDC	18	9
Subvention payable to CCC	2,000	2,827
Group loss offset payable to CCC	5,143	7,269
CCHL Intra Group Funding Facility	100,000	100,000
CCHL Intra Group Funding Facility interest expense payable	220	204
Accounts receivable from CCC/SDC	2,237	1,352
Accounts payable to subsidiaries	10,261	12,869
Accounts receivable from subsidiaries	192	207
Accounts payable to other related parties	-	-
Accounts receivable from other related parties	69	710
Loans outstanding from subsidiaries	13,037	17,478
Commitments for capital expenditure		
Contracts with subsidiary	16,157	18,275

Performance targets – Financial

	Notes	Actual 2024	Target 2024	Actual 2023
Profitability				
FFO over debt (%)	3	12.9%	13.2%	15.7%
Debt over Regulatory Asset Base (RAB) (%)	3	37%	39%	34%
Interest cover ratio (EBITDA / Interest)		4.6x	4.9x	6.3x
Profit after tax (\$m)	1,2	11.6	16.0	21.6
Dividends (\$m)	21	25	25	32
Indexation increase in RAB (\$m)	4	56.0	56.0	86.7
Total Shareholder Return (%)		9.6%	9.4%	15.0%
Supplementary performance measures				
Electricity delivery revenue (\$m)	1,2	238	237	230
Earnings before interest and tax (\$m)		46.4	51.3	46.1
Interest cover ratio (EBIT / Interest)		2.0x	2.0x	2.8x
Debt over (Debt + equity) (%)	3,4	40%	41%	37%
Equity to total assets (%)		49%	48%	51%
Return on equity (PAT / Average Equity) (%)		1.5%	1.9%	2.6%
Return on assets (PAT / Average Assets) (%)		0.7%	1.0%	1.4%

Performance targets – Financial continued

	Variances post-tax \$m
Note 1	
Net profit after tax was \$4.4m below the Statement of Intent target because of:	
Below budget impairment expense	7.5
Below budget interest expense and capitalised interest	3.0
Deferred tax expense from removal of building tax depreciation	(5.2)
Below budget capital contribution income	(5.0)
Above budget operating expenses – notably network maintenance	(2.4)
Other (net)	(2.3)
	<u>(4.4)</u>
Note 2	
Net profit after tax was \$10.0m below last year's profit because of:	
Increase in delivery gross margin	10.5
Deferred tax expense from removal of building tax depreciation	(5.2)
Higher interest expense (net of capitalised interest)	(4.1)
Higher depreciation expense – due to significant capital expenditure and our March 2023 revaluation	(3.7)
Higher operating expenses – in part due to a significant CPI increase	(8.0)
Other (net)	0.5
	<u>(10.0)</u>
Note 3	
Debt is defined as interest bearing group borrowings, net of cash and cash equivalents. Equity is defined as shareholders' equity.	
Note 4	
These measures are impacted by the revaluation of property, plant and equipment.	

Performance targets – Facilitating decarbonisation and hosting capacity at lowest cost

	Actual 2024	Target 2024	Actual 2023
Network Transformation			
RAB/Maximum System Coincident Demand Note: better performance is that less RAB/MW of system coincident demand	>= Mid Quartile	>= Lower Quartile	>=Mid Quartile
Low Voltage network visibility % of transformers monitored across the LV network (SAIFI)	9%	9%	6%
Accuracy of operational/day ahead load forecast used for network peak demand management	>=80%	>=80%	>85%
Maximising Flexibility			
Market led flexible capacity: number of sites we assess the feasibility of flexibility	3 zone substation sites	4 zone substation sites	New measure
Number of sites we take to tender for flexibility services	1	2 (including Lincoln)	New measure

Network Transformation

Through our Network Transformation Roadmap and programme, we aim to enable and support our community to sustainably transition to a low carbon economy. Specifically, this is ensuring our customers can take advantage of new low-carbon technologies and providing them with greater freedom to manage their energy use to achieve their decarbonisation goals.

To enable this, our FY24 priorities were focused on better network efficiency (RAB/Max system demand), network visibility and understanding (LV monitors deployed) and systems that enable us to manage peak demand (accuracy of day ahead forecasts) and dynamically operate the network.

Maximising Flexibility

The transition towards net-zero emissions is driving a need for more demand-side flexibility to support the integration of intermittent renewables and improve utilisation of electricity networks. Existing approaches to flexibility, such as ripple relays and peak period pricing, are crucial to system security and help manage cost to customers. However, Orion is committed to maximising opportunities for flexibility by exploring new approaches, such as flexibility services and innovating distribution pricing.

