

**OP
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UNITIES**

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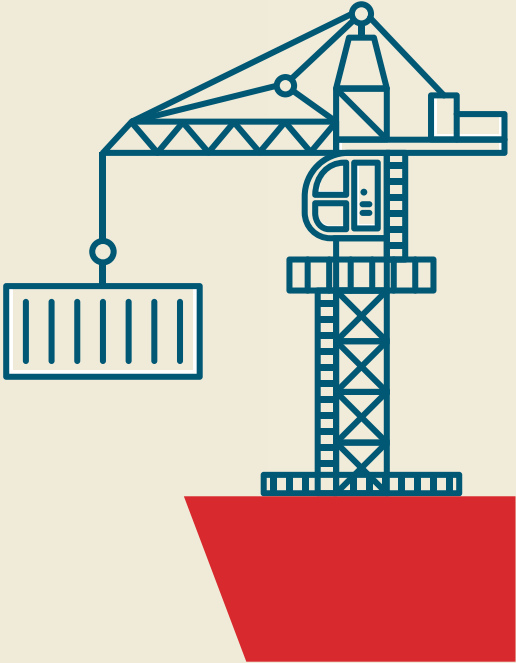
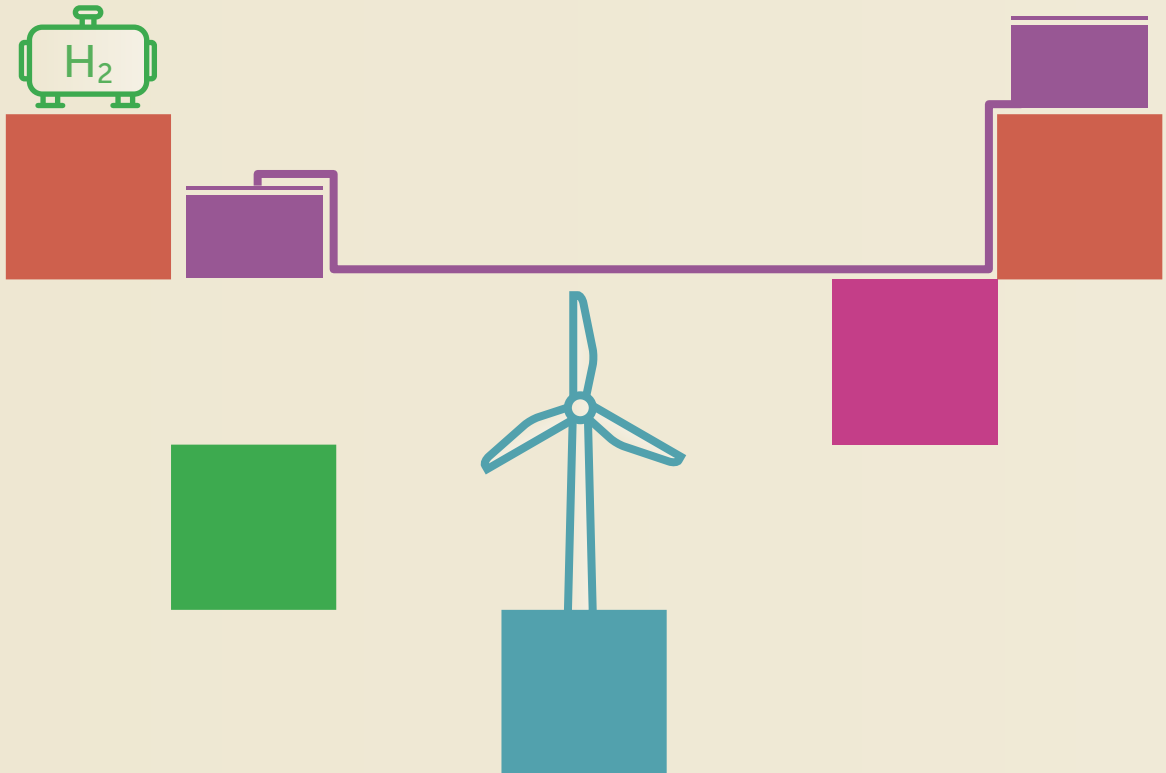
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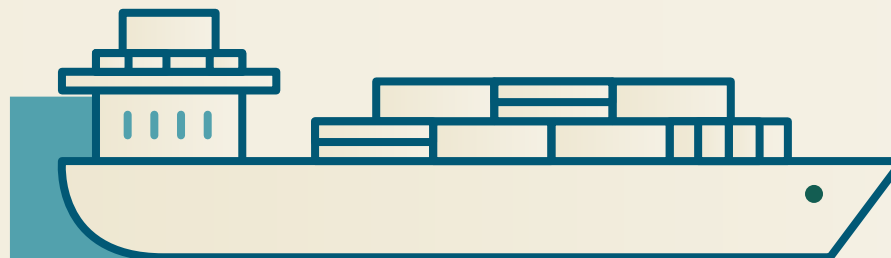
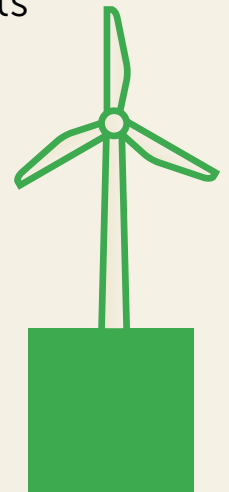
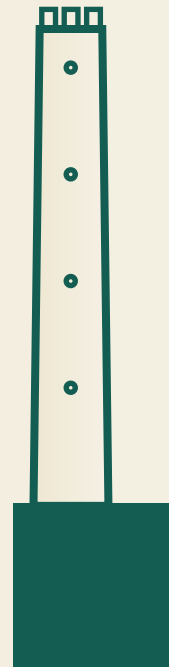
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Chair & CEO

Report

While this year has been full of challenges, with COVID-19 lockdowns, significant weather events, global economic uncertainty, and production constraints in the gas sector combining to impact trade, we're proud that Port Taranaki has again demonstrated its value as a key regional asset.

Enabling this has been the hard work and resilience of our people, who have continued to operate professionally in the COVID-19 environment to make trade as easy as possible for our customers.

From challenge comes opportunity, and the experiences of the past 12 months have ultimately helped strengthen our business, and further pushed us to look forward and grasp opportunities.

There have been a number of successes for our business and team in that time, including the support of the Tui decommissioning work, the reconfiguration of areas of our port to free up space for customers and future trade, our support of frozen meat exports from Taranaki, the imminent return of coastal vessel services to our port, and planning for investment in technology and infrastructure that will future-proof the port and enable us to improve efficiency and services for our customers.

We are working to strengthen our relationship with mana whenua, Ngāti Te Whiti hapū, through shared objectives in the Cultural Values Statement for the rohe of Port Taranaki, which will help increase our knowledge and understanding.

We operate in the best interests of the community and we are proud of the support we have given, and continue to give the community through sponsorships, through advocating for our region at conferences and events nationally, and through helping the region map its future.



Financial results

Trade for the 2021-22 year was 4.74 million tonnes, down 356,000 tonnes, or 7.0%, on the previous year.

This was predominantly the result of bulk liquids trade being down 270,000 tonnes, or 9.1%, to 2.72 million tonnes.

A number of factors contributed to this, most notably gas supply restrictions upstream, a maintenance shutdown, and natural gas being made available for the electricity market.

With work ongoing upstream to improve production and supply, the forecast for the new financial year is positive. In an environment of considerable uncertainty around particularly the oil and gas sector, this activity highlights the value of gas to the electricity sector as well as the industrial sector, and it's very encouraging to see this investment.

With bulk liquid volumes down in the past year, our ability to handle and accommodate a diverse range of products and cargo was highlighted.

Dry bulk trade of 819,000 tonnes was 6.9% up on the 766,000 tonnes that went across the wharves in 2021.

Log trade was off the previous year's record high of 1.14 million JAS to 1.11 million JAS – a drop of 1.9%. The log trade was impacted by a combination of the COVID-19 lockdown in the first quarter, and poor weather creating disruptions to ship visits in the last quarter.

Despite trade being down, vessel visits increased from 265 to 284 – the highest number of visits in the past seven years, while the Tui decommissioning project and oil and gas sector work saw our offshore activity increase.

These results, along with the increased dry bulk trade, contributed to revenue for the 2021-22 year being up 1.2% to \$51.46 million.

Operating expenses for the year increased marginally to \$29.77 million.

Net profit after tax was \$9.91 million, an 8.0% increase on 2021's figure of \$9.18 million.

Dividends paid through the year to sole shareholder, the Taranaki Regional Council, totalled \$8.00 million.

Overall, this is a strong result, and we are optimistic about the next three years, particularly with the ongoing investment evident from our bulk liquid customers and their upstream suppliers, and the emergence of serious developers of offshore wind.

Our business plan forecasts top line growth, but we are mindful that in today's economic climate we must focus on controlling our cost base and improving our agility, as there are always risks to trade from commodity price volatility, uncertainty in international markets and the uncertain geopolitical climate.

We will continue to work hard to provide services and facilities that enable our customers to do business as efficiently as possible, be flexible to customers' needs, and be active in attracting new customers to the port.



Health and safety

The past year has been dominated by COVID-19 and the border restrictions and health requirements associated with that.

We are pleased the border restrictions have now ended, and we look forward to welcoming visitors to Taranaki as the cruise industry returns this summer.

Our people, our customers and other port users have been diligent throughout the pandemic, helping ensure COVID-19 has not entered through our maritime border. However, like most businesses, we have felt the effects of COVID-19, both through staff illness and the tightened labour market.

We have also welcomed the Government's nationwide review of safety in the port sector, and thank our staff, customers, and port operators for their cooperation in carrying out the review.

Safety is our top priority, and regularly we engage an independent auditor to carry out a review of our operations and ensure our processes and procedures meet health and safety requirements.

The Government-initiated review adds another layer of scrutiny, and we'll work with port operators, customers and government authorities to ensure concerns are rectified quickly and the port continues to be operated safely.

Company strategies and climate change

We are developing and implementing strategies that support our vision to be The Pride of Taranaki.

As outlined in this annual report, we have carried out a strategy refresh of our business and developed key objectives covering People, Customers, Efficiency, Assets and Community.

These objectives will guide our business in the future as we move into a period of transition in the energy economy, and ensure our port remains an important economic and supply chain asset for Taranaki and beyond.

We continue to enhance our focus on environmental, social and governance matters. This has seen the Board approve the company's Sustainability Strategy – addressing what is important to our business, our people, the community, iwi, our customers, our shareholder and other key stakeholders, and ensuring we act responsibly for our region to enhance our social licence to operate.

Climate change and our response to it, is a critical element.

In the past year there have been weather events, including ex-tropical Cyclone Dovi, that have caused damage to the port and disruptions to shipping, with the port closed on several occasions.

We're working with meteorological forecasting partners and on internal systems to better prepare and manage our customers' shipping during weather and long period wave events.

As New Zealand targets a net-zero environment by 2050, we are also putting attention on our emissions, and are establishing an emissions inventory to understand where we can make carbon reductions.

Opportunities

Our aim is to remain profitable and sustainable for our community and region for the long term. Ensuring we are efficient, flexible and open to opportunities is key to achieving that.

As New Zealand's premier energy port, we are committed to supporting our current energy customers, while also looking to opportunities in the renewable and new energy space as New Zealand transitions to a low-emissions future.

Offshore wind has received high-profile coverage in recent times, and we have been in discussions with offshore wind developers who hold an inspiring vision for the future of large-scale renewable energy in the region.

With our skills and experience in the energy industry and our proximity to potential development sites, we believe there is an exciting opportunity for our port to support a large offshore wind energy industry in Taranaki. There is also the emerging possibility of hydrogen and ammonia production and further international export trade as a result.

Aside from new energy, we are looking at opportunities to develop our property portfolio further to support existing customers and diversify our revenues.

The reintroduction of coastal shipping services provides opportunities for Taranaki producers to get containerised products to market through our port.

As noted, we are pleased border restrictions have been relaxed and we can welcome cruise ships back to port. This was an emerging sector prior to COVID-19, and we see an opportunity to further develop our cruise business by working with local tourism operators and cruise companies to encourage more vessels to our region.

New directors

We have welcomed two new directors to the Port Taranaki Board of Directors.

Jamie Tuuta and Jeff Kendrew joined on 1 July 2022, replacing retiring directors Graeme Marshall and Peter Dryden.

Jamie and Jeff's knowledge, skills and connections across a range of sectors will be incredibly beneficial in helping guide our port as we seek opportunities to drive our business forward and enhance our position as a key economic asset for the region.

We thank Graeme and Peter for their valuable contribution to our Board. They have provided sound governance and leadership throughout

a period of change in the shipping and logistics sectors and have helped Port Taranaki continue to be a successful and sustainable business.

Graeme, who joined the Board in 2014, was farewelled at the Board's June meeting, while Peter, who joined in 2016 and is a former Port Taranaki Board Chair, steps down in September.

Finally, we thank our staff, customers, lessees, port operators and the community for their continued support during the past year, and we look forward to working to make the opportunities in front of us a reality as we strive to make our port The Pride of Taranaki.



Board of Directors



Richard Krogh
Chair BE (Hons) (Electrical)



Kathy Meads
BCom (Accountancy), FCA



David MacLeod
Justice of the Peace



Peter Dryden
BAg Sc



Graeme Marshall



Charlotte Littlewood
MFin, BA (Hons)

Executive Leadership Team



Simon Craddock

Chief Executive Officer
BE (Hons) (Mech), BCom, CMInstD



Allan Melhuish

Chief Financial Officer
BE (Hons) (Electrical and Electronic),
PGDipBA, BCA (Hons)



Ross Dingle

Head of Commercial
BBS



Catherine Lo-Giacco

General Manager People & Safety
BSocSc



John Maxwell

General Manager Infrastructure
BSc, PGDip(Quality Management)



Captain
Ashley McDonald

Head of Operations
BSc (Chemistry, Oceanography)

Sustainability

Overview

As a significant Taranaki company, we have a responsibility to understand our impact on the environment, our society and future generations, and take action and measure our progress. We recognise that sustainability is an issue that affects us all and is becoming more important as consumers, businesses and communities put greater awareness on environmental, social and governance issues. During the year, we further advanced our sustainability journey with the Board approving the company's Sustainability Strategy.

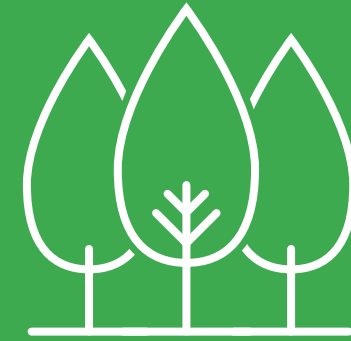
Sustainability is a strategic issue, and Port Taranaki's Sustainability Strategy is united with our company strategy. Therefore, we seek to incorporate environmental, social and governance issues into our business in a meaningful way.

The overarching goal of our Sustainability Strategy is to create long-term value for our stakeholders. As a key contributor to the Taranaki economy, being sustainable helps ensure the long-term resilience of our business and supports our vision to be The Pride of Taranaki.

Our Sustainability Strategy is based upon addressing what is important to our business and our stakeholders. It focuses on what our stakeholders care about (the issues that matter) and the areas where we have the most impact. Our Sustainability Strategy, and its resulting actions, are structured around four key themes from our material issues.

The themes are:

- Environmental enhancement – creating value for future generations and our planet.
- Supporting our people and community – creating value for our employees and our community.
- Enduring relationships – creating value through authentic partnerships with our community, port users, customers, and iwi and hapū.
- Resilience – creating value for our business, shareholder, customers and port users.



Environmental enhancement

Creating value for future generations and our planet.



Enduring relationships

Creating value through authentic partnerships with our community, port users, customers, and iwi and hapū.



Supporting our people and community

Creating value for our employees and our community.



Resilience

Creating value for our business, shareholder, customers and port users.

The environmental, social and governance actions and targets incorporated in our strategy and activities seek to drive value, with the aims of:

1. Positively impacting the environment and society; and
2. Supporting Port Taranaki's vision to be The Pride of Taranaki.

