2026 Port Otago Integrated Report

Navigating growth

Always open. Space to grow. Data led.

The $12.5m rail pad at Port Chalmers Container Terminal was opened by Minister for Rail Rt Hon Winston Peters in October 2025. See story page 41.

PORT OTAGO | 2026

Introduction

The theme of this year's Integrated Report is Navigating growth because, in short, our future depends on it.

Physical space

In the literal sense, physical space is in short supply at the port. We are bound by our footprint in Port Chalmers and Dunedin with little room to move. But we can do more with what we have. We are looking at better ways to use our space to navigate growth. By deepening the Lower Harbour channel to 14m, we can now welcome larger vessels.

Southern Link

Our customers plan to grow, and we must grow with them. That's where Southern Link comes in, our inland port. With transport partners, KiwiRail and Dynes Transport, it is our gateway to growth. Our solution for more space. It is progressing steadily through the necessary approval processes with our stakeholders.

Our understanding

Building our understanding of the needs and priorities of our key stakeholders will help us navigate the growth ahead. This will take time. Time to listen and time to learn. If the year ahead is about anything, it is about this.

Welcome to our seventh Integrated Report, *Navigating growth.*

About this report

This report is driven by our Board and Leadership Team, **always open** strategy and materiality results. Starting with a workshop in early July 2026, when we ran through this year's materiality results and stakeholder feedback, our Board and Leadership Team have been involved in guiding the key messages and content of this report. We continue to be guided by the <IR> Framework and the new reporting standards. We thank our stakeholders for their honest feedback. Their support of our transparent approach by agreeing to be quoted always means a lot to us. Feedback on this report is welcome at *info@portotago.co.nz*

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Full year review

from the Chair and Chief Executive

The $15m Tug *Ōtepoti* arrived in February 2026. See stories page 33 and 40

PORT OTAGO | CHAIR / CHIEF EXECUTIVE REPORT | 2026

This year, Port Otago delivered a better-than-expected result, while making tangible progress on building infrastructure to support our region's growth. Highlights include:

- Underlying profit of $34.4m was achieved, as a result of a $5.2m lift in the contribution from operating activities
- Container throughput rose 4%, to 257,900 TEU
- Bulk volumes increased by 10%, to 1.9m tonnes
- Dividends to our shareholder increased $2m, to $20m
- Total assets surpassed the $1b mark, while debt increased by only $3m.

Always open

Our plan to be **always open** is based on adapting to larger shipping vessels and ensuring our harbour defences are resilient to more frequent extreme weather events.

We welcomed our new Damen 2312 Tug *Ōtepoti* in February 2026, after her 10,000-nautical-mile journey to Port Chalmers. She seamlessly integrated into the Port Otago fleet and is using 22% less diesel than her predecessor, Tug *Otago*. Tug *Ōtepoti* joins Tug *Taiaroa* as a second 70-tonne bollard pull tug, providing us with the necessary tug power to extend weather windows for existing ships calling and to be **always open** for bigger vessels in the future.

Another key enabler to berthing larger vessels is our **always open** channel. Our Marine team achieved 14m chart datum in June 2026 and Maersk has already taken advantage of the extra draft. The Southern Star Rio fleet can load to 14m, carrying an extra 150 containers, reducing their carbon footprint and lowering the cost per container. Work continues on potential solutions to improve the resilience of the Aramoana mole. Our team is undertaking tank testing of preferred engineering options, versus continuing to use our own quarry rock to replenish the mole, post storm events.

In February, we welcomed MSC back to Port Chalmers with the Wallaby weekly service calling. In June, the MSC Southern Loop was launched. Combined with the three Maersk services and ANL Trans-Tasman service, our regional exporters and importers have the choice of five services from the world's three largest shipping lines.

Construction of the new Damen trailing suction hopper dredge, *Kapuka*, is on schedule for a December delivery. This new dredge – alongside our back-hoe dredge, *Takutai* – maintains in-house capability to ensure our shipping channel is **always open**.

Space to grow

In October 2025, the new $12.5m Port Chalmers Container Terminal rail pad was officially opened by Minister for Rail Rt Hon Winston Peters. Representing the enabling stage of the Southern Link inland port project, the rail pad was completed on time and under budget. The first stage of Southern Link opened in April 2026, with a container storage hardstand area developed. Containers can now move directly from the Lineage coolstore to the existing rail siding at the Southern Link site, removing approximately 1000 truck movements from our city's roads. Our Fast-track application is with its appointed panel. We expect a decision in November and for construction to commence in the new year.

We have been working with our log customers to create additional log storage to cater for the expected uplift in volumes as the Otago/Southland "wall of wood" comes on stream. We assisted Waste Managment in moving to an alternative site outside of Dunedin Bulk Port, freeing up 2ha which is currently being developed into a new log yard that will be operational in the new year.

Completion of the new Otago Regional Council head office, Aonui, was a highlight for our Property team, which handed over the high-quality "build and lease" project to our new tenant in April 2026. In Hamilton, another warehouse build was completed on time and within budget in Te Rapa Gateway and INEX Metals Limited, a new tenant, moved into the 1840m^2 warehouse in June 2026.

Trade

It was a steady year for our four business units. Containers were slightly up on last year, driven by favourable conditions on farm and in market. Bulk volumes were up on the back of one-off wind-thrown timber volumes, as exporters cleaned up damage from the February storms. Cruise volumes were disappointing, as expected, with 74 visits, down 30% from pre-covid levels. Our property business performed well with 100% occupancy and a lift in rental income. The overall impact is a better-than-expected result for the business.

Our kaimahi

There were no changes to the Port Otago Board from last year and our Leadership Team saw just the one addition. We welcomed Peter Sinclair to lead our IT team, replacing Ollie Barton-Jones, who has returned to his consulting practice. Our thanks to Ollie for his two years of expertise and leadership, setting us up for success into the future.

In the past 12 months, we have seen the well-deserved retirement of several experienced cargo handlers. Pleasingly, 31% of our new starters this year were women, reflecting a maturing of our workplace culture and our efforts to attract a wider demographic into operational roles.

Port Otago commissioned safety expert Mike Cosman to undertake our fourth SafePlus audit. We appreciated his insight, off the back of auditing Port of Auckland and other ports. He highlighted areas for improvement, while confirming workstreams that are underway, and we have captured his feedback in our safety roadmap.

