

Empowering our Future



FY2022-2024

Statement of Corporate Intent





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FY2022-2024 Statement Of Corporate Intent

Alpine Energy Limited (“Alpine” or the “Company”) is the owner of its electricity distribution network. The Group comprising Alpine and its subsidiaries and associated entities, undertakes asset management and contract services. This Statement of Corporate Intent (“SCI”) is submitted to Alpine’s shareholders by the Board.

This SCI sets out the overall intentions and objectives for the Group for the trading period of 1 April 2021 to 31 March 2022 and the two succeeding financial years, and also meets the requirements of the Energy Companies Act 1992.

We are a community-owned and operated company which manages the electricity distribution network in South Canterbury.

The network connects over 33,000 customers throughout the region. Our subsidiary contracting company NETcon provides a

wide range of network and electrical services while our other subsidiary, Infratec, delivers renewable technology projects in New Zealand and overseas.

Infratec continues to deliver on its existing renewable projects offshore, while the New Zealand business was sold during the last financial year.

We also own a fibre network throughout our region and have investments in smart meter businesses as part of our strategic plan.

We play a significant role in supplying the energy needs of our community, contributing to the growth and prosperity of South Canterbury.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 24 Elginshire Street, Washdyke, Timaru.

Alpine Ownership

ALPINE OWNERSHIP IN SOUTH CANTERBURY



THE COMMUNITY OWNS 100% OF ALPINE ENERGY



100% SOUTH CANTERBURY OWNED

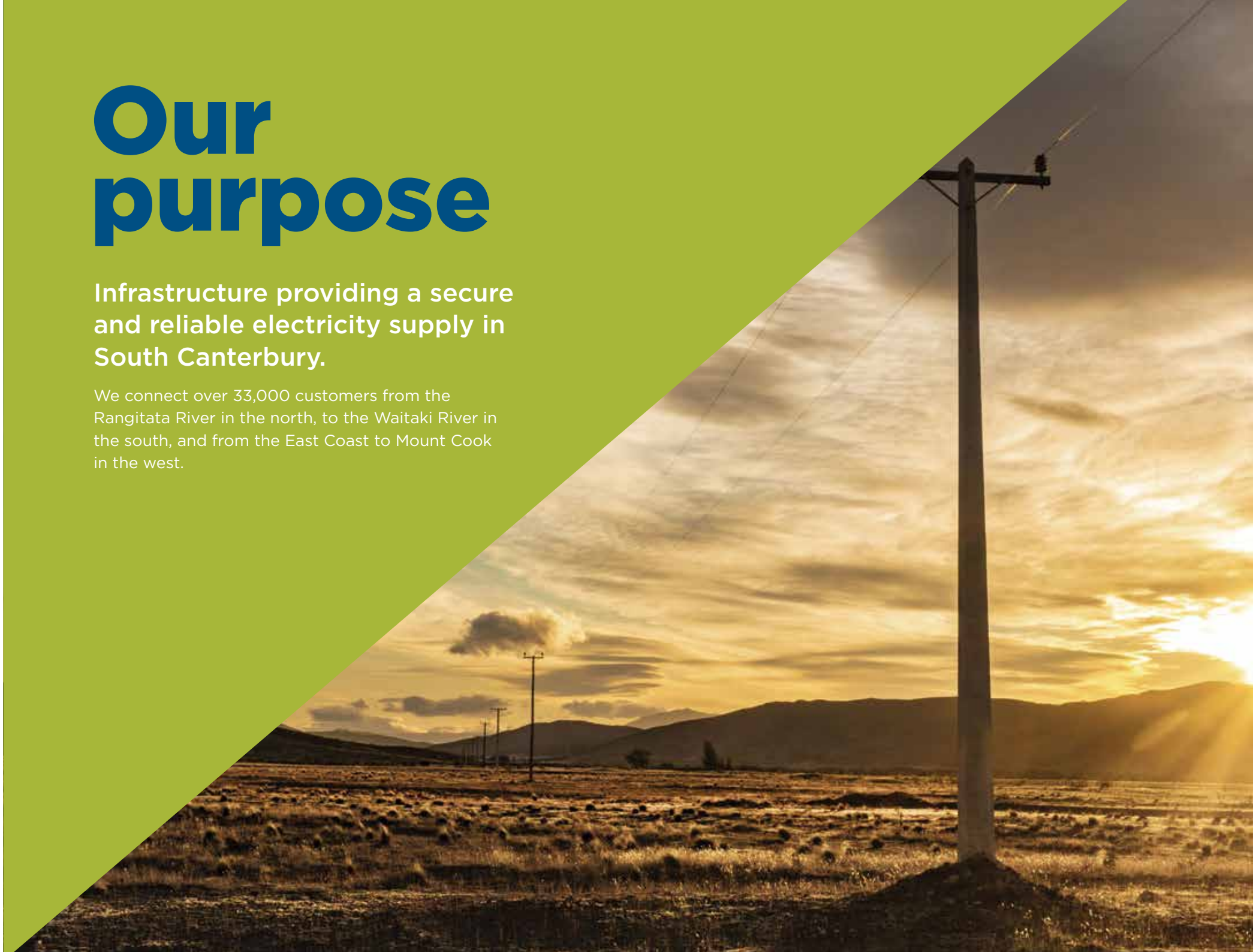
ALPINE ENERGY HAS OWNERSHIP IN THE FOLLOWING



Our purpose

Infrastructure providing a secure and reliable electricity supply in South Canterbury.

We connect over 33,000 customers from the Rangitata River in the north, to the Waitaki River in the south, and from the East Coast to Mount Cook in the west.



Network Statistics



33,446

Customer connections



841

Gigawatt hours
of electricity
delivered



140MW

Network maximum
demand

594km

of distribution &
LV cables

3,294km

of distribution & LV
overhead lines

46,000

wood & concrete poles,
connecting

29

zone
substations

25

power
transformers

16

switchboards
across our network

365

ring main units

934

ground mounted
transformers

4,971

pole mounted
transformers

Our vision

Empowering our Community

We are community owned and proud of it – working with our community and for our community in all that we do.



Our values

Safety

We value health & safety always

Accountability

We accept responsibility

Integrity

We are honest and sincere;
we mean what we say and say
what we mean

We do all this on a
foundation of Respect



Strategic Objectives and Outcomes

Our strategic objectives are shown in the figure below. Having considered the current business environment, we will develop, review and update our strategic objectives and desired outcomes prior to the commencement of each financial year.

Reporting against our strategic objectives and outcomes, in addition to the reporting obligations referenced in this SCI, will be by way of regular monthly reporting to our shareholders and shareholder meetings.

Strategic Objectives



SAFETY & RISK:

To ensure our people are safe and risks are appropriately assessed and managed



OPERATIONAL COSTS AND RELIABILITY:

To be ranked in the top 50% of EDBs



INDEBTEDNESS:

To manage our debt levels within the regulatory allowance



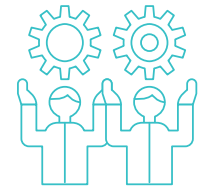
FINANCIAL PERFORMANCE:

To grow shareholder value through financial performance



TALENT:

Ensure high performing teams performing highly



ENERGY FUTURE:

To adopt technological advances as our industry responds to future needs



Business Scope

Our business will primarily be that of quality energy delivery and infrastructure asset ownership and management.

We are, through our subsidiary companies, NETcon Limited and Infratec Limited, and our investments, also involved in activities which support and develop our business.

Consistent with our strategic objectives we will pursue activities designed to ensure the efficient utilisation of our capital, assets and human resources.

Opportunities for investment in activities, consistent with our purpose, will be investigated.

We will consult with our shareholders on any proposed investment which has a value greater than 5% of the value of the total assets of the Group, as disclosed in the statement of financial position published in our preceding Annual Report.

Accounting Policies

Our accounting policies will comply with the legal requirements of the Companies Act 1993 and be consistent with generally accepted accounting principles. Our financial statements will conform to the Financial Reporting Standards as required by the Financial Reporting Act 1993.

Financial Targets

We have developed financial performance targets and associated key performance indicators to achieve productivity improvements in each of our main business units.

The following performance measures have been established for the Group.

