Aurora ENERGY

auroraenergy.co.nz

ANNUAL REPORT

for the year ended 30 June 2024

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About this report

This report reviews Aurora Energy's financial and operational performance for the year ended 30 June 2024.

The financial statements have been prepared in accordance with appropriate accounting standards and independently audited.

Care has been taken to ensure all information is accurate and timely.

NAU MAI, WELCOME

Welcome to Aurora Energy's Annual Report for the year ended June 2024.

During the year, our planning and work has focused on how we can keep improving the network, now and in the future, for consumers and our shareholder.

We're concentrating on five key focus areas to ensure a sustainable and resilient network. We've used this framework for the Annual Report so you can see what's happening in each area.

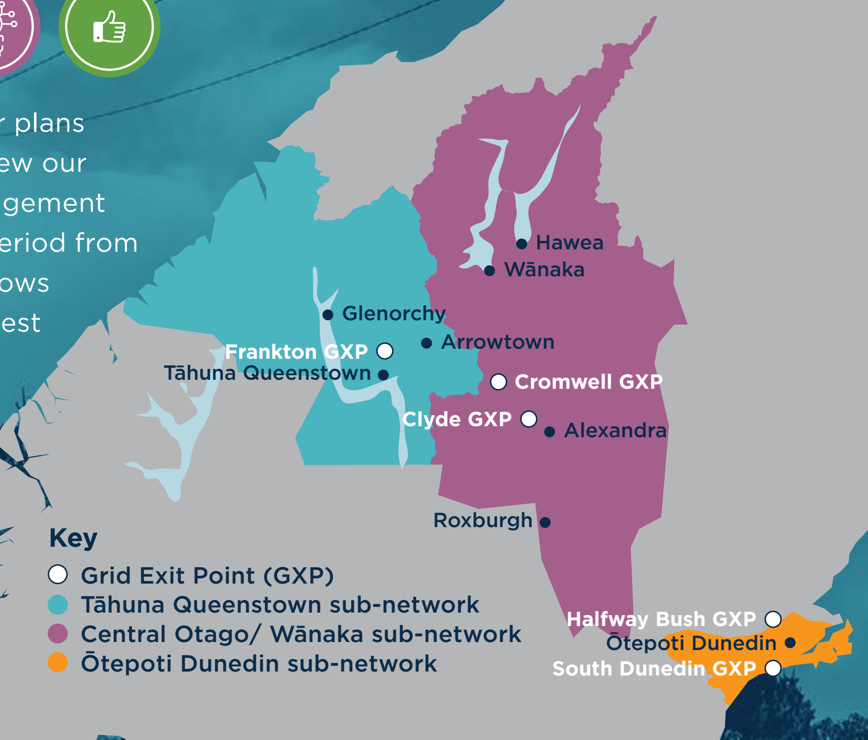
For more information about our plans for the next decade, you can view our recently completed Asset Management Plan (AMP), which covers the period from April 2024 to March 2034. It shows how Aurora Energy plans to invest in our network over the next 10 years and deliver our vision of 'enabling the energy future of our communities'. This AMP focuses on our commitment to building an electricity network that delivers a safe and reliable supply now and a sustainable and digitally enabled supply in the future across all our sub-networks.

Who we are

Aurora Energy is one of the largest electricity networks in Aotearoa New Zealand.

We own and manage the network that delivers electricity to some of the fastest growing areas and over the most diverse terrain in Te Waipounamu, the South Island.

We take the power from Transpower's national grid to power your home, business and the wider community, and deliver a safe, reliable and sustainable electricity supply across Ōtākou in Ōtepoti Dunedin, Central Otago & Wānaka and Tāhuna Queenstown to over 200,000 people.



OUR YEAR IN REVIEW

We are pleased to report another productive year, during which we completed numerous upgrade and maintenance projects across our electricity network, ensuring its future resilience and readiness for increased electrification.

We are now over halfway through our five-year customised price-quality path (CPP), established with the Commerce Commission in 2021, and are pleased to report steady progress.

As our sector and consumer needs continue to evolve, we are leading our teams to meet the emerging demands on the electricity industry and thank them for another successful year.

Chair & Chief Executive's report

Chair Steve Thompson and Chief Executive Richard Fletcher

Our ongoing strong performance reflects our strategic focus and the dedication of our team.

Tēna kotou,

It is with great pleasure that we present our 2024 Annual Report for Aurora Energy.

We are making good progress in the delivery of our five-year investment programme to ensure the safety of our network as we continue to replace ageing assets and upgrade our infrastructure.

This will help us to enable the energy future of our communities by meeting increasing demand for electricity due to decarbonisation and the continuing strong growth in Central Otago and Queenstown.

Competing demands for resources and capital requirements, coupled with the need to meet increasing consumer demands and accelerate several growth-related investments, has prompted us to seek additional capital expenditure approval from the Commerce Commission. At the time of writing, we were awaiting the Commission's decision.

Aurora Energy's financial performance for the year reflects a solid result with net profit after tax exceeding target by just under $8m. This is mostly due to higher than anticipated use of system revenues (network use by consumers), higher capital contributions from customer-initiated works, and lower than anticipated operating expenses.

The net profit generated this year has been offset by capital expenditure demands resulting in a net cashflow deficit in line with budget. Continued elevated investment requirements mean the company will remain in a negative free cash flow position for the foreseeable future as all profits are being invested into the network, with the shortfall supplemented by borrowings. No dividend will be paid in the year to Dunedin City Holdings Limited.

THE FUTURE IS NOW

The landscape of the power system is changing, with increasing electrification driven by decarbonisation and consumers rapidly adopting new technologies. Demand for decarbonisation is already fuelling enormous changes in the electricity sector that are just the tip of what is to come. The recent volatility in the energy market and the impact of dry year events, further underlines the need for change. The only sure thing is that the future is indeed electric, the catch cry that has fast become adopted by our industry.

Changes this decade are critical for the electricity sector and New Zealand's transition to net zero carbon. As set out in a recent Boston Consulting Group report, electrifying transport and heat, and increasing renewable electricity, will be the most significant contributors to New Zealand achieving net zero carbon by 2050. However, the report states an unprecedented investment of $42 billion is required this decade to start the country's decarbonisation journey.

Industry forecasts, including Transpower's Whakamana I Te Mauri Hiko, point toward a 60–80 per cent increase in electricity demand by 2050, reinforcing the need for continuing investment in electricity infrastructure if New Zealand is to meet its zero-carbon emissions goal.

“Changes this decade are critical for the electricity sector and New Zealand's transition to net zero carbon.”

We are signalling in our publicly available Asset Management Plan, that as a minimum the current level of annual network investment will need to continue for a number of years. Similar to other electricity distribution businesses, this year and next we will be making our case to the Commerce Commission for approval of our investment programme out to 2030.

STRONG DEMAND FOR CHANGE

In the year under review, we have already experienced strong appetite from our consumers for change. We are working with an increasing number of large businesses on the feasibility of electrification for them and its ensuing impact so that they can make an informed decision. We expect this trend to increase during the current year.

For example, the EV (electric vehicle) market's continued growth, albeit slowing since the removal of the new car rebate, will doubtless require more charging stations to meet demand. Our role is to ensure that these chargers can be connected to the electricity network efficiently and cost effectively. The number of EVs in New Zealand has grown considerably since 2021 and by midway through 2024 stood at 76,300 fully

electric light vehicles plus around 32,900 hybrids. In 2018, just over 6 per cent of all new cars registered were electric or hybrid. In 2023 the market share of fully electric and hybrid cars was more than 27 per cent. We're experiencing similar growth in EV uptake across our operating region to other areas around New Zealand.

ASSET MANAGEMENT PLAN

In April, we published our 2024 Asset Management Plan (AMP), which sets out our network investment plans for the next decade. Much like its predecessor, it finds us navigating a complex landscape, making for a unique level of forecast uncertainty. Managing the extent of climate change is a global effort and is driving the emergence of and investment in new technologies to eliminate or capture the creation of carbon, and to reduce the impact of climate change consequences on our network.

Our AMP is predominantly focused on our physical distribution assets. But meeting the future demands on a network and business requires broader support. Our business support, customer engagement, digital technology and system operation functions play a pivotal role in delivering our strategic objectives and positioning the business for the future. Changing consumer expectations mean we are needing to actively balance the people skills needed to maintain existing operations with new skills needed to deliver for the future.

ANNUAL DELIVERY REPORT

Providing a safe and reliable electricity supply is a critical driver across all elements of our business. Our recently published third Annual Delivery Report details how we are progressing against our five-year $563 million investment programme under the customised price-quality path (CPP). It outlines the work we have completed in the last regulatory year (1 April 2023 to 31 March 2024) to replace end of life network assets and upgrade the electricity network to meet future growth and increased demand for electricity.

During the year, we continued to experience global supply chain pressures (including material availability and shipping delays) and escalating costs. These external factors caused us to adapt our procurement processes to reduce our exposure to supply delays and the rising cost of building new assets.

The competing growth versus renewal demand impact continues to make it more difficult to deliver the precise mix of asset replacement quantities we had originally planned. As the quality of our asset information matures, we are continuing to take a risk-based approach to work planning and re-prioritising the replacement of those assets within our safety sensitive fleets that have the lowest asset health ratings.

Overall, the delivery of our safety risk reduction plan remains on track, with some fleets ahead of forecast and others requiring reprioritised focus to address newly identified defects during our cyclical inspection programme. We expect this theme of new inspection information leading to an annual reprioritisation of the plan to continue as we progress through the CPP term and into the next five-year regulatory period.

FUTURE NETWORK PLANNING

Queenstown and Wānaka remain an epicentre of tourism and business activity with strong growth trends and high consumer expectations about resilience and capacity.

Over the past five years, Aurora Energy has renewed large parts of the network across Central Otago through the work plan approved by the Commerce Commission. Last year we initiated a major project with Transpower to commission a new transformer at the Frankton substation. This will significantly upgrade the capacity serving the Wakatipu area and future proof into the 2030s.

We are also working closely with Transpower and Queenstown Lakes District Council, as well as other stakeholders, to plan for future capacity and long-term network upgrades in the Upper Clutha region. We plan to engage publicly on potential network upgrade options in early 2025.

In the Dunedin area, we have strengthened the electricity supply for consumers in Andersons Bay and the Otago Peninsula community with the completion of our renewal and upgrade to the Andersons Bay zone substation. Work to renew the Green Island zone substation is well underway with civil works having begun in January 2024. The Smith Street to Willowbank inter-tie will be completed in 2026, following the Dunedin City Council's major city upgrade project.

RELIABILITY PERFORMANCE

At a network level we continue to perform much better than the reliability limits set by the Commerce Commission, but some parts of the network still need reliability improvements.

There are some observed differences in performance across the regions. Dunedin has consistently delivered strong reliability performance, however there is some evidence that reliability performance in parts of Central Otago declined in 2023; but there is a limited time-series of data to confirm whether this is a trend or reflects operating variability. This is an area that is being prioritised and we will be seeking approval of our expenditure plans from the Commerce Commission to deliver a reliability improvement plan when we transition from our customised price path to a new regulatory price path in 2026.

Meanwhile, our current investment is targeting known areas of poorer reliability performance, an example being the new Omakau zone substation that was progressed last year and, once completed, will improve the reliability of supply for the area.

Aurora Energy thanks the community for their goodwill and patience as we undertake this important upgrade work on the network as quickly and safely as possible.

PLANNING FOR RESILIENCE

As a lifeline utility providing an essential service to consumers it is critical that we have both a resilient distribution network and an ability to function during and after an emergency event. The recent cyclone events across parts of the North Island have underlined the importance of understanding where our key continuity risks lie as well as the preventative measures we need to have in place to ensure we are ready to respond. Resilience planning has been a focus for the business during the year and the company has been collaborating closely across the sector to share learnings and experiences.

DEVELOPING OUR PEOPLE AND KEEPING THEM SAFE DAY TO DAY

Due to the nature of our electrical activities, the safety of our staff, contractors and the public is one of our biggest risks. Everyone who works for, or with, Aurora Energy should go home safe and healthy both physically and mentally. Our Health, Safety and Wellbeing strategy aims to both protect workers from harm and includes activities to foster and support wellbeing. This requires both proactive and reactive interventions by both the Board of Directors and Senior Leaders across the business as well as close collaboration and engagement with staff.

Over the past year, our staff development programmes have made significant strides in empowering individuals across all levels of the organisation. In particular, the second cohort of senior leaders will shortly complete their 12 month Aurora Energy Leadership Development Programme, aimed at equipping our leaders with the skills and confidence to navigate challenges, inspire teams and drive innovation.

CONCLUSION

We are actively shaping our network to meet future consumer needs and expectations, while keeping our planning flexible and forward-looking.

Whatever our changing landscape holds, the non-negotiables for our consumers remain the same:

- Security of supply
- Reliability of supply
- Safety
- Affordability

Following a recent public consultation, Dunedin City Council decided on 25 September 2024 to retain ownership of Aurora Energy. Throughout that process it has remained 'business as usual' for our team.

THANK YOU

Thank you to the extraordinary team of people at Aurora Energy for your commitment to bringing the very best to our consumers. Our successes reflect your dedication and the support of our shareholder. We also thank our field-based contracting partners for working at all times of the night and day and in all weather to keep the lights on.

Kā mihi nui

Stephen Thompson

Richard Fletcher

> "The landscape of the power system is changing, with increasing electrification driven by decarbonisation and consumers rapidly adopting new technologies."

Statistics for year in review

Our People

156
PEOPLE EMPLOYED IN OUR DUNEDIN, CROMWELL AND CHRISTCHURCH LOCATIONS

27
INTERNAL STAFF PROMOTIONS AND FIVE INTERNAL TRANSFERS

Digital Enablement

1,225
NEW CONNECTIONS*

$886.6M
TOTAL ASSETS

Future Network

7,393
DISTRIBUTION TRANSFORMERS ON OUR NETWORK

53,664
POWER POLES ON OUR NETWORK

40
ZONE SUBSTATIONS ON OUR NETWORK

311
MEGAWATTS NETWORK MAXIMUM DEMAND*

1,424
GIGAWATT HOURS OF ELECTRICITY DISTRIBUTED ACROSS THE NETWORK*

Customer & Community

7,909
SOCIAL MEDIA FOLLOWERS ACROSS FACEBOOK, LINKEDIN AND INSTAGRAM

2,746
CONSUMER CALLS DURING BUSINESS HOURS

95,604
CONSUMER CONNECTIONS*

4
CONSUMER COMPLAINTS RECEIVED BY THE INDEPENDENT DISPUTE RESOLUTION SERVICE

Delivering Value

5
VEHICLES REPLACED WITH HYBRID

$23.7M
NET PROFIT

$107.6M
CAPITAL INVESTMENT

$126.4M
INVESTED IN RENEWING, MAINTAINING AND BUILDING OUR NETWORK

OUR THREE FIELD SERVICE PARTNERS PROVIDED EMISSIONS CALCULATIONS TO INFORM AURORA ENERGY'S SCOPE 3 EMISSIONS PROFILE

*Figures relate to the regulatory year ended 31 March 2024; all others relate to the financial year ended 30 June 2024

FINANCIALS AT A GLANCE

Our financial statements continue to reflect an improving net profit trend, however continued elevated investment requirements mean the company remains in a negative free cash flow position.

NET PROFIT 2024

$23.7M

↑

$11.1M

NET PROFIT 2023

Net profit after tax was $7.8 million above budget after higher use of system revenues, higher revenue contributions to customer initiated works and below budget expenditure. From a funding perspective however, this favourable earnings variance was more than offset by higher capital expenditure during the year.

CAPITAL EXPENDITURE 2024

$107.6M

↑

$99.3M

CAPITAL EXPENDITURE 2023

Capital expenditure was $14.4 million above budget for the year.

All profits were reinvested into the network and borrowings increased by $43.9 million during the year.

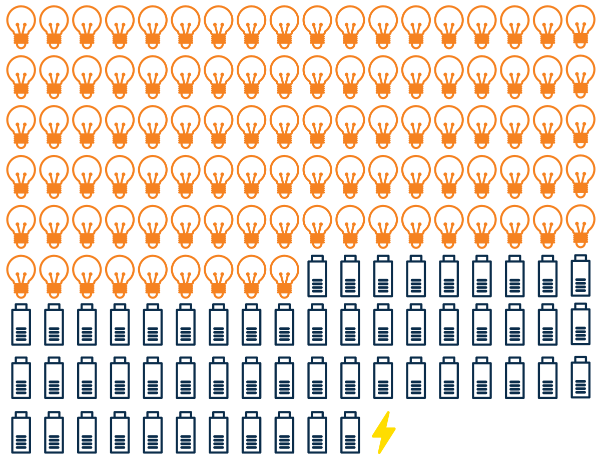
FOCUS ON

OUR PEOPLE

> Our success is thanks to our team.