Performance targets – Investing to maintain a safe, reliable, resilient network at lowest total lifecycle cost

	Actual 2024	Target 2024	Actual 2023	Industry weighted average 2023
Regulatory Measures				
Duration of supply interruptions in minutes per year per connected customer (SAIDI)				
• planned	24.09	39.68	25.93	-
• unplanned	60.86	84.71	43.37	-
• total SAIDI	84.95	124.39	69.30	495.16
Number of supply interruptions per year per connected customer (SAIFI)				
• planned	0.0775	0.1496	0.0731	-
• unplanned	0.6306	1.0336	0.5059	-
• total SAIFI	0.7078	1.1832	0.5790	2.33

Notes:

- The SAIDI and SAIFI network reliability targets are regulated limits. Natural disasters and other major events can cause significant numbers and/or durations of network supply interruptions. The future occurrence and/or severity of these events cannot be predicted.
- SAIDI and SAIFI are standard industry measures of network reliability performance. They include planned and unplanned interruptions but exclude interruptions that are caused by electricity generators or Transpower or are caused by the low voltage (400V) network, or last for less than one minute.

	Actual 2024	Target 2024	Actual 2023
Resilience of our rural and urban network			
Construction of Norwood Grid Exit Point	Complete	Complete	Underway
Construction of Dunsandel to Norwood 66kV line	Complete	Complete	New Measure
Construction of Brookside to Norwood 66kV line	Underway	Underway	New Measure
Milton zone substation and replacement of 66kV cables from Milton to Bromley	Due June 2024	Complete	Underway

Milton zone Substation

We have progressed well, with all civil works in Brougham Street now complete. We are slightly behind on time with completion expected at the end of June 2024, due to consenting delays.

Performance targets – Being a force for good in the communities we serve, enabling the net zero transition

	Actual 2024	Target 2024	Actual 2023
Collaborative local energy planning			
Local future energy scenarios published	Complete	Complete	Complete
Empowering our customers and communities			
Net Promoter Score	N/A	>40	35
Reducing the environmental impact of our operations			
Group operational carbon emissions (tCO2e)*	3,174	2,620	3,363
Planting of native forest in partnership with Wairewa Rūnanga	50,000 seedlings planted	45,000 seedlings planted	21,000 seedlings planted

*Figures based on REC (Renewable Energy Certificate) calculation. Location-based emissions for FY24 totalled 3,278 tCO2e

Collaborative Local Energy Planning

Orion engaged and collaborated with national and local stakeholders on the development and modelling of Future Energy Scenarios. The Orion Group Future Energy Scenarios 2024 report, and related content was published online on the Orion website in August 2023.

Empowering our customers and communities

We did not measure Net Promoter Score (NPS) during FY24. Our research specialists, Research First, advised that NPS measures customer loyalty, and without direct competitors it is not as useful a metric as measuring customer experience. We altered the survey to report Customer Experience, which encompasses:

- Rating the ease of doing business with us
- Rating the services rendered

This included questions to understand our customers' levels of satisfaction with our service, their views on our network reliability, their level of trust in Orion, and awareness of the services we offer. These give us broader, more useful measures of how satisfied our customers are.

We interviewed 773 customers across urban and rural areas, as well as businesses. The key findings are:

- 89% satisfied with reliability
- 78% believe Orion is trustworthy
- 8.3/10 satisfaction with Orion (30% of respondents gave a score of 10/10)
- 8.9/10 rating of ease of doing business with us
- 8.8/10 rating of service received

Performance targets – Being a force for good in the communities we serve, enabling the net zero transition **continued**

Reducing the environmental impact of our operations

- Reduce the environmental impact of our operations
- Collaborate with our local authorities and stakeholders on regional decarbonisation plans
- Play a proactive role, working with other trusted organisations, to support our customers to close the “knowledge gap” on how they can move to a more energy efficient and greener way of living
- Foster and promote energy efficiency

A locally led energy transition is key to delivering net zero in the cheapest and most effective way possible, with more local support, better tailoring to local needs, and economic and social benefits. Given the role of electrification in decarbonisation, we will need to increase our collaboration and alignment with local stakeholders to build our understanding of customer and community needs on their energy transition journey. Our stakeholder NPS and depth of connections with our communities and customers allow us to track how successful we are.

