vector

POWERING AHEAD

ANNUAL REPORT 2024

POWER TO THE CREATORS

Kiwis love doing things their way. When it comes to energy, we want our customers to have choices about how and when they use it, and for digital technology to make those choices easy, and efficient across the network.

POWER TO THE INNOVATORS

We're not only advocating for an affordable system for Kiwis, we're also working smarter, using technology to enable the necessary changes to deliver it.

POWER TO THE ENERGISERS

We're following our plan around reducing carbon emissions and preparing for a transition to e-transport, and more renewable energy sources.

POWER TO THE FAMILIES

And through embracing smart innovation, digital platforms, and global technology partnerships, our strategy is about delivering a more efficient network that's reliable, safe and ready for the future, recognising the challenge of affordability.

Contents

About this report

This report, dated 26 August 2024, is a review of Vector'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 have been independently audited by KPMG.

The financial and operational information has been compiled in line with NZX Listing Rules and recommendations for investor reporting.

The report has drawn from a wide range of information sources. This includes: our stakeholders, customers, communities, sustainability framework, value drivers, risk register, board reports, asset management plan, financial statements and our operational reports.

2024 REPORTING SUITE

This annual report is published as part of a reporting suite, which also includes our climate-related disclosures report, and greenhouse gas emissions inventory report. All three reports are available at vector.co.nz.

Performance snapshot

Financial and customer highlights

Financial

24 CENTS

per share full year dividend, including a special dividend of 1.75 cents per share.

$510.1M

Gross capital expenditure across the group.

$365.2M

Adjusted EBITDA[1] from continuing operations.

$79.9M

Group net profit after tax for continuing operations, inclusive of a $60 million impairment of the gas distribution business which was announced at the half year. Underlying profit, excluding the impairment, of $139.9 million.

1. EBITDA from continuing operations adjusted for fair value changes, associates, third-party contributions, and significant one-off gains, losses, revenues and/or expenses. Refer to Non-GAAP reconciliation on page 54. Adjusted EBITDA excludes the capital contributions customers pay for new connections on the network.

Customer

624,330

Electricity connections

23

Regional customer zones on our Outage Centre, developed to provide more detailed and specific communications to customers during large-scale events like tropical cyclones.

$750,000

Innovation funding awarded for our smart meter data programme to lower costs and improve service to customers.

120,354

Gas connections

3MW

Demand reduction achieved in Warkworth through use of our battery fleet, when supply was constrained due to a transmission tower failure.

6

We're providing managed cyber security services to six other electricity distribution businesses, with the sixth customer added after balance date.

Environment, social and governance highlights

Energy affordability

The essence of our Symphony strategy is to deliver safe, reliable and affordable energy to our customers. Our approach is to invest as efficiently as possible, using digital solutions, to manage demand, growth, and electrification, at the least cost to consumers. We consider it's not in our customers' best interests to lock in high levels of investment, where the scale and timing of need is not yet certain. Our approach to the next five-year regulatory period, was to avoid capital expenditure that is highly uncertain such as the rate of electric vehicle growth and resilience investment as ultimately this flows through to customer pricing. Once there is greater certainty, we will work with the Commerce Commission to agree appropriate funding.

48,434

Number of EVs registered in Auckland, underscoring the criticality of regulated standards for smart EV charging to enable Vector to orchestrate charging and manage overall load.

Climate change

19%

Reduction in carbon emissions across scopes 1, 2 and 3 relative to FY20 base year.

121

Electric buses operating from depots where our Dynamic Operating Envelope solution is used to smooth demand from bus charging.

People and communities

334

Learning and development opportunities offered, and taken up, by Vector staff (excluding operational and health and safety training).

$334

In September 2023, each of Entrust's 358,500 beneficiaries was eligible to receive a $334 dividend, plus an additional $30 Loss Rental Rebate payment on behalf of Vector.

395KM

We worked with Fire and Emergency New Zealand and the National Institute of Water and Atmospheric Research (NIWA) to prepare for wildfire risk, identifying 395 km of power lines in areas classed as either Very High or High risk zones.

6

New behaviours launched to drive performance and culture, in order to deliver our strategy and vision.

Chair and group chief executive report

We are at a critical moment, with the energy sector grappling with a multitude of challenges. Our Symphony strategy was designed to enable us to navigate the uncertainties of the energy transition in the decades ahead.

We're committed to creating energy infrastructure equipped to manage the complex demands of the future, and that provides choices for customers. Together with our innovative mindset and active challenging of the status quo, this sets us apart.

Our result for the past financial year is pleasing and reflects strong business performance, as well as the hard work of many people. We recognise the cost of living pressures our customers are experiencing and this further reinforces our Symphony strategy.

Demand is forecast to grow strongly as electrification takes hold, although there is significant uncertainty around the pace of changes to customer behaviour. Alongside this, the challenges of climate change, particularly on infrastructure resilience, become clearer every day. All of this places new pressures on established energy systems at a time when reliance on electricity is increasing.

Faced with these uncertainties, we choose a clear path, informed by our Symphony strategy, to actively shape the energy future. By thinking outside traditional solutions, leveraging innovative technology solutions and global partnerships, we're developing not just the understanding, but also the tools we'll need to navigate the future. Vector has shown numerous examples of innovation over many years, with the success of Bluecurrent being the latest example. We believe this culture of innovation is critical from an organisational perspective to enable us to deliver on customer, network and stakeholder objectives, including affordability and reliability.

One clear example is seen on our electricity network, where our insights from smart analytics show that if we don't have the ability to coordinate and schedule electricity demand under certain conditions, then it is possible that the cost of investing in a bigger network, based only on traditional solutions to meet future customer demand, will triple. But by using technology to schedule demand where possible for more efficient network use, the cost may be reduced significantly. This direction is ultimately more affordable for customers than investing only in physical infrastructure.

It's time for energy regulation reform

At the time of publication, there has been a lot of commentary on high energy prices and the state of the energy market. Our long-held view is that the energy system is going through a significant transition with the need for more capacity, changing customer needs, and climate change. We've long called for an energy strategy taking a whole of system approach, rather than piecemeal approach. This is because no part of the system can operate in isolation anymore, to deliver secure, reliable, affordable energy to meet consumer needs now and into the future. The industry changes made in the late 1990s, known as the 'Bradford reforms', might have been right for their time, but we believe this is no longer the case in a rapidly changing world. New Zealand urgently needs an energy strategy to inform policy and regulatory settings and enable the industry to effectively manage the energy transition.

Business performance

A detailed overview of the performance of our regulated electricity and gas distribution businesses is provided on page 22. Given our investment in the gas distribution network, we continue to advocate for regulatory and policy settings to support a sustainable gas transition, recognising the impact on customers and owners of the network.

An overview of businesses within our gas trading segment is provided on page 25. Within this segment, Vector Ongas has delivered a strong result in a challenging market, noting the volatility of global LPG prices.

Our investment in Bluecurrent has performed in line with expectations, with distributions received from the investment recognised in our financial statements in cash flows. A leader in the digitisation of advanced metering, Bluecurrent, which is provided data services by Vector Technology Solutions under a long-term contract, is meeting its business plan targets in highly competitive markets in Australia and New Zealand. Our relationship with QIC is developing well, and we're satisfied we're benefitting from the complementary skills, common objectives and strong alignment of purpose we identified when selecting QIC as a joint-venture partner.

We've extended our strategic alliance with Amazon Web Services (AWS). Through this alliance, we're building solutions using bespoke services, co-developed between Vector Technology Solutions and AWS.

We are pleased to be continuing our partnership with X (formerly Google X), contributing to their Tapestry project, as one of a select group of global partners collaborating on next generation of platforms for network management. These tools are described on page 25.

These two arrangements support key components of our Symphony strategy, using digital solutions and innovation to enable a more efficient use of the network, and improve our planning capabilities.

Vector Fibre has performed to expectations while market conditions have impacted HRV's financial performance.

We're providing cyber security services to a number of electricity distribution businesses across the country, which represents positive collaboration for the good of the industry as a whole.

Earnings

Vector's financial performance reflects a strong result with adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA[1]) for continuing operations up $45.0 million or 14% to $365.2 million. Capital contributions, which customers pay for new connections on the network, are not included in our adjusted EBITDA figure.

As announced earlier this year, we entered into a conditional agreement to sell the remaining contracts of Vector's Natural Gas Trading business. This transaction has now been successfully completed, and Vector's Natural Gas Trading business is classified as a discontinued operation in these full-year results.

$365.2M

Adjusted EBITDA[1] for continuing operations

$510.1M

Gross capital expenditure across the group

On 26 July 2024 (after the balance date for these full-year results), we also announced the conditional sale of the two remaining businesses that comprise our gas trading segment, being Vector Ongas and our 60.25% shareholding in Liquigas. We expect it could take four to six months to satisfy the conditions in the agreement, and this includes obtaining the necessary regulatory approvals. This will enable us to concentrate on playing a leading role in the energy transition, through our networks and technology solutions.

Profit

Group net profit after tax for continuing operations was $79.9 million, inclusive of a $60 million impairment of the gas distribution business. Underlying profit, excluding the impairment, was $139.9 million. The $60 million impairment was announced in our half-year results, and was driven by a regulatory decision to lower returns on these assets and higher interest rates impacting the valuation. Finance costs have reduced by $93.1 million as a result of significantly lower debt following the sale of the metering business.

NPAT is also reduced by our 50% share of Bluecurrent's (formerly Vector Metering) NPAT, which was -$24.9 million. While our investment in Bluecurrent has performed in line with expectations, and the business is cash-flow positive, it has reported a net loss driven by debt to fund growth, depreciation of meters and amortisation of customer contracts.

Capital expenditure

Total capital expenditure for continuing operations was $510.1 million, down $2.6 million. This level of investment reflects Auckland growth, the electrification of transport and industry, and new types of connections such as data centres, and includes $195.2 million funded by capital contributions from customers, which is up $6.9 million on the prior year. While our level of capital investment will continue to increase as demand grows, we seek to invest in smarter solutions to manage the level of increase. For example, our Symphony strategy will meet customer demand while lowering and managing peak load using digital solutions. This results in a lower capital expenditure path than would otherwise be the case. This means network efficiency is increased, helping making consumer costs more affordable.

Dividend

Shareholders will receive an unimputed final dividend of 13 cents per share, plus a special dividend of 1.75 cents per share. This takes the full year dividend to 24 cents per share. This will be paid to investors on 16 September 2024 based on a record date of 6 September 2024. The final outcome of the Commerce Commission's reset of the electricity default price/quality path is not due until 30 November 2024. As this is a key regulatory decision that impacts our future cash flow, the board will review the dividend policy once the Commission's final decisions are known.

Future network investment under the next five-year regulatory period

In recent years we've been consistent in signalling our intent to increase our network investment and we've demonstrated capability to successfully deliver these increased activity levels and meet the electrification needs of a strongly growing Auckland. Given the external environment of inflation and high costs to consumers, it's now even more important to ensure our investments are delivering value for money for our customers and are being made at the right time. Our approach has been to avoid committing to high levels of capital investment around areas where there is significant uncertainty, such as the rate of EV growth, and what level of resilience investment is appropriate. Instead, we take a prudent approach and will re-engage with the Commerce Commission as these uncertainties are resolved. We take this approach because our capital investment ultimately flows through to customer pricing, and we consider it's not in their best interests to lock in high levels of investment where the scale and timing of need is not yet certain.

We acknowledge that price increases on lines charges will occur in the new regulatory period, and that the Commission has proposed that these increases will be 'smoothed' over the five-year period, helping avoid the potential of one-off price shocks.

We value the engagement we've had with the Commerce Commission as it works through its decision on the 2025 reset of the electricity default price/quality path.

1. EBITDA from continuing operations adjusted for fair value changes, associates, third-party contributions, and significant one-off gains, losses, revenues and/or expenses. Refer to the Non-GAAP reconciliation on page 54.

"We've invested significantly to build, maintain and grow the electricity network, in step with a growing and increasingly electrifying Auckland."

Electricity network regulatory performance

Electricity network performance for the regulatory year to 31 March 2024 was within the regulatory quality standard limits for the duration and frequency of outages (SAIDI and SAIFI). While we were compliant with these limits, in June 2023 (the regulatory year runs from 1 April 2023 to 31 March 2024), outages in the Warkworth area exceeded a separate quality standard for minutes incurred as a result of an extreme event. We will work with the Commerce Commission to share our data relating to the factors contributing to this.

External environment

We continue to pursue regulatory changes to improve customer outcomes and affordability. Vector has long advocated for reform of the regulations that require trees to be kept clear of power lines, as we set out on page 23. We await decisions from government we hope will address the fundamental issues causing outages for customers and challenges for resilience.

Another example of our advocacy is for regulated standards for EV charging, which enables network upgrades to be deferred. There is some urgency for this. If smart EV charging standards and settings aren't regulated and implemented soon, it may be too late. If too many non-smart EV chargers are installed, we will have no choice but to reinforce the network infrastructure to cope with increased energy demand which is costly and inefficient.

As we detail on page 17, we're concerned about reports that indicate our field crews may be experiencing an apparent increase in negative sentiment and frustration. Our crews work every day to deliver for our customers, and our concern is not just for the immediate impact at work sites, but also the effect this can have on the wellbeing of crew members.

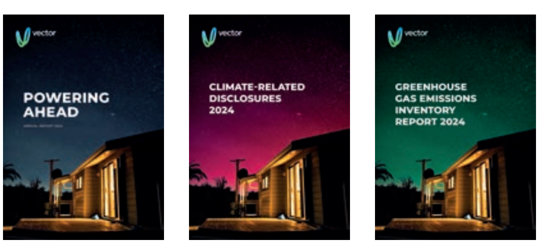
Looking ahead

We've invested significantly to build, maintain and grow the electricity network, in step with a growing and increasingly electrifying Auckland. While we do this we're also developing the tools and capabilities that will be required to integrate the many new types of connections on a modern network, such as data centres or distributed energy resources like solar and batteries, as well as to orchestrate demand where there is opportunity to do so - for example smart EV chargers. Enabling these technologies at scale into electricity networks represents the next big evolution for networks around the world. As we work on this, it's crucial that we have a deep understanding of our networks, our customers and how we operate commercially. We've recently implemented a new data and analytics operating structure, to help us to deliver our Symphony strategy. Our focus for the year ahead remains on delivering reliable, safe, innovative energy services leading to positive outcomes for customers and shareholders.

We thank you for your support.

Doug McKay
Chair

Simon Mackenzie
Group Chief Executive



2024 REPORTING SUITE

This annual report is published as part of a reporting suite, which also includes our climate-related disclosures report, and greenhouse gas emissions inventory report. All three reports are available at **vector.co.nz.**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

People, health and safety

Introducing our new behaviours

This year we introduced new behaviours and leadership competencies, in recognition that the way we work to achieve our vision of a new energy future must continue to evolve. Vector has long recognised that what has made us successful in the past will not be enough to lead the energy transition. The performance of our people, and culture we collectively create, will be pivotal to our ability to manage the complexities of the challenges we face.

Our new behaviours signal how we expect our people to think, interact and collaborate with each other and externally. They sharpen our individual and collective focus on the outcomes that are critical for our business in delivering our strategy, for the benefit of our customers and shareholders. All staff are measured on both their role performance and how they exhibit our behaviours, which contributes to annual remuneration review outcomes.

We've established a range of professional development programmes to help leaders create the kind of working environment that will foster high performance, and make us an appealing place to work. These programmes are tailored to each level of leadership, from team leader through to executive.

Deepening our understanding of diversity, equity and inclusion

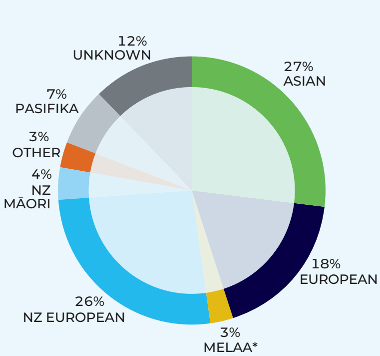
A focus this year has been on gathering data and insights to help guide our diversity and inclusion programme. Vector promotes and recruits based on merit and we want to access the best talent from every community knowing that a diverse workforce leads to better outcomes for our people and performance. Our long-standing commitment to equitable pay is set out on page 39, and we've continued to embed it with hiring managers, within our performance review process, and when considering promotions.

To support performance in line with our diversity and inclusion policy, we undertook detailed analysis of our workforce alongside other companies, and external talent pools, to benchmark where we sit and identify barriers to progress. Within electrical engineers, our single largest professional group, we found that there is low availability of qualified candidates among women, Māori and Pasifika, and that this is a significant factor influencing Vector's workforce representation, as well as potentially a long-term industry issue not just for us, but for the entire sector too. We have shared our findings with the wider industry and are working collaboratively on targeted initiatives.

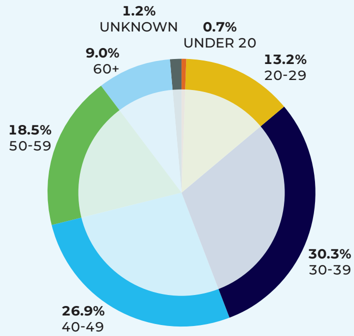
This analysis has reinforced our focus, which is on attracting top talent from diverse backgrounds into our recruitment process, and promoting inclusive behaviours to retain staff and create a positive and inclusive culture for all our people.

Led by our employees, we have groups representing our diverse workforce which are responsible for implementing targeted initiatives aimed at creating an inclusive culture and enhancing attraction and retention within these communities.

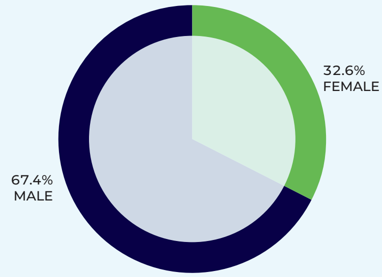
EMPLOYEES BY ETHNICITY



EMPLOYEES BY AGE



EMPLOYEES BY GENDER



Notable changes in the diversity statistics included a 2.3% decrease in female representation, from 34.9% to 32.6%, across the Vector group. This decrease, of 22 women, is driven predominantly by merit-based recruitment in one of our businesses, where we've seen more new male employees entering the business than females who have left. We've noted a decrease in employees in the 20 to 29 age bracket (-3.5%); an increase in those identifying as Asian by 3.3%; an increase in MELAA* by 1.4%; and an increase in the 40 to 49 age bracket by 3.3%. A further breakdown of Vector's gender mix can be found in the governance report on page 34.

*Middle East, Latin America and Africa.

Wellbeing

We're now in the third year of our wellbeing strategy, which we developed with external wellbeing agency Umbrella. This strategy includes annual pulse checks to monitor progress and inform our activities. Highlights from this year's survey results include that Vector people appear to be more resilient, and experiencing higher levels of support from Vector, than at other comparison organisations. Survey results also inform specific activities, which this year have included programmes to inform and help staff in areas such as personal finances, women at work, sleep habits, nutrition and healthy eating, and many more topics.

In addition, we've continued upskilling our leaders with mental health and wellbeing training, to better enable them to support their teams.

Health, safety and environment

We maintain confidence in our health and safety practices through ongoing assurance of safety work and critical controls. This assurance extends beyond front-line field assessments and contractor management, to executive and board oversight of major investigation findings, safety maturity assessments, and external assurance of safety practices through our business performance and internal audit programme.

Our health and safety approach is focused on how we effectively control Vector's critical risks effectively and promoting a culture of openness, curiosity and continuous learning to drive a safer and healthier workplace for our people. This culture encourages our people, both in the office and in the field, to actively participate in our risk management system, as opposed to taking a view of 'arbitrary compliance', which does not encourage engagement and continuous improvement. We also track high potential 'near miss' events and, with oversight from the relevant executives, ensure each of these is fully investigated to uncover and adopt learnings.

To measure our safety performance, we monitor key safety metrics including traditional lagging indicators (Total Recordable Injury Frequency Rate, Lost Time Injury Frequency Rate, and severity rate) as well as leading indicators such as contractor safety pre-qualifications, critical risk reviews and safety maturity indices. We are transitioning our safety performance monitoring to focus more on leading indicators which provide greater insight than traditional lagging metrics.

Over the last year we have seen an increase in our recordable injury rate, predominantly due to the occurrence of manual handling or sprain and strain injuries reported by our field workforce. Injury reduction through training and hazard assessment remains a focus. We are concerned about negative sentiment and increased aggression towards field crews by members of the public, while crews are working on the network to ensure it delivers for customers. Our concern is not only for the immediate impact at work sites, but also the effect this can have on the wellbeing of crew members. We engage closely with our key contractors to reinforce a strong commitment to safety processes and behaviours which support safe work outcomes.

We remain highly focused on our critical health, safety and environment (HSE) risks, our controls, and on assuring our confidence in those controls. We've retained certification in ISO45001, ISO14001 and NZS7901, being the key HSE standards for our businesses.

Sustainability

Under the Financial Markets Conduct Act 2013, Vector is required to produce climate statements that comply with the Aotearoa New Zealand Climate Standards (NZCS) 1, 2 and 3 issued by the External Reporting Board (XRB).

We have complied with that requirement through the publication of our first climate-related financial disclosures report. That report considers our climate-related risks and opportunities, and, together with this annual report and our greenhouse gas emissions inventory report, comprises our annual reporting suite, available at vector.co.nz/investors/reports.

Emissions reduction target

In FY2021 we set an absolute emissions reduction target, aligned with a methodology published by the Science Based Target initiative (SBTi), though not validated by the SBTi. That target is for Vector to reduce its scope 1 and 2 emissions (excluding electricity distribution losses) by 53.5% by FY2030 from an FY2020 baseline. The emissions reduction target does not rely on any offsets.

We have achieved a greenhouse gas (GHG) emissions reduction of 38.0% in FY2024 against the FY2020 baseline. This is largely due to a reduction in natural gas fugitive emissions.

Vector's total emissions across all scopes has decreased by 19% since FY2020. This is largely due to a reduction in natural gas consumption in the Auckland region, combined with a wind-down of Vector's Natural Gas Trading contracts. A summary breakdown of emissions by scope and a comparison of emissions per scope since Vector's base year in FY2020[1] can be found in the table alongside. Full details can be seen in our 2024 greenhouse gas emissions inventory report which is available at vector.co.nz/investors/reports.

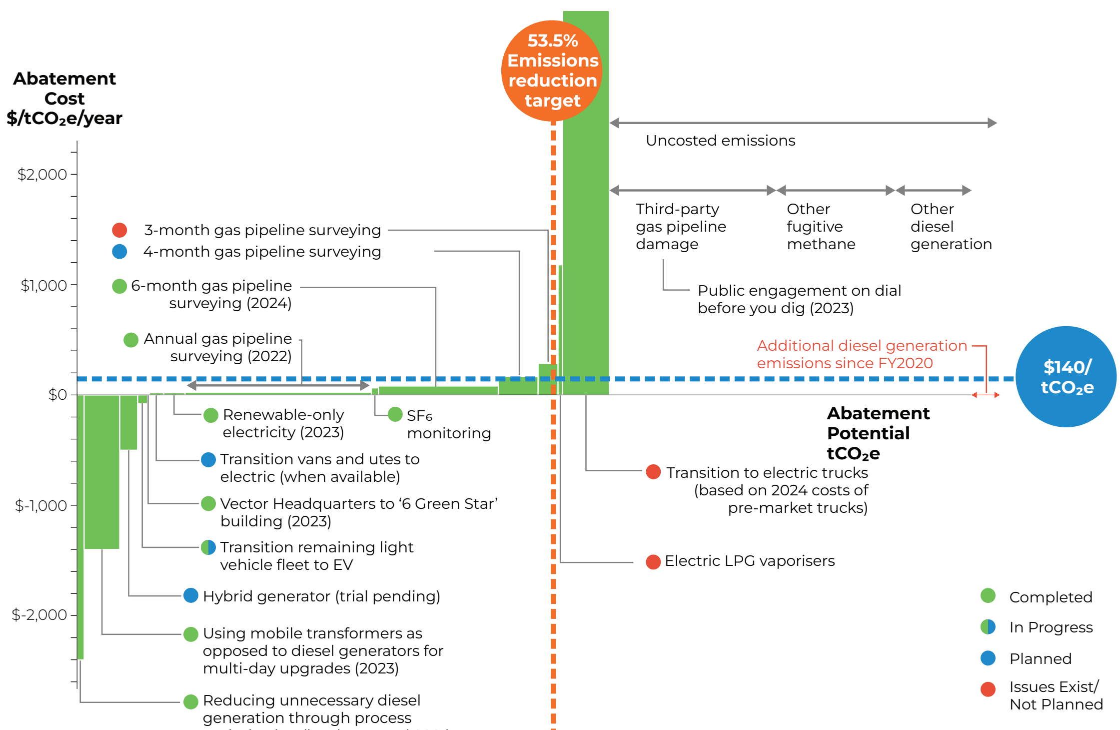
Emissions abatement

In FY2022 Vector developed a carbon abatement cost curve to help measure and understand our emissions reduction targets (scope 1 and 2 excluding electricity distribution losses) and actions available to Vector to contribute to reaching those targets.

This work identifies the financial impact of potential carbon reduction activity across scope 1 and 2 emissions, using an internal carbon cost of $140 per tonne of carbon dioxide equivalent (tCO_2e) as a comparative "do nothing" cost. The cost curve was updated in FY2024 to include a newly identified initiative, reflect project cost changes, and highlight completed projects.

Emissions summary

EMISSIONS CATEGORY	FY20 (BASE YEAR)	FY24	% CHANGE
Scope 1	24,431	15,545	-36%
Scope 2[2]	33,148	26,900	-19%
Scope 3	1,843,262	1,488,277	-19%
Total	**1,900,841**	**1,530,722**	**-19%**



1. Vector recalculates its historic base year emissions if the inventory is affected by changes that in aggregate total 5% of Vector's carbon footprint. Recalculations were required this year. Details are provided in our greenhouse gas emissions inventory report.
2. Market-based method for electricity consumption. For further information on where market-based and location-based electricity emissions are included, see our greenhouse gas emissions inventory report, available at vector.co.nz/reports.

BUSINESS SEGMENT REPORTS

Regulated networks

Adjusted EBITDA

Networks' adjusted EBITDA for the year to 30 June is up $35.6 million to $407.2 million. This result was driven by strong revenue growth, up $37.4 million, due to higher volumes from a colder winter and warmer summer, pricing adjustments, and pass-through and recoverable costs. Direct costs were marginally lower, with no remedial cyclone costs after their impact in the prior year. However, this was largely offset by an increase in maintenance expense and vegetation management, in part, to mitigate the risk of extreme weather events, including extreme-heat days and cyclones.

Connection growth

Auckland's growth has continued, with network connection numbers growing across Vector's electricity and gas networks. In the year to 30 June, total electricity connection numbers grew by 1.9% to 624,330, with new electricity connections for the year up 0.6% on the previous year. However, the number of new connections in the second half of the year, January to June 2024, has been lower than the same period a year prior, reflecting the broader economic slowdown.

There has been a 0.6% increase in the total number of connections on Auckland's gas distribution network to 120,354. The number of new gas connections was down 28.1% on the prior year, with 1,934 added during the year.

Volumes

Electricity distribution volume for the year was up 2.4% compared with the prior year, largely driven by a colder winter and warmer summer, as well as an increased level of connections. Residential volumes were up 5.3% while business volumes were up 0.2%. Gas distribution volume for the year to 30 June 2024 was down 4.4% compared with the previous year, due to lower demand from both the residential, and industrial and commercial sectors.

Increased investment levels

Gross capital expenditure increased by $23.4 million to $446.0 million, driven by growth in the Auckland network and life-cycle asset replacement work. This capital expenditure was partly funded by $193.8 million of capital contributions, which is paid by customers for new connections on the electricity or gas network, up $6.6 million on the prior year.

Electricity network resilience

In the last year, we've continued to engage with experts from New Zealand and around the world to further our understanding and develop strategies around resilience challenges, using data and advanced climate modelling.

This has included working closely with NIWA and Fire and Emergency New Zealand in preparation for the 2023/24 summer to model extreme dry year risk and map the associated fire risk against asset proximity and potential customer impact.

NEW ENERGY DATA CAPABILITIES

We're receiving energy use data from smart meters for half-hour intervals, for every day of the year, for the vast majority of connections on our network. We're also receiving voltage and other power quality data from around a third of our connections, and we're working to extend this to include the rest of the network.

With the data now flowing, we've been busy developing new capabilities to benefit our customers.