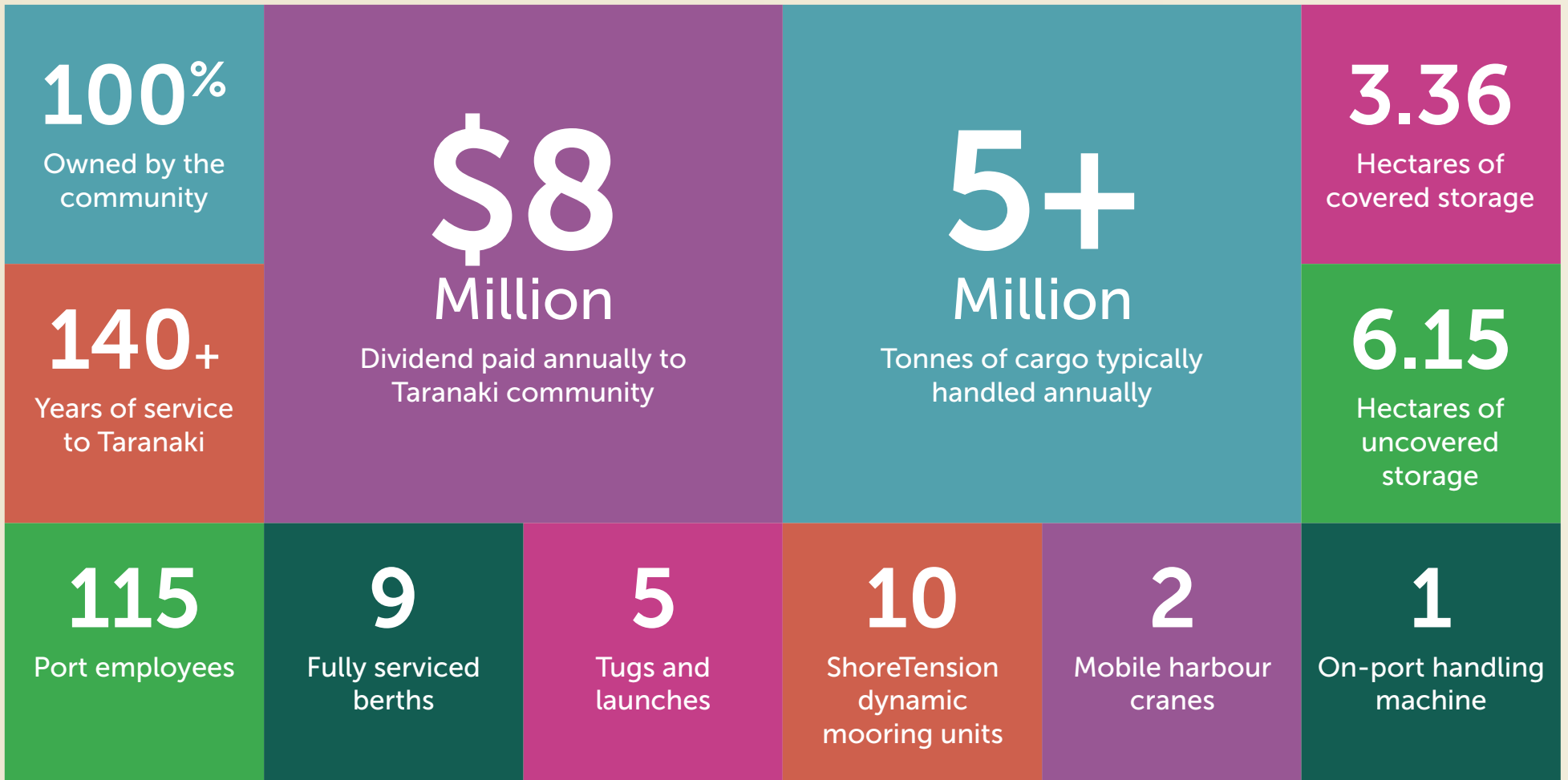
To ensure that our Sustainability Strategy is robust and balanced and that we are seeking to achieve a better and more sustainable future for all, we mapped our sustainability priorities to the United Nations Sustainable Development Goals (SDGs). Given the nature of our business and our location, we cannot support all 17 SDGs. Our Sustainability Strategy addresses the relevant SDGs for our business and is focused

on what we can achieve locally to respond to global challenges.

Additionally, a key component of our Sustainability Strategy is to transparently report on our relevant environmental, social and governance matters. This annual report continues the journey started last year and will be further enhanced over time.

Our sustainability journey is one of continuous improvement. As such, Port Taranaki's Sustainability Strategy will evolve over time and will be revisited annually. This reflects our commitment to improve our environmental, social and governance performance and recognises that the issues that matter to our business and stakeholders will change over time.

About our Port



Strategic Overview

Situation

- Port Taranaki is an important economic and supply chain asset for Taranaki and beyond. We are moving into a period of transition - the energy economy is changing, presenting both threats and opportunities, and we must change too.
- Our success will be adapting to the new business environment, finding new ways of working and seizing opportunities so our business and region can prosper.

Vision

The Pride of Taranaki

Mission

Make Trade Easy

Enablers

People, Connectivity, and Land Flexibility

Key themes

Strategic objectives

People

- Promote collaboration to maximise the capability of our people and teams
- Send everyone home safe every day
- Our people are valued and inspired to deliver great outcomes for customers

Customers

- Develop relationships and commercial opportunities
- Really understand our customers' business - improving service and outcomes
- Develop our property assets and grow property revenues

Efficiency

- Improve our productivity
- Remove constraints for port operators and customers
- Increase our use of technology and automation to improve efficiency

Assets

- Increase asset utilisation
- Balance capability, resilience, affordability and long-term options
- Improve project execution

Community

- Collaborate with the community and enhance our social licence
- Protect the port environment and improve our performance
- Engage with Ngāti Te Whiti and carry out Cultural Values Statement plans of mutual interest



People



People are at the heart of our operation. The skills, experience, professionalism, and dedication of our 115-strong team are what enables us to provide excellent service and make trade easy for our customers.

One of the four themes of our Sustainability Strategy is Supporting our people and community – creating value for our employees and our community. Therefore, ensuring our people are happy, supported, engaged, and professionally fulfilled is important.

We promote collaboration across the divisions and work teams of our business to maximise the capability of our people and teams. This sharing of knowledge and experience will help us become a more responsive business

with a wider depth of knowledge that will benefit our customers.

We are working to ensure our people are valued and engaged in the delivery of great outcomes for our customers. This includes providing the opportunity for professional development to increase skills and enable our people to move within the company.

Safety remains our priority – we want everyone to go home safe, every day. We continually work to develop our safety processes and plans, and educate staff and port users to ensure safety is always the first consideration. Reporting of health and safety events or potential hazards, no matter how big or small, is encouraged so that safety is ingrained across our organisation.

Growing people

We are preparing our organisation for the next 10 years and beyond – a period that will see significant change in the way we all work and live as we move to a low-emissions future.

This preparation includes investing in our people by providing professional development, skill development and the opportunity for progression within our company. This ensures we have a flexible workforce trained and knowledgeable in other areas of our business so we can enhance our performance. It also means our people are multi-skilled and their talents are made best use of, our business is more efficient, and our depth of knowledge across the whole business is increased.

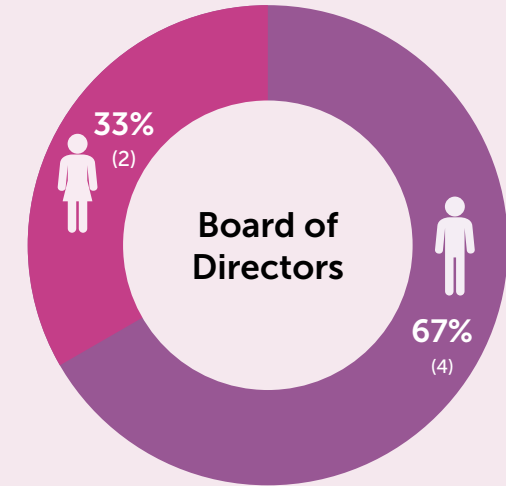
We use a mix of professional development support for our teams, including technical training, supporting further academic study, promoting cross team work engagement, and supporting people as they progress from team to leadership roles.

We are sponsoring two senior managers – marine manager Ben Martin and bulk liquids manager Amit Chitnis – to develop wider leadership and commercial management experience by undertaking a Master of Business Administration degree. In the future, this will enable them to bring together their technical skills and experience, leadership knowledge, and their commercial management expertise in broader leadership roles.

Wharf services leading hand Adriaan Joubert began his career in the maintenance department before moving through the ranks to leading hand in the mechanical area. After a stint away, he returned and joined the wharf services team and

now holds one of the two critical leading hand roles within this team. He has now worked across two very different aspects of our organisation – infrastructure and operations – giving him a wider view of how the port operates and bringing his experiences in both to help our business operate more effectively.

Erana Hoskin started at Port Taranaki as a member of the communications and security team, before taking opportunities to move to a technical lead role. Erana has now taken on the role of the communications and security team supervisor. Erana is also studying to add formal qualifications in Front Line Management to her career portfolio.



Physio sessions part of port wellness

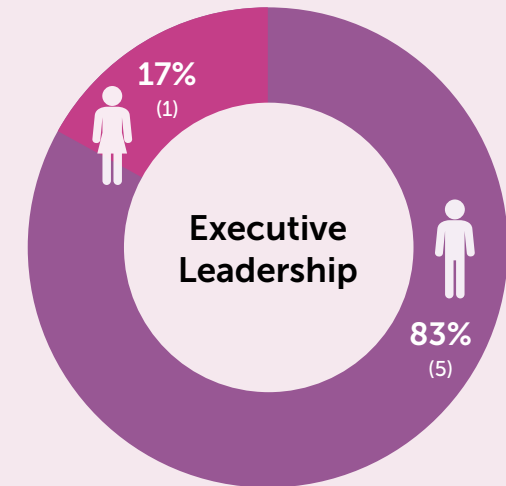
A port, by nature, is a physical environment, and ensuring our people remain healthy and safe is paramount.

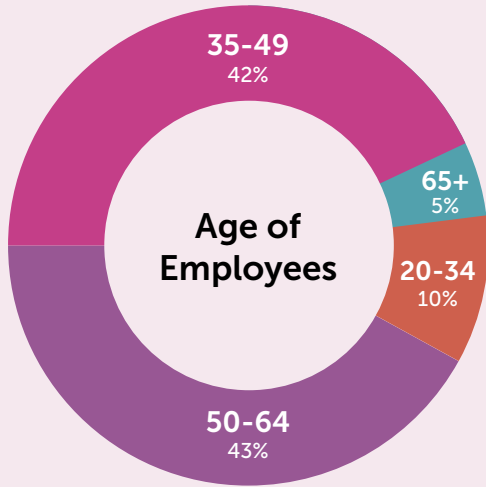
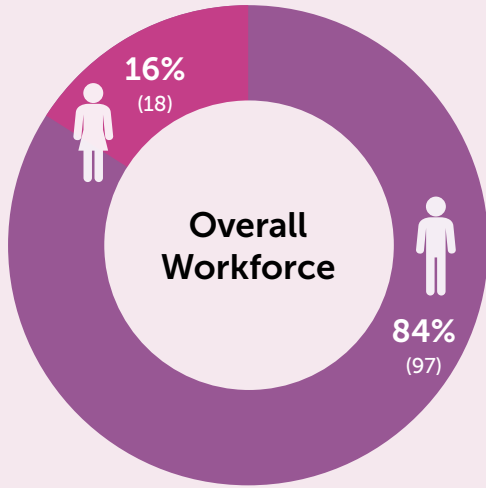
While many of our health and safety plans and procedures are focused on our areas of critical risk to prevent serious injury, the reality is that little niggles, strains, and muscle pulls can and do occur, and can have long-lasting impacts on a person’s physical and mental health, and their ability to work and support their family.

To help our people stay fit, healthy and productive now, in the future, and later in life, we have introduced physiotherapy sessions to our wellness programme.

For a day each week, a physio comes on-site and meets one-on-one with members of our team who have suffered an injury. They work through individual rehab programmes to help them return to work as quickly and safely as possible.

Prevention is also a key aspect of the programme, with the physio holding toolbox meetings with various teams to discuss their roles, how they undertake their tasks, and how they can change or improve their method of work to prevent injury. This has included a review of the handling processes manual of our launches and tugs and wharf services teams to assess where changes in work methods can be introduced to help prevent injury, and ergonomic workshops for our team members based behind desks.





This recovery and preventative approach has long-term benefits for our staff and our business, as it aids in the prevention of initial injury, enables our people to recover more quickly should they

be injured, gives them and our business skills and knowledge to prevent injury in the future, and helps us work smarter.

Action on fatigue management

Our port is a dynamic 24/7 operation. We have to be responsive to short notice ship movements, changes in circumstances, and requests.

Consequently, managing shifts and worker fatigue is critical, and is an issue we take seriously and will continue to focus on.

The Port Industry Association is aware fatigue is an industry-wide issue and is in the process of finalising, in collaboration with Maritime New Zealand, WorkSafe, related unions and ports, a set of guidelines and tools to continuously innovate how we as an industry manage fatigue.

At Port Taranaki, we have established a Fatigue Safety Management Action Group, which involves the contribution of all areas of our organisation. The group is in the process of developing a refreshed policy, procedure, and fatigue tools, and is proactively using the best resources to continuously improve our current procedures.

By having our people work together and investigate ways to manage fatigue, we hope it will enhance the lives and safety of our people and allow us to give consideration to the variety of work environments our teams work within.

Reviewing our areas of Critical Risk

Each year we undertake a deep dive into two of our Critical Risk areas – looking at our established controls for those risks, what we need to improve, and the actions required. A year later, we re-audit and assess to check those actions have been made and that they have resulted in the necessary improvements.

In recent years, we have taken deep dives into areas including traffic management and working at heights, while in the past year we have focused

on respiratory controls and on-site excavation procedures.

In the coming financial year, new Critical Risk reviews will be undertaken in the areas of confined space work and on pilot transfer procedures.

All these reviews are part of our drive for continuous improvement and to ensure our people go home safe, every day. This will have important and positive impacts in the years ahead.

Port sector safety review

We have welcomed the nationwide review into port safety conducted by Maritime New Zealand and WorkSafe, and will continue to work with port operators, customers and government authorities to ensure the port continues to be operated safely.

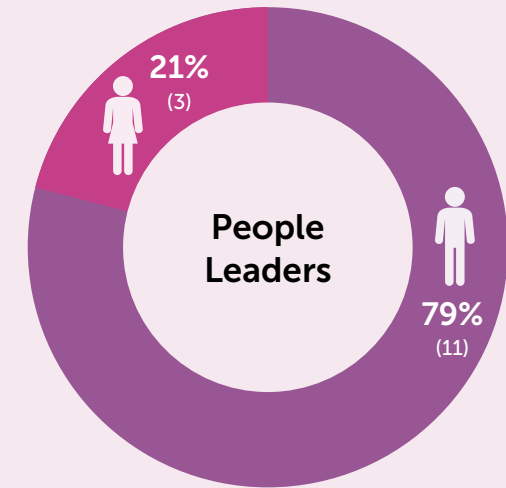
Safety is our top priority, so it's appropriate that external authorities review our operations from time to time to ensure our processes and procedures meet health and safety requirements.

We regularly engage an independent auditor to carry out a review of our health and safety practices, and this government-initiated review adds another layer of scrutiny. It puts another set of eyes on what we do in terms of ensuring everyone is safe while at Port Taranaki.

As a result of the review, Port Taranaki was issued two 'improvement notices' relating to traffic management and exclusive zones in the port operational area.

The exclusive zones notice related to people on site entering designated exclusive zones, such as log storage yards, without authorisation, while the traffic management notice related to the need for more defined road markings and signage.

We are working through the improvements with urgency, and will continue to work with port operators, customers, other port users and the government authorities to ensure our site is safe.



Mental health and wellbeing

As a society, we now have a greater understanding and acceptance of mental health and personal wellbeing, and how the stresses of everyday life can impact our work and vice versa.

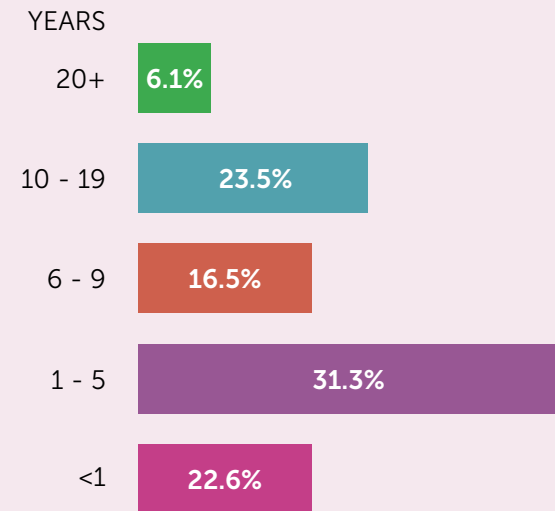
The impact of the COVID-19 pandemic, increased concerns associated with the cost of living and housing, and the looming climate crisis, among other issues, have put further pressure on people.

While Port Taranaki has offered free mental health counselling for many years, the increasing prevalence of mental wellbeing issues within

the workplace in New Zealand has prompted us to extend our programme to more proactive initiatives.

We took part in consultation groups for the Ministry for Primary Industries' development of the "Creating a mentally healthy workplace" framework. This will be used as a starting point for our initiatives as we work to ensure our people are supported and are helped to lead healthy and happy lives both at work and outside the workplace.

Tenure



AHOY! comparison survey

In the third quarter of this year, we carried out our staff survey AHOY!, which measures topics such as our company culture, leadership, health and safety, customer focus, internal communication, business processes, and performance development.

This year's survey was a 'comparison' survey – comparing our performance against our initial survey, held in late 2020, to understand where we have improved and where we can improve further.

We were pleased that participation in the voluntary survey increased by more than 8%, and delighted that, since our last survey, there has been a marked increase – by as much as 12% – in areas relating to the recognition of the port's investment in professional development for our people.

The majority of our people believe they are supported by the company, receive regular and effective feedback about their performance, believe they have opportunities to develop skills and career development, believe their contribution is recognised, and believe there's a continuously improving culture of empowerment at Port Taranaki.

These results are important as we look to continually improve our safety and business outcomes and to ensure we are well placed to grasp opportunities in the shipping and logistics sector. Having everyone aligned, empowered, and motivated to maximise their performance will enable us to quickly and efficiently adapt to new customers and types of cargo, provide service excellence, and make trade easy.

175

Competency courses were completed in FY22

120

Professional development days

230

Internal competency-based courses

Customers





As a port boasting skills and facilities that are unique from decades supporting the energy and agriculture sectors, we have established strong and valuable relationships with our customers across a range of industries.

These relationships are crucial to the mutual success of our company and our customers. We have made this a priority within our Sustainability Strategy, with one of our four themes being Enduring relationships – creating value through authentic partnerships with our community, port users, customers, iwi and hapū.

We aim to develop our relationships further, build on these, and connect with future energy customers to create commercial opportunities for our business and region. This will be particularly important as New Zealand

and the world transitions to a low-emissions future.

We believe that by having open and respectful relationships, we can gain a greater understanding of our customers' businesses, their needs, how we can support them and what further we can offer. This will enable us to provide improved service and create better outcomes for both our customers' businesses and our own.

This is highlighted in our Sustainability Strategy theme of Resilience – creating value for our business, shareholder, customers and port users.

We aim to also develop our property assets – flexibly utilise our available land to have port facilities that are suitable to support a broadening range of cargo and future energy solutions.

Oil and gas support continues

Port Taranaki is New Zealand's premier energy port, and we're proud of the decades of support we have provided oil and gas producers in our region.

The world is moving towards a low-emissions future, however gas production remains vital to New Zealand's overall energy balance as we make the transition.

Therefore, we are pleased OMV's recent in-fill drilling campaign at the Māui A field has been successful, and production levels are reported to be at 2018 levels. The work has also extended the life of the field.

OMV has also completed drilling work at Pohokura and committed to an in-fill drilling programme at Māui B, while Beach Energy is planning further development of the Kupe field.

These developments provide greater confidence that gas will continue to play a vital role in New Zealand's transition to a low-carbon economy and gives us an opportunity to continue providing key support services to the sector. It also gives the region's highly skilled engineering businesses the opportunity to secure ongoing work.

Tui decommissioning

Port Taranaki is playing a key role in support of the decommissioning of the Tui oil field, with work to continue into the second half of the 2022-23 year.

Port Taranaki is providing berthing and pilot services for the offshore support vessels, laydown and storage areas, and general wharf services, including the use of cranes, forklifts, and other specialist equipment for the unloading of large infrastructure removed from the field, such as anchor chains, anchors, flow lines, umbilicals, and steel mid-water arches.

Following phase one, which involved the demobilisation of the floating production, storage and offloading vessel Umuroa, Australia-based Shelf Subsea was contracted to carry out stage two, which involved removing all the subsea equipment at the field.

In support of Shelf Subsea's purpose built diving vessel Southern Star, an emergency hyperbaric reception facility was based at Port Taranaki. The Southern Star made a number of trips to port to offload equipment.

Being the closest port to the field and having many years' experience supporting the energy industry, we're pleased that our skills, expertise, facilities and equipment are helping to ensure this project runs smoothly.

We're looking forward to supporting phase three during 2022-23, and expect to support more of this work in coming decades as more oil and gas fields are decommissioned.





Coastal shipping on the move

We worked with MOVE Logistics Group on the establishment of a coastal shipping service between New Plymouth and Nelson, which is due to begin operation in 2023.

Port Taranaki actively looks at options to diversify our customer base and we see the development of coastal shipping as a welcome opportunity for our business and for other Taranaki companies.

We have berthing and storage facilities available that can support a quarter ramp roll on/roll off vessel. This service will provide additional inter-island resilience and create flexibility and opportunity for Taranaki businesses wishing to either import or export products into, or from, the region.

It will also contribute positively towards reducing the volume of trucks on the country's roads, which will help to lower emissions in the heavy transport sector and also help freight reach its destination quicker.

We look forward to working with MOVE Logistics Group to ensure all necessary systems are in place to facilitate a sustainable coastal trade service, and we will continue to investigate other opportunities in the coastal shipping space that could further strengthen our region's economy.

Offshore wind provides opportunity

Having the best offshore wind resource in New Zealand, Taranaki is being touted as the prime spot for the emerging offshore wind industry – an industry that is gaining momentum as the world transitions to a low-emissions environment.

Consequently, a number of offshore wind developers are interested and are in the early stages of investigating the potential for offshore wind energy production in Taranaki.

As the only deep water port on the west coast of New Zealand in close proximity to the wind resource and a mature and highly skilled engineering sector, we see this as an exciting long-term opportunity for our port.

We have already been the port of entry for the componentry of two onshore wind farms in the lower North Island and, therefore, have experience and expertise for bringing wind farm equipment into port, lifting it and storing it. For these larger offshore wind components we have access to undeveloped land for their laydown and storage.

For the ongoing operation and maintenance, we can provide berths for support vessels and also provide offshore support.

We are actively engaged with multiple offshore wind farm developers, and during the year hosted the New Zealand Super Fund and renewable



energy investment company Copenhagen Infrastructure Partners, who are jointly investigating a project off the South Taranaki coast.

Should multiple offshore developments occur, there's the possibility that excess generation could be used to produce hydrogen or other chemicals, which could then be exported both locally and internationally through Port Taranaki.

New energy solutions

We have been active in ongoing discussions with potential new energy developers, participated in new energy forums and conferences, and are on the Venture Taranaki Energy Stream working group, which looks into opportunities for Taranaki to be the leader in the renewable energy sector.

As a key economic asset for the region, and New Zealand's premier energy port, we believe it's important we are involved in this work as the country looks to new energy solutions to drive the transition to a low-emissions future.

With our knowledge, expertise, skills, and available land, we see this as an opportunity to support the development and ongoing operation of new energy solutions for decades to come.

We believe there's a big future for the port in being able to play a role in the delivery

of different types of energy – whether it's supporting offshore and onshore wind development and operation; supporting the production and export of renewable energy, such as hydrogen, through our bulk liquids terminal; or supporting the arrival and storage of project cargo for energy infrastructure.

Hiringa Energy and Ballance Agri-Nutrients' innovative Kapuni green hydrogen project is exciting, and we look forward to providing the entry point for the componentry of the four wind turbines that will supply renewable electricity and produce green hydrogen by electrolysis.

As well as offshore wind production, further onshore wind farm development is expected and we believe there is opportunity for our company to provide ongoing services to these developers.

Kiwi meat beats tight supply chain

Our ability to adapt quickly to enable customers to do business more efficiently was evident in our support of three of New Zealand's major meat exporters to circumvent the congested international supply chain.

We worked with ANZCO Foods, AFFCO New Zealand, and Silver Fern Farms to develop a solution that saw refrigerated cargo vessel Cool Espresso arrive at Port Taranaki and load frozen

beef bound for the United States' West Coast. Six consignments were planned from Port Taranaki during the year.

Using conventional shipping reduced the need to secure sought after refrigerated containers, space on container vessels, and congested container shipping berths at the destination, where at some ports there was up to a month's wait for access due to the COVID-19 pandemic.

We saw this as an opportunity to help these companies get their product to the international market quickly and efficiently, which aligns with our mission to make trade as easy as possible.

It was the first time since the reefer Washington sailed in December 2005, that a conventional meat loading out of Port Taranaki had taken place, and we're looking forward to continuing and building on this association.

Cruise industry to return

After more than two years, we are looking forward to welcoming cruise ships back to Port Taranaki and developing the industry further.

The COVID-19 pandemic brought a halt to our burgeoning cruise sector, but we believe there is a large opportunity for our port and our region's tourism industry to capture more of the market and build on the work done before the pandemic.

Taranaki is a great destination with many wonderful experiences to offer our cruise passengers, and we'll work closely with Venture Taranaki, the New Zealand Cruise Association, New Plymouth District Council, and the cruise industry to promote our region and our port.

Port Taranaki has four cruise visits booked for the 2022-23 cruise season, and is hoping to add to that before the summer season ends.

At 294m long and with capacity for more than 2,200 passengers, the Island Princess will be the largest cruise ship to have ever visited Port Taranaki, when she arrives in mid-February.

We have the infrastructure to accommodate all types and sizes of vessel, and the region has the facilities and places of interest to cater for all types of cruise passenger preferences.

Ongoing forestry industry support

The export log business through our port continues to be a significant trade opportunity and we have made changes to our port to support it.

We have invested in log yard stormwater systems to ensure bark and log particles do not enter the harbour (see Assets page 36), and we are working on providing increased storage space.

We are also investigating the possible introduction of six metre high bookends (we currently use four

metre bookends), which would allow more logs to be stacked and stored in our log yards.

We expect log exports to continue to be strong and see this as an opportunity to further enhance our relationships with log exporters and marshallers, and provide services and facilities that enable them to trade easily.

We are also encouraged to see service providers bringing automation to the marshalling process with the utilisation of robotic marshalling and automated tally handling sheds. This improves safety and increases the efficiency with which logs are managed at Port Taranaki.

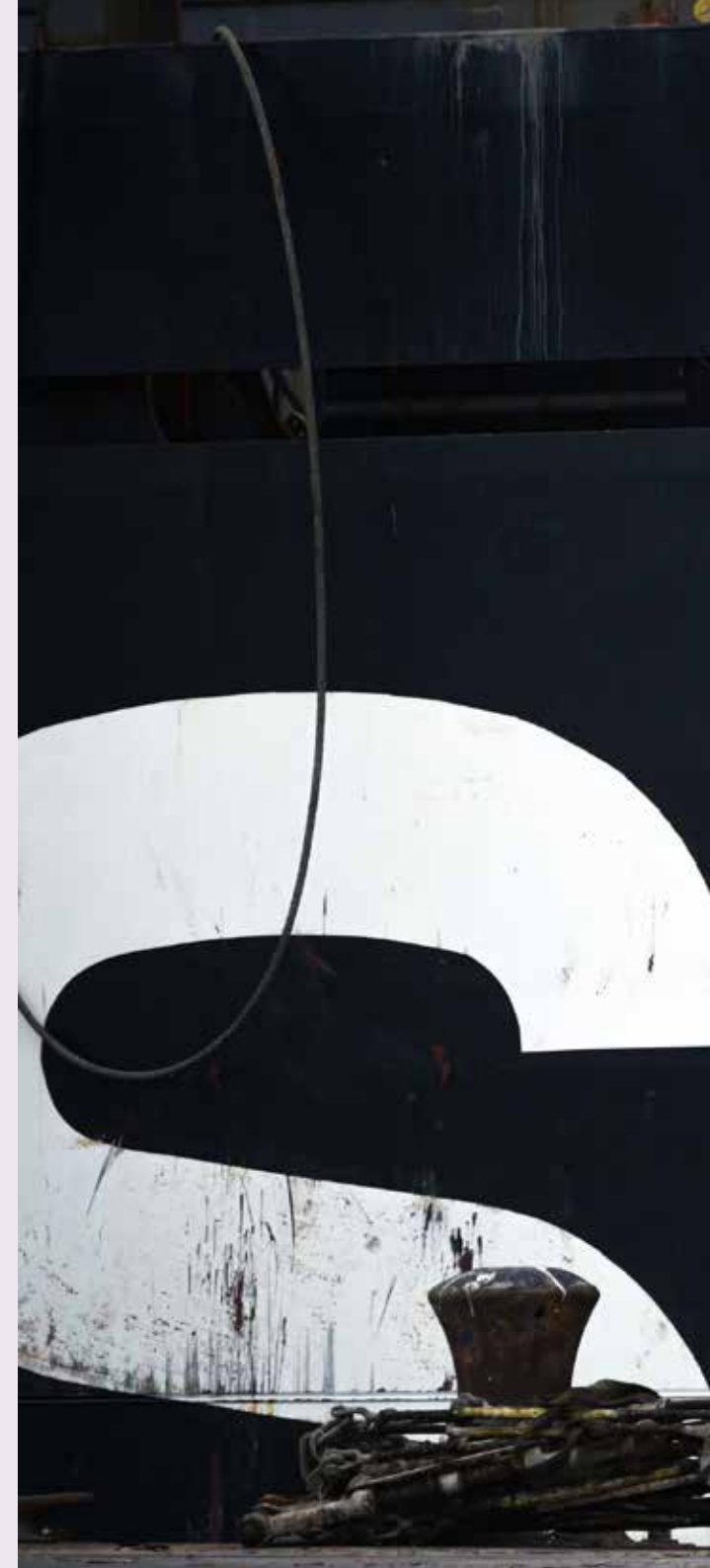
Future business opportunities

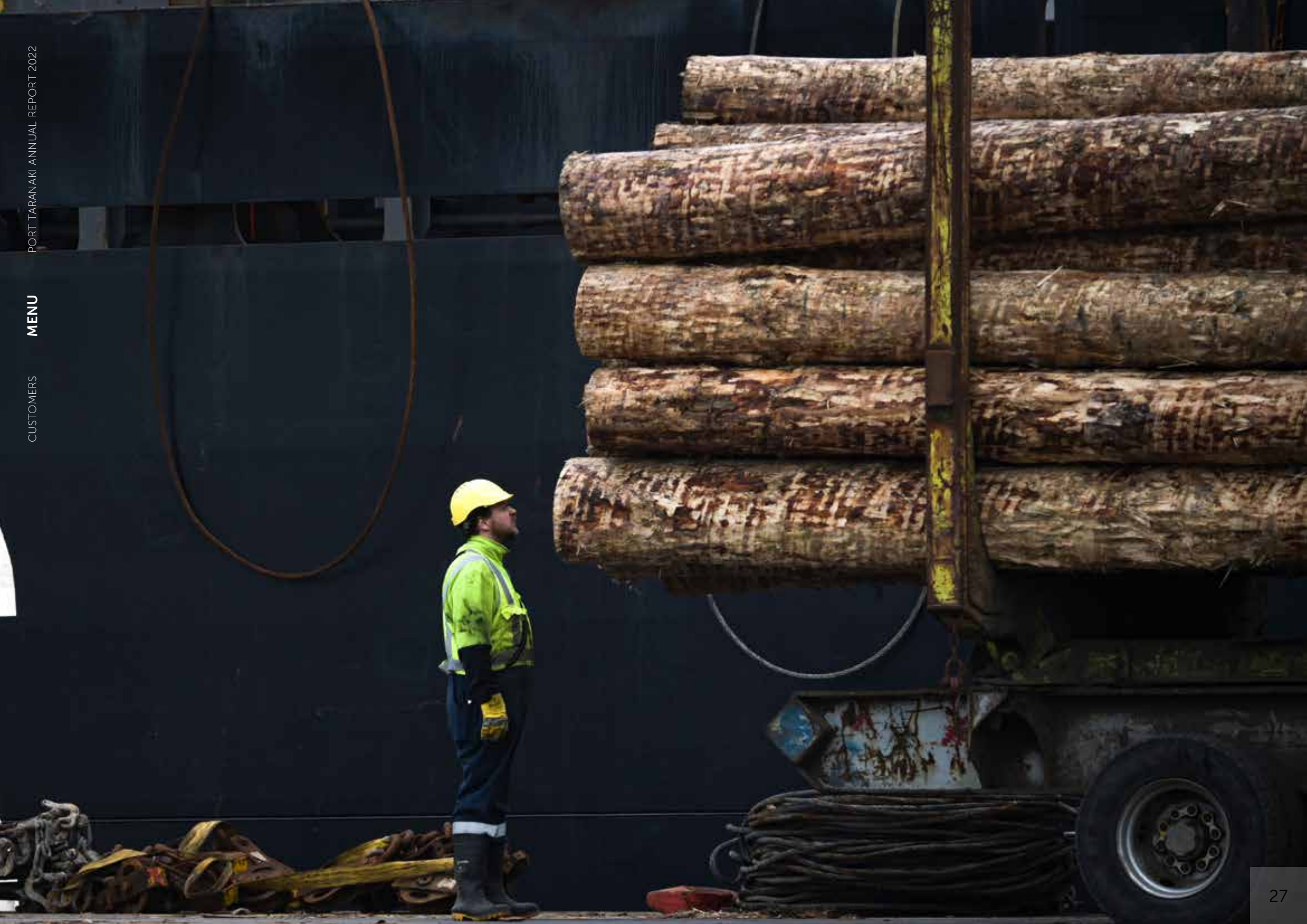
We recognise that the world is changing – climate change and its effects, and changes in societal trends and expectations are impacting trade and the goods and services that are produced.

We pride ourselves on being agile and adaptable, and being able to shift quickly to meet these changes.

We are constantly investigating new business opportunities and talking with potential customers about how our port can support them.

We will continue to investigate opportunities that will support our customers and our region into the future.





Efficiency





At Port Taranaki we take pride in being agile and flexible – able to adapt to changing market demands and customer needs quickly and efficiently. This makes trade easy for our customers and ensures products get where they are needed when they are needed.

We're aiming to take this further, and further improve our productivity by working smarter, not harder – defining, measuring, analysing and improving our processes so that we provide the most efficient service for our customers.

We're working to remove port constraints, which can affect the ability of port operators and customers to work and trade efficiently. This includes providing

facilities, equipment and storage areas that fit their needs now and in the future, and supporting port users to grow and develop their operations on-site.

We are focusing on this through our Sustainability Strategy theme of Resilience – creating value for our business, shareholder, customers and port users.

Technology and automation is a key aspect. We're aiming to improve our mobile communications, and assess surveillance and automation opportunities that could benefit our port and the customers and operators who use it.

Improved training for port's marine pilots

We have completely revised our approach to training our marine pilots, which has improved the efficiency of our programme.

We have employed a navigation training specialist as our marine services coordinator, who has helped us to conduct high-level analysis of the necessary ingredients for being a pilot.