Reducing the environmental impact of our operations

	FY24 target	FY24 actual
Group operational carbon emissions	2,620 tCO2e	Location based: 3,278 tCO2e With RECs: 3,174 tCO2e
Planting of native forest in partnership with Wairewa Rūnanga	45,000 seedlings planted	50,000 seedlings planted

Approach to measurement and reporting

Organisational boundaries are set with reference to the methodology described in the Green House Gas (GHG) Protocol and ISO 14064:2018 standards. We use an equity share consolidation approach. This approach includes consolidating emissions from our wholly owned subsidiary Connetics. Emissions and reductions are reported using a location-based methodology, identifying where renewable electricity certificates have been purchased.

Wherever possible information on emission sources is drawn from the vendor in the most robust measure available (for example litres of fuel). Where this is not possible, we rely on spend-based emission factors which carry a greater level of uncertainty. Our Inventory Management Report, produced with Toitū Envirocare, includes ongoing actions to improve the data quality of emission sources over time by working together with our vendors.

The emission sources included and excluded from our Group operational carbon emissions target are detailed below, along with the reasons for exclusion where the emission source is material.

Performance targets – Being a force for good in the communities we serve, enabling the net zero transition **continued**

Table 1	Scope 1 tCO2e	Scope 2 tCO2e	Scope 3 tCO2e	Total tCO2e
Group operational carbon emissions	Mobile combustion (diesel, petrol), stationary combustion (diesel), leakage of refrigerants	Imported electricity – commercial buildings	Business travel – transport Upstream freight – paid by Orion Group Downstream freight – paid by Orion Disposal of solid waste to landfill	
FY20 (base year target)	2,979	174	295	3,448
FY23 Actual	2,824	222	317	3,363
FY24 Budget	2,266	26	328	2,620
FY24 Actual	2,671	109* Location based methodology	498	3,278* Location based methodology

*Our Scope 2 emissions using the market-based methodology were **7 tCO2e**, due to the purchase of Renewable Energy Certificates (RECs) to reduce our Scope 2 electricity emissions by 102 tCO2e. This means our total Group operational carbon emissions were **3174 tCO2e** when the use of RECs is counted.

Emissions not included in Group operational emissions

Table 2	Scope 2 tCO2e	Scope 3 tCO2e
FY20 non-operational emissions audited but excluded from base year target	17,160 Transmission & distribution losses	-
FY23 non-operational emissions audited and excluded from target	17,280 Transmission & distribution losses	19 Working from home Accommodation
FY24 non-operational emissions audited and excluded from target	10,932 Transmission & distribution losses	19 Working from home Accommodation

Toitū Envirocare describes Scope 3 value chain emissions as 'mandatory' or 'additional'. Emissions classed as 'additional' are excluded from our current measurement and operational reduction target until we are satisfied data quality and level of influence is sufficient to include them. We have also excluded emissions associated with any properties leased to third parties by Orion New Zealand as we do not have any control or influence over emissions from these locations. Scope 3 emission sources that are likely to be material, but which have been excluded from measurement to date include purchased goods and services, capital goods and commuting. We anticipate these will be included in our FY25 footprint.

Our target

Orion Group has committed to a gross reduction target, to reduce its group operational emissions by 50% from its FY20 base year by 2030. The emissions included within this target only include those emission sources noted in Table 1 above. Our Group operational reduction target covers the parts of our Scope 1, 2 and 3 emissions where we have the most influence.

Performance targets – Being a force for good in the communities we serve, enabling the net zero transition **continued**

On that basis, we exclude our intractable scope 2 distribution losses from our Group operational carbon target as, although these are material, they are largely outside of our control at the present time and we also exclude other scope 3 sources noted in the table above, for the same reason. This allows us to focus our reduction efforts on the areas of operations where we believe we can actively make a difference.

We have worked with the Planetary Accounting Network to ensure the target is aligned with keeping warming within 1.5 degrees as much as possible. We do not call our target 'science based' because we exclude our Scope 2 transmission & distribution losses from the reduction target. Our targets and reduction plans are also certified to meet the requirements of the Toitū Envirocare CarbonReduce programme.

We have a reduction plan certified to meet the requirements of the Toitū Envirocare Carbonreduce programme and our annual carbon 'budget' is set in line with reduction pathways that target key drivers of carbon usage at Orion and Connetics such as vehicle type in our fleet and how our team use their vehicles. Successful action on these carbon drivers should let us achieve our 50% reduction target for operational emissions, we anticipate most of these reductions will be achieved in the latter half of the decade as more efficient vehicles are available to use in our fleet. This year we also purchased Renewable Energy Certificates (RECs) to address emissions associated with our Scope 2 operational electricity use.

Additional detail on Orion Group GHG emissions and our reduction journey can be found in our Climate Statement and on our website.