– Better connection conversations – we can now remotely analyse available capacity for new commercial connections on any transformer on our network, and bring this information more quickly into discussions with customers wanting to connect. This has the potential to improve the current practice, which involves deploying a physical instrument to measure the data over time, and then conducting an analysis.
– EV monitoring – we've developed an 'EV tracker' to monitor where EVs are appearing, at a suburb level. This helps us analyse network impact of EV growth.
– Verifying phase connections – we have begun analysing power quality data to determine which phase of the transformer each individual connection is supplied by. This has the potential to help us in a number of ways, most notably in improving the accuracy of our targeted communications to customers ahead of planned work.

To complement this analysis, we've also engaged with US-based electricity network businesses to learn from their experiences in managing wildfire risk and help us prepare the network, and communicate effectively with customers in the lead up to extreme heat days, should the need arise.

We have collaborated with external specialists to develop detailed flood modelling at our zone substations, forecasting not only inundation zones but also depth of inundation. We've integrated this analysis into our resilience planning to manage this climate-change-related risk to our strategic assets.

Following the lessons learnt from Cyclone Gabrielle, some of our more recent resilience analysis has used landslip data to model this risk across our entire network of more than 125,000 power poles. We've then assessed poles in locations susceptible to landslips against the potential customer impact and network impact to inform our mitigation strategy.

Our wider tree risk management strategy has continued, in collaboration with Auckland Council, to enable more effective tree management of council-owned vegetation encroaching on the electricity network. This responds not just to the risk of trees being blown onto lines and causing power outages, but more recently also the mitigation of fire risk associated with vegetation in the proximity of electricity assets. This programme involves working within resource consent conditions, and restrictions associated with work in significant ecological areas, such as developing specific works plans for mitigating impact on wildlife.

Regulatory change to enable more to be done to reduce risk to the network from trees, especially during storms, is needed. We note that the Ministry of Business, Innovation and Employment (MBIE) is consulting on the current regulations on vegetation management, and we are participating fully in this process as we have long advocated for meaningful changes to enable a risk-based approach.

Resilience modelling following the extreme weather events in 2023 has informed us of the potential cost to harden the network against the impact of climate-change-related risks, including the cost of mitigating the impact of wind and vegetation on the overhead network. We have not included the full cost in our most recent asset management plan, because we believe it is not prudent that customers should fund this extra expenditure when movement in government policy has a potential to change the landscape for these investments materially by adopting the changes being proposed by us and others. The key change Vector and the industry have long promoted is to strengthen a lines business' ability to assess and remove 'at risk' trees in a wider 'fall zone', as distinct from the current, highly narrow, 'trim zone'.

We commenced a significant project in Ngataringa Bay in Devonport. This initiative is notable for addressing a number of challenges typical of what we see at a wider scale, being sustained growth from residential development, the electrification of public transport requiring capacity upgrades, and climate change modelling that shows a risk from sea-level rise. The project will see the network reconfigured to also enable the disestablishment of the Ngataringa Bay zone substation to mitigate the risk of inundation.

Reducing emissions and improving safety on the gas network

As reported in previous years, we conduct routine surveying of the entire gas network to proactively detect and fix small leaks. This year, we increased the frequency of surveys from 12 monthly to six monthly. This improves safety and also leads to carbon emissions from these leaks reducing, as they are found and fixed faster. This year we've seen a similar twin-benefit of improved safety and reduced emissions, from a lower number of third-party damage to our gas network. Third-party damage is typically when a contractor or DIYer strikes a gas pipe, causing a leak. These types of incidents have been lower this year, which has corresponded with us running an enhanced public awareness campaign to increase understanding of the steps that can be taken to prevent this occurring.

Transport electrification

Through our collaboration with Auckland Transport we're aligning the timing of investments for the electrification of ferries, to make sure capacity is accessible when needed.

We're also working together on a road map of future bus depot electrification projects, helping both Vector and Auckland Transport to plan ahead effectively, by utilising our distributed energy resources management system. At the two depots which have already been electrified, we're communicating "Dynamic Operating Envelopes" that set a maximum amount of electricity available to charge buses, based on network conditions, and updating this every 15 minutes to ensure the depots – and all other commercial and residential customers – have the electricity they need. We're using a digital platform called Diverge, developed by Vector Technology Solutions, to do this.

For the adoption of private EVs, we've developed an EV forecast model based on observed take-up rates and analysis of customer EV charging behaviour. Given there is significant uncertainty over the rate of EV adoption since the removal of incentives like the clean car discount, we've used a moderated EV growth forecast to ensure prudent investment outcomes. Policy development around smart home EV charging (as already adopted in the UK) could provide greater confidence in the potential for smart and scheduled management of EV load to reduce the impact of EV charging during network peak times, and optimise network reinforcement investment.

Digital and cloud-first infrastructure

We've continued our migration to cloud-first infrastructure, with significant progress on a new data centre that's vastly more resilient, with a mix of on-premises and cloud-based services which provides improved reliability, stability and cyber security for our critical applications.

Affordability

Our environment is one where infrastructure costs across the board are high, and investment is needed in many sectors. We believe the way to achieve this, and for more long-term affordability for customers, is through more efficient use of the infrastructure we've already built. For an electricity distribution network, this means considering the use of lower-cost, non-wire alternatives where economic to do so, and effective orchestration of manageable load.

We're doing this by maintaining investment on digital enablement, including systems, platforms and capabilities, while also working at specific customer sites to implement flexible and responsive connections designed to smooth network utilisation at peak times. We're engaging with government and regulators to advocate for regulatory and governmental legislative support to fully realise the potential customer benefits of lower-cost electrification.

Gas trading

Adjusted EBITDA

Adjusted EBITDA for the gas trading segment (consisting of Vector Ongas and Liquigas, with natural gas classified as discontinued operations) is up $10.6 million on the prior year to $22.6 million. This year-on-year increase was driven by favourable conditions for Vector Ongas, with lower LPG input costs due to lower international Saudi Aramco prices, plus higher prices and volumes.

Volumes

Bottle Swap has seen a 0.2% decrease in the number of 9kg bottles swapped in the year to 30 June, compared with the prior year. LPG volumes for the year are up 5.4% compared to the prior year, due to higher bulk swap sales.

As announced earlier this year, we entered into a conditional agreement to sell the remaining contracts of Vector Natural Gas Trading business. This transaction was completed on 1 July 2024. On 26 July 2024 (after the balance date for these full-year results), we also announced the conditional sale, for $150 million, of the two remaining businesses that comprise our Gas Trading segment, being Vector Ongas and our 60.25% shareholding in Liquigas. We're currently working to seek satisfaction of the sale conditions.

Vector Technology Solutions

Diverge

One of the key elements of Vector's Symphony strategy is to use digital platforms and data to deliver customer and network benefits. Diverge, an energy data platform co-developed by Vector Technology Solutions (VTS) and AWS through our strategic alliance, was developed to help Vector deliver its strategy, and to be commercially available for other utilities locally and globally.

Diverge currently supports Bluecurrent, delivering a mix of consumption data to the market for billing, and power quality data to distribution networks. Bluecurrent has more than 2.5 million meters owned and managed across Australia and New Zealand. Diverge is also used by Vector to better leverage energy data in its electricity network, for example in providing a range of services through greater visibility of the low-voltage network, and enabling the provision of dynamic operating envelopes for smart electric bus charging. Both of these examples are described in more detail on page 23.

Equalise cyber security

We've continued to maintain and improve our cyber security posture, recognising the global nature of threats to critical infrastructure. We've been deliberate about bringing to market the investments we've made, by building service offerings with the aim of uplifting capability across New Zealand's electricity distribution businesses and bringing together key organisations to better protect themselves and promote security awareness. We do this by providing access to hard-to-find talent, partnerships, and thought-leadership to help drive a step-change in maturing a cyber security capability whilst avoiding large upfront costs.

Tapestry

Tapestry is another collaboration we have with X, formerly Google X, on two digital platforms for the energy sector, concerning the physical assets on an electricity network. These tools include 'GridAware', which uses new technology including drones and applies machine learning and modern AI processes to survey and guide maintenance of the network. This enhances the job of traditional network inspection, which is much more labour intensive, through greater efficiency and new inspection techniques. Another, the 'Grid Planning Tool', creates robust network simulations that incorporate optimised solutions for new technology and the growth of customer-owned devices like batteries and EV chargers, to ensure an efficient network.

We've extended our agreement to continue with this project, with our chief engineer leading the work within Vector, and intend to deploy Grid Aware into our operations in the coming year.

Governance report

This section of the annual report is an overview of Vector's corporate governance framework, approved by the board, for the financial year ended 30 June 2024.

Vector's board is committed to maintaining high standards of corporate governance, ensuring transparency and fairness, and recognising the interests of our shareholders and other stakeholders.

The board has an established set of guiding principles that state that the company will:

- be a leading commercial enterprise with a reputation for delivering results through sound strategy;
- have entrepreneurial agility, being the first to identify opportunities and bring them to market;
- be a great employer which values knowledge and talent;
- strive to ensure that everyone who does work for Vector goes home healthy and safe;
- deal fairly and honestly with its customers; and
- be a good corporate citizen.

Vector's governance practices are informed by the NZX Listing Rules (NZX Rules), the NZX Corporate Governance Code (2023) (NZX Code), the Financial Markets Conduct Act 2013 and the Companies Act 1993. Vector's governance practices are consistent with the principles in the NZX Code, except that Vector has not adopted a formal protocol for responding to takeovers (NZX Code Recommendation 3.6). Because Entrust holds 75.1% of Vector's shares, any takeover offer would need to involve Entrust.

Vector's key corporate governance documents, including board and committee charters and policies, can be found at vector.co.nz/ investors/governance.

Roles and responsibilities of the board and management

The primary objective of the board is to protect and enhance the value of Vector in the interests of Vector and its shareholders.

The board has overall responsibility for all decision making within Vector. Vector's governance practices are designed to:

- enable the board to provide strategic guidance for Vector and effective oversight of management;
- clarify the roles and responsibilities of Vector's directors and senior executives in order to facilitate board and management accountability to both Vector and its shareholders; and
- ensure a balance of authority so that no single individual has unfettered powers.

To ensure that Vector's business objectives and strategies are achieved and to deliver value to the company and its shareholders, the board strives to understand, meet and appropriately balance the expectations of all its stakeholders, including its employees, customers and the wider community.

In carrying out its responsibilities and powers, the board recognises its overriding responsibility to always act honestly, fairly, diligently and in accordance with the law. The board works to promote and maintain an environment within Vector that establishes these principles as basic guidelines for all its employees and representatives.

Vector achieves board and management accountability principally through its board charter, which sets out matters reserved for the board and responsibilities delegated to the group chief executive, and a formal delegation of authority framework. The effect of this framework is that, while the board has statutory responsibility for the activities of the company, this is

exercised through the delegation to the group chief executive, who is accountable for the day-to-day leadership and management of the company.

The main functions of the board include:

- reviewing and approving the strategic, business and financial plans prepared by management;
- monitoring performance against the strategic, business and financial plans;
- appointing, delegating to and reviewing the performance of the group chief executive;
- approving major investments and divestments;
- ensuring ethical behaviour by the company, board, management and employees; and
- assessing its own effectiveness in carrying out its functions.

The board charter sets out the expectation that all directors continuously educate themselves to ensure that they may perform their duties.

A committee or individual director may engage separate independent professional advice in certain situations, at the expense of the company, with the prior approval of the chair of the board. The board also has access to executives within the Vector group as a means of receiving expertise and assurance information.

Each director has a duty to act in the best interests of the company and the directors are aware of their collective and individual responsibilities to stakeholders for the way Vector's affairs are managed, controlled and operated.

The board regularly assesses its effectiveness in carrying out its functions and responsibilities. The board chair and the committee chairs review and evaluate the board and committees against their respective charters. The board chair also engages with individual directors to evaluate and discuss performance and professional development. Externally facilitated reviews of the board's performance, including its committees, are carried out from time to time. The board last participated in an externally facilitated review in 2022 and another review is currently underway for 2024.

The group chief executive is supported by the Vector executive team. Details of the members of the executive team are set out in the management team section on pages 46 and 47 of this annual report and in the About Us section of Vector's website (vector.co.nz/about-us/board-executive-team). Members of the Vector executive team have regular access to the board.

Board membership

Vector's board comprises experienced directors from diverse backgrounds and who govern the company on behalf of its shareholders and other stakeholders. The directors are committed to maintaining high standards of corporate governance, ensuring transparency and fairness and recognising the interests of stakeholders. Vector's constitution and the NZX Rules set certain requirements in relation to the board structure. The board must have a minimum of three and a maximum of nine directors, with at least two being ordinarily resident in New Zealand. The board currently comprises seven directors, all of whom are non-executive and ordinarily reside in New Zealand. Biographies are set out on pages 44 and 45 of this report and include information on the year of appointment, skills, experience and background of each director. The current directors possess an appropriate mix of skills, expertise and diversity to enable the board to discharge its responsibilities and deliver the company's strategic priorities, as illustrated in the skills and experience matrix on the following page. The board recognises that a regular refreshment programme leads to the introduction of new perspectives, skills, attributes and experience. As required, the board strengthens its oversight of issues in all disciplines by seeking expert advice.

Board skills and experience

Strategic focus	Number of directors	Description
Leadership	Expert: 5 Advanced: 2	Senior executive or director leadership experience in comparable organisations, including through a period of significant change or disruption, hiring and terminating a CEO and providing constructive feedback to the CEO to support their performance and development. Understanding of the boundaries and interfaces between the board and management.
Strategy and commercial acumen	Expert: 4 Advanced: 3	Executive or director experience assessing and testing strategic objectives and plans for complex businesses, translating strategic objectives into concrete plans and capital allocation decisions, bringing a 'bigger picture' view, holding management to account in implementing strategy and communicating strategy and commercial performance to investors and shareholders. Understanding of the organisation's commercial and economic drivers.
Customers and community	Expert: 5 Advanced: 2	Understanding of the organisation's value proposition to current and prospective customers, the drivers of customer experience and changing customer expectations, the market position and brand proposition of Vector within the energy sector. Experience living and working in communities outside of major metropolitan New Zealand.
Industry experience	Expert: 4 Capable: 3	Senior executive or director experience in the energy industry. Understanding of regulated networks and the end to end energy sector. This includes knowledge of the current challenges and potential future scenarios that may impact on energy distribution networks.
Social and environmental	Expert: 2 Advanced: 4 Capable: 1	Understanding of shifting community expectations, including community perspectives on environmental and social impact. Developments in climate change risk, climate change impacts and policy responses, evolving disclosure and reporting requirements on climate change and ESG, business opportunities arising from sustainability. Experience as a director or senior executive integrating sustainability or ESG principles into all facets of company decision-making or chairing a board sustainability or ESG-focused committee.
People and culture	Expert: 3 Advanced: 4	Understanding of tools to shape and assess workplace culture and engagement. Workforce risks, including health and wellbeing, harassment and wage negotiation issues. Experience as a director or executive monitoring culture and performance, setting objectives and KPIs for executives and holding executives to account, designing remuneration structures, overseeing talent management, retention and executive succession plans or chairing a board remuneration or people committee.
Governance, risk and compliance	Expert: 4 Advanced: 2 Capable: 1	Experience as a non-executive director of comparable organisations including overseeing compliance requirements and frameworks, setting risk appetite and monitoring conformance, overseeing risk management and internal auditors, or chairing a board risk, compliance or governance committee. Understanding the governance requirements and expectations of a listed company, and how to meet them in practice and the importance to the organisation's reputation in governance.
Regulatory and government policy	Expert: 4 Advanced: 2 Capable: 1	Director or executive experience identifying and resolving regulatory issues, engaging with government Ministers, departments or advisers and engaging with regulators. Understanding of the regulatory and policy landscape as it relates to the energy distribution industry and stakeholder expectations.
Financial acumen	Expert: 4 Advanced: 1 Capable: 2	Director or executive experience analysing, interpreting and challenging financial statements, engaging with or overseeing external auditors, overseeing forecasts, analysing and challenging business cases or chairing a board audit committee. Deep knowledge of auditing and accounting issues relevant to the preparation of financial statements.
Technology	Advanced: 3 Capable: 3 Limited: 1	Senior management or director experience with knowledge of information technology, data management and security. Overseeing a material cyber security incident. Understanding of the organisation's required information technology architecture, systems and risks. Understanding of innovation, developments and trends in digital technology, such as cloud computing, AI and data analytics.
Digital and innovation	Expert: 1 Advanced: 3 Capable: 3	Senior management or director experience overseeing a digital transformation program including the development of customer centric digital service and product delivery. Understanding of relevant innovation, developments and trends shaping digital evolution and disruption and the impacts, risks and opportunities from digital innovation.

Key

Expert Advanced Capable Limited

Director independence

The nominations committee has responsibility on behalf of the board for making determinations as to the independence status of all directors. The committee's assessment of independence is guided by the NZX Rules and NZX Code Recommendation 2.4.

The board has reviewed the position and relationships of all directors in office and considers that five of the non-executive directors are independent for the purposes of the NZX Rules and Code: Doug McKay who is Vector's chair, Bruce Hassall, Dame Paula Rebstock, Bruce Turner and Anne Urlwin. Dr Paul Hutchison and Alastair Bell represent Vector's majority shareholder Entrust and are therefore not independent directors due to that association. Directors are required to inform the board of all relevant information which may affect their independence.

Only independent directors are eligible to be the board chair. The roles of board chair, audit committee chair, risk and assurance committee chair and group chief executive are each held by different people.

Ownership of Vector securities by directors is not a requirement. Directors' ownership interests are listed on pages 112, 113 and 117 of this annual report.

Director period of appointment

	0-3 years	3-9 years	9 years +
Number of directors	4	3	0

Board committees

There are four board committees: an audit committee, a nominations committee, a people and remuneration committee and a risk and assurance committee. Members of each committee may be recommended by the nominations committee and are appointed by the board. Each committee has a written charter that is approved by the board and sets out its mandate. The charters are reviewed at least every two years, with any proposed changes recommended to the board for approval. All charters are available on Vector's website. The board may also form additional committees as needed and committees relating to the electricity and gas asset management plans met during the reporting period. The company secretary has unfettered access to the chairs of the board and the committees.

The members and chairs of each committee are:

COMMITTEE	MEMBERS
Audit committee	Anne Urlwin (chair) Alastair Bell Bruce Hassall
Nominations committee	Doug McKay (chair) Paula Rebstock Paul Hutchison
People and remuneration committee	Paula Rebstock (chair) Alastair Bell Bruce Turner Anne Urlwin
Risk and assurance committee	Bruce Turner (chair) Paul Hutchison Bruce Hassall

In addition to the committee members, the other directors have standing invitations to attend committee meetings. The group chief executive, management and other guests are regularly invited by the relevant chair to attend board and committee meetings also. Employees of Vector can only attend audit committee meetings by invitation.

Attendance at meetings

Attendance records of board and committee meetings are provided in the table below.

COMMITTEE	FULL BOARD	AUDIT COMMITTEE	RISK AND ASSURANCE COMMITTEE	PEOPLE AND REMUNERATION COMMITTEE	NOMINATIONS COMMITTEE	AGM
TOTAL MEETINGS	14	6	4	4	3	1
A Bell	13	6	2†	4	3‡	1
A Carter*	3	2		1	1	1
B Hassall**	6	3§	3§		1†	
P Hutchison	13	2†	4	1‡	3	1
J Mason (chair)*	4	2	1	1	1	1
D McKay (chair)***	14	6†	4‡†	3	3	1
P Rebstock	13	4‡†		4	3	1
B Turner	14	4‡†	4	3§	3‡	1
A Urlwin	14	6	1‡	3§	3‡	1

* Retired 28 September 2023.
** Appointed 31 October 2023.
*** Appointed as chair of the board, 28 September 2023.
† Director attending the committee meeting who is not a member of the committee.
‡ Director retired as a committee member, 1 November 2023.
§ Director was appointed a committee member, 1 November 2023.

Audit committee

The purpose of the audit committee is to assist the board in its oversight of the quality and integrity of Vector's external financial and climate reporting, the independence and performance of the external auditors, and effectiveness of the internal control system for financial and climate reporting and accounting records.

The audit committee provides a formal forum for communication between the board and the external auditors, ensures the independence of the external auditors, has oversight of audit planning, reviews and recommends audit fees, considers audit opinions and evaluates the performance of the external auditors. Oversight of the company's external audit arrangements to safeguard the integrity of financial reporting is the responsibility of the audit committee. Included within the audit committee's responsibilities set out in its charter is the requirement to ensure that audit independence is maintained, both in fact and appearance.

The NZX Rules and the audit committee's charter require that the audit committee must comprise at least three members, being directors of Vector, at least one of whom must have an adequate accounting or financial background and the majority of whom are acknowledged as independent by the board pursuant to its charter. The chair must be an independent director and cannot be the chair of the board.

All members of the audit committee have specialist financial skills and experience.

Risk and assurance committee

The purpose of the risk and assurance committee is to assist the board in fulfilling its responsibilities to protect the interests of shareholders, customers, employees and the communities in which Vector operates through overseeing Vector's risk management framework and processes for internal control. The risk and assurance committee charter requires this committee to comprise at least three members, being directors of Vector.

People and remuneration committee

Vector has a people and remuneration committee as discussed in the remuneration report on page 37.

Nominations committee

The board has a nominations committee to assist with the selection, appointment and re-election of directors and coordinating director appointments with Entrust, consistent with Entrust's rights under Vector's constitution. All new directors enter into a written agreement with Vector, which sets out the terms of their appointment.

The nominations committee's charter requires that the nominations committee must comprise at least three members, being directors of Vector, the majority of whom are independent directors.

External auditor

The role of the external auditor is to audit the financial statements of the company in accordance with applicable auditing standards in New Zealand and to report on its findings to the board and shareholders of the company. The effectiveness, performance and independence of the external auditor is reviewed annually by the audit committee. The board, after considering the recommendations of the audit committee, considers and reviews the appointment of external auditors. The board requires the rotation of the audit partner for the statutory audit after no more than five years. The company's external auditor is KPMG. Graeme Edwards has been the audit partner since 2019 and Laura Youdan has been the assurance partner since 2018. All services provided by KPMG are considered on a case-by-case basis by the audit committee to ensure there is no actual or perceived threat to independence in accordance with the external auditor independence policy. The audit partner and assurance partner have provided the audit committee with written confirmation that, in their view, they were able to operate independently during the year. KPMG has provided the board with the required independence declaration for the financial year ended 30 June 2024. The audit committee has determined that there are no matters that have affected the auditor's independence. The external auditor independence policy also contains guidelines for what services (other than the statutory audit role) the external auditor can provide. It is the board's policy that all non-audit services proposed to be undertaken by the external auditor must be pre-approved by the audit committee. The audit committee considered and gave its approval for the auditor to undertake certain non-audit-related matters. Fees paid to KPMG are included in Note 8 of the notes to the financial statements contained on page 70 of this annual report. KPMG was paid $1.4 million for services in the financial year to 30 June 2024. Of this sum, $1.1 million was for audit-related services and $0.3 million was for non-audit-related services. Non-audit-related work did not exceed 25% of the amount paid for audit work. Further detail is provided on page 70 of this annual report. The auditor is regularly invited to meet with the audit committee including without management present.

The auditor has been invited to attend the annual shareholders' meeting and will be available to answer questions about the audit process and the independence of the auditor.

Risk management

Vector recognises that rigorous risk management is essential for corporate stability, high performance and the success of its strategic objectives and vision. To drive sustainable growth and ensure operational resilience, it is important to anticipate risks to its business while capitalising on opportunities as they arise.

Vector's enterprise risk management (ERM) framework provides a flexible and purpose-built approach to the application of risk management across Vector and is consistent with the international risk management standard ISO31000. Vector's risk management processes and tools are embedded within its business operations to drive consistent, effective and accountable decision-making.

Consistent with the "three lines model", all Vector people are responsible for applying Vector's ERM framework within their individual roles to proactively identify, analyse, evaluate and treat risks. This risk mindset is promoted through:

– the group risk function partnering with business units to continue to enhance risk management at operational, executive team and board level;
– embedding of risk assessments and discussions within key decision making processes; and
– continuous development through both internal and external reviews.

Vector continues to review and mature its ERM framework to reflect the evolving context within which it works. The company engages external advisors to assist in incorporating the latest developments in risk management and to reflect the current operating environment.

The board is responsible for ensuring that key strategic, operational and financial risks are identified, and that appropriate controls and procedures are in place to manage those risks effectively. The risk and assurance committee has overall responsibility for ensuring that the company's risk management framework and processes are fit for purpose and effective, such that risks are appropriately identified, considered and managed against Vector's objectives and strategic vision. Spanning across Vector's portfolio of businesses, Vector's group risk function is tasked with the ongoing development and implementation of the ERM framework and risk processes. In addition to monitoring the changing business landscape and macro-economic trends, this function integrates and works with all Vector business units to facilitate smart risk-based decision-making as well as consistent risk analysis and the evaluation of risk against Vector's risk appetite. These perspectives inform the development of the group key risk profile which provides both the board and executive team with a consolidated view of:

1. the strategically focused risks which could have a significant impact on the long-term value and sustainability of Vector's business; and
2. the operational and financial risks which are assessed and managed as part of meeting key business objectives and maintaining operational resilience.

Vector's group material risks are shown on the following page. Risks 2, 3, 4 and 5 include Vector's risks in relation to the impacts of climate change. Refer to Vector's climate-related disclosures report for information on Vector's climate-related risks and opportunities.

Vector group's material risks

1	Cyber security compromise.
2	Adverse or unanticipated change to government policy affecting the electricity or gas business, or legislative/ regulatory settings related to the Commerce Act (Part IV), Electricity or Gas Act, or Electricity Industry Act.
3	Government policy and regulatory settings fail to enable the electricity network to adapt and transition to changing demand and affordability causing inefficient capital spend and reliability challenges.
4	External shock event, including natural disaster, major weather events and other physical climate-related impacts.
5	Adverse or unanticipated government responses or unrealised opportunities from climate change.
6	Adverse or unanticipated impacts or unrealised opportunities from emerging technologies.
7	Adverse or unanticipated government responses to generation shortfalls and increased prices.
8	Breach of regulatory quality standards, SAIDI or SAIFI.
9	Inability to develop, retain and recruit specialised talent.
10	Serious harm or fatality event.
11	Major/repeated disruption of critical services due to non-performance of internal processes.
12	Societal challenges, financial pressures or workplace factors negatively impacting on Vector staff's mental health and wellbeing.
13	Failure to collect, protect or create value from information and intellectual property.
14	Reputational damage/adverse impacts on stakeholder confidence.
15	Failure or poor performance of critical third parties (including service providers, suppliers and partnerships).
16	Funding, liquidity, cash flow and credit risk due to uncertain economic conditions and market risks.

direct link to

Climate-related risks

- Inability to efficiently manage peak electricity load
- Gas transition
- Increase in extreme weather events

Climate-related opportunities

- Energy platforms
- Distributed energy resources

Refer to Vector's climate-related disclosures report

Health and safety

Vector is committed to conducting its business activities in such a way as to protect the health and safety of all workers of Vector and its related companies, the public and visitors in its work environment. Vector is committed to continual and progressive improvement in its health and safety performance. Page 17 of this annual report contains Vector's performance in these areas, including its Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR). The board has delegated day-to-day responsibility for the implementation of health and safety standards and practices to management.

The board is committed to providing effective resources and systems at all levels of the organisation to fulfil its commitment to employees, customers, shareholders and stakeholders.

Vector's commitments and requirements for health and safety are set out in the health and safety policy.

Internal audit

Vector's business performance and internal audit function is overseen by the risk and assurance committee, and the audit committee, and provides independent and objective assurance on the effectiveness of governance, risk management and internal controls across business operations. The team has unrestricted access to all Vector's businesses, staff and records. The team liaises closely with KPMG, as Vector's external auditor, to share the outcomes of the internal audit programme.

Ethical and responsible behaviour

Directors and employees are expected to act legally, ethically, responsibly and with integrity in a manner consistent with Vector's policies, procedures and values. The code of conduct and ethics covers a wide range of areas and provides guidance regarding personal integrity, business integrity, customers and society, people, and assets and information, and outlines the responsibilities of Vector's people and explains the standards of conduct and ethics. The code of conduct and ethics is highlighted to new staff being inducted at Vector, and is promoted regularly through the company's internal communication channels. The code of conduct and ethics is generally reviewed every two years.

The procedure for advising the company of a suspected breach is set out in the whistleblower policy. People at Vector have a range of options to speak up if they notice something that is not right, including raising a concern with a relevant manager. These options include in person, by phone, email, post and online form and all options can be done anonymously.

