

Summary Annual Report 2023





*Mark Breach, Underground Excavation Supervisor
Geoff Allnutt, Cable Layer*



*Emil Bautista
Fibre Splicer / Cable Locator*

Business update

EA Networks is proudly focused on making Mid Canterbury a prosperous place to live and do business. Our goal is to provide our customers with a highly reliable and affordable electricity network. This provides the platform for businesses, hospitals, schools and the community to function, grow and be successful.

The past twelve-months has seen continued investment in the network through our capital works program, with \$14.9 million invested across the last financial year.

This focused investment ensures our power system remains reliable and affordable, and readies us for the next phase of growth in electricity demand as customer decarbonisation initiatives begin.

Like many businesses across New Zealand, we have faced the challenge of recruitment. Despite this, and thanks to the strong commitment and expertise of our people, we have achieved our primary focus - to keep the lights on and the internet connected.

We will continue to invest in our networks and our people to ensure that we are positioned to deliver for our customers and our community, today and into the future.

Our network

Over the last 20 years, EA Networks has focused on undergrounding our urban network. This has enabled us to reduce maintenance costs and keep the electricity connected during significant storm events. We have now undergrounded more than 93% of our urban electricity network and continue to progress this work based on asset condition.

Over the next few years, we expect to connect more than 60 MW of solar across our network. This is about the same as our total winter network demand and should bring lower energy costs to consumers over time by increasing supply of electricity into the market.

Looking ahead, we will continue to invest in our network and further improve reliability, whilst balancing affordability across the community.



*Roger Sutton
Chief Executive*



*Andrew Barlass
Board Chair*

Our people

Having talented people committed to our purpose of empowering community prosperity is critical to our success. We are fortunate to have a large and diverse team that is dedicated and driven to keep the lights on for our community.

Our organisation is continually evolving to manage the increasing complexity that comes from industry change, regulations and the need to support our customers so they can thrive. Our people are at the heart of this, and we thank them for their contribution.

Our role in decarbonisation

Decarbonisation and increasing access to renewable energy is a significant driver for change across the electricity industry. Connecting more renewable energy and making it easy to charge electric cars are initiatives that will contribute to the overall reduction of carbon emissions across New Zealand.

We are aligning our work to support wider industry goals, playing our part in the future of decarbonisation. We are helping customers to reduce, or be more efficient with their electricity usage. This includes working closely with our large commercial and industrial customers to identify opportunities to support their own decarbonisation opportunities. We are also collaborating with large solar farm operators and prioritising support to help bring their projects to life. We believe this will bring tangible benefits now and for generations to come.



Justine Fox
Trade Assistant - Traffic Management

Shareholders Committee report



Robert Newlands

The Shareholders' Committee of EA Networks represents the interests of all shareholders. Each customer shareholder has one vote to elect committee members, who are in turn entrusted with appointing directors to the board. Committee members represent shareholders' views when dealing with the company and work on behalf of all shareholders to monitor and oversee the overall performance of the company.

Over the last year the team at EA Networks has worked hard to continue to provide the best service they can to customers, continued essential maintenance, responded quickly to faults, and worked together to support each other. The diligence and commitment of all staff is appreciated by the committee and all customers who rely on the networks managed by the company.

To ensure the resilience of our network and to withstand the changes in extreme weather events, we are pleased to see ongoing planning and focus on improving the rural network, including working with landowners to clear trees and on the upgrade of ageing and at-risk lines and poles.

I recognise the impact that inflationary pressure is having on EA Networks and the recent electricity price increases to the consumer. At the same time, I congratulate the company for the work it is doing through the Energy Advocacy programme to assist customers struggling with rising prices and I encourage people to reach out to EA Networks.

Mid Canterbury is very fortunate to have such a reliable and resilient power network, which is the result of years of

future proofing, planning, and investment. EA Networks, with its strong board, highly capable management, and staff, is in a great place to ensure the needs of customers and the community are met for many years to come.

As we look ahead, it is pleasing to see that EA Networks is at the forefront of renewable energy initiatives that will help improve future sustainability. The focus is also on raising energy efficiency awareness, partnering with local community agencies, and getting involved at a local level to provide support and information to customers. These initiatives will benefit the environment and will contribute to the wellbeing of our community.

Ian Cullimore has been a member of the Shareholders' Committee for 20 years, and for the last nine years has been its chair. I thank Ian for his contribution to the company and the community over that time.

Finally, I thank my committee members for another year of hard work and dedication. We are passionate about supporting the success of EA Networks and ensuring the interests of all shareholders are front of mind.

