

Annual Report

2025



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Principal Bankers

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Auditor

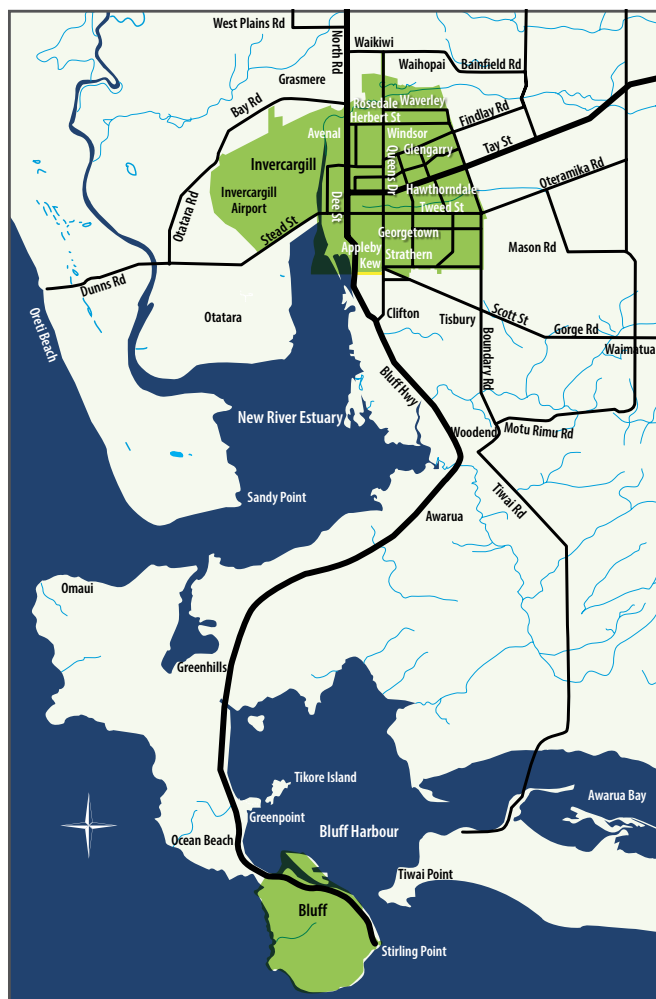
Elizabeth Adriana (Adri) Smit, PricewaterhouseCoopers,
Christchurch on behalf of the Office of the Auditor-General

Solicitors

Buddle Findlay, Christchurch
AWS Legal, Invercargill

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Electricity Invercargill Limited Network Area



Chair's Report



Stephen Lewis | Chair

It is with pleasure that I present the 2024-25 Annual Report for Electricity Invercargill Limited.

This report discloses the culmination of a number of years of work by Electricity Invercargill Limited and its investment partners to simplify the business of Electricity Invercargill Limited. I am pleased to be able to say that Electricity Invercargill Limited was able to achieve this significant transition while retaining its relationship with all parties involved. In particular I look forward to the ongoing work with PowerNet as our key network management service provider to continue to build on the quality of assets and service that Electricity Invercargill Limited has provided in the past into the future.

Electricity Invercargill Limited joined with its partner to sell its interest in the Southern Generation Limited Partnership (held through its interest in Roaring Forties Energy Limited) in May of 2024. This was the first of two major transactions to occur in that year. As a result of that transaction Electricity Invercargill Limited was able to significantly reduce its debt and concentrate its focus on electricity lines companies.

In April 2024 Electricity Invercargill Limited received an offer from The Power Company Limited to purchase its interest in OtagoNet Joint Venture and Lakeland Network Limited. With the support of its shareholder Electricity Invercargill Limited also made the considered decision to sell its share in PowerNet Limited, the entity contracted to manage its network. This transaction was completed in November of 2024 and resulted in the payment of a dividend.

While completing these transactions Electricity Invercargill Limited remained focussed on its core function of managing the Invercargill and Bluff network. I am pleased to record as set out elsewhere in this report the high levels of services that were able to be achieved during this significant period of change.

I thank my other continuing directors for their work during this period and the support provided by our other stakeholders. I would like to make special mention of Rob Jamieson (retired May 2024) and Emma Ihaia (retired June 2024), for their contributions during their time on the board including Rob's time serving as chair.

I would also like to thank Simon Young for his service as interim chair from June to September before my appointment in October 2024.

A handwritten signature in dark ink, appearing to read 'S Lewis', written in a fluid, cursive style.

Stephen Lewis
Chair

About Electricity Invercargill Limited

Electricity Invercargill Limited (EIL) is keeping more than 17,700 homes throughout Invercargill City and Bluff connected to safe, efficient, and reliable electricity.

Our Network

Formed in 1991, EIL is fully owned by the Invercargill City Council through its subsidiary company, Invercargill City Holdings Limited (ICHL). Our network has delivered power to Invercargill since 1905 (formerly as the Invercargill Municipal Electricity Department).

Our commitment to improving the quality of our assets through an ongoing renewals and maintenance programme has enabled the continued growth and development of our region. This has been complemented by an innovative approach to network management to ensure our region's electricity infrastructure is future-ready as the energy sector throughout Aotearoa New Zealand continues to evolve.

EIL remains one of the best-performing networks in New Zealand according to the Commerce Commission's key indicators of reliability and efficiency. With 90% of our connected customers being residential, the decision to underground the majority of EIL's network over a 50-year period from the 1960s has resulted in EIL now being recognised as one of the country's most reliable networks.

17,751 

connected customers

665km 

network length

450 

distribution transformers

Network Ownership and Management Structure

An enduring dedication to the future of our region has remained central to the decision-making of EIL's owner, ICHL.

This resulted in the decision to sell EIL's interest in Southern Generation Limited Partnership to Pioneer Energy Limited in June 2024. EIL also decided to sell its shares in OtagoNet, Lakeland Network Limited and PowerNet Limited to the Power Company Limited in November 2024. This has allowed EIL to focus on the core electricity infrastructure servicing Invercargill and Bluff.

With a Regulatory Value of \$106 million in network assets, EIL will continue to contract PowerNet to manage, operate, upgrade, construct and maintain our network and metering assets as part of EIL's long-term network management agreement. This means PowerNet will continue to be responsible for managing EIL's asset base.

PowerNet charges electricity retailers for line and metering services, pays transmission costs, and passes the gross revenue and expenses through to EIL. This revenue provides a return on investment to EIL and recovers our overheads, depreciation, and operating costs. PowerNet's costs are recovered through a charging regime on capital and maintenance work and a fee for management services. Other revenue for EIL is derived from capital contributions made by customers to connect to the network.

EIL Statistics as at 31 March 2025	
Total Connected Customers	17,751
Residential	15,641
Industrial	144
Commercial	1,966
Network Length	665km
Customer Density	26.6 customers/km
Number of Distribution Transformers	450
Distribution Transformer Density	238 kVA/km
Maximum Demand - System	66MW
Total Energy Delivered - Transpower	269GWh
Regulatory Value	\$106 million



The Year in Review

During 2024-25, we continued work on key projects to maintain and future-proof the network to deliver long-term value for our shareholder ICHL, and, ultimately for our communities throughout Invercargill and Bluff. A total of \$7.3 million was invested in capital projects, and \$2.4 million was spent on maintenance during the reporting period.

Operational Performance

Asset Replacement Programmes

Work continued to proactively identify and replace 11kV cables on our network as they reach their economic end-of-life (rather than continue to repair them in future). We also continued to replace pillar boxes across the network that have deteriorated with age, been damaged, or are unfit for service or unsafe. Meanwhile, the programme to replace distribution transformers and ring main units reaching their end-of-life also continued, along with a focus on strengthening distribution substations across the network.

Customer Connections and Subdivisions

Connection activity has increased in recent years and is expected to continue due to the Invercargill Central city redevelopment and other known customer-initiated works. Capital expenditure has therefore been increased to provide the required supporting electrical infrastructure.

Cable Fault Indicators

The 10-year programme to install cable fault indicators across our 11kV network continued. The indicators are used to detect short circuits and earth faults when a cable fault occurs. This allows our network manager, PowerNet, to efficiently locate and isolate the fault area to restore power to unaffected areas, reducing the outage time.

Network Automation

PowerNet remained focused on implementing a range of automation initiatives across the network, including installing additional remote-controlled switching points and advanced automation technologies. These enhancements not only extend the lifespan of our cable network but, when combined with the extensive undergrounding programme and other capital investments, position EIL as a relatively modern and resilient network.

Electricity Invercargill Ltd Projects

Project	Approximate Expenditure
Asset replacement programmes	\$4,181,000
Customer connections and subdivisions	\$784,000
Cable fault indicators	\$189,500
Network automation	\$84,800

The Year in Review *continued*

Network Performance

Two reliability measures are commonly used by Electricity Distribution Businesses (EDBs). They are SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index). SAIDI is a measure of the average duration of power interruptions for each customer served and is measured in outage minutes per customer. SAIFI measures the average number of interruptions a customer experiences over a year, measured in units of interruptions per customer.

SAIDI results for planned and unplanned outages are assessed against an overall regulatory limit and a revenue incentive target. Annual results that remain within the incentive target allow additional revenue to be available to the EDB based on improved customer service.

Planned outage results have annual limits and targets but are ultimately assessed against a cumulative limit set for the full regulatory period – in this case, 2020-2025. The cumulative result is a combination of the assessed results over the full five-year regulatory period.

To minimise the disruption to customers from planned work, PowerNet's target is to send outage notifications to retailers at least 20 working days in advance. This allows retailers time to notify affected customers as early as possible. Detailed outage information and updates can be found on PowerNet's website, which displays the location of planned interruptions on a map with key information to assist customers in identifying and understanding the impact of planned work. The early and correct notification of planned power interruptions is incentivised by a reduction in the assessed SAIDI.

Unplanned interruptions are subject to an assessment that limits the impact of unpredictable major events, such as severe weather events, being mistaken for signs of asset deterioration. All significant events and outages on EIL are investigated to identify failure modes, mechanisms and causes. Once identified, improvement plans are implemented.

	Actual	Limit		Incentive Target		Cumulative Actual	Cumulative Limit	
EIL SAIDI Planned	15.73	22.90	●	7.63	●	73.73	114.49	●
EIL SAIFI Planned	0.092	0.104	●			0.447	0.518	●
EIL SAIDI Unplanned	20.98	25.86	●	15.39	●			
EIL SAIFI Unplanned	0.345	0.696	●					

Assessed SAIDI and SAIFI for all EIL Planned and Unplanned interruptions were within the annual and five-year limits.

EIL however, exceeded the Planned and Unplanned SAIDI Incentive Targets, resulting in a revenue penalty.





Asset inspection on Wilton Street, Invercargill.

The Year in Review *continued*

Regulatory Environment

EIL is a non-exempt electricity distribution business, which means we are regulated under the electricity industry's regulatory framework. This regulation exists as we have a natural monopoly over the distribution of power to homes and businesses in our area.

Regulations ensure that EIL's assets that supply power are invested appropriately, are priced affordably and shared across different users and generations, and that shareholders can take appropriate risks for the resources needed.

EIL, through its management agreement with PowerNet, delivers services within the scope of relevant regulations. We do this in the most efficient and cost-effective way we can. As Aotearoa New Zealand decarbonises, EIL, as a distributor of electricity, will play an important part in making sure our communities have services and assets that can withstand the impacts of climate change and meet the changing needs of new technologies, such as electric vehicles, and electrification in commercial businesses.

We use electricity every day for heating, cooking, transport, and business. It is fundamental to our health and wellbeing. EIL is committed to achieving the transition to a safe, efficient and reliable electrified New Zealand.

Financial Performance

The Net Surplus After Taxation of \$37.6 million was primarily driven by one-off gains, including a \$13.4 million gain on sale of investment in joint venture and a \$21.5 million gain on the sale of subsidiary. These gains were recognised within profit from discontinued operations.

The Net Surplus Before Taxation From Continuing Operations was \$3.05 million, reflecting an improvement compared to the prior year. This result was driven by an increase in line charge revenue along with the lower finance costs resulting from loan repayments made during the year.

The overall performance of the Group against 2025 financial targets was significantly influenced by the sale of the subsidiary, which was not included in the original business plans.

Financial Measures	Year Ended 31 March 2025 \$'000	Year Ended 31 March 2024 \$'000
Net surplus before taxation from continuing operations	3,052	1,212
Taxation expense	(832)	(1,404)
Net surplus after taxation from continuing operations	2,220	(192)
Profit after taxation from discontinued operations	35,368	4,223
Net surplus after taxation	37,588	4,031



Asset Management Plan

EIL's Asset Management Plan (AMP) outlines how network assets will be managed and developed to provide a safe, efficient, and reliable electricity supply and service to the Invercargill City and Bluff communities over the next 10 years.

Our AMP sets out planned capital and maintenance expenditure on the network from 2025-2035. It identifies how we will support growth on the EIL network by working with customers and developers to understand their plans and ensure these are included in our AMP.

Therefore, over the next decade, we have outlined a programme of work in our AMP to mature our asset management capability, support customer growth, and improve our service provision for customers.

Our 2025-2035 AMP includes details on how we will:

- Enable growth in our region through supporting major developments.
- Meet customer requests for new connections.
- Improve safety at zone substations and distribution networks – such as the switchboard replacement at Racecourse Road Zone substation and the Leven Street switchboard replacement.
- Upgrade network assets across the region as required to maintain voltage quality.
- Renew assets (at their end-of-life) and extend the life of assets with planned maintenance.
- Enhance the efficiency and reliability of our network by replacing high-defect and high-loss assets, and upgrading overloaded distribution transformers with appropriately sized units to meet current and future demand.
- Extend remote monitoring and control to distribution devices.
- Carry out routine inspections, testing and maintenance across all assets.
- Ensure safety and environmental compliance and carry out related projects.

In 2025-26, capital expenditure is planned to be \$7.3 million and is forecast to be \$5.8 - \$12.3 million per year over the next 10 years.

The EIL AMP can be viewed at: [EIL Asset management plan – PowerNet](#)

Our Community

Contributing to our region and participating in our community remains an integral part of EIL's business ethos. In 2024-25 we were proud to provide continued support to organisations that play a significant role in enhancing and protecting the wellbeing of our region.

Together with the Southland Warm Homes Trust

EIL continued to support PowerNet's administration services to the Southland Warm Homes Trust (SWHT) with our annual contribution. This contribution is now \$150,000 following an increase in homeowner uptake of the Warmer Kiwi Homes programme.

The SWHT, in conjunction with the Energy Efficiency and Conservation Authority (EECA), has completed over 10,000 insulation and heating retrofits in Southland and West Otago since 2008.

The subsidised insulation and heating programme, Warmer Kiwi Homes, targets homeowners on low incomes or those who live in low socio-economic areas. The programme's success in recent years resulted in the Government committing funding in May 2023 to extend it to June 2027. This funding is administered by EECA through local service providers that meet installation and health and safety standards.

Under the Warmer Kiwi Homes programme, eligible homeowners can have up to 95% of their ceiling and underfloor insulation costs or a new efficient heating unit (heat pump or wood/pellet burner) funded by EECA. This includes the SWHT contributing 5-15% of the subsidy from community funding. To be eligible, homes must have been built prior to 2008, the homeowner (owner-occupier) must have a community services card, or the homeowner must live in an area identified as low-income.

In addition to the EECA/SWHT programme, SWHT and Awarua Synergy offer other subsidies of up to \$2,000 to install insulation or an efficient heating unit for households with high health needs or experiencing financial hardship.

Together with Hato Hone St John

We continued to support Hato Hone St John during 2024-25. Spanning over a decade, this sponsorship, managed through PowerNet, provided our community with adult mental health first aid training, the Whātua te Wairoa | Weaving Wellbeing programme for year 7-8 students, and the St John in Schools programme for year 5-6 students.





A new transformer installation
at Wood Street, Invercargill.

Corporate Governance Statement

This statement provides an overview of the Company's main corporate governance policies, practices and processes adopted or followed by the Board.

Role of the Board of Directors

As at 31 March 2025, The Electricity Invercargill Ltd (EIL) Board was comprised of five non-executive Directors (the "Board") who are appointed by Invercargill City Holdings Ltd, a subsidiary of Invercargill City Council.

The Board is responsible for direction and governance, establishing and monitoring the strategic direction of the Company, with day-to-day management contracted to PowerNet Limited. During the 2024/25 financial year the Group consisted of EIL, its subsidiaries, associates, and joint ventures. As at 31 March 2025 EIL had disposed of its interest in its subsidiaries, associates, and joint ventures.

The Board's responsibilities include the approval of the Group's overall objectives, overseeing financial and operational performance and ensuring adequate systems for the identification and management of risk. The Board acts within the Company's constitution and is committed to best practice governance, including partaking in ongoing professional development. New Directors undergo an induction process to assist with onboarding.

The Board meets regularly during the financial year, with additional full meetings as required.

Legislative Compliance

Legislative compliance is monitored through the ComplyWatch and ComplyWith tools, which are reviewed regularly and reported on quarterly.

Risk Management

EIL acknowledges the critical importance of Risk Management within the business and aligns this with its network management service provider PowerNet's vision of Safe, Efficient and Reliable Power to Communities.

The board oversees and reviews the Group's overall risk context and risk management. This includes providing our community with an understanding of how climate risks and opportunities might impact our business through our climate change management and Risk reporting. EIL insures for potential liability and non-liability loss exposures, in line with good industry practice, however it is not practicable or cost-effective to insure for all potential loss exposures. EIL's liability insurance policies also cover directors and officers, within the limits and requirements of the Companies Act 1993 and the Company's constitution.

EIL has a risk management policy and framework incorporating the ISO 31000:2009 risk management processes. Risk management programmes are in place to ensure that risks are identified and mitigated, where possible, and that risk is considered when internal policies and procedures are drafted.

EIL's network management service provider PowerNet has achieved the following certifications:

- Telarc – Integrated Systems Certificate - ISO 9001, ISO 14001, ISO 45001
- Telarc – Asset Management – ISO 55001
- Telarc - Public Safety – NZS 7901

The Board has overall responsibility for the Company's systems of operational and financial control.

The Board monitors the operational and financial aspects of the Company's activities, and the Board considers the recommendations and advice of external auditors and other external advisors on the operational and financial risks that face the Company.

The Board ensures that recommendations made by the external and other external advisers are investigated and appropriate action is taken to ensure that the Company has an adequate control environment in place to manage the key risks identified.

Corporate Governance Statement *continued*

Statement of Intent

In accordance with Section 36 of the Energy Companies Act 1992, the board submits a draft Statement of Intent (SOI) to the Company's shareholders in November each year. After considering comments from the shareholders, the board approves the final SOI and a copy is placed on the Company's website by the end of April each year.

Health, Safety and Environment Management

The Board has a strong commitment to ensuring contractors, joint venture entities, PowerNet employees and the public remain safe and well. The Board monitors the health, safety and environment aspects of the Group's activities, including through various Health, Safety and Environment Committees of joint venture entities.

Regular reports to the Board provide information on accidents, near misses and incidents, together with monthly data on health and safety performance.

Risks are further identified through regular monitoring using internal and external audits, reporting of accidents and near misses and formal risk reviews.

External Auditor

The effectiveness, performance and independence of the external auditor is reviewed annually by the Board. The Company's external auditor is the Office of the Auditor-General. The Auditor General has appointed Elizabeth Adriana (Adri) Smit at PricewaterhouseCoopers (PwC). Adri Smit has been the Audit Partner since 2021.

The Board has determined that there are no matters that have affected the auditor's independence. PwC provide the Board with the required independence declaration for the financial year ended 31 March 2025.

Refer to Note 4 of the Financial Statements for Auditor remuneration.

Internal Audit

The PowerNet internal audit functions provide independent and objective assurance on the effectiveness of governance, risk management and internal controls across all business operations.

For external expertise, the Company works closely with Deloitte on outcomes of the internal audit programme to the extent that they are relevant to the financial statements.

Regular internal monitoring and review of controls and processes is also undertaken.



Directors' Profiles



Stephen Lewis (Chair) *CMInstD, CEng, FIET, MIAM*

Stephen is the chair of the Electricity Invercargill Limited board. He is a company director and business consultant with extensive experience in the electricity supply industry. Stephen is also on the Aurora Energy Limited, Alpine Energy Limited and MainPower NZ Limited boards.

Stephen is a chartered fellow of the Institute of Directors and a fellow of the Institution of Engineering and Technology.

Stephen has held governance positions in New Zealand's electricity supply industry for over 15 years, and also for a wide range of not-for-profit organisations, including the arts sector. His previous experience has included executive directorships, senior executive roles, and senior operation and strategic planning roles in the electricity supply industry in the United Kingdom, the United States of America, Australia, and South America.



Amanda Singleton

Amanda Singleton is a strategic transformational leader with extensive experience in the energy and utilities sectors. She is a Board Member of the Water Services Authority of New Zealand and brings significant expertise in governance, operational leadership, and customer-centric strategy development.

Amanda's energy sector experience includes roles as Group Manager of Genesis Energy's retail brand, where she was responsible for a \$1.2 billion P&L and successfully improved customer retention and brand performance. She co-founded energyclubnz, securing 50% investment capital for a new energy retail company in New Zealand's competitive market.

Her utility experience includes serving as Chief Customer Officer at Watercare Services Limited, where she led significant improvements in customer satisfaction and trust metrics while navigating challenging infrastructure and environmental circumstances. She has a strong track record in strategic stakeholder management and organisational transformation.

Amanda's educational background includes a Bachelor of Arts in Communication from the University of Johannesburg and several postgraduate certificates, most recently in Connected Environments (IoT for business) from Tech Futures Lab in New Zealand.



Peter Heenan *BCom, FCA, CMInstD*

Peter is part of the senior leadership team of the privately owned transport company, HW Richardson Group and holds several governance roles for the group. He is also a director on the Great South Board, Space Operations New Zealand Limited, and a trustee of the Southland Hospice.

Peter joined the Electricity Invercargill Limited board as a director in January 2024.

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

His business background means Peter brings a wealth of financial expertise to the board, with robust capability in the assessment of opportunities to support business development and growth.

Directors' Profiles *continued*



Matt Russell

Matt is currently the Chief Executive Director of Presbyterian Support Southland, the region's largest aged residential care and social services provider. In addition to his executive experience, over the last 15 years, he has worked across several sectors in a governance capacity.

Matt is also a Director with Adventure Development Limited, The Southern Charity Hospital, and he sits on the Hokonui Health Locality Committee.

Matt is a member of the Institute of Directors.



Simon Young *BBS, Dip Hort Sci., M Sci (International Agriculture), M Phil (Econ)*

Simon is a company director and executive with over 25 years of experience in the electricity industry, having worked throughout the value chain.

Simon is a director on the board of Electricity Invercargill Limited and was interim chair from May to September 2024. He was also a director on the board of the Southern Generation Limited Partnership. He is also a non-executive director of Top Energy and its subsidiary, Ngawha Generation. Previously, he was a non-executive director on several electricity-related public and private companies, including the listed entity TrustPower (now known as Manawa Energy).

Simon is currently, or was previously, involved as an executive director of Utilise Limited, Opunake Hydro, and Alliant Energy New Zealand Limited, where he managed significant electricity investments in New Zealand and was the founding executive director of Empower.

With deep commercial experience throughout the electricity value chain, from start-up to sale, and electricity distribution to generation and retail, Simon brings a well-developed judgement to commercial decisions.





Statutory Report

The Directors have pleasure in presenting their Annual Report and Financial Statements for the year ended 31 March 2025.

Result and Distribution

The Directors report that the Group's Net Profit After Tax for the year under review was \$37,588,000 above the Statement of Intent target of \$13,358,000. This variation in the Net Profit After tax was a result of the sale of a subsidiary completed by EIL during the financial year which was not forecast in the Statement of Intent.

Dividends of \$96,000,000 were paid during the year. This includes the return on investment received from the asset sales that were undertaken in the financial year.

Principal Activity

The principal activity of the parent entity EIL is the provision of electricity distribution services. The Company's shareholder is Invercargill City Holdings Ltd.

State of Company's Affairs

The Directors consider the state of the Company's affairs to be satisfactory.

Directors/Directors' Remuneration

The Directors are appointed by the Shareholder. The following Directors held office during the year under review. Remuneration paid or due and payable to Directors for services as a Director and in any other capacity for EIL, during the year was \$159,045 and was distributed as follows:

Director	Appointment Date	Retirement Date	2024/2025
Rob Jamieson (Chair to 31 May)	01 November 2021	31 May 2024	\$10,833
Emma Ihaia	01 November 2021	11 June 2024	\$6,297
Stephen Lewis (Chair from 01 October)	01 November 2020		\$42,583
Simon Young (Chair from 01 June 2024 to 30 September)	01 November 2021		\$54,916
Peter Heenan	30 January 2024		\$32,750
Amanda Singleton	01 February 2025		\$5,833
Matt Russell	01 February 2025		\$5,833

Statutory Report *continued*

Directors' Interests

General

All Directors are interested in transactions with the Company involving the supply of standard network services, on standard terms and conditions, to premises in which they may have one or more of the following interests [Companies Act 1993, Section 189 (1) (c)]:

- (a) Owner, either alone or jointly with others.
- (b) Parent, child or spouse of another person who may have a material interest in a property.
- (c) Director, officer or shareholder of a body corporate which may have a material interest in a property.
- (d) Trustee or beneficiary of a trust which may have a material interest in a property.

Because the interest which Directors may have in such transactions is no different in kind, quality, benefit or obligation from transactions which the Company has with other network services customers, it is not intended to list such premises or properties in the Interests Register.

Directors' Register

The Directors register for EIL and its subsidiaries is as follows:

	Electricity Invercargill Limited	OtagoNet Limited	OtagoNet Joint Venture	OtagoNet Properties Limited	Roaring Forties Energy GP Limited*	Southern Generation GP Limited	Lakeland Network Limited	Pylon Limited
Emma Ihaia	● Ceased 11/06/24							● Ceased 11/06/24
Peter Heenan	●							● Ceased 29/11/24
Rob Jamieson	● Ceased 31/05/24	● Ceased 31/05/24	● Ceased 31/05/24	● Ceased 31/05/24			● Ceased 31/05/24	● Ceased 31/05/24
Simon Young	●	● Ceased 29/11/24	● Ceased 29/11/24	● Ceased 29/11/24	●	● Ceased 27/06/24	● Ceased 29/11/24	● Ceased 29/11/24
Stephen Lewis	●							● Ceased 29/11/24
Matt Russell	●							
Amanda Singleton	●							

* Removed from Companies Register 12 March 2025.



Statutory Report *continued*

Directors' Disclosure of Interest

Interests Register

Register of Directors external interests – for the year ended 31 March 2025 [Companies Act 1993, Section 189 (1) (c)].

Robert (Rob) Jamieson *(Retired 31 May 2024)*

Marlborough Lines Limited *Director*
Electricity Ashburton Limited *Director*

Emma Ihaia *(Retired 11 June 2024)*

Fifeshire Foundation Charitable Trust *Trustee*
Link Economics Limited *Director*
Nelson Airport Limited *Director*

Stephen Lewis

Aurora Energy Limited *Director*
Greenpower New Zealand Limited *Director*
MainPower New Zealand Limited *Director*
Mount Cass Windfarm Limited *Director*

Simon Young

Carbon One Limited *Director*
Jimmi Holdings Limited *Director / Shareholder*
Jimmi Interests Limited *Director*
Jimmi Limited *Director*
Ngawha Generation Limited *Director*
On Farm Energy Limited *Director*
Top Energy Limited *Director*
Smith & Young Nominees Limited *Director / Shareholder*
The Karo Group Limited *Director / Shareholder*
Top Energy Ngawha Spa Limited *Director*
Utilise Limited *Director*

Matt Russell

Adventure Development Limited *Director*
Hokonui Health Locality Member *Committee Member*
Presbyterian Support Southland *Chief Executive Officer*
Southern Charity Hospital *Director*

Amanda Singleton

Burn Support Group Charitable Trust *Director (Chair)*
Die Weskusplek (South Africa) *Director*
Water Services Authority – Tamata Arowai *Board Member*

Directors' Disclosure of Interest *continued*

Peter Heenan

Allied Concrete Limited *Director*
Allied FH Limited *Director*
Allied Petroleum Limited *Director*
Allied Queenstown Concrete Limited *Director*
Blue Sky Meats (NZ) Limited *Director*
Bond Contracts Limited *Director*
HWR Property Limited *Director*
International Speciality Aggregates Limited *Director*
My Transport Innovations Limited *Director*
Rangitikei Aggregates Limited *Director*
Southern Aggregates Limited *Director*
Southroads Limited *Director*
Space Operations New Zealand Limited *Director*

Employee Remuneration

EIL has no direct employees therefore no remuneration declaration is required.

Donations

There were no donations made during the year.

Use of Company Information

During the year the Board received no notices from the Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been made available to them.

Directors' and Employees' Indemnity and Insurance

Liability insurance was effected for Directors of the Company.

Accounting Policies

There have been no changes in accounting policies during the year. These have been applied on a basis consistent with those used in the previous year.

For and on behalf of the Directors.



Stephen Lewis
Chair



Peter James Heenan
Director

Dated the 26th day of June 2025

Directors' Approval

The Directors have approved for issue the Statement of Service Performance and Financial Statements of Electricity Invercargill Ltd for the year ended 31 March 2025 on pages 16 to 40.

For and on behalf of the Board.



Stephen Lewis
Chair

26 June 2025



Peter James Heenan
Director

26 June 2025

Statement of Service Performance

For the year ended 31 March 2025

Performance Information

The objectives of Electricity Invercargill Ltd for this financial year are clearly specified in the Statement of Intent, which was set in consultation with the Shareholders. The performance targets and measures identified in the Statement of Intent, along with the performance achieved during the financial year, are detailed below.

Performance Targets

Financial

Operating Surplus Before Taxation and Non-operating Items (Gain on Sale)

Net Surplus After Taxation

Earnings Before Taxation, Interest and Non-operating Items (Gain on Sale) to Total Assets (EBIT%)

Return on Equity %

Equity to Total Assets %

Target	Achievement	
Year Ended 31 March 2025 \$'000	Year Ended 31 March 2025 \$'000	Year Ended 31 March 2024 \$'000
5,931	3,052	7,242
13,358	37,588	4,031
3.90%	4.13%	4.55%
9.38%	51.10%	3.14%
66.77%	52.89%	51.87%

The Net Surplus After Taxation was primarily driven by one-off gains, including a \$13.4 million gain on sale of investment in joint venture and a \$21.5 million gain on the sale of subsidiary. These gains were recognised within profit from discontinued operations.

The Net Surplus Before Taxation From Continuing Operations was \$3.05 million, reflecting an improvement compared to the prior year. This result was driven by an increase in line charge revenue along with the lower finance costs resulting from loan repayments made during the year.

The overall performance of the Group against 2025 financial targets was significantly influenced by the sale of the subsidiary, which was not included in the original business plans.



Statement of Service Performance *continued*

For the year ended 31 March 2025

Supply Quality

The following results were calculated using information from the Company's non-financial systems, which due to the manual recording processes have inherent limitations relating to the completeness of interruption data and the accuracy of installation control point (ICP) numbers included in the SAIDI and SAIFI.

Target	Achievement	
Year Ended 31 March 2025	Year Ended 31 March 2025	Year Ended 31 March 2024

System Average Interruption Duration Index (SAIDI)

SAIDI is a measure of the average duration of power interruptions for each customer served and is measured in minutes over the course of a year.

SAIDI (planned)	32.00	15.73	13.82
SAIDI (unplanned)	41.00	20.98	17.80

System Average Interruption Frequency Index (SAIFI)

The average number of times each customer connected to the network is without supply.

SAIFI (planned)	0.15	0.09	0.09
SAIFI (unplanned)	0.70	0.35	0.30

SAIDI and SAIFI for planned and unplanned interruptions are calculated using the methodology defined in Electricity Distribution Services Default Price Quality Path Determination 2020. SAIFI is calculated per interruption against the total network ICPs. Planned SAIDI is calculated in categories dependent on minutes occurring within or outside interruption windows, number of ICPs affected and total network ICPs – buckets are then summed to an assessed SAIDI value per interruption. Assessed SAIDI and SAIFI for unplanned interruptions include normalisation of major events for periods that exceed the DPP3 defined boundary values. The planned SAIFI and SAIDI figures are shown for comparison with annual targets, but are ultimately assessed against a limit set for the full regulatory period - in this case, 2020-2025.

Assessed SAIDI and SAIFI for all EIL planned and unplanned interruptions were within the annual limits.

EIL exceeded the planned SAIDI incentive target of 7.63 and unplanned SAIDI incentive target of 15.39, resulting in a revenue penalty.

The Directors have reasonable assurance that the performance data of the Company is free from material misstatement and is a reliable measure of the network's performance.

Statement of Service Performance *continued*

For the year ended 31 March 2025

Health and Safety

Electricity Invercargill Ltd contracts PowerNet Ltd to manage its Network assets and operations. Electricity Invercargill Ltd employ no staff, therefore the PowerNet Ltd Health and Safety Performance targets are relevant to the Group.

	Target	Achievement	
	Year Ended 31 March 2025	Year Ended 31 March 2025	Year Ended 31 March 2024
Total Recordable Injury Frequency Rate Contractors Target (TRIFR)	3.1	4.0	1.0

Electricity Invercargill Ltd's safety performance (TRIFR) was 1.8 (2024:nil) in the 2025 reporting year.

PowerNet's Public Safety Management System (PSMS) is aligned with NZS 7901:2014 Electricity and Gas Industries – Safety Management System for Public Safety and is subject to annual independent audit by Telarc. This ensures a high level of compliance, accountability, and a structured approach to continuous improvement.

Throughout the 2024-25 financial year, PowerNet carried out regular inspections of EIL assets to verify regulatory compliance and assess asset condition. These inspections form a key part of the PowerNet risk management approach and reinforce the Group's commitment to safe and reliable infrastructure.

In 2024–25, PowerNet also introduced a more comprehensive health and safety performance metrics. This included a broader set of leading indicators and beyond the traditional lagging metrics, such as the TRIFR. This provides deeper insights into risk exposure and safety behaviours across the workforce.

Despite these efforts, several incidents resulting to injury occurred during the year, leading to an increase in TRIFR.

The Board remains committed to a strong safety culture. Through the Health, Safety, and Environment Committee, the Board will continue to work closely and monitor progress on range of initiatives focused on public safety, environmental responsibility, safety leadership, and workforce competency, ensuring high standards are maintained for the benefit of EIL and the community.

Supplementary Information (Unaudited)

	Achievement	
	Year Ended 31 March 2025	Year Ended 31 March 2024
Length of overhead line	52km	53km
Length of underground cable	613km	612km
Total number of interruptions	58	60
Faults per 100km of line	8.72	9.02
Transformer capacity MVA	158	158
Maximum demand MW	66	61
Energy into network GWh	269	268
Total consumers	17,751	17,694



Statement of Financial Performance

For the year ended 31 March 2025

	Notes	GROUP	
		2025 \$'000	2024 Restated* \$'000
Revenue from Contracts with Customers	2	20,508	18,925
Other Income	3	2,452	2,501
Operating Expenses	4	(17,222)	(16,215)
Operating Surplus		5,738	5,211
Finance Costs	4	(2,686)	(3,999)
Share of Profit of Associates and Joint Ventures	9, 10	-	-
Net Surplus Before Taxation From Continuing Operations		3,052	1,212
Taxation Expense	5	(832)	(1,404)
Net Surplus After Taxation From Continuing Operations		2,220	(192)
Profit After Taxation from Discontinued Operations	9, 10, 19	35,368	4,223
Net Surplus After Taxation		37,588	4,031

*see Note 19 for details regarding the restatement resulting from the classification as Discontinued Operations.

Statement of Comprehensive Income

For the year ended 31 March 2025

		GROUP	
		2025 \$'000	2024 \$'000
Net Surplus After Taxation		37,588	4,031
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
- Network Asset Revaluation Gain (net of tax)	6	3,759	-
Other Comprehensive Income		3,759	-
Total Comprehensive Income		41,347	4,031

The accompanying notes on pages 23 to 40 form part of and should be read in conjunction with these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2025

	Notes	GROUP	
		2025 \$'000	2024 \$'000
Total Comprehensive Income			
Net Surplus for the Year		37,588	4,031
Other Comprehensive Income		3,759	-
		41,347	4,031
Distributions to Shareholders			
Dividend Paid/Declared	6	(96,000)	(2,000)
		(96,000)	(2,000)
Changes in Equity for the Year		(54,653)	2,031
Equity at the Beginning of the Year		128,214	126,183
Equity at the End of the Year	6	73,561	128,214

The accompanying notes on pages 23 to 40 form part of and should be read in conjunction with these financial statements.



Statement of Financial Position

As at 31 March 2025

		GROUP	
	Notes	2025 \$'000	2024 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	6,429	892
Receivables and Prepayments	8	2,024	2,627
		8,453	3,519
Assets Classified as Held for Sale	10	-	39,570
Total Current Assets		8,453	43,089
Non Current Assets			
Investments in Associates	9	-	6,283
Advances to Associates	18	-	6,690
Investments in Joint Ventures	10	-	61,172
Advances to Joint Ventures	18	-	7,064
Investments in Other Entities		247	247
Property, Plant and Equipment	11	127,819	119,263
Capital Work in Progress		2,566	3,371
Total Non Current Assets		130,632	204,090
Total Assets		139,085	247,179
LIABILITIES			
Current Liabilities			
Creditors and Accruals	12	3,753	3,373
Income Tax Payable		565	864
Total Current Liabilities		4,318	4,237
Non Current Liabilities			
Interest Bearing Liabilities	13	40,275	84,525
Deferred Tax Liabilities	14	20,931	30,203
Total Non Current Liabilities		61,206	114,728
Total Liabilities		65,524	118,965
Net Assets		73,561	128,214
EQUITY			
Share Capital	6	13,000	13,000
Reserves	6	38,446	51,017
Retained Earnings	6	22,115	64,197
Total Equity		73,561	128,214

The accompanying notes on pages 23 to 40 form part of and should be read in conjunction with these financial statements.

Statement of Cash Flows

For the year ended 31 March 2025

		GROUP	
	Notes	2025 \$'000	2024 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Was Provided From:			
Receipts from Customers		21,833	20,191
Interest Received		1,415	1,103
		23,248	21,294
Cash Was Disbursed To:			
Payments to Suppliers and Employees		(12,164)	(11,423)
Income Tax Paid		(1,629)	(1,194)
Interest Paid		(2,785)	(3,979)
GST Received/(Paid)		136	(43)
		(16,442)	(16,639)
Net Cash Flows From Operating Activities	15	6,806	4,655
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Was Provided From:			
Sale of Property, Plant and Equipment		5	27
Dividend Received		586	5,539
Proceeds from Disposal of Available-for-Sale Financial Assets		52,796	-
Proceeds from Sale of Subsidiary		79,349	-
Interest Received		63	-
		132,799	5,566
Cash Was Applied To:			
Purchase of Property, Plant and Equipment and Work in Progress Payments		(7,572)	(7,332)
Investment in Other Entities		-	(130)
Advances to Associates and Joint Ventures		-	(1,403)
		(7,572)	(8,865)
Net Cash Outflows Provided From (Applied to) Investing Activities		125,227	(3,299)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Was Provided From:			
Shareholder Advances Received		13,754	500
		13,754	500
Cash Was Applied To:			
Repayment of Shareholder Advance		(44,250)	-
Dividend Payment		(96,000)	(2,000)
		(140,250)	(2,000)
Net Cash Outflows From Financing Activities		(126,496)	(1,500)
Net Increase/(Decrease) in Cash and Cash Equivalents Held		5,537	(144)
Add Opening Cash Brought Forward		892	1,036
Closing Cash and Cash Equivalents Carried Forward	7	6,429	892

The accompanying notes on pages 23 to 40 form part of and should be read in conjunction with these financial statements.





Notes to the Financial Statements

For the year ended 31 March 2025

1 About this Report

Reporting Entity

Electricity Invercargill Ltd is a profit oriented limited liability company, that was incorporated in New Zealand on 30 June 1991, is registered under the Companies Act 1993 and whose registered office is at 251 Racecourse Road, Invercargill. The Company is a wholly owned subsidiary of Invercargill City Holdings Ltd. The Group consists of Electricity Invercargill Ltd, its subsidiary and its interest in associates and jointly controlled entities (refer to Notes 9 and 10).

The financial statements have been prepared in accordance with the requirements of the Energy Companies Act 1992, the Companies Act 1993 and the Financial Reporting Act 2013. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'), and comply with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR'), and other reporting standards as appropriate for profit-orientated entities.

The principal activity of Electricity Invercargill Ltd is the provision of electricity distribution services.

The financial statements were approved by the Board of Directors on 26 June 2025.

Basis of Preparation

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Group, with the exception that certain property, plant and equipment has been revalued to fair value and assets held for sale recognised at lower of carrying amount and fair value less cost to sell.

The Group is eligible and has elected to report in accordance with Tier 2 for profit accounting standards, NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR) by virtue of the fact that it has no public accountability and it is not a large for profit public sector entity.

In adopting the Reduced Disclosure Regime framework, the Group has taken advantage of a number of disclosure concessions.

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

Use of Estimates and Judgements

The preparation of financial statements to conform to NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances.

In particular, estimates and assumptions have been used in the following areas:

- Revenue (timing of revenue is assessed under IFRS 15 guidance, Note 2)
- Network Assets Valuation (revalued to fair value using discounted cash flow methodology, Note 11)
- Property, Plant and Equipment (includes assumptions around useful life of assets, Note 11)

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in these financial statements.

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

Property, Plant and Equipment

The Group operates extensive integrated electricity distribution networks comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment programme, consistent with the Group's approved network asset management plans. The costs associated with recording and tracking all individual components replaced and removed from the networks substantially outweigh the benefits of doing so. Management has estimated the quantities and the carrying values of components removed from the networks in each reporting period. Any errors in the estimates of such removals are corrected at the next asset revaluation, and are not considered to be material on either an annual or a cumulative basis with respect to either reported net surpluses or carrying values of the networks.

The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation at a maximum of every five years, based on discounted cash flow methodology. The fair values are recognised in the financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying amount of the distribution network is not materially different from its fair value.

Any revaluation increase arising on the revaluation of assets is credited to the Asset Revaluation Reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the Statement of Financial Performance, in which case the increase is credited to the Statement of Financial Performance to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation is charged as an expense in the Statement of Financial Performance to the extent that it exceeds the balance, if any, held in the Asset Revaluation Reserve relating to a previous revaluation of that asset.

When a revalued asset is sold or retired the attributable revaluation surplus remaining in the Asset Revaluation Reserve, net of any related deferred taxes, is transferred directly to Retained Earnings.

The carrying amounts of the property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Revenue Estimation

The Group invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest wash-up data available from the electricity wholesale market and certain metering data from electricity retailers. Management has made an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final wash-up metering data is not available for in excess of twelve months, it is possible the final amounts payable or receivable may vary from that calculated.

Other areas where judgement has been exercised in preparing these financial statements are in determining the classification of joint arrangements.





Notes to the Financial Statements *continued*

For the year ended 31 March 2025

Specific Accounting Policies

Goods and Services Tax (GST)

All amounts in the financial statements have been shown exclusive of Goods and Services Tax, with the exception of receivables and payables which are shown inclusive of Goods and Services Tax.

Financial Assets

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs for such financial assets are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The group has classified its debt instruments into the following category:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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

Seasonality

The Group's revenues and profits are generally evenly distributed throughout the year, hence the results are not subject to seasonality.

New and Amended Standards Adopted

FRS-44 New Zealand

Additional Disclosures came into effect from 1 April 2024. This standard has impacted on the disclosure of fees for audit firms' services. This standard has impacted on the disclosure of disbursements paid to audit firms such as travel and accommodation which are now included as part of the total fees. See Note 4.

No other new or amended standards have been adopted by the company during the financial year.

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

2 Revenue from Contracts with Customers

	GROUP	
	2025 \$'000	2024 \$'000
Electricity Delivery Services	20,020	18,617
Capital Contributions	488	308
Total Revenue	20,508	18,925
Timing of Revenue Recognition		
- Over time	20,020	18,617
- At a point in time	488	308
Total Revenue	20,508	18,925

Revenue from Contracts with Customers

Electricity Delivery Services

Electricity delivery service revenue relates to the provision of electricity distribution services to electricity retailers through its electricity network in Invercargill City and the Bluff area. Electricity retailer delivery services are performed on a daily basis and considered a series of distinct goods and services provided over time. Prices are regulated and retailers are charged based on the published schedule and quantities delivered. Revenue is recognised over time using an output method based on the actual delivery services provided on a daily basis.

Capital Contributions

Capital contributions revenue relates to contributions received from customers, excluding delivery service customers who are directly billed, for construction activities relating to the establishment of new connections or upgrades of an existing connection. The subsequent electricity distribution is contracted separately, interposed through a retailer, and is therefore not considered to impact the assessment of the customer or performance of the obligations of the capital contribution contracts. Pricing is fixed and contributions are paid prior to an asset being connected to the network. Capital contributions are recognised as revenue at the point in time when construction activities are completed and the asset is connected to the network.

3 Other Income

	GROUP	
	2025 \$'000	2024 \$'000
Metering Rental Income	1,351	1,346
Interest Income	1,101	1,151
Other Income	-	4
Total Other Income	2,452	2,501

Meter Rental Income

Meter rental income represents amounts invoiced to customers based on their usage of the metering assets owned by the Group.

Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method.



Notes to the Financial Statements *continued*

For the year ended 31 March 2025

4 Expenses

	GROUP	
	2025 \$'000	2024 \$'000
Expenses Include		
Auditors' Remuneration - PricewaterhouseCoopers		
Audit of Financial Statements	123	65
- Assurance over Default Price Quality Path Annual Compliance Statement	39	38
- Assurance over Information Disclosures	61	57
- Assurance over s53ZD Compliance	34	-
Depreciation		
- Fibre Assets	41	42
- Metering Assets	743	728
- Network Assets	4,177	4,072
Total Depreciation	4,961	4,842
Directors' Fees	159	185
Interest Expense	2,686	3,999
Loss on Disposal of Property, Plant and Equipment	75	78
Network Costs	6,298	5,682
Transmission Costs	4,592	4,580

Finance Costs

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets through the profit and loss and impairment losses recognised on financial assets (except for trade receivables). All borrowing costs are recognised in the profit and loss using the effective interest method, unless they are directly related to the construction of a qualifying asset, when they are capitalised.

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

5 Taxation

Income tax on the surplus or deficit for the period presented comprises current and deferred tax. Income tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Current tax for the current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

	GROUP	
	2025 \$'000	2024 \$'000
Operating Surplus Before Income Tax	3,052	1,212
Prima Facie Taxation at 28%	855	339
Income Not Taxable		
- Equity Accounting Earnings of Associates and Joint Ventures	-	-
Under/(Over) Provision in Prior Years	(61)	(2)
Tax Law Change in Building Depreciation	-	1,067
Expenses not Deductible	38	-
Taxation Expense for Year	832	1,404
Made up of:		
Current Tax	947	384
Prior Year Over Provision of Current Tax	-	1
Deferred Tax	(54)	(48)
Prior Year Over Provision of Deferred Tax	(61)	-
Building Depreciation Tax Law Change in Respect of Deferred Tax Impact	-	1,607
Taxation Expense for Year	832	1,404
Effective Tax Rate	27.3%	115.8%

In March 2024, the New Zealand Government enacted the Taxation (Annual Rates for 2023-24, Multinational Tax and Remedial Matters) Bill. As a result, from the 2024-25 income tax year onwards, the Group can no longer claim any tax depreciation on their buildings with estimated useful lives of 50 years or more in New Zealand. The accounting impact of this legislative change was fully recognised in the 2024 financial year, resulting in an increase in deferred tax liabilities relating to property, plant, and equipment. No further adjustments were required in the 2025 financial year in relation to this change.



Notes to the Financial Statements *continued*

For the year ended 31 March 2025

6 Equity

The authorised and issued share capital comprises 13 million ordinary shares (2024: 13 million ordinary shares) which are fully paid up and are not subject to a par value. All shares have the same rights and privileges.

	GROUP	
	2025 \$'000	2024 \$'000
Contributed Capital		
Share Capital	13,000	13,000
Reserves		
General Reserve	2,800	2,800
Revaluation Reserve Opening Balance	48,217	48,308
Asset Revaluation	3,759	-
Transfer due to Sale of Subsidiary (net of deferred tax)	(16,261)	-
Revaluation Reversal due to Asset Disposal	(69)	(91)
Closing Balance	35,646	48,217
Total Reserves	38,446	51,017
Retained Earnings		
Opening Balance	64,197	62,075
Net Surplus	37,588	4,031
Revaluation Reversal due to Asset Disposal	69	91
Transfer due to Sale of Subsidiary (net of deferred tax)	16,261	-
Dividend Declared	(96,000)	(2,000)
Total Retained Earnings	22,115	64,197
Total Equity	73,561	128,214

Asset revaluations in 2025 relate to the network assets of Electricity Invercargill Ltd net of the effect of deferred tax.

	Cents per Share 2025	Cents per Share 2024
Dividend per Share	738.46	15.38

A dividend payable is recognised when a dividend is declared and approved by the Board.

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

7 Cash and Cash Equivalents

	GROUP	
	2025 \$'000	2024 \$'000
Current Account	74	292
Bank Deposits (Short Term)	6,355	600
Total Cash and Cash Equivalents	6,429	892

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value.

8 Receivables and Prepayments

	GROUP	
	2025 \$'000	2024 \$'000
Trade Debtors	1,845	2,345
Prepayments	128	213
GST Receivable	51	69
Total Receivables and Prepayments	2,024	2,627

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.



Notes to the Financial Statements *continued*

For the year ended 31 March 2025

9 Investments in Associates

Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date significant influence ceases.

Associate Companies	Country of Incorporation	Balance Date	Percentage Held By Group	
			2025	2024
Lakeland Network Ltd	New Zealand	31 March	0%	24.9%

	GROUP	
	2025 \$'000	2024 \$'000
The Group's interests in associate entities are as follows:		
Carrying Amount at the Beginning of the Year	6,283	6,215
Total Recognised Revenues and Expenses	324	68
Disposal of Associate	(6,607)	-
Carrying Amount at the End of the Year	-	6,283
The Group's share of results from its equity accounted associate entities is as follows:		
Share of Surplus before Taxation	450	213
Less Taxation Expense	(126)	(145)
Total Recognised Revenues and Expenses of Associates After Tax	324	68

The Group disposed of its entire shareholding in its subsidiary, Pylon Ltd effective 1 December 2024. As part of this transaction, the Group also relinquished its 24.9% interest in its associated Lakeland Network Ltd, which was previously held through Pylon Ltd.

Following the disposal, the Group has derecognised its investment in Lakeland Network Ltd. The Group's share of profit for the period up to the date of disposal has been recognised within profit from discontinued operations. Refer to Note 19 for additional disclosure.

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

10 Investments in Joint Ventures

Joint Ventures are those entities over which the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the joint venture entities' total recognised gains and losses on an equity accounted basis, from the date joint control commences until the date joint control ceases.

The Group held a participating interest in the following joint ventures through its wholly owned subsidiary Pylon Ltd. On 29 November 2024 Pylon was sold, refer to details below.

Subsidiaries are all entities over which the Group has the power directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired, exceeds the cost of acquisition, the difference is credited to the Statement of Financial Performance in the period of acquisition. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Transactions Eliminated on Consolidation

All significant inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Joint Ventures	Country of Residence	Balance Date	Percentage Held By Group	
			2025	2024
PowerNet Ltd*	New Zealand	31 March	0%	50.0%
OtagoNet Joint Venture	New Zealand	31 March	0%	24.9%
Roaring Forties Energy Ltd Partnership	New Zealand	31 March	0%	50.0%

*Effective from 1 April 2016 the Group equity accounted its share of profits from the 50% owned joint venture entity, PowerNet Ltd to be consistent with the economic benefits the Group receives based on the PowerNet Ltd dividend policy. The equity accounted share of profit in PowerNet Ltd covering first eight months of the 2025 financial year was 23.26% (2024: 26.84%).

The Group disposed of its entire shareholding in its subsidiary, Pylon Ltd effective 1 December 2024. As part of this transaction, the Group also relinquished its interest in the joint ventures OtagoNet Joint Venture (24.9%) and PowerNet (50%).

Following the disposal, the Group has derecognised its investment in OtagoNet Joint Venture and PowerNet Ltd. The Group's share of profit for the period up to the date of disposal has been recognised within profit from discontinued operations. Refer to Note 19 for additional disclosure.

At 31 March 2024, EIL's investment in RFELP has been classified as an Asset Classified for Sale. On 26 June 2024, RFELP sold its interest in SGLP and the Group's share of profit for the period up to date of disposal has been recognised within profit from discontinued operations including the \$13.4 million gain on sale. Refer to Note 19 for additional disclosures.

	GROUP	
	2025 \$'000	2024 \$'000
The Group's interests in Joint Venture entities are as follows:		
Carrying Amount at Beginning of Year	61,172	60,208
Total Recognised Revenues and Expenses	1,341	5,962
Distributions/Dividends Received	-	(5,538)
Movement on Assets Classified as Held for Sale	-	540
Disposal of Joint Ventures	(62,513)	-
Carrying Amount at End of Year	-	61,172



Notes to the Financial Statements *continued*

For the year ended 31 March 2025

11 Property, Plant and Equipment

	Distribution Assets \$'000	Metering Assets \$'000	Fibre Assets \$'000	Total \$'000
At 1 April 2023				
Cost or fair value	132,902	11,191	1,055	145,148
Accumulated depreciation	(22,758)	(4,179)	(200)	(27,137)
Net book amount	110,144	7,012	855	118,011
Year ended 31 March 2024				
Opening net book amount	110,144	7,012	855	118,011
Additions	5,944	253	-	6,197
Disposals	(196)	(4)	-	(200)
Reversal of depreciation on asset disposed	94	3	-	97
Depreciation charge (Note 4)	(4,072)	(728)	(42)	(4,842)
Closing net book amount	111,914	6,536	813	119,263
At 31 March 2024				
Cost or fair value	138,650	11,440	1,055	151,145
Accumulated depreciation	(26,736)	(4,904)	(242)	(31,882)
Net book amount	111,914	6,536	813	119,263
Year ended 31 March 2025				
Opening net book amount	111,914	6,536	813	119,263
Additions	8,162	215	-	8,377
Disposals	(140)	(5)	-	(145)
Reversal of depreciation on asset disposed	62	3	-	65
Depreciation charge (Note 4)	(4,177)	(743)	(41)	(4,961)
Revaluation surplus	5,188	-	32	5,220
Closing net book amount	121,009	6,006	804	127,819
At 31 March 2025				
Cost or fair value	147,205	11,650	1,055	159,910
Accumulated depreciation	(26,196)	(5,644)	(251)	(32,091)
Net book amount	121,009	6,006	804	127,819

Carrying amounts of property, plant and equipment had they been recognised under the cost model.

31 March 2024	68,740	6,536	616	75,892
31 March 2025	72,647	6,006	575	79,228

Owned Assets

All property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. The cost of purchased property, plant and equipment is the fair value of the consideration given to acquire the assets and the value of other attributable costs including borrowing costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item, if when that cost is incurred it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit and loss as an expense as incurred.

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

11 Property, Plant and Equipment *continued*

The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation, at a maximum of every five years, based on discounted cash flow methodology. The fair values are recognised in the financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying amount of the distribution network is not materially different from its fair value.

Any revaluation increase arising on the revaluation of assets is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the profit and loss, in which case the increase is credited to the profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation is charged as an expense in the profit and loss to the extent that it exceeds the balance, if any, held in the asset reserve relating to a previous revaluation of that asset.

When a revalued asset is sold or retired the attributable revaluation surplus remaining in the revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Depreciation

Distribution Assets	1.4-50%	Straight Line
Metering Assets	6.7%	Straight Line
Fibre Assets	2.2-6.7%	Straight Line

Impairment

At each reporting date the Group reviews the carrying amounts of its assets and assesses them for indications of impairment. If indications of impairment exist, then the assets' recoverable amount is estimated in order to determine the extent of the impairment. The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects the market assessments of the time value of money and the risks specific to the assets involved. If the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down to its recoverable amount and an impairment loss is recognised in the profit and loss, except to the extent that the impairment loss reverses a previous revaluation increase for that asset to the extent of that revaluation increase. When the asset does not generate cash flows independent of other assets, the cash generating unit (CGU) to which the asset belongs is tested for impairment.

Valuation

The network assets of Electricity Invercargill Ltd were revalued to fair value using discounted cash flow methodology on 31 March 2025 by Deloitte, who is an independent valuer. This resulted in a favourable revaluation movement of \$5,220,000.

The primary valuation method is the discounted cash flow (DCF) method over a 10-year period, plus terminal value. The following valuation assumptions were adopted:

- The free cash flows were based on the Company's forecast of capital expenditure (capex) and operational expenditure (opex) as sourced from latest asset management plan (AMP), adjusted to exclude expenditure related to network expansion.
- Adopted the Commerce Commission's determination of regulatory average cost of capital (WACC) of 7.1% for default price-quality path four (DPP4) and assumed a regulatory WACC of 7.32% for DPP5.
- Considers the impact of Incremental Rolling Incentive Scheme (IRIS) adjustment until the end of DPP4.
- The corporate tax rate used was 28%.
- The weighted average cost of capital (WACC) used was 6.5%.
- RAB multiple range of 1.0 times for the terminal value.

Capital Work in Progress

Capital Work in Progress is stated at cost and is not depreciated. It includes an accrual for the proportion of work completed at the end of the year.



Notes to the Financial Statements *continued*

For the year ended 31 March 2025

12 Creditors and Accruals

	GROUP	
	2025 \$'000	2024 \$'000
Trade Payables	2,381	2,789
Accruals	1,237	240
Revenue in Advance	135	344
Total Creditors and Accruals	3,753	3,373

Trade and other payables are stated at amortised cost.

13 Shareholder Advance

	GROUP	
	2025 \$'000	2024 \$'000
Invercargill City Holdings Ltd		
- Non Current Portion	40,275	84,525
Total Shareholder Advance	40,275	84,525

Electricity Invercargill Ltd's (EIL) shareholder Invercargill City Holdings Ltd (ICHL) provides all loan facilities for companies in the ICHL Group including EIL. Costs incurred by ICHL on their borrowings and facilities are passed directly through to EIL.

A general facility agreement for \$42 million was entered into with ICHL in 2017, for a five year term and is available for extension from time to time in accordance with the agreement. From 30 March 2021, the facility level was raised to \$57 million and has remain unchanged as at the reporting date. EIL extended the general facility for two years maturing on October 2026.

Another loan facility agreement for \$29 million was entered into with ICHL on 28 April 2016, for a five year term and is available for extension from time to time in accordance with the agreement. On 29 July 2024, EIL fully settled the outstanding loan of \$29 million.

The weighted average interest rate for the loan is 5.00% (2024: 4.80%).

Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

14 Deferred Tax Liabilities

Deferred tax expense arises from the origination and reversal of temporary differences.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is recorded using tax rates enacted or substantially enacted at the balance sheet date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

	Revaluation \$'000	Depreciation \$'000	Contributions \$'000	Other \$'000	Total \$'000
Balance at 1 April 2023	18,467	9,399	866	(6)	28,726
Charged to Income Statement	-	1,474	7	(4)	1,477
Balance at 31 March 2024	18,467	10,873	873	(10)	30,203
Balance at 1 April 2024	18,467	10,873	873	(10)	30,203
Charged to Income Statement	-	(85)	47	(77)	(115)
Charged to Equity	1,462	-	-	-	1,462
Disposal of Subsidiary	(6,324)	(3,924)	(364)	(7)	(10,619)
Balance at 31 March 2025	13,605	6,864	556	(94)	20,931



Notes to the Financial Statements *continued*

For the year ended 31 March 2025

15 Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows

The following is a reconciliation between the Net Surplus After Taxation shown in the Statement of Financial Performance and the Net Cash Flows From Operating Activities.

	GROUP	
	2025 \$'000	2024 \$'000
Net Surplus After Taxation	2,220	4,031
Plus/(Less) Non Cash Items:		
Depreciation	4,961	4,842
Deferred Taxation	(115)	1,477
Loss on Sale of Property, Plant and Equipment	76	78
Share of Profit of Associates and Joint Ventures	-	(6,030)
	4,922	367
Plus/(Less) Movements in Working Capital:		
Increase/(Decrease) in Payables and Accruals	380	86
(Increase)/Decrease in Receivables and Prepayments	603	(365)
Increase/(Decrease) in Provision for Taxation	(299)	536
Change in Operating Asset and Liabilities - net effect from disposal of Subsidiary/Joint Venture	(1,020)	-
	(336)	257
Net Cash Flows From Operating Activities	6,806	4,655

16 Commitments

Capital Commitments

The Group has capital expenditure contracted for but not provided for in the financial statements. All capital commitments are with PowerNet Ltd.

	GROUP	
	2025 \$'000	2024 \$'000
Capital Commitments	2,899	2,053
Total Capital Commitments	2,899	2,053

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

17 Financial Instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit Risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and short term investments and trade receivables. Cash and short term investments are placed with banks with high credit ratings assigned by international credit rating agencies, or other high credit quality financial institutions.

The Group manages its exposure to credit risk from trade receivables by performing credit evaluations on all customers requiring credit whenever possible, and continuously monitoring the outstanding credit exposure to individual customers. The Group does not generally require or hold collateral against credit risk.

The Group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities.

Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations.

The Group evaluates its liquidity requirements on an ongoing basis. In general the Group generates sufficient cash flows from its operating activities to meet its contractual obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group has interest bearing debt which is subject to interest rate variations in the market. This debt (being an advance from the Group's parent company, Invercargill City Holdings Ltd) is partially hedged and managed by the Group's parent company, thus reducing the Group's exposure to interest rate variation.

Sensitivity Analysis for Interest Rate Change

The Group is subject to exposure to interest rate variations through both its cash, short term investments and advances.

Sensitivity to a 1% movement in interest rates is immaterial in 2025 (2024: \$128,000) as advances were all paid during the year and cash deposits are very short term.

Fair Value

The estimated fair values of the Group's financial instruments are represented by the carrying values.

Capital Management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

Under the terms of the loan facilities, the Group is required to comply with agreed financial covenants. The Group has complied with the covenants throughout the reporting period.



Notes to the Financial Statements *continued*

For the year ended 31 March 2025

18 Transactions with Related Parties

Electricity Invercargill Ltd is 100% owned by Invercargill City Holdings Ltd. Invercargill City Holdings Ltd is a wholly owned subsidiary of the Invercargill City Council.

Electricity Invercargill Ltd held an interest in the PowerNet Ltd, OtagoNet Joint Venture, Lakeland Network Ltd and Southern Generation Ltd Partnership through their wholly owned subsidiary Pylon Ltd.

On 29 November 2024, The Power Company Ltd group purchased 100% of the shareholding of Pylon Ltd from Electricity Invercargill Ltd. All the transactions with Pylon Ltd along with PowerNet Ltd, OtagoNet Joint Venture and Lakeland Network Ltd relate to the period prior to acquisition, covering first eight months of the year. The Southern Generation Ltd Partnership transactions relate to the first three months of the year.

All transactions between Electricity Invercargill Ltd and related parties relate to the normal trading activities of Electricity Invercargill Ltd.

No related party debts have been written off or forgiven during the period.

Material transactions Electricity Invercargill Ltd has had with the above mentioned parties during the year are as follows:

	GROUP	
	2025 \$'000	2024 \$'000
Goods and Services Supplied to:		
PowerNet Ltd (Joint Venture)	373	586
Lakeland Network Ltd (Associate)	392	534
Receivables Outstanding at Balance Date		
PowerNet Ltd (Joint Venture)	-	146
Lakeland Network Ltd (Associate)	-	143
Goods and Services Supplied by:		
PowerNet Ltd (Joint Venture)*	7,922	12,034
Invercargill City Holdings Ltd (Parent)	2,852	4,164
Creditors Outstanding at Balance Date		
PowerNet Ltd (Joint Venture)	-	2,381
Invercargill City Holdings Ltd (Parent)	132	230
Dividends Paid to:		
Invercargill City Holdings Ltd (Parent)	96,000	2,000
Advances Provided to (Repaid by):		
PowerNet Ltd (Joint Venture)	(7,064)	250
Lakeland Network Ltd (Associate)	(6,690)	1,153
Advances Provided from (Repaid to):		
Invercargill City Holdings Ltd (Parent)**	(44,250)	500

*This relates to asset maintenance and construction of \$6,408 (2024: \$9,916) and management services of \$1,514 (2024: \$2,118).

**Includes full repayment of one of the loan facilities with Invercargill City Holdings Ltd. Please refer to Note 13.

Notes to the Financial Statements *continued*

For the year ended 31 March 2025

Key Management Personnel

The compensation of the directors, being the key management personnel of the entity is set out below:

	GROUP	
	2025 \$'000	2024 \$'000
Directors Fees	159	185

19 Discontinued Operations

On 17 May 2024, the parties of Roaring Forties Energy Ltd Partnership (RFELP) agreed to sell their 50% share of Southern Generation Ltd Partnership (SGLP) to Pioneer Energy Ltd. The associated investment in RFELP was consequently presented as an Asset Held for Sale in the 2024 financial statements.

On 26 June 2024, RFELP sold its interest in SGLP and the transaction was reported in the current period as a discontinued operation.

On 29 November 2024, the subsidiary Pylon Ltd was sold to The Power Company Ltd group with effect from 1 December 2024 and is reported in the current period as a discontinued operation.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

Financial Performance and Cash Flow Information

The financial performance and cash flow information are for the periods up until disposal (2025 column) and the year ended 31 March 2024.

	2025 \$'000	2024 \$'000
Share of Profit of Associates and Joint Ventures	548	6,030
Net Surplus Before Taxation	548	6,030
Taxation Expense/ (Benefit)	106	1,807
Net Surplus After Taxation	442	4,223
Gain on Sale of Subsidiary/Joint Venture After Income Tax	34,926	-
Profit After Taxation from Discontinued Operations	35,368	4,223
Net Cash Inflow from Investing Activities		
Interest Received - net	63	-
Dividends Received	586	5,539
Proceeds from Disposal of Subsidiary/Joint Venture	132,144	-
Net Increase in Cash Generated by the Subsidiary/Joint Venture	132,793	5,539
Details of the Sales of the Subsidiary/Joint Venture		
Consideration Received - net of expenses	130,952	-
Carrying Amount of Net Asset Sold	(95,491)	-
Gain on Sale Before Income Tax	35,461	-
Income Tax Expense on Gain	535	-
Gain on Sale After Income Tax	34,926	-

Accounting Policy for Discontinued Operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

20 Subsequent Events

There are no subsequent events that have arisen since the end of the financial year to the date of this report.



Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Readers of Electricity Invercargill Limited's Group Financial Statements and Performance Information for the Year Ended 31 March 2025.

The Auditor-General is the auditor of Electricity Invercargill Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Elizabeth Adriana (Adri) Smit, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 19 to 40, that comprise the statement of financial position as at 31 March 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information; and
- the performance information of the Group as set out in the statement of service performance on pages 16 to 18.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 31 March 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR); and
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2025.

Our audit was completed on 27 June 2025. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Auditor's Report *continued*

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

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

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

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

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

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

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

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

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

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Auditor's Report *continued*

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The other information we obtained prior to the date of this auditor's report comprised the supplementary information on page 18. The remaining other information comprising the Annual Report is expected to be made available to us after that date.

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

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

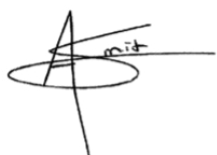
If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of compliance with the Notice to supply information to the Commerce Commission under section 53ZD(1)(d) and 53ZD(1)(e) of the Commerce Act 1986 issued by the Commerce Commission on 3 July 2024 and 30 July 2024, the Electricity Distribution Information Disclosure Determination and Electricity Distribution Services Default Price-Quality Path Determination, which are compatible with these independence requirements. Other than the audit and these assurance engagements, we have no relationship with, or interests in, the Group.



Elizabeth Adriana (Adri) Smit
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand

