

Product Disclosure Statement

2025



S.W.L. 300KG
MAX HEIGHT

RANGE 46KV

WIND SPEED 12.5m/s

EA networks
connecting our community

Insulated
Metal
Work
Platform
DHT-160AS

DONGHAE

WAIMEA
ELECTRICITY

EA networks
connecting our community

EA networks

Disclosure Document

For public offering of Rebate Shares in

ELECTRICITY ASHBURTON LIMITED

(trading as EA Networks)

Dated: 28 February 2025

Warning Statement

Under the Financial Markets Conduct Act 2013, co-operative companies and industrial and provident societies making an offer of co-operative shares have to give information about themselves and the shares to investors. They also have to provide shareholders with ongoing financial information about the shares and the company or industrial and provident society. In most cases, this information must meet legal requirements under that Act for financial reporting and the auditing of financial statements. This is to help investors make informed decisions.

In this case, these rules do not apply because there is an exemption where the total amount to be invested by individual investors in co-operative shares of a co-operative company or industrial and provident society is \$10,000 or less (including any shares already held). This exemption recognises that, for the shareholders, these co-operative shares are more like a membership than an investment.

As a result, you may not be given all the information usually required.

This document gives you important information about this investment to help you decide whether you want to invest. Electricity Ashburton Limited has prepared this document in accordance with the exemption granted under the Financial Markets Conduct Act 2013 as the Financial Markets Conduct (Small Co-operatives) Exemption Notice 2022. You can also seek advice from a financial adviser to help you to make an investment decision.

Disclosure Document

1 What is this?

This is an offer of Rebate Shares in Electricity Ashburton Limited (EAL). Rebate Shares give you a stake in the ownership of EAL. In accordance with EAL's Constitution you could receive a return, reflecting the performance of EAL, through receiving returns distributed in the form of rebates or dividends or as consumer discounts or applying such other method of distributing returns as determined by EAL.

EAL currently has a policy of allocating a consumer discount to qualifying consumers connected to its Network (Refer Section 4 below).

If EAL runs into financial difficulties and is wound up, you will be paid only after all creditors and holders of preference shares have been paid. You may lose some or all of your investment.

2 About EAL

EAL is a co-operative network business based in Mid Canterbury that owns and operates the following:

- an electricity distribution network in Mid Canterbury (Network).
- a fibre optic cable network;
- a contracting function (the Contracting Division); and
- supplying goods or services or both, that are ancillary to, or that otherwise facilitate, the carrying on by EAL of the above.

3 Purpose of this Offer

The purpose of the Offer is to enable anyone connected to the Network and who directly or indirectly pays for the use of the Network (User), to hold Rebate Shares in EAL that entitle the holder to share in any distributions made, or consumer discounts provided, by EAL. Each User is entitled to hold 100 Rebate Shares, having a nominal value of \$1.00 per Rebate Share. There is no obligation for a User to hold Rebate Shares. A small portion (less than 1%) of Users are not shareholders.

The Rebate Shares are offered to give ownership rights to Users and the share capital raised is secondary to this purpose.

4 Key Terms of the Offer

Issuer	Electricity Ashburton Limited
Description of Rebate Shares being offered	<p>This is an offer for Rebate Shares in EAL. Rebates Shares are only offered to Users. A User is a consumer who is connected to the Network and who directly, or indirectly through a Retailer, pays the charges for the use of the Network.</p> <p>A User is entitled to hold only one parcel of Rebate Shares per connection and are only available to Users who become connected to a network owned by EAL or obtain services from EAL. One hundred Rebate Shares is the number of shares issued to each shareholder. All Rebate Shares rank equally for voting.</p> <p>All new Users are initially a Rebate Shareholder in EAL, unless they give notice to not hold Rebate Shares.</p>

4 Key Terms of the Offer (continued)

Consideration / Price for Shares	<p>Each Rebate Share is offered for \$1.00 each. One hundred Rebate Shares must be applied for.</p> <p>No payment is required on application. Rebate Shares are paid up from consumer discounts that are distributed to Users and applied in payment for the Rebate shares.</p>
Opening Date	<p>The offer opens on 28 February 2025.</p> <p>This is a continuous Offer for Users.</p>
Number of Shares Offered	<p>The total number of Rebate Shares offered cannot be determined as this depends on the number of Users connected to the Network.</p> <p>As at the date of this Disclosure Document there are 30,178,090 shares issued in EAL.</p> <p>The Ashburton District Council holds 28,750,000 Deferred Shares which have no rights to dividends, rebates or discount payments. The Deferred Shares represent 95.3% of the shares on issue.</p> <p>The Users connected to the Network hold 1,428,090 rebate shares at 100 shares per consumer representing 4.7% of the shares on issue.</p>
Consumer Discount	<p>Prior to 1 April of the financial year in which the Consumer Discount will be given, EAL annually publishes the consumer discount pool and the allocation methodology.</p> <p>A copy of EAL's current Consumer Discount Policy and Consumer Discount Methodology can be found at www.eanetworks.co.nz/Disclosures</p> <p>The EAL Statement of Corporate Intent (SCI) 2023-2024 for EA Networks states that the consumer discount is paid to all Users, not just Rebate Shareholders.</p> <p>EAL has obtained a product ruling BR Prd 24/01 from the IRD on 22 March 2024 which confirms that, subject to satisfaction of certain conditions, that the Consumer Discount paid under the Consumer Discount Policy by EAL will not amount to a taxable dividend in the hand so the User. This Ruling applies for the period from 1 April 2024 and ends on 31 March 2029. A copy of the Ruling can be found at BR Prd 24/04 - EA Networks</p>
Surrender / Transfer of Shares	<p>Rebate Shares are illiquid. When a Rebate Shareholder ceases to be a User the Rebate Shares held are surrendered by EAL at the lesser of \$1.00 per share or the amount paid up on those shares.</p>
Fees or charges payable	<p>There is no liability to pay further charges or make additional payments to EAL on the shares being offered.</p>