Uncertainty

There is a level of inherent and estimation uncertainty in the quantification of GHG emissions because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards. We are unable to mitigate inherent uncertainty, however we work to help mitigate estimation uncertainty as much as possible, through engagement of Toitū Envirocare to provide guidance on the correct methodology, review trends in emission factors and update the emission factors used in our calculations, which are predominantly those issued by the Ministry for the Environment (MfE).

The MfE 2024 update to emission factors ME1829 was issued on 31 May 2024. As a result of the date of publication, the emissions in our FY24 disclosure are calculated in reliance on the previous 2023 MfE guidance ME1764. To the best of our knowledge, the update in emission factors does not result in a material difference to our measured emissions.

Performance targets – Creating the preferred workplace

	Actual 2024	Target 2024	Actual 2023
Engagement Score	66% Positive	> 65% positive	63% positive
Voluntary Turnover	7.8%	< 16%	12.1%
Improve gender balance at all levels (people leaders and staff) - Orion	34:40:26 (female: male: any gender)	35:40:25 (female: male: any gender)	33:40:27 (female: male: any gender)
Reduce gender pay gap			
Orion	11.7%	< 15.9%	12.6%
Connetics	Not Achieved	Publish gender pay gap	New Measure

Connetics - Reduce gender pay gap

Gender pay gap is established ready for publication on our website. We are awaiting changes to the Connetics website to accommodate this.

Performance targets – Health, Safety and Wellbeing

	Actual 2024	Target 2024	Actual 2023
Orion			
Events that did or could have resulted in serious injury to employees (notified events)	5	≤4	4
Events that did or could have resulted in serious injury to service providers (notified events)	1	≤4	2
Events that did or could have resulted in serious injury to the public, excluding car versus pole incidents	2	≤1	1
Connetics			
Number of Health and Safety Interactions	95% to target	100% to target	Not measured
Number of Senior Leadership Safety Observations	205	84	162
Number of Board Safety Observations	16	12	16
Orion			
Number of Senior Leadership Safety Observations	92	90	New Measure
Number of Board Safety Observations	9	10	New Measure

Events that did or could have resulted in serious injury to employees (notified events)

We did not meet our target. No events resulted in serious harm, and all have been investigated with learnings applied.

Events that did or could have resulted in serious injury to service providers (notified events)

This measure records events on the Orion network.

Events that did or could have resulted in serious injury to the public, excluding car versus pole incidents

We did not meet our target due to two events that have had significant risk to the public during FY24. One of these events involved a member of a construction company making contact with our high voltage network, with a length of guttering. The second event involved a member of the public receiving an electric shock following maintenance works completed at the property by one of our staff. This event is still being investigated.

Connetics - Number of Health and Safety Interactions

We acknowledge the gap in the number of Health and Safety interactions. Our focus is to hit the target in FY25, we are confident we will with the conversations that are happening.

Orion - Number of Board Safety Observations

Our Board observations missed the target of ten by one. While an event was planned that would have achieved our target, this was postponed at late notice.

Audit New Zealand independent auditor's report



Independent Auditor's Report

To the readers of Orion New Zealand Limited's Group financial statements and performance information for the year ended 31 March 2024

The Auditor-General is the auditor of Orion New Zealand Limited and its controlled entities (collectively referred to as the Group). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 45 to 73, that comprise the statement of financial position as at 31 March 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 74 to 83.

In our opinion:

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

Our audit was completed on 21 June 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Group has chosen to include measures of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 78 of the performance information (Being a force for good in the communities we serve, enabling the net zero transition section), which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.

Basis for our opinion

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

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

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

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

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

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare the financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

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

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

Audit New Zealand independent auditor's report continued

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 evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance 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 the information included on pages 1 to 44 and 86 to 95 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) (PES 1), issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out assurance engagements pursuant to the Electricity Distribution Information Disclosure Determination 2012 (Consolidated) – 6 July 2023 and the Electricity Distribution Services Default Price-Quality Path Determination 2020. These assurance engagements are compatible with those independence requirements. Other than the audit and these assurance engagements, we have no relationship with or interests in the Group.

Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Governance

Shareholders

Our shareholders are:

Christchurch City Holdings Limited – 100% owned by the Christchurch City Council	89.275%
Selwyn District Council	<u>10.725%</u>
	<u>100.000%</u>

Principal objective and principal activities

In accordance with section 36 of the Energy Companies Act 1992, the group's principal objective is to operate as a successful business. The group's principal activities during the year were to provide electricity distribution services to Ōtautahi Christchurch and central Canterbury and to provide contracting services in the utilities sector.