Statement of Corporate Intent Financials

Alpine Group

For the years ended 31 March 2022 - 2024

Proprietorship Ratio**

Our ratio of shareholders' funds to total assets will be maintained at not less than 45 percent. Total assets will comprise all the recorded tangible assets of the group at their value as defined in the Group's statement of accounting policies.

Consolidated shareholders' funds of the Group will comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves.

- (i) Rate of Return on Shareholders Funds
- (ii) Net Tangible Assets per share \$
- (iii) Earnings per share (cents per share)
- (iv) Ordinary Dividend per share

Financial Projections

Revenue
 - Alpine
 - Infratec*
 - Other

Operating Expenses
 - Alpine
 - Infratec*
 - Other

Operating Surplus Before Tax

Net Operating Surplus After Tax

Shareholder Funds

Current Assets
 Non-current Assets
 Total Assets

Current Liabilities
 Non-current Liabilities
 Term debt included in above
 Total Liabilities

Net Assets

Customer Capital Contributions

Capital Expenditure
 - Asset Management Plan (Network)
 - Other

Interest Cover - Parent (Target > 3.0 times)

Shareholder Funds to Total Assets (Parent) to be 45% or greater

Proprietorship Ratio (Group)**

	FY22	FY23	FY24
(i) Rate of Return on Shareholders Funds	7.27%	5.32%	6.51%
(ii) Net Tangible Assets per share \$	7.07	7.18	7.28
(iii) Earnings per share (cents per share)	30.89	23.53	29.87
(iv) Ordinary Dividend per share	\$0.06	\$0.06	\$0.06
	\$M	\$M	\$M
Revenue	85.10	68.97	68.47
- Alpine	61.51	60.94	65.87
- Infratec*	21.46	5.81	0.39
- Other	2.12	2.22	2.21
Operating Expenses	67.13	55.66	51.94
- Alpine	32.71	33.21	33.62
- Infratec*	18.48	5.07	0.22
- Other	15.94	17.38	18.09
Operating Surplus Before Tax	16.44	12.18	15.86
Net Operating Surplus After Tax	12.76	9.72	12.34
Shareholder Funds	180.86	186.46	194.49
Current Assets	20.24	19.85	20.21
Non-current Assets	302.34	303.07	303.17
Total Assets	322.59	322.92	323.38
Current Liabilities	11.36	8.18	9.53
Non-current Liabilities	130.37	128.28	119.36
Term debt included in above	82.65	83.65	77.65
Total Liabilities	141.73	136.46	128.89
Net Assets	180.86	186.46	194.49
Customer Capital Contributions	2.70	2.74	2.78
Capital Expenditure			
- Asset Management Plan (Network)	17.10	16.40	16.00
- Other	2.80	1.10	1.20
Interest Cover - Parent (Target > 3.0 times)	4.53	4.44	6.43
Shareholder Funds to Total Assets (Parent) to be 45% or greater	59%	59%	61%
Proprietorship Ratio (Group)**	56%	58%	60%

* the revenue and budget for Infratec has been prepared on the assumption that the travel to the Pacific region by 1st October 2021. Should this not materialise, it will be subject to change.

Operating Performance Targets

We have developed annual operating performance targets to show how our quality of service to customers and consumers is focused. Apart from the consequences of extreme weather events, it is our intention to remain within the cap imposed under DPP3 for supply interruptions. Our annual operating targets below are based on these criteria.

- i. Electricity Line Losses < 6% per year
- ii. Average Interruption Duration (SAIDI¹):
 - a) Planned: 55 interruptions² on the network
 - b) Unplanned: 91.9 interruptions² on the network
- iii. Average Interruption Frequency (SAIFI)
 - a) Planned: 0.70 interruptions on the network
 - b) Unplanned: 1.20 interruptions on the network

Dividend Policy

A recommendation on the level of dividend to be paid to shareholders will be made by the Board each year. We intend to distribute to our shareholders a total cash dividend of \$0.06 per share with respect to FY 2022 and the following two years.

The Board will include within its report on the operations of the group (prepared after the end of each financial year) a statement recommending the maximum amount of dividend (if any) payable by the Group in respect of its equity securities.