156
NUMBER OF AURORA ENERGY EMPLOYEES

AURORA ENERGY EMPLOYEES BY GENDER



BOARD GENDER DIVERSITY

EXECUTIVE LEADERSHIP TEAM GENDER DIVERSITY

LEADERSHIP TEAM GENDER DIVERSITY

KEY

MALE FEMALE NON-BINARY

Our goal is to be an employer of choice, to retain our highly skilled staff and attract new talent to join our team. We prioritise staff by creating a positive work environment and culture, providing development and learning opportunities, and offering interesting and rewarding work.

We want to ensure our workforce is flexible and adaptable so we can transition our people into new roles where required and upskill them to meet future needs. We emphasise internal promotions as a first option and offer skills development and career pathways where possible. Growing local and available talent is vital in a competitive labour market where we expect specific skills may be difficult to secure.

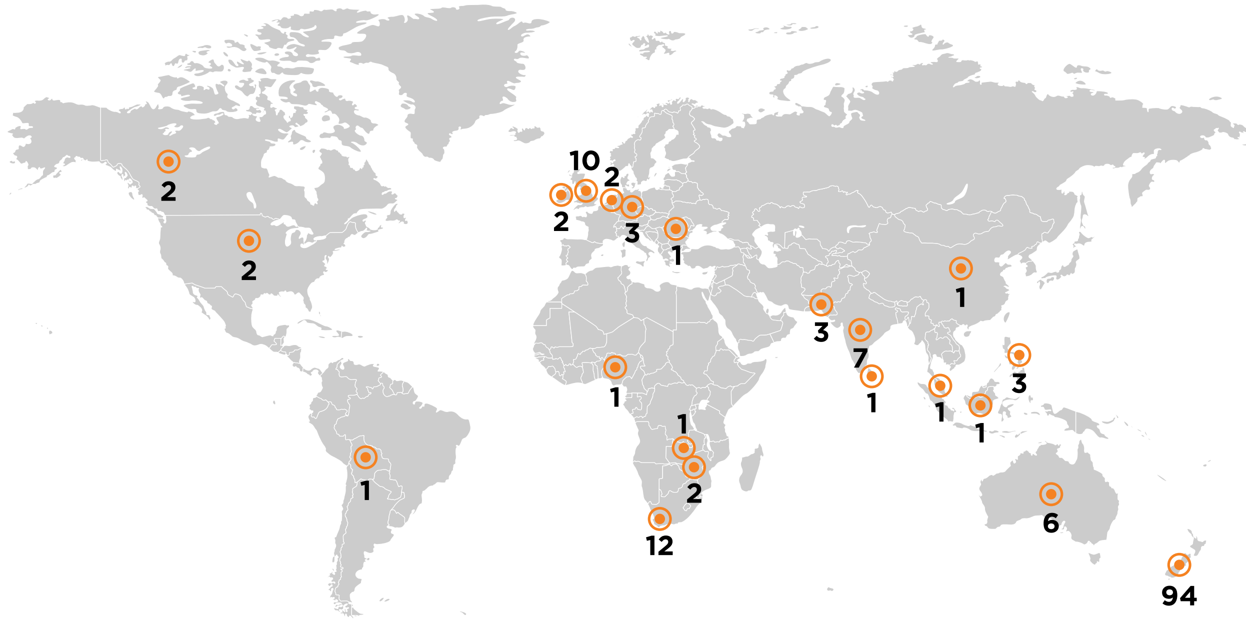
We continue to invest in our graduate programme, internships, and grassroots support at schools through our sponsorship of the Otago Science and Technology Fair.

MAJOR TRANSFORMATION ACROSS THE ENERGY SECTOR

The energy sector in New Zealand is undergoing significant transformation. The pace of change is enormous, requiring our people to adapt and flex to meet new challenges and new opportunities. It is vital we can build capability and ensure we have the right skills for the future.

We are fortunate at Aurora Energy to have a team comprised of both long-serving staff and newer employees. Our experienced staff members have a wealth of knowledge and experience and, through mentoring newer staff and participants in our graduate programme, we ensure this valuable knowledge is retained and continually expanded on.

EMPLOYEES BY COUNTRY OF BIRTH



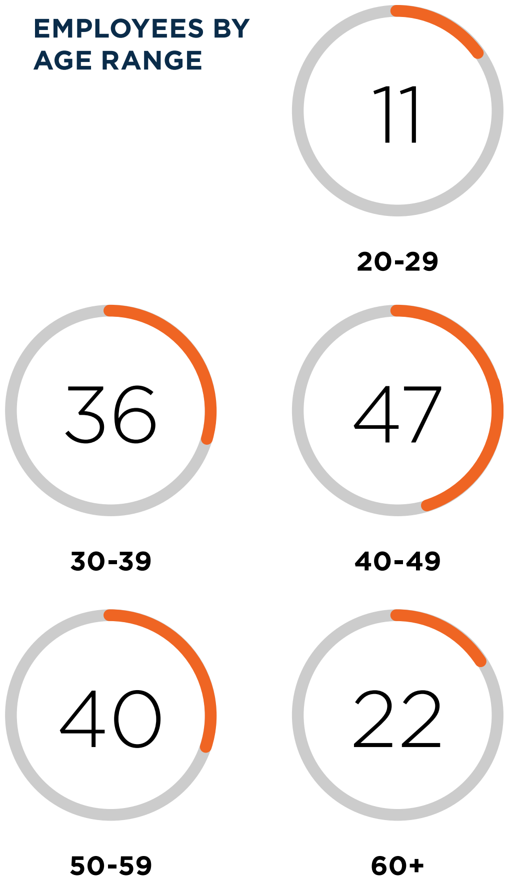
EMPLOYEES BY LOCATION

122
DUNEDIN

28
CROMWELL

6
CHRISTCHURCH

EMPLOYEES BY AGE RANGE



As at 30 June 2024, 100% of Aurora Energy's employees were paid at or above the living wage (as calculated by the Living Wage Movement Aotearoa New Zealand).

FUTURE LEADERS PROGRAMME

Good leadership is key to driving a positive culture, ensuring the wellbeing of staff and delivering performance. To support this, we have launched a tailormade Future Leaders Programme to help our managers navigate the rapidly evolving sector in which we work, especially since the pandemic.

The year-long programme aims to:

- Increase self-awareness and personal agility
- Enhance ability to engage, coach and develop others
- Inspire purpose in their teams and ensure everyone is pulling together to deliver high-quality performance
- Spark creativity and innovation
- Understand why leadership behaviour is critical to success
- Create lasting relationships with other participants and a strong internal network

The first cohort has completed the theory part of the course. They are now working on a tailored and supported development plan over the following 12 months in order to realise the learnings from the first year. The second cohort started the course in early 2024.

HEALTH AND SAFETY

Staff wellbeing is a major part of health and safety at Aurora Energy, and annual staff survey results showed another year of overall satisfaction and good numbers of staff thriving and doing well. Some pinch-points were raised around high workload and process complexity, which are being addressed through resource planning and digital enablement simplifying processes. Managing psychosocial hazards at work forms a key part of our health, safety and wellbeing plan.

The Public Safety Management System was found to be effectively implemented in accordance with NZS 7901 and our certification was continued until August 2027.

> "Growing local and available talent is vital in a competitive market where we expect specific skills may be difficult to secure."

David Paterson generously donating his blood to help save lives

Helping others runs through David's veins

When David Paterson isn't working at Aurora Energy as our Primary Systems Manager, he's busy saving lives.

David has donated blood for the past 40 or so years, and in the past five years plasma.

To date, he's clocked up 160 donations corresponding to about 120 litres of blood. NZ Blood Service estimates his donations have potentially helped up to 480 patients.

Now aged 60, David started giving blood as a teenager, with his parents, when the Blood Service came to his local town twice a year.

"My parents used to give blood at the local hall and so I decided to start as well. I've never been that good with needles, but as long as I don't look, it's fine."

It's a habit he's kept going throughout his adult life. Why?

"I feel like it's a social responsibility. I was brought up to look after people and to do what you can do to help them. This is my way of doing that."

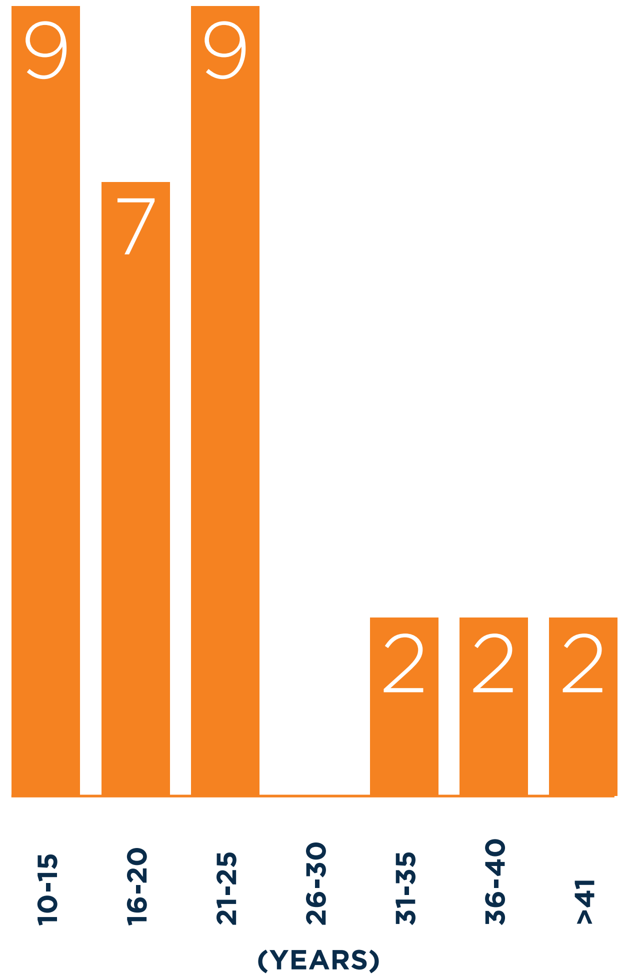
So, once a month on a Monday morning before work, you'll find David reclining in a chair, feet propped, arm at the ready. Good health providing, David can keep donating until he's aged 81. He still has a way to go to catch up with New Zealand's most prolific donor who made a staggering 693 donations.

"It's something I'd like to keep on doing as long as I can. It's not difficult for me and it helps someone else," says the O Positive donor.

Donating blood is something that clearly runs in the family. David's wife, Gaylene, has donated more than 200 times and one of their daughters is also donating.

Graeme Johnson, David Mulder and Jeff Proctor celebrate a collective 130 years of service to the electricity industry

LONG-SERVING EMPLOYEES



Our people are our future

There's no substitute for institutional knowledge and Aurora Energy is lucky to have plenty of people whose experience we can draw on.

31 of our 156 staff have been with us for more than a decade, and some more than two decades.

Between them, two of our longest serving people have notched 90 years' service with us.

This year, Graeme Johnson recorded his half century at Aurora Energy. Starting in 1974 as an Electrical Technician, Graeme is now Operations Works Management Lead.

"It's such an interesting industry to be in. It can affect so many people in the community. The biggest enjoyment for me is the contact with people throughout the industry who strive for a similar goal. They've become lifelong friends.

"Since I started with Aurora, the growth in Central Otago has been amazing. The demand on the electricity system has soared, which has seen the continual installation and upgrading of infrastructure essential to meet the increasing demand for power. Alongside that growth is the influence of technology in the way we're able to operate the network and the ability for us to provide a safe and reliable power supply. When I first started it was expected that there would be regular outages but now the expectation is to not have outages."

Planning Engineer David Mulder has been an integral member of Aurora Energy for 41 years, having worked his way up from a Graduate Electrical Engineer when he started back in 1983.

"I genuinely feel a sense of achievement in helping provide an important public infrastructure service."

When David first started, computers, and equally importantly software and data, were relatively new to the workplace.

"But they've changed the way of working. Software tools have made it much easier to do network wide calculations whereas previously it was only practical to do simplified calculations on parts of the network where we thought we might have issues. Network loading data has given us a much clearer picture of what is actually happening in the network, allowing growth projects to be targeted to where they are actually needed."

Graeme and David agree that the biggest reason for staying with Aurora Energy so long is first and foremost, the people.

FOCUS ON

FUTURE NETWORK

> We are preparing the network to meet future demands.

NEW FIELD SERVICE PARTNERS

Delivering our major work programme efficiently and on time is important. Through a competitive market tendering process, in 2024 we signed new field service agreements with leading service providers to ensure we can deliver the remainder of our five-year, $563 million investment programme and, beyond this, to meet the future energy needs of the community.

We welcome ElectroNet as a new network service provider alongside Delta and Unison. Asplundh will also provide vegetation services on the network, alongside Delta.

The electricity industry is going through huge transition. Climate change is driving a need to decarbonise and in large part this will be achieved by consumers shifting from using fossil fuels to clean, renewable electricity – whether this electricity is generated locally using solar or local renewable, or supplied via the national grid. Our electricity network is at the centre of this transition as a key enabler of the future energy choices of consumers. The network and our supporting services need to be ready and responsive to however our consumers' needs evolve. Our field service partners are well placed to help us deliver this.

> "We must develop our network to meet the changing future and electricity demands with network and non-network solutions."

POWER POLE MILESTONE

For the past six years we have been fast-tracking the replacement of our poorest quality power poles; those that are red tagged, which means they are at the end of their asset life. In 2016 there were 2,900 red tagged poles on the network. In May 2024, we reached a milestone of zero red tagged poles on the network older than three months, and only four red tagged poles overall. Our aim is always to replace any red tagged poles within three months of identifying them.

INVESTMENT IN INNOVATION

The accelerating pace of new technology and the changing environment in which we operate creates opportunities for us to look at new, innovative ways of meeting our business and asset management objectives. New consumer technologies create new challenges for us, but they also create new opportunities. Our innovative and collaborative work with SolarZero over the past few years, to utilise consumer-owned battery technology to reduce peaks on the network, is an industry leading example of innovation.

UNDERSTANDING CONSUMER PRIORITIES

We are committed to working with consumers to understand their changing needs and preferences. This will ensure our planning and expenditure strategies stay aligned with consumer expectations despite the forecasting challenges. You can read more about how we understand consumer needs in the 'Customer & Community' section of this report.

Some of the major projects completed or underway during the last financial year are:

ŌTEPOTI DUNEDIN NETWORK

- Andersons Bay zone substation upgrade
- Brighton bundled work programme
- Smith Street to Willowbank intertie

CENTRAL OTAGO/WĀNAKA NETWORK

- Alexandra bundled work programme
- New line along SH8 near Cromwell
- New zone substation in Omakau

TĀHUNA QUEENSTOWN LAKES NETWORK

- Glenorchy bundled work programme
- Queenstown zone substation upgrade
- Arrowtown upgrades

Anthony Mirfin

Coping with uncertain and ever-changing needs

Network Planning Analyst and PhD student Anthony Mirfin is one of our up-and-coming talents. In late 2023, he presented Aurora Energy's decarbonisation scenarios at the APEX Conference for young engineers. Here is a summary of his work.

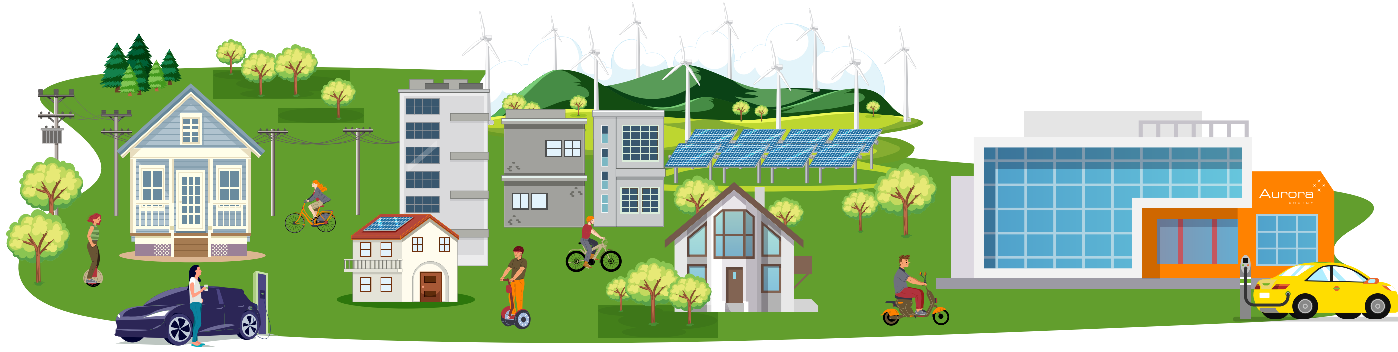
We are actively shaping our network to meet future consumer needs and expectations, while keeping our planning flexible and forward-looking.