A comprehensive set of policies has been put in place to assist directors, staff and contractors to act and make decisions in an ethical and responsible manner.

The board has implemented formal procedures to handle trading in Vector's securities by directors and employees of Vector in the securities trading policy, with approval from the company secretary (on behalf of the company) being required before trading can occur. The fundamental rule in the policy is that trading with insider information is prohibited at all times. The requirements of the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand. The policy provides that shares may not be traded at any time by any individual holding "material information" (as defined in the NZX Rules). A blackout period is imposed for all directors, senior officers and certain other people between the day before the end of the half-year and full-year balance dates and the day after the release to NZX of the result for that period.

Diversity and inclusion

The board's commitment to creating and maintaining both a diverse workforce and an inclusive workplace for all employees is reflected in its diversity and inclusion policy. A copy is available on Vector's website at vector.co.nz/investors/governance. A diversity, inclusion and wellbeing council, made up of senior management representatives, provides governance over the implementation of the policy. Vector has dedicated resources to drive the diversity, inclusion and wellbeing programme of work.

The board is satisfied with the initiatives being implemented by the Vector group and its performance with respect to the diversity and inclusion policy.

Vector is committed to equitable pay and this does not start and finish with gender; it also includes age and ethnicity in the scope of annual pay equity reviews. Remuneration at Vector is based on performance and within this framework. Vector makes adjustments when appropriate to ensure equity across like-for-like roles. This has become part of business as usual at Vector and the company regularly monitors and adjusts salaries across all three categories (gender, age, ethnicity) if any gaps are identified. This year, Vector is reporting its gender pay gap in the remuneration report on page 39. Its overall diversity and inclusion programme is focused on improving the gender balance across all tiers of Vector with a continued focus on performance and merit-based recruitment and promotion.

Gender statistics

Vector's gender statistics are as follows:

	AS AT 30 JUNE 2024			AS AT 30 JUNE 2023		
POSITION	FEMALE	MALE	GENDER DIVERSE	FEMALE	MALE	GENDER DIVERSE
Directors	2 (28.6%)	5 (71.4%)	–	2 (25.0%)	6 (75.0%)	–
Executive team	1 (14.3%)	6 (85.7%)	–	1 (12.5%)	7 (87.5%)	–
Direct reports to the executive team	9 (22.5%)*	31 (77.5%)	–	15 (32.6%)	31 (67.4%)	–
Across the Vector group	318 (32.6%)	658 (67.4%)	–	475 (34.9%)	886 (65.1%)	–

* 4 of the female direct reports that departed since 30 June 2023 were part of the Vector Metering transaction.

Investor engagement

Vector recognises the rights of shareholders as the owners of the company and encourages their ongoing active interest in the company's affairs by:

- communicating with them effectively;
- ensuring they have full access to information about the company, including through the Vector website;
- conducting shareholder meetings in locations and at times convenient to the majority of shareholders, where possible; and
- providing shareholders with adequate opportunity to ask questions about, and comment upon, relevant matters, and to question directly the external auditors at shareholder meetings.

Vector's board is committed to maintaining open and transparent communications with investors and other stakeholders and it supports a programme for two-way engagement with shareholders, debt investors, the media and the broader investment community. Annual and interim reports, NZX releases, quarterly reports on operational performance, governance policies and charters and a wide variety of corporate information are posted on Vector's website. Vector conducts market briefings in conjunction with the release of the annual and interim financial results. Transcripts of the briefings are available on the annual reports page of the Investor section of Vector's website. Each shareholder is entitled to receive a hard copy of each annual and interim report. The company has a shareholder meetings page in the Investors section on its website where documents relating to meetings are available. Vector's constitution includes provisions relating to Entrust, Vector's majority shareholder. In addition, Vector and Entrust are parties to a deed recording essential operating requirements, which includes certain policy, consultation, pricing reporting and the energy solutions programme obligations.

The board is committed to reporting Vector's financial and non-financial information in an objective, balanced and clear manner. The board takes an active role in overseeing financial and non-financial reporting. The annual report is an important document for communicating financial reporting and also reports on strategic progress and operational performance. It contains the financial statements that are prepared to comply with generally accepted accounting practice. The board contributes to and reviews the annual report. A series of key performance indicators is used to link results to strategy. Vector is committed to transparent reporting of non-financial objectives, such as environmental, social and governance factors.

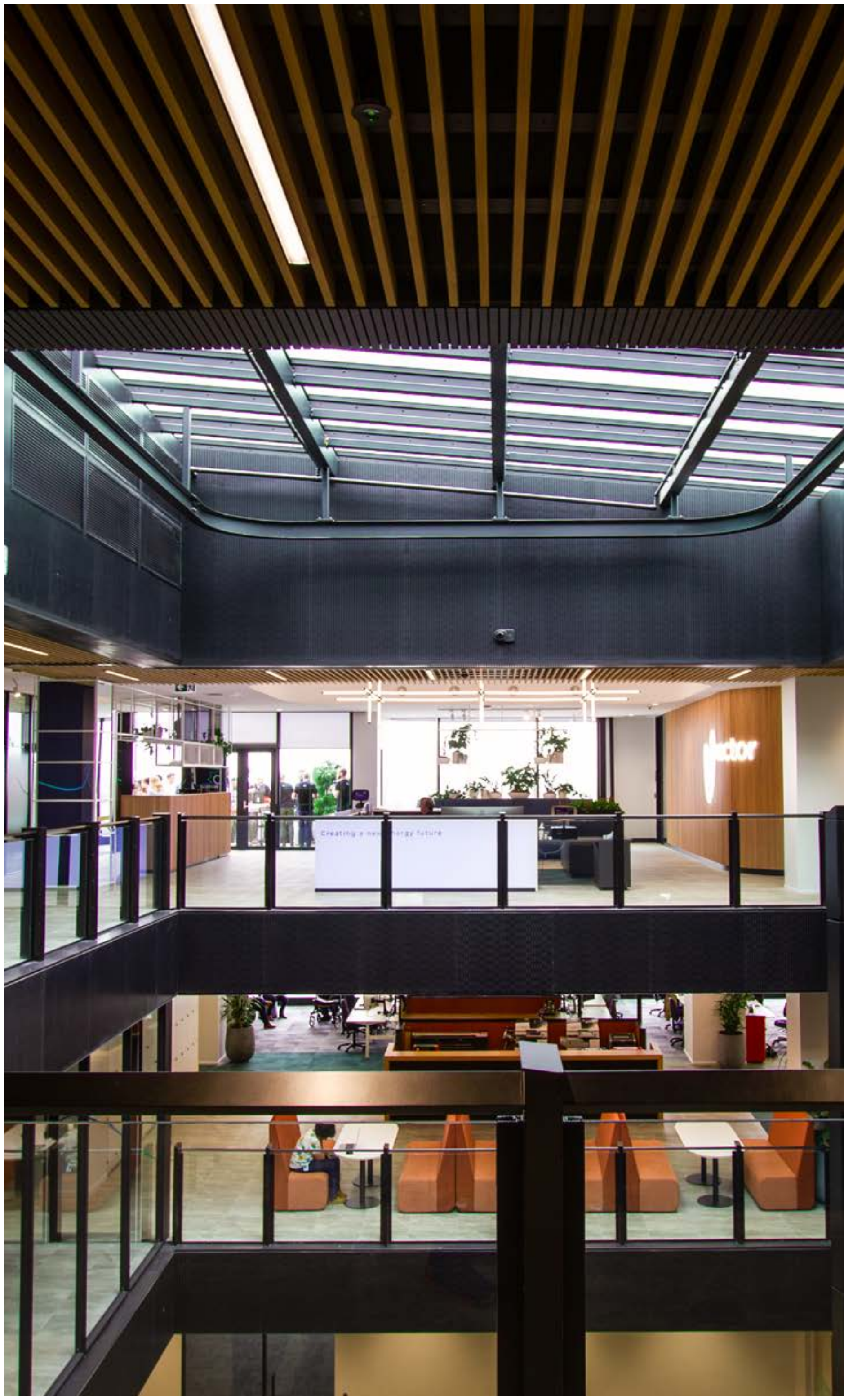
The 2023 annual meeting was held as a hybrid meeting. All shareholders had the opportunity to attend, participate and vote either in person or online. Shareholders may raise relevant matters for discussion at the annual shareholders' meeting either in person or by emailing the company with a question to be asked. Shareholders can also contact the company to ask questions, or express views, about matters affecting Vector. A dedicated email address is available for shareholder/investor queries, which is: investor@vector.co.nz. Contact details for Vector's head office are available on the website and at page 118 of this annual report. Vector is committed to complying with its obligations under the NZX Rules and the Companies Act 1993, both of which contain specific requirements to obtain shareholder approval for certain significant matters affecting Vector. Where voting on a matter is required, the board encourages investors to attend the meeting or to send in a proxy vote. Notices of meeting are usually available at least 20 working days prior to the meeting on the shareholder meetings page in the Investors section of Vector's website. For the 2023 annual meeting, the notice of meeting was made available and published on the Vector website at least 20 working days before the meeting.

Continuous disclosure

The board is committed to:

- the provision of accurate, timely, orderly, consistent and credible disclosure; and
- compliance with the continuous disclosure requirements of the Financial Markets Conduct Act 2013 and the NZX Rules.

The board supports the principle that high standards of reporting and disclosure are essential for proper accountability between the company and its investors, employees and stakeholders. Vector achieves these commitments, and the promotion of investor confidence, by ensuring that trading in its securities takes place in an efficient, competitive and informed market. Vector's continuous disclosure policy sets out protocols to facilitate effective and compliant disclosure. Vector has also established a management disclosure committee which meets regularly to discuss continuous disclosure matters.



Remuneration report

Letter from the people and remuneration committee chair

On behalf of the people and remuneration committee and the board, I am pleased to introduce Vector's remuneration disclosures, noting the following:

– Vector operates a market-competitive remuneration policy which aims to attract and retain high-performing senior executives by recognising and rewarding individual and company performance.
– Senior executive remuneration is composed of total fixed annual remuneration and an annual short-term incentive (STI) programme with invitation-only participation. The STI programme recognises and rewards annual company performance across key business performance stretch objectives, which vary across the regulated and non-regulated businesses in the group. Actual incentive payments are typically less than the potential and in the last year ranged between 0% and 109%.
– Board oversight is applied to all senior executive remuneration decisions, and discretion is able to be exercised for the payment of the STI.
– The company does not currently operate any long-term incentive programme for any employee.
– The STI potential for the group chief executive was updated this year to 65% of base salary per annum (at target) with an upside opportunity capped at 120% of target i.e. 78% of base salary. The reason for this change is the absence of a long-term incentive (which Vector does not currently offer) and benchmarking identified an imbalance with the market for the group chief executive role.

Dame Paula Rebstock

Dame Paula Rebstock
Chair, People and Remuneration Committee
26 August 2024

Remuneration governance

Vector Limited has a people and remuneration committee (committee) comprising Paula Rebstock (chair), Alastair Bell, Bruce Turner and Anne Urlwin. The table below details the committee members' tenure and changes during the period.

The purpose of the people and remuneration committee is to assist the board in overseeing the appointment, performance and remuneration of the group chief executive and members of the executive team (including succession planning) and reviewing and monitoring the remuneration policies of Vector. Evaluations are based on criteria that include the performance of Vector and the accomplishment of strategic objectives. In addition, the committee oversees Vector's people strategy including attraction, retention, wellbeing, succession planning and talent development.

The committee operates under a written charter. The charter is available to view at vector.co.nz/investors/governance. The majority of members are independent directors. Other directors have a standing invitation to attend committee meetings and management attends committee meetings by invitation.

Attendance at committee meetings during the period is shown on page 30.

People and remuneration committee membership

NAME	DATE JOINED THE COMMITTEE	LENGTH OF MEMBERSHIP TO 30 JUNE 2024	DATE LEFT THE COMMITTEE
Paula Rebstock (chair)	2 Dec 2019	4 years, 7 months	n/a, current member
Alastair Bell	2 Dec 2019	4 years, 7 months	n/a, current member
Bruce Turner	1 Nov 2023	8 months	n/a, current member
Anne Urlwin	1 Nov 2023	8 months	n/a, current member
Tony Carter	2 Dec 2019	3 years, 10 months	28 Sept 2023
Jonathan Mason	25 Sept 2020	3 years	28 Sept 2023
Paul Hutchison	24 Feb 2022	1 year, 8 months	1 Nov 2023

Key: Current committee member   Committee member in the period

Executive remuneration policy

Vector's executive remuneration policy is available to view at vector.co.nz/investors/governance. The number of executives to whom this policy applies is seven (including the group chief executive).

Executive remuneration at Vector is made up of base salary, standard employee benefits and a short-term incentive (STI). No long-term incentive (LTI) is currently offered to Vector's employees or its executives. The percentage of target STI each executive member (excluding the group chief executive) is eligible for varies by employee but ranges from 35% to 40% of base salary.

Base salary is reviewed periodically based on data from independent remuneration specialists. Employees' base salary is based on a matrix of their own performance and their current position in their salary band when compared to Vector's internal role bands and the market.

The purpose of the STI scheme is to reward behaviour and outcomes that are considered important for Vector's shareholders and customers, and is measured against four overarching areas: financial, customer, HSE/people and decarbonisation. Targets and measures may vary by business area; however, these are aligned where appropriate. The STI scheme is subject to a financial (adjusted EBITDA) and health and safety gate, as well as an individual performance gate.

Vector has not provided any joining bonus to executives in the last financial year. Vector does not provide "termination payments" to outgoing executives, nor does it provide retirement payments at greater rates for executives than other staff (if any at all).

External and independent advice

During the year, Vector Limited sought external and independent advice from PricewaterhouseCoopers International Limited (PwC) to provide advice on potential incentive scheme designs and their implications.

This remuneration report contains disclosure of the employees (other than employees who are directors) who received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded $100,000 per annum, in brackets of $10,000, as required by the Companies Act 1993.

Key performance summary

Vector's remuneration policy for executives and direct reports to the executives (by invitation) is that of a total remuneration framework which comprises fixed remuneration, plus an at-risk component in the form of a short-term incentive (STI). The STI is a variable element of remuneration and is only paid, at the board's discretion, if an individual is delivering expected performance, company financial and health and safety gates (achieving at least 90% of group budgeted adjusted EBITDA and no workplace fatalities during the incentive period as a result of Vector's policies and/or practices) are met, and company performance goals have been achieved.

The STI scheme for FY24 recognises group and business unit-level achievement of financial, customer, people and health and safety, and decarbonisation performance outcomes within the at-risk component of eligible employees' remuneration. The STI scheme does not reward individual performance but acceptable individual performance is a gate for payment.

The at-risk percentage of total remuneration for the FY24 STI scheme ranges from 20% to 40% of base salary depending on the role (excluding the group chief executive).

Company performance goals are set and reviewed annually by the board to align with business and financial objectives.

Customer goals include measures of customer satisfaction, as well as operational performance such as electricity network standards as set by the Commerce Commission (SAIDI/SAIFI), gas response to emergency and the achievement of customer service level agreements. STI payments are determined following a review of company performance and paid out at between 0% and 115% for all eligible employees. As an example of how STI is calculated, an employee with a base salary of $150,000 and an STI element of 20% may receive between $0 and $34,500 (0% to 115% of their STI) depending, at the board's discretion, on the level of business unit and company performance once the gateways have been achieved.

STI scheme payments relating to the financial year ended 30 June 2024 are delivered as a taxable cash payment and are payable on completion of the annual audited financial statements. Payments relating to the 2024 financial year are therefore paid in the 2025 financial year.

FY24 Vector's performance goals summary

PAYOUT % OF GOALS	CORPORATE BUS	ELECTRICITY AND GAS	GAS TRADING	FIBRE	HRV	VTS
Financial	106% (of 40%)	104% (of 30%) BU	120% (of 50%) BU	96% (of 50%) BU	0% (of 50%) BU	86% (of 35%) BU
Customer	110% (of 25%)	110% (of 40%) BU	110% (of 20%) BU	102% (of 20%) BU	90% (of 20%) BU	100% (of 35%) BU
HSE	50% (of 10%)	50% (of 10%)	50% (of 10%)	50% (of 10%)	0% (of 10%) BU	50% (of 5%)
People	110% (of 10%)	110% (of 10%)	110% (of 10%)	110% (of 10%)	110% (of 10%) BU	110% (of 15%)
Decarbonisation	110% (of 15%)	110% (of 10%)	110% (of 10%)	110% (of 10%)	110% (of 10%)	110% (of 10%)
TOTAL	**102%**	**102%**	**109%**	**95%**	**0%[1]**	**95%**

Group chief executive remuneration arrangements

Vector's group chief executive is covered by the executive remuneration policy that is available to view at vector.co.nz/investors/governance. Group chief executive remuneration at Vector is made up of base salary, standard employee benefits, an STI and an upside opportunity. Currently, there is no long-term incentive (LTI) or share option scheme available at Vector, for the group chief executive or any employees or executives. The group chief executive has a target STI equating to 65% of base salary with an upside opportunity capped at 120% of target i.e. 78% of base salary. The upside opportunity is based on specific objectives which sit outside of the STI targets. The STI performance measures are consistent across the group chief executive and executive team and are outlined in the key performance summary above.

The group chief executive's base salary is reviewed periodically by the board, by external remuneration specialists using relevant market peer benchmarks, as is the case with the executive leadership team and certain senior leadership roles.

1. FY24 STI gate not achieved.

Group chief executive remuneration outcomes

	FIXED REMUNERATION			AT-RISK REMUNERATION			TOTAL REMUNERATION
EARNED IN RELATION	SALARY	BENEFITS	SUBTOTAL	STI	OTHER	SUBTOTAL	
FY24	$1,554,722	0	$1,554,722	$1,035,834	$151,585[1]	$1,187,419	$2,742,141
FY23	$1,487,722	0	$1,487,722	$673,216	$424,000[2]	$1,097,216	$2,584,938

1. Upside opportunity
2. Transaction incentive

This table shows the amounts assessed as earned in relation to a financial year but not paid in that same financial year (as the assessment of the STI performance hurdle is made after the balance date). For instance, the one-off discretionary transaction incentive earned in relation to FY23 was paid in FY24 (July 2023) and the STI earned for FY23 was also paid in FY24 (September 2023). The STI earned in relation to FY24 is expected to be paid in FY25 (September 2024).

A description of the group chief executive's STI scheme for the performance period ending 30 June 2024 is set out below.

SCHEME	DESCRIPTION	PERFORMANCE MEASURES	PERCENTAGE OF TARGET AWARDED
STI	Set to a target of 65% of base salary for FY24 on-plan performance where the highest levels of company performance measures are achieved. As set out on page 38, the STI scheme is not based on an individual's performance, subject to gates.	Corporate performance goals 40% Financial 25% Customer 20% HSE and people 15% Decarbonisation	102.5% (see detail below)
Upside opportunity	Separate to the STI scheme, the potential to earn additional upside of up to 120% of the target 65% STI i.e. 78% of base salary.	Specific individual targets agreed between the board and the group chief executive	75%

The group chief executive's STI outcomes are shown below:

PAYOUT % OF GOALS	CORPORATE (INCLUDING GROUP CHIEF EXECUTIVE)
Financial	106% (of 40%)
Customer	110% (of 25%)
HSE	50% (of 10%)
People	110% (of 10%)
Decarbonisation	110% (of 15%)

Like all corporate employees that are eligible for the STI, the group chief executive is awarded a percentage of the STI available based on the group's performance of the corporate weighted goals, and subject to the gates detailed on page 38. Four other executives are measured on the corporate goals: the chief financial officer, the chief legal and assurance officer, the chief public policy and regulatory officer and the chief people and communications officer. The chief operating officer (COO) of electricity, gas and fibre is measured in accordance with the electricity and gas business unit and the COO of Vector Technology Solutions (VTS) in accordance with the VTS business unit.

ESG disclosures

Gender pay gap

The gender pay gap measures the median pay (base pay only) between men and women regardless of the nature of work.

As at May 2024, the median gender pay gap is 13.0%. That is, women earn $0.87 for every $1.00 that men earn. As at May 2024, our median gender equity gap is less than 1.0%. The gender pay equity gap identifies any difference in the pay men and women received for the same or similar jobs.

At Vector, the context behind our gender pay gap figure is that more senior technical roles and managerial roles are currently held by men, which is common across the energy sector. In addition, higher salaries are sometimes commanded for a specific skillset or talent shortages in some areas that are dominated by men. Our reported pay gap is a result of these factors. More information on diversity and inclusion at Vector is included page 16 and in the governance report on page 33.

Remuneration bands

The number of current employees of the group and company receiving remuneration and benefits above $100,000 in the year ended 30 June 2024 is set out in the tables below:

CURRENT EMPLOYEES (NZ$)	GROUP	COMPANY
$100,000 - $110,000	38	30
$110,001 - $120,000	40	27
$120,001 - $130,000	38	32
$130,001 - $140,000	48	44
$140,001 - $150,000	39	35
$150,001 - $160,000	47	32
$160,001 - $170,000	47	34
$170,001 - $180,000	32	25
$180,001 - $190,000	23	17
$190,001 - $200,000	21	16
$200,001 - $210,000	10	8
$210,001 - $220,000	10	9
$220,001 - $230,000	10	9
$230,001 - $240,000	7	7
$240,001 - $250,000	5	5
$250,001 - $260,000	5	5
$260,001 - $270,000	7	6
$280,001 - $290,000	3	3
$290,001 - $300,000	1	–
$300,001 - $310,000	1	1
$310,001 - $320,000	2	2
$320,001 - $330,000	1	1

CURRENT EMPLOYEES (NZ$)	GROUP	COMPANY
$330,001 - $340,000	4	4
$340,001 - $350,000	1	1
$350,001 - $360,000	2	1
$360,001 - $370,000	2	2
$370,001 - $380,000	2	1
$380,001 - $390,000	1	1
$400,001 - $410,000	2	2
$410,001 - $420,000	1	1
$420,001 - $430,000	1	1
$430,001 - $440,000	2	2
$440,001 - $450,000	3	3
$500,001 - $510,000	1	1
$510,001 - $520,000	1	1
$620,001 - $630,000	1	1
$650,001 - $660,000	1	1
$660,001 - $670,000	1	1
$830,001 - $840,000	1	1
$970,001 - $980,000	1	1
$1,080,001 - $1,090,000	1	1
$1,110,001 - $1,110,000	1	1
$2,650,001 - $2,660,000	1	1
	466	377

Remuneration bands (continued)

The number of former employees of the group and company receiving remuneration and benefits above $100,000 in the year ended 30 June 2024 is set out in the tables below:

FORMER EMPLOYEES (INCLUDING ANY TERMINATION PAYMENTS) CURRENT EMPLOYEES (NZ$)	GROUP	COMPANY
$100,001 - $110,000	8	4
$110,001 - $120,000	9	6
$120,001 - $130,000	9	6
$130,001 - $140,000	3	3
$140,001 - $150,000	4	2
$150,001 - $160,000	4	4
$160,001 - $170,000	1	-
$170,001 - $180,000	2	1
$180,001 - $190,000	3	2
$220,001 - $230,000	2	-
$230,001 - $240,000	2	2
$240,001 - $250,000	1	1
$280,001 - $290,000	1	1
$300,001 - $310,000	1	1
$310,001 - $320,000	1	1
$460,001 - $470,000	1	1
$1,150,001 - $1,160,000	1	1
	53	36

Director remuneration

When determining the fees for non-executive directors, the board considers the market, Vector's remuneration practices compared to similar companies, the competitiveness of the prevailing level of remuneration and its ability to meet the primary remuneration policy objective of attracting and retaining high-quality directors; and any changes in directors' workloads.

A copy of Vector's director remuneration policy is available at vector.co.nz/investors/governance.

In 2022, a total non-executive director remuneration pool of $1,087,020 was approved by shareholders for FY24 onwards. This has not changed but note that this fee pool was approved with a board of seven directors. From 1 July 2023 to 28 September 2023, the number of directors on the board was eight and in accordance with Listing Rule 2.11.3, the amount of the fee pool was increased as a consequence of the additional director (by an amount necessary to enable the additional director to be paid the average amount then being paid to each non-executive director (excluding the chair)).

Between 28 September 2023 and 31 October 2023 there were six directors on the board until Bruce Hassall's appointment brought the board back to seven people.

Director remuneration is reviewed by the board from time to time and normally biennially.

Directors receive different fees for membership of the board, membership of committees and chair roles. Directors are entitled to be reimbursed for reasonable incidental costs associated with carrying out their duties and professional development costs may also be paid by Vector on a case-by-case basis.

The current fees by role are summarised in the following table. The board allocates the total annual fee pool on a consistent basis among the directors via a base fee plus specified fees for each of the committee chair and member roles held (excluding the board chair). The board reserves the discretion to reallocate the total annual fee pool, by resolution of the board, should the board need to reconstitute the number of committees or number of members on each committee.

GOVERNANCE BODY	POSITION	FEE FOR FY24
Board	Chair	$214,000*
	Non-executive director**	$107,000
Audit committee	Chair	$27,000
	Member	$15,000
Risk and assurance committee	Chair	$27,000
	Member	$15,000
People and remuneration committee	Chair	$20,000
	Member	$10,000
Pool for additional attendances		$17,020

* The board chair is not paid additional fees as chair or member of the audit committee, risk and assurance committee or people and remuneration committee.
** During the period (from 1 July 2023 to 31 October 2023), there was a deputy board chair role that has been disestablished. The deputy board chair role was allocated an additional $5,000 a year to reflect the workload of the role.

Fees payable to Vector's directors for the 2024 financial year were as follows:

DIRECTOR	FEE
D McKay	$219,587
A Bell	$132,000
A Carter*	$33,000
B Hassall**	$91,702
P Hutchison	$127,000
J Mason***	$58,347
P Rebstock	$144,500
B Turner	$146,500
A Urlwin	$146,500
Total	**$1,099,136**

* Retired on 28 September 2023.
** Appointed on 31 October 2023.
*** J Mason's fees include $6,010 paid in August 2023 recognising additional attendances in relation to the Vector Metering transaction. Retired on 28 September 2023.

WHO WE ARE

Our board

Doug McKay

ONZM, BA, AMP (Harvard), CFInstD

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR

Appointed on 29 September 2022

Doug McKay has over 35 years' commercial and operational experience and a deep understanding of New Zealand and Australian markets having held managing director and chief executive positions with Lion Nathan, Carter Holt Harvey, Goodman Fielder, Sealord, Independent Liquor and Proctor & Gamble. He was the inaugural chief executive of the amalgamated Auckland Council from May 2010 to December 2013 and a former director of Fletcher Building Limited, Genesis Energy Limited and Ryman Healthcare Limited. He retired as chair of Bank of New Zealand on 31 May 2024 and as Trustee (chair) of the Eden Park Trust Board on 30 June 2023. In 2015, Doug was made an Officer of the New Zealand Order of Merit for services to business and local government. He currently holds directorships with IAG New Zealand and National Australia Bank Limited.

Alastair Bell

BCom, CA, CMInstD, PMP, JP

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed on 23 September 2019

Alastair Bell is a chartered accountant, chartered director and qualified member of the Project Management Institute. He has more than 30 years' experience in the corporate, public and not-for-profit sectors. Alastair balances his professional life between board roles and leading a consultancy specialising in business and infrastructure projects. He is an elected Trustee of Entrust, chairing the Entrust board's Regulation and Policy Committee. Alastair chairs the Ōrākei Community Association. Formerly, he was deputy chair of Foundation North and a trustee of the Motutapu Restoration Trust.

Bruce Hassall

BCom, FCA (CAANZ), CMInstD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed on 31 October 2023

Bruce Hassall is an experienced director with extensive industry and sector knowledge across the New Zealand economy in both listed and private companies. He is a chartered accountant who has specialist expertise in financial reporting, information system processes, risk management, business acquisitions and capital raising. Bruce is currently the chair of The Farmers' Trading Company Limited and Prolife Group Holdings Limited and is a director of Fonterra Co-operative Group Limited. He was formerly the chair of Fletcher Building Limited and the Senior Partner and CEO of PwC New Zealand.

Dr Paul Hutchison

MB, ChB, FRCOG, FACOG, Dip Com Health, Member of Institute of Directors

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed on 8 December 2021

Dr Paul Hutchison was elected to the AECT (now Entrust) in 2015. He is a clinician at Local Doctors (formerly East Tamaki Healthcare,) a former member of the New Zealand Medical Council as well as director of a number of companies and a member of the Institute of Directors. Paul was the MP for Port Waikato, then Hūnua from 1999 to 2014. He chaired the Health Select Committee from 2008 to 2014 and was awarded the NZ Medical Association's award for outstanding contribution to health services in 2014. Paul was appointed as Honorary Consul Papua New Guinea in 2022. His other interests include science and innovation, sport, music and fishing and he enjoys spending time with his family.