From this, we have recognised how we can optimise our marine pilot training syllabus. This includes an emphasis on quality, more structured briefs and debriefs of each training job, sharing of lessons, a weekly

training review check-in, and targeted training at both simulator (Auckland) and manned model training (Australia).

These changes have seen our programme shortened by several months, and we estimate we have improved training efficiency by about 30%.

Overall, the new approach is strengthening our retention of existing pilots and our new trainees, and shortening the pathway to qualification based on quality training.

Capturing better wind, wave and tide data

We are carrying out a project that aims to give us a better understanding of the waves in the harbour, which will significantly improve the timeliness and quality of decisions we make to exclude vessels during weather events, including long period waves.

We have worked closely with oceanographers and data scientists in the design and testing of technology that captures live continuous data of the height, length and gradient of the waves at individual berths in the port. This will help determine which vessels, on which berths, will be affected most by a long period wave event.

A trial of six sensors were placed in the water, 80m apart, along Blyde Wharf. Powered by solar panels on the wharf, the sensors collected data on the height of the wave at each set point and talked to each other wirelessly, forming a sensor mesh.

One of the sensor units collected all the information and a live two-dimensional picture of the wave at the berth was formed, showing its height, length and gradient.

It is envisaged the technology will also eventually be installed along Moturoa Wharf and the Newton King Tanker Terminal.

This technology will enable us to use the large amount of data obtained to begin to predict what the gradient of the wave will be on each of the berths for a given swell forecast.

With 10 to 20 sensors across the harbour collecting data, we can bring the data together and ultimately run machine learning algorithms across this combined data set to produce a much better predictive capability.

This will improve efficiency for our customers when scheduling port calls.



ISO robotic scaling

One of our key export log marshalling customers, ISO Limited, is installing innovative robotic scaling technology and moving its scaling operation to new premises, close to, but outside our port operations area.

The combination of both these developments will significantly improve efficiency for both ISO Limited and Port Taranaki.

Firstly, the new automated scaling technology markedly reduces the amount of time it takes for a load of logs to be scaled. Secondly, with the scaling now taking place offsite, a full truck can now arrive at the port operations area and be driven straight to the log yard to be unloaded. This eliminates the need to divert across a weighbridge and then through a marshalling area, where wait times can be lengthy.

With hundreds of vehicle movements in the operations area, these developments will reduce congestion, reduce the wait times for scaling, reduce road maintenance costs, and will also free up space to optimise our log yard area. The improved efficiency of log truck movements through the port will enable log trucks to comfortably carry out multiple deliveries per day.

The introduction of robotic scaling technology follows ISO Limited's implementation of an automated tally shed, which quickly and efficiently checks the logs out of the yard on the way to being loaded onto a vessel.

We congratulate ISO Limited on these innovative developments.

Expansion of CCTV coverage

We are strengthening our CCTV network to deliver operating efficiency by enabling our security team to, effectively, be in many locations at the same time.

Our communications and security team has more than 60 hectares of land to monitor for safety and security, which means a large amount of time is spent driving around our sites.

To reduce this travel and increase our team's live surveillance ability, in the past year we have installed nine additional cameras, bringing our total camera count to 30, and we have also upgraded five old cameras that were incompatible with our new operating system.

In three key locations, we have started installing multihead cameras with pan-tilt-zoom, which give a 360° view of the area.

The next phase of our CCTV expansion will further reduce our reliance on patrols and enable our team to monitor some of the more remote locations via camera, increasing efficiency and reducing response times. Our customers, lessees and operators will benefit even more from the capture of safety-related footage for the purposes of incident investigation and training of staff.

Getting trade where it needs to go

Having an efficient, reliable, and resilient transport sector is vital for exporters and importers.

Central to this is building a freight transport sector that connects all regions and has a focus on competitiveness across all modes which, ultimately, improves outcomes for our customers.

With rail links to our wharves, and being the only deep water port on the North Island's west coast, we believe Port Taranaki can be a vital connection in a truly national multi-modal transport freight system.

This will not only improve efficiencies for customers and reduce costs in the process, it will also reduce pressure on the nation's roads.

It will also be more environmentally sustainable, as increasing freight movements by lower emissions transport modes, such as rail and coastal shipping, will reduce emissions and pollutants.

We will continue to work with Government agencies and transport industry representatives to push for greater multi-modal transport and enable our customers to move trade efficiently.



Assets





As New Zealand's only west coast deep water port, Port Taranaki is a vital link in the national and international supply chain.

For more than 140 years, our port has developed and grown as the trade to and from our region has changed.

Our port assets, such as our wharves, buildings, land, and on-water fleet are key to this success and the longevity of our business.

As global trade changes in line with the transition to a low-emissions future, we are also adapting, enhancing our assets to maximise their use and support customers and potential customers.

We acknowledge this in our Sustainability Strategy, with our theme of Resilience – creating value for our business, shareholder, customers and port users.

We recognise that climate change will also impact our assets, in particular our

breakwaters and wharves. We are carrying out investigatory work to understand the impact climate change, such as sea level rise, will have on our assets. This will enable us to ensure we are prepared for the future.

Our 10-year Asset Management Plan and business plans are, and will continue to be, crucial in balancing capability, resilience, affordability and long-term options when investigating asset investment.

Our Asset Management Plan provides assurance that we regularly review and inspect our assets, and assess what is needed to ensure longevity.

Local government planning and regulations also play a significant role in the status of our port and how it operates. We aim to work alongside authorities to ensure the importance of our port asset is understood, and to ensure its status is preserved and enhanced.

Repurposing assets

In recent years, we have changed and adapted our port to support changing trade and to ensure our customers have the facilities available to do business quickly and efficiently, now and in the future.

We have continued this work, completing the removal of the Moturoa Store, ancillary buildings and gallery, and removing the covered storage areas known as sheds 4 and 5.

Further back from our berths, we are also repurposing an area at the rear of the former power station site. We have resurfaced entry and exit points, and improved drainage and stormwater of the large concrete area.

In the medium term, all these areas will provide increased storage and laydown space for project cargo and other trade while, longer term, they give us flexibility, providing opportunity for further development to support trade in a low-emissions environment.

Environmental and low-energy solutions

We have continued with our stormwater quality management programme – upgrading our systems to prevent contaminants from entering the harbour. This work has centred on our log yards, as increased volumes of logs coming to port for export have resulted in increased amounts of log bark and particles in the operational area. To support this growth and protect our harbour, we have been carrying out a programme to install vortex separators or continuous deflective separation units. This work should be completed in 2024.

We are modifying our eco-hoppers to reduce the amount of dust produced when products are being transferred from ship to truck. The aim is to improve air quality, which will benefit our staff and port users.

A programme to replace light towers across the port operations area with modern LED lighting is under way. As well as reducing energy usage, LEDs limit light spill and provide greater light quality for port staff and users, which improves safety, particularly at the wharf edge.



Firewater project

We are future-proofing one of our key assets, our energy products wharf, the Newton King Tanker Terminal, with a significant upgrade of the firewater system to support the bulk liquids that move across the berth.

The system, which includes new pipelines, monitors, foam system, valving and control systems, is connected to the ring main, which has also been upgraded where required, and aligns with the International Safety Guide for Oil Tankers and Terminals safety standards.

The new system will use fresh water, as opposed to sea water, drawn from a Port Taranaki-owned tank outside the port operational area. The tank has been refurbished and upgraded for this purpose.

Our firefighting capability on the terminal will increase from 700m³/hr to 860m³/hr, and the water tank will enable six hours' continuous firefighting. The system will also provide boundary cooling of vessels in the event of a fire, which will complement the vessels' own firefighting systems and the assistance of our tug fleet.

This upgrade provides assurance to our customers that we can protect their assets and prepares our terminal for possible future changes in energy products being delivered.

The firewater system is to be commissioned in December.

Investing in electric vehicles

As part of our Sustainability Strategy, we're looking across our business and investigating where we can reduce our impact on the environment and investigating where we can reduce our impact on the environment and reduce our emissions.

One area of focus is our vehicle fleet, and we have started a programme to replace some vehicles with electric.

Initially, this will involve our smaller vehicles, which remain mostly at the port or make small trips out of the port area. We have recently purchased a Nissan Leaf, which is used by our civil supervisor, and this will be followed by electric vehicles to support our marine pilots and health and safety team.

This programme will expand in coming years and will include installing vehicle charging stations on-site.





Newton King Tanker Terminal digitalisation

We have installed a distributed control system on the Newton King Tanker Terminal, which takes Port Taranaki well beyond conventional international standards and will support the terminal and its customers for decades to come.

Replacing the analogue system, the distributed control system digitalises the monitoring systems on the Newton King Tanker Terminal, which enables data from across the terminal to be captured, analysed, and trends detected quickly and automatically.

This effective use of all the equipment will improve our operations to give better assurance to our customers, support health and safety, and make monitoring the Newton King Tanker Terminal less cumbersome for our operators.

Having the framework in place will enable us to support new energy opportunities in the future and it can be adapted to support customers' specialised requirements.

The initial framework has been completed and implemented, and the system is now in use. We are now monitoring the system to establish where we can make further improvements.

Our new firewater system will be included once complete, and we are investigating adding other Newton King Tanker Terminal equipment, such as the emergency generators, and our wharf lighting system to help reduce energy consumption. The alarms on the loading arm may also be added to provide our operators with firm data to support decision-making and end the need for visual inspections.

The distributed control system also supports a better way of working, as it has eliminated the need for our operators to move between multiple monitors in the control room. The information is centralised at one work station, so operators now have all the information on-screen in front of them.

Archaeological report

The Port Taranaki area holds rich cultural significance to Ngāti Te Whiti hapū, who are mana whenua of the port rohe.

We work and consult with the hapū and Te Atiawa iwi regarding consents, ground work in the port area, and access to wāhi tapu sites and taonga in the operations area.

In the past year, as part of a cultural impact assessment, we have had an archaeological report completed of the area, which has provided us with a large amount of very important information.

This will help guide us as to how we should proceed when undertaking work on our site in the future, particularly areas below ground level.

It also details areas of particular significance. When carrying out a future project in these areas we have the opportunity to assess whether an alternative solution can be implemented.

Floating assets

In response to the age of the vessels and expected future trade changes, we have recently sold our tug Kupe, and are in the process of selling another tug, Rupe.

Kupe, which is 51 years old, left for new owners in Vanuatu in early August. The vessel was retired following our purchase of new tug Kīnaki in 2018 and had not been part of the operating fleet since.

Rupe is 37 years old and we have assessed that reduced offshore energy support work means we no longer require a fulltime third tug to operate alongside Kīnaki and Tuakana. Alternatives are being assessed for third tug coverage when required.

We continue to upgrade and maintain our fleet. Later this year, Tuakana will undergo an extensive engine service, her CO₂ fire suppression system will be replaced, and her deck crane will be reinstated.

Rawinia, one of our two launch vessels, has had upgrades to her electronic navigation systems and air conditioning.

Roading improvements

Our busy port operations area supports hundreds of traffic movements a day, predominantly by heavy and oversize vehicles. As a result, repairs are regularly required, which add to maintenance costs.

As part of lifecycle costs analysis, we have been investigating alternative forms of roading including roller compacted concrete as well as the traditional asphalt concrete for logyards and roads.



Community



As a key economic asset for the region, being 100% owned by the community through the Taranaki Regional Council, and operating within the city boundary and natural environment, we have a responsibility to act in the best interests of our community and environment.

The importance we put on both is highlighted in our Sustainability Strategy. Within the four themes of Environmental enhancement, Supporting people and community, Enduring relationships, and Resilience, our community and environment is woven throughout.

Being owned by the Taranaki Regional Council, the dividends we pay each year help to offset regional rates. However, our connection with our community goes well beyond this – annually we sponsor a number of sports, community, environmental and marine organisations and events

in the region, and we play a leading role in community-led initiatives that are focused on Taranaki thriving in a low-emissions future. We also regularly engage with the community and Ngāti Te Whiti hapū on environmental, cultural and consenting issues.

We aim to develop and deepen these connections – ensuring that we have the community's success and sustainability front of mind and that we enhance our social licence to operate.

We aim to further protect the marine environment we operate in by continuing to assess and improve our environmental performance through investment in improved technology, improving environmental reporting, developing a marine cultural health index, investigating green energy technologies, and delivering our Sustainability Strategy.

Supporting our region through sponsorships

Our company vision is to be The Pride of Taranaki. As we operate within the community and are part of the community, we believe it's important to give back to the community. We're proud our contribution helps make a real difference.

We hope that through our sponsorships, members of our community who are disadvantaged have better outcomes, and people have the opportunity to grow, develop, learn and have fun.

Operating in and alongside the water, including popular family swimming spot Ngāmotu Beach, the Coastal Walkway, and the Lee Breakwater boat ramp and kids' fishing jetty, which Port Taranaki owns and maintains for the community, many of our sponsorships have a connection with maritime, water safety, and the marine environment.

We are the principal sponsor of the New Plymouth Yacht Club, and sponsor Coastguard Taranaki, East End Surf Life Saving Club, Surf Life Saving Taranaki, the Ngā Motu Marine Reserve Society, New Plymouth Sport Fishing and Underwater Club, and events, such as the

Flannagan Cup open water swim, the Tri Taranaki Festival, the Weet-bix Kids' TRYathlon, and the regular Seaside Market. During summer, we sponsored a water safety advertising campaign on Taranaki radio.

We have set aside land on the waterfront, near Ngāmotu Beach, for a container that holds equipment for charitable organisation Te Hapai Hoe's waka ama programme. The programme uses the experience and culture of waka ama to support Taranaki whānau towards a positive future.

Waka ama is a great sport for building confidence and self-esteem, understanding commitment and responsibility, and developing teamwork skills – all attributes that are vital for our community as we move forward.

We are also supporting those in need through the continuation of our sponsorship of North Taranaki foodbanks. We fund 30 packets of meat

a week, which are included in food parcels delivered by New Plymouth, Inglewood and Waitara foodbanks. We are proud this initiative has a positive impact in the community.

Our annual Harry Blyde golf tournament this year raised \$3,000 for Hospice Taranaki. The charity does great work in the Taranaki region, providing specialist palliative care services, and was a worthy and popular recipient of the funds raised.

We also support the Special Children's Extravaganza, the Taranaki Chamber of Commerce Business Excellence Awards, and Moturoa School's Trees for Survival programme. The school propagates and grows native and endangered plants, and annually plants a large number in gardens around Port Taranaki.

Building our relationship with iwi and hapū

We are working closely with Ngāti Te Whiti hapū and Te Kotahitanga O Te Atiawa to build a partnership based on trust and engagement, and see this as incredibly important and valuable as we move forward.

This has culminated in Ngāti Te Whiti developing a Cultural Values Statement for the rohe of Port Taranaki. We have formed a programme of work that aligns with the Cultural Values Statement, including the creation of a kaitiaki forum, where Port Taranaki and the hapū regularly meet to discuss upcoming projects at the port, the cultural impact of these projects, and how we can deliver the projects in alignment with the Cultural Values Statement.

As we move to implement areas of our Asset Management Plan, this gives us the opportunity to do so in a way that recognises the importance of

wāhi tapu and taonga, and to protect sites of significance and outstanding natural features.

We have held three forums in the past 12 months, which have been valuable in strengthening our relationship with Ngāti Te Whiti.

Other opportunities within the programme include potentially renaming areas of Port Taranaki, developing a marine cultural health index, and investigating how we can provide support for hapū members to gain education and training in areas that could result in employment at Port Taranaki.

We're looking forward to working on projects together that grow the port.



Telling our story in the community

We believe it's important to help the community understand who we are, what our operations and business involve, and what we do for the region and the community.

We are visiting a number of local community groups to tell our story. This gives us the opportunity to let our community know that our port is a significant asset that creates value for the region and helps the region prosper.

We have spoken at a range of business, special interest, health-related, and energy professional groups, and have taken part in offshore wind and future energy conferences, such as Techweek.

We are also taking an active role in the future of our region, one that will both be impacted and provided with opportunities by the move to a low-emissions environment. We have been involved with initiatives that aim to promote and develop the region, such as Taranaki 2050 and regional economic development strategy Tapuae Roa. We are on the Energy Working Group, which is part of Taranaki 2050, run by Venture Taranaki.

Working towards a Port Zone

We have provided input for the Proposed New Plymouth District Plan, which includes consideration of a Port Zone.

The establishment of a Port Zone will safeguard essential port operations and provide flexibility to enable Port Taranaki to meet the changing needs of existing and potential customers, without the constraints or compromises of reverse sensitivity issues. We want to ensure port land can continue to support current activities and can also be upgraded and redeveloped for future developments.

As Port Taranaki is an important economic asset for the region, we believe that as Taranaki moves towards decarbonisation and new energy sources, we have the opportunity to play a key role in facilitating new industry and wish to have the ability to do so. We believe a Port Zone provides a permissive environment that enables us to make trade easy for our current customers and future customers.

We look forward to the finalisation of the New Plymouth District Plan and the inclusion of a Port Zone.

Our ongoing relationships with local government, including the Taranaki Regional Council, is important as our region looks to future opportunities – working together to utilise the port and bring industry to the region.

In tandem with this, it's important that we are involved in discussions in regards to future transport modes and any changes to roading networks.

Ongoing COVID-19 management

Although COVID-19 is now in the community, we are proud of the ongoing efforts of our staff, customers and port users to keep COVID-19 from entering through our maritime border.

For more than two years, we have implemented strict health and safety protocols to help keep our community safe, including wearing PPE when interacting with visiting vessels, taking regular COVID-19 tests, and getting immunised.

Our staff, customers and port users have worked hard to follow these protocols throughout, and for that we are very thankful.

During the year, we also supported an innovative project to disinfect PPE for potential reuse, led by Dr Yvonne Anderson, a senior lecturer at Auckland University's department of paediatrics.

Having used a large amount of PPE during the COVID-19 pandemic, we were pleased to be able to help by providing an area at Port Taranaki for the building and testing of a prototype mobile PPE disinfection unit.

This innovation has the potential to reduce the impact of PPE on the environment, and ensure an ongoing safe supply of PPE in the event of supply shortages.

Protecting our environment

Our vision is to be The Pride of Taranaki, and a large part of achieving this is ensuring our environment, and the care of it, is a priority throughout all our operations.

We continue to support environmental initiatives that enhance the Port Taranaki area, including the Moturoa School Trees for Survival programme that involves planting native species at Port Taranaki, the NZ Penguin Initiative's project to microchip and monitor little blue penguins, the Towards Predator-Free Taranaki project, and our ongoing work to place predator traps around our site and remove invasive kelp species undaria from the harbour.

Our Sustainability Strategy includes an Environmental Enhancement stream, with the theme 'creating value for future generations and our planet'. We have identified a number of ideas that will be further investigated.

Among these are a feasibility study into the provision of a wharfside power supply system, investigating the possibility of fuelling the port's floating fleet on biodiesel, investigating the installation of EV charging stations in the port area, the port considering electric first when replacing vehicles, and developing a marine cultural health index.

During the year, storm events resulted in shipping operations being suspended and caused damage to sections of the port area, including to the wave tower off the Lee Breakwater. It was deemed irreparable and was removed.

These storm events are predicted to become more frequent and sea level is expected to rise as we realise the effects of climate change.

Our Climate Change Disclosure on pages 54 to 57 discusses further the risk of climate change on our port.



Governance



Disclosure

Port Taranaki's Board is accountable to its shareholder, the Taranaki Regional Council, in regards to how it runs the business, manages risks, reviews and improves performance and delivers on its promise as set out in the Statement of Corporate Intent.

In discharging its duties, the Board is committed to high standards of corporate governance and has adopted the following governance objectives:

- To lay solid foundations for management and oversight.
- To structure itself to add value through its composition, size and commitment.
- To promote ethical and responsible decision-making and act ethically and responsibly.
- To safeguard the integrity of its corporate reporting.
- To respect the rights of its Shareholder.
- To recognise and manage risk.
- To remunerate fairly and responsibly.

- To ensure that Port Taranaki acts as a good corporate citizen.
- To promote a company culture that embraces diversity and inclusion.

The Board conduct, responsibilities and commitments are guided by its Board Charter and key company policies.

Port Taranaki's Directors are appointed by the Shareholder and the role of the Board is to effectively represent and promote the interests of the company considering the interests of all stakeholders with a view to adding long-term value to the company. Having regard to its role, the Board directs and supervises the management of the business and affairs of the company.

In accordance with its Board Charter, Board committees are formed when it is efficient or necessary to facilitate efficient decision-making. Each Board committee has a written charter approved by the Board. The members of each Board committee are appointed by the Board based upon the needs of the company, relevant

legislative and other requirements and the skills and experience of the individual Directors. The role, function, charter, performance and membership of each committee are reviewed by the Board on an annual basis.

The Board has two standing committees: The Audit and Risk Committee (ARC) and the Health, Safety and Environmental Governance Committee (HSEGC).

The primary objective of the ARC is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in all matters related to overseeing the accounting, reporting, audit, compliance, and risks of the company.

The members of the ARC during the year were Kathy Meads (Chair), Peter Dryden, Charlotte Littlewood and Richard Krogh (ex officio).

The primary objective of the HSEGC is to assist the Board in exercising its due diligence over health, safety and environmental matters.

The members of the HSEGC during the year were Charlotte Littlewood (Chair), Graeme Marshall and Richard Krogh.

Attendance at Board meetings

| Director | Full Board Meetings | Audit and Risk Committee | Health, Safety and Environmental Governance Committee |
|----------------------|---------------------|--------------------------|---|
| Meetings held | 8* | 4* | 3 |
| Richard Krogh | 8 | 3 | 3 |
| Kathy Meads | 8 | 4 | |
| David MacLeod | 8 | | |
| Peter Dryden | 8 | 4 | |
| Graeme Marshall | 8 | | 3 |
| Charlotte Littlewood | 8 | 3 | 3 |

* One Board meeting and one Audit and Risk Committee meeting were limited agenda meetings.

Director remuneration

At the 2021 Annual Meeting the Shareholder approved a total Directors' fee pool of \$364,000.

During the year ended 30 June 2022, the Board allocated the Directors' fee pool as follows:

| Annual Fee Structure | Financial Year 2022 | Financial Year 2021 |
|----------------------|---------------------|---------------------|
| Chair | \$95,500 | \$83,500 |
| ARC Chair | \$60,000 | \$53,375 |
| HSEGC Chair | \$57,000 | N/A |
| Director | \$50,500 | \$46,500 |

Directors' remuneration in respect of the years ended 30 June 2022 and 30 June 2021 paid by the company were as follows:

| Annual Fee Structure | Financial Year 2022 | Financial Year 2021 |
|----------------------|---------------------|---------------------|
| Richard Krogh | \$95,500 | \$83,500 |
| Kathy Meads | \$60,000 | \$53,375 |
| Peter Dryden | \$50,500 | \$46,500 |
| David MacLeod | \$50,500 | \$46,500 |
| Graeme Marshall | \$50,500 | \$46,500 |
| Charlotte Littlewood | \$57,000 | \$46,500 |
| | \$364,000 | \$322,875 |

Interests Register

The company maintains an Interests Register in which the Directors' declared interests are recorded. The Directors of the company have

declared interests in the following identified entities as at 30 June 2022.

| Director | Interest | Entity |
|----------------------|-------------------------|---|
| Richard Krogh | Chair | Top Energy Limited and subsidiaries |
| | Chair | PKW Farms GP Limited |
| | Chair | Ngawha Generation Limited |
| | Director | First Gas Group of Companies |
| | Director and Consultant | Energia Limited |
| Peter Dryden | Chair | Aquafortus Technologies Limited |
| | Director | Headingly Holdings (NZ) Ltd |
| | Director | MOVE Logistics Group Limited |
| | Director | TIL Transport Investments Limited |
| | Director | B.G.I Nominees |
| | Shareholder | Matau Forests |
| Kathy Meads | Director/Chair ARC | Enable Services Limited |
| | Director/Chair ARC | Enable Networks Limited |
| | Director/Chair ARC | NZPM Group Limited |
| | Director/Chair ARC | Shipowners Mutual Protection and Indemnity Association (Luxembourg) |
| | Director/Chair ARC | Magic Memories Group Holdings Limited |
| | Director/Shareholder | Kathy Meads Limited |
| | Trustee | Christchurch Symphony Orchestra |

| Director | Interest | Entity |
|-----------------------------|---|--|
| David MacLeod | Chair | Taranaki Regional Council |
| | Director/Shareholder | AJ Greaves Electrical Limited |
| | Director | Predator Fee 2050 Ltd |
| | Member | Mana Rangatira Governance Group, Bio-Heritage National Science Challenge |
| | Member | Māori Economic Development Advisor Board (MBIE) |
| | Director/Shareholder | Waimate Investment Properties Limited |
| Graeme Marshall | Chair | Tourism Bay of Plenty |
| | Chair | Mount Industrial Air Quality Working Party |
| | Co-Chair | Tauranga Moana Biosecurity Capital |
| | Shareholder | Port of Tauranga Limited |
| Charlotte Littlewood | Councillor and Chair of Policy and Planning Committee | Taranaki Regional Council |
| | Co-Chair | Taranaki Regional Skills Leadership Group |
| | Director | WITT Limited |
| | Trustee | Taranaki Trails Trust |
| | Trustee | Pukeiti Trust Fund |

Insurance

The company has arranged Directors' and Officers' liability insurance cover for \$30 million to indemnify the Directors against the loss as a result of actions undertaken by them as Directors, provided they operate within the law.

The company has also arranged separate insurance cover for \$5 million for Directors' defence costs in the event any claim against

Directors as a result of actions undertaken by them as Directors, provided they operate within the law.

In addition, the company has indemnified Directors for claims made against them to the extent possible in accordance with the Companies Act and the Company's Constitution.



Climate Change

Disclosure

As New Zealand's premier energy trading port, Port Taranaki has both commercial and environmental interests to consider in relation to climate change.

We recognise climate change has the potential to affect our business, both through physical impacts and in the transition to a low-carbon economy. This creates both risk and opportunity for Port Taranaki.

We assess climate-related risks and opportunities in setting our company's long-term strategic direction, including as part of Port Taranaki's risk management framework. Climate-related risk is one of the risks on our enterprise risk register and is actively managed by management with oversight by the Board.

Our assessment on climate-related risks and opportunities is set out below. These are based upon publicly available reports, Ministry for the Environment climate projections for New Zealand, and internally developed scenarios that we have adopted for long term planning.

We are committed to reducing our carbon footprint, improving our operational resilience, and adapting to the effects of a changing climate. We continue work to further understand how climate change will impact our infrastructure and the environment we work in (see Assets page 35).

Transitions risks and opportunities

- Heightened scrutiny from stakeholders.
- National imperative to reduce carbon emissions.
- Rising fuel and carbon costs, impacting operational costs.
- Risk that Methanex withdraws from New Zealand.
- Re-pricing of asset values.
- Opportunity to support renewable energy projects that support the Taranaki region.
- Opportunity to leverage Port Taranaki's capabilities to a new customer base.

Physical risks and opportunities

- The health, safety and wellbeing of our people is impacted by working in warmer conditions and changing weather patterns.
- Insurance costs increase and insurance availability is diminished given sea level rise.
- The intensity of storms may impact stormwater design and capacity and could cause disruption to port operations and damage marine infrastructure.
- Increased frequency of extreme wind events could damage buildings, light towers and other elevated structures and may disrupt vessel loadings.
- Maintenance and dredging requirements change as sea levels rise, coastal morphology changes and adverse weather events become more frequent.
- Optimise strategic asset planning.

Business response

We manage physical climate change risks through mitigation, which includes proactive and regular maintenance to ensure safety and resilience e.g., regular monitoring, post-event inspections and akmon replacement on our breakwaters.

Risks that will manifest over the long term, e.g., sea level rise, are managed through the annual planning cycle, our Asset Management Plan, and infrastructure projects. We are currently undertaking an engineering study to help identify what will be required to ensure our assets, primarily the breakwaters, are protected against projected sea level rise and weather-related events (see Assets page 35).

In addition, our Sustainability Strategy accounts for our impact on climate change and includes a focus on climate change and carbon reduction.

Our carbon reporting plans

During the year, we further advanced our sustainability journey with the Board approving the company's Sustainability Strategy. Our Sustainability Strategy is premised upon four themes: (1) environmental enhancement; (2) supporting our people and community; (3) enduring relationships; and (4) resilience.

A key climate change action for the FY23 to FY25 period includes reporting transparently on our relevant environmental, social and governance matters and enhancing this over time. As a start we have been guided in this disclosure by the guidelines of the Task Force on Climate-related Financial Disclosures. We recognise that this disclosure is not complete. It is the start of our journey, and in FY23 we will undertake an assurance readiness review as we look to solidify our climate commitments and measure and report our carbon footprint.

Other key climate change actions within Port Taranaki's Sustainability Strategy include:

- Implementing climate adaptation planning into the company's Asset Management Plan.
- Planning for climate change and establishing a strategy to protect our assets and infrastructure into the future.
- Using climate-related scenarios to determine the potential financial impacts of climate-related risks and opportunities.

Our carbon governance

Port Taranaki's Board is accountable to its shareholder, the Taranaki Regional Council, for the long-term stewardship of the company. The Board is responsible for oversight and governance of its business objectives and strategies, including climate-related risks and opportunities.

As part of its governance function, the Board sets the company's overall strategic direction. All key risks and opportunities are considered by the Board as appropriate when reviewing and guiding strategy and the operations of the company, including as part of its risk management framework. This is additionally managed by delegation to the Audit and Risk Committee which has been delegated responsibility for ensuring Port Taranaki manages its risks and compliance appropriately, including its climate-related risks.

The company's risk management framework is designed to promote a culture which ensures a proactive and consistent approach to identifying, mitigating, and managing risk. Port Taranaki's management is responsible for the active identification of risks (including climate change) and implementing mitigation measures. The company's risk management framework is overseen by the Board.

Comparative review

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------|-------|-------|-------|-------|
| Operations | | | | | |
| Trade (millions of freight tonnes) | | | | | |
| Imports | 1.11 | 1.18 | 1.13 | 0.94 | 0.96 |
| Exports | 3.63 | 3.92 | 4.33 | 4.10 | 4.18 |
| Total | 4.74 | 5.10 | 5.46 | 5.04 | 5.14 |
| Cargo vessel visits | 284 | 265 | 273 | 261 | 272 |
| Total gross tonnage (GT)(millions) | 6.67 | 6.08 | 6.17 | 5.56 | 5.71 |
| Permanent full-time employees | 115 | 111 | 107 | 110 | 114 |
| Financial (\$millions) | | | | | |
| Revenue | 51.46 | 50.84 | 51.79 | 47.21 | 45.64 |
| Total interest expense | 0.65 | 0.93 | 1.96 | 1.94 | 1.47 |
| Earnings before interest, tax, depreciation, amortisation, maintenance dredging, changes in fair value of hedges, impairments, and gain/loss on assets (EBITDAF). | 21.69 | 21.13 | 25.05 | 20.61 | 22.59 |
| Earnings before interest, subvention payments and taxation (EBIT) | 14.62 | 13.71 | 17.54 | 13.04 | 13.26 |
| Taxation | 4.11 | 3.60 | 3.34 | 3.58 | 3.54 |
| Net profit after taxation | 9.91 | 9.18 | 12.24 | 7.51 | 8.26 |
| Dividends | 8.00 | 8.00 | 8.00 | 9.00 | 5.46 |
| Capital expenditure | 8.11 | 5.89 | 5.77 | 11.56 | 14.61 |

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------|--------|--------|--------|--------|
| Continued | | | | | |
| Equity | 160.07 | 156.80 | 148.84 | 143.80 | 140.56 |
| Interest bearing debt | 32.33 | 36.90 | 39.07 | 45.98 | 40.67 |
| Total tangible assets | 201.41 | 202.03 | 196.84 | 199.52 | 191.76 |
| Earnings per share (¢) | 19.06 | 17.64 | 23.54 | 14.44 | 15.88 |
| Ordinary dividends per share (¢) | 15.38 | 15.38 | 15.38 | 17.31 | 10.50 |
| Net assets per share (¢) | 307.83 | 301.53 | 286.23 | 276.53 | 270.30 |
| Average equity (%) | 77.63 | 76.05 | 73.41 | 72.41 | 73.19 |
| Average return on equity (%) | 6.26 | 6.00 | 8.37 | 5.28 | 5.94 |
| Average return on assets (%) | 4.86 | 4.57 | 6.14 | 3.82 | 4.35 |
| Operating cashflow | 19.76 | 15.61 | 20.98 | 15.15 | 18.18 |
| Interest cover (times by net profit after taxation) | 13.94 | 9.40 | 5.96 | 3.46 | 4.07 |

Statement of Corporate Intent

A comparison of the performance targets in the Statement of Corporate Intent for the period 1 July 2021 to 30 June 2022 against actuals for the period 1 July 2021 to 30 June 2022 as required by Section 164 (4) (a) of the Port Companies Act 1998 is shown opposite.

| 2021/2022 | Target | Actual | Achieved |
|--|---------|--------|----------|
| Total trade volumes (MT) | ≥ 5.0 | 4.7 | ✗ |
| Non-liquid bulk (MT) | ≥ 1.0 | 2.0 | ✓ |
| EBITDAF ¹ on average total assets (EBITDAF/ATA) | ≥ 10.5% | 10.6% | ✓ |
| Return (NPAT) on average total assets (NPAT/ATA) | ≥ 4.0% | 4.9% | ✓ |
| Return (NPAT) on average shareholder's funds (NPAT/ATA) | ≥ 5.5% | 6.3% | ✓ |
| Equity percentage (ASF/ATA) | ≥ 65.0% | 77.6% | ✓ |
| Interest coverage ratio (EBITDAF/Total interest) | ≥ 5.0x | 30.5 | ✓ |
| Dividends \$m (minimum p.a) | ≥ 8.0 | 8.0 | ✓ |
| Environment incidents of harbour pollution | Nil | 1.0 | ✗ |
| Environment compliance with all resource consents | Yes | Yes | ✓ |

ATA - Average Total Assets

NPAT - Net Profit After Tax

ASF - Average Shareholder Funds

¹EBITDAF is Earnings before interest, tax, depreciation, amortisation, maintenance dredging, changes in fair value of hedges, impairments, and gain/loss on assets. EBITDAF is a non-GAAP profit measure that provides a consistent measure of PTL's operating performance and is closely monitored by Management and the Board.

These financial statements

These financial statements are presented in a style that attempts to make them less complex and more relevant to customers, owners, and other stakeholders. The financial statements are grouped into the following sections: 'Financial statements'; 'About this report'; 'Significant matters in the financial year'; 'Our performance'; 'Our assets'; 'Our funding'; 'Our financial risk management'; and 'Other disclosures'. Each section sets out the accounting policies applied in producing the relevant statements and notes, along with details of any key judgements and estimates used. The intent is to provide readers with a clear understanding of what drives the financial performance and financial position of Port Taranaki Limited (PTL, also referred to as the Company). The aim of the text in boxes is to provide commentary on each section, or note, in plain English.

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FOR THE YEAR ENDED 30 JUNE 2022

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Financial statements

FOR THE YEAR ENDED 30 JUNE 2022

Statement of profit or loss

| | Note | 2022 \$000 | 2021 \$000 |
|--|-----------|---------------|---------------|
| Total operating revenue | A2 | 51,463 | 50,841 |
| Total operating expenses | A3 | 29,774 | 29,707 |
| Earnings before interest, tax, depreciation, amortisation, maintenance dredging, changes in fair value of hedges, impairments, and gains or losses on sale of property, plant and equipment (EBITDAF) | A4 | 21,689 | 21,134 |
| Depreciation, amortisation, and maintenance dredging | A4 | 7,464 | 7,410 |
| Impairment of property, plant and equipment | A4 | - | - |
| Net (gain) / loss on sale of property, plant and equipment | A4 | (392) | 19 |
| Earnings before interest and tax | | 14,617 | 13,705 |
| Net finance expense | | 596 | 927 |
| Profit before tax | | 14,021 | 12,778 |
| Tax expense | A5 | 4,108 | 3,603 |
| Profit after tax | | 9,913 | 9,175 |

Statement of profit or loss continued

| | Note | 2022 \$000 | 2021 \$000 |
|---|------|--------------|--------------|
| Earnings per share from operations attributable to the shareholder | | | |
| Profit after tax | | 9,913 | 9,175 |
| Number of ordinary shares ('000's) | | 52,000 | 52,000 |
| Basic and diluted earnings per share (cents) | | 19.06 | 17.64 |

Statement of comprehensive income

| | Note | 2022 \$000 | 2021 \$000 |
|---|------|---------------|---------------|
| Profit after tax | | 9,913 | 9,175 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Revaluation of property, plant and equipment (net of tax) | C4 | 182 | 6,485 |
| Change in cash flow hedge reserve (net of tax) | C4 | 1,181 | 296 |
| Total other comprehensive income | | 1,363 | 6,781 |
| Total comprehensive income | | 11,276 | 15,956 |

The notes to the financial statements form an integral part of these financial statements

Financial statements

AS AT 30 JUNE 2022

Statement of financial position

| | Note | 2022 \$000 | 2021 \$000 |
|----------------------------------|------|----------------|----------------|
| Cash and cash equivalents | | 372 | 262 |
| Trade and other receivables | B9 | 5,768 | 7,018 |
| Inventories | B10 | 915 | 725 |
| Total current assets | | 7,055 | 8,005 |
| Property, plant and equipment | B1 | 194,353 | 194,022 |
| Right of use assets | | 618 | 686 |
| Intangible assets | B2 | 409 | 565 |
| Derivative financial instruments | D2 | 2,052 | 409 |
| Total non-current assets | | 197,432 | 195,682 |
| Total assets | | 204,487 | 203,687 |

For and on behalf of the Board of Directors who authorised the issue of these financial statements on 12 September 2022.



Richard Krogh
CHAIR



Kathy Meads
CHAIR OF THE AUDIT AND RISK COMMITTEE

| | Note | 2022 \$000 | 2021 \$000 |
|---|------|----------------|----------------|
| Trade and other payables | C7 | 6,098 | 5,259 |
| Employee benefit provisions | | 1,443 | 1,374 |
| Lease liability | | 60 | 57 |
| Borrowings | C5 | 64 | 79 |
| Taxation payable | | 2,344 | 1,041 |
| Total current liabilities | | 10,009 | 7,810 |
| Borrowings | C5 | 32,268 | 36,895 |
| Employee benefit provisions | | 473 | 568 |
| Lease liability | | 616 | 676 |
| Deferred tax liability | A6 | 1,050 | 943 |
| Total non-current liabilities | | 34,407 | 39,082 |
| Total liabilities | | 44,416 | 46,892 |
| Share capital | C2 | 26,000 | 26,000 |
| Reserves | C4 | 69,989 | 69,096 |
| Retained earnings | | 64,082 | 61,699 |
| Shareholder's equity | | 160,071 | 156,795 |
| Total liabilities and shareholder's equity | | 204,487 | 203,687 |

The notes to the financial statements form an integral part of these financial statements

Financial statements

FOR THE YEAR ENDED 30 JUNE 2022

Statement of changes in equity

| | Note | Issued Capital \$000 | Retained Earnings \$000 | Revaluation Reserve \$000 | Cash Flow Hedge Reserve \$000 | Total Equity \$000 |
|---|------|----------------------------|-------------------------------|---------------------------------|-------------------------------------|-----------------------|
| As at 1 July 2020 | | 26,000 | 60,524 | 62,315 | - | 148,839 |
| Changes in shareholder's equity for 2021 | | | | | | |
| Comprehensive income | | - | 9,175 | - | - | 9,175 |
| Other comprehensive income | | - | - | 6,485 | 296 | 6,781 |
| Dividends | C3 | - | (8,000) | - | - | (8,000) |
| As at 30 June 2021 | | 26,000 | 61,699 | 68,800 | 296 | 156,795 |
| Changes in shareholder's equity for 2022 | | | | | | |
| Comprehensive income | | - | 9,913 | - | - | 9,913 |
| Other comprehensive income | | - | - | 182 | 1,181 | 1,363 |
| Transfer of revaluation reserve on asset disposal | | - | 470 | (470) | - | - |
| Dividends | C3 | - | (8,000) | - | - | (8,000) |
| As at 30 June 2022 | | 26,000 | 64,082 | 68,512 | 1,477 | 160,071 |

The notes to the financial statements form an integral part of these financial statements

Financial statements

FOR THE YEAR ENDED 30 JUNE 2022

Statement of cash flows

| | 2022 \$000 | 2021 \$000 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Receipts from customers | 58,155 | 58,427 |
| Interest received | 53 | - |
| Payments to suppliers and employees | (34,592) | (37,170) |
| Interest paid | (1,160) | (875) |
| Income tax paid | (2,698) | (4,770) |
| Net cash flows from operating activities | 19,758 | 15,612 |
| Cash flows from investing activities | | |
| Sale of property, plant and equipment (net of disposal costs) | 1,113 | 2 |
| Purchase of property, plant and equipment, and software | (7,940) | (5,846) |
| Capitalised interest on purchase of property, plant and equipment | (174) | (49) |
| Net cash flows from investing activities | (7,001) | (5,893) |
| Cash flows from financing activities | | |
| Borrowings drawn | 19,730 | 23,005 |
| Borrowings repaid | (24,320) | (25,165) |
| Dividends paid | (8,000) | (8,000) |
| Lease payments | (57) | (54) |
| Net cash flows from financing activities | (12,647) | (10,214) |
| Net increase/(decrease) in cash and cash equivalents | 110 | (495) |
| Cash and cash equivalents at the beginning of the year | 262 | 757 |
| Cash and cash equivalents at the end of the year | 372 | 262 |

| | 2022 \$000 | 2021 \$000 |
|---|---------------|---------------|
| Reconciliation of net profit after tax to net cash flows from operating activities | | |
| Profit after tax | 9,913 | 9,175 |
| Plus: Movements in non-cash items: | | |
| Depreciation, amortisation, and maintenance dredging | 7,464 | 7,410 |
| Impairment | - | - |
| Deferred tax balances | 107 | 623 |
| Sale of property, plant and equipment | - | 19 |
| Plus: Movements in operating assets and liabilities | | |
| Trade and other receivables | 406 | (169) |
| Inventories | (190) | (52) |
| Provisions | 963 | (207) |
| Trade and other payables | 694 | 968 |
| Interest payable | (511) | 51 |
| Tax payable | 1,304 | (1,787) |
| Less: Movements related to investing activities: | | |
| Movement in property, plant and equipment creditors | (392) | (419) |
| Net cash flows from operating activities | 19,758 | 15,612 |

The notes to the financial statements form an integral part of these financial statements

About this report

FOR THE YEAR ENDED 30 JUNE 2022

In this section

The notes to the financial statements include information which is considered relevant and material to assist the reader in understanding changes in PTL's financial position or performance. Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important in the application of PTL's accounting policies;
- it is important for understanding the results of PTL;
- it helps explain changes in PTL's business; or
- it relates to an aspect of PTL's operations that is important to future performance.

The port

Port Taranaki Limited (PTL, also referred to as the Company) is the only deep water port on the west coast of New Zealand and services bulk liquids (serving the nation's energy sector), dry bulk (fertiliser, stock feed and cement), logs and general cargo. Commercial activities include the provision of: (i) vessel and cargo/logistics handling services and offshore support; and (ii) property and storage services. These are considered under two integrated performance obligations: (i) port operational revenue; and (ii) property revenue. All activities are undertaken with full regard to health, safety, and protection of the environment.

PTL is a sea port company incorporated under the Companies Act 1993.

The Company's parent and sole shareholder is the Taranaki Regional Council (TRC) and was, at all times, during the financial year.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 2-8 Bayly Road, Moturoa, New Plymouth 4310.



Key accounting judgements and estimates

In applying PTL's accounting policies and in the application of NZ IFRS, PTL makes a number of judgements, estimates and assumptions. The estimates of underlying assumptions are based on historical experience and various other factors that are considered to be appropriate and reasonable under the circumstances. Actual results may differ from these estimates.

Judgements and estimates which are considered material to understanding the performance of PTL are found in the following notes: A3 Operating expenses; A5 Tax; A6 Deferred tax liability; B3 Impairment of non-financial assets; B4 Recognition and measurement; B7 Depreciation; and B8 Provisions.

Basis of preparation

These financial statements have been prepared:

- In accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for a for-profit entity. These financial statements also comply with IFRS. PTL is a for-profit entity for the purpose of complying with NZ GAAP.
- In accordance with the requirements of the Port Companies Act 1988 and the Financial Reporting Act 2013.
- On the basis that the Company is a going concern.
- On a historical cost basis, except for land, and derivatives held at fair value, as identified in the accompanying notes.
- Using the same accounting policies for all reporting periods presented, unless otherwise stated.
- On a Goods and Services Tax (GST) exclusive basis except receivables and payables, which include GST where GST has been invoiced.
- In New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

Significant matters in the financial year

FOR THE YEAR ENDED 30 JUNE 2022

In this section

Significant matters which have impacted PTL's financial performance.

COVID-19

Despite ongoing lockdowns and traffic light settings over the course of the year, the Company has assessed that COVID-19 has not significantly impacted it over the last twelve months (notwithstanding that extra resource has had to be deployed over the year). It is acknowledged that it is likely that COVID-19 will continue to impact the New Zealand economy and PTL in the future. This assessment is effective as at 12 September 2022 and has made use of available information at that time.

COVID-19 and the continued economic uncertainty has resulted in impacts to key estimates and judgements used in these financial statements. These judgements and estimates are detailed within the following notes: B3 and D3.

Given: (i) that COVID-19 has, and is expected to continue to have, limited impact on the Company's operations; (ii) the Company's balance sheet; (iii) available debt facilities; and (iv) the ability to reduce capital expenditure and dividends if required, PTL has the flexibility and is well positioned to protect the business and navigate any uncertainty to continue as a going concern.

Significant changes in the financial year

Repairs and maintenance

In relation to significant items of property, plant and equipment that incur major cyclical component maintenance or replacement, PTL has applied a change in recognition criteria to capitalise these costs and depreciate them over the life of the maintenance cycle. In particular, assets such as tugs where a portion of the cost of certain assets is attributed to its service potential (reflecting the maintenance condition) and is depreciated over the shorter of the period to the next major inspection event, overhaul, or the remaining life of the asset. Previously vessel dockings and engine and propeller overhauls were expensed as repairs and maintenance. The impact on prior year has been considered to be immaterial and restatement of 2021 financial statements has not been made.

Land valuation

At 30 June 2022, a valuation of PTL's land was undertaken to determine the fair value of the assets. The valuation has resulted in an increase by \$182 thousand from 30 June 2021 to \$98.41 million. PTL uses an independent valuer to determine the value of its land. Land assets are valued using a combination of: (i) the direct sales comparison approach which analyses direct sales of comparable properties on the basis of the sale price per square metre which are then adjusted to reflect differences between the subject properties; and (ii) the rental earning capacity of the land.

For more information refer to Note B4.

Provisions

PTL has an obligation to dispose of PFOS contaminated firefighting foam inventory. PFOS/PFOA containing firefighting foam has been widely used globally and throughout New Zealand. The Company has provided for the expected disposal costs.

For more information refer to Note B8.

Format of statements

These statements have been prepared under a new format with the aim to provide better information to the reader. Direct comparison with past statements will be impaired at some levels of detail due to this change.

A

Our performance

In this section

This section explains the financial performance of PTL, providing additional information about individual items from the statement of profit or loss, including:

- accounting policies, judgements and estimates that are relevant for understanding items recognised in the statement of profit or loss; and
- analysis of PTL's performance for the year by reference to key areas including: operating revenue, operating expenses and tax.

A1 Operating Revenue Drivers (units)

| | 2022 | 2021 |
|------------------------------------|-------|-------|
| Trade tonnes (thousands of tonnes) | 4,743 | 5,099 |
| Trade vessel visits (number) | 284 | 265 |

Port operating revenue

Port operating revenue is influenced by the quantity of trade that passes across PTL's wharves and the number and type of vessels that visit.

A2 Operating Revenue

| | 2022 | 2021 |
|--------------------------------|---------------|---------------|
| Port operational revenue | 43,206 | 42,902 |
| Property revenue | 6,804 | 6,900 |
| Other income | 1,453 | 1,039 |
| Total operating revenue | 51,463 | 50,841 |

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown, net of GST, rebates and discounts. Revenue is recognised as follows:

Port operational revenue is a series of distinct performance obligations for the provision of pilotage, towage, berthage and wharfage services to PTL's customers. Revenue is recognised over time, as the service is performed using performance over time.

PTL's port operational revenue falls into the main streams of bulk liquids, dry bulk, and logging cargo. In addition to this is offshore, which is the support PTL provides to the energy sector.

Property revenue is from property leased under operating leases and is recognised in the statement of profit or loss on a straight line basis over the term of the lease.

A3 Operating Expenses

| | 2022 | 2021 |
|--|---------------|---------------|
| Employee expenses | 15,100 | 14,433 |
| Repairs and maintenance | 5,349 | 7,143 |
| Other expenses | 9,325 | 8,131 |
| Total operating expenses | 29,774 | 29,707 |
| Included within other expenses are: | | |
| Auditor's remuneration | | |
| Audit fees | 90 | 88 |

Repairs and maintenance

PTL has changed its recognition criteria in respect of repairs and maintenance (refer Significant Matters Section). Previously expensed repairs and maintenance expenditure related to major cyclical maintenance is now capitalised and depreciated over the period to the next expected inspection or overhaul (for example, vessel dockings and engine and propeller overhauls). If PTL had not changed its recognition criteria the repairs and maintenance expense for 2022 would have increased by \$536 thousand.

Employee expenses

Provisions are made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and retirement allowances. Provisions are recognised when it is probable that they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

Contributions to defined contribution plans were \$496 thousand in 2022 (30 June 2021: \$537 thousand).

A4 EBITDAF Reconciliation

| | Note | 2022 | 2021 |
|--|-----------|---------------|---------------|
| EBITDAF | | 21,689 | 21,134 |
| Maintenance dredging | B1, B7 | 1,452 | 1,189 |
| Depreciation | B1, B7 | 5,856 | 6,029 |
| Amortisation | | 156 | 192 |
| Impairment of property, plant and equipment | B1, B3 | - | - |
| Net (gain) / loss on sale of property, plant and equipment | | (392) | 19 |
| Interest revenue | | (53) | - |
| Interest expense | | 649 | 927 |
| Profit before tax | | 14,021 | 12,778 |
| Tax expense | A5 | 4,108 | 3,603 |
| Profit after tax | | 9,913 | 9,175 |

EBITDAF definition

EBITDAF is earnings before interest, tax, depreciation, amortisation, maintenance dredging, change in fair value of hedges, impairments, and gains or losses on sale of property, plant and equipment. EBITDAF is a non-GAAP profit measure that is used internally by Management and the Board to provide insight into PTL's operating performance as it allows the evaluation of PTL's operating performance without the non-cash impacts of depreciation, amortisation, fair value movements of hedging instruments and other one-off or infrequently occurring events and the effects of PTL's capital structure and tax position.

EBITDAF does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

A5 Tax

| | 2022 | 2021 |
|--|--------------|--------------|
| Profit before tax | 14,021 | 12,778 |
| Tax expense calculated at 28% | 3,926 | 3,578 |
| Tax effect of non-deductible expenses in net profit before tax | 156 | 19 |
| Timing differences | 26 | 6 |
| Adjustments impacting tax expense in prior years | - | - |
| | 4,108 | 3,603 |
| Current tax expense | 4,461 | 2,983 |
| Deferred tax expense | (353) | 620 |
| Total tax expense | 4,108 | 3,603 |



Tax

Tax expense comprises current tax expense and deferred tax expense, calculated using the tax rate enacted or substantially enacted at balance date and any adjustments to tax payable in respect of prior years. Tax expense is recognised in the statement of profit or loss except when it relates to items recognised directly in other comprehensive income.