Robert Newlands
Shareholders Committee Chair

Our changing prices

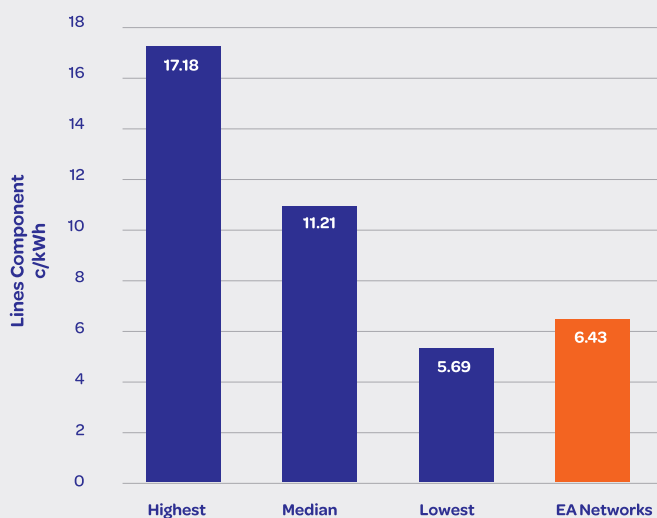
Price equity across our customer segments is a critical part of our pricing strategy, as we look at the changing needs of our electricity customers and managing decarbonisation impacts.

Volume-based charges can act as a barrier to sharing renewable energy and can place an unfair burden on some of our vulnerable customers. We are transitioning our prices to a combination of higher fixed daily charges and capacity-based charges, whilst reducing our volume-based charges.

Our price restructuring will impact some customers more than others, but has no impact on our total revenues. To reduce the impact of changes across customer segments, we are phasing-in the changes over several years and developing our pricing categories to better accommodate specific customer needs. Despite these changes, EA Networks continues to have some of the lowest residential lines charges across New Zealand.

Residential network price comparison

Post-discount comparison of line component charges from New Zealand Lines Companies as at 15/2/2023



Source: MBIE QSDEP (Quarterly Survey of Domestic Electricity Prices).

Supporting our customers and community

We were successful in an application to receive funding from MBIE's Support for Energy Education Fund (SEEC). MBIE contributed a total of \$60,000 towards the EA Networks 2023 *Warm for Winter* project. With additional funding from ourselves, the 2023 *Warm for Winter* project is now putting \$110,000 into supporting our local community via in-home energy assessments and the provision of low-cost energy solutions such as LED lightbulbs and draught stops, all with a focus on helping local homes be warmer for winter. The project formally kicked off on 1 April 2023 and within the first two months, has delivered an estimated savings of \$467 per year, per household through these simple measures.

The success of the project has been the strong partnerships built with Ecobulb and Connecting Mid Canterbury, alongside a team of passionate local volunteers, who act as energy assessors.



Financial

- \$14.9M Total Capital Spend
- \$321.9M Total Assets



Network

- 20,998 Customer connections
- 156 MW Maximum network demand
- 3,134km Overhead lines and cables
- 599GWh Total energy delivered



Community

- \$3.0M Discount returned to customers
- \$110,000 Funding to support reducing energy hardship in Mid Canterbury

Summary Financial Statements

FOR ELECTRICITY ASHBURTON LIMITED trading as EA Networks for the year ended 31 March 2023

Summary Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 \$000 | 2022 \$000 |
|---|-----------------|-----------------|
| Operating revenue | | |
| Distribution line charge revenue | 42,006 | 41,743 |
| Consumer discount | (2,999) | (2,927) |
| Net distribution line charge revenue | 39,007 | 38,816 |
| Other operating revenue and other income | 7,363 | 5,874 |
| Operating revenue after consumer discounts | 46,370 | 44,690 |
| Less | | |
| Operating expenses | | |
| Pass-through and recoverable costs | (6,679) | (4,959) |
| Directors fees and shareholder committee fees | (425) | (395) |
| Audit fee | (107) | (111) |
| Employee costs not included elsewhere | (7,005) | (5,888) |
| Maintenance of network | (4,432) | (4,245) |
| Other operating expenses | (7,621) | (4,716) |
| Total operating expenses | (26,269) | (20,314) |
| Net finance costs | (2,111) | (593) |
| Depreciation and amortisation | (11,587) | (11,863) |
| Net profit before taxation | 6,403 | 11,920 |
| Taxation | (1,798) | (3,349) |
| Net profit after taxation | 4,605 | 8,571 |
| Total comprehensive income | 4,605 | 8,571 |

Summary Statement of Changes in Equity and Members' Interests

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 \$000 | 2022 \$000 |
|---|----------------|----------------|
| Opening retained earnings | 185,758 | 177,187 |
| Total comprehensive income for the period | 4,605 | 8,571 |
| Closing retained earnings | 190,363 | 185,758 |
| Rebate shares | 1,489 | 1,385 |
| Member interests | 31,484 | 31,484 |
| Total retained earnings and members' interests | 223,336 | 218,627 |

Summary Financial Statements

FOR ELECTRICITY ASHBURTON LIMITED trading as EA Networks for the year ended 31 March 2023

Summary Statement of Financial Position

AS AT 31 MARCH 2023

| | 2023 \$000 | 2022 \$000 |
|--------------------------|----------------|----------------|
| Current assets | 17,002 | 11,776 |
| Non-current assets | 304,934 | 301,919 |
| Total assets | 321,936 | 313,695 |
| Current liabilities | 7,068 | 9,767 |
| Non-current liabilities | 91,532 | 85,301 |
| Total liabilities | 98,600 | 95,068 |
| Net assets | 223,336 | 218,627 |