The challenge lies in understanding how consumers will interact with and impact our network as they adopt future technologies. Given these uncertainties, we model a range of scenarios to assist with well-informed decision making for the development and operation of our network, and to inform our capital and operational expenditure forecasts.

The decarbonisation transition is seeing rapidly increasing uptake of electric vehicles, rooftop solar, batteries, and other changes to the residential energy mix. Along with large scale decarbonisation of the commercial and industrial sectors, this will result in massive changes to the energy environment, how the future electricity network may look and how it may operate in different ways. There may be opportunities for consumers to participate in the electricity system in new ways, for example, consumers could get paid for exporting power from their batteries when the grid needs it.

We must be prepared for a dramatically different future by having a forecast view of power demand. This inherently comes with a lot of uncertainty, so we model different future scenarios to enable us to be ready for a range of possible futures. These cover a range of future technology preferences and load management options. By understanding the potential impact on the network under different scenarios, we can begin to map the path that will best benefit consumers, and how we can enable this.

Aurora Energy wants to facilitate decarbonisation rather than be a barrier; upgrading and managing the network in a way that enables consumers to adopt the new technologies that will impact and interact with the network. At the same time, we must ensure costs to all our consumers are minimised; enabling the decarbonisation transition in an affordable and equitable way.



FOCUS ON

CUSTOMER & COMMUNITY

> Our consumers are at the heart of decision making.

FOCUS ON | CUSTOMER & COMMUNITY

We know the importance of a sustainable, secure, affordable and efficient energy supply.

That's why we are committed to working with our communities in new ways to support their energy choices, and to manage our business so we can contribute to a sustainable energy future.

CUSTOMER CHARTER

We have recently updated our Customer Charter, which outlines our service commitments, what consumers can expect from us and what we will do if we fail to meet certain commitments. Aurora Energy's Customer Charter and service compensation scheme was first developed in 2017. Based on consumer feedback, we have improved our business processes to meet the ever changing needs of consumers. We are updating our commitments to reflect what consumers have told us they want and to ensure the commitments are measurable across the business.

HOW WE TALK WITH CONSUMERS

- A multi-channel approach to provide regular updates on our works programme. This includes integrating reporting requirements for our CPP into our 'business as usual' communications to show we are delivering on our promise to upgrade the network.
- Attending public events such as A&P shows and hosting events with the business community.
- Providing information about future energy needs, including how to connect solar to the network.
- Implementation of a new outage management system has improved the accuracy and timeliness of outage information on our new website, as well as how outage information is displayed.
- Working directly and proactively with communities impacted by multiple planned power outages.
- Proactive communication with communities where reliability is below our expectations so they are aware of the work we are doing to improve service levels.
- Improvements to customer-initiated work processes.
- A robust complaints process that includes target timeframes for response and resolution ensures all complaints are captured, resolved and reported. We clearly communicate that consumers can seek advice from Utilities Disputes if they are unhappy with our response. We are working on a more effective review of complaints to identity potential themes where improvements to systems, processes or customer service can be made.

CUSTOMER SATISFACTION SURVEY

Annual surveys during the CPP period provide ratings on key measures to inform how Aurora Energy can engage better with consumers, improve customer experience and build trust and confidence in the CPP planned expenditure. We conducted a benchmark survey in 2022, followed by a panel survey in 2023, marking the start of longitudinal tracking to gauge year-on-year progress. A full survey, as well as the longitudinal panel survey, took place in 2024. Results are positive, with increases in awareness and performance with consumers. We also increased our trust levels with our residential and business consumers.

HOW CONSUMER NEEDS INFORM OUR PROGRAMME

We are committed to maintaining a high standard of customer service for all Aurora Energy consumers. Listening to feedback ensures we provide information that is relevant, while the annual customer satisfaction surveys give us valuable feedback and help us to monitor effectiveness. Increasing the community's knowledge about Aurora Energy, building trust and listening to/meeting the needs of consumers will help us achieve our vision to enable the energy future of our communities.

NEW WEBSITE

Our new website, launched last September, better meets the needs of our consumers and other users. One of the most exciting additions is the new outages map, which significantly enhances our ability to give timely and accurate information. The map makes it easier for consumers to identify which outages impact them; it has an address and ICP search, and a list view that can be filtered by date and location.

> "We are committed to working with our communities in new ways to support the energy choices they make."

Image from the new public safety campaign

NEW PUBLIC SAFETY CAMPAIGN

As an electricity distribution business, it is our responsibility to educate the people who work and live on our network about the dangers of electricity. The Aurora Energy public safety campaign is the largest touchpoint we have with consumers. It is distributed year-round across multiple channels and is a big part of our annual advertising campaign. The new campaign tagline, ‘Be switched on to safety’, encourages the public to always be aware of the risks surrounding the electricity network and how to stay safe.

> “We are absolutely committed to providing a high standard of customer service for all Aurora Energy consumers.”

FLEDGLING SCIENTISTS FLOCK TO SCIENCE AND TECHNOLOGY FAIR

This year marks our 20th year sponsoring the Aurora Energy Otago Science and Technology Fair. It's the largest Science & Technology Fair in the country and interest keeps growing.

In 2023, there were 298 entries from nearly 400 students representing 21 schools from around Otago.

Megha Senthilkumar, a Year 11 student from St Hilda's Collegiate School, took out the Aurora Energy Premier Award, 'Best in Fair 2023', for her project on "Sleep and the wellbeing of adolescence: A national survey". Megha conducted a nationwide secondary school survey on sleeping habits and received an incredible 800 responses from students across 200 schools. An amazing effort.

Adam Ludgate, a Year 9 student from John McGlashan College, was awarded 'Most Promising Year 9-13 Scientist' for his discovery of two planetary nebulae. (For the uninitiated, a nebula is an enormous cloud of dust and gas occupying space between the stars and acting as a 'nursery' for new stars.)

We're immensely proud to foster science and technology in the Otago region and support our young scientists of the future. Over the years, we've noticed an increase in female participants, more of whom are winning premier prizes. Another emerging trend is the significant rise in the number of younger students who are winning the larger prizes. Up until a couple of years ago, it was typically Years 12-13 (final two years of school students) who claimed the top prizes.

Congratulations to the many students who participate in the Fair each year with the support and inspiration of their teachers and families.

Left to right: Aurora Energy Secondary Systems Manager Abdul Saboor, Premier Winner Megha Senthilkumar, Aurora Energy Chief Executive Richard Fletcher, and Dunedin Councillor Sophie Barker at the 2023 prizegiving.

Aurora Energy / Annual Report 2024

FOCUS ON | CUSTOMER & COMMUNITY

FOCUS ON

DIGITAL ENABLEMENT

> Digitisation is enabling smarter working and decision making.

THE FUTURE IS BRIGHT

Digital enablement is creating exciting opportunities for consumers to take greater control of their energy use and potentially reduce overall costs through innovations like EVs and solar/batteries, which can also provide backup resiliency. Although it introduces greater complexity for us as a network operator, it is our role to navigate and manage this intricacy.

We are progressively integrating digital solutions into our network operations, enhancing our communication with consumers through diverse channels, and automating our business processes to boost efficiency. Artificial Intelligence (AI) represents the latest tool we are actively exploring, opening up numerous opportunities while also presenting new risks that require careful management. Our commitment to digital transformation is driving us towards a more connected, efficient, and resilient future.

The drive for decarbonisation and the desire for consumers to produce their own electricity has created a wide range of choices. But they can come with challenges or uncertainty when considering a new electricity network connection or upgrade. Aurora Energy supports consumers by helping them through the feasibility study phase of their energy choice investigations, outlining the pros and cons of electricity connection options.

When businesses are investigating an electricity upgrade to achieve decarbonisation the key considerations are:

- Confirmation that the required capacity can be made available
- Project planning including timeframe from concept to contract to commissioning
- Upfront capital costs to connect and ongoing annual electricity delivery charges

Staff in our Network Operations Centre

- Reliability and security of supply – how often will the power be interrupted and how long will it take to restore?

Depending on how critical electricity is to business operations, there are choices around the desired level of supply security and reliability – and the corresponding impact to upfront capital costs and ongoing delivery charges.

The introduction of solar and battery technology into business operations, and flexible business operating hours and production levels, can also lead to savings in line charges. By working together at the connection stage, we can help businesses understand their options so that decarbonisation can occur with reduced impact to the network and with full visibility of the cost and business reliability/continuity outcomes.

RŪMA MIHĪNI

Rūma Mihīni is our new asset and works management system, using the platform Maximo. In te reo, Rūma Mihīni (roo-ma me-hee-nee) means engine room, the heart of operations.

Maximo will help us oversee the entire lifecycle of our 500,000+ assets – through the entire design, procure, build, maintain, finance, and replacement lifecycle. It will provide a reliable source of information to support smart decision making across the business and empower us to become 'digital first'. Rolling out Maximo was progressed during the financial year, and integration with other systems is now being rolled out. The project will be completed by the end of 2024 (calendar year).

ASSET DATA REQUIREMENTS

In our journey toward greater asset management maturity, we are continually reviewing what data we need for our evidence-based decision-making. Good asset management relies on continually improving and adjusting our approach as new information comes to light.

Some of our day-to-day continual improvements include:

- Responding to new information obtained through inspections, defect identification or investigation of failures, by updating fleet strategies and inspection criteria

> “Good asset management relies on continually improving and adjusting our approach as new information comes to light.”

- Developing and reviewing inspection guidance and standards to obtain more relevant source data and improve its quality and consistency
- Advancing internal tools and systems to enable better visibility and analysis of data
- Creating a roadmap of opportunities to manage out human error and inconsistencies in the data gathering process.

As part of our project to implement an asset management software solution, we are identifying and documenting our key asset and network-related data requirements.

We are focusing on static data such as manufacture/installation dates, and dynamic data such as asset condition.

Viewed together, data of this nature will enable us to evaluate asset performance in terms of risk, and in turn determine what types of assets we install, when, and where.

Sweet taste of success

Forest Lodge, a six-hectare high density cherry orchard in Central Otago, is a consumer already reaping the benefit of electrification. The orchard is a good example of Aurora Energy's purpose to 'enable the energy future of our communities'.

With just over 9,300 cherry trees, it uses close to 100 MWh of power a year to run everything – irrigation, frost fighting, vehicles and even New Zealand's first electric tractor are powered through the grid and through their own power that they generate and store using an extensive solar and battery array.

Owner Mike Casey says electrification of the farm was essentially the replacement of 20 fossil fuel machines with an electric version.

"This has led to some incredible operational savings, which ultimately increases our bottom line and with the climate being a key focus. We believe New Zealand's future as a food-producing nation will excel with our ability to optimise costs and bring down our carbon footprint.

"We've reduced our entire energy bill including all line charges, levies, GST and consumption. Combined with feeding stored electricity from our battery bank back into the network during peak times and getting paid for this, I now make around $10,000 in profit a year."

Mike says before going fully electric, he worked with Aurora Energy to understand how much electrification would cost.

"During the feasibility phase, they worked with us so we could understand all the costs involved. The other thing they did was show us how to use power when it was most effective for us, and that way optimise our line charge bill. Thanks to Aurora Energy's help, I've been able to make sure the economics stack up."

Mike, in his role as CE of Rewiring Aotearoa, says his goal is to educate everyone about the merits of electrification.

"If you add up all the savings we'll make over the next seven years, we'll pay back the complete electrification of our project – compared to if we'd gone with diesel technology instead.

"Our aim is to run a highly profitable primary sector operation that is fully electric. Now we're encouraging other businesses to come and look at what we've done and – excuse the pun – cherry pick the parts that are right for them.

"We're not going to solve the climate crisis without collaboration. Those cherries taste much sweeter knowing how much money we save on energy now."

> We're not going to solve the climate crisis without collaboration. Those cherries taste much sweeter knowing how much money we save on energy now.

Forest Lodge Orchard Owner - Mike Casey

Aurora Energy / Annual Report 2024
FOCUS ON | DIGITAL ENABLEMENT

FOCUS ON

DELIVERING VALUE

"Providing ongoing value to consumers and guiding them through the transformation of the electricity industry."

CONNECTING CONSUMERS

Consumers who want a new connection to our network or an alteration to an existing connection (including the relocation of an existing asset) can find everything they need to know on our website's Get Connected page. We certify and authorise approved contractors to carry out the work. Consumers can choose an approved contractor to design and build the solution that best suits their requirements and budget. The approved contractor manages the connection process, timelines, and any planning delays on behalf of the consumers. We have an online portal where our approved contractors can submit applications for solar, EV and new connections, along with alterations to existing supplies.

CONSUMER ENGAGEMENT

In August 2023 we published our second Annual Delivery Report - focusing on the quantity of work delivered during the last regulatory year and the good progress towards completing our five-year, $563 million work programme. We invested $145 million over the past 12 months (April 2022 – March 2023) and continue to deliver on our promises to upgrade the network.

We held public engagement forums during October 2023 in Dunedin, Alexandra, Wānaka and Queenstown, to share the progress made during the last regulatory year.

STRONG SCORE IN PRICING

The Electricity Authority scored Aurora Energy 4.5 out of 5 for our pricing practices. We were delighted to receive the second highest score of the 29 companies assessed, and an improved score since the last assessment two years prior.

The rating assesses the approach used by each company to establish annual electricity line charges and whether the methodology is clearly communicated and meets specified price setting principles. Given the scale of our current investment across the electricity network, this independent assessment is important.

ASSET MANAGEMENT FRAMEWORK

We use our asset management framework to make sure we have 'line-of-sight' between stakeholder needs and our planned expenditure. We maximise the benefit and value that our assets provide by translating our corporate vision and strategic priorities into asset management objectives that guide all spending and operational decisions.

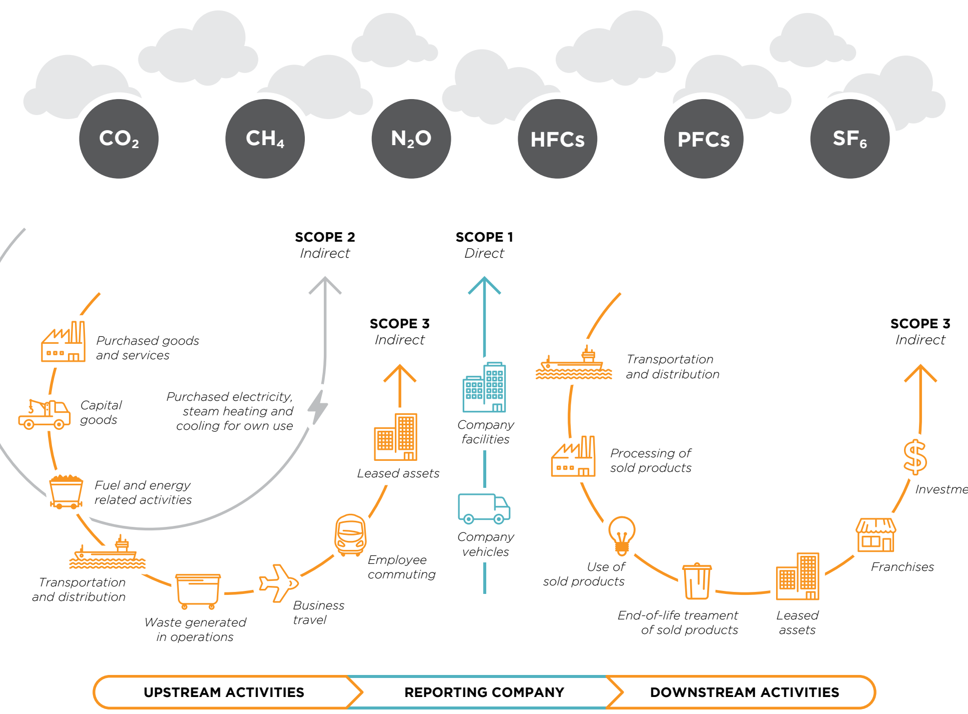
> "The Electricity Authority scored Aurora Energy 4.5 out of 5 for our pricing practices."

SUSTAINABILITY

Sustainability is a key driver of Aurora Energy to enable the energy future of our communities. This year, we have continued to assess and measure our greenhouse gas (GHG) emissions to build on the original baseline work in FY21 and reporting enhancements in more recent periods.

As in previous years, we have calculated our Scope 1 emissions from sources owned or controlled by Aurora Energy, along with indirect emissions from Scopes 2 and 3.

Scope 1	Direct emissions from sources owned or controlled by us (including vehicle fuel, SF6 leakage from network equipment and diesel fuelled generators)
Scope 2	Indirect emissions from the generation of purchased energy (including purchased electricity and emissions associated with electricity lines losses)
Scope 3	Staff travel for work, freight transport, staff working from home, waste, activities contractors undertake for us, embodied carbon, employee commuting and any other indirect sources we may identify



OUR RESULTS EXPLAINED

Emissions are reported as tonnes (t) of Carbon Dioxide (CO2) equivalent (e); or tCO2-e. "Carbon dioxide equivalent" is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another greenhouse gas.