A6 Deferred Tax Liability

| | Property, Plant and Equipment | Derivative financial | Other | Total |
|---|-------------------------------|----------------------|----------------|--------------|
| Balance at 1 July 2020 | 1,458 | - | (1,250) | 208 |
| Recognised in the statement of profit or loss | 510 | - | 110 | 620 |
| Recognised in other comprehensive income | - | 115 | - | 115 |
| Balance at 30 June 2021 | 1,968 | 115 | (1,140) | 943 |
| Recognised in the statement of profit or loss | (263) | - | (90) | (353) |
| Recognised in other comprehensive income | - | 460 | - | 460 |
| Balance at 30 June 2022 | 1,705 | 575 | (1,230) | 1,050 |



Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes.

A deferred tax asset and/or liability is calculated using the tax rates expected to apply when the asset is expected to be recovered or the liability settled, based on those tax rates enacted at balance date.

A deferred tax asset is recognised when it is probable that future taxable profit will be available to use the asset. This is reviewed at each balance date and adjustments are made to the extent that it is no longer probable that future taxable profit will be available.

B

Our assets

In this section

This section explains the assets that PTL uses in its business to generate operating revenue. In this section there is information about:

- property, plant and equipment; intangible assets; trade receivables; and inventory; and
- impairment of non-financial assets; provisions; capital commitments; and capitalised interest.

B1 Property, Plant and Equipment

| | Land | Wharves and Breakwaters | Buildings | Port Services and Equipment | Dredging | Asset Held for Sale | Capital Works in Progress | Total |
|--------------------------------|---------------|-------------------------|---------------|-----------------------------|---------------|---------------------|---------------------------|----------------|
| Cost | | | | | | | | |
| Balance at 1 July 2020 | 92,336 | 30,318 | 32,862 | 101,010 | 24,971 | - | 3,119 | 284,616 |
| Additions | - | - | 122 | 1,855 | 2,492 | - | 6,280 | 10,750 |
| Disposals | - | - | - | (184) | (2,251) | - | - | (2,435) |
| Revaluation | 6,485 | - | - | - | - | - | - | 6,485 |
| Reclassification | (595) | - | (208) | - | - | 803 | - | - |
| Capitalisation | - | - | - | - | - | - | (4,633) | (4,633) |
| Balance at 30 June 2021 | 98,226 | 30,318 | 32,776 | 102,681 | 25,213 | 803 | 4,766 | 294,783 |
| Additions | - | 69 | 281 | 1,971 | - | 46 | 8,113 | 10,480 |
| Disposals | - | - | - | (832) | - | (849) | - | (1,681) |
| Revaluation | 182 | - | - | - | - | - | - | 182 |
| Capitalisation | - | - | - | - | - | - | (2,117) | (2,117) |
| Balance at 30 June 2022 | 98,408 | 30,387 | 33,057 | 103,820 | 25,213 | - | 10,762 | 301,647 |

B1 Property, Plant and Equipment continued

| | Land | Wharves and Breakwaters | Buildings | Port Services and Equipment | Dredging | Asset Held for Sale | Capital Works in Progress | Total |
|--------------------------------------|----------|-------------------------|-----------------|-----------------------------|----------------|---------------------|---------------------------|------------------|
| Accumulated depreciation | | | | | | | | |
| Balance at 1 July 2020 | - | (19,136) | (15,614) | (55,177) | (6,130) | - | - | (96,057) |
| Depreciation reversal from disposals | - | - | - | 163 | 2,251 | - | - | 2,414 |
| Reclassification | - | - | 138 | - | - | (138) | - | - |
| Depreciation expense | - | (483) | (1,059) | (4,419) | (1,157) | - | - | (7,118) |
| Balance at 30 June 2021 | - | (19,619) | (16,535) | (59,433) | (5,036) | (138) | - | (100,761) |
| Depreciation reversal from disposals | - | - | - | 791 | - | 140 | - | 931 |
| Impairment | - | - | - | - | - | - | - | - |
| Depreciation expense | - | (416) | (1,282) | (4,344) | (1,420) | (2) | - | (7,464) |
| Balance at 30 June 2022 | - | (20,035) | (17,817) | (62,986) | (6,456) | - | - | (107,294) |
| Carrying value | | | | | | | | |
| At 30 June 2021 | 98,226 | 10,699 | 16,241 | 43,248 | 20,177 | 665 | 4,766 | 194,022 |
| At 30 June 2022 | 98,408 | 10,352 | 15,240 | 40,834 | 18,757 | - | 10,762 | 194,353 |

B2 Intangible Assets

| | Software |
|--------------------------------------|----------------|
| Cost | |
| Balance at 1 July 2020 | 4,650 |
| Additions | 164 |
| Disposals | - |
| Balance at 30 June 2021 | 4,814 |
| Additions | - |
| Disposals | - |
| Balance at 30 June 2022 | 4,814 |
| Accumulated depreciation | |
| Balance at 1 July 2020 | (4,057) |
| Depreciation reversal from disposals | - |
| Depreciation expense | (192) |
| Balance at 30 June 2021 | (4,249) |
| Depreciation reversal from disposals | - |
| Depreciation expense | (156) |
| Balance at 30 June 2022 | (4,405) |
| Carrying value | |
| At 30 June 2021 | 565 |
| At 30 June 2022 | 409 |

Software as a Service (SaaS)

PTL's investment in software assets will reduce as software providers start to provide their products as services and charge on a subscription basis. These subscriptions will not be capitalised as they hold no value beyond the current subscription period. PTL has also expensed the upgrades of existing systems to their cloud-based descendant services.

B3 Impairment Non-Financial Assets

PTL reviews the recoverable amount of its tangible and intangible assets at each balance date. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of future cash flows expected to be generated by the assets (also known as value in use). If the carrying value of an asset exceeds the recoverable amount, an impairment expense is recognised in the statement of profit or loss. However, if the assets are carried at a revalued amount, the impairment is treated as a revaluation decrease in equity to the extent they reverse. Any reversal of previous losses is recognised immediately in the statement of profit or loss, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase in equity.

Capital dredging has an indefinite useful life and is not depreciated as the channel is maintained via maintenance dredging to its original depth and contours.

COVID-19

The Company has considered the potential impact of further COVID-19 outbreaks and public lockdowns as part of its impairment testing of assets on its statement of financial position. Given the move from the alert level system to the traffic light system and that in all previous public lockdowns the provision of port services was deemed essential, the Company does not expect that future COVID-19 outbreaks will impact the Company's ability to trade.

Climate risk

Climate risk is a risk for the Company. A significant proportion of the Company's trade is bulk liquids which is exposed to New Zealand's oil and gas industry. The impacts of climate change have the potential to impact this trade given the possible actions that may be taken to decarbonise the economy. This risk is considered for in PTL's review of the recoverable amount of its tangible and intangible assets at each balance date. As at balance date we are forecasting that this risk will not materially impact the Company over at least 10 years. Another climate related risk to port operations is through an increasing frequency of adverse weather events. Such risks are not new to port operations and PTL addresses, and will continue to address such risks as they arise.

B4 Recognition and Measurement

All property, plant and equipment is initially measured at cost and subsequently stated at either fair value or cost less accumulated depreciation and any impairment losses. Borrowing costs are capitalised as part of a qualifying asset.

Fair value and revaluation of land

Land is measured at fair value, based upon periodic valuations by external, independent valuers. PTL undertakes revaluation reviews with sufficient regularity to ensure the carrying value does not differ significantly from fair value. Inputs used in the valuation are comparable sales evidence for the Company's land, and if required, rental earning capacity of the land, which are observable inputs.



Land was revalued at 30 June 2022 by Telfer Young (Taranaki) Ltd, New Plymouth. Telfer Young is an independent valuer. The revalued amount of land used in this report amounts to \$98.41 million using a combination of the direct sales comparison approach and the rental returns approach methodology. In regards to fair value hierarchy, this is considered level 2 as defined by NZ IFRS 13.

Land assets have been valued on their highest and best use taking into account the existing zoning, potential for utilisation and localised port market. All land holdings are used or held for port operational requirements and as such are valued under the requirements of NZ IAS 16 using fair value (market value).

| | 2022 | 2021 | 2022 | 2021 |
|------|--------|--------|------------|------------|
| | Cost | Cost | Fair Value | Fair Value |
| Land | 30,049 | 30,021 | 98,408 | 98,821 |



The land valuation approach requires the determination of a price per square metre for different land parcels. This requires judgement. Further judgement is required in determining the quantum of usable land, which determines land value. The accompanying table sets out a sensitivity analysis for the carrying value of land.

B4 Recognition and Measurement continued

| Key Input to Measure Fair Value | Significant Assumption | Sensitivity | Impact on Valuation (\$000) |
|---------------------------------|------------------------|---|-----------------------------|
| Prime Quayside | \$330 / m ² | +15/m ² / -15/m ² | +\$786 / -\$786 |
| Port Operational | \$285 / m ² | +15/m ² / -15/m ² | +\$1,119 / -\$1,119 |
| Eastern Reclamation* | \$270 / m ² | +12/m ² / -12/m ² | +\$1,199 / -\$1,199 |
| Ex Power Station* | \$198 / m ² | +15/m ² / -15/m ² | +\$1,677 / -\$1,677 |
| Road allocation | 223,035 m ² | +10% / - 10% | -\$3,921 / +\$3,922 |

* weighted average

B5 Commitments

| | 2022 | 2021 |
|---------------------|-------|-------|
| Capital commitments | 6,776 | 7,035 |

Estimated capital expenditure contracted for at balance date but not provided for includes: maintenance dredging, the upgrade and replacement of PTL's firewater system and a number of smaller capital projects.

B6 Capitalised Interest

| | 2022 | 2021 |
|-----------------------------|-------|-------|
| Capitalised borrowing costs | 62 | 49 |
| Average capitalisation rate | 2.55% | 2.64% |

Borrowing costs incurred during construction/assembly of major capital projects are capitalised as part of the initial cost of the respective assets.

B7 Depreciation



Property, plant and equipment, and intangible assets other than land and capital dredging are depreciated on a straight line basis over their estimated useful lives.

Determining the remaining useful lives requires judgement and estimates. These are reviewed on an ongoing basis and take into account physical, economic and environmental factors, including but not limited to asset condition and obsolescence, technology changes and climate change. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

We have considered the impact of climate change on sea level rise and the impact that this may have on our wharves, breakwaters and other assets. We are not currently anticipating any reduction in the useful lives of those assets.

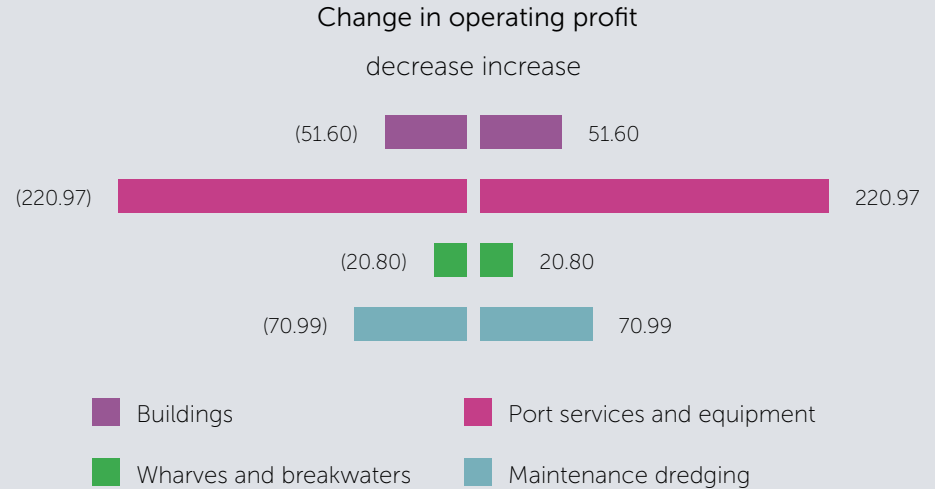
| Asset Class | Depreciation Method | Useful Lives (years) |
|-----------------------------|---------------------|----------------------|
| Land | Nil | Indefinite |
| Wharves and breakwaters | Straight line | 4 to 66 |
| Buildings | Straight line | 5 to 45 |
| Port services and equipment | Straight line | 2 to 50 |
| Dredging: | | |
| Maintenance dredging | Straight line | 2 |
| Capital dredging | Nil | Nil |

PTL regularly undertakes hydrographic surveys of its channel to assess navigable depths. Following a recent hydrographic survey it has been determined that the channel has narrowed and there is a need to bring forward a component of the planned 2023 maintenance dredging campaign. Given this, a portion of the 2021 maintenance has been determined to have a useful life of less than 2 years and its depreciation has been accelerated. This has resulted in

an additional depreciation expense of \$197 thousand in FY22. The 2023 maintenance dredging campaign that is to be undertaken in two sub-campaigns is expected to be effective until the scheduled 2025 maintenance dredging campaign. Consequently, the first sub-campaign (being undertaken in August 2022) will be depreciated over 32 months and the second sub-campaign to be undertaken as scheduled in January 2023 will be depreciated over 2 years.

Depreciation sensitivity

The sensitivity below shows the effect of changing the estimated useful life of depreciable assets by 5% on the operating profit for the year.



B8 Provisions



PTL is required by the Environmental Protection Authority under their Fire Fighting Chemicals Group Standard 2021 HSR002573 to dispose of non-compliant firefighting foam. The cost of disposal has been estimated to be \$0.99 million and is to be disposed of by the end of December 2022 whereby the disposal is to coincide with the commissioning of a new firewater system. This cost has been provided for in these financial statements.

B9 Trade and other receivables

Trade and other receivables are recognised initially at the value of the invoice sent to the customer (fair value) and are subsequently carried at amounts considered recoverable (amortised cost). The collectability of trade and other receivables is reviewed on an on-going basis.

PTL's historical credit loss experience is minimal and therefore no allowance for credit losses is recognised for trade and other receivables. Receivables are written off at the point where PTL believes there is no reasonable expectation of recovery, which is typically a combination of an overdue amount, no communication or response from the debtor, and no payments received.

B10 Inventory

Raw materials and stores, work in progress and finished components are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price upon recognition of obsolescence, degradation or damage to inventory. All inventory is consumed in PTL's operational and capital expenditure programmes.

C

Our funding

In this section

This section outlines how PTL manages its capital structure, its funding sources and how dividends are returned to the shareholder. In this section there is information about:

- capital structure;
- shareholder's equity and dividends;
- borrowings and banking covenants;
- reserves; and trade payables.

C1 Capital Structure

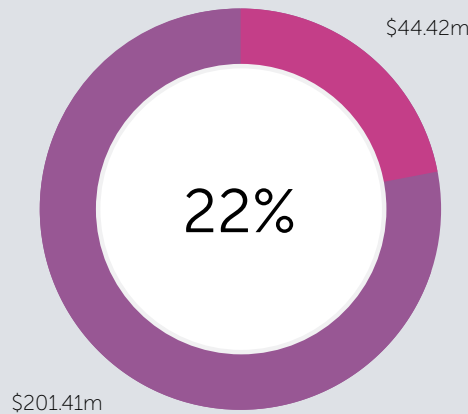
The Company's policy is to maintain a stable and strong capital base, so as to maintain investor and creditor confidence and sustain the business development of the Company and safeguard its ability to remain a going concern.

The Company regularly monitors its capital requirements, its compliance with its financial covenants and models downside scenarios (refer Note C6).

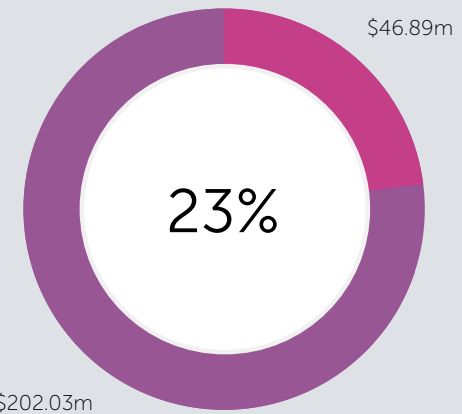


To manage its capital base and to comply with its financial covenants, PTL uses various means including: adjusting the amount of dividends paid to the shareholder; amending its capital programme; selling property, plant and equipment; or raising or repaying debt. PTL is subject to the capital requirements imposed by the Company's Revolving Cash Advances Facility with ASB Bank Limited. This requires the Company to maintain its debt ratio, one of its funding covenants, at less than 50%. The Company actively manages its debt to its internal treasury policy, which sets a target gearing ratio of less than 35%.

Debt Ratio 2022



Debt Ratio 2021



■ Total liabilities ■ Total tangible assets

C2 Share Capital

| | Shares (000) 2022 | Shares (000) 2021 | Issued Capital 2022 | Issued Capital 2021 |
|---------------------------------------|----------------------|----------------------|------------------------|------------------------|
| Share capital (issued and fully paid) | 52,000 | 52,000 | 26,000 | 26,000 |

C3 Dividends

| | Cents per share | 2022 | Cents per share | 2021 |
|-----------------------------|--------------------|--------------|--------------------|--------------|
| Final ordinary dividend | 7.69 | 4,000 | 6.73 | 3,500 |
| Prior year special dividend | - | - | 4.81 | 2,500 |
| Interim ordinary dividend | 7.69 | 4,000 | 3.85 | 2,000 |
| Total dividends | | 8,000 | | 8,000 |



Subsequent event - dividend declared

On 12 September 2022, the Board resolved to pay a fully imputed final dividend of \$4.00 million at 7.69 cents per share on 11 October 2022. On 12 September 2022, PTL held 29.40 million imputation credits.

Imputation credit account

| | 2022 | 2021 |
|---|--------|--------|
| Imputation credits available for future use | 27,837 | 26,840 |

C4 Reserves

| | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 |
|---|---------------------|-----------------|---------------|---------------------|-----------------|---------------|
| | Revaluation Reserve | Cash Flow Hedge | Total | Revaluation Reserve | Cash Flow Hedge | Total |
| Balance 1 July | 68,800 | 296 | 69,096 | 62,315 | - | 62,315 |
| Movements in other comprehensive income | 182 | 1,181 | 1,363 | 6,485 | 296 | 6,781 |
| Transfer from revaluation reserve on asset disposal | (470) | - | (470) | - | - | - |
| Balance 30 June | 68,512 | 1,477 | 69,989 | 68,800 | 296 | 69,096 |

Nature of revaluation reserve

The asset revaluation reserve arises from the revaluation of land. Where revalued land is sold, that portion of the asset revaluation reserve which relates to that asset and is effectively realised is transferred directly to retained earnings.

Nature of cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred.

C5 Borrowings

| | Facility 2022 | Drawn 2022 | Un-drawn 2022 | Facility 2021 | Drawn 2021 | Un-drawn 2021 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current secured loans | - | 64 | - | - | 79 | - |
| Non-current secured loans | - | 32,268 | - | - | 36,895 | - |
| Total | 65,000 | 32,332 | 32,668 | 65,000 | 36,974 | 28,026 |

The borrowings in the statement of financial position include accrued interest.

PTL's borrowings with ASB Bank Limited are secured by way of a general security deed granting a security interest over its personal property, a fixed charge over its other property and a mortgage over its land and buildings.

The Company recognises as an expense within the statement of profit or loss all borrowing costs incurred, with the exception of interest costs associated with capital projects (refer to Note B6).

C6 Banking Covenants

PTL has complied with all banking covenants in the year. PTL was, and is, able to trade through all the alert and subsequent traffic light levels. Nevertheless business and economic conditions are uncertain. Consequently, PTL has modelled downside scenarios that forecast a significant drop in operating revenue. These scenarios do not foresee PTL breaching its banking covenants.

C7 Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost. The Directors consider that the carrying amount of trade and other payables approximates to their fair value due to their short term nature.

D

Our financial risk management

In this section

In its ordinary course of business, the Company is exposed to financial risk. This section explains the financial risks that PTL faces, how these risks can affect PTL's financial performance and position, and how PTL manages these risks.

PTL is exposed to the following financial risks:

- Interest rate risk
- Credit risk
- Liquidity risk

D1 Risk Management

The Board has overall responsibility for establishing, monitoring and overseeing PTL's risk management framework. The Board has established an Audit and Risk Committee whose responsibilities include risk management, statutory compliance and financial management and control.

D2 Interest Rate Risk

Nature of the risk

Interest rate risk is the risk that movements in interest rates impact PTL's financial performance or the fair value of its financial hedging instruments.

Exposure

The interest rate on PTL's bank debt is floating and therefore PTL is exposed to movements in interest rates and these may impact the Company's financial performance.

Risk management

PTL has managed cash flow interest rate risk through interest rate swaps. At balance date, active hedges covered 99% (2021: 68%) of the Company's borrowings.

PTL can also apply surplus funds against the Company's borrowings or by investing these funds on a short-term basis until they are required.

The Company does not enter into, or trade financial instruments, including derivative financial instruments for speculative purposes.

Derivative financial instruments

PTL uses derivative financial instruments to hedge its exposure to interest rate risks arising through its activities. Derivative financial instruments are not held for trading purposes. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of comprehensive income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the cash flow hedge reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of comprehensive income. The effective portion of changes in fair value of hedging instruments is accumulated in the cash flow hedge reserve as a separate component of equity.

D2 Interest Rate Risk continued

PTL determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. PTL assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. The notional amount of the hedging instrument must match the designated amount of the hedged item for the hedge to be effective.

Sources of hedge ineffectiveness are:

- Material changes in credit risk that affect the hedging instrument but do not affect the hedged item.
- Drawn liabilities that fall below the hedging amount, causing the hedge ratio to exceed 100%.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the hedging reserve remains there until the highly probable forecast transaction, upon which the hedging was based, occurs.

| Fair value | 2022 | 2021 | 2022 | 2021 |
|--------------------------------------|-----------------|-----------------|--------------|------------|
| | Notional Amount | Notional Amount | Fair Value | Fair Value |
| Interest rate swap asset | 44,000 | 25,000 | 46,052 | 25,410 |
| Interest rate swap liability | (44,000) | (25,000) | (44,000) | (25,000) |
| Forward contract asset | - | - | - | - |
| Forward contract liability | - | - | - | - |
| Facility fees | - | - | - | (1) |
| Netted derivative instruments | - | - | 2,052 | 409 |

Borrowings - measurement and recognition

Borrowings are recognised initially at the fair value of the drawn facility amount, net of transaction costs paid. Borrowings are subsequently stated at amortised cost using the effective interest method. Any borrowings which have been designated as hedged items are carried at amortised cost plus a fair value adjustment under hedge accounting requirements. The fair value of the current loans and term loans are estimated based upon the market prices available for similar debt securities obtained from the lender at balance sheet.

| Fair Value | 2022 | 2021 | 2022 | 2021 |
|--------------------------------|-----------------|-----------------|------------|------------|
| | Carrying Amount | Carrying Amount | Fair Value | Fair Value |
| Interest bearing loans | 32,275 | 36,865 | 32,274 | 36,867 |
| Weighted average interest rate | | | 1.50% | 1.51% |

D2 Interest Rate Risk continued



Within term borrowings there are fixed interest rate instruments which are not in hedge accounting relationships. The carrying values and estimated fair values of these instruments are noted in the previous table.

In determining the fair value of financial instruments, PTL uses quoted prices and/or a discounted cash flows approach. Fair value measurements are grouped within a three-level fair value hierarchy based on the observability of inputs to the valuation process:

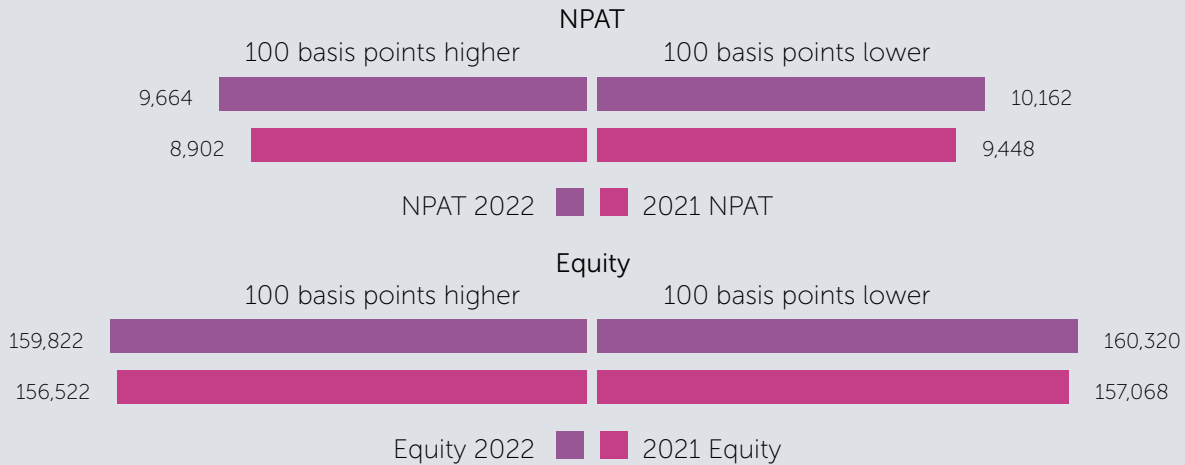
- Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at reporting date;
- Level 2 Inputs: either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs other than quoted prices included in Level 1; or
- Level 3 Inputs: inputs that are not based on observable market data (i.e. unobservable inputs).

In regards to fair value hierarchy, PTL's calculation of fair value for its fixed rate instruments is considered Level 2 as defined by NZ IFRS 13. The fair value is determined by using mark to market valuation.

At year end, the Company had five interest rate swaps in place (2021: four interest rate swaps in place).

Interest rate sensitivity

The following sensitivity analysis shows the effect on profit or loss and equity if market interest rates at balance date had been 100 basis points higher or lower with all other variables held constant.



D3 Credit Risk

Nature of the risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to the risk of default in the normal course of business from its customers, hedging instruments and deposits held at the bank.

Risk management

PTL manages credit risk through its policy of only dealing with creditworthy counterparties and its payment terms, as a means of mitigating the risk of financial loss from defaults.

The risk exposure to banks and/or financial institutions is managed by dealing only with high credit quality banks and/or financial institutions only, i.e. with a rating of A+ or higher.

Exposure

PTL monitors credit risk on an ongoing basis. The carrying amount of financial assets recognised in the statement of financial position, net of any allowances for losses, best represents the Company's maximum exposure to credit risk and are recognised. The ongoing uncertainty of COVID-19 and its potential impacts has not increased credit risk from trade and other receivables.

D4 Liquidity Risk

Nature of the risk

Liquidity risk is the risk that PTL will not be able to meet its financial obligations as they fall due.

Exposure

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the earliest contractual maturity date at balance date. The amounts shown are contractual undiscounted cash flows.

| Funding Maturity | 2022 | | | 2021 | | |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 0-1 Years | 1-2 Years | 2-3 Years | 0-1 Years | 1-2 Years | 2-3 Years |
| Trade and other payables | 6,098 | - | - | 5,259 | - | - |
| Borrowings | - | - | 32,275 | - | - | 36,865 |
| Undrawn | - | - | 32,725 | - | - | 28,135 |

Risk management

PTL evaluates its liquidity requirements on an ongoing basis by regularly forecasting cash flows and debt levels for the next 12 months under various adverse scenarios. The Company maintains a buffer of undrawn bank facilities of at least 15% over its forecast funding requirements to enable it to meet any unforeseen cash flows. The Company seeks to avoid a concentration of debt maturity by spreading maturities in accordance with its treasury policy.

E

Other disclosures

In this section

This section includes the remaining information which is required to comply with statutory disclosures.

E1 Related Party Transactions

The Company has a related party relationship with its parent, directors and executive officers.

| a) Transactions with parent | 2022 | 2021 |
|---|-------|-------|
| Sale of goods and services to parent | 2 | 1 |
| Purchase of goods and services from parent | 79 | 85 |
| These transactions exclude dividends | | |
| b) Transactions with key management | 2022 | 2021 |
| Key management short term employee expenses | 1,753 | 1,805 |
| c) Transactions with directors | 2022 | 2021 |
| Directors' short term employee expenses | 364 | 323 |
| Purchase of goods and services from directors | 3 | 58 |

E2 Operating Leases as Lessor

| Lease commitments due as follows | 2022 | 2021 |
|--|---------------|---------------|
| Within 1 year | 5,928 | 6,279 |
| Between 1-5 years | 13,499 | 14,734 |
| Greater than 5 years | 5,402 | 7,957 |
| Total lease commitments as lessor | 24,829 | 28,970 |

Where PTL is the lessor, assets leased under operating leases are included in property, plant and equipment, in the statements of financial position, as appropriate.

Payments and receivables made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

The main property under leases are NPPS Turbine Hall, Omata Tank Farm and Norgate Store. The carrying amount of these properties as at 30 June 2022 is \$18.6 million (2021: \$19.6 million) and is included as part of property, plant and equipment in Note B1.

E3 Other Annual Report Disclosures

The shareholder has resolved not to require disclosure of the matters listed in section 211 (1), (e), (f), (g), and (h) of the Companies Act 1993.

E4 Subsequent Events

There are no other subsequent events other than dividends declared on 12 September 2022 (refer to Note C3 Dividends for more information).



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF PORT TARANAKI LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Port Taranaki Limited (the company). The Auditor-General has appointed me, Matt Laing, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the company on his behalf.

Opinion

We have audited the financial statements of the company on pages 62 to 85, that comprise the statement of financial position as at 30 June 2022, the statement of profit or loss, 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 accounting policies and other explanatory information.

In our opinion, the financial statements of the company:

- present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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.

Our audit was completed on 12 September 2022. 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, 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.

Responsibilities of the Board of Directors for the financial statements

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

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

In preparing the financial statements, the Board of Directors is responsible on behalf of the company 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 there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Port Companies Act 1988 and the Companies Act 1993.

Responsibilities of the Auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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.

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

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, 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 company'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 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 company'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 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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 on pages 1 to 61 but does not include the financial statements, and our auditor's report thereon.

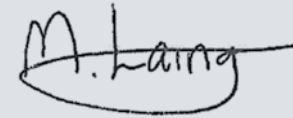
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

We are independent of the company 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 issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



Matt Laing, Partner
For Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand

Board of Directors

Richard Krogh, Chair
Peter Dryden
Charlotte Littlewood
David MacLeod
Graeme Marshall
Kathy Meads

Leadership Team

Simon Craddock, Chief Executive
Ross Dingle, Head of Commercial
Ashley McDonald, Head of Operations
John Maxwell, GM Infrastructure
Allan Melhuish, Chief Financial Officer
Catherine Lo-Giacco, GM People and Safety

Auditors

Deloitte Limited on behalf of the Auditor-General

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ASB Bank Limited

Solicitors

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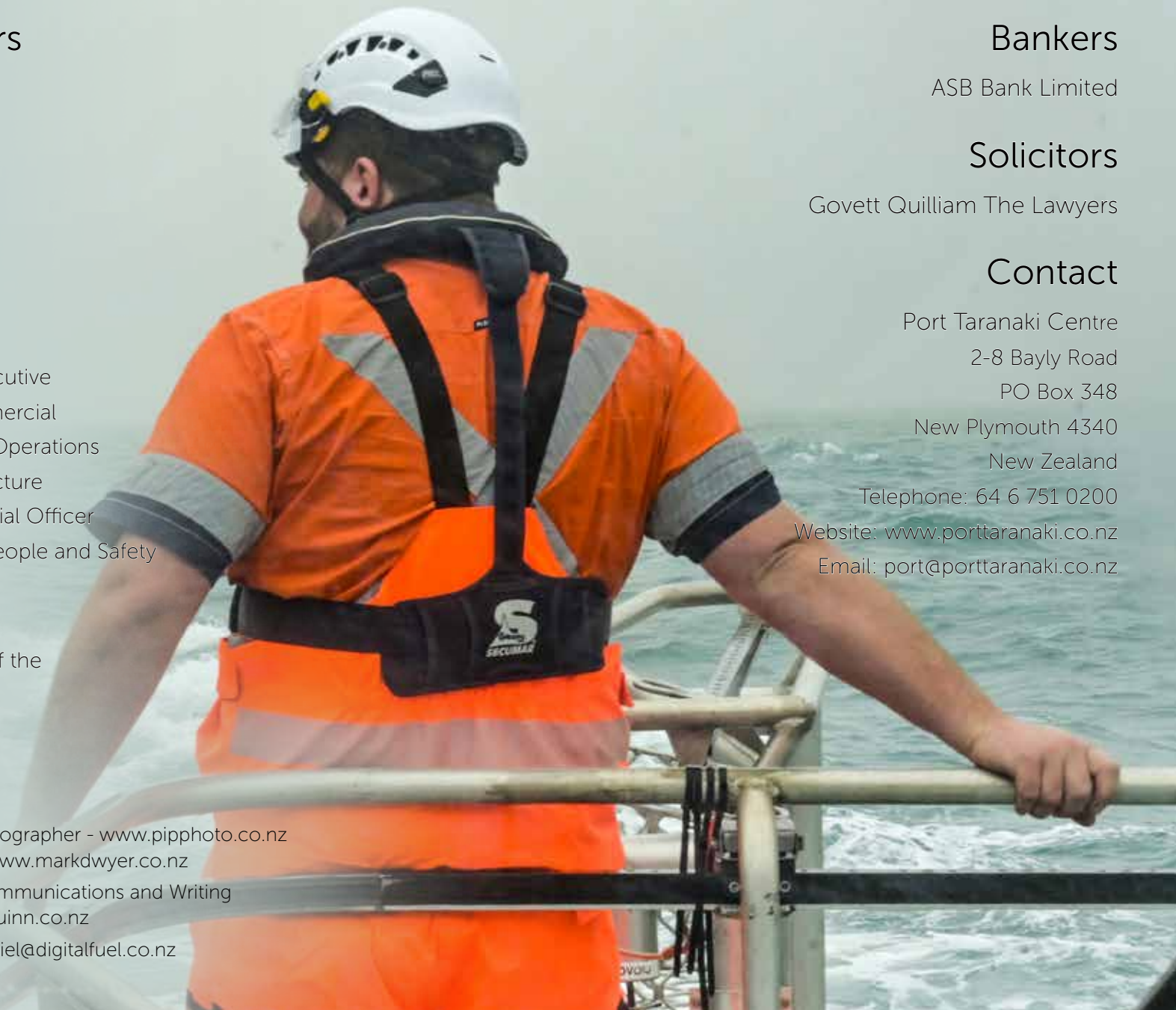
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Port Taranaki Limited Annual Report 2022