Statement of Intent (SOI)

In accordance with section 39 of the Energy Companies Act 1992 and the company's constitution, the Orion board submits a draft SOI to shareholders in March each year. After due consultation with the shareholders and after considering their comments (and board approval) the final SOI is delivered to shareholders by the end of June. A copy of the latest SOI is available on the company website.

Board of Directors

Our shareholders appoint the directors to govern Orion New Zealand Limited. The Orion Board appoints the directors of Connetics Limited. The Orion Board is the overall and final body responsible for the direction and control of the activities and decision-making for both companies.

The boards' responsibilities include the overall strategy, objectives, stewardship, performance and reporting of the relevant entities and Group.

Our boards are committed to best practice governance. Our boards' operations are subject to the companies' constitutions and the Board Charter. The Charter sets out how the boards and directors shall undertake their responsibilities.

The Orion Chair leads the Board and its relationship with shareholders and other major stakeholders. The Chair maintains a close professional relationship with the Group Chief Executive and leadership teams. New directors undertake an induction process to familiarise them with matters related to the company.

Board meetings and committees

Each board meets approximately eight times per year. Additional meetings are convened as and when required. The boards' annual work programmes are set by each board before the start of each calendar year. The boards receive formal agenda papers and regular reports, generally a week in advance of meetings. The Integrated Leadership Team (ILT) and other business leaders in the group are regularly involved in board discussions. Directors also have other opportunities to obtain information and may seek independent expert advice.

The boards delegate some responsibilities and tasks to board committees, but the boards retain the ultimate responsibility and accountability for any committee's actions or inactions. Subject to any conflict issues, all directors receive agenda papers for committee meetings and all directors may attend committee meetings.

Governance continued

The Orion board has two standing committees:

- **Audit Risk committee:** liaises with the company's independent external auditor and reviews the effectiveness of internal controls, financial and regulatory information, and climate reporting
- **People and Culture committee:** reviews the company's remuneration policies and practices. It reviews and sets the remuneration of the company's Chief Executives and ILT as well as providing guidance and feedback on succession planning, talent development, inclusion and diversity and other people and culture policies and practices

Audit Risk and People and Culture activity is reported to the Connetics full Board.

The following directors served as standing committee members during the year ended 31 March 2024:

Audit Risk committee	People and Culture committee
Sally Farrier	Jen Crawford – chair
Paul Munro	Vena Crawley from 1 March 2024
Mike Sang – chair	Jason McDonald
	Paul Munro

The board may convene special purpose committees for specific tasks.

Performance management

The boards regularly review their performance and the performance of the Group Chief Executive. The reviews identify opportunities and set plans for performance development and improvement. Orion maintains a regularly reviewed Orion directors' skills matrix with the skills and areas of expertise Orion needs mapped against our strategy and current capabilities.

Risk management

The group provides a flexible and purpose-built approach to the application of risk management and is consistent with ISO31000:2018 Risk Management Guideline. Our risk management processes and tools are embedded within our business operations, to drive consistent and accountable decision-making through an Enterprise Risk Management (ERM) approach. This ensures we have a complete, integrated, group-wide focus on managing our strategic and operational risks and enables the group to make clear decisions around opportunities. Our risk management approach is reviewed by the full Orion Board and reported to the Orion Board at least twice yearly.

Liability insurance and indemnity

The group arranges comprehensive liability insurance policies within the limits and requirements as set out in the Companies Act 1993 and the group's constitution. The group also indemnifies directors and employees within the limits and requirements set out in the Act.

Legislative compliance

As a purpose driven group our aspiration is to accelerate Aotearoa New Zealand's transition to a low-carbon, affordable, equitable economy. To ensure we deliver on our purpose we need to balance what is in the best interest of our community while managing our compliance under relevant legislation and regulation.

The board receives regular updates and representations from management on legislative compliance. Compliance manuals are updated at least annually, training is made available to all employees and the group engages independent experts for advice on some issues.

Governance continued

Matatika code of ethics, conflicts of interest policy and reporting serious wrongdoing (whistle-blower) policy

These three policies require all directors and employees to:

- act honestly, fairly, and with integrity both professionally and personally
- comply with the law, apply good judgement and proactively identify, disclose and manage conflicts of interest
- promptly disclose or report any significant potential or perceived conflicts of interest or wrongdoing
- protect those who report suspected wrongdoing in good faith

All directors and employees are made aware of the above policies and other supporting policies.