Quarterly interim cash dividends of 20% of the annual forecasted dividend will be paid out on 30 September, 31 December, and 31 March with a final dividend on 31 July subject to completion of the Annual General Meeting.

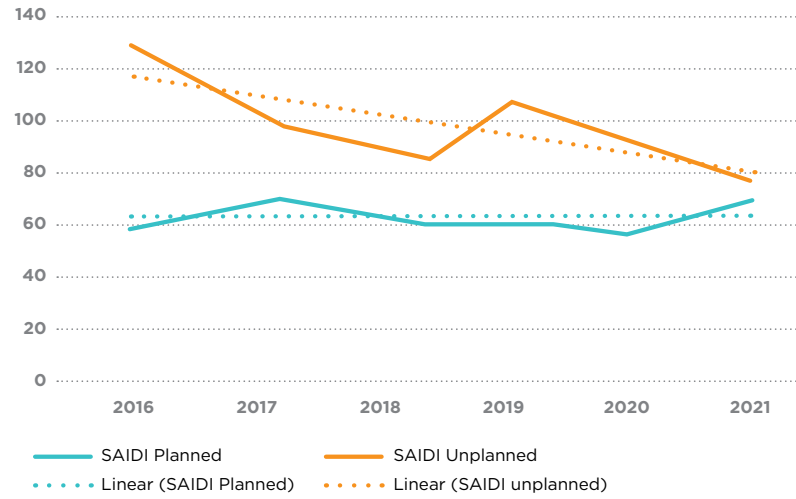
¹Please note that under DPP3, the calculation of SAIDI interruptions has changed. Our planned SAIDI outages limit has increased to allow for planned work to be effectively delivered. In addition, the compliance is now measured over the five-year reset period as opposed to the annual assessment under DPP2. Unplanned outages remain assessed annually.

²Please note we have used the term 'interruptions' which is derived from the Commerce Commission's use of the term in the information disclosure schedules that accompany the AMP. The more commonly used term is 'minutes'.

SAIDI/SAIFI

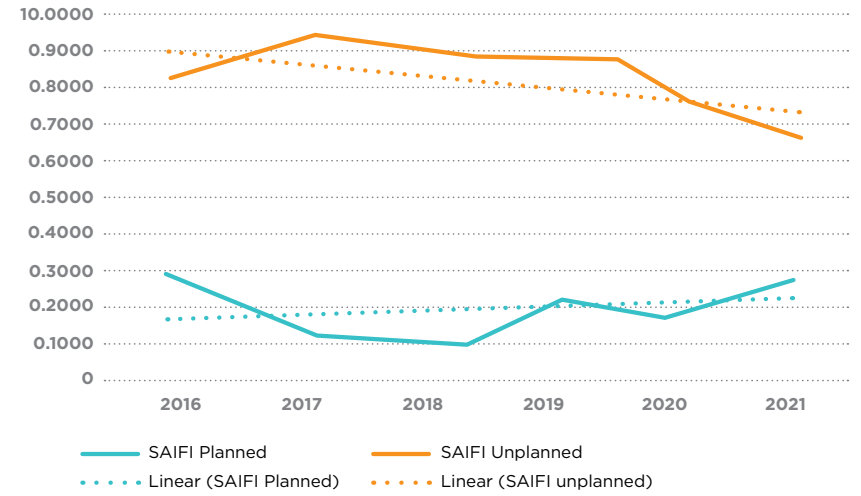
SAIDI FY2016 - 2020

Actual Performance



SAIFI FY2016 - 2020

Actual Performance



Sponsorship

We are proud to sponsor an extensive range of individual development, activities, events and facility infrastructure throughout the region which help make a difference in the community.

The sponsorship advisory committee considers a range of applications across sporting, cultural and community areas of personal development. It is the intention for this sponsorship to continue under the period covered by this Statement of Corporate Intent, subject to the availability of funding to do so.

We are proud to be living out our vision of 'Empowering our Community' through continued sponsorship and building strong relationships.





Shareholder Information

We will provide information which complies with all relevant statutes and regulation. The following information will be available:

Annual reporting

Half yearly reports will be delivered to our shareholders within two months after the end of each reporting period. These reports will comprise:

- i. a report from the directors covering the operations for the half year period, including significant activities of the Group and its subsidiaries; and
- ii. financial statements, including a statement of financial position and a statement of profit and loss.