EMISSION BY SCOPE

Aurora Energy's total estimated GHG emissions for FY24 were 7,228 tCO2-e, compared with 8,258 tCO2-e reported for the previous year. FY24 Scope 1 emissions from sources owned or controlled by Aurora Energy were 236 tCO2-e, or around 3% of total estimated GHG emissions.

Aurora Energy's most material Scope 1 emissions include its motor fleet and fugitive emissions - SF6.

Table 1: Emissions by scope (yearly comparison)

Emissions	tCO_2-e FY 2024	% of Total	FY 2023	FY 2021 (base year)[1]
Scope 1	236	3%	382	245
Scope 2	4,501	63%	5,285	11,746
Scope 3	2,491	34%	2,591	152
Total	**7,228**	**100%**	**8,258**	**12,143**

Note: The reduction in Scope 2 emissions since FY2021 has been largely driven by changes in conversion factors published by the Ministry for Environment (MfE). Because electricity is a significant source of emissions for our operations, we have retrospectively recalculated our prior years' Scope 2 emissions to take account of the emissions calculation methodology introduced by MfE in May 2024. We have applied the updated retrospective electricity emission factors from MfE to ensure accuracy and transparency in our reporting.

Emissions by Activity

A detailed breakdown of Aurora Energy's emission sources is outlined in Table 2.

Table 2: Aurora Energy's top emissions by activity (yearly comparison)

Emission Source	tCO_2-e FY 2024	tCO_2-e FY 2023	tCO_2-e FY 2022	FY 2021 (base year)
Scope 1				
Generators	40	182	182	23
Company Vehicles	112	128	137	165
Fugitive Emissions – SF6	83	72	64	57
Sub-total	**235**	**382**	**383**	**245**
Scope 2				
Electricity Line Losses	4,449	5,221	9,007	11,632
Purchased Electricity	51	63	105	113
Sub-total	**4,500**	**5,285**	**9,112**	**11,746**
Scope 3				
Third Party Contractors	2,191	2,279	Not measured	Not measured
Employee Commuting	110	115	93	Not measured
Flights	121	115	35	79
Upstream Transportation (Freight)	40	46	55	52
Waste to Landfill	8	15	3	4
Accommodation	11	9	5	6
Rental Cars	2	1	1	1
Transmission & Distribution Losses (Consumption)	4	7	10	10
Working From Home	5	5	9	Not measured
Sub-total	**2,493**	**2,591**	**211**	**152**
Total	**7,228**	**8,258**	**9,706**	**12,143**

Note: It is not meaningful to compare Scope 3 emissions for FY21 and FY22 with Scope 3 emissions for FY23 and FY24, because Scope 3 emissions were only partially measured in those earlier periods

Figure 1: Emissions by Scope (pie chart % split)

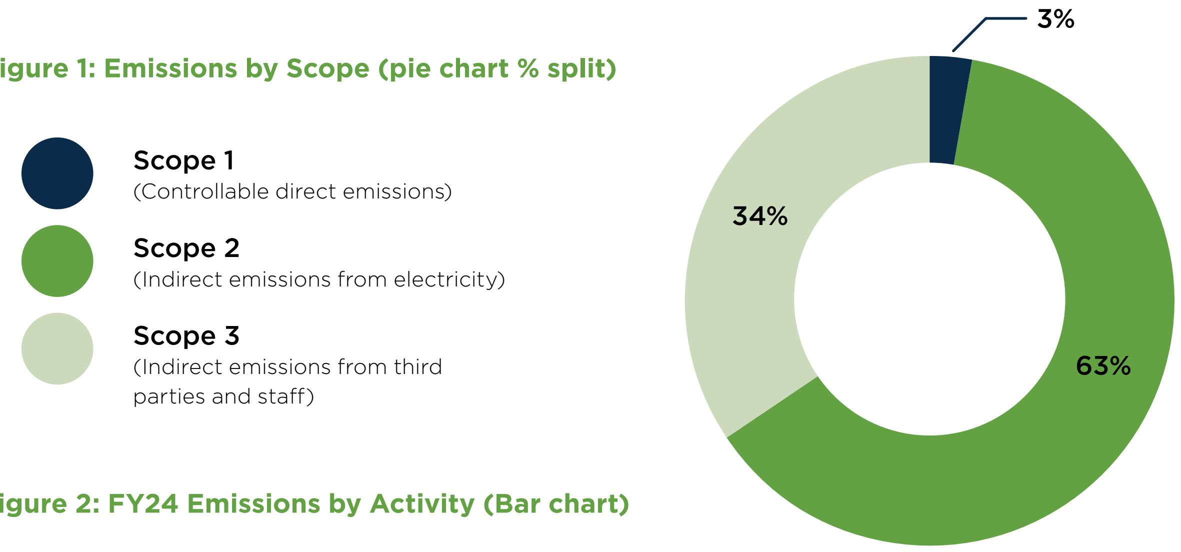
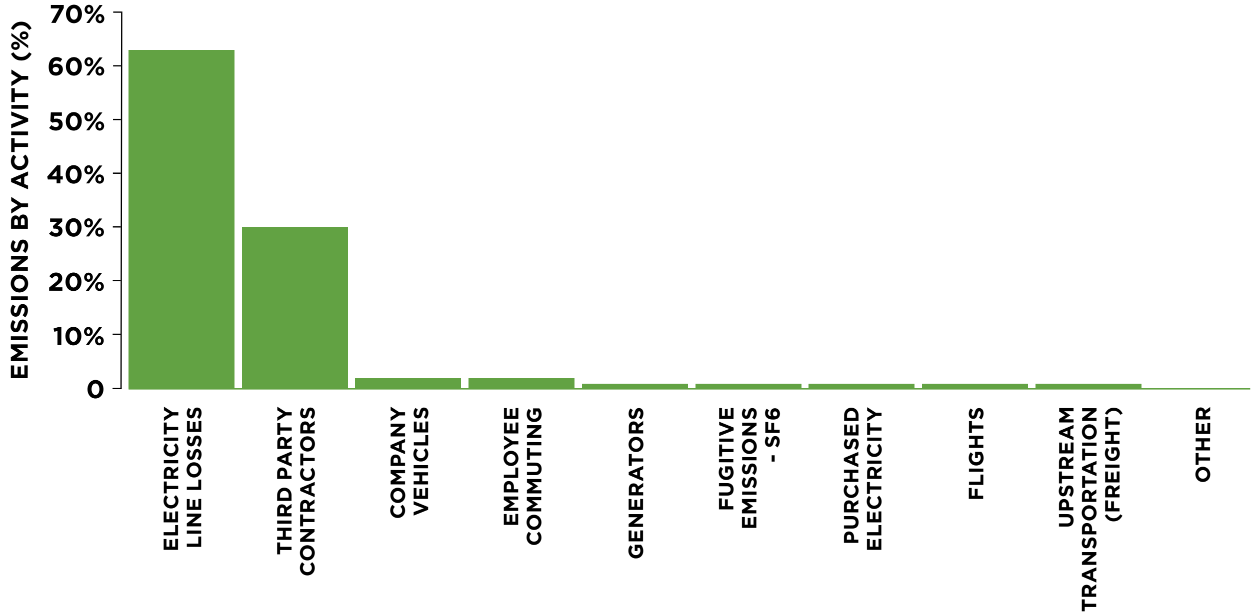


Figure 2: FY24 Emissions by Activity (Bar chart)



CARBON REDUCTION STRATEGY

Having established baseline emissions in FY21, in FY22 we then developed an emissions reduction strategy and associated targets.

Aurora Energy's Emissions Reduction Strategy contained a commitment to reduce our Scope 1 and Scope 2 emissions excluding electricity line losses by 42% by 2030, through emission reduction opportunities largely focused on converting our motor fleet to hybrid or EV, energy efficiencies and reduced reliance on diesel for back-up electricity generation. The commitment was factored into future forecasts and did not rely on the purchase of carbon offsets.

This year's FY24 Scope 1 & 2 emissions excluding electricity line losses were 20% lower than the 2021 baseline due to lower company vehicle fleet emissions and a reduction in the MfE's published tCO_2 conversion factors for electricity consumed.

During FY24, we progressed our fleet transition strategy to replace combustion engine vehicles with either a hybrid or EV upon lease renewal. Five new hybrid vehicles were delivered, replacing four Dunedin and two Cromwell vehicles. A new EV charger was also installed at the Halsey Street office to enable charging of EVs.

We are working with third-party contractors to ensure they are adhering to our waste reduction strategy and reporting requirements in relation to emissions and waste.

Table 3. Carbon Emissions Reduction Strategy Progress

Emissions reduction opportunity	Description	Emissions reduction potential	Progress
EV Vehicle Fleet	Conversion of existing fleet to Hybrid or EV.	Medium to high	All non-utility/towing vehicles replaced in FY24 swapped to Hybrid. 5 in all. Aurora Energy's motor vehicle policy reflects emissions reduction as a key procurement driver.
Emissions from Supply Chain partners	Work with key suppliers to understand their footprint when they work on Aurora Energy's network and then establish a requirement for them to reduce their footprint.	Significant	Each of our primary and secondary field service partners provided emissions calculations relating to work performed on the Aurora Energy network. Further discussions to address possible reductions to carbon footprint to be undertaken in FY25.
Purchasing agreements	Build into the procurement process an assessment of the tenderer's carbon footprint, both their business and the capital goods they are providing to Aurora Energy.	Significant	Carbon footprint assessments have been implemented as part of our primary and secondary field services tender processes.
Carbon in design	The embodied carbon within the infrastructure built on the network will be considered up front of the new asset design stage.	Significant	The development of a sustainability in design standard was deferred until FY25 due to design resource constraints.
Genset	Investigations to identify alternatives to the use of Genset diesel generators.	High	In accordance with ORC discharge permit conditions, investigations were undertaken in FY23 for alternative sustainable options to replace diesel generator. No sustainable alternative was identified. A further review will be undertaken in FY25. Aurora will continue to assess alternative fuel options and new technologies as they become available or more prevalent.
Staff Travel	Review of staff travel policy to ensure behaviours in place to minimise air travel to only times it is really needed.	Moderate	Increased use of on-line training and virtual meeting technologies has reduced travel requirements. Further work is to be undertaken in FY25 to update the staff travel policy.
Building energy	Although not a significant emissions source, it is likely action can be taken especially considering the use of air-conditioning and fans.	Low	Discussions held with building owner(s) in relation to efficient lighting solutions resulting in LED replacements at the company's Dunedin Office. Further work to be undertaken in FY25.
Waste	Reduction of waste by contractors performing work on our network. Addressed in the separate Waste Reduction Strategy.	Low	See further details under Waste Reduction Strategy below. A more regular cycle of carbon emissions and waste reduction reporting has been established within the business. Much of the data we use to drive waste reporting is collected from field service providers. We are working with our field service providers to reinforce our waste reduction data requirements.
Lines Losses Calculation	Review line loss calculations to ensure they represent an accurate view for Aurora Energy.	n/a	Line loss calculations have been updated to reflect the latest conversion factors published by the Ministry for Environment.

In the coming year Aurora Energy plans to refine its carbon emissions and waste reduction strategies and targets. Focus areas for Aurora Energy in FY25 will be the waste reduction action plan alongside the conversion of 75% of Aurora Energy's motor fleet to hybrid or EV.

We are continuing to work with Dunedin City Holdings Ltd and Dunedin City Council on how we are contributing towards the city's emission reduction goals.

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FOCUS ON | DELIVERING VALUE

WASTE REDUCTION STRATEGY

During FY23 we also developed the company's Waste Reduction Strategy.

The waste reduction strategy ensures Aurora Energy takes responsibility for the correct disposal method of every item that is removed from its electricity network.

Our commitment is to:

- Prioritise the responsible disposal of material from the network through its reuse or recycling.
- Incorporate a principle of waste minimisation within the network design and build standards.
- If we need to dispose of material to landfill, we will ensure it is treated and disposed of in a manner which reduces its impact on the environment.

Outlined below is Aurora Energy's approach to waste reduction.

Table 4: Waste Reduction Approach

Approach	Define waste for Aurora Energy	Identify source of waste	Quantification of waste	Develop a reduction plan for waste streams	Implement and monitor
Current progress	Waste has been defined for Aurora Energy in the Waste Reduction Strategy.	Contractor engagement in the planning phases to obtain their waste data (focus to date has been on emissions).		Some assets have a plan in place however a full review is needed to include all asset types.	Not Achieved

> Sustainability is a key driver to enable the energy future of our communities.

Scoping and consultation a winning combination

An afternoon 'cold call' to Aurora Energy's office has spawned the start of a strong relationship with Ritchies Transport, one of New Zealand's largest bus and coach operators.

In his second day as Lead, Decarbonisation with Ritchies, Rotorua-based Peter Algie was visiting the company in Dunedin. He popped into our offices to have an impromptu chat about Ritchies' plans for electric bus charging in the city and had the good fortune to talk with Evan Dickson and David Mulder.

Impressed by those early discussions, Ritchies asked Aurora Energy to undertake the prep for an EV charging site to cater for its 11 new electric buses in Dunedin, which were introduced in February.

The dedicated charging site in Sturdee Street includes a 750 kVA site transformer from Aurora Energy, feeding six twin gun 120 kW charging stations.

Peter Algie: "The first thing when planning a site like this is to check that the network has the capacity to deliver our requirements. Aurora Energy scoped the site and indicated it would be feasible so then we worked with them to develop proposals for the site connection and transformer.

"Finding a transformer was one of the biggest challenges. The lead time for a new transformer would have delayed our plans but Aurora Energy was able to find us a used transformer from a former meat works, which does the job just fine."

By the end of their first year on the Dunedin roads, Ritchies' electric buses will have saved in the order of 250,000 litres of diesel and 600 tonnes of carbon emissions.

The project we undertook with Ritchies is a prime example of delivering value for consumers, says Niel Frear, Aurora Energy's Customer Initiated Works Manager who was involved with scoping for the charging depot.

"Our connections team can engage directly with consumers and consultants, supported by our Network Planning & Technical teams, to provide capacity availability information. We also bring in our Commercial team to provide information about the operational cost implications of the proposed connection.

"With consultation and scoping, we are able to get pricing from several service providers, which delivers value to consumers, especially with larger capacity connections. Understanding their needs early enables timely ordering of long lead equipment to deliver connections with consumer timeframes in mind," Niel says.

"Sometimes consumers choose to go directly to our service providers for a design build solution. This process is supported by our internal teams and is helpful for decarbonisation organisations that have multiple sites in the Aurora Energy Network or other EDBs (electricity distribution businesses) and existing relationships with our approved service providers."

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> "Understanding consumers' needs early enables timely ordering of long lead equipment to deliver connections with consumer timeframes in mind.

Evan Dickson charging one of Ritchie's electric buses

FOCUS ON | DELIVERING VALUE

OUR LEADERSHIP TEAM

Kā mihi nui/thank you

The Board extends its gratitude to all staff and contractors for their continued commitment and dedication to the vital work on major network upgrades, continuous business improvements, and preparations for the new energy future of electrification and decarbonisation.

Board of Directors and Executive Leadership Team

STEPHEN (STEVE) THOMPSON
Non-Executive Chair

Steve joined the Aurora Energy Board in June 2016 and was appointed Chair in December 2016. He is a professional director in the energy, construction, investment, manufacturing and professional services sectors.

SIMON CLARKE
Non-Executive Director

Simon Clarke joined the Aurora Energy Board on 1 July 2021. He is a professional Director with over 20 years' experience in the NZ utilities sector.

JANICE FREDRIC
Non-Executive Director

Janice Fredric joined the Aurora Energy Board on 1 July 2022. She is a professional director with over 20 years' governance experience across commercial, public and not-for-profit sectors.

WENDIE HARVEY
Non-Executive Director

Wendie joined the Aurora Energy Board in November 2018. She is a professional director with interests in strategy development, organisation change, infrastructure management and the promotion of health and safety in the workplace.

STEPHEN LEWIS
Non-Executive Director

Stephen Lewis joined the Aurora Energy Board on 1 July 2021. He is a company director and business consultant with over 45 years' experience in the electricity supply industry.

RICHARD FLETCHER
Chief Executive

Richard joined Aurora Energy as Chief Executive in January 2018. He has extensive international experience in engineering and management consulting and held senior roles in the New Zealand electricity supply sector and UK water and wastewater sector.

GARY DIXON
Chief Financial Officer & General Manager *- Finance, Risk Assurance and Commercial*

Gary joined Aurora Energy in October 2011. He is responsible for the accounting and finance, risk assurance, regulatory and commercial functions of Aurora Energy.