Dame Paula Rebstock

BSc (Econ), Dip & MSc (Econ), DCNZ

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed on 16 April 2019

Dame Paula Rebstock is a leading Auckland-based economist and company director, who was made a Dame Companion of the New Zealand Order of Merit in 2015. She is chair of NZ Healthcare Investments (Awanui), National Hauora Coalition, and Ngāti Whātua Ōrākei Whai Maia, and Deputy Chair of AIA and the NZX, and a director of Bluecurrent Group, SeaLink Group and Auckland One Rail. Dame Paula is the former chair of the New Zealand Commerce Commission.

Bruce Turner

BE (Hons), ME, BCom

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed on 16 April 2019

Bruce Turner is a highly experienced senior executive with deep experience across the dairy and energy sectors, both in New Zealand and internationally. Working in the energy industry for more than 30 years, he was extensively involved in the development of the energy industries in New Zealand, Singapore and Europe. Bruce was a member of the New Zealand Electricity Market (NZEM) despatch rules working group, the NZEM Rules Committee, the MARIA governance board and the Electricity Authority's Security and Reliability Council. This deep understanding of the sector is invaluable as Vector, and the energy industry, navigates the challenges of climate change and increasing demand for clean electricity supply. As well as the Vector board, his governance experience includes joint venture boards for both Mercury and Fonterra. Bruce is a director of GlobalDairyTrade Holdings Limited and an advisory board member at the University of Colorado's JP Morgan Center for Commodities.

Anne Urlwin

BCom, FCA, CFInstD, MAICD, ACIS, FNZIM, ONZM

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed on 1 September 2021

Anne Urlwin is a professional director with experience in a diverse range of sectors including construction, property development, health, infrastructure, telecommunications, renewable energy, regulation and financial services. Her current governance roles include chairmanship of Precinct Properties New Zealand, and directorships of Infratil, Ventia Services Group and City Rail Link. Anne is a former director of Summerset Group Holding, Queenstown Airport Corporation, Tilt Renewables, Chorus, and Meridian Energy, and a former chair of national commercial construction group Naylor Love Enterprises and the New Zealand Blood Service. She is a chartered accountant with experience in senior finance management roles. Anne was made an Officer of the New Zealand Order of Merit in 2022 for services to business.

Our management team

Simon Mackenzie
Grad DipBS (Dist), DipFin, NZCE

GROUP CHIEF EXECUTIVE

—

Simon Mackenzie is passionate about the power of technology to transform the energy industry and consumers' lives. As group chief executive, he has expanded and driven Vector's portfolio of businesses to embrace innovative technologies and strategies to deliver efficient, sustainable energy solutions to consumers. Simon was appointed Vector's group chief executive in 2008. His tertiary qualifications include engineering, finance and business studies, and the Advanced Management Programme at the Wharton School, University of Pennsylvania.

Jason Hollingworth
MCom (Hons), FCA, CMInstD

CHIEF FINANCIAL OFFICER

—

Jason Hollingworth joined Vector as chief financial officer in May 2019. He has over 30 years' experience in a range of senior corporate finance roles including being CFO of public listed pay television company Sky TV, CFO of telecommunications company TelstraClear, investment manager for the diversified investment company Ngāi Tahu Holdings, executive director at Asian private power development company AsiaPower and a director of corporate advisory firm Southpac Corporation. Jason has a Master of Commerce degree, is a Fellow of the Institute of Chartered Accountants ANZ and a member of the Institute of Directors.

Shailesh Manga
BTech, Optoelectronics (Hons)

CHIEF OPERATING OFFICER, VECTOR TECHNOLOGY SOLUTIONS

—

Shailesh Manga leads Vector Technology Solutions (VTS) and is responsible for driving its growth. Specifically, he is charged with building relationships with key global partners to co-develop digital platforms critical to a new energy future. Shailesh has a strong focus on local and global customer opportunities to increase revenue and deliver key aspects of our business strategy. His experience is unique and vast, having worked both locally and globally in the fields of physics, telecommunications, user experience and innovation. In his last role, Shailesh delivered innovative experiences for some of the world's largest brands including Google, Microsoft, Samsung, and LG. He has been an owner/founder in a user experience consulting business as well as an SaaS Product company (Optimal Workshop) that services around half of the Fortune 500 companies.

John Rodger
LLB, BA

CHIEF LEGAL AND ASSURANCE OFFICER AND COMPANY SECRETARY

—

John Rodger is Vector's chief legal and assurance officer and company secretary. He is responsible for Vector's legal, corporate governance, health and safety, business performance, internal audit, risk, compliance, privacy, government relations, and property functions. John joined Vector in 2006 and has extensive experience of Vector's businesses and operations. He has worked across a range of sectors including energy, telecommunications and financial services and previously held legal roles in major corporates and professional services firms in London, the Cayman Islands and New Zealand.

Peter Ryan

BE

CHIEF OPERATING OFFICER ELECTRICITY, GAS AND FIBRE

Peter Ryan is responsible for the strategic operations of Vector's electricity, gas and fibre network businesses and the digital operations. He has 20 years' international experience within the telecommunications and energy industries, leading engineering, field and operational teams, and customer operations in the deployment, operations and maintenance of telecommunications, electricity and gas networks. Most recently, Peter was the chief network officer at NBNCo Australia, where he oversaw the highly successful implementation and operation of the broadband network. He brings a wealth of experience in operations management, performance transformation as well as a proven ability working across technical, operational and commercial strategy to optimise business objectives.

Mark Toner

LLB (Hons), BCom

CHIEF PUBLIC POLICY AND REGULATORY OFFICER

With over 25 years' experience across a range of sectors including energy, telecommunications, aviation and technology, Mark Toner has consistently navigated market, regulatory and policy changes across industries in disruption. Responsible for leading the group's regulatory, public policy, decarbonisation and data insights and analytics functions, he combines strong stakeholder engagement and reputation management expertise with his commercial and legal background to drive Vector's vision of creating a new energy future. Mark is a past recipient of the New Zealand Prime Minister's Business Scholarship and in 2018 completed an Advanced Management Programme at MIT in Boston.

Sarah Williams

BA, Cert. Journalism

CHIEF PEOPLE AND COMMUNICATIONS OFFICER

Sarah Williams leads Vector Group's people, marketing and communications business units. Along with her teams, she is responsible for planning and delivering strategies across these three disciplines. Sarah is a senior leader with 30 years' experience, and has had a range of leadership roles at an executive and board level spanning public relations and human resources remits. She joined Vector from Porter Novelli, a public relations and marketing agency, where she held the position of Managing Director. Her experience encompasses crisis management, reputation and stakeholder engagement, workforce planning, wellbeing and people development. In 2019, Sarah was inducted into the College of Fellows of the Public Relations Institute of New Zealand in recognition of her significant contribution to the industry and high levels of competence.

Entrust, majority shareholder of Vector

Energy consumer trust Entrust was formed over 30 years ago to ensure that stewardship across Auckland's electricity network remains in the hands of Aucklanders. Entrust acts in the interests of its 365,000 (as at 2024 roll date) families and businesses in central, east and south Auckland. Entrust protects the $2.8 billion investment in Vector through its role in the appointment of directors to Vector's board and requiring regular audit of the state of the network.

Here for the community

Entrust is proud of the work it has undertaken for its beneficiaries and all Aucklanders.

Passing on a share of Vector's profits to beneficiaries

Vector's growth and operating performance enables Entrust to distribute an annual dividend to beneficiaries through its 75.1% stake in Vector.

Advocacy on behalf of energy consumers

Entrust regularly advocates on behalf of energy consumers on important matters. Submissions are available on Entrust's website, entrustnz.co.nz.

Enabling projects with direct benefit

Entrust has an agreement with Vector that requires an average of $10.5 million[1] to be invested in projects in the Entrust district of central, east and south Auckland every year.

In the year to 30 June 2024, key undergrounding projects have been undertaken in St Heliers and Parau Street (Mt Roskill), with further resident-initiated projects undertaken in Glenfell Place (Epsom), Lawrence Street (Herne Bay) and Campbell Road (Maraetai).

More than 300 undergrounding projects have been completed since the programme began, in central, east and south Auckland.

WILLIAM CAIRNS (CHAIR[2])

DENISE LEE[3]

ALASTAIR BELL

DR PAUL HUTCHISON

RACHEL ADAMS LANGTON[4]

In September 2023, each of Entrust's 358,500 beneficiaries was eligible to receive a $334 dividend, plus an additional $30 Loss Rental Rebate payment on behalf of Vector – that's more than $130 million going straight into the Auckland economy.

Entrust
Majority shareholder of Vector

1. Effective from 1 July 2024, this amount has increased to $12.5 million, subject to adjustment.
2. Chair until 13 August 2024, deputy chair from 13 August 2024.
3. Deputy chair from 11 June 2024, chair from 13 August 2024.
4. Appointed 26 July 2024.

OTHER DISCLOSURES

Joint ventures and investments

60.25%

LIQUIGAS

Vector Investment Holdings Limited (a wholly owned subsidiary of Vector) holds a 60.25% shareholding in Liquigas Limited, New Zealand's leading company for tolling, storage and distribution of bulk LPG. Liquigas has staff and depots in Auckland, New Plymouth, Christchurch and Dunedin.

liquigas.co.nz

On 26 July 2024 (after balance date for these full-year results), we announced the conditional sale of our 60.25% shareholding in Liquigas.

50%

Bluecurrent JOINT VENTURE

Bluecurrent (formerly Vector Metering) is a leading provider of innovative smart metering services and solutions in New Zealand and Australia, with a track record of more than 15 years. Bluecurrent is jointly owned by QIC and Vector.

bluecurrent.com.au

8.1%

mPREST

Our shareholding in mPrest has been sold after balance date.

mprest.com

Operating statistics

YEAR ENDED 30 JUNE	2024	2023
ELECTRICITY		
Customers[1, 5]	**624,330**	612,909
New connections	**15,959**	15,865
Net movement in customers[2]	**11,421**	12,797
Volume distributed (GWh)	**8,754**	8,552
SAIDI (minutes)[3]		
Normal operations – unplanned	**98.4**	118.7
Normal operations – planned	**55.8**	43.9
Major network events	**14.1**	292.3
Total	**168.3**	454.9
GAS DISTRIBUTION		
Customers[1,4]	**120,354**	119,631
New connections	**1,934**	2,691
Net movement in customers[2]	**723**	1,636
Volume distributed (PJ)	**13.0**	13.6
GAS TRADING		
Natural gas sales (PJ)[5]	**4.2**	5.4
Gas liquid sales (tonnes)	**44,165**	41,896
9kg LPG bottles swapped[6]	**587,814**	589,207
Liquigas LPG tolling (tonnes)	**106,750**	106,496

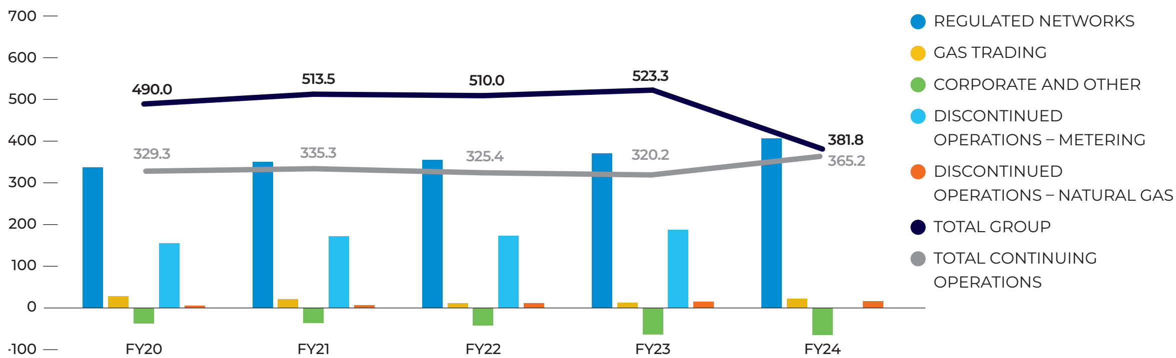
1. As at 30 June.
2. Net number of customers added during the period, includes disconnected, reconnected and decommissioned installation control points (ICPs).
3. SAIDI minutes for the regulatory year ended 31 March (audited).
4. Billable ICPs.
5. Excludes gas sold as gas liquids. On 1 July 2024, Vector Gas Trading Limited completed the sale of the remaining contracts in its natural gas business to Nova Energy Limited. Accordingly, we will not be reporting natural gas operating performance beyond 30 June 2024.
6. Number of 9kg LPG bottles swapped and sold during the year.

Five-year financial performance

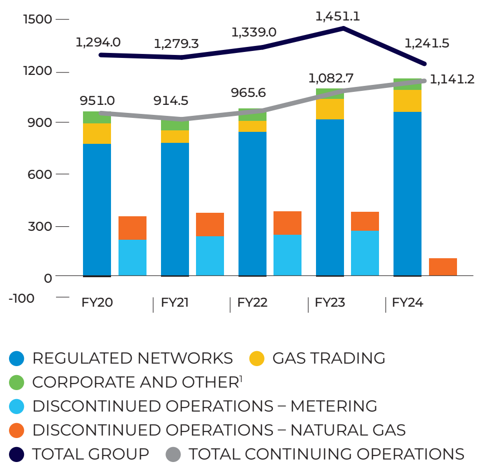
YEAR ENDED 30 JUNE ($ MILLION)	2024	2023	2022	2021	2020
PROFIT OR LOSS					
Total revenue – continuing operations[1]	**1,141.2**	1,082.7	1,009.7	941.9	951.0
Adjusted EBITDA – continuing operations[1]	**365.2**	320.2	325.4	335.3	329.3
Depreciation and amortisation – continuing operations[1]	**(230.8)**	(204.7)	(174.2)	(172.6)	(165.3)
Adjusted EBIT – continuing operations[1]	**134.4**	115.5	151.2	162.7	164.0
Net profit – continuing operations[1]	**79.9**	102.2	94.9	125.6	36.5
Total revenue – discontinued operations	**100.3**	368.4	329.3	337.4	343.0
Adjusted EBITDA – discontinued operations	**16.6**	203.1	184.6	178.2	160.7
Depreciation and amortisation – discontinued operations	**–**	(53.4)	(95.9)	(90.2)	(81.5)
Adjusted EBIT – discontinued operations	**16.0**	149.7	88.7	88.0	79.2
Net profit – including discontinued operations[2]	**91.0**	1,715.8	160.9	194.6	97.3
BALANCE SHEET					
Total equity	**3,776.7**	3,958.0	2,430.1	2,335.4	2,259.7
Total assets	**7,125.6**	7,527.6	6,812.2	6,519.5	6,380.9
Economic net debt[3]	**2,128.6**	1,933.1	3,296.8	3,110.6	2,918.1
CASH FLOW					
Operating cash flow	**445.1**	517.1	518.8	499.1	397.3
Capital expenditure	**(488.7)**	(639.0)	(558.8)	(516.2)	(476.4)
Dividends paid	**(234.9)**	(169.9)	(169.1)	(165.8)	(167.0)
KEY FINANCIAL MEASURES					
Adjusted EBITDA/total revenue[1]	**32.0%**	29.6%	32.2%	35.6%	34.6%
Adjusted EBIT/total revenue[1]	**11.8%**	10.7%	15.0%	17.3%	17.2%
Equity/total assets	**53.0%**	52.6%	35.7%	35.8%	35.4%
Return on assets (adjusted EBITDA/assets)[1]	**5.1%**	4.3%	4.8%	5.1%	5.2%
Gearing[4]	**36.2%**	33.1%	58.2%	56.8%	55.5%
Net interest cover (adjusted EBIT/net interest costs) (times)	**2.9**	1.8	2.1	2.2	1.8
Earnings (NPAT) per share (cents)	**8.9**	171.5	15.9	19.3	9.5
Dividends declared, cents per share	**24.00**	22.25	16.75	16.75	16.50

1. Excludes contribution from natural gas business (sold on 1 July 2024) and metering segment (sold on 30 June 2023) for all periods present.
2. One-off items included in total net profit: FY24 includes a $60.6 million non-cash impairment (includes $0.6 million related to discontinued operations). FY23 includes a $1,509.9 million gain on the 50% sale of the metering operations. FY22 includes a $40.2 million non-cash impairment. FY20 includes a $32.0 million non-cash impairment.
3. Economic net debt is borrowings and lease liabilities net of cash and cash equivalents and deposits.
4. Gearing is defined as economic net debt to economic net debt plus adjusted equity. Adjusted equity means total equity adjusted for hedge reserves.

ADJUSTED EBITDA
$ MILLION

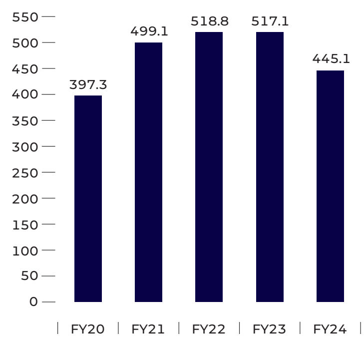


REVENUE
$ MILLION

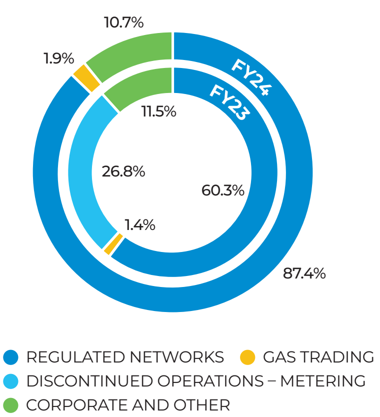


1. Includes eliminations of transactions between segments, and with discontinued operations.

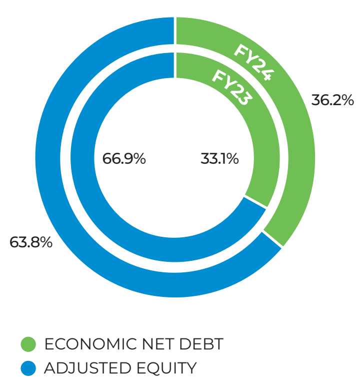
OPERATING CASH FLOWS
$ MILLION



CAPITAL EXPENDITURE



SOURCE OF FUNDING – GEARING
AS AT 30 JUNE



Non-GAAP financial information

Vector's standard profit measure prepared under New Zealand Generally Accepted Accounting Practice (GAAP) is net profit. Vector has used non-GAAP profit measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate the performance of business units, to establish operational goals and to allocate resources. For a more comprehensive discussion on the use of non-GAAP profit measures, please refer to the policy 'Reporting non-GAAP profit measures' available on our website (vector.co.nz).

Non-GAAP profit measures are not prepared in accordance with New Zealand International Reporting Standards (NZ IFRS) and are not uniformly defined; therefore, the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation from or considered as a substitute for measures reported by Vector in accordance with NZ IFRS.

Definitions:

EBITDA

Earnings before interest, taxation, depreciation, amortisation and impairments from continuing operations

Adjusted EBITDA

EBITDA adjusted for fair value changes, associates, third-party contributions, and significant one-off gains, losses, revenues and/or expenses.

GAAP to Non-GAAP Reconciliation

YEAR ENDED 30 JUNE ($ MILLION) Group EBITDA and adjusted EBITDA	2024	2023
Reported net profit for the period (GAAP) – continuing operations	79.9	102.2
Less: interest income	(52.0)	(11.8)
Add back: interest costs	104.6	157.5
Add back: depreciation and amortisation	230.8	204.7
Add back: impairment	60.0	–
EBITDA – continuing operations	**523.5**	495.3
Adjusted for:		
Associates (share of net (profit)/loss)	24.9	–
Capital contributions	(195.2)	(188.3)
Fair value change on financial instruments	12.0	13.2
Adjusted EBITDA – continuing operations	**365.2**	320.2
Adjusted EBITDA – discontinued operations	**16.6**	203.1
Total group adjusted EBITDA	**381.8**	523.3

	2024			2023		
YEAR ENDED 30 JUNE ($ MILLION) Segment adjusted EBITDA	SEGMENT EBITDA	LESS CAPITAL CONTRIBUTIONS AND OTHER MOVEMENTS	SEGMENT ADJUSTED EBITDA	SEGMENT EBITDA	LESS CAPITAL CONTRIBUTIONS AND OTHER MOVEMENTS	SEGMENT ADJUSTED EBITDA
Regulated segment	601.0	(193.8)	407.2	558.9	(187.3)	371.6
Gas trading	22.6	–	22.6	12.0	–	12.0
Total reported segments	**623.6**	**(193.8)**	**429.8**	**570.9**	**(187.3)**	**383.6**
Corporate and other	(100.1)	35.5	(64.6)	(75.6)	12.2	(63.4)
Total – continuing operations	**523.5**	**(158.3)**	**365.2**	**495.3**	**(175.1)**	**320.2**
Discontinued operations - natural gas	16.6	–	16.6	14.9	–	14.9
Discontinued operations - metering	–	–	–	188.2	–	188.2
Total group	**540.1**	**(158.3)**	**381.8**	**698.4**	**(175.1)**	**523.3**

FINANCIALS

Financial statements

CONTENTS

2024 FINANCIAL STATEMENTS

These financial statements for the year ended 30 June 2024 are dated 26 August 2024, and signed for and on behalf of Vector Limited by:

Chair 26 August 2024

Chair, audit committee 26 August 2024

And management of Vector Limited by:

Group Chief Executive 26 August 2024

Chief Financial Officer 26 August 2024

Profit or loss

for the year ended 30 June

	NOTE	2024 $M	2023 $M
Continuing operations[1]:			
Revenue	7	**1,141.2**	1,082.7
Operating expenses	8	**(580.8)**	(574.2)
Depreciation and amortisation		**(230.8)**	(204.7)
Interest income	9	**52.0**	11.8
Interest costs	10	**(104.6)**	(157.5)
Impairment of goodwill	14	**(60.0)**	–
Fair value change on financial instruments	24.2	**(12.0)**	(13.2)
Share of net profit/(loss) in joint ventures	17.1	**(24.9)**	–
Profit/(loss) before income tax		**180.1**	144.9
Income tax benefit/(expense)	18	**(100.2)**	(42.7)
Net profit/(loss) for the period from continuing operations		**79.9**	102.2
Net profit/(loss) for the period from discontinued operations	5,6	**11.1**	1,613.6
Net profit/(loss) for the period		**91.0**	1,715.8
Net profit/(loss) for the period attributable to			
Non-controlling interests		**2.4**	1.5
Owners of the parent – continuing operations		**77.5**	100.7
Owners of the parent – discontinued operations		**11.1**	1,613.6
Basic and diluted earnings per share (cents)			
Continuing operations	27.3	**7.8**	10.1
Discontinued operations	27.3	**1.1**	161.4
Total		**8.9**	171.5

1 The comparative information is restated due to a discontinued operation. Refer to note 6.

Other comprehensive income

for the year ended 30 June

	NOTE	2024 $M	2023 $M
Net profit/(loss) for the period		**91.0**	1,715.8
Other comprehensive income net of tax – continuing operations			
Items that may be re-classified subsequently to profit or loss:			
Net change in fair value of hedge reserves	24.3	**(29.5)**	(3.0)
Translation of foreign operations		**(1.5)**	(8.2)
Items that will not be re-classified subsequently to profit or loss:			
Share of other comprehensive income of joint ventures	17.1	**1.9**	–
Fair value change on financial asset	17.2	**(8.3)**	(3.4)
Other comprehensive income for the period net of tax – continuing operations		**(37.4)**	(14.6)
Translation of foreign operations – discontinued operations		**–**	(3.4)
Total comprehensive income for the period net of tax		**53.6**	1,697.8
Total comprehensive income for the period attributable to			
Non-controlling interests		**2.4**	1.5
Owners of the parent – continuing operations		**40.1**	86.1
Owners of the parent – discontinued operations		**11.1**	1,610.2

Balance sheet

as at 30 June

	NOTE	2024 $M	2023 $M
CURRENT ASSETS			
Cash and cash equivalents	11	**77.4**	89.9
Short-term deposits	11	**27.2**	447.1
Trade and other receivables	13	**100.0**	124.3
Contract assets		**97.7**	85.2
Derivatives	24	**3.2**	4.3
Inventories		**26.4**	21.1
Contingent consideration	12	**12.4**	11.5
Intangible assets		**7.6**	8.7
Income tax	18	**20.2**	33.6
Disposal group held for sale	6	**9.7**	–
Total current assets		**381.8**	825.7
NON-CURRENT ASSETS			
Receivables	13	**1.0**	67.4
Derivatives	24	**83.2**	107.8
Contingent consideration	12	**29.9**	49.4
Investment in joint venture	17.1	**684.2**	727.4
Investment in private equity	17.2	**0.5**	8.8
Intangible assets	14	**1,132.1**	1,208.1
Property, plant and equipment (PPE)	15	**4,667.2**	4,385.3
Right of use assets (ROU)	16.1	**58.3**	55.5
Income tax	18	**85.3**	89.3
Deferred tax	19	**2.1**	2.9
Total non-current assets		**6,743.8**	6,701.9
Total assets		**7,125.6**	7,527.6
CURRENT LIABILITIES			
Trade and other payables	20	**223.1**	271.2
Provisions	21	**2.3**	20.6
Borrowings	23	**249.5**	240.6
Derivatives	24	**0.5**	0.5
Contract liabilities		**73.9**	72.7
Lease liabilities	16.2	**7.1**	8.2
Income tax	18	**0.7**	1.5
Total current liabilities		**557.1**	615.3
NON-CURRENT LIABILITIES			
Provisions	21	**7.1**	5.9
Borrowings	23	**1,789.0**	2,028.2
Derivatives	24	**165.7**	160.3
Contract liabilities		**6.8**	11.0
Lease liabilities	16.2	**61.0**	56.8
Deferred tax	19	**762.2**	692.1
Total non-current liabilities		**2,791.8**	2,954.3
Total liabilities		**3,348.9**	3,569.6
EQUITY			
Equity attributable to owners of the parent		**3,761.5**	3,942.8
Non-controlling interests in subsidiaries		**15.2**	15.2
Total equity		**3,776.7**	3,958.0
Total equity and liabilities		**7,125.6**	7,527.6
Net tangible assets per share (cents)	27.3	**262.2**	272.6
Gearing ratio (%)	27.3	**36.2**	33.1

Cash flows

for the year ended 30 June

	NOTE	2024 $M	2023 $M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**1,232.4**	1,409.8
Interest received		**33.5**	5.8
Payments to suppliers and employees		**(704.6)**	(713.6)
Interest paid		**(111.4)**	(164.9)
Income tax paid		**(4.8)**	(20.0)
Net cash flows from/(used in) operating activities	26.1	**445.1**	517.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of PPE and software intangibles		**2.7**	0.9
Purchase and construction of PPE		**(464.7)**	(601.5)
Purchase and development of software intangibles		**(24.0)**	(37.5)
Proceeds from contingent consideration	12	**11.4**	14.2
Proceeds from sale of discontinued operations	5	**–**	1,690.7
Cash balance disposed in sale of discontinued operations	5	**–**	(3.0)
Repayments of loans advanced		**95.6**	–
Proceeds from sale of investment in associate		**1.4**	1.7
Other investing cash flows		**(15.4)**	0.3
Net cash flows from/(used in) investing activities		**(393.0)**	1,065.8
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**15.0**	539.0
Repayments of borrowings	3	**(255.0)**	(1,425.5)
Dividends paid	3	**(234.9)**	(169.9)
Lease liabilities payments		**(9.6)**	(12.0)
Net cash flows from/(used in) financing activities		**(484.5)**	(1,068.4)
Net increase/(decrease) in cash and cash equivalents		**(432.4)**	514.5
Cash and cash equivalents at beginning of the period		**537.0**	22.5
Cash and cash equivalents at end of the period		**104.6**	537.0
Cash and cash equivalents comprise:			
Bank balances and on-call deposits		**77.4**	89.9
Short-term deposits		**27.2**	447.1
		104.6	537.0

Discontinued operations

The cash flows above reflect the entire Vector group cash flows for the year ended 30 June 2024. Refer to note 6 for separately disclosed cash flows from discontinued operations. Comparative information also includes cash flows from discontinued operations from Vector's metering business, refer to note 5 for more information.