Annual reports will be delivered to our shareholders within three months of the end of each financial year and will comprise:

- i. a report from the directors covering the operations for the year, including significant activities of the Group in regard to our subsidiaries;
- ii. audited consolidated financial statements for the financial year in respect of the Group and its subsidiaries (if any);

- iii. auditors' report on the financial statements and the performance targets (together with other measures by which performance of the Group has been judged in relation to our objectives).

The Group audited consolidated financial statements will comprise the following:

- i. Income Statement
- ii. Balance Sheet
- iii. Statement of Cash Flows
- iv. Statement of Changes in Equity
- v. Details of all transactions entered into during the financial year by the Company or any of our subsidiaries and certain other bodies
- vi. Such other statements as may be necessary to fairly reflect the financial position of the Company and our subsidiaries (if any), the resources available to it or them and the financial results of the operations.

The Group benchmarks the lines business performance on an annual basis and provides this analysis to shareholders.

Statement of Corporate Intent

A draft SCI will be delivered to our shareholders one month before the end of each financial year. The Board shall consider any comments on the draft SCI that are made to it, within two months of the commencement of the financial year. We shall deliver the completed SCI to shareholders within three months of the commencement of the financial year.

Letter of expectation

From time to time shareholders may provide the board with a Letter of Expectation which may set out additional matters relevant to the engagement of the shareholders with the Group.

Monthly reporting

Monthly dashboard reports will be provided to shareholders covering the following information:

- i. Health & Safety
- ii. Alpine Group Overview;
- iii. Risk Summary;
- iv. Alpine Group Financial Performance (YTD)/YTD results against budget for each of Alpine Energy, NETcon and Infratec;
- v. Financial Commentary
- vi. Operational Performance
- vii. Any other matters agreed with shareholders.

Shareholders may request further information or reports from the Directors, and we shall supply this information to all shareholders in such manner as shall from time to time be agreed with shareholders.

Procedures

Procedures for Acquisition of interests in Other Companies or Organisations

As a general policy, any proposed investment by the Group in other companies or organisations will be required to exceed the Regulatory weighted average cost of capital (WACC) for the current pricing period.

All investment proposals will be considered by the Board of Directors and in respect of any acquisition which has a value greater than 5% of the value of the total assets of the Group, as disclosed in the statement of financial position published in the preceding annual report, recommendations will be made for shareholders' approval.

Transaction Details

The following information is disclosed in terms of Section 39(2) (i) of the Energy Companies Act 1992:

- Contractual arrangements with the District Councils include:
 - Development, installation and maintenance of community lighting facilities.
 - Road and Footpath Sealing: - re-sealing of cable trenches and restoration of footpaths etc. after underground cabling and new subdivisions.
 - Leasing of vacated gas reticulation pipe works for the conveyance of fibre and/or electrical infrastructure i.e. ducting and cable.

- Transactions with related parties include:
 - Master services agreement for the provision of network contracting services.
 - Advisory services relating to renewables and future technologies.
 - Financing arrangements.
 - Rentals received on commercial property leases.
 - Rental received for smart meters and associated management fee transactions
 - Interest levied to joint venture partners.

All transactions with our shareholders will be conducted on a commercial basis. Charges between the parties made for services provided as part of the normal trading activities, are incorporated into our operating costs and revenues.



Further Matters

From time to time, we will investigate opportunities in our industry. For significant opportunities, we will seek the necessary shareholder support.

The maintenance and development of our network is our primary responsibility. Our pricing methodology will be based on a fair and reasonable allocation across the consumer base.

We will seek to collaborate with the wider lines industry in seeking to improve consumer, community and workplace outcomes through developments such as:

- Health and safety leadership
- Tariff reform to reflect cost reflective pricing
- Technology development strategies to keep abreast of change
- Disaster recovery strategies
- Capturing economies of scale
- Sustainability and climate change









24 Elginshire Street, Washdyke, Timaru 7940 P. 03 687 4300 www.alpineenergy.co.nz