Group reporting

The board delivers a publicly available group integrated annual report to shareholders before 30 June each year, which includes:

- audited financial statements
- performance relative to SOI targets
- how the group otherwise contributes to community aspirations
- how we are delivering on our Group Purpose and Strategy
- climate reporting
- other information to enable an informed assessment of the group's governance, performance and financial position

The board also delivers half-year reports to shareholders that contain summarised unaudited information similar in content to annual reports, in compliance with financial reporting standard NZ IAS 34 *Interim Financial Reporting*. The company also provides regular updates to shareholders on financial, strategic, risk and operational issues.

The group's accounting policies comply with applicable NZ IFRS standards and interpretations and are consistent with the accounting policies adopted by the CCC group.

Loans to directors

The group does not make loans to directors.

Donations

The group made \$31,000 of donations to charitable causes during the year ended 31 March 2024 (2023: \$4,000).

Auditor

Audit New Zealand on behalf of the Auditor-General is the group's independent auditor.

Subsidiary companies

The following persons served as directors of the company's subsidiaries during the year ended 31 March 2024:

Connetics Limited	Geoff Vazey (chair) Nigel Barbour Jason McDonald
Orion New Zealand Ventures Limited	Vaughan Hartland

Governance continued

Financial Market Authority's good governance guidelines

The FMA's guidelines promote eight principles of good governance. The company's governance practices compare as follows:

FMA principle

Orion relative to the FMA principle

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for delivering these standards throughout the organisation.

Directors are required to comply with the board charter and company policies. Employees are also required to comply with company policies – including the code of ethics, conflicts of interest, fraud and theft, reporting serious wrongdoing (whistle-blower), sustainability and diversity and inclusion policies.

The board regularly reviews the company's key policies for alignment with the company's purpose and objectives and monitors compliance with policies and legislative requirements – including via liaison with the company's independent auditors.

To ensure an effective board, there should be a balance of skills, knowledge, experience, independence and perspectives.

The board has a good degree of such a balance. Achieving that balance is the responsibility of the company's shareholders, who appoint all directors. The shareholders usually consult with the board chair in that process. All directors are independent non-employees.

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

The board charter specifies the terms of reference and delegated authorities for the audit risk and people and culture committees. Both committees are chaired by a director other than the board chair. The board may also establish committees for other specific tasks. The board charter specifies that delegations to board committees do not absolve the board from the overall responsibility for a committee's actions or inactions.

The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

The board scrutinises internal and external reporting and liaises closely with the company's independent auditors to ensure integrity in reporting.

The board has an independent internal audit programme to further assist assurance in this area.

As an electricity distribution business, the company is subject to significant ongoing regulatory information disclosure requirements. The group's annual financial and performance statements and certain regulatory information disclosures are subject to director certification and independent audit. Annual Reports include financial and non-financial disclosures.

The remuneration of directors and executives should be transparent, fair and reasonable.

The company's shareholders review and approve the total pool of directors' fees by way of shareholder resolution, which currently applies for the three years to 30 June 2024. The board allocated the total pool to per-director positions and for board committee members. The Orion board reviews and approves directors' fees for Connetics. Orion executives do not receive fees as Connetics directors.

The people and culture committee oversees the Group Chief Executive's, company executives' and other employees' remuneration policies and practices and it reviews relevant market information as part of that process. The overall policy for employee remuneration is for the group to meet the relevant market, subject to employee performance.

Governance continued

Financial Market Authority's good governance guidelines continued

Directors should have a sound understanding of the key risks faced by the business and should regularly verify there are appropriate processes to identify and manage these.

The board receives regular reports on and reviews the company's:

- risk context and key risks – which include, strategic, natural disasters (especially a major earthquake), health and safety, cyber security, climate risk, critical network equipment failure and global pandemic
- risk treatments – including risk reduction and risk transfer (insurance)

The board should ensure the quality and independence of the external audits process.

The board and the board audit risk committee have a good professional relationship with the group's independent internal and external auditors. Audits can be financial and/or non-financial, including for regulatory information disclosures. Audit committee meetings have staff-excluded time to ensure auditors' independence from management.

The board should respect the rights of shareholders and foster constructive relationships with shareholders and stakeholders. Shareholders should be encouraged to engage with the entity.

The board charter requires this principle and the group's Statement of Intent also commits the group to this. The board chair and the Group Chief Executive lead this process for the board but given the nature of the group's business and its community ownership, such respect and constructive relationships with shareholders occur at many levels of the group. The company operates on a proactive 'no surprises' basis with its shareholders and key stakeholders.