GLENN COATES
General Manager - *Asset Management and Planning*

Glenn joined Aurora Energy in March 2018. He is responsible for asset management strategy and the associated growth and lifecycle management of our network assets. He also leads the Aurora Energy design and engineering teams that support the delivery of our network and consumer-related projects.

MARK PRATT
General Manager - *Customer and Connections*

Mark joined Aurora Energy in 2018 and was appointed General Manager Works Programming and Contracts later that year. In June 2023, Mark moved into a new role as GM Business Process Optimisation, delivering productivity improvements. He is now GM of Customer and Connections, leading the teams that provide customer experience and communications, and network connections.

TRACEY SAUNDERS
General Manager - *Digital Transformation*

Tracey joined Aurora Energy in January 2020. She is responsible for information technology strategy and operations and network technology development.

MATT SETTLE
General Manager - *Operations and Network Performance*

Matt joined Aurora Energy in January 2020 and was appointed General Manager in December 2021. He is responsible for the operation of the network control centre, network access planning and operational performance.

RICHARD STARKEY
General Manager - *Service Delivery*

Richard joined Aurora Energy in November 2011 and was appointed General Manager Service Delivery in June 2023. He is responsible for the forward programming of network projects, network procurement, and delivery of contracted work programmes on the Aurora Energy network.

OUR SERVICE PERFORMANCE

OUR SERVICE PERFORMANCE

Trend statement

FOR THE YEAR ENDED 30 JUNE 2024

YEARS ENDED 30 JUNE	NOTE		2024	2023	2022	2021	2020
Energy received into network	1	GWh	1,491	1,445	1,384	1,459	1,478
Energy received for delivery to consumers	1	GWh	1,436	1,368	1,305	1,405	1,415
Total revenue		**$000**	**166,656**	**142,787**	**126,680**	**116,254**	**110,953**
Net profit/(loss) before tax		$000	35,935	16,112	10,965	1,653	(6,585)
Tax expense/(benefit)		$000	12,236	5,030	3,202	972	(2,388)
Net profit/(loss) for the year		**$000**	**23,699**	**11,082**	**7,763**	**681**	**(4,197)**
Cashflow from operating activities		$000	67,124	44,455	36,800	28,860	14,488
Dividends paid		$000	-	-	-	-	-
Shareholder's equity		**$000**	**221,221**	**197,522**	**186,440**	**178,139**	**175,965**
Total assets		**$000**	**886,559**	**805,341**	**730,576**	**671,909**	**617,646**
Capital expenditure (Property, plant and equipment)		**$000**	**107,608**	**99,294**	**82,990**	**76,640**	**53,648**
Return on average equity			11.3%	6.0%	4.3%	0.4%	(2.4%)
Equity to total assets			25.0%	24.5%	25.5%	26.5%	28.5%

1 Energy received statistics for regulated years ended 31 March are reported under the Network Performance Summary on page 69.

Statement of service performance

FOR THE YEAR ENDED 30 JUNE 2024

OUR PEOPLE, OUR PLACE

OBJECTIVES	PERFORMANCE MEASURES	DESCRIPTION
Zero serious harm events involving members of the public	Number of serious injury events (excluding third party contacts with the network) involving members of the public Target: Nil	There were no serious harm events involving members of the public
Reduce harm to employees and contractors	Total Recordable Injury Frequency Rate (TRIFR) per 200,000 hours worked by Aurora and Contractors Targets – Aurora: Nil Contractors: < 3.50 On review, the TRIFR target of <3.5 included in our Statement of Intent was the target for Aurora and Contractors combined (which uses a higher number of hours in the denominator and produces a lower target), rather than our Contractor target	Aurora Energy and its network approved contractors recorded TRIFR as below. Aurora: Nil Contractors: 4.84
Develop opportunities across the business that support the overall wellness of our team	A Board-approved Health, Safety and Wellbeing Strategy is in place. The Strategy is reviewed and updated annually	The health, safety and well-being strategy was reissued in April 2023. The Strategy is implemented and progress is regularly reviewed by the Board
Aurora Energy Risk Register is regularly reviewed & updated, and the risk profile is managed in accordance with Board approved risk tolerance levels	Risk Management Framework embedded as evidenced by: • Risk registers reviewed regularly and up to date • Risk treatment plans reviewed regularly and up to date • Regular reporting to Board and Audit & Risk Committee	Risk registers and treatment plans are reviewed regularly and are up to date. There is regular reporting to the Board and Audit & Risk Committee
To create a motivated and satisfied team and to understand and action opportunities for improvement within our team environment	Average of >75% staff satisfaction result on employee surveys completed during the year	The average satisfaction result was 90.8% during the year
People and culture strategies will be documented to promote our support of equity, inclusion, and diversity	A People and Culture Strategy, and a Diversity, Equity and Engagement Strategy is in place	'Our Vision, Why it Matters, and How it will Come to Life' was published in January 2022 and provides the strategic roadmap we adhere to

Statement of service performance (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

All employees are paid the living wage or above	All direct employees are paid at the living wage or above	As at 30 June 2024, 100% of the Company's employees were paid at or above the Living Wage (as calculated by the Living Wage Aotearoa New Zealand)

EFFICIENT DELIVERY

OBJECTIVES	PERFORMANCE MEASURES	DESCRIPTION
Deliver work programme outcomes to scope, time and budget	Work programmes are delivered to Contractors on a rolling quarterly basis in accordance with Field Service contract terms. Field Service Agreement 2 in place by end of FY2024	Annual work and project plans are being delivered in accordance with Field Service contract terms (renewed with effect from 1 April 2024) Variations to budget are reported and addressed via delegated authorities
Develop a digital transformation roadmap to support intelligent business transformation	Digital transformation roadmap approved by the Board and targets for FY2024 are met	Digital transformation roadmap approved by the Board and FY24 targets met

Reliability Performance Targets (Statement of Intent Targets – Period Ended 31 March 2024)

SAIDI	AVERAGE MINUTES WITHOUT ELECTRICITY PER CONSUMER	
Class B Interruptions (Planned)	≤ 195.96 minutes	121.83 minutes
Class C Interruptions (Unplanned)	≤ 124.94 minutes	95.48 minutes

SAIFI	AVERAGE FREQUENCY OF OUTAGES PER CONSUMER	
Class B Interruptions (Planned)	≤ 1.11	0.76 interruptions
Class C Interruptions (Unplanned)	≤ 2.07	1.31 minutes

*Class C SAIDI and SAIFI are expressed as normalised figures. The Commerce Commission's price-quality framework allows for the effect of extreme events to be removed, resulting in normalised figures that are compared against target. The raw results for Class C SAIDI and SAIFI were 139.1 minutes and 1.85 interruptions respectively.

Statement of service performance (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

OUR COMMUNITIES

OBJECTIVES	PERFORMANCE MEASURES	DESCRIPTION
Maintain community support through approved sponsorships and community initiatives	Sponsorship and community initiatives $ per annum of at least $10,000	In excess of $10,000 was provided to support community initiatives during the year. Aurora Energy's primary community sponsorship was the Otago Science & Technology Fair
To provide regular updates and consult with the community on the delivery of our CPP programme	Annual delivery reporting and regional community engagements are delivered in accordance with the approved CPP timeframe	Published the 31 March 2023 Annual Delivery Report on 31 August 2023 Public engagement forums held in each pricing region before 31 October 2023
Streamline customer service processes and build key stakeholder relationships	Annual customer satisfaction/ perception survey shows year on year improvement against key criteria	Survey results show improvements in the key criteria areas of awareness, performance and trust

LICENCE TO OPERATE

OBJECTIVES	PERFORMANCE MEASURES	DESCRIPTION
To deliver commercial, growth-focused value to our shareholder	Regulatory performance metrics for compliance are tracked and reported quarterly	Quarterly tracking and reporting of regulatory performance metrics has ensured compliance and informed strategic decisions to drive commercial growth
To understand long term value optimisation for the next regulatory period	Submissions on strategic regulatory matters are lodged on a timely basis by Aurora (or via ENA) DPP versus 2nd CPP decision framework and timeline in place by 30 June 2024	Timely submissions on regulatory matters including the Commerce Commission's DPP4 reset have been delivered during the year Indicative timeline for engaging with the Commission on CPP roll-off has been agreed

Statement of service performance (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

SUSTAINABILITY

OBJECTIVES	PERFORMANCE MEASURES	DESCRIPTION
Implement process and capability improvements identified in CPP Asset Management Practices Development Plan (AMPDP)	Asset management development initiatives delivered in accordance with timetable in CPP AMPDP	Fleet strategies and plans were developed to inform our 2024 Asset Management Plan. The fleet strategies capture plausible asset failure modes and consider the information requirements for management of each asset fleet. Further details are available in the Company's Annual Delivery Report for year ended 31 March 2024
Effective long-term planning for Aurora Energy's asset portfolio is in place	Annual and compliant Asset Management Plan is published as per regulatory requirements	A full 10-year Asset Management Plan (AMP) was published on 31st March 2024
Work collaboratively with the sector on green energy initiatives and enablement of decarbonisation	Participate in electricity distribution sector 'decarbonisation ready' collaboration groups	This collaboration initiative has extended to participation in the Electricity Networks Association (ENA) Future Network Forum FNF). Among other initiatives, the FNF is progressing guidelines for the alignment of new electricity connection processes across New Zealand
Contribute to Council's city-wide Carbon Neutrality initiatives*	Continue to refine and implement our carbon emissions reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets	Work to implement Aurora Energy's carbon emissions strategy progressed during the year, however some milestone dates were not achieved. There were no quantified emission targets for the reporting period
Minimise waste and the associated negative environmental impacts	Continue to refine and implement our waste reduction strategy developed in 2022, and achieve and publicly report progress against our FY2024 targets	Work to implement Aurora Energy's waste reduction strategy progressed during the year, however some milestone dates were not achieved. There were no quantified waste reduction targets for the reporting period

* In September 2024 Dunedin City Council clarified its Carbon Neutrality objectives were defined by reference to greenhouse gasses (excluding biometric methane) emitted within the Dunedin City Territorial Area.

Dunedin City Council also clarified its city wide zero carbon targets were 'Net zero carbon by 2030 (excluding biogenic methane)' and to 'Reduce biogenic methane emissions' in line with the current central government targets.

The Global Protocol for Community-Scale Greenhouse Gas Inventories BASIC+ is a production-based methodology which means it focuses on the emissions produced within the territorial area (such as petrol vehicles, livestock, and burning LPG in the city). It also includes emissions from electricity use and cross-boundary transport.

Globally produced emissions that relate to consumption in the city are excluded (e.g., embodied emissions relating to products produced elsewhere but consumed within the geographic area, such as imported food products, cars, phones, clothes etc.).

The city's emission footprint is calculated every three years, with the most recent footprint being calculated for the 2021/2022 financial year. The next scheduled footprint calculation will be completed for 2024/25.

Council defines 'Net carbon zero' as meaning that any greenhouse gases (excluding biometric methane) emitted into the atmosphere in Ōtepoti Dunedin are in balance with the amount of carbon absorbed out of the atmosphere by trees, also known as sequestration.

Statement of service performance (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

SUSTAINABILITY CONTINUED

OBJECTIVES	PERFORMANCE MEASURES	DESCRIPTION
Implement opportunities to transition light motor fleet to electric or hybrid vehicles where appropriate	Achieve the FY2024 targets for electrification of the company's motor fleet as set out in the Aurora Energy emissions reduction strategy	We have implemented a fleet transition plan to replace ICE vehicles with electric vehicles where fit for purpose electric options are available
Increase sustainability reporting and climate related disclosures in our Annual Report	Measure and publicly report our Greenhouse Gas (GHG) emissions, and progress towards our emissions and waste reduction strategies and targets, in our Annual Report	Sustainability reporting is again included in this year's 2024 Annual Report

SHAREHOLDER

OBJECTIVES	PERFORMANCE MEASURES	DESCRIPTION
Consult with the Shareholder at the earliest possible time on matters where conflict may or could result	Potential conflicts notified to the Shareholder Targets: No unnotified potential conflicts	There were no issues of potential strategic or operational conflict to be notified to the Shareholder
On a "no surprises" basis, advise the Shareholder promptly of any substantive matter that has the potential to impact negatively on the Shareholder and the Company with a particular focus on the media	Substantive matters reported to the Shareholder within 24 hours Targets: All substantive matters reported within 24 hours	All substantive matters were reported to the Shareholder within 24 hours

FINANCIAL OBJECTIVES

FINANCIAL RESULTS – NZD '000'S	TARGET	ACTUAL
EBITDA[1]	>75,299	87,023
Net profit after tax	>15,922	23,699
Shareholder's funds	>212,257	221,221
Shareholder's funds to total assets	>25%	25%
Cash flow from operations	>47,734	67,124
Capital expenditure	>93,230	107,608
Term debt	≤538,227	538,525

1 EBITDA target and outcome calculations exclude asset disposals.

Network performance

These statistics are generally as required to be disclosed by the Commerce Commission Information Disclosure Requirements.

12 MONTHS ENDED 31 MARCH		2024	2023	2022	2021	2020
System Physical Measures						
Average length of lines and cables	km	6,312	6,256	6,213	6,161	6,101
Total capacity of distribution transformers	MVA	1,046	1,025	1,011	999	991
Distribution transformer capacity utilisation	%	30%	30%	31%	30%	29%
Consumer Measures						
Number of consumer connections		95,604	94,723	93,785	92,665	91,577
System maximum coincident demand	MW	311	309	309	299	283
Energy received for delivery [1]	GWh	1,467	1,435	1,382	1,385	1,431
Average load factor		54%	53%	51%	53%	58%
Average minutes off per interruption	CAIDI [2]	105	90	97	88	89
Average interruptions per annum	SAIFI [2]	2.1	2.4	2.3	2.1	2.1
Average minutes off per annum	SAIDI [2]	217	217	223	188	187

NOTES:
km - kilometres
MVA - megavolt amperes
MW - megawatts
GWh - gigawatt hours
CAIDI - Consumer Average Interruption Duration Index
SAIFI - System Average Interruption Frequency Index
SAIDI - System Average Interruption Duration Index

1 Energy received statistics for years ended 30 June are reported in the Trend Statement on page 62.
2 An uplift in planned works since the commencement of our customised price-quality path period has driven an increase in SAIDI, SAIFI and CAIDI figures compared with prior years.

Directors' report

FOR THE YEAR ENDED 30 JUNE 2024

The Directors of Aurora Energy Limited are pleased to report on the financial results and associated matters for the year ended 30 June 2024.

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company are the ownership and strategic management of its electricity distribution network assets.

RESULTS FOR THE YEAR ENDED 30 JUNE 2024	$000
Operating profit before income tax	35,935
Income tax expense	12,236
Net profit after tax	23,699

STATE OF AFFAIRS

The Directors believe that the state of affairs of the Company is satisfactory.

DIVIDENDS

No dividends were declared or paid during the year.

REVIEW OF OPERATIONS

The Company made good progress on the delivery of risk-based asset management practices, improved operational performance and the further development of customer and community partnerships during the year.

Operating results compared favourably with performance targets for the reporting period.

FINANCIAL STATEMENTS

The audited financial statements for the year ended 30 June 2024 are attached to this report.

Directors' report (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

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DIRECTORS' INTERESTS IN CONTRACTS

Disclosures of interests made by Directors are recorded in the Company's interests register.

These general disclosures of interests are made in accordance with S140 (2) of the Companies Act 1993 and serve as notice that the Directors may benefit from any transaction between the Company and any of the disclosed entities. Details of these declarations are included in the Information on Directors section of this report.

Any significant contracts involving Directors' interests that were entered into during the year ended 30 June 2024 or existed at that date are disclosed in the related parties section of this report.

DIRECTORS' REMUNERATION

The remuneration paid to Directors during the year was:

Stephen R Thompson	$100,685
Simon J Clarke	$50,342
Janice E Fredric	$50,342
Wendie N Harvey	$50,342
Stephen P Lewis	$50,342
	$302,053

EMPLOYEES' REMUNERATION

The number of employees and former employees whose remuneration and benefits exceeded $100,000 for the year ended 30 June 2024 is listed below. Remuneration incudes all non-cash benefits and redundancy payments at total cost to the Company where applicable.