5 How you can get your money out

The Rebate Shares being offered are illiquid. The Rebate Shares can only be transferred to another User in limited circumstances in accordance with EAL's Constitution. When a Rebate Shareholder ceases to be a User the Rebate Shareholder must surrender the shares held. The surrender price is the lesser of \$1.00 for each Rebate Share, or the amount paid up on the shares.

The shares of EAL will not be quoted on any market for sale and there is no market for those shares.

The shares are held to provide a benefit to Users who transact with EAL by providing rebates, dividends and consumer discounts.

6 Key Drivers for returns

The key drivers for returns are:

- The price which energy retailers pay for the network services provided by EAL as determined under the pricing formulas for network companies, within the price-quality regulations under Part 4 of the Commerce Act 1986 administered by the Commerce Commission.
- The price at which the fibre optic cable services can be sold by EAL and the number of connections.
- The profits earned from the contracting business of EAL.

The key strategies and plans relating to the assets owned by EAL are as follows:

- To maintain the network services and lines owned by the Company at the level required by users so down time and stoppages due to equipment failure or weather conditions are kept to a minimum. A copy of EAL's current Asset Management Plan can be found at www.eanetworks.co.nz/Disclosures
- To encourage businesses and individuals to use the fibre optic network established by the Company and to connect to that service so as to provide income for the Company.
- To fully utilise the contracting business of EAL.
- To keep a close control over the cost of operating all assets on a basis that is consistent with the policies of EAL in providing a continuous and effective level of service from those assets.

7 Key Risks Affecting this Investment

EAL considers the most significant risk factors that could affect the returns received from holding the Rebate Shares in EAL are as follows:

Risk	Risk Statement
Regulatory & legislative framework	<p>The industry is regulated through a legislative framework. The legislation may be changed at any time by any Government.</p> <p>Electricity transmission and distribution businesses are also subject to specific additional regulation because they are natural monopolies. The Commerce Commission oversees price and quality regulations which can materially affect the returns on investment.</p> <p>If a material non-compliance occurs, then EAL will be subject to regulatory penalties.</p>
Capital availability	<p>The availability of capital, including Regulatory funding constraints, can impact EAL's ability to fund operations, projects, and strategic initiatives.</p>
Natural disasters or major breakdown resulting in sudden asset loss	<p>An event such as an earthquake or fire could destroy parts of the Network. This could reduce EAL's asset base which could materially affect returns.</p>
Significant equipment or technology failure	<p>The Network could experience significant equipment or technology failure due to poor asset condition or human error.</p> <p>If EAL suffers a significant unplanned and outage, then EAL will breach regulatory requirements and/or suffer critical reputational damage.</p>

7 Key Risks Affecting this Investment (continued)

Risk	Risk Statement
Insufficient Workforce	Increased competition and diminishing availability for the specialist workforce required by EAL to run the Network could diminish our ability to operate, maintain and grow the network.
Cyber event impacting assets or operations	EAL could suffer a security breach impacting on business operations, assets, or the private information of customers and staff.

This summary does not cover all of the risks of investing in Rebate Shares.

8 Financial Information

Under the terms of the Financial Markets Conduct (Small Co-operatives) Exemption Notice 2022, on which this Offer relies, no financial information regarding EAL is required to be provided in this document. Notwithstanding this a copy of the current audited Annual Report for EAL is available at www.eanetworks.co.nz/Disclosures

9 Privacy Policy

If you apply for Rebate Shares, as part of your application you will be asked to provide Personal Information as defined by the Privacy Act 2020. A copy of EAL's Privacy Policy on how we collect, use, disclose and protect your Personal Information can be found at www.eanetworks.co.nz/privacy-policy/

Directory

Electricity Ashburton Limited	22 JB Cullen Drive Ashburton Business Estate Private Bag 802 Ashburton
Directors	Details of the current directors of EAL are shown on the Companies Office at www.companies.govt.nz or www.eanetworks.co.nz/about-us/governance
Senior Managers	Details of the current Senior Managers for EAL are shown at www.eanetworks.co.nz
Privacy Officer	Cindy Meadows
Securities Registrar	Electricity Ashburton Limited 22 JB Cullen Drive Ashburton Business Estate Private Bag 802 Ashburton
Legal Adviser for this document	Tavendale + Partners Level 1, 62 Cass Street Ashburton, 7700
Auditor	PricewaterhouseCoopers Chartered Accountants Level 4, 60 Cashel Street Christchurch Central Christchurch 8013