Governance continued

Interests register

Directors recorded the following in the interests register during the year ended 31 March 2024:

Jen Crawford

Anderson Lloyd		Consultant
ChristchurchNZ Limited		Director
ChristchurchNZ Holdings Limited		Director
Jen Crawford Limited		Director and shareholder
Koparima Family Trust		Trustee
MHV Water Limited		Director
Nelmac Limited		Director
Rangitata Diversion Race Management Ltd		Director

Vena Crawley

Added Value Limited		Director and shareholder
AUT Industry Board		Director
Health NZ/Te Whatu Ora		Director
Institute of Directors		Member
Summerset Group Holdings Limited		Director
Variety	From 28 March 2024	Director

Sally Farrier

Arc Innovations Limited	From 11 October 2023	Director
Bluecurrent Assets NZ Limited	From 11 October 2023	Director
Bluecurrent Holdings NZ Limited	From 25 August 2023	Director
Bluecurrent NZ Limited	From 11 October 2023	Director
Bluecurrent No.2 NZ Limited	From 11 October 2023	Director
Bluecurrent No.3 NZ Limited	From 11 October 2023	Director
Bluecurrent Services NZ Limited	From 11 October 2023	Director
Bluecurrent Assets Pty Limited	From 11 October 2023	Director
Bluecurrent Pty Limited	From 25 August 2023	Director
Bluecurrent Holdings Pty Limited	From 11 October 2023	Director
Bluecurrent No.2 Pty Limited	From 11 October 2023	Director
Bluecurrent No.3 Pty Limited	From 11 October 2023	Director
Ergo Corp Pty Limited		Director
Independent Energy Appointment Selection Panel (Australia)	From 9 February 2024	Member

Jason McDonald

CentrePort Limited	From 1 September 2023	Director
CentrePort Properties Limited	From 1 September 2023	Director
Connetics Limited		Director
First Gas Limited		Director
First Gas Midco Limited		Director
First Gas Topco Limited		Director
First Renewables Limited		Director
First Renewables Power Limited	From 5 December 2023	Director
First Renewables Power Midco Limited	From 5 December 2023	Director
First Renewables Power Topco Limited	From 5 December 2023	Director
First Sunrise Bidco Limited		Director
First Sunrise Topco Limited		Director

Governance continued

Interests register continued

First Sunrise Midco Limited		Director
First Sunrise Holdco Limited		Director
Firstlight Network Limited		Director
Gas Services NZ Limited		Director
Gas Services Midco Limited		Director
Helios Energy Limited		Director and shareholder
Jason McDonald Consulting Limited		Director and shareholder
Jaspen Ventures Limited		Director and shareholder
Jaspen Family Trustee Limited	From 5 April 2023	Director and shareholder
Jaspen Investment Trustee Limited	From 5 April 2023	Director and shareholder
Rockgas Limited		Director

Paul Munro

Cambridge Partners Limited		Director
Enviro-Mark Solutions Limited		Director
Electricity Ashburton Limited		Director
Green Peak Ventures Limited		Director and shareholder
Lynn River Limited		Director
Lynn River Holdings Limited		Director
McKenzie Balfour & Associates Limited		Director
MHV Water Limited		Director
Mid Canterbury Water Storage Limited	From 26 October 2023	Director
New Zealand Salmon Investments Limited	From 1 March 2024	Director
R F Industries Pty Limited	From 1 June 2023	Director
RFI Holdings Limited	From 1 June 2023	Director
Southern Eye Specialists Limited		Director
Tait International Limited		Director

Mike Sang

Building Research Assn. of NZ (BRANZ)		Director
Comvita Limited	From 4 October 2023	Director
Government Super Fund Authority		Board member
Sangwards Limited	To 13 September 2023	Director and shareholder

	Orion \$000	Connetics \$000
Directors' remuneration		
Jen Crawford	56	-
Vena Crawley	4	-
Sally Farrier	54	-
Jason McDonald	52	31
Paul Munro	105	-
Mike Sang	61	-
Geoff Vazey	-	50
	<u>332</u>	<u>81</u>

Governance continued

Employee remuneration

The group aims to attract, retain, develop and motivate high calibre employees. The group's employee remuneration approach aims for consistency, fairness and alignment with the group's principal objective, to operate as a successful business. The group regularly compares employee remuneration against relevant market data. In general, the group aims to meet the market, subject to employee performance.

All individual employment agreement terms and conditions are subject to 'one-up' approval. For example, the Orion board approves the Group Chief Executive's employment terms and conditions, and the board remuneration committee approves those of the Group Chief Executive's direct reports. Three collective employment agreements cover approximately 30% of the group's employees.

The number of group employees and former employees, whose total remuneration fell within specified bands:

	\$000	2024	2023	\$000	2024	2023
100 - 110	82	58	270 - 280	1	1	
110 - 120	57	79	280 - 290	2	1	
120 - 130	66	63	290 - 300	1	-	
130 - 140	64	30	300 - 310	2	-	
140 - 150	42	27	330 - 340	-	1	
150 - 160	29	26	340 - 350	-	1	
160 - 170	25	17	350 - 360	2	-	
170 - 180	17	12	360 - 370	1	2	
180 - 190	12	5	370 - 380	-	1	
190 - 200	8	4	380 - 390	1	-	
200 - 210	2	-	390 - 400	1	-	
210 - 220	1	5	400 - 410	-	1	
220 - 230	3	1	410 - 420	-	1	
230 - 240	3	5	420 - 430	2	1	
240 - 250	6	2	450 - 460	1	-	
250 - 260	4	2	790 - 800	-	1	
260 - 270	2	1	840 - 850	1	-	

The board determines the Group Chief Executive's remuneration, after taking independent expert advice and considering relevant market data. The board reviews the Group Chief Executive's remuneration annually. Nigel Barbour's total remuneration as Group Chief Executive for the year ended 31 March 2024 was \$842,000 (2023: \$799,000).

Five year trends

	2024 \$m	2023 \$m	2022 \$m	2021 \$m	2020 \$m
Statement of comprehensive income					
Operating revenue	334	323	311	302	308
EBITDA	109	103	111	109	126
EBIT	47	46	58	56	74
Profit before income tax	23	28	49	46	60
Net profit	12	22	36	33	48
Other comprehensive income	47	61	110	4	4
Total comprehensive income	59	83	145	37	52
Statement of financial position					
Current assets	76	65	55	32	27
Non-current assets	1,708	1,576	1,425	1,249	1,216
	1,784	1,640	1,480	1,281	1,243
Current liabilities	58	56	50	52	48
Current borrowings	1	151	186	1	102
Non-current borrowings	583	347	234	358	228
Deferred tax liability	263	239	215	180	178
Other non-current liabilities	3	5	2	12	16
Shareholders' equity	876	842	793	678	671
Total liabilities and shareholders' equity	1,784	1,640	1,480	1,281	1,243
Statement of cash flows					
Operating cash flows	71	65	53	76	93
Investing cash flows	(132)	(111)	(87)	(75)	(68)
Financing cash flows	61	46	31	-	(25)
Financial measures					
Dividends paid	25	32	31	30	47
EBITDA margin %	32.7	32.0	35.6	36.2	40.9
Net profit to average shareholders' equity %	1.4	2.6	4.8	4.9	7.2
Net interest-bearing debt to debt-plus-equity %	40	37	35	35	33
Other measures					
Electricity maximum demand (MW)	698	661	721	629	610
Electricity deliveries into the network (GWh)	3,628	3,521	3,416	3,384	3,419
Number of customer connections (000)	225	221	216	212	208

Directory As at 20 June 2024

Directors

Paul Munro – Chair
 Jen Crawford
 Vena Crawley
 Sally Farrier
 Jason McDonald
 Mike Sang

Other sources of information

Christchurch City Council – ccc.govt.nz
 Christchurch City Holdings Limited – cchl.co.nz
 Selwyn District Council – selwyn.govt.nz

Leadership team

Nigel Barbour
Group Chief Executive
 Sam Elder
GM Energy Futures
 David Freeman-Greene
GM Future Network
 Vaughan Hartland
Chief Financial Officer
 Steve Macdonald
GM Electricity Network
 Duane Makin
GM Digital, Data and Technology
 John Thompson
Connetics Chief Executive
 Alice van den Hout
GM Purpose and Performance
 Karen Wiese
Chief Governance Officer
 Nic Wong
GM Growth and Development

Orion main office

565 Wairakei Road
 PO Box 13896
 Christchurch 8140
 New Zealand
 P: + 64 3 363 9898
 E: info@oriongroup.co.nz
 W: oriongroup.co.nz

Connetics main office

11 Islington Avenue
 PO Box 2237
 Christchurch 8140
 New Zealand
 P: + 64 3 353 7200
 E: enquiries@connetics.co.nz
 W: connetics.co.nz

Auditor

Audit New Zealand, on behalf of the Auditor-General



Orion New Zealand Limited
565 Wairakei Road

PO Box 13896
Christchurch 8140

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