$100,000 – $109,999	16
$110,000 – $119,999	16
$120,000 – $129,999	10
$130,000 – $139,999	10
$140,000 – $149,999	4
$150,000 – $159,999	9
$160,000 – $169,999	5
$170,000 – $179,999	3
$180,000 – $189,999	5
$190,000 – $199,999	5
$200,000 – $209,999	1
$230,000 – $239,999	1
$270,000 – $279,999	1
$280,000 – $289,999	2
$300,000 – $309,999	1
$320,000 – $329,999	1
$360,000 – $369,999	1
$370,000 – $379,999	1
$590,000 – $599,999	1
	93

OUR SERVICE PERFORMANCE

Directors' report (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

AUDIT AND RISK COMMITTEE

Mrs Fredric, Mr Thompson and Mr Lewis were members of the Audit and Risk Committee throughout the year. The Audit and Risk Committee has the responsibility for agreeing the arrangements for audit of the Company's financial statements. Its responsibilities include ensuring that appropriate audit consideration is given to the following issues:

- effectiveness of systems and standards of internal control
- quality of management controls
- management of business risk
- compliance with legislation, standards, policies and procedures
- appointing and monitoring the internal audit function.

Specific areas for the Audit & Risk Committee's review were identified and a number of reviews were completed, with the results reported to the Board. Review of further areas is on-going and progress is satisfactory.

KPMG continued as internal auditor to the Company.

HEALTH, SAFETY AND WELLBEING COMMITTEE

Mr Lewis, Mr Thompson and Mrs Harvey were members of the Health and Safety Committee throughout the year. The Committee's principal responsibility is to review and make recommendations to the Board on the appropriateness and effectiveness of the Company's health, safety and wellness strategy, performance and governance.

REMUNERATION (PEOPLE) AND TALENT COMMITTEE

Mrs Harvey, Mr Thompson and Mr Clarke were members of the Remuneration, People and Talent Committee throughout the year. The Remuneration, People and Talent Committee's role is to develop and implement policies relating to the remuneration and other terms and conditions of service of the Chief Executive and senior staff and to oversee remuneration practices.

AUDITOR

The Auditor-General is appointed Auditor pursuant to Section 45 of the Energy Companies Act 1992. The Auditor-General has contracted the audit to Audit New Zealand.

Directors' report (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

DIRECTORS' INSURANCE

In accordance with the Constitution, the Company has arranged policies of Directors' Liability Insurance that ensure that generally the Directors will incur no monetary loss as a result of actions undertaken by them as Directors, provided that they operate within the law.

DIRECTORS' BENEFITS

No Director has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit included in the total remuneration received or due and receivable by the Directors shown in the financial statements.

There were no notices from Directors requesting to use Company information received in their capacity as Directors that would not otherwise have been available to them.

EVENTS SUBSEQUENT TO BALANCE DATE

There were no significant post balance date events other than those disclosed in the notes to the financial statements.

For and on behalf of the Board of Directors

Stephen Thompson
CHAIR

Janice Fredric
DIRECTOR

26 September 2024

Information on directors

DIRECTOR	QUALIFICATIONS	DATE APPOINTED	DECLARATIONS OF INTERESTS AS AT 30 JUNE 2024
Stephen R Thompson Non-Executive Chairman	BCom, FCA (PP), CF.Inst.D.	June 2016	Chair and shareholder – Thompson Bloodstock Limited
			Director and shareholder – Passmore Consulting Services Limited
			Director and shareholder – Logistics Property Limited
			Director – F.S. Investments Limited
			Director and Shareholder – Keano's Trustee Company Limited
			Director – Wanaka Bay Limited
			Director and Shareholder – Lakes Realty Limited
			Partner – Queensberry Hills Development (ceased 3 August 2023)
			Director and Shareholder – Best View Limited
			Shareholder – McKenzie Architects Limited
			Shareholder – Owhiro River Limited
			Shareholder – Cerise Orchard Limited
			Shareholder – Renaissance Holdings (NZ) Limited
			Shareholder – Richard E Shackleton Architects Limited
			Director and Shareholder – Anreca Investments Limited
			Director and Shareholder – Lake McKay GP Limited
			Director and Shareholder – Lake McKay 2024 GP Limited
			Shareholder – Airtime New Zealand Limited
			Shareholder – The Gin Company Limited
			Director and Shareholder – Julian Smith Investment Trust Custodian Limited
			Shareholder – Julian Smith Family Trust Custodian Limited

Information on directors (cont.)

DIRECTOR	QUALIFICATIONS	DATE APPOINTED	DECLARATIONS OF INTERESTS AS AT 30 JUNE 2024
Wendie N Harvey Non-Executive Director	LLB	November 2018	Chair – Hawke's Bay Airport Limited
			Director – Eastland Port Limited
			Director – Gisborne Airport Limited
			Director – Hawke's Bay Airport Construction Limited
			Director and Shareholder – Excellence in Business Solutions Limited
			Director – TAB
			Director – Port Taranaki
			Board Member – Hawkes Bay Regional Recovery Agency
			Director – Eastland Generation Limited (ceased 30 April 2024)
			Director – Eastland Group Limited (ceased 30 June 2024)
Stephen P Lewis Non-Executive Director	CM.Inst.D. FIET MIAM	July 2021	Director – MainPower New Zealand Limited
			Director – Electricity Invercargill Limited
			Director – Pylon Limited

Information on directors (cont.)

DIRECTOR	QUALIFICATIONS	DATE APPOINTED	DECLARATIONS OF INTERESTS AS AT 30 JUNE 2024
Simon J Clarke Non-Executive Director	LLBBArts CM.Inst.D.	July 2021	Non-Executive Chair – Bay Venues Limited
			Chair/Trustee – The Whanau Trust (commenced 1 June 2024)
			Director – New Zealand Post Limited
			Director – New Zealand Post Trustee Limited
			Owner/Director/Shareholder – Matua Governance Limited
			Advisor to Queensland Investment Corporation (QIC) on potential acquisition of NZ metering business (ceased 30 June 2023)
			Director – Bluecurrent Holdings NZ Limited (formerly NZ Holdco Limited) and subsidiaries
			Director – Bluecurrent Holdings (Australia) Pty Limited (formerly VM AU Holdco Pty Limited) and subsidiaries
			Director – OLT Limited (effective 1 June 2024)
			Non-Executive Chair – Priority One (Western Bay of Plenty Economic Development Agency) (ceased 24 October 2023)
Janice E Fredric Non-Executive Director	BCom, CA MBA(Dist), CFInstD	July 2022	Chair – Civil Aviation Authority of New Zealand
			Chair – Aviation Security Service
			Director – National Institute of Water and Atmospheric Research
			Director – NIWA Vessel Management Limited
			Council Member – Lincoln University
			Director – Mainpower New Zealand Limited
			Independent Member of Audit & Risk Committee – Timaru District Council
			Trustee – New Zealand Shipwreck Welfare Trust
			Trustee – Treygynon Charitable Trust
			Director – NZ Growth Capital Partners Limited (effective 11 September 2023)
			Director – Aspire NZ Seed Fund Limited (effective 11 September 2023)
			Director – Elevate NZ Venture Fund GP Limited (effective 11 September 2023)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Contents

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $000	2023 $000
Operating revenue	3	166,639	142,773
Financial revenue	4	17	14
Total revenue		**166,656**	**142,787**
Less expenses			
Operating expenses	5	108,613	109,396
Financial expenses	6	22,108	17,279
Total expenditure		**130,721**	**126,675**
Profit before tax		**35,935**	**16,112**
Income tax expense	9	12,236	5,030
Net profit after tax for the year		**23,699**	**11,082**
Other comprehensive income			
Gain on cashflow hedges		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		**23,699**	**11,082**

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2024

	Share Capital $000	Hedge Reserve $000	Retained Earnings $000	Total Equity $000
Equity as at 1 July 2023	10,000	-	187,522	197,522
Profit after tax	-	-	23,699	23,699
Comprehensive income	-	-	-	-
Equity as at 30 June 2024	**10,000**	**-**	**211,221**	**221,221**
Equity as at 1 July 2022	10,000	-	176,440	186,440
Profit after tax	-	-	11,082	11,082
Comprehensive income	-	-	-	-
Equity as at 30 June 2023	**10,000**	**-**	**187,522**	**197,522**

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Statement of financial position

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $000	2023 $000
EQUITY			
Share capital	11	10,000	10,000
Retained earnings	12	211,221	187,522
Total equity		**221,221**	**197,522**
CURRENT LIABILITIES			
Lease liabilities	7	967	949
Trade and other payables	13	19,850	17,855
Contract liabilities	14	1,144	1,556
Borrowings	17	1,518	1,525
Other current liabilities	15	32	-
Tax provision	9	2,438	-
Employee provisions	16	2,042	1,874
Total current liabilities		**27,991**	**23,759**
NON-CURRENT LIABILITIES			
Lease liabilities	7	1,836	2,318
Employee provisions	16	370	337
Borrowings	17	538,525	494,635
Contract liabilities	14	-	-
Deferred tax liability	18	96,616	86,770
Total non-current liabilities		**637,347**	**584,060**
Total liabilities		**665,338**	**607,819**
TOTAL EQUITY AND LIABILITIES		**886,559**	**805,341**

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Statement of financial position (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $000	2023 $000
CURRENT ASSETS			
Cash and cash equivalents	19	126	120
Trade and other receivables	20	18,000	17,095
Inventories	22	2,069	2,294
Other current assets	15	-	55
Taxation receivable		-	720
Total current assets		**20,195**	**20,284**
NON-CURRENT ASSETS			
Investments	21	24	24
Intangible assets	24	4,652	3,824
Deferred tax asset	18	1,383	1,286
Property, plant and equipment	23	857,602	776,737
Right of use assets	7	2,703	3,186
Total non-current assets		**866,364**	**785,057**
TOTAL ASSETS		**886,559**	**805,341**

For and on behalf of the Board of Directors

Stephen Thompson
CHAIRMAN

Janice Fredric
DIRECTOR

26 September 2024

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $000	2023 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from			
Receipts from customers		165,410	141,326
Interest and dividends received		-	7
IRD research & development rebate		83	-
Intra group tax loss/subvention receipt		589	2,879
		166,082	144,212
Cash was disbursed to			
Payments to suppliers and employees		76,163	81,707
Interest paid		23,030	18,043
Net GST (received)/paid		(235)	7
		98,958	99,757
Net cash inflows from operating activities	26.1	**67,124**	**44,455**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from			
Sale of property, plant and equipment including intangible assets		-	446
		-	446
Cash was disbursed to			
Purchase of property, plant and equipment including intangible assets		109,953	100,175
		109,953	100,175
Net cash (outflows) from investing activities		**(109,953)**	**(99,729)**

The accompanying notes and accounting policies form an integral part of these audited financial statements.

Statement of cash flows (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $000	2023 $000
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from			
Proceeds from borrowings		79,370	99,700
		79,370	99,700
Cash was disbursed to			
Repayment of borrowings		35,480	43,275
Lease liability repayment		1,055	1,095
		36,535	44,370
Net cash inflows from financing activities	26.2	**42,835**	**55,330**
Net increase/(decrease) in cash, cash equivalents and bank overdraft		**6**	**56**
Cash and cash equivalents at beginning of the year		120	64
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	19	**126**	**120**

The accompanying notes and accounting policies form an integral part of these audited financial statements.

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FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

1 REPORTING ENTITY

The financial statements are for the reporting entity Aurora Energy Limited (the Company).

The financial statements have been prepared in accordance with the requirements of the Energy Companies Act 1992.

The Company, incorporated in New Zealand under the Companies Act 2013, is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

These financial statements are presented in New Zealand dollars, and have been rounded to the nearest thousand.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The Company is a Tier 1 for-profit entity as defined by the External Reporting Board (expenses over $30 million) and has reported in accordance with Tier 1 For-profit Accounting Standards. These annual financial statements are general purpose financial reports which have been prepared in accordance with NZIAS1, additional information as requested by Directors, and in accordance with NZ GAAP. They comply with New Zealand Equivalents to IFRS, and other applicable Financial Reporting Standards, as appropriate for profit orientated entities.

The financial statements were authorised for issue by the Directors on 26 September 2024.

Basis of Accounting

The financial statements have been prepared on the historic cost basis, except for the revaluation of certain assets including cash flow hedge instruments. The going concern assumption has been applied.

The accounting policies set out below have been applied consistently to all periods in these financial statements and notes.

Critical Accounting Judgements, Estimates and Assumptions

In preparing these financial statements the Company has made judgements, estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated.

The critical accounting judgements, estimates and assumptions of the Company are contained within the following policies.

Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. The Statement of Cash Flows is exclusive of GST.

2 SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of Assets

At each balance date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset 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 from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Any impairment loss is immediately expensed to the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is immediately recognised in the statement of comprehensive income.

Financial Instruments

Financial instruments are contracts that give rise to financial assets and financial liabilities that are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Changes in Accounting Policies

There have been no new accounting policies adopted in the year to 30 June 2024.

Standards amended or issued during the year

During the period, there were no new or amended accounting standards which materially affected the Company or its reporting.

Standards issued but not yet effective

Amendments to NZ IAS 1-Disclosure of Accounting Policies, IFRS 16-Leases, IFRS 18-Presentation and disclosure of Financial Statements and FRS 44-New Zealand Additional Disclosures have been issued but are not yet effective.

The amendments to NZ IAS 1- Disclosure of Accounting Policies includes that entities must disclose information to enable users to understand the risk that non-current liabilities with covenants could become repayable within 12 months.

The amendments to IFRS 16-Leases relate to sale and leaseback transactions that are accounted for as a sale under NZ IFRS 15 Revenue from Contracts with Customers and provides guidance on what gain or loss adjustments, if any, are recognised.

The amendments to IFRS 18-Presentation and disclosure of Financial Statements introduce new requirements intended to improve how information is communicated in the financial statements – in particular, information in the statement of profit or loss.

The amendments to FRS 44-New Zealand Additional Disclosures require that audit fees be disaggregated into specified categories of services and include guidance to assist entities.

The amendments to these standards will not have a material impact on the financial reporting of the Company.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 $000	2023 $000
3 OPERATING REVENUE		
Line charges	121,509	100,468
Pass-through and recoverable cost revenue	26,939	32,202
Customer contributions	15,466	8,717
Total revenue	**163,914**	**141,387**
Other income	2,725	1,386
Total revenue and other income	**166,639**	**142,773**

Line charges and pass-through and recoverable cost revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of distribution services for electricity. Prices are regulated and customers are charged through a mix of fixed charges which are recognised on a straight line basis and variable charges which are recognised based on the volume of distribution services provided. Consistent with NZ IFRS 15 this revenue is recognised during the period in which the service is delivered.

Customer contribution revenue relates to contributions received from customers towards the costs of reticulating electricity to new connections, constructing uneconomic lines and relocating existing network assets. Revenue is generally recognised at the time the new connection is fully constructed and livened. For contracts with multiple performance obligations revenue is recognised at the point in time when each performance obligation is satisfied.

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company.

Sales of goods are recognised when significant risks and rewards of owning the goods are transferred to the buyer, when the revenue can be measured reliably and when management effectively ceases involvement or control.

Having considered the revenue recognition criteria of NZ IFRS 15, the Company has determined that line charges and customer contributions received during the reporting period continue to meet the requirements for recognition as up-front revenue.

Impact of 2021 Customised Price-Quality Path Determination on revenue recognition

The Commerce Commission's Customised Price-Quality Path Determination for Aurora Energy included a 10% limit on the annual increase in line charge revenue in order to reduce the price impact on consumers. Combined with the impact of volume driven revenue variances the revenue wash-up amount for year ended 31 March 2024 is $22.896 million (Restated 2023: $23.453 million). The 2023 revenue washup amount was adjusted downwards to $23.453 million (-$15.862 million), following a published restatement of the Company's 2023 Annual Compliance Statement. This revenue wash-up amount will be recovered from consumers in future financial years.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 $000	2023 $000
4 FINANCIAL REVENUE		
Interest and dividends received	17	14

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

5 OTHER EXPENSES

Included in the operating expenses of the Company are the following items:

	2024 $000	2023 $000
Audit fees		
- for audit of financial statements	179	164
- for audit services in relation to regulatory (information disclosure) reporting	60	56
- for audit services in relation to price and quality thresholds and other regulatory reporting	38	35
- for audit of annual delivery report	59	65
Total audit fees	**336**	**320**
Transmission costs	26,939	31,972
Depreciation and amortisation	26,783	24,812
Depreciation – leases	960	1,009
Maintenance costs	18,792	20,287
Employee remuneration and benefits	17,759	16,249
Directors' fees & disbursements	335	310
Bad debts written off	41	232
Loss on sale / disposal of fixed assets	1,255	936
Increase / (decrease) in expected credit losses	180	(105)

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 $000	2023 $000
6 FINANCIAL EXPENSES		
Interest – other	10	6
Interest – related parties	23,023	17,649
Interest – capitalised	(1,040)	(450)
Interest – leases	115	74
Total financial expenses	**22,108**	**17,279**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare them for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The interest rate used to calculate borrowing costs in the year to 30 June 2024 was 4.47% (2023: 3.79%). This was the interest rate applicable to new project financing in the reporting period.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

7 LEASES AND RIGHT OF USE ASSETS

Leases are classified as right-of-use assets except where lease payments that are short-term or low value are recognised as an expense on a straight-line basis over the term of the lease.