Changes in equity

for the year ended 30 June

	NOTE	ISSUED SHARE CAPITAL $M	TREASURY SHARES $M	HEDGE RESERVES $M	OTHER RESERVES $M	RETAINED EARNINGS $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 30 June 2022		880.0	(0.1)	58.7	10.0	1,465.4	16.1	2,430.1
Net profit/(loss) for the period		–	–	–	–	1,714.3	1.5	1,715.8
Other comprehensive income		–	–	(3.0)	(15.0)	–	–	(18.0)
Total comprehensive income		–	–	(3.0)	(15.0)	1,714.3	1.5	1,697.8
Dividends		–	–	–	–	(167.5)	(2.4)	(169.9)
Total transactions with owners		–	–	–	–	(167.5)	(2.4)	(169.9)
Balance at 30 June 2023		880.0	(0.1)	55.7	(5.0)	3,012.2	15.2	3,958.0
Net profit/(loss) for the period		**–**	**–**	**–**	**–**	**88.6**	**2.4**	**91.0**
Other comprehensive income		**–**	**–**	**(29.5)**	**(7.9)**	**-**	**-**	**(37.4)**
Total comprehensive income		**–**	**–**	**(29.5)**	**(7.9)**	**88.6**	**2.4**	**53.6**
Dividends	3	**–**	**–**	**–**	**–**	**(232.5)**	**(2.4)**	**(234.9)**
Total transactions with owners		**–**	**–**	**–**	**–**	**(232.5)**	**(2.4)**	**(234.9)**
Balance at 30 June 2024		**880.0**	**(0.1)**	**26.2**	**(12.9)**	**2,868.3**	**15.2**	**3,776.7**

Notes to the financial statements

1. Company information

Reporting entity

Vector Limited is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the NZX Main Board (NZSX). The company is an FMC reporting entity for the purposes of Part 7 of the Financial Markets Conduct Act 2013. The financial statements comply with this Act.

The financial statements presented are for Vector Limited Group ("Vector" or "the group") as at, and for the year ended 30 June 2024. The group comprises Vector Limited ("the parent") and its subsidiaries (together referred to as "the group").

In accordance with the Financial Markets Conduct Act 2013, where a reporting entity prepares consolidated financial statements, parent company disclosures are not required.

Vector Limited is a 75.1% owned subsidiary of Entrust which is the ultimate parent entity for the group.

The primary operations of the group are electricity and gas distribution, natural gas and LPG sales, telecommunications and new energy solutions.

2. Summary of material accounting policies

Statement of compliance

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit entities. They also comply with International Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate to Tier 1 for-profit entities.

They are prepared on the historical cost basis except for the following items, which are measured at fair value:

- the identifiable assets and liabilities acquired in a business combination;
- certain financial instruments; and
- contingent consideration receivable and investment in private equity, as disclosed in the notes to the financial statements.

The presentation currency is New Zealand dollars ($). All financial information has been rounded to the nearest 100,000, unless otherwise stated.

The statements of profit or loss, other comprehensive income, cash flows and changes in equity are stated exclusive of GST. All items in the balance sheet are stated exclusive of GST except for trade receivables and trade payables, which include GST.

Material accounting estimates and judgements

Vector's management is required to make judgements, estimates, and apply assumptions that affect the amounts reported in the financial statements. They have based these on historical experience and other factors they believe to be reasonable. The table below lists the key areas of judgements and estimates in preparing these financial statements:

Key areas	Judgements / Estimates	Note
Valuation of contingent consideration receivable	Estimates	12, 22
Intangible assets: valuation of goodwill	Estimates	14
Property, plant and equipment: classification of costs	Judgements	15
Leases: assessment of lease term for perpetual leases and leases with renewal options	Judgements	16
Valuation of derivative financial instruments	Estimates	22, 24

New standards and interpretations adopted

A number of new standards and interpretations are effective from 1 July 2023, but they do not have a material effect on the group's financial statements. The financial statements for the year ended 30 June 2024 have applied the amendment to NZ IAS 1 *Presentation of financial statements*, specifically replacing the previous description of 'significant' with 'material' in relation to accounting policies, estimates and judgements. The financial statements for the year ended 30 June 2024 have applied the amendment to NZ IAS 12 *Income taxes*, relating to deferred tax and the Pillar Two Model Rules, refer to notes 18 and 19 for details.

A number of new standards and interpretations are effective for annual periods beginning on or after 1 July 2024 and earlier application is permitted, however the group has not early adopted the new or amended standards in preparing these consolidated financial statements. Vector has considered the impact of standards and interpretations not yet effective and do not expect any of these to have a material impact.

3. Material transactions and events

Material transactions and events that have impacted the financial year ended 30 June 2024:

Discontinued operations	In December 2023, Vector Gas Trading Limited signed a conditional agreement with Nova Energy Limited for the sale of the remaining contracts in the natural gas business. The sale was completed on 1 July 2024. Refer to note 6 for further details and required disclosures relating to the sale.
Loss rental rebates	Vector distributed loss rental rebates ("LRRs") of $17.9 million to customers on the Vector electricity network in September and October 2023 at $30 per customer. The new transmission pricing methodology ("TCM") came into force on 1 April 2023. Under the new TCM, distributors are required to pass through settlement residue to their customers, being retailers or directly billed customers on a monthly basis. Therefore, Vector is no longer able to apply LRRs to offset volume shortfalls or distribute LRRs to end users.
Commerce commission decisions	On 13 December 2023, the Commerce Commission (the "Commission") released its final decision on the Input Methodologies Review (the "IM Review") which is relevant to Vector's electricity and gas distribution businesses. The final decision confirmed a reduction in the weighted average cost of capital ("WACC") percentile for gas distribution businesses from 67% to 50%. On 29 May 2024, the Commission released the draft decision for Default Price-quality Path 4 ("DPP4"), which relates to the 5 years beginning 1 April 2025 for electricity distribution businesses. The draft decision provides an expenditure allowance that aligns with Vector's submitted 2024 Asset Management Plan. These decisions impact the future cash flows we can expect to earn from the regulated electricity and gas distribution businesses and are reflected in the impairment testing of these cash generating units. The Commission will release the final decision at the end of November 2024.
Debt programme	In March 2024, Vector repaid $240.0 million of wholesale bonds. During the year ended 30 June 2024, the group drew down $15.0 million and repaid $15.0 million of bank facilities for a net nil movement in facilities (year ended 30 June 2023: net repayment of $636.0 million). Refer to note 23 for more details on borrowings.
Regulatory quality thresholds	For the regulatory year to 31 March 2023, Vector was in breach of SAIDI due to the network outages relating to cyclone Gabrielle and the Auckland floods of March 2023. Vector and other electricity distribution businesses are in discussions with the Commission regarding treatment of these exceptional events from a regulatory perspective. We were tracking well below the regulatory SAIDI limits up to the 27 January 2023 floods. Our view is that given the exceptional nature of the flood and cyclone events there is sufficient uncertainty as to whether the Commission will take any action in relation to the 2023 technical breach of SAIDI, that the criteria for raising a provision has not been met. For the regulatory year to 31 March 2024, Vector was not in breach of SAIDI. The Default Price-quality Path ("DPP") for 2020-2025 requires electricity distribution businesses to comply with the Extreme Event Standard. This is specified as a SAIDI value exceeding 120 minutes in a 24 hour period or exceeding six million customer interruption minutes in a 24 hour period. In June 2023, Vector exceeded this threshold with an interruption of around 6.6 million customer minutes following faults on the Wellsford-Warkworth sub-transmission circuit. Vector will report this as a contravention of the Extreme Event quality standard in its 2024 compliance statement which will be published in August 2024. As required by the DPP Determination, Vector will publish an additional Extreme Event Standard report along with its compliance statement. This report will set out reasons for exceeding the standard and analysis into the Extreme Event. We have not recognised a provision in respect of this incident at 30 June 2024.
Dividends	Vector Limited's final dividend for the year ended 30 June 2023 of 14.00 cents per share was paid on 14 September 2023, comprising an ordinary unimputed dividend of 8.50 cents per share and a special unimputed dividend of 5.50 cents per share. The total dividend paid was $140.0 million. Vector Limited's interim dividend for the year ended 30 June 2024 of 9.25 cents per share (unimputed) was paid on 9 April 2024. The total dividend paid was $92.5 million. Liquigas Limited, a subsidiary of the group, paid dividends of $2.4 million to the company's non-controlling interests during the year ended 30 June 2024.

4. Segment information

Segments	Vector report on two reportable segments in accordance with NZ IFRS 8 *Operating Segments*. These segments are reported internally to the group chief executive. This reporting is used to assess performance and make decisions about the allocation of resources. The segments are: **Regulated Networks** Auckland electricity and gas distribution services. **Gas Trading** Natural gas and LPG sales, storage, and transportation. Since Vector's Annual Report for the year ended 30 June 2023, the natural gas business has been reclassified as held for sale and is no longer included in the Gas Trading segment. Details of the natural gas business can be found in note 6. Comparative information has been updated to reflect this change. There have been no other changes to the two segments and policies. Segment information is prepared and reported in accordance with Vector's accounting policies. Intersegment transactions included in the revenues and operating expenses for each segment are on an arm's length basis.
Segment profit	The measures of segment profit reported are earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation, amortisation and impairments (EBITDA). Both are non-GAAP measures that do not have a standardised meaning under NZ IFRS.
Activities not reported in segments	Other activities engaged by the group comprise discontinued operations, shared services and other business activities. Revenues generated by these activities are incidental to Vector's operations and/or do not meet the definition of an operating segment under NZ IFRS 8. The results for these activities are reported in the discontinued operations note, and the reconciliations of segment information to the group's financial statements. Interest income, interest costs, fair value change on financial instruments, gain on sale of investment in associate, and associates (share of net profit/(loss)) are not allocated to the segments.
Geographical information	The group derives the majority of its revenue from external customers in New Zealand.
Major customers	Vector engages with four major customers, each of which contribute greater than ten percent of the group's revenue. These customers are large energy retailers. For the year ended 30 June 2024, the customers contributed \$221.1 million (2023: \$208.9 million), \$118.3 million (2023: \$112.5 million), \$117.2 million (2023: \$109.8 million) and \$117.0 million (2023: \$120.7 million) respectively, which is reported across all segments.

4. Segment information *continued*

30 JUN 2024 12 MONTHS (audited)	REGULATED NETWORKS $M	GAS TRADING $M	TOTAL $M
External revenue:			
Sales	753.0	128.2	881.2
Third party contributions	193.8	–	193.8
Segment revenue	946.8	128.2	1,075.0
External expenses:			
Electricity transmission expenses	(188.9)	–	(188.9)
Gas purchases and production expenses	–	(63.5)	(63.5)
Network and asset maintenance	(82.7)	(7.0)	(89.7)
Employee benefit expenses	(20.0)	(10.9)	(30.9)
Other expenses	(54.2)	(24.2)	(78.4)
Segment operating expenses	(345.8)	(105.6)	(451.4)
Segment EBITDA	601.0	22.6	623.6
Depreciation and amortisation	(171.3)	(11.4)	(182.7)
Impairment	(60.0)	–	(60.0)
Segment profit/(loss)	369.7	11.2	380.9
Segment capital expenditure	446.0	9.7	455.7

Reconciliation to revenue, profit/(loss) before income tax and capital expenditure reported in the financial statements: 2024	REVENUE $M	PROFIT/(LOSS) BEFORE INCOME TAX $M	CAPITAL EXPENDITURE $M
Reported in segment information	1,075.0	380.9	455.7
Elimination of transactions with discontinued operations	(3.9)	–	–
Amounts not allocated to segments (corporate activities):			
Revenue	68.7	68.7	–
Third party contributions	1.4	1.4	–
Employee benefit expenses	–	(62.5)	–
Other operating expenses	–	(82.0)	–
Elimination of transactions with segments	–	11.2	–
Depreciation and amortisation	–	(48.1)	–
Interest income	–	52.0	–
Interest costs	–	(104.6)	–
Fair value change on financial instruments	–	(12.0)	–
Share of net profit/(loss) in joint ventures	–	(24.9)	–
Capital expenditure	–	–	54.4
Reported in the financial statements	1,141.2	180.1	510.1

4. Segment information *continued*

30 JUN 2023 12 MONTHS (audited)	REGULATED NETWORKS $M	GAS TRADING $M	TOTAL $M
External revenue:			
Sales	690.4	118.8	809.2
Third party contributions	187.3	–	187.3
Other	27.7	–	27.7
Segment revenue	905.4	118.8	1,024.2
External expenses:			
Electricity transmission expenses	(184.2)	–	(184.2)
Gas purchases and production expenses	–	(67.1)	(67.1)
Network and asset maintenance	(75.2)	(6.5)	(81.7)
Employee benefit expenses	(18.4)	(10.3)	(28.7)
Other expenses	(68.7)	(22.9)	(91.6)
Segment operating expenses	(346.5)	(106.8)	(453.3)
Segment EBITDA	558.9	12.0	570.9
Depreciation and amortisation	(157.7)	(11.0)	(168.7)
Segment profit/(loss)	401.2	1.0	402.2
Segment capital expenditure	422.6	9.5	432.1

Reconciliation to revenue, profit/(loss) before income tax and capital expenditure reported in the financial statements: 2023	REVENUE $M	PROFIT/(LOSS) BEFORE INCOME TAX $M	CAPITAL EXPENDITURE $M
Reported in segment information	1,024.2	402.2	432.1
Elimination of transactions with discontinued operations	(7.6)	–	–
Amounts not allocated to segments (corporate activities):			
Revenue	65.1	65.1	–
Third party contributions	1.0	1.0	–
Employee benefit expenses	–	(62.5)	–
Other operating expenses	–	(78.1)	–
Elimination of transactions with segments	–	12.1	–
Depreciation and amortisation	–	(36.0)	–
Interest income	–	11.8	–
Interest costs		(157.5)	
Fair value change on financial instruments	–	(13.2)	–
Capital expenditure	–	–	80.6
Reported in the financial statements	1,082.7	144.9	512.7

5. Discontinued operations – metering

On 30 June 2023, Vector completed the sale of a 50% interest in its New Zealand and Australian metering business to investment vehicles managed and advised by QIC Private Capital Pty Limited (QIC).

The disposal group was presented as discontinued operations in the 2023 Annual Report.

6. Discontinued operations – natural gas

In December 2023, Vector Gas Trading Limited signed a conditional agreement with Nova Energy Limited for the sale of the remaining contracts in the natural gas business. Total consideration is $9.7 million, with $3.0 million paid on completion, and the remaining consideration due in four instalments on a quarterly basis from 31 October 2024 to 31 July 2025. The sale was completed on 1 July 2024.

At 30 June 2024, the natural gas business continued to meet the criteria to be classified as non-current assets held for sale, in line with classification made in December 2023. The assets of the natural gas business relating to the contracts sold are presented in the balance sheet of the financial statements as a disposal group held for sale.

The natural gas business was previously included in the group's gas trading segment. The result of the disposal group for the year to 30 June 2024 is presented in the profit or loss from discontinued operations in the financial statements. Comparatives have been restated to show the discontinued operations separately from continuing operations.

Profit and loss of discontinued operations – natural gas	2024 $M	2023 $M
Revenue	**100.3**	109.6
Operating expenses	**(83.7)**	(94.7)
Depreciation and amortisation	**–**	(0.1)
Impairment of goodwill	**(0.6)**	–
Profit/(loss) before income tax	**16.0**	14.8
Income tax benefit/(expense)	**(4.9)**	(4.4)
Net profit/(loss) for the period attributable to owners of the parent	**11.1**	10.4

The natural gas business did not have any capital expenditure in the year ended 30 June 2024 (year ended 30 June 2023: nil)

Cash flows from discontinued operations – natural gas	2024 $M	2023 $M
Net cash flows from/(used) in operating activities	**11.6**	12.2
Net cash inflow/(outflow)	**11.6**	12.2

Revenue-natural gas

The group receives revenue from business customers for providing a supply of natural gas over a contracted time period. Revenue is recognised over time that corresponds with the customer's consumption of natural gas and measured at the transaction price of the contract.

The transaction price for a gas supply contract includes variable consideration in the form of indexed pricing, volume pricing, and take or pay arrangements. The group estimates the amount of variable consideration present in each contract using the expected value method. Customers are billed monthly. A contract asset is recognised to account for natural gas supplied but not billed to the customer at balance date.

Disposal group held for sale	30 JUN 2024 $M
Assets	
Intangible assets	**9.7**
Total disposal group assets held for sale	**9.7**

Policies

Vector classifies a disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The disposal group is measured at the lower of carrying amount and fair value less cost to sell.

The two criteria that must be met to classify a disposal group as held for sale are:

— The disposal group is available for immediate sale in its present condition; and

— The sale transaction is highly probable.

A disposal group that is sold or held for sale is also reported as discontinued operations if it meets the below criteria:

— It is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group; and

— It represents a separate major line of business or geographical area of operations.

Impairment on reclassification to held for sale

The goodwill allocated to the natural gas business has been reclassified as held for sale at 30 June 2024, resulting in an impairment of $0.6 million.

7. Revenue

7.1 Revenue from contracts with customers

	2024 $M	2023 $M
Regulated networks – sale of distribution services	**753.0**	718.1
Regulated networks – third party contributions	**193.8**	187.3
Gas trading sales	**128.2**	118.8
Other	**66.2**	58.5
Total	**1,141.2**	1,082.7

Revenue streams	Satisfaction of performance obligation
Regulated networks – sale of distribution services The group receives revenue from business customers and energy retailers who sell energy to end customers for electricity and gas distribution services in Auckland.	Revenue from electricity and gas distribution services is measured at the value of consideration received, or receivable, to the extent that pricing is determined by the regulator within a defined revenue path. Revenue is recognised over time on a basis that corresponds with end consumers' pattern of electricity and gas consumption. Customers are billed monthly in arrears for distribution services, including both a fixed portion, and variable pricing measured in units of electricity and gas distributed. Revenue from distribution services therefore includes an accrual for services provided but not billed at the end of the month. The accrual is determined based on the group's estimate of volume distributed in the month using the most recent data available. A large portion of the contract assets at balance date consists of this accrual.
Regulated networks – third party contributions The group receives contributions from residential and commercial customers towards the construction of distribution system assets in the Auckland electricity or gas distribution networks.	Third party contributions are recognised as revenue over time, reflecting the percentage completion of the underlying construction activity. The group recognises a contract liability to account for consideration received from the customer but where the agreed construction activity is not completed; and conversely a contract asset is recognised to account for activities completed not billed. The transaction price for third party contributions is netted against estimated rebates payable to commercial customers. A contract liability is recognised to account for payments received from customers for construction activities completed which are eligible for rebates in the future based on completion of developments. In the event that a contract combines a contribution towards an agreed construction activity with sale of electricity or gas distribution services, the group unbundles the contract into two performance obligations and recognises revenue in accordance with each obligation's accounting policy.
Gas trading sales *Sale of LPG* – comprises bulk LPG sales to commercial customers and bottled LPG sales to both commercial and residential customers.	Revenue is recognised at a point in time when LPG is delivered to a customer's site. Billing to a customer occurs after completion of deliveries and at the end of each month with payment terms ranging from 60 days to 90 days.
Distribution of LPG – The group provides services in the areas of bulk LPG storage, distribution and management.	Revenue is recognised over time in line with a customer's consumption of monthly tolling and storage volumes and measured at the transaction price of the contract. The transaction price for a monthly tolling and storage contract includes variable consideration in the form of volume pricing and take or pay arrangements. The group estimates the amount of variable consideration present in each contract using the expected value method.
Other revenue streams	Other revenue includes telecommunications revenue and revenue from providing energy solution services. Telecommunications revenue from commercial customers comprise the sale of fibre services. Revenue is recognised at the point in time of supply and customer consumption. Energy solutions services comprise predominantly the sale of home and commercial ventilation and solar services. Revenue is recognised over time, reflecting the percentage completion of each ventilation and solar system install.

7. Revenue *continued*

7.2 Revenue in relation to contract liabilities

The following table sets out the expected timing of future recognition of revenue relating to performance obligations not satisfied (or partially satisfied) at balance date:

2024	1 - 2 YEARS $M	2 - 4 YEARS $M	TOTAL $M
Electricity distribution services	**2.0**	–	**2.0**
Telecommunication services	**1.7**	–	**1.7**
Total	**3.7**	–	**3.7**

2023	1 - 2 YEARS $M	2 - 4 YEARS $M	TOTAL $M
Electricity distribution services	1.7	1.2	2.9
Telecommunication services	3.4	–	3.4
Total	5.1	1.2	6.3

Policies

No information is provided in relation to the remaining performance obligations at 30 June 2024 or 30 June 2023 that have an original duration of one year or less as permitted by NZ IFRS 15 *Revenue from Contracts with Customers*.

Revenue recognised

Of the revenue recognised this year, $54.6 million was included in the contract liability balance at the beginning of the reporting period. (2023: $51.7 million).

8. Operating expenses

	NOTE	2024 $M	2023 $M
Electricity transmission	4	**188.9**	184.2
Gas purchases and production	4	**63.5**	67.1
Energy solutions cost of sales		**15.1**	17.9
Network and asset maintenance	4	**89.7**	81.7
Other direct expenses		**65.6**	76.7
Employee benefit expenses	4	**93.4**	91.2
Administration expenses		**15.5**	16.6
Professional fees		**8.8**	8.1
IT expenses		**32.0**	23.7
Other indirect expenses		**8.3**	7.0
Total		**580.8**	574.2

Fees paid to auditors

Fees were paid to KPMG as follows:

— audit or review of financial statements: $664,000 (2023: $643,250);

— regulatory assurance: $401,000 (2023: $385,000);

— other assurance fees: $80,500 (2023: $89,000);

— non-audit fees: $284,200 (2023: 143,738).

Other assurance fees include fees for the audit of guaranteeing group financial statements, bond registers, and assurance over greenhouse gas calculations. Non-audit fees related to advisory services for R&D tax credits and climate-related disclosures.

9. Interest income

	NOTE	2024 $M	2023 $M
Interest income		**46.0**	5.8
Unwinding of discount of contingent consideration	12	**6.0**	6.0
Total		**52.0**	11.8

Policies

Interest income includes income from funds invested and shareholder loans, recognised using the effective interest rate method.

10. Interest costs

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	NOTE	2024 $M	2023 $M
Interest expense		**101.3**	152.9
Amortisation of finance costs		**5.1**	9.4
Capitalised interest		**(5.6)**	(7.1)
Interest on leases	16.3	**4.0**	1.6
Unwinding of discount of decommissioning provisions	21	**0.6**	0.7
Impact of change in discount rate on decommissioning provisions	21	**(0.8)**	–
Total		**104.6**	157.5

Policies

Interest costs include interest expense on borrowings recognised using the effective interest rate method.

Capitalised interest

Vector has capitalised interest to PPE and software intangibles while under construction at an average rate of 4.2% per annum (2023: 4.2%).

11. Cash and cash equivalents and short-term deposits

	MATURITY DATE	2024 $M	2023 $M
Cash and cash equivalents		**77.4**	89.9
Short-term deposits	Sep 2024	**27.2**	447.1

Policies

Cash and cash equivalents and short-term deposits are carried at amortised cost.

Cash and cash equivalents includes deposits that are on call, short-term deposits includes deposits with a maturity date.

12. Contingent consideration

	NOTE	2024 $M	2023 $M
Carrying value of contingent consideration			
Opening balance		**60.9**	79.8
Unwinding of discount	9	**6.0**	6.0
Payments received	26.2	**(11.4)**	(14.2)
Fair value movement	24.2	**(13.2)**	(10.7)
Closing balance at 30 June		**42.3**	60.9
Comprising:			
Current		**12.4**	11.5
Non-current		**29.9**	49.4

Key accounting estimate

The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows payable by Todd Petroleum Mining Company Limited to Vector. The future period of payment is not fixed by the contract but is dependent on the remaining useful life of the Kapuni gas treatment plant (KGTP), which is directly correlated to the volume of gas available at the Kapuni gas field and the rate at which the gas is extracted. The values of future cash flows are highly dependent on the future sale prices of gas products (LPG and oil) in the market. Underpinning this all is the assumption that there is an active market for processed gas products in the future and government policy relating to the transition of New Zealand to a low carbon economy.

Management have re-estimated the same unobservable inputs when calculating the fair value of the contingent consideration at balance date. Refer to note 22 for details and sensitivity analysis around material unobservable inputs used in measuring fair values.

13. Trade and other receivables

	2024 $M	2023 $M
Current		
Trade receivables	**69.7**	91.5
Interest receivable	**18.0**	15.6
Prepayments	**10.0**	9.0
Deferred consideration	–	1.5
Other taxes and duties receivable	**1.3**	2.0
Other receivables	**1.0**	4.7
Balance at 30 June	**100.0**	124.3
Non-current		
Other contract receivables	**1.0**	67.4
Balance at 30 June	**1.0**	67.4

13. Trade and other receivables *continued*

At 30 June, the exposure to credit risk for trade and other receivables by type of counterparty was as follows.

	2024 $M		2023 $M	
	Not credit impaired	Credit impaired	Not credit impaired	Credit impaired
Business customers	**44.2**	**3.6**	75.2	1.5
Mass market customers (includes customer contributions)	**17.0**	**–**	13.0	0.9
Third party asset damages	**–**	**8.3**	–	6.0
Residential and other	**3.0**	**0.3**	4.4	–
Total gross amount	**64.2**	**12.2**	92.6	8.4
Loss allowance	**–**	**(5.7)**	–	(4.8)
Total carrying amount	**64.2**	**6.5**	92.6	3.6

The following table provides information about the exposure to credit risk and expected credit losses for trade and other receivables as at 30 June.

	2024 $M		2023 $M	
	Gross amount	Loss allowance	Gross amount	Loss allowance
Not past due	**63.5**	**–**	84.2	–
Past due 1-30 days	**2.5**	**(0.2)**	6.9	(0.2)
Past due 31-120 days	**3.7**	**(0.5)**	2.4	(0.3)
Past due more than 120 days	**6.7**	**(5.0)**	7.5	(4.3)
Balance at 30 June	**76.4**	**(5.7)**	101.0	(4.8)

Policies

Trade receivables are predominantly billed receivables. Sales to business customers are billed monthly. Trade receivables from mass market, residential and other customers are recognised as they are originated.

Other receivables represent the amount of contractual cash flows that the group expects to collect from third parties but that did not arise from contracts with customers. Where contractual cash flows are expected or contracted to be received after 12 months, the balance is presented as non-current.

Expected credit losses

In assessing credit losses for trade receivables, the group applies the simplified approach and records lifetime expected credit losses ("ECLs") on trade receivables. The group considers both quantitative and qualitative inputs. Quantitative data includes past collection rates, industry statistics, ageing of receivables, and trading outlook. Qualitative inputs include past trading history with the group.

Lifetime ECLs result from all possible default events over the expected life of a trade receivable. The group considers the probability of default upon initial recognition of the trade receivable, based on reasonable and available information on the group's customers and groups of customers. The group's trade receivables are monitored in two groups: business customers, and mass market residential customers.

The group's customer acceptance process includes a check on credit history, profitability, and the customer's external credit rating if available. Different levels of sale limits are also imposed on customer accounts by nature.

14. Intangible assets

	CUSTOMER INTANGIBLES $M	EASEMENTS $M	SOFTWARE $M	GOODWILL $M	CAPITAL WORK IN PROGRESS $M	TOTAL $M
Carrying amount 30 June 2022	1.3	18.5	62.3	1,123.9	56.1	1,262.1
Cost	13.1	18.5	396.1	1,275.2	56.1	1,759.0
Accumulated amortisation	(11.8)	–	(333.8)	–	–	(345.6)
Accumulated impairment	–	–	–	(151.3)	–	(151.3)
Additions	–	–	–	–	39.5	39.5
Transfers	–	0.4	72.4	–	(72.8)	–
Sale of discontinued operations	(0.6)	–	(32.3)	(22.9)	(6.9)	(62.7)
Amortisation for the period	(0.7)	–	(30.1)	–	–	(30.8)
Carrying amount 30 June 2023	–	18.9	72.3	1,101.0	15.9	1,208.1
Cost	–	18.9	289.5	1,252.3	15.9	1,576.6
Accumulated amortisation	–	–	(217.2)	–	–	(217.2)
Accumulated impairment	–	–	–	(151.3)	–	(151.3)
Additions	**–**	**–**	**–**	**–**	**25.5**	**25.5**
Transfers	**–**	**0.2**	**16.3**	**–**	**(16.5)**	**–**
Transferred to held for sale	**–**	**–**	**–**	**(9.7)**	**–**	**(9.7)**
Impairment	**–**	**–**	**–**	**(60.6)**	**–**	**(60.6)**
Amortisation for the period	**–**	**–**	**(31.2)**	**–**	**–**	**(31.2)**
Carrying amount 30 June 2024	**–**	**19.1**	**57.4**	**1,030.7**	**24.9**	**1,132.1**
Cost	**–**	**19.1**	**305.7**	**1,242.6**	**24.9**	**1,592.3**
Accumulated amortisation	**–**	**–**	**(248.3)**	**–**	**–**	**(248.3)**
Accumulated impairment	**–**	**–**	**–**	**(211.9)**	**–**	**(211.9)**

14.1 Goodwill

Goodwill by cash generating unit	2024 $M	2023 $M
Electricity	**881.0**	881.0
Gas Distribution	**109.2**	169.2
Natural Gas	**–**	10.3
Liquigas	**40.5**	40.5
Total	**1,030.7**	1,101.0

Policies

Goodwill represents the excess of the consideration transferred over the fair value of Vector's share of the net identifiable assets of an acquired subsidiary.

Goodwill is carried at cost less accumulated impairment losses.

14. Intangible assets *continued*

14.1 Goodwill

Allocation	Goodwill is monitored internally at a group level. It is allocated to the group's cash generating units ("CGUs"), for impairment testing purposes. This is the highest level permissible under NZ IFRS. The CGUs within the group are: electricity, gas distribution, natural gas, LPG, Liquigas, communications, technology solutions and E-Co Products. The natural gas CGU ceases to exist following sale of the business on 1 July 2024. Goodwill is tested at least annually for impairment against the recoverable amount of the CGU to which it has been allocated.
Key accounting judgements	To assess impairment, management must estimate the future cash flows of operating segments including the CGUs that make up those segments. This entails making judgements including: — the expected rate of growth of revenues; — margins expected to be achieved; — the level of future maintenance expenditure required to support these outcomes; and — the appropriate discount rate to apply when discounting future cash flows.
Assumptions	The recoverable amounts attributed to all of the group's CGUs are calculated on the basis of value-in-use using discounted cash flow models. Future cash flows are forecast based on actual results and business plans. For the electricity, and gas distribution CGUs, a ten-year period has been used due to the long-term nature of the group's capital investment in these businesses and the predictable nature of their cash flows. A five-year period has been used for the Liquigas, LPG, E-Co Products, technology solutions and communications CGUs. Terminal growth rates in a range of 2.0% to 2.3% (2023: 0.0% to 2.0%) and pre-tax discount rates between 8.3% to 10.7% (2023: 7.5% to 9.9%) are applied. Rates vary for the specific CGU being valued. Projected cash flows for regulated businesses are sensitive to regulatory uncertainty. Estimated future regulated network revenues and the related supportable levels of operating and capital expenditure are based on default price-quality path determinations issued by the Commerce Commission and are in line with estimates published in the asset management plans.
Risk of impairment of assets	We have previously disclosed the risks and uncertainty associated with the Government's Emissions Reduction Plan (ERP), possible implications for the gas industry and therefore the risk that Vector's gas assets may need to be impaired in the future. We are waiting for further information from the Government on the ERP so we can assess any implications on the carrying value of Vector's gas assets. Vector has $149.7 million of goodwill allocated to its gas businesses at 30 June 2024.

14.2 Other intangible assets

Policies	Other intangible assets are initially measured at cost, and subsequently stated at cost less any accumulated amortisation and impairment losses. Software intangibles have been assessed as having a finite life greater than 12 months and are amortised from the date the asset is ready for use on a straight-line basis over its estimated useful life. The estimated useful lives (years) are as follows: Software 3 - 10 Easements are not amortised but are tested for impairment at least annually as part of the assessment of the carrying values of assets against the recoverable amounts of the CGUs to which they have been allocated.

15. Property, plant and equipment (PPE)

	DISTRIBUTION SYSTEMS $M	ELECTRICITY AND GAS METERS $M	LAND, BUILDINGS AND IMPROVE–MENTS $M	COMPUTER AND TELCO EQUIPMENT $M	OTHER PLANT AND EQUIPMENT $M	CAPITAL WORK IN PROGRESS $M	TOTAL $M
Carrying amount 30 June 2022	3,599.8	695.9	188.2	90.5	194.2	113.5	4,882.1
Cost	5,029.7	1,286.6	234.0	212.6	350.0	113.5	7,226.4
Accumulated depreciation	(1,429.9)	(590.7)	(45.8)	(122.1)	(155.8)	–	(2,344.3)
Additions	–	–	–	–	–	608.9	608.9
Transfers	365.8	171.4	4.8	12.5	8.5	(563.0)	–
Disposals	(7.5)	(0.9)	–	–	(0.2)	–	(8.6)
Sale of discontinued operations	–	(819.1)	(0.1)	(0.8)	(54.3)	(7.6)	(881.9)
Depreciation for the period	(143.9)	(47.3)	(3.4)	(7.9)	(12.7)	–	(215.2)
Carrying amount 30 June 2023	3,814.2	–	189.5	94.3	135.5	151.8	4,385.3
Cost	5,372.0	–	238.4	216.0	303.8	151.8	6,282.0
Accumulated depreciation	(1,557.8)	–	(48.9)	(121.7)	(168.3)	–	(1,896.7)
Additions	**–**	**–**	**–**	**–**	**–**	**473.5**	**473.5**
Transfers	**399.9**	**–**	**22.7**	**5.1**	**5.4**	**(433.1)**	**–**
Disposals	**(10.1)**	**–**	**(0.1)**	**–**	**(0.9)**	**–**	**(11.1)**
Depreciation for the period	**(156.1)**	**–**	**(3.8)**	**(8.5)**	**(12.1)**	**–**	**(180.5)**
Carrying amount 30 June 2024	**4,047.9**	**–**	**208.3**	**90.9**	**127.9**	**192.2**	**4,667.2**
Cost	**5,743.1**	**–**	**252.6**	**219.2**	**308.2**	**192.2**	**6,715.3**
Accumulated depreciation	**(1,695.2)**	**–**	**(44.3)**	**(128.3)**	**(180.3)**	**–**	**(2,048.1)**

Policies

PPE is initially measured at cost, and subsequently stated at cost less depreciation and any impairment losses. Cost may include:

— Consideration paid on acquisition;
— Costs to bring the asset to working condition;
— Materials used in construction;
— Direct labour attributable to the item;
— Interest costs attributable to the item;
— A proportion of directly attributable overheads incurred; or
— If there is a future obligation to dismantle and/or remove the item, the costs of doing so.

Capitalisation of costs stops when the asset is ready for use.

Subsequent expenditure that increases the economic benefits derived from the asset is capitalised.

Uninstalled assets are stated at the lower of cost and estimated recoverable amount.

Depreciation commences when an asset becomes available for use.

Depreciation of PPE, other than freehold land and capital work in progress, is calculated on a straight-line basis and expensed over the useful life of the asset. Useful lives are reviewed regularly and adjusted as appropriate for the revised expectations, including technical obsolescence, climate risk and regulatory changes.

Estimated useful lives (years) are as follows:

Buildings	40 – 100		
Distribution systems	5 – 100	Computer and telco equipment	2 – 50
Leasehold improvements	5 – 20	Other plant and equipment	2 – 55

15. Property, plant and equipment (PPE) *continued*

Key accounting judgements

The group's property, plant and equipment, particularly the group's distribution assets, are critical to the running of the group's business. In assessing whether the costs incurred in a project on the group's assets are capital in nature, management must apply the following judgements:

— Whether the costs incurred are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management;

— Whether subsequent costs incurred represent an enhancement to existing assets or maintain the current operating capability of existing assets; and

— Whether overhead costs can be reasonably allocated to the construction or acquisition of an asset.

Capital commitments

The estimated capital expenditure for PPE and software intangibles contracted for at balance date but not provided is $138.1 million for the group (2023: $138.4 million).

16. Leases

16.1 Right of use assets

	LAND, BUILDINGS AND IMPROVEMENTS $M	OTHER PLANT AND EQUIPMENT $M	TOTAL $M
Carrying amount 30 June 2022	21.4	5.2	26.6
Cost	46.5	7.9	54.4
Accumulated depreciation	(25.1)	(2.7)	(27.8)
Additions	43.5	3.3	46.8
Disposals	(2.8)	–	(2.8)
Sale of discontinued operations	(2.8)	(1.5)	(4.3)
Depreciation for the period	(8.7)	(2.1)	(10.8)
Carrying amount 30 June 2023	50.6	4.9	55.5
Cost	68.0	6.9	74.9
Accumulated depreciation	(17.4)	(2.0)	(19.4)
Additions	**12.4**	**1.3**	**13.7**
Disposals	**(1.0)**	**(0.1)**	**(1.1)**
Depreciation for the period	**(8.0)**	**(1.8)**	**(9.8)**
Carrying amount 30 June 2024	**54.0**	**4.3**	**58.3**
Cost	**76.0**	**7.0**	**83.0**
Accumulated depreciation	**(22.0)**	**(2.7)**	**(24.7)**

16.2 Lease liabilities maturity analysis

	MINIMUM LEASE PAYMENTS $M	INTEREST $M	PRESENT VALUE $M
Within one year	**11.1**	**(4.0)**	**7.1**
One to five years	**35.8**	**(14.5)**	**21.3**
Beyond five years	**47.6**	**(7.9)**	**39.7**
Total	**94.5**	**(26.4)**	**68.1**
Current portion			**7.1**
Non-current portion			**61.0**
Total			**68.1**

16. Leases *continued*

16.3 Lease expenses included in profit or loss

	2024 $M	2023 $M
Short-term leases	**0.1**	0.2
Interest on leases	**4.0**	1.6

16.4 Lease cash flows included in statement of cash flows

	2024 $M	2023 $M
Total cash outflow in relation to leases	**13.6**	13.6

Policies

Right of use ("ROU") assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration obligations, and lease payments made at or before the commencement date less any lease incentives received.

ROU assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Key accounting judgements

Determining the term of a perpetual lease and a lease with renewal options (single or multiple) can have a material impact on the value of the ROU asset and associated lease liability.

The group has two perpetual leases relating to two LPG storage and transportation sites at Lyttelton and Dunedin with no expiry dates. Management have determined the lease term for the perpetual leases be the same as the lease for the Port Taranaki LPG import facility, on the basis that economic benefits from the perpetual leases are requisite on the group having a continuing right to use the site and associated facilities at Port Taranaki. The end of the lease term for the lease at Port Taranaki is 30 September 2044.

For leases with renewal options, management include one to all available renewal periods in the lease term if it is reasonably certain that the renewal option or options will be exercised. In making this judgement management consider the non-cancellable period of the lease, other leases or assets associated with the lease in question, and other economic factors such as availability of similar leases in the market and costs to identify and negotiate another lease if not renewed.

Several property leases in the group's portfolio of leases contain renewal options. The group has estimated the impact from potential future lease payments, should it exercise these extension options, to be an increase of $30.1 million (2023: $32.4 million) in the group's lease liability.

17. Investments

17.1 Investment in joint venture

BLUECURRENT	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD 2024	2023
Bluecurrent Holdings NZ Limited	Metering services	New Zealand	**50%**	50%
Bluecurrent Holdings (Australia) Pty Ltd	Metering services	Australia	**50%**	50%

Movement in the carrying amount of joint venture	NOTE	2024 $M	2023 $M
Opening carrying value		**727.4**	–
Fair value recognised through sale of 50% interest in metering operations		**–**	498.4
Shareholder loans	28	**(20.2)**	229.0
Share of net profit/(loss) after tax		**(24.9)**	–
Share of other comprehensive income		**1.9**	–
Closing carrying value		**684.2**	727.4

Summary financial information	2024 $M	2023 $M
Summary information for Bluecurrent is not adjusted for the percentage ownership held by the Group (unless stated)		
Current assets	**100.3**	86.7
Non-current assets	**2,678.8**	2,606.4
Total assets	**2,779.1**	2,693.1
Current liabilities	**50.5**	74.6
Non-current liabilities	**1,782.2**	1,625.9
Total liabilities	**1,832.7**	1,700.5
Net assets (100%)	**946.4**	992.6
Group's share of net assets	**473.2**	496.3
Revenue	**291.1**	–
Depreciation and amortisation	**(124.2)**	–
Interest expense	**(113.9)**	–
Income tax (expense)/benefit	**6.3**	2.5
Net profit/(loss) after tax	**(49.7)**	(20.1)
Other comprehensive income	**3.5**	(3.6)
Total other comprehensive income	**(46.2)**	(23.7)

Included in the summary financial information above, Bluecurrent held cash and cash equivalents at 30 June 2024 of $51.4 million (30 June 2023: $4.5 million), and non-current financial liabilities excluding payables and provisions at 30 June 2024 of $1,644.7 million (30 June 2023: $1,481.9 million).

	2024 $M	2023 $M
Reconciliation of the carrying amount of the Group's investment in Bluecurrent:		
Group's share of net assets	**473.2**	496.3
Add: Effect of translation on foreign operations	**2.1**	2.1
Add: Shareholder loans	**208.9**	229.0
Carrying value of investment in joint venture	**684.2**	727.4

17. Investments *continued*

17.1 Investment in joint venture *continued*

Policies	A joint venture is where Vector shares joint control over an entity or group of entities and has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method.
Bluecurrent	Vector's interest in Bluecurrent consists of a 50% ownership of Bluecurrent Holdings NZ Limited and Bluecurrent Holdings (Australia) Pty Limited respectively which is jointly controlled with QIC Private Capital Pty Limited (QIC). Vector has assessed that the contractual arrangement governing Bluecurrent meets the criteria of a joint venture. Given the shares of Bluecurrent are stapled, disclosure has been consolidated.
Shareholder loans	The shareholder loans receivable from the joint venture are carried at amortised cost.

17.2 Investment in private equity

INVESTEE	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD	
			2024	2023
mPrest Systems (2003) Limited	Technology development	Israel	**8.1%**	8.1%

	2024 $M	2023 $M
Fair value of investment		
Balance at 1 July	**8.8**	12.2
Fair value movement recognised in OCI	**(8.3)**	(3.4)
Balance at 30 June	**0.5**	8.8

Policies	The investment is accounted for as a financial asset at fair value through other comprehensive income ("OCI") on the Balance Sheet.

17. Investments *continued*

17.3 Investments in subsidiaries

Material entities and holding companies in the group are listed below.

		PERCENTAGE HELD	
	PRINCIPAL ACTIVITY	2024	2023
Trading subsidiaries			
Vector Investment Holdings Limited	Holding company	**100%**	100%
Vector MeterCo Limited	Holding company	**100%**	100%
Vector Gas Trading Limited	Natural gas trading and processing	**100%**	100%
Liquigas Limited	Bulk LPG storage, distribution, and management	**60%**	60%
On Gas Limited	LPG sales and distribution	**100%**	100%
Vector Communications Limited	Telecommunications	**100%**	100%
Vector ESPS Trustee Limited	Trustee company	**100%**	100%
Vector Energy Solutions Limited	Holding company	**100%**	100%
PowerSmart NZ Limited	Energy solutions services	**100%**	100%
Vector Energy Solutions (Australia) Pty Limited	Energy solutions services	**100%**	100%
E-Co Products Group Limited	Holding company	**100%**	100%
Cristal Air International Limited	Ventilation, heating and water systems sales and assembly	**100%**	100%
Vector Technology Solutions Limited	Technology services	**100%**	100%
Vector Auckland Property Limited	Assets holding company	**100%**	100%
Vector Northern Property Limited	Assets holding company	**100%**	100%
Non-trading subsidiaries			
Vector Advanced Metering Assets (Australia) Limited	Investment company	**100%**	100%
VPS Pacific Limited	Energy solutions services	**100%**	100%

Policies	Subsidiaries are entities controlled directly or indirectly by the parent. Vector holds over 50% of the voting rights in all entities reported as subsidiaries. The financial statements of subsidiaries are consolidated into the group's financial statements. Intra-group balances and transactions between group subsidiary companies are eliminated on consolidation.
Overseas subsidiaries	All subsidiaries are incorporated in New Zealand, except for Vector Energy Solutions (Australia) Pty Limited which is incorporated in Australia.

18. Income tax expense/(benefit)

Reconciliation of income tax expense/(benefit) – continuing operations	NOTE	2024 $M	2023 $M
Profit/(loss) before income tax- continuing operations		**180.1**	144.9
Tax at current rate of 28%		**50.4**	40.6
Current tax adjustments:			
Share of net loss in joint ventures		**7.0**	–
Fair value movements		**3.7**	2.7
Impairment of goodwill		**16.8**	–
Other		**0.3**	0.4
(Over)/under provisions in prior periods		**2.2**	0.1
Deferred tax adjustments:			
Buildings depreciation adjustment	19	**20.5**	–
(Over)/under provisions in prior periods		**(0.7)**	(1.1)
Income tax expense/(benefit)- continuing operations		**100.2**	42.7
Comprising:			
Current tax		**19.9**	(16.6)
Deferred tax	19	**80.3**	59.3

Policies

Income tax expense/(benefit) comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date.

Current and deferred tax is recognised in profit or loss unless the tax relates to items in other comprehensive income, in which case the tax is recognised as an adjustment in other comprehensive income against the item to which it relates.

Income tax assets are not discounted, in line with the economic substance of the balance.

Income tax asset

The current tax asset has accumulated from the prepayment of the group's tax liability and the group's previous policy of paying fully imputed dividends. Vector expects to realise the current tax asset through meeting obligations from future taxable profits. Vector has a legally enforceable right to use the tax asset to offset current tax payable.

As at 30 June 2024, Vector recognised a current income tax asset of $20.2 million (2023: $33.6 million) and a non-current income tax asset of $85.3 million (2023: $89.3 million).

Imputation credits

There are no imputation credits available for use as at 30 June 2024 (2023: nil), as the imputation account has a debit balance as of that date.

Pillar Two Model Rules

Vector is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two Model Rules ("Pillar Two"). Pillar Two legislation was enacted in New Zealand, the jurisdiction in which Vector Limited was incorporated, and will come into effect for the group from 1 July 2025. For some entities within the group, such as subsidiaries in Australia, the Pillar Two rules will come into effect from 1 July 2024.

Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 *Income Taxes* issued in May 2023.

Under Pillar Two legislation, the group is liable to pay a top-up tax if the effective tax rate ("ETR") per jurisdiction is below the 15% minimum rate. The group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This assessment indicates that for the period ended 30 June 2024, the group's operations would have satisfied the transitional safe harbour rules for all jurisdictions, and therefore no top-up tax exposure would have arisen.

19. Deferred tax

Deferred tax liability/(asset)

	PPE AND INTANGIBLES $M	PROVISIONS AND ACCRUALS $M	HEDGE RESERVES $M	ROU ASSETS $M	LEASE LIABILITIES $M	OTHER $M	TOTAL $M
Balance at 30 June 2022	624.0	(11.2)	22.8	5.2	(5.6)	14.0	649.2
Recognised in profit or loss – continuing operations	52.7	4.8	–	9.3	(11.3)	3.8	59.3
Recognised in other comprehensive income	–	–	(1.1)	–	–	–	(1.1)
Deferred tax associated with discontinued operations	(20.3)	1.5	–	(0.6)	1.2	–	(18.2)
Balance at 30 June 2023	656.4	(4.9)	21.7	13.9	(15.7)	17.8	689.2
Recognised in profit or loss – continuing operations	**78.7**	**1.0**	–	–	**(0.7)**	**1.3**	**80.3**
Recognised in other comprehensive income	–	–	**(11.5)**	-	–	–	**(11.5)**
Deferred tax associated with discontinued operations	–	**2.1**	–	–	–	–	**2.1**
Balance at 30 June 2024	**735.1**	**(1.8)**	**10.2**	**13.9**	**(16.4)**	**19.1**	**760.1**

The group's deferred tax position is presented in the balance sheet as follows:

	2024 $M	2023 $M
Deferred tax asset	**(2.1)**	(2.9)
Deferred tax liability	**762.2**	692.1
Total	**760.1**	689.2

Policies

Deferred tax is:

— Recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

— Not recognised for the initial recognition of goodwill.

— Measured at tax rates that are expected to be applied to the temporary differences when they reverse.

Building depreciation change

In March 2024, the Government enacted the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act 2024. This Act removes tax deductions for depreciation on commercial and industrial buildings with application from the 2025 income year.

While this has not impacted on the Vector Group's 2024 income tax calculation, the denial of future tax depreciation deductions on the Vector Group's commercial and industrial buildings has resulted in a write-off of a $20.5 million deferred tax asset as at 30 June 2024.

20. Trade and other payables

	2024 $M	2023 $M
Current		
Trade payables	**182.5**	226.5
Employee benefits	**18.1**	18.7
Interest payable	**22.5**	26.0
Balance at 30 June	**223.1**	271.2

Employee benefits

Vector accrues employee benefits which remain unpaid or unused at balance date, and amounts expected to be paid under short-term incentive plans.

21. Provisions

	NOTE	DISTRIBUTION TO CUSTOMERS $M	DECOMMISSIONING $M	PRODUCT WARRANTY $M	OTHER $M	TOTAL $M
Balance at 30 June 2023		19.0	5.9	1.1	0.5	26.5
Additions		–	**1.4**	–	**1.6**	**3.0**
Impact of discounting	10	–	**(0.2)**	–	–	**(0.2)**
Payments	3	**(17.9)**	–	–	–	**(17.9)**
Reversed to profit or loss		**(1.1)**	–	**(0.4)**	**(0.5)**	**(2.0)**
Balance at 30 June 2024		–	**7.1**	**0.7**	**1.6**	**9.4**
Comprising:						
Current		–	–	**0.7**	**1.6**	**2.3**
Non-current		–	**7.1**	–	–	**7.1**

Policies	The group recognises a provision when the group has a present obligation – legal or constructive – as a result of a past event, it is more likely than not that the resulting liability will be required to be settled, and the amount required to settle can be reliably estimated.
Provision for distribution to customers	The new transmission pricing methodology came into effect from 1 April 2023, which requires the group to pass through settlement residue to its customers, being retailers or directly billed customers on a monthly basis. Therefore at 30 June 2024, there is no further provision for distribution of loss rental rebates.
Decommissioning	The decommissioning provisions represent the present value of the future expected costs for dismantling the depot assets situated at various regions in New Zealand. Timing of economic outflows represents management's best estimate of the end of the useful life of the plant and associated assets.
Product warranty	The group provides for restatement costs and warranty claims on products sold or installed. Provisions are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience and subsequently revisited at each reporting date.
Other provisions	These provisions comprise amounts that may be required to be utilised within one year or a longer period dependent on ongoing negotiations with third parties involved. There are currently no foreseeable uncertainties which would be reasonably expected to lead to material changes in the amounts provided.

22. Fair values

	NOTE	MATERIAL OBSERVABLE INPUTS (LEVEL 2 INPUTS) 2024 $M	MATERIAL UNOBSERVABLE INPUTS (LEVEL 3 INPUTS) 2024 $M	MATERIAL OBSERVABLE INPUTS (LEVEL 2 INPUTS) 2023 $M	MATERIAL UNOBSERVABLE INPUTS (LEVEL 3 INPUTS) 2023 $M
Assets measured at fair value					
Derivative financial instruments	24	**86.4**	**–**	112.1	–
Investment in private equity	17.2	**0.5**	**–**	–	8.8
Contingent consideration	12	**–**	**42.3**	–	60.9
Balance at 30 June		**86.9**	**42.3**	112.1	69.7
Liabilities measured at fair value					
Derivative financial instruments	24	**166.2**	**–**	160.8	–
Balance at 30 June		**166.2**	**–**	160.8	–

Policies

The table above provides the fair value measurement hierarchy of the group's assets and liabilities that are measured at fair value.

The group estimates all fair values using the discounted cash flows method. All assets and liabilities for which fair value is measured and disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

— Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; or

— Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); or

— Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments

Fair value is calculated using the discounted cash flow method, estimated using observable interest yield curves and/or foreign exchange market prices. The carrying values of the financial instruments are the fair values excluding any interest receivable or payable, which is separately presented in the balance sheet in other receivables or other payables.

Contingent consideration

Fair value is calculated using the discounted cash flow method. The group made assumptions on unobservable inputs including, amongst others, future raw gas volume from the Kapuni gas field, future LPG prices, future oil prices, foreign exchange rates, and an appropriate discount rate. Further details on the inputs are as follows:

— Future raw gas volume from the Kapuni gas field is based on published forecasts from the Ministry of Business, Innovation and Employment;

— Future LPG prices are based on an independent financial institution's commodity price forecasts;

— Future oil prices are based on S&P Capital IQ forecast data;

— Future natural gas prices are based on an independent expert's commodity price forecast;

— Future foreign exchange rates are based on an independent financial institution's foreign exchange rate forecasts; and

— Discount rate of 11.0% (2023: 12.8%), representing market discount rates as applicable to the remaining life of the Kapuni gas field.

22. Fair values *continued*

Description of significant unobservable inputs

The table below summarises the material level 3 unobservable inputs used by the group in measuring fair values and related sensitivity analyses.

2024	MATERIAL UNOBSERVABLE INPUTS	RANGE AND ESTIMATES	SENSITIVITY OF VALUATION TO CHANGES IN INPUTS			
			LOW	VALUATION IMPACT $M	HIGH	VALUATION IMPACT $M
Contingent consideration	Discount rate	11.0%	**-1.0%**	**-1.3**	**+1.0%**	**+1.4**
	Future raw gas volume	136PJ	**-2PJ per annum**	**-7.3**	**+2PJ per annum**	**+6.7**
	LPG pricing (long-term)	US$485/ tonne	**-US$50/ tonne**	**-3.7**	**+US$50/ tonne**	**+3.7**
	Oil pricing (long-term)	US$83/ barrel	**-US$7/ barrel**	**-2.6**	**+US$7/ barrel**	**+2.6**

2023	MATERIAL UNOBSERVABLE INPUTS	RANGE AND ESTIMATES	SENSITIVITY OF VALUATION TO CHANGES IN INPUTS			
			LOW	VALUATION IMPACT $M	HIGH	VALUATION IMPACT $M
Investment in private equity	Enterprise forecast annual cash flows	-US$8.5m to US$12.0m	-10.0%	-0.8	+10.0%	+0.8
	Discount rate	11.7%	-1.0%	-1.1	+1.0%	+1.5
	Terminal growth rate	2.0%	-1.0%	-0.6	+1.0%	+0.8
Contingent consideration	Discount rate	12.8%	-1.0%	-2.1	+1.0%	+2.2
	Future raw gas volume	203 PJ	-2PJ per annum	-5.1	+2PJ per annum	+5.0
	LPG pricing (long-term)	US$525/ tonne	-US$50/ tonne	-5.7	+US$50/ tonne	+5.7
	Oil pricing (long-term)	US$74/ barrel	-US$7/ barrel	-3.7	+US$7/ barrel	+3.7

23. Borrowings

2024	CURRENCY	MATURITY DATE	FACE VALUE $M	UNAMORTISED COSTS $M	FAIR VALUE ADJUSTMENT ON HEDGED RISK $M	CARRYING VALUE $M	FAIR VALUE $M
Bank facilities – floating rate	NZD	Jul 2024 – Jul 2026	**–**	**(0.3)**	**–**	**(0.3)**	**–**
Capital bonds – fixed rate	NZD	–	**307.2**	**(1.1)**	**–**	**306.1**	**316.5**
Wholesale bonds - fixed rate	NZD	Oct 2026	**170.0**	**(0.1)**	**–**	**169.9**	**157.0**
Senior notes – fixed rate	USD	Oct 2027 – Mar 2035	**1,212.9**	**(2.7)**	**(118.7)**	**1,091.5**	**1,159.7**
Senior bonds –fixed rate	NZD	May 2025 – Nov 2027	**475.0**	**(1.0)**	**(2.7)**	**471.3**	**460.3**
Balance at 30 June			**2,165.1**	**(5.2)**	**(121.4)**	**2,038.5**	**2,093.5**

2023	CURRENCY	MATURITY DATE	FACE VALUE $M	UNAMORTISED COSTS $M	FAIR VALUE ADJUSTMENT ON HEDGED RISK $M	CARRYING VALUE $M	FAIR VALUE $M
Bank facilities – floating rate	NZD	Jul 2024 – Jul 2026	–	(0.6)	–	(0.6)	–
Capital bonds – fixed rate	NZD	–	307.2	(1.5)	–	305.7	314.3
Wholesale bonds - fixed rate	NZD	Mar 2024 – Oct 2026	410.0	0.4	–	410.4	387.9
Senior notes – fixed rate	USD	Oct 2027 – Mar 2035	1,212.9	(3.1)	(126.1)	1,083.7	1,121.9
Senior bonds –fixed rate	NZD	May 2025 – Nov 2027	475.0	(1.6)	(3.8)	469.6	448.1
Balance at 30 June			2,405.1	(6.4)	(129.9)	2,268.8	2,272.2

Policies

Borrowings are initially recorded at fair value, net of transaction costs. After initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in interest costs in profit or loss over the period of the borrowing using the effective interest rate method.

The carrying value of borrowings includes the principal converted at contract rates (face value), unamortised costs and a fair value adjustment for the component of the risk that is hedged. The fair value is calculated by discounting the future contractual cash flows at current market interest rates that are available for similar financial instruments. The fair value of all borrowings, calculated for disclosure purposes, are classified as level 2 on the fair value hierarchy.

23. Borrowings *continued*

Bank facilities	The bank facilities are undrawn at 30 June 2024.
Capital bonds	Capital bonds of $307.2 million are perpetual subordinated bonds with the next election date set as 15 June 2027. The interest rate was fixed at 6.23% at the previous election date of 15 June 2022.
Wholesale bonds	$170.0 million of wholesale bonds with a fixed rate of 1.575% maturing in October 2026. In March 2024, the group repaid $240.0 million of wholesale bonds.
Senior bonds	$250.0 million of senior bonds with a fixed rate of 3.45% maturing in May 2025. $225.0 million of senior bonds with a fixed rate of 3.69% maturing in November 2027.
Senior notes	The tranches of USD denominated senior notes and the corresponding NZD values are shown below:

Date issued	NZ $M	US $M	Date of Maturity
March 2020	573.9	360.0	October 2032
	223.2	140.0	October 2035
October 2017	277.2	200.0	October 2027
	138.6	100.0	October 2029

Covenants	All borrowings are unsecured and are subject to negative pledge arrangements and various lending covenants. These have all been met for the years ended 30 June 2024 and 30 June 2023.

24. Derivatives and hedge accounting

	CASH FLOW HEDGES		FAIR VALUE HEDGES		COST OF HEDGING		TOTAL	
	2024 $M	2023 $M	2024 $M	2023 $M	2024 $M	2023 $M	2024 $M	2023 $M
Derivative assets								
Cross currency swaps	**–**	–	**39.6**	31.2	**(4.0)**	(3.0)	**35.6**	28.2
Interest rate swaps	**50.7**	83.8	**–**	–	**–**	–	**50.7**	83.8
Forward exchange contracts	**0.1**	0.1	**–**	–	**–**	–	**0.1**	0.1
Total	**50.8**	83.9	**39.6**	31.2	**(4.0)**	(3.0)	**86.4**	112.1
Derivative liabilities								
Cross currency swaps	**30.7**	24.4	**(183.1)**	(177.7)	**(8.6)**	(2.9)	**(161.0)**	(156.2)
Interest rate swaps	**(2.0)**	–	**(2.7)**	(3.7)	**–**	–	**(4.7)**	(3.7)
Forward exchange contracts	**(0.5)**	(0.9)	**–**	–	**–**	–	**(0.5)**	(0.9)
Total	**28.2**	23.5	**(185.8)**	(181.4)	**(8.6)**	(2.9)	**(166.2)**	(160.8)

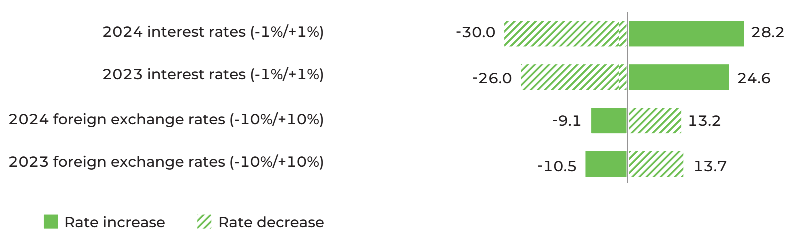
Key observable market data for fair value measurement

	2024	2023
Foreign currency exchange (FX) rates as at 30 June		
NZD-USD FX rate	**0.6086**	0.6126
Interest rate swap rates		
NZD	**4.44% to 5.63%**	4.51% to 5.82%
USD	**3.96% to 5.33%**	3.75% to 5.76%

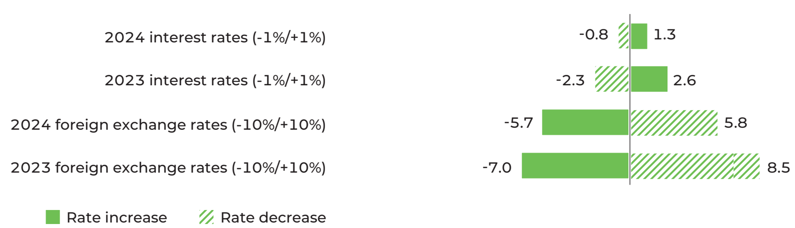
Sensitivity to changes in market rates

The graphs below illustrate the impact on derivative valuations of possible changes in interest rates and foreign exchange rates, assuming all other variables are held constant.

Impact on comprehensive income



Impact on profit or loss



24. Derivatives and hedge accounting *continued*

Policies

Vector initially recognises derivatives at fair value on the date the derivative contract is entered into, and subsequently they are re-measured to their fair value at each balance date. All derivatives are classified as level 2 on the fair value hierarchy explained in note 22.

Vector designates certain derivatives as either:

- Fair value hedges (of the fair value of recognised assets or liabilities or firm commitments); or
- Cash flow hedges (of highly probable forecast transactions).

At inception each transaction is documented, detailing:

- The economic relationship and the hedge ratio between hedging instruments and hedged items;
- The risk management objectives and strategy for undertaking the hedge transaction; and
- The assessment (initially and on an ongoing basis) of whether the derivatives that are used in the hedging transaction are highly effective in offsetting changes in fair values or cash flows of hedged items.

The underlying risk of the derivative contracts is identical to the hedged risk component (i.e. the interest rate risk and the foreign exchange risk) therefore the group has established a one-to-one hedge ratio. Effectiveness is assessed by comparing the changes of the hedged items and hedging instruments.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting.

Fair value hedges

Vector has entered into cross currency interest rate swaps and interest rate swaps (the hedging instruments) to hedge the interest rate risk and foreign currency risk (the hedged risk) arising in relation to its USD senior notes and NZD senior bonds (the hedged items). These transactions have been designated into fair value hedges.

The following are recognised in profit or loss:

- The change in fair value of the hedging instruments; and
- The change in fair value of the underlying hedged items attributable to the hedged risk.

Once hedging is discontinued, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through profit or loss from that date through to maturity of the hedged item.

Cash flow hedges

Vector has entered into interest rate swaps and cross currency interest rate swaps (the hedging instruments) to hedge the variability in cash flows arising from interest rate and foreign currency exchange rate movements in relation to its NZD floating rate notes and USD senior notes.

The effective portion of changes in the fair value of the hedging instruments are recognised in other comprehensive income.

The following are recognised in profit or loss:

- any gain or loss relating to the ineffective portion of the hedging instrument; and
- fair value changes in the hedging instrument previously accumulated in other comprehensive income, in the periods when the hedged item is recognised in profit or loss.

Once hedging is discontinued, any cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss either:

- at the same time as the forecast transaction; or
- immediately if the transaction is no longer expected to occur.

Market rate sensitivity

All derivatives are measured at fair value. A change in the market data used to determine fair value will have an impact on Vector's financial statements.

The graphs on the previous page show the sensitivity of the financial statements to a range of possible changes in market data at balance date.

24. Derivatives and hedge accounting *continued*

	2024 $M		2023 $M	
	DERIVATIVES POSITION AS PER BALANCE SHEET	AMOUNT AFTER APPLYING RIGHTS OF OFFSET UNDER ISDA AGREEMENTS	DERIVATIVES POSITION AS PER BALANCE SHEET	AMOUNT AFTER APPLYING RIGHTS OF OFFSET UNDER ISDA AGREEMENTS
Derivative assets	**86.4**	**28.6**	112.1	45.0
Derivative liabilities	**(166.2)**	**(108.4)**	(160.8)	(93.7)
Net amount	**(79.8)**	**(79.8)**	(48.7)	(48.7)

Rights to offset

Vector enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting in the balance sheet for accounting purposes. This is because Vector does not have any currently legally enforceable right to offset recognised amounts. Under the ISDA agreements the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. The potential net impact of this offsetting is disclosed in column 'amount after applying rights of offset under ISDA agreements. Vector does not hold and is not required to post collateral against its derivative positions.

Managing interest rate benchmark reform

The group has no derivatives that were directly impacted by the interbank offered rates ("IBOR") reform as at 30 June 2024. However, the financial modelling of the fair values for cross currency interest rate swaps and certain hedge relationships was shifted from applying USD LIBOR to an alternative benchmark interest rate during the year. There was no material impact from the transition.

24. Derivatives and hedge accounting *continued*

24.1 Effects of hedge accounting on the financial position and performance

The tables below demonstrate the impact of hedged items and the hedging instruments designated in hedging relationships:

- The NZD floating rate exposure includes $910.0 million arising from hedging the USD senior bonds (2023: $1,190.0 million) as allowable under NZ IFRS 9 *Financial Instruments*;
- The fixed rate interest rate swaps include $410.0 million of forward starting swaps (2023: $50.0 million).

2024	FACE VALUE $M	WEIGHTED AVERAGE RATE	ACCUMU-LATED FAIR VALUE HEDGE ADJUST-MENTS $M	CARRYING AMOUNT ASSETS/ (LIABILITIES) $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVE-NESS – CASHFLOW HEDGE $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVE-NESS – FAIR VALUE HEDGE $M	HEDGING (GAIN) OR LOSS RECOGNISED IN CASH FLOW HEDGE RESERVE $M	(GAIN) OR LOSS RECOGNISED IN COST OF HEDGING $M
Cash flow hedge - Interest risk								
Hedged item: NZD floating rate exposure on borrowings	(910.0)		–	–	48.7	–	–	–
Hedging instrument: Fixed rate interest rate swaps	(1,320.0)	2.5%	–	48.7	48.7	–	35.1	–
Cash flow and fair value hedge - Interest and exchange risks								
Hedged item: USD fixed rate exposure on borrowings	(1,212.9)		–	(1,091.5)	25.4	(2.1)	–	–
Hedging instrument: Cross currency swaps	(1,212.9)	floating	118.7	(125.4)	30.7	2.9	(0.6)	(6.6)
Fair value hedge - Interest risk								
Hedged item: NZD fixed rate exposure on borrowings	(50.0)		2.7	–	–	(1.0)	–	–
Hedging instrument: Interest rate swap	(50.0)	floating	–	(2.7)	–	1.0	–	–
				Ineffectiveness	5.3	0.8		

24. Derivatives and hedge accounting *continued*

24.1 Effects of hedge accounting on the financial position and performance

2023	FACE VALUE $M	WEIGHTED AVERAGE RATE	ACCUMULATED FAIR VALUE HEDGE ADJUSTMENTS $M	CARRYING AMOUNT ASSETS/ (LIABILITIES) $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS – CASHFLOW HEDGE $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS – FAIR VALUE HEDGE $M	HEDGING (GAIN) OR LOSS RECOGNISED IN CASH FLOW HEDGE RESERVE $M	(GAIN) OR LOSS RECOGNISED IN COST OF HEDGING $M
Cash flow hedge - Interest risk								
Hedged item: NZD floating rate exposure on borrowings	(1,190.0)		–	–	84.0	–	–	–
Hedging instrument: Fixed rate Interest rate swaps	(1,240.0)	2.1%	–	83.7	83.7	–	(6.0)	–
Cash flow and fair value hedge - Interest and exchange risks								
Hedged item: USD fixed rate exposure on borrowings	(1,212.9)		–	(1,083.7)	19.4	90.0	–	–
Hedging instrument: Cross currency swaps	(1,212.9)	floating	126.1	(127.9)	24.4	(89.5)	1.5	4.1
Fair value hedge - Interest risk								
Hedged item: NZD fixed rate exposure on borrowing	(50.0)		3.8	(46.1)	–	0.8	–	–
Hedging instrument: Interest rate swap	(50.0)	floating	–	(3.7)	–	(0.9)	–	–
				Ineffectiveness	5.0	0.4		

Hedging instruments and hedged items are included in the line items "Derivatives" and "Borrowings" respectively in the balance sheet. The source of ineffectiveness is largely due to counterparty credit risk on the derivative instruments. Hedge ineffectiveness is included in the "Fair value change on financial instruments" in the profit or loss. Please refer to the asset and liability positions of the hedging instruments in Note 24 derivatives and hedge accounting table above.

24.2 Fair value changes on financial instruments

	NOTE	2024 $M	2023 $M
Recognised in profit or loss			
Fair value movement on hedging instruments		**3.9**	(90.4)
Fair value movement on hedged items		**(3.1)**	90.9
Fair value movement on unhedged items		**–**	(0.5)
Ineffectiveness from cash flow hedge relationships		**0.4**	(2.5)
Fair value change on contingent consideration	12	**(13.2)**	(10.7)
Total gains/(losses)		**(12.0)**	(13.2)

24. Derivatives and hedge accounting *continued*

24.3 Reconciliation of changes in hedge reserves

Hedge reserves 2024	CASHFLOW HEDGE RESERVE $M	COST OF HEDGING $M	TOTAL $M
Opening balance	**(60.0)**	**4.3**	**(55.7)**
Hedging gains or losses recognised in OCI – Interest rate swaps	**(6.3)**	**–**	**(6.3)**
Hedging gains or losses recognised in OCI – Cross currency swaps	**38.6**	**6.6**	**45.2**
Hedging gains or losses recognised in OCI – Forward exchange contracts	**0.4**	**–**	**0.4**
Transferred to profit or loss – Interest rate swaps	**41.5**	**–**	**41.5**
Transferred to profit or loss – Cross currency swaps	**(39.1)**	**–**	**(39.1)**
Recognised as basis adjustment to non-financial assets	**(0.7)**	**–**	**(0.7)**
Deferred tax on change in reserves	**(9.7)**	**(1.8)**	**(11.5)**
Closing balance	**(35.3)**	**9.1**	**(26.2)**

Hedge reserves 2023	CASH FLOW HEDGE RESERVE $M	COST OF HEDGING $M	TOTAL $M
Opening balance	**(60.0)**	**1.3**	**(58.7)**
Hedging gains or losses recognised in OCI – Interest rate swaps	(24.2)	–	(24.2)
Hedging gains or losses recognised in OCI – Cross currency swaps	27.4	4.1	31.5
Hedging gains or losses recognised in OCI – Forward exchange contracts	(1.0)	–	(1.0)
Transferred to profit or loss – Interest rate swaps	18.2	–	18.2
Transferred to profit or loss – Cross currency swaps	(25.9)	–	(25.9)
Recognised as basis adjustment to non-financial assets	5.5	–	5.5
Deferred tax on change in reserves	–	(1.1)	(1.1)
Closing balance	**(60.0)**	**4.3**	**(55.7)**

25. Financial risk management

Risk management framework

Vector has a comprehensive treasury policy, approved by the board, to manage financial risks arising from business activity. The policy outlines the objectives and approach that the group applies to manage:

— Interest rate risk;
— Credit risk;
— Liquidity risk;
— Foreign exchange risk; and
— Funding risk.

For each risk type, any position outside the policy limits requires the prior approval of the board. Each risk is monitored on a regular basis and reported to the board.

25.1 Interest rate risk

Interest rate exposure **2024**	< 1 YEAR $M	1 - 2 YEARS $M	2 - 5 YEARS $M	> 5 YEARS $M	TOTAL $M
Interest rate exposure: borrowings	**250.0**	**–**	**979.4**	**935.7**	**2,165.1**
Derivative contracts:					
Interest rate swaps	**(850.0)**	**300.0**	**170.0**	**380.0**	**–**
Cross currency swaps	**1,212.9**	**–**	**(277.2)**	**(935.7)**	**–**
Net interest rate exposure	**612.9**	**300.0**	**872.2**	**380.0**	**2,165.1**

Interest rate exposure **2023**	< 1 YEAR $M	1 - 2 YEARS $M	2 - 5 YEARS $M	> 5 YEARS $M	TOTAL $M
Interest rate exposure: borrowings	240.0	250.0	979.4	935.7	2,405.1
Derivative contracts:					
Interest rate swaps	(860.0)	110.0	700.0	50.0	–
Cross currency swaps	1,212.9	–	(277.2)	(935.7)	–
Net interest rate exposure	592.9	360.0	1,402.2	50.0	2,405.1

Policies

Vector is exposed to interest rate risk through its borrowing activities.

Interest rate exposures are managed primarily by entering into derivative contracts. The main objectives are to minimise the cost of total borrowings, control variations in the interest expense of the borrowings from year to year, and where practicable to match the interest rate risk profile of the borrowings with the risk profile of the group's assets.

The board has set and actively monitors maximum and minimum limits for the net interest rate exposure profile.

25.2 Credit risk

Policies

Credit risk represents the risk of cash flow losses arising from counterparty defaults. Vector is exposed to credit risk in the normal course of business from:

— Trade receivable transactions with business and mass market residential customers; and
— Financial instruments transactions with financial institutions.

The carrying amounts of financial assets represent the group's maximum exposure to credit risk.

The group has credit policies in place to minimise the impact of exposure to credit risk and associated financial losses:

— The board must approve placement of cash, short-term cash deposits or derivatives with financial institutions whose credit rating is less than A+. As at 30 June 2024, all financial instruments are held with financial institutions with credit rating above A+;
— The board sets limits and monitors exposure to financial institutions; and
— Exposure is spread across a range of financial institutions. Where we deem there is credit exposure to energy retailers and customers, the group minimises its risk by performing credit evaluations and/or requiring a bond or other form of security.

25. Financial risk management
continued

25.3 Liquidity risk

Contractual cash flows maturity profile 2024	PAYABLE <1 YEAR $M	PAYABLE 1–2 YEARS $M	PAYABLE 2–5 YEARS $M	PAYABLE >5 YEARS $M	TOTAL CONTRACTUAL CASH FLOWS $M
Non-derivative financial liabilities					
Trade payables	**182.5**	**–**	**–**	**–**	**182.5**
Contract liabilities	**2.2**	**3.5**	**1.1**	**–**	**6.8**
Lease liabilities	**11.1**	**13.3**	**22.5**	**47.6**	**94.5**
Borrowings: interest	**77.9**	**69.4**	**133.5**	**87.6**	**368.4**
Borrowings: principal	**250.0**	**–**	**1,030.8**	**985.9**	**2,266.7**
Derivative financial (assets)/liabilities					
Cross currency swaps: inflow	**(39.4)**	**(39.3)**	**(429.2)**	**(1,073.5)**	**(1,581.4)**
Cross currency swaps: outflow	**89.5**	**79.1**	**471.3**	**1,126.6**	**1,766.5**
Forward exchange contracts: inflow	**(16.2)**	**–**	**–**	**–**	**(16.2)**
Forward exchange contracts: outflow	**16.7**	**–**	**–**	**–**	**16.7**
Net settled derivatives					
Interest rate swaps	**(29.6)**	**(17.5)**	**(4.9)**	**(0.6)**	**(52.6)**
Group contractual cash flows	**544.7**	**108.5**	**1,225.1**	**1,173.6**	**3,051.9**

Contractual cash flows maturity profile 2023	PAYABLE <1 YEAR $M	PAYABLE 1-2 YEARS $M	PAYABLE 2-5 YEARS $M	PAYABLE >5 YEARS $M	TOTAL CONTRACTUAL CASH FLOWS $M
Non-derivative financial liabilities					
Trade payables	226.5	–	–	–	226.5
Contract liabilities	3.7	3.6	3.7	–	11.0
Lease liabilities	11.9	16.6	16.0	46.7	91.2
Borrowings: interest	89.9	77.7	174.4	114.7	456.7
Borrowings: principal	240.0	250.0	1,028.7	979.4	2,498.1
Derivative financial (assets)/liabilities					
Cross currency swaps: inflow	(39.1)	(39.1)	(437.8)	(1,094.0)	(1,610.0)
Cross currency swaps: outflow	93.9	86.8	489.2	1,178.1	1,848.0
Forward exchange contracts: inflow	(18.9)	(6.0)	–	–	(24.9)
Forward exchange contracts: outflow	19.3	6.5	–	–	25.8
Net settled derivatives					
Interest rate swaps	(41.0)	(28.0)	(22.4)	(1.0)	(92.4)
Group contractual cash flows	586.2	368.1	1,251.8	1,223.9	3,430.0

Contractual cash flows

The above table shows the timing of non-discounted cash flows for all financial instrument liabilities and derivatives.

The cash flows for bank facilities, included in borrowings, are disclosed on the basis of their contractual repayment terms for the individual drawdowns.

The cash flows for capital bonds, included in borrowings, are disclosed as payable within 2-5 years year as the next election date set for the capital bonds is 15 June 2027 (2023: 2-5 year, with the election date of the last rollover as 15 June 2027) and the bonds have no contractual maturity date.

25. Financial risk management
continued

25.3 Liquidity risk *continued*

Policies	Vector is exposed to liquidity risk where there is a risk that the group may encounter difficulty in meeting its day to day obligations due to the timing of cash receipts and payments. The objective is to ensure that adequate liquid assets and funding sources are available at all times to meet both short-term and long-term commitments. The board has set a minimum headroom requirement for committed facilities over Vector's anticipated 18-month peak borrowing requirement. At balance date, Vector has access to undrawn funds of $575.0 million (2023: $575.0 million).

25.4 Foreign exchange risk

Policies	Vector is exposed to foreign exchange risk through its borrowing activities, and foreign currency denominated expenditure. Foreign exchange exposure is primarily managed through entering into derivative contracts. The board requires that all material foreign currency borrowings and expenditure are hedged into NZD at the time of commitment to drawdown or when the exposure is highly probable. Hence, at balance date there is no material exposure to foreign currency risk.

25.5 Funding risk

Policies	Funding risk is the risk that Vector will have difficulty refinancing or raising new debt on comparable terms to existing facilities. The objective is to spread the concentration of risk so that if an event occurs the overall cost of funding is not unnecessarily increased. Details of borrowings are shown in note 23. The board has set the maximum amount of debt that may mature in any one financial year.

26. Cash flows

26.1 Reconciliation of net profit/(loss) to net cash flows from/(used in) operating activities

Reconciliation of net profit/(loss) to net cash flows from/(used in) operating activities including discontinued operations	NOTE	2024 $M	2023 $M
Net profit/(loss) for the period		**91.0**	1,715.8
Items not associated with operating activities:			
Gain on sale of discontinued operations classified as investing activities		**–**	(1,509.9)
Costs to sell of discontinued operations		**–**	(30.1)
Contingent consideration associated with investing activities	12	**(11.4)**	(14.2)
PPE items associated with investing activities		**(4.7)**	(19.2)
Movements in emission units associated with investing activities		**0.8**	1.8
Lease liabilities items associated with financing activities		**(0.3)**	–
		(15.6)	(1,571.6)
Non-cash items:			
Depreciation and amortisation		**230.8**	258.1
Non-cash portion of interest costs (net)		**(17.0)**	(7.1)
Fair value change on financial instruments	24.2	**12.0**	13.2
Share of net profit/(loss) in joint ventures		**24.9**	–
Impairment of goodwill		**60.6**	–
Increase/(decrease) in deferred tax		**82.4**	59.3
Non-cash movements in provisions		**0.3**	19.1
Other non-cash items		**(1.0)**	2.7
		393.0	345.3
Changes in assets and liabilities			
Trade and other payables		**(46.2)**	78.0
Provisions		**(17.1)**	(0.6)
Contract liabilities		**(3.0)**	(31.7)
Contract assets		**(12.4)**	(2.1)
Inventories		**(5.3)**	3.1
Trade and other receivables		**42.7**	(27.5)
Income tax		**18.0**	8.4
		(23.3)	27.6
Net cash flows from/(used in) operating activities including discontinued operations		**445.1**	517.1

26. Cash flows *continued*

26.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

Reconciliation of movement of liabilities to cash flows arising from financing activities	LEASE LIABILITIES	BORROWINGS	DERIVATIVES	TOTAL
Balance at 1 July 2023	65.0	2,268.8	48.7	2,382.5
Net repayments	–	**(240.0)**	–	**(240.0)**
Lease liabilities payments	**(9.6)**	–	–	**(9.6)**
Financing cash flows	**(9.6)**	**(240.0)**	–	**(249.6)**
Cost of debt raising	–	**(0.3)**	–	**(0.3)**
Fair value changes	–	**8.6**	**31.1**	**39.7**
Borrowing fees paid	–	**(3.7)**	–	**(3.7)**
Amortisation of debt raising costs	–	**5.3**	–	**5.3**
Premium released	–	**(0.2)**	–	**(0.2)**
ROU asset additions	**13.7**	–	–	**13.7**
ROU asset disposals	**(1.1)**	–	–	**(1.1)**
Other	**0.1**	–	–	**0.1**
As at 30 June 2024	**68.1**	**2,038.5**	**79.8**	**2,186.4**

27. Equity

27.1 Share capital

Shares

The total number of authorised and issued shares is 1,000,000,000 (2023: 1,000,000,000).

All ordinary issued shares are fully paid, have no par value and carry equal voting rights and equal rights to a surplus on winding up of the parent.

At balance date 26,343 shares (2023: 26,343) are allocated to the employee share purchase scheme.

27.2 Capital management

Policies

Vector's objectives in managing capital are:

— To safeguard the ability of entities within the group to continue as a going concern;

— To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk; and

— Maintain an investment grade credit rating.

Vector manages and may adjust its capital structure in light of changes in economic conditions and for the risk characteristics of the underlying assets. To achieve this Vector may:

— Adjust its dividend policy;

— Return capital to shareholders; or

— Sell assets to reduce debt.

27. Equity *continued*

27.3 Financial ratios

Basic and diluted earnings per share	2024 $M	2023 $M
Net profit from continuing operations attributable to owners of the parent	**77.5**	100.7
Net profit from discontinued operation attributable to owners of the parent	**11.1**	1,613.6
Net profit attributable to owners of the parent	**88.6**	1,714.3
Weighted average ordinary shares outstanding during the period (number of shares)	**999,973,657**	999,973,657
Earnings per share from continuing operations	**7.8 cents**	10.1 cents
Earnings per share from discontinued operations	**1.1 cents**	161.4 cents
Total earnings per share	**8.9 cents**	171.5 cents

Net tangible assets per share	2024 $M	2023 $M
Net assets attributable to owners of the parent	**3,761.5**	3,942.8
Less total intangible assets	**(1,139.7)**	(1,216.8)
Total net tangible assets	**2,621.8**	2,726.0
Ordinary shares outstanding (number of shares)	**999,973,657**	999,973,657
Net tangible assets per share	**262.2 cents**	272.6 cents

Economic net debt to economic net debt plus adjusted equity ratio ("gearing ratio")	2024 $M	2023 $M
Face value of borrowings	**2,165.1**	2,405.1
Lease liabilities	**68.1**	65.0
Less cash and cash equivalents and deposits	**(104.6)**	(537.0)
Economic net debt	**2,128.6**	1,933.1
Total equity	**3,776.7**	3,958.0
Adjusted for hedge reserves	**(26.2)**	(55.7)
Adjusted equity	**3,750.5**	3,902.3
Economic net debt plus adjusted equity	**5,879.1**	5,835.4
Gearing ratio	**36.2%**	33.1%

Economic net debt

Economic net debt is defined as 'face value of borrowings and lease liabilities, less cash and cash equivalents and deposits'.

27.4 Reserves

Hedge reserves

Hedge reserves comprise the cash flow hedge reserve and cost of hedging.

The cash flow hedge reserve records the effective portion of changes in the fair value of derivatives that are designated as cash flow hedges.

The gain or loss relating to the ineffective portion is recorded in profit or loss within interest costs (net).

During the year, a $2.4 million loss (2023: $7.7 million gain) was transferred from the cash flow hedge reserve to interest expense.

Cost of hedging records the change in the fair value of the cost to convert foreign currency into New Zealand dollars as required under NZ IFRS 9.

Other reserves

Other reserves comprise:

- A share-based payment reserve relating to the employee share purchase scheme. When shares are vested to the employee, the reserve is offset with a reduction in treasury shares.
- A foreign currency translation reserve to record exchange differences arising from the translation of the group's foreign operations.
- A reserve to record the fair value movements in the group's investments in financial assets.

28. Related party transactions

Related parties

Related parties of the group are:
— Entrust, the group's ultimate parent entity;
— Bluecurrent, made up of the consolidated groups of Bluecurrent NZ Holdings Limited and Bluecurrent Holdings (Australia) Pty Limited; and
— Key management personnel, including the group's directors and the executive team.

	2024 $M	2023 $M
Transactions with Entrust		
Dividends paid	**174.6**	125.8
Distribution to customers	**10.8**	10.5
Transactions with Bluecurrent		
Interest from shareholder loans	**15.4**	–
Provision of metering data services	**5.1**	–
Provision of transitional services	**8.3**	–
Transactions with key management personnel		
Salary and other short-term employee benefits	**7.2**	8.2
Directors' fees	**1.2**	1.1

	2024 $M	2023 $M
Shareholder loans to Bluecurrent		
Balance at start of period	**229.0**	–
Interest capitalised	**11.9**	–
Repayments	**(30.6)**	–
Net loans advanced	–	229.0
Effect of changes in exchange rates	**(1.4)**	–
Balance at end of period	**208.9**	229.0

29. Contingent liabilities

Disclosures

The directors are aware of claims that have been made against entities of the group and, where appropriate, have recognised provisions for these within note 21.

No material contingent liabilities have been identified.

30. Events after balance date

Sale of discontinued operations

On 1 July 2024, the sale of the natural gas business completed. No adjustment is required to these financial statements in respect of this event. Vector received $3.0 million from Nova on 1 July 2024, with the remaining consideration due in four further instalments on a quarterly basis from 31 October 2024 to 31 July 2025.

Operations held for sale

On 25 July 2024, Vector entered into a conditional agreement for the sale of LPG business Vector Ongas, and the group's 60.25% shareholding in Liquigas Limited, for $150.0 million. Vector Ongas and Liquigas are included in the gas trading segment, and have been reclassified as operations held for sale from July 2024. No adjustment is required to these financial statements in respect of this event.

Sale of investment

On 22 August 2024, Vector sold its shares in mPrest Limited for US$0.3 million (NZ$0.5 million). No adjustment is required to these financial statements in respect of this event.

Approval

The financial statements were approved by the board on 26 August 2024.

Final dividend

On 26 August 2024, the board declared a final unimputed dividend for the year ended 30 June 2024 of 14.75 cents per share, comprising an ordinary dividend of 13.00 cents per share and a special dividend of 1.75 cents per share. No adjustment is required to these financial statements in respect of this event.

KPMG

Independent Auditor's Report

To the shareholders of Vector Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Vector Limited (the **Company**) and its subsidiaries (the **Group**) on pages 57 to 101 present fairly in all material respects:

- the Group's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date; and
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated balance sheet as at 30 June 2024;
- the consolidated profit or loss, statements of other comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including material accounting policy information and other explanatory information

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Vector Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has provided other services to the Group in relation to the regulatory assurance services, other assurance services, pre-assurance on climate related disclosures and compliance services in relation to R&D tax credits. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $11.3m determined with reference to a benchmark of the Group's profit before tax. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

KPMG

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Capitalisation and asset lives (Property, plant and equipment of $4,667.2 million, Software of $57.4 million, with additions during the year of $499.0 million).
Refer to Notes 14 and 15 of the financial statements.

Capitalisation of costs and useful lives assigned to these assets are a key audit matter due to the significance of property, plant and equipment and software to the group's business, and due to the judgement involved in determining the carrying value of these assets, principally:

- the decision to capitalise or expense costs relating to the electricity and gas distribution networks. This decision depends on whether the expenditure is considered to enhance the network (and is therefore capital), or to maintain the current operating capability of the network (and is therefore an expense). There is also judgement when estimating the extent of recovering internal salary costs, particularly within digital projects; and
- the estimation of the useful life of the asset once the costs are capitalised. Estimated lives range between 2 and 100 years, resulting from the diversity of property, plant and equipment and software assets across a portfolio of businesses. There is also judgement when estimating asset lives due to the uncertainty of the impact of technological change.

Our audit procedures in this area included, among others:

- examining the operating effectiveness of controls related to the approval of capital projects;
- assessing the nature of capitalised costs by checking a sample of costs to invoice to determine whether the description of the expenditure met the capitalisation criteria in the relevant accounting standards;
- assessing the useful economic lives stated in the accounting policies of the group by comparing to industry benchmarks and our knowledge of the business and its operations; and
- assessing whether the useful economic lives of each individual asset capitalised in the current period was within the stated policies.

We found no material errors in the nature and amount capitalised in the period and that the estimated useful lives of assets were within an acceptable range when compared to those used in the industry.

The key audit matter

How the matter was addressed in our audit

Impairment assessment of the Electricity distribution and Gas distribution generating units ($990.2 million out of $1,030.7 million goodwill).

Refer to Note 14 of the financial statements.

We considered the impairment assessment of the Electricity distribution and Gas distribution cash generating units to be a key audit matter due to the significance of goodwill ($990.2 million out of $1,030.7 million goodwill) to the financial position of the group and the significant judgement used to estimate future pricing of the regulated revenue streams beyond the timeframe of the current Commerce Commission regulatory price paths.

Our audit procedures in this area included, among others:

- assessing whether the methodology adopted in the discounted cash flow models was consistent with accepted valuation approaches of NZ IAS 36 Impairment of Assets and within the energy industry;
- evaluating the significant future cash flow assumptions by comparing to historical trends, budgets and where applicable, Asset Management Plans, and regulatory pricing models;
- comparing the discount rates applied to the estimated future cash flows and the terminal growth rates to relevant benchmarks using our own valuation specialists;
- challenging the above assumptions and judgements by performing sensitivity analysis, considering a range of likely outcomes based on various scenarios;
- calculating the regulated asset base ('RAB') multiple implied by valuation of the Regulated Network cash generating unit and comparing this to the range of RAB multiples observed in the marketplace; and
- comparing the group's net assets as at 30 June 2024 to its market capitalisation at 30 June 2024.

We found the methodology to be consistent with industry norms, specifically:

- the discount and terminal growth rates were in an acceptable industry range;
- future cash flow assumptions were supported by comparison to the sources we considered above; and
- the overall comparison of the group's net assets to market capitalisation did not indicate an impairment.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report, Climate Related Financial Disclosures Report and Greenhouse Gas Emissions Inventory Report. Other information comprises the Performance snapshot, Chair and Group Chief Executive report, Environmental, Social and Governance (ESG), Business Segment report, Governance report, Remuneration report, Statutory information and other disclosures included in the Group's Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error;
- assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objective is:

— to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and

— to issue an independent auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor’s report.

The engagement partner on the audit resulting in this independent auditor’s report is Graeme Edwards.

For and on behalf of:

KPMG

KPMG
Auckland
26 August 2024

STATUTORY INFORMATION

Statutory information

Interests register

Each company in the group is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests registers for Vector Limited and its subsidiaries are available for inspection at their registered offices.

Particulars of entries in the interests registers at 30 June 2024 are set out in this Statutory Information section.

Information used by directors

During the financial year there were no notices from directors of Vector Limited, or any subsidiary, requesting to use information received in their capacity as a director which would not otherwise have been available to them.

Indemnification and insurance of directors and officers

As permitted by the constitution and the Companies Act 1993, Vector Limited has indemnified its directors, and those directors who are directors of subsidiaries against potential liabilities and costs they may incur for acts or omissions in their capacity as directors. In addition, Vector Limited has indemnified certain senior employees against potential liabilities and costs they may incur for acts or omissions in their capacity as employees of Vector Limited, or directors of Vector subsidiaries or associates.

During the financial year, Vector Limited paid insurance premiums in respect of directors and certain senior employees' liability insurance which covers risks normally covered by such policies arising out of acts or omissions of directors and employees in their capacity as such. Insurance is not provided for criminal liability or liability or costs in respect of which an indemnity is prohibited by law.

Donations

Vector Limited made donations of $7,500 during the year ended 30 June 2024. Subsidiaries of Vector Limited made donations of $28,188 during the year ended 30 June 2024.

Credit rating

At 30 June 2024 Vector Limited had a Moody's credit rating of BBB+ Positive.

NZX regulation waivers and rulings

Vector has not relied on any new waivers or rulings in the year ended 30 June 2024. Vector continues to rely on waivers and rulings granted by NZ RegCo on 30 June 2020 relating to Vector's special relationship with Entrust available to review at nzx.com/companies/VCT/documents. Vector has a non-standard designation as a result of these waivers, and provisions in Vector's constitution reflecting Vector's relationship with Entrust.

Exercise of NZX powers

NZX did not exercise any of its powers set out in Listing Rule 9.9.3 (relating to powers to cancel, suspend or censure an issuer) with respect to Vector Limited.

Trustees of Entrust

During the year ended 30 June 2024 Vector Limited made payments to A Bell and P Hutchison, trustees of Entrust (Vector Limited's majority shareholder), totalling $259,000 in respect of their roles as directors on the Vector Limited board.

Subsidiaries and associates

A list of each of the Company's subsidiaries and associates is contained on pages 79 to 81.

Directors

The following directors of Vector Limited and current group companies held office as at 30 June 2024 or resigned (R) as a director during the year ended 30 June 2024. Directors marked (A) were appointed during the year.

PARENT	DIRECTORS
Vector Limited	A Bell, A Carter (R), B Hassall (A), P Hutchison, J Mason (R), D McKay, P Rebstock, B Turner, A Urlwin

All of the above directors in office as at 30 June 2024 are independent directors, except for A Bell and P Hutchison who are trustees of Entrust (Vector Limited's majority shareholder).

SUBSIDIARIES	DIRECTORS
Cristal Air International Limited	J Hollingworth, S Mackenzie
E-Co Products Group Limited	J Hollingworth, S Mackenzie
Liquigas Limited	B Behdin, E Bilitzki, S Bridge, P Goodeve (R), N Hannan, G O'Brien, R Sharp, P Thorley, M Trigg
On Gas Limited	J Hollingworth, S Mackenzie
Powersmart NZ Limited	J Hollingworth, S Mackenzie
Vector Advanced Metering Assets (Australia) Limited	J Hollingworth, S Mackenzie
Vector Auckland Property Limited	J Hollingworth, S Mackenzie
Vector Communications Limited	J Hollingworth, S Mackenzie
Vector Energy Solutions (Australia) Pty Limited	J Hollingworth, S Mackenzie, J Sheridan
Vector Energy Solutions Limited	J Hollingworth, S Mackenzie
Vector ESPS Trustee Limited	J Hollingworth, S Mackenzie
Vector Gas Trading Limited	J Hollingworth, S Mackenzie
Vector Investment Holdings Limited	J Hollingworth, S Mackenzie
Vector MeterCo Limited	J Hollingworth, S Mackenzie (A)
Vector Northern Property Limited	J Hollingworth, S Mackenzie
Vector Technology Solutions Limited	J Hollingworth, S Mackenzie
VPS Pacific Limited	J Hollingworth, S Mackenzie

ASSOCIATES	DIRECTORS
Bluecurrent Holdings NZ Limited	M Angelini (A), S Clarke, S Farrier (A), A Hill (A), S Mackenzie, P Mulholland, P Rebstock, M Tume (A)
Bluecurrent Holdings (Australia) Pty Limited	A Andriopoulos (A), M Angelini (A), S Clarke, S Farrier (A), A Hill (A), S Mackenzie, P Mulholland, P Rebstock, M Tume (A)

Directors' remuneration and value of other benefits received from Vector Limited for the year ended 30 June 2024 is included in the remuneration report on page 42. Directors' remuneration and value of other benefits received from current group companies for the year ended 30 June 2024:

Directors of subsidiaries	PAID BY PARENT $	PAID BY SUBSIDIARIES $
B Behdin	–	5,000*
E Bilitzki	–	5,000*
S Bridge	–	5,000
P Goodeve	–	4,375
N Hannan	–	5,000
G O'Brien	–	5,000
R Sharp	–	5,000*
P Thorley	–	5,000*
M Trigg	–	55,000
	–	94,375

* Directors' fees relating to any Vector Limited employee are paid to the company. Note that S Bridge, P Goodeve, N Hannan, G O'Brien and M Trigg are not Vector employees.

Directors of Vector Limited

Entries in the interests register of Vector Limited as at 30 June 2024 that are not set out elsewhere in this annual report:

DIRECTOR	ENTITY	POSITION
A Bell	Entrust	Trustee
B Hassall	Fonterra Co-operative Group Limited	Director
	Kristiansund Investment Trust	Trustee and shareholder
	Prolife Group Holdings Limited	Chair
	RPF Investments Limited	Shareholder
	The Farmers' Trading Company Limited	Chair
P Hutchison	Beenz Limited	Director
	Beenz (USA) Limited	Shareholder
	Entrust	Trustee
	Franklin Medical Properties Limited	Director
	Geneva Finance Limited	Shareholder
	Helena Bay Honey New Zealand Limited	Director & shareholder
	Helena Bay Honey NZ Partnership Limited	Director
	Helena Health New Zealand Limited	Director
	Paul Charles Investments Limited	Director & shareholder
	PPB Properties Limited	Director
	Pukekohe Cinemas Limited	Director
	South Pacific Star Cinemas Investments Limited	Director
D McKay	Contact Energy Limited	Shareholder
	IAG New Zealand Limited	Director
	IAG (NZ) Holdings Limited	Director
	National Australia Bank Limited	Director and shareholder
	Wymac Consulting Limited	Director and shareholder

Directors *continued*

Directors of Vector Limited *continued*

DIRECTOR	ENTITY	POSITION
P Rebstock	AIA New Zealand Limited	Deputy Chair
	Arc Innovations Limited	Director
	Auckland One Rail Limited	Director
	Bluecurrent (Australia) Pty Limited	Director
	Bluecurrent Assets (Australia) Pty Limited	Director
	Bluecurrent Assets NZ Limited	Director
	Bluecurrent Holdings (Australia) Pty Limited	Director
	Bluecurrent Holdings NZ Limited	Director
	Bluecurrent No.2 (Australia) Pty Limited	Director
	Bluecurrent No.2 NZ Limited	Director
	Bluecurrent No.3 (Australia) Pty Limited	Director
	Bluecurrent No.3 NZ Limited	Director
	Bluecurrent NZ Limited	Director
	Bluecurrent Services NZ Limited	Director
	Freightlink Limited	Director
	National Hauora Coalition Limited	Chair
	Ngāti Whātua Ōrākei Whai Maia Limited	Chair
	NZ Healthcare Investments Limited	Chair
	NZX Limited	Deputy Chair
	On Being Bold Limited	Director and shareholder
	Sealink New Zealand Limited	Director
	Sealink Pine Harbour Limited	Director
	Sealink Travel Group New Zealand Limited	Director
B Turner	Commodity Insights Digest (Bayes Business School, UK)	Editorial Board Member
	Fonterra Co-Operative Group Limited	Senior Advisor
	Fonterra Commodities Limited	Director
	GlobalDairyTrade Holdings Limited	Director
	The Arapaho Springs Trust	Trustee
	The Arapaho Springs Investment Trust	Trustee
A Urlwin	City Rail Link Limited	Director
	Clifton Creek Limited	Director and shareholder
	Infratil Limited	Director
	Precinct Properties New Zealand Limited	Chair
	Urlwin Associates Limited	Director and shareholder
	Ventia Services Group Limited	Director

The entities listed above against each director may transact with Vector Limited and its subsidiaries in the normal course of business. Auckland based directors (A Bell, B Hassall, P Hutchison, D McKay, P Rebstock, and B Turner) are Vector Limited residential electricity customers.

Directors of subsidiaries

There are no entries in the interests register of subsidiaries up to 30 June 2024 that are not set out elsewhere in this annual report.

Employees

The number of current employees of the company and the group receiving remuneration and benefits above $100,000 in the year ended 30 June 2024 are set out in the in the remuneration report on page 40.

The number of former employees of the company and the group receiving remuneration and benefits above $100,000 in the year ended 30 June 2024 are set out in the in the remuneration report on page 41.

No employee of the group appointed as a director of a subsidiary or associate company receives or retains any remuneration or benefits as a director. The remuneration and benefits of such employees, received as employees, are included in the relevant bandings disclosed in the remuneration report on pages 40 and 41, where the annual remuneration and benefits exceed $100,000.

Bondholder statistics

NZDX debt securities distribution as at 30 June 2024:

6.23% Capital bonds

RANGE	NUMBER OF BONDHOLDERS	PERCENTAGE OF BONDHOLDERS	NUMBER OF SECURITIES HELD	PERCENTAGE OF SECURITIES HELD
5,000 – 9,999	468	15.60%	2,532,000	0.82%
10,000 – 49,999	1,875	62.50%	38,972,000	12.69%
50,000 – 99,999	424	14.13%	24,370,000	7.93%
100,000 – 499,999	207	6.90%	33,207,000	10.81%
500,000 – 999,999	8	0.27%	4,583,000	1.49%
1,000,000 plus	18	0.60%	203,541,000	66.26%
	3,000	100.00%	307,205,000	100.00%

The following current directors of the parent are holders (either beneficially or non-beneficially) of Vector Limited 6.23% capital bonds as at 30 June 2024:

DIRECTOR	NUMBER OF BONDS
A Urlwin (as a shareholder of Clifton Creek Limited)	33,000

Bondholder statistics *continued*

Twenty largest registered 6.23% capital bond holders as at 30 June 2024:

BOND HOLDER	BONDS HELD	PERCENTAGE OF BONDS HELD
Custodial Services Limited <A/C 4>	69,115,000	22.50%
Forsyth Barr Custodians Limited <1-CUSTODY>	47,302,000	15.40%
JBWere (NZ) Nominees Limited <NZ RESIDENT A/C>	22,714,000	7.39%
FNZ Custodians Limited	20,373,000	6.63%
Investment Custodial Services Limited <A/C C>	8,493,000	2.76%
Masfen Securities Limited	5,980,000	1.95%
HSBC Nominees (NEW ZEALAND) Limited - NZCSD <HKBN90>	5,968,000	1.94%
CML Shares limited	4,200,000	1.37%
Forsyth Barr Custodians Limited <ACCOUNT 1 E>	3,796,000	1.24%
Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	3,019,000	0.98%
Francis Horton Tuck & Catherine Ann Tuck <PUKETIHI A/C>	2,300,000	0.75%
Best Farm Limited	2,000,000	0.65%
Fletcher Building Educational Fund Limited	2,000,000	0.65%
Woolf Fisher Trust Incorporated	1,500,000	0.49%
Public Trust Class 10 Nominees Limited - NZCSD	1,445,000	0.47%
KPS Society Limited	1,200,000	0.39%
FNZ Custodians Limited <DRP NZ A/C>	1,079,000	0.35%
FNZ Custodians Limited <DTA NON RESIDENT A/C>	1,057,000	0.34%
JBWere (NZ) Nominees Limited <NR USA A/C>	800,000	0.26%
Sterling Holdings Limited	720,000	0.23%
	205,061,000	66.74%

3.45% Senior retail bonds

RANGE	NUMBER OF BONDHOLDERS	PERCENTAGE OF BONDHOLDERS	NUMBER OF SECURITIES HELD	PERCENTAGE OF SECURITIES HELD
5,000 – 9,999	83	14.07%	502,000	0.20%
10,000 – 49,999	386	65.42%	7,528,000	3.01%
50,000 – 99,999	46	7.80%	2,978,000	1.19%
100,000 – 499,999	49	8.30%	9,602,000	3.84%
500,000 – 999,999	5	0.85%	3,529,000	1.41%
1,000,000 plus	21	3.56%	225,861,000	90.35%
	590	100.00%	250,000,000	100.00%

The following current directors of the parent are holders (either beneficially or non-beneficially) of Vector Limited 3.45% senior retail bonds as at 30 June 2024:

Director	Number of bonds
A Urlwin (as a shareholder of Clifton Creek Limited)	15,000

Bondholder statistics *continued*

Twenty largest registered 3.45% senior retail bond holders as at 30 June 2024:

BOND HOLDER	BONDS HELD	PERCENTAGE OF BONDS HELD
Custodial Services Limited <A/C 4>	80,784,000	32.31%
FNZ Custodians Limited	33,466,000	13.39%
Forsyth Barr Custodians Limited <1-Custody>	29,477,000	11.79%
HSBC Nominees (New Zealand) Limited O/A Euroclear Bank -NZCSD <HKBN95>	19,990,000	8.00%
Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	9,380,000	3.75%
Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	8,098,000	3.24%
HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	7,450,000	2.98%
Adminis Custodial Nominees Limited	6,030,000	2.41%
JBWere (NZ) Nominees Limited <NZ RESIDENT A/C>	5,322,000	2.13%
BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	5,198,000	2.08%
Accident Compensation Corporation - NZCSD <ACCI40>	3,807,000	1.52%
Investment Custodial Services Limited <A/C C>	2,687,000	1.07%
NZX WT Nominees Limited <Cash Account>	2,295,000	0.92%
FNZ Custodians Limited <DTA NON RESIDENT A/C>	2,271,000	0.91%
Forsyth Barr Custodians Limited <ACCOUNT 1 E>	1,924,000	0.77%
JBWere (NZ) Nominees Limited <NR USA A/C>	1,633,000	0.65%
Croxen Investments Limited	1,600,000	0.64%
FNZ Custodians Limited <DRP NZ A/C>	1,223,000	0.49%
Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	1,126,000	0.45%
JPMorgan Chase Bank NA NZ Branch-Segregated Clients ACCT - NZCSD <CHAM24>	1,100,000	0.44%
	224,861,000	89.94%

3.69% Senior retail bonds

RANGE	NUMBER OF BONDHOLDERS	PERCENTAGE OF BONDHOLDERS	NUMBER OF SECURITIES HELD	PERCENTAGE OF SECURITIES HELD
5,000 – 9,999	32	6.26%	178,000	0.08%
10,000 – 49,999	324	63.40%	7,309,000	3.25%
50,000 – 99,999	73	14.29%	4,175,000	1.86%
100,000 – 499,999	49	9.59%	8,141,000	3.62%
500,000 – 999,999	14	2.74%	9,262,000	4.11%
1,000,000 plus	19	3.72%	195,935,000	87.08%
	511	100.00%	225,000,000	100.00%

Bondholder statistics *continued*

Twenty largest registered 3.69% senior retail bond holders as at 30 June 2024:

BOND HOLDER	BONDS HELD	PERCENTAGE OF BONDS HELD
Custodial Services Limited <A/C 4>	73,052,000	32.47%
HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	24,103,000	10.71%
FNZ Custodians Limited	23,963,000	10.65%
Forsyth Barr Custodians Limited <1-CUSTODY>	23,158,000	10.29%
JBWere (NZ) Nominees Limited <NZ RESIDENT A/C>	18,743,000	8.33%
Forsyth Barr Custodians Limited <ACCOUNT 1 E>	4,885,000	2.17%
ANZ Wholesale NZ Fixed Interest Fund - NZCSD	4,332,000	1.93%
Investment Custodial Services Limited <A/C C>	4,136,000	1.84%
FNZ Custodians Limited <DTA NON RESIDENT A/C>	2,848,000	1.27%
Mint Nominees Limited - NZCSD <NZP440>	2,824,000	1.26%
CITIBANK Nominees (New Zealand) Limited - NZCSD <CNOM90>	2,302,000	1.02%
Dunedin City Council	2,000,000	0.89%
JBWere (NZ) Nominees Limited <A/C 31933>	2,000,000	0.89%
Pin Twenty Limited <KINTYRE A/C>	1,875,000	0.83%
Forsyth Barr Custodians Limited <ACCOUNT 1 NRL>	1,276,000	0.57%
BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	1,227,000	0.55%
Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	1,204,000	0.54%
NZX WT Nominees Limited <CASH ACCOUNT>	1,007,000	0.45%
Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	1,000,000	0.44%
Custodial Services Limited <A/C 6>	950,000	0.42%
	196,885,000	87.52%

Shareholder statistics

Twenty largest registered shareholders as at 30 June 2024:

SHAREHOLDER	ORDINARY SHARES HELD	PERCENTAGE OF ORDINARY SHARES HELD
Entrust	751,000,000	75.10%
Custodial Services Limited <A/C 4>	39,520,162	3.95%
ANZ Wholesale Australasian Share Fund - NZCSD <PNAS90>	12,150,914	1.22%
HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90>	11,732,362	1.17%
Generate KiwiSaver Public Trust Nominees Limited <NZCSD> <NZPT44>	11,084,608	1.11%
Accident Compensation Corporation - NZCSD <ACCI40>	10,402,752	1.04%
BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	10,363,275	1.04%
FNZ Custodians Limited	8,319,281	0.83%
CITIBANK Nominees (New Zealand) Limited - NZCSD <CNOM90>	7,383,621	0.74%
Forsyth Barr Custodians Limited <1-CUSTODY>	6,533,436	0.65%
JPMorgan Chase Bank NA NZ Branch-Segregated Clients ACCT - NZCSD <CHAM24>	6,317,018	0.63%
New Zealand Depository Nominee Limited <A/C 1 CASH ACCOUNT>	4,910,062	0.49%
JBWere (NZ) Nominees Limited <NZ RESIDENT A/C>	4,875,828	0.49%
Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	4,729,910	0.47%
HSBC Nominees (New Zealand) Limited A/C State Street -NZCSD <HKBN45>	4,242,599	0.42%
Simplicity Nominees Limited - NZCSD	2,941,154	0.29%
ANZ Custodial Services New Zealand Limited - NZCSD <PBNK90>	1,985,905	0.20%
PT (Booster Investments) Nominees Limited	1,335,764	0.13%
FNZ Custodians Limited <DTA NON RESIDENT A/C>	1,311,579	0.13%
ANZ Wholesale NZ Share Fund - NZCSD <PNSF90>	1,063,281	0.11%
	902,203,511	90.21%

Substantial product holders as at 30 June 2024:

SHAREHOLDER	NUMBER OF RELEVANT INTEREST VOTING PRODUCTS HELD	PERCENTAGE OF VOTING PRODUCTS HELD
Entrust	751,000,000	75.10%

Alastair Bell, William Cairns, Paul Hutchison, and Denise Lee are the registered holders of the shares held by Entrust.

Shareholder statistics *continued*

As at 30 June 2024, voting products issued by Vector Limited totalled 1,000,000,000 ordinary shares.

Ordinary shares distribution as at 30 June 2024:

RANGE	NUMBER OF SHAREHOLDERS	PERCENTAGE OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF SHARES HELD
1 – 499	5,930	22.35%	1,829,517	0.18%
500 – 999	2,962	11.17%	2,293,017	0.23%
1,000 – 4,999	13,401	50.52%	23,929,565	2.39%
5,000 – 9,999	2,097	7.90%	13,977,366	1.40%
10,000 – 49,999	1,928	7.27%	34,373,877	3.44%
50,000 – 99,999	126	0.47%	7,971,578	0.80%
100,000 plus	84	0.32%	915,625,080	91.56%
	26,528	100.00%	1,000,000,000	100.00%

Analysis of shareholders as at 30 June 2024:

SHAREHOLDER TYPE	NUMBER OF SHAREHOLDERS	PERCENTAGE OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF SHARES HELD
Entrust	1	0.00%	751,000,000	75.10%
Companies	845	3.19%	12,437,187	1.24%
Individual Holders	15,220	57.37%	47,363,184	4.74%
Joint	7,319	27.59%	31,697,187	3.17%
Nominee Companies	218	0.82%	153,383,496	15.34%
Other	2,925	11.03%	4,118,946	0.41%
	26,528	100.00%	1,000,000,000	100.00%

Director shareholders

Alastair Bell, William Cairns, Paul Hutchison, and Denise Lee are the registered holders of the 751,000,000 ordinary shares held by Entrust. Alastair Bell and Paul Hutchison are directors of Vector Limited.

The following disclosures are made pursuant to section 148 of the Companies Act 1993, in relation to dealings during the year ended 30 June 2024 by directors of Vector Limited in the ordinary shares of Vector Limited:

There were no acquisitions or disposals of relevant interests.

Financial calendar

2024	
Final dividend paid	16 September
Annual meeting	26 September

2025	
First quarter operating statistics	October
Second quarter operating statistics	January
Half year result and interim report	February
Interim dividend*	April
Third quarter operating statistics	April
Fourth quarter operating statistics	July
Full year result and annual report	August
Final dividend*	September

* Dividends are subject to Board determination.

Investor information

Ordinary shares in Vector Limited are listed and quoted on the New Zealand Stock Market (NZSX) under the company code VCT. Vector also has capital bonds and unsubordinated fixed rate bonds listed and quoted on the New Zealand Debt Market (NZDX). Current information about Vector's trading performance for its shares and bonds can be obtained on the NZX website at **www.nzx.com**. Further information about Vector is available on our website **www.vector.co.nz**.

Directory

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New Zealand

Investor enquiries

Telephone 64-9-978 7735
Email: investor@vector.co.nz

This annual report is dated
26 August 2024 and signed
on behalf of the Board by:

Doug McKay
Chair

Anne Urlwin
Chair, audit committee