Summary Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 \$000 | 2022 \$000 |
|--|---------------|---------------|
| Net cash flow from operating activities | 12,033 | 17,611 |
| Net cash flow from investing activities | (14,716) | (16,559) |
| Net cash flow from financing activities | 2,684 | (917) |
| Net increase in cash on hand | 1 | 81 |
| Opening cash and cash equivalents on hand | 241 | 160 |
| Closing cash and cash equivalents on hand | 242 | 241 |

Summary of Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2023

The specific disclosures included in this summary annual report have been extracted from the full annual report adopted by Electricity Ashburton Limited on 30 June 2023. The full annual report has been audited and an unqualified audit report has been received. The summary financial statements are in compliance with FRS-43: Summary Financial Statements. The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual report on the financial performance, the financial position and cash flows of the company. The summary annual report has been audited for consistency with the full annual report.

Electricity Ashburton Limited is a tier 1 profit-oriented co-operative company registered under the Cooperative Companies Act 1996. The full financial statements of the company have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable reporting standards as appropriate for a co-operative company and a profit-oriented company.

The company's financial statements are presented in New Zealand dollars, which is the company's functional and presentation currency.

The directors are not aware of any other matter or circumstance since the end of the financial year, not otherwise dealt with in the full financial report, that has significantly affected or may significantly affect the operation of Electricity Ashburton Limited, the results of those operations, or the state of affairs of Electricity Ashburton Limited.

Contingent liabilities

The company has no contingent liabilities.



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the members of Electricity Ashburton Limited (trading as "EA Networks")

The summary financial statements comprise:

- the summary statement of financial position as at 31 March 2023;
- the summary statement of comprehensive income for the year ended;
- the summary statement of changes in equity and members' interests for the year ended;
- the summary statement of cash flows for the year ended; and
- the summary of accounting policies.

Our opinion

The summary financial statements are derived from the audited financial statements of Electricity Ashburton Limited (trading as "EA Networks") for the year ended 31 March 2023.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary financial statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 30 June 2023.

Information other than the summary financial statements and auditor's report

The Directors are responsible for the Summary Annual Report. Our opinion on the summary financial statements does not cover the other information included in the Summary Annual Report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements,

or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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.

Responsibilities of the Directors for the summary financial statements

The Directors are responsible, on behalf of the Company, for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We are independent of the Company in accordance with 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 and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Company in the areas of assurance over compliance with regulatory requirements of the Commerce Act 1986. In addition, certain partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the Company. The provision of these other services have not impaired our independence as auditor of the Company.

Who we report to

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants
5 July 2023

Christchurch

ANNUAL REPORT

A copy of the full annual report can be downloaded from eanetworks.co.nz/disclosures or collected from our office; 22 JB Cullen Drive, Ashburton Business Estate, phone **0800 430 460** during business hours.



Simon Chamberlain
Fibre Splicer / Cable Locator



Logan Sturm
Trainee Line Mechanic

Notice of AGM

The Annual General Meeting of shareholders of EA Networks (Electricity Ashburton Limited) will be held at Hotel Ashburton, 11 Racecourse Road, Ashburton on 31 August 2023 at 5:30 pm.

BUSINESS

1. To provide a briefing on the business and related industry matters.
2. To review the minutes of the Annual General Meeting held on 31 August 2022.
3. To receive and review the Annual Report and Financial Statements for the year ended 31 March 2023.
4. To reappoint PricewaterhouseCoopers as the company's auditor.
5. To fix the remuneration of directors. It is proposed that total directors' fees for the year ending 31 March 2024 are \$363,847
6. To receive the report from the Shareholders' Committee for year ended 31 March 2023.
7. To advise the appointment of directors.
8. To transact any other business that may be properly brought before the meeting.

Roger Sutton

Chief Executive

PROXIES

A shareholder may exercise the right to vote either by being present in person or by proxy of the meeting. A proxy form is available for collection from our office, or as a download from eanetworks.co.nz

SHAREHOLDERS COMMITTEE

Robert Newlands (Chair)
Ian Cullimore
Jeanette Maxwell
David Ward
Anne Marett
Alister Lilley
Tony Potts

BOARD OF DIRECTORS

Andrew Barlass (Chair)
Paul Munro
Richard Fitzgerald
Janine Holland
Tony Gray
Cole Groves
Leandra Fitzgibbon (Iod Intern)

MANAGEMENT

Roger Sutton: Chief Executive
Jeremy Adamson: General Manager Customer & Commercial
Cindy Meadows: People & Capability Manager
Nigel Thomson: General Manager Finance
George Ritchie: Field Services Manager
Pete Armstrong: General Manager Network

AUDITOR

PricewaterhouseCoopers
Level 4, 60 Cashel Street
Central Christchurch
Christchurch 8013

Cover Image: Cory O'Conner, Foreman Line Mechanic

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EA networks