Lease liability payments are allocated between interest 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 assets and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Lease liabilities

Leases entered into and identified by the Company include property leases, communication access rights, and vehicle leases. In assessing whether an arrangement is, or contains a lease, the Company considers whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

7 LEASES AND RIGHT OF USE ASSETS - continued

LEASE MATURITY ANALYSIS AS AT 30 JUNE 2024	Minimum Lease Payments $000	Interest $000	Present Value $000
Payable within one year	991	24	967
Payable between one to five years	1452	183	1,269
Payable later than five years	644	77	567
Total			**2,803**
Current Portion			967
Non-current Portion			1,836
			2,803

LEASE MATURITY ANALYSIS AS AT 30 JUNE 2023	Minimum Lease Payments $000	Interest $000	Present Value $000
Payable within one year	964	15	949
Payable between one to five years	1,936	240	1,696
Payable later than five years	714	92	622
Total			**3,267**
Current Portion			949
Non-current Portion			2,318
			3,267

	2024 $000	2023 $000
Cashflow		
Total cash outflow in relation to leases	1,402	1,389
Lease expenses included in profit and loss relate to		
Short term leases	348	297
Interest on leases	115	74

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NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

7 LEASES AND RIGHT OF USE ASSETS - continued

RIGHT OF USE ASSETS

MOVEMENTS IN YEAR ENDED 30 JUNE 2024	Buildings $000	Network $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
Opening net book value	1,977	-	1,154	55	3,186
Additions	239	-	-	238	477
Disposals	-	-	-	-	-
Depreciation charge	(643)	-	(236)	(81)	(960)
Closing net book value	1,573	-	919	211	2,703
As at 30 June 2024					
Cost	4,258	-	2,666	1,089	8,013
Accumulated depreciation	(2,685)		(1,748)	(877)	(5,310)
Net book value	**1,573**	**-**	**918**	**212**	**2,703**

MOVEMENTS IN YEAR ENDED 30 JUNE 2023	Buildings $000	Network $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
Opening net book value	2,173	-	612	76	2,861
Additions	419	-	937	41	1,397
Disposals	-	-	(63)	-	(63)
Depreciation charge	(615)	-	(332)	(62)	(1,009)
Closing net book value	1,977	-	1,154	55	3,186
As at 30 June 2023					
Cost	4,019	-	2,666	851	7,536
Accumulated depreciation	(2,042)	-	(1,512)	(796)	(4,350)
Net book value	**1,977**	**-**	**1,154**	**55**	**3,186**

Right of use (ROU) assets are initially recognised at cost, comprising the initial amount of the lease liability less any unamortised lease incentives. ROU assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In considering the lease term, the Company applies judgment in determining whether it is reasonably certain that an extension or termination option will be exercised. As at 30 June 2024 the lease renewal options in relation to office premises were not fully recognised in lease terms on the basis that it was less than certain all rights of renewal would be exercised.

FOR THE YEAR ENDED 30 JUNE 2024

8 DIVIDENDS

No dividend was declared or payable for the year ended 30 June 2024 (2023: Nil).

9 TAXATION

The tax expense comprises both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit. Current tax and deferred tax is charged or credited to the statement of comprehensive income except when deferred tax relates to items charged directly to equity. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance date.

	2024 $000	2023 $000
Income Tax		
Operating profit/(loss) before income tax	35,935	16,112
Tax thereon at 28% (2023: 28%)	10,062	4,511
Plus / (Less) the Tax Effect of Differences		
Expenditure (deductible)/non-deductible for taxation purposes	14	10
Consolidated group adjustment	328	369
Under/(over) tax provision in prior years	61	140
Removal of tax depreciation on commercial buildings	1,771	-
Tax effect of differences	2,174	519
Tax expense	**12,236**	**5,030**
Represented by		
Current tax provision	2,446	(722)
Research & development tax credit	(8)	-
Under/(over) current tax provision in prior year	49	(562)
Deferred tax provision	7,957	5,612
Under/(over) deferred tax in prior year	21	702
Removal of tax depreciation on commercial buildings	1,771	-
Total income tax	**12,236**	**5,030**

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

9 TAXATION - continued

During the 2024 income year, Aurora Energy has removed from its cost of assets for tax depreciation purposes the identified profits arising on the construction of those assets supplied by DCHL subsidiary, Delta Utility Services Limited. These profits have also been deducted from the calculation of taxable income of the consolidated tax group. For accounting purposes, the group has decided to recognise the adjustment to remove the profit component of these assets and reflect a current year tax compensation payment of $328,000 from Delta to Aurora. This approach has been adopted since 1 July 2015.

Imputation credit account

The Company is a member of an income tax consolidated group and has access to the income tax consolidated group's imputation credit account.

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the total comprehensive income attributable to the Shareholder of the Company by the weighted average number of ordinary shares on issue during the year.

	2024	2023
Number of shares		
Weighted average number of ordinary shares	10,000,000	10,000,000
Basic earnings per share in dollars	**2.37**	**1.11**

	2024 $000	2023 $000
11 EQUITY - SHARE CAPITAL		
Issued capital - 10,000,000 ordinary shares	10,000	10,000
12 RETAINED EARNINGS		
Balance at beginning of the year	187,522	176,440
Net profit/(loss) for the year	23,699	11,082
Balance at end of the year	211,221	187,522

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 $000	2023 $000

13 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost and include:

	2024 $000	2023 $000
Trade payables	19,850	17,855
	19,850	**17,855**

The Directors consider that the carrying amount of trade payables approximates their fair value. Creditors and other payables are non-interest bearing and are normally settled on 30-day terms.

14 CONTRACT LIABILITIES

Contract liabilities relate to customer prepayments on capital contribution projects that have not been completed. The current portion reflected in the note below represents the total value of customer contributions received on projects we expect to be complete within one year of balance date.

	2024 $000	2023 $000
Current	1,144	1,556
Non-current	-	-

15 OTHER CURRENT ASSETS/(LIABILITIES)

	2024 $000	2023 $000
GST receivable/(payable)	(32)	55
	(32)	**55**

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 $000	2023 $000
16 EMPLOYEE PROVISIONS		
(i) Current liabilities		
Annual leave	1,923	1,770
Long service leave	79	68
Gratuities	40	36
Balance at end of the year	**2,042**	**1,874**
(ii) Non-current liabilities		
Long service leave	244	216
Gratuities	126	121
Balance at end of the year	**370**	**337**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to long service leave and retirement gratuities are calculated on an actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Company.

The Company recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on the value of excess sick leave taken within the previous twelve months.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 $000	2023 $000
17 BORROWINGS (SECURED)		
Dunedin City Treasury Limited – Term	538,525	494,635
Dunedin City Treasury Limited – Current	1,518	1,525
	540,043	**496,160**

All borrowings are provided under a facility agreement with Dunedin City Treasury Limited (DCTL), a related party of the Company. DCTL provides corporate treasury services to Dunedin City Council (DCC), Dunedin City Holdings Limited (DCHL) and its subsidiaries. DCTL sources external debt and on-lends to DCC and the council-controlled organisations based on an average cost of borrowings. The borrowings are not required to be repaid provided the borrower is not in default and continues to meet the terms of the borrowing. The borrower may repay principal balances at any time.

DCTL typically reviews and sets a fixed interest rate at the beginning of each financial year but, contractually, interest rates may be reset every quarter. The fixed interest rate reflects the internal borrowing rate index of DCTL for the interest period. At the end of the financial year, or sooner if necessary, a retrospective interest rate adjustment is calculated to ensure that the effective rate charged to borrowers for the period reflects the actual costs of DCTL.

The Company has assessed that the fair value of borrowings on initial recognition is the face value. The interest rate set by DCTL is considered a market rate as it is based on an internal borrowing index for a fixed interest period. Debt is sourced by DCTL on ordinary commercial terms, arranged by major trading banks. DCTL also borrows from the Local Government Funding Agency (LGFA). DCTL has a credit rating equal to that of DCC and has assessed the same level of credit risk for all borrowers within the DCC group since they are ultimately owned by DCC and rely on their underlying support in a stress scenario. Accordingly, DCTL does not apply different credit spreads to different borrowers.

For the reasons noted above, the Company continues to deem it appropriate to measure its loan from DCTL at amortised cost.

At balance date, the Company had a term debt facility limit of $550 million.

The weighted average interest rate for the loan inclusive of any current portion, was 4.47% (2023: 3.79%).

Current borrowings reflect interest accrued on the Dunedin City Treasury Limited (DCTL) Term Loan as at balance date.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

18 DEFERRED TAX

	Opening Balance $000	Charged to Equity $000	Charged to Income $000	Closing Balance Assets $000	Closing Balance Liabilities $000	Closing Balance $000
YEAR ENDED 30 June 2024:						
Property, plant and equipment	(77,565)	-	(7,742)	-	(85,307)	(85,307)
Provisions	1,286	-	97	1,383	-	1,383
Customer contributions	(9,204)	-	(2,105)	-	(11,309)	(11,309)
Tax losses	-	-		-	-	-
Balance at end of the year	**(85,483)**	**-**	**(9,750)**	**1,383**	**(96,616)**	**(95,233)**
YEAR ENDED 30 June 2023:						
Property, plant and equipment	(72,728)	-	(4,837)	-	(77,565)	(77,565)
Provisions	1,750	-	(463)	1,286	-	1,286
Customer contributions	(8,679)	-	(526)	-	(9,205)	(9,205)
Tax losses	488	-	(488)	-	-	-
Balance at end of the year	**(79,169)**	**-**	**(6,314)**	**1,286**	**(86,770)**	**(85,483)**

Deferred tax assets and 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 deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Movements in deferred tax assets and liabilities are charged or credited in the statement of comprehensive income in the financial year that the movement occurs, except when it relates to items charged or credited directly to equity.

FOR THE YEAR ENDED 30 JUNE 2024

	2024 $000	2023 $000
19 CASH AND CASH EQUIVALENTS		
Cash and bank	126	120
	126	**120**

Cash and cash equivalents is composed of cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown with borrowings in current liabilities in the statement of financial position.

The carrying amount of these assets or liabilities approximate their fair value.

20 TRADE AND OTHER RECEIVABLES

Trade and other receivables are classified as financial assets at cost less any allowances for estimated irrecoverable amounts.

	2024 $000	2023 $000
Trade receivables	17,610	16,925
Dunedin City Council and Group entities	64	29
	17,674	**16,954**
Less expected credit loss	(636)	(456)
	17,038	**16,498**
Prepayments	962	597
	18,000	**17,095**

The Directors consider that the carrying amount of the trade and other receivables approximates their fair value. The expected credit loss is established when there is objective evidence of the Company's debtors being unable to make the required payments. The Company not only provides for those debts in excess of 90 days but also assesses debtor amounts that are past due when calculating the impairment.

In the year ended 30 June 2024 $41,000 of Trade receivables were written off (2023: $232,000).

Debtor ageing	2024 $000	2023 $000
Current	16,895	16,424
Past due 0 to 30 days	166	126
Past due 31-60 days	24	14
Past due 61-90 days	60	16
90+ days plus	529	374
	17,674	**16,954**

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 $000	2023 $000

21 INVESTMENTS

Investments are comprised of long-term equity instrument holdings which are available for sale. Investments are measured at fair value. Any gains or losses are recognised in the statement of comprehensive income for the period in which they occur.

	2024 $000	2023 $000
Investments – listed companies	24	24
	24	**24**

The Company has acquired small shareholdings in several listed electricity-sector companies. These holdings are considered long-term.

22 INVENTORIES

	2024 $000	2023 $000
Network spare parts	8	8
Materials and stores	2,061	2,286
	2,069	**2,294**

Inventories are stated at the lower of cost and net realisable value. Cost comprises of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

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23 PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment are those assets held by the Company for the purpose of carrying on its business activities on an ongoing basis.

All property, plant and equipment assets are stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

Self-constructed assets include the direct cost of construction, direct labour and an allowance for overheads, to the extent that they relate to bringing the fixed assets to the location and condition for their intended service.

Depreciation is charged so as to write-off the costs of assets, other than land, and capital work in progress, on the straight-line basis. Rates used have been calculated to allocate the assets' costs less estimated residual values over their estimated remaining useful lives.

Depreciation of assets commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation rates and methods used are:

	Rate	Method
Land	no depreciation charged	
Buildings	1% to 10%	straight line
Electricity network assets	1% to 20%	straight line
Plant and equipment	2% to 50%	straight line
Motor vehicles	5% to 25%	straight line
Office equipment and fittings	4% to 25%	straight line
Optical fibre network assets	2% to 10%	straight line
Capital work in progress	no depreciation charged	

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

23 PROPERTY, PLANT AND EQUIPMENT - continued

	Land $000	Buildings $000	Network $000	Plant and Equipment $000	Motor Vehicles $000	Office Equipment $000	Optical Fibre Network $000	Construction in Progress $000	Total $000
YEAR ENDED 30 June 2024:									
Cost									
Balance at beginning of year	5,836	18,773	962,051	8,587	220	1,207	4,981	38,945	1,040,600
Purchases	-	-	-	-	-	-	-	107,608	107,608
Transfers	256	2,660	98,308	681	-	(9)	-	(101,896)	-
Disposals	-	-	(1,150)	(34)	-	(18)	(13)	-	(1,215)
Total cost	**6,092**	**21,433**	**1,059,209**	**9,234**	**220**	**1,180**	**4,968**	**44,657**	**1,146,993**
Accumulated depreciation									
Balance at beginning of year	-	3,311	253,500	4,596	155	420	1,881	-	263,863
Depreciation	-	368	24,126	824	11	97	141	-	25,567
Transfers	-	2	-	-	-	(2)	-	-	-
Disposals	-	-	-	(13)	-	(14)	(13)	-	(40)
Total accumulated depreciation	**-**	**3,682**	**277,626**	**5,407**	**166**	**501**	**2,009**	**-**	**289,391**
Balance at end of year	**6,092**	**17,751**	**781,583**	**3,827**	**54**	**679**	**2,959**	**44,657**	**857,602**

Property, plant and equipment assets of $812.945 million (2023: $737.792 million) are the subject of a debenture held as security for DCTL borrowings on behalf of the DCC consolidated group.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

23 PROPERTY, PLANT AND EQUIPMENT - continued

	Land $000	Buildings $000	Network $000	Plant and Equipment $000	Motor Vehicles $000	Office Equipment $000	Optical Fibre Network $000	Construction in Progress $000	Total $000
YEAR ENDED 30 June 2023 :									
Cost									
Balance at beginning of year	5,679	18,094	872,637	7,360	220	1,151	4,981	34,640	944,762
Purchases	-	-	-	-	-	-	-	99,294	99,294
Transfers	157	679	92,869	1,228	-	56	-	(94,989)	-
Disposals	-	-	(3,455)	(1)	-	-	-	-	(3,456)
Total cost	**5,836**	**18,773**	**962,051**	**8,587**	**220**	**1,207**	**4,981**	**38,945**	**1,040,600**
Accumulated depreciation									
Balance at beginning of year	-	2,989	233,492	3,794	145	330	1,739	-	242,489
Depreciation	-	321	22,265	803	11	90	141	-	23,631
Disposals	-	-	(2,257)	-	-	-	-	-	(2,257)
Total accumulated depreciation	**-**	**3,311**	**253,500**	**4,596**	**155**	**420**	**1,881**	**-**	**263,863**
Balance at end of year	**5,836**	**15,461**	**708,552**	**3,991**	**65**	**785**	**3,100**	**38,945**	**776,737**

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NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

23 PROPERTY, PLANT AND EQUIPMENT - continued

The carrying amounts of the Company's property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If such impairment exists, the recoverable amount of assets is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's net selling price and value in use. An impairment loss is recognised whenever the carrying amount of assets exceeds its recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In assessing the recoverable amount of the Company's electricity network related assets, the Directors have reviewed the results of impairment testing undertaken by management as at 30 June 2024. The impairment testing was performed on a "no growth" basis in accordance with NZ IAS 36 Impairment of Assets.

The impairment testing used the discounted cashflow (DCF) methodology to arrive at an estimated valuation range based on Free Cash Flows (FCF) for a 10-year period from 1 July 2024. The key assumptions utilised in the impairment testing were that:

- For the 10 years from 1 July 2024, the network forecasts are derived from the Commerce Commission final CPP decision allowances for the period ended 31 March 2026 and Building Blocks Allowable Revenue (BBAR) forecasts. In calculating the BBAR forecast from 1 April 2026, it is assumed that the Company reverts to a Default Price-Quality Path from the 2026/27 regulatory year and the Company's DPP4 operating expenditure allowance is determined by reference to actual expenditure during the 2024/25 regulatory year.
- Capital expenditure will mirror the 10-year expenditure forecasts included in the Company's 2024 Asset Management Plan.
- Operating expenditure will mirror the 10-year expenditure forecasts included in the Company's 2024 Asset Management Plan. It is assumed that Aurora Energy's DPP4 operating expenditure allowance will be determined by reference to actual expenditure in the 2024/25 regulatory year.
- In applying the DCF methodology the Company considered a range of discount rates from 5.99% to 6.99%. The discount rate is a matter of professional judgement.
- In determining the discount rate for year-end impairment testing, the 10-year Government bond rate at valuation date was used as a basis for the risk-free rate. The risk-free rate was used in conjunction with a view of an appropriate post-tax market risk premium.
- The discount rates used in the impairment testing were based on the same level of asset beta and similar level of leverage as set by the Commerce Commission for the 5-year regulatory period from 1 April 2020.

Sensitivity analysis showed a 0.25% decrease/(increase) in the DCF discount rate used for impairment testing would increase/(decrease) the indicative value range by about $19.5 million.

On reviewing the DCF analysis the Directors assessed that there was no impairment to the carrying value of the network assets as at 30 June 2024.

The value of the assets is fundamentally linked to the Company's ability to operate within the future expenditure allowances approved by the Commerce Commission.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

24 INTANGIBLES

Software is amortised on a straight line basis over its estimated useful life – a maximum period of four years.

YEAR ENDED 30 JUNE 2024

	Software $000	Work in Progress $000	Total Cost $000
Cost			
Balance at beginning of year	6,185	2,106	8,291
Transfers	3,416	(3,416)	-
Purchases	-	2,044	2,044
Total cost	**9,601**	**734**	**10,335**
Accumulated amortisation			
Balance at beginning of year	4,467	-	4,467
Amortisation	1,216	-	1,216
Total amortisation	**5,683**	**-**	**5,683**
Closing balance	**3,918**	**734**	**4,652**

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

24 INTANGIBLES - continued

YEAR ENDED 30 JUNE 2023

	Software $000	Work in Progress $000	Total Cost $000
Cost			
Balance at beginning of year	4,344	2,602	6,946
Transfers	1,841	(1,841)	-
Purchases	-	1,345	1,345
Total cost	**6,185**	**2,106**	**8,291**
Accumulated amortisation			
Balance at beginning of year	3,286	-	3,286
Amortisation	1,181	-	1,181
Total amortisation	**4,467**	**-**	**4,467**
Closing balance	**1,718**	**2,106**	**3,824**

Software assets of $3.918 million (2023: $1.718 million) are the subject of a debenture held as security for DCTL borrowings on behalf of the DCC consolidated group.

25 CAPITAL COMMITMENTS

	2024 $000	2023 $000
Expenditure contracted for at balance date but not provided for in the financial statements	39,669	44,789
	39,669	**44,789**

The Company is party to four field services agreement (FSA) contracts. The value of total committed expenditure under these contracts is $40 million for the 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028 regulatory years. The current FSA contracts include network operational expenditure and do not specify the minimum capital expenditure per annum.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

26 CASH FLOWS

26.1 Reconciliation of net profit for the year to cash flows from operating activities

	2024 $000	2023 $000
Net profit for the year	23,699	11,082
Items not involving cash flows		
Depreciation and amortisation	27,742	25,821
Increase/(decrease) in deferred tax	9,749	6,315
Non-cash component of finance costs	(925)	(377)
Non-cash component of investing activities	-	(2)
Other non-cash items	-	-
Impact of changes in working capital items		
(Increase)/decrease in trade and other receivables	(905)	(1,550)
Increase/(decrease) in trade and other payables	1,988	886
Increase/(decrease) in provision for tax	3,158	1,593
Increase/(decrease) in contract liabilities	(412)	747
(Increase)/decrease in other current assets	87	(132)
(Increase)/decrease in inventories	225	(693)
Increase/(decrease) in other liabilities	201	26
Items classified as investing or financing activities		
Capital creditors in accounts payable	1,262	(153)
Loss on write down of capital projects	-	-
Net (gain)/loss on sale property, plant and equipment	1,255	892
Net cash inflows/(outflows) from operating activities	**67,124**	**44,455**

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

26 CASH FLOWS - continued

26.2 Reconciliation of changes in liabilities arising from financial activities

	30 June 2023 $000	Cashflows $000	Non-cash Movement $000	30 June 2024 $000
Long term borrowings	494,635	43,890	-	538,525
Short term borrowings	1,525	-	(7)	1,518
Lease liabilities	3,267	(1,055)	591	2,803
Total liabilities from financing activities	**499,427**	**42,835**	**584**	**542,846**

	30 June 2022 $000	Cashflows $000	Non-cash Movement $000	30 June 2023 $000
Long term borrowings	438,210	56,425	-	494,635
Short term borrowings	1,722	-	(197)	1,525
Lease liabilities	2,995	(1,095)	1,367	3,267
Total liabilities from financing activities	**442,927**	**55,330**	**1,170**	**499,427**

27 RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

Transactions with Dunedin City Council

The Company undertakes transactions with Dunedin City Council and other Dunedin City Council controlled entities. During the period, the Company provided services and traded with Dunedin City Council Group in respect of the following transactions:

YEAR ENDED 30 JUNE	2024 $000	2023 $000
Purchases of goods and services from Dunedin City Council:		
Rates and property leases	1,351	932
Capital Work/other	73	21
	1,424	**953**

FOR THE YEAR ENDED 30 JUNE 2024

27 RELATED PARTY TRANSACTIONS - continued

YEAR ENDED 30 JUNE	2024 $000	2023 $000
Purchases of goods and services from other Dunedin City Council Group entities:		
Capital work	36,621	33,249
Network management and operation	16,175	17,386
Interest/facility fees	23,006	17,649
Contracting services	33	185
Lease of meters	104	-
Rent	535	500
	76,474	**68,969**

At period end the amounts payable by Aurora Energy Limited to Group entities:	2024 $000	2023 $000
Dunedin City Council Group entities	546,679	503,179
	546,679	**503,179**

Sales of services to Dunedin City Council:	2024 $000	2023 $000
Contribution in respect of Capital Works	-	-
	-	**-**

Sales of services to Dunedin City Council Group entities:		
Rent	161	161
Sales of stock & other	687	160
Subvention/tax loss offset receipt	589	2,879
Tax compensation	328	369
Consulting & sundry services	-	13
Contribution in respect of capital works	-	114
Corporate shared services	-	-
	1,765	**3,696**

At period end, the amounts receivable by Aurora Energy Limited from Dunedin City Council Group entities are:		
Dunedin City Council	-	-
Other Dunedin City Council Group entities:	1,018	1,187

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

27 RELATED PARTY TRANSACTIONS - continued

YEAR ENDED 30 JUNE	2024 $000	2023 $000
Transactions with Dunedin City Treasury Limited (per Statement of cash flows and Note 17)		
Opening term borrowings	494,635	438,210
Proceeds from borrowings	79,370	99,700
Repayment of borrowings	(35,480)	(43,275)
Closing term borrowings	**538,525**	**494,635**
Current borrowings	1,518	1,525
	540,043	**496,160**

No related party debts have been written off or forgiven during the year and no provision has been required for impairment of any receivables from related parties.

Aurora Energy Limited undertakes transactions with other related parties.

Commitments with other Dunedin City Council Group entities:

Expenditure contracted for at balance date but not provided for in the financial statements	12,902	12,637
	12,902	**12,637**

The Company is party to field services agreements with Delta Utility Services Limited. The value of total committed expenditure under these contracts is $24 million for each of the 31 March 2025, 31 March 2026, 31 March 2027 and 31 March 2028 regulatory years.

FOR THE YEAR ENDED 30 JUNE 2024

27 RELATED PARTY TRANSACTIONS - continued

Transactions with companies in which Directors have an interest:

Mr Thompson is a Director and Shareholder of Passmore Consulting Services Limited. During the financial period covered by this report services of $100,685 were purchased from Passmore Consulting Services Limited (2023: $99,151). No monies were outstanding on 30 June 2024 (2023: nil). Mr Thompson is a Shareholder in The Gin Factory Limited. During the financial period covered by this report, capital contributions of $927,924 were received (2023: $140,539).

Mrs Harvey is a Director and Shareholder of Excellence in Business Solutions Limited. During the financial period covered by this report services of $50,342 were purchased from Excellence in Business Solutions Limited (2023: $49,575). No monies were outstanding on 30 June 2024 (2023: nil).

Mr Simon Clarke is a Director and Shareholder of Matua Governance Limited. During the financial period covered by this report services of $50,342 were purchased from Matua Governance Limited (2023: $49,575). No monies were outstanding on 30 June 2024 (2023: nil).

Mr Simon Clarke is a Director of New Zealand Post Limited. In the ordinary course of business during the financial period covered by this report, services valued at $395 were purchased from New Zealand Post Limited (2023: $385). No monies were outstanding on 30 June 2024 (2023: $343).

DIRECTORS' REMUNERATION

The remuneration paid to Directors during the year was $302,053.

KEY MANAGEMENT PERSONNEL REMUNERATION

	2024 $000	2023 $000
Short term employment benefits	2,497	2,405
Post-employment benefits – employees	93	87
Short term benefits – Directors (as above)	302	299
Termination benefits	172	-
	3,064	**2,791**

During the financial period under review, key management personnel in addition to Directors were directly employed by the Company.

Total remuneration paid to the Chief Executive was $598,182. No short or long term incentive arrangements are in place.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

28 FINANCIAL INSTRUMENT RISK

Dunedin City Treasury Limited, which is part of the Dunedin City Holdings Group, co ordinates access to domestic financial markets for all group members, and provides advice on the management of financial instrument risks to the Company. These risks include credit risk and liquidity risk.

CREDIT RISK

Credit risk on liquid funds and cash flow hedge instruments is limited through the counterparties being banks with high credit ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk. The exposure is spread over a large number of counterparties.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

The Company's maximum credit risk for each class of financial instrument is:

	2024 $000	2023 $000
Cash and cash equivalents	126	120
Trade and other receivables	17,038	16,498
Term investments	24	24
	17,188	**16,642**

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

28 FINANCIAL INSTRUMENT RISK - continued

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates.

Counterparties with credit ratings	2024 $000	2023 $000
Cash and cash equivalents		
AA-	126	120
Trade and other receivables		
AA	64	22
Counterparties without credit ratings		
Trade and other receivables		
Existing counterparties with no defaults in the past	17,610	16,932
Investment		
Existing counterparties with no defaults in the past	24	24

LIQUIDITY RISK

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and ensures it has credit lines in place to cover potential shortfalls.

The Company maintains credit management and accounts receivable processes aimed at collecting all trade debtors and other receivable balances in cash by their agreed date(s) for payment.

The following table analyses the exposure of the Company's financial assets and liabilities to liquidity risk as at 30 June 2024.

Contractual obligations in respect of interest expense on term borrowings, have not been included in the liquidity risk table as the term debt does not have a contractual end date and the interest is currently payable on a month-by-month basis.

The Company's assets and liabilities are shown at their contractual and carrying values.

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

28 FINANCIAL INSTRUMENT RISK - continued

The following table analyses the exposure of the Company's financial liabilities to liquidity risk as at 30 June 2024:

Maturity Dates	Less than 1 Month $000	1 to 3 Months $000	3 Months to 1 Year $000	1 to 5 Years $000	More than 5 Years $000	No Maturity $000	Total $000
Financial assets							
Financial assets measured at amortised cost							
Cash and cash equivalents	126	-	-	-	-	-	126
Trade and other receivables	17,038	-	-	-	-	-	17,038
Taxation receivable	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss							
Long term investments	-	-	-	-	-	24	24
	17,164	**-**	**-**	**-**	**-**	**24**	**17,188**
Financial liabilities							
Financial liabilities measured at amortised cost							
Trade and other payables	19,850	-	-	-	-	-	19,850
Borrowings	1,518	-	-	-	-	538,525	540,043
Taxation payable	-	-	2,438	-	-	-	2,438
	21,368	**-**	**2,438**	**-**	**-**	**538,525**	**562,331**

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

28 FINANCIAL INSTRUMENT RISK - continued

The following table analyses the exposure of the Company's financial liabilities to liquidity risk as at 30 June 2023:

Maturity Dates	Less than 1 Month $000	1 to 3 Months $000	3 Months to 1 Year $000	1 to 5 Years $000	More than 5 Years $000	No Maturity $000	Total $000
Financial assets							
Financial assets measured at amortised cost							
Cash and cash equivalents	120	-	-	-	-	-	120
Trade and other receivables	16,498	-	-	-	-	-	16,498
Taxation receivable	-	-	720	-	-	-	720
Financial assets at fair value through profit and loss							
Long term investments	-	-	-	-	-	24	24
	16,618	**-**	**720**	**-**	**-**	**24**	**17,362**
Financial liabilities							
Financial liabilities measured at amortised cost							
Trade and other payables	17,855	-	-	-	-	-	17,855
Borrowings	1,525	-	-	-	-	494,635	496,160
Current liabilities	-	-	-	-	-	-	-
	19,380	**-**	**-**	**-**	**-**	**494,635**	**514,015**

Notes to the financial statements (cont.)

FOR THE YEAR ENDED 30 JUNE 2024

28 FINANCIAL INSTRUMENT RISK - continued

SENSITIVITY ANALYSIS

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for the reasonably possible market movements, with all other variables held constant, based on the Company's financial instrument exposures at the balance date.

Based on historic movements and volatilities, market interest rate movements of plus or minus 1% (100bps) have been used in this analysis.

	Carrying Amount at Balance Date $000	+100BPS Profit $000	+100BPS Equity $000	-100BPS Profit $000	-100BPS Equity $000
Financial liabilities					
Borrowings (unhedged)	538,525	(5,386)	-	5,386	-

29 SEGMENT REPORTING

Aurora Energy Limited operates in the electricity distribution sector in the Otago geographical area of New Zealand.

30 CAPITAL MANAGEMENT STRATEGY

The capital of the Company is its equity, which is comprised of subscribed capital and retained earnings and cash flow hedge reserves. Equity is represented by net assets. The Company manages its capital to ensure that it will be able to continue to operate as a going concern and optimises the balance of debt to equity on a prudent basis in consultation with its Shareholder.

The Directors of the Company perform continual reviews of its operating strategies, and financial performance and include in these reviews any strategies required to protect the capital of the Company. The Directors seek to maximise overall returns to the Shareholder of the Company in the medium term, and to maintain the Company's financial strength.

The Company is required to provide to its Shareholder an annual Statement of Intent. This Statement of Intent includes information on planned distributions by way of dividend for the following three years.

31 CONTINGENT LIABILITIES

There were no known material contingent liabilities at balance date.

32 EVENTS AFTER BALANCE DATE

There were no significant post balance date events.

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Aurora Energy Limited's financial statements and statement of service performance for the year ended 30 June 2024

The Auditor-General is the auditor of Aurora Energy Limited (the company). The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the company on his behalf.

Opinion on the financial statements and the statement of service performance

We have audited:

- the financial statements of the company on pages 80 to 116, that comprise the statement of financial position as at 30 June 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 statement of service performance of the company on pages 63 to 67.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 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 statement of service performance of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2024.

Our audit was completed on 26 September 2024. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the company 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 company for preparing the statement of service performance that is fairly presented.

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

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the company 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 company or to cease operations, or has 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 statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, 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 statement of service performance.

For the performance targets reported in the financial statements and statement of service performance, our procedures were limited to checking that the information agreed to the company's statement intent.

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

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 statement of service performance, 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 company'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 statement of service performance within the company'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 company'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 statement of service performance 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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1-62, 68-79, 117 and 123, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance 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 statement of service performance, 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 company 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.

Other than the audit and the assurance engagements disclosed in note 5 to the financial statements, we have no relationship with, or interests in, the company.

Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

COMPANY DIRECTORY

As at 30 June 2024

Directors

Stephen R Thompson (Chair)
Simon J Clarke
Janice E Fredric
Wendie N Harvey
Stephen P Lewis

Management

Chief Executive
Richard Fletcher

Chief Financial Officer
Gary Dixon

General Manager Asset Management and Planning
Glenn Coates

General Manager Operations and Network Performance
Matt Settle

General Manager Customer and Connections
Mark Pratt

General Manager Digital Transformation
Tracey Saunders

General Manager Service Delivery
Richard Starkey

Registered office

10 Halsey Street
Dunedin
New Zealand

Banker

Westpac Banking Corporation

Solicitor

Gallaway Cook Allan

Auditor

Audit New Zealand on behalf of the Controller and Auditor-General

Taxation advisor

Deloitte


“Aurora Energy is full of extraordinary people doing wonderful things at work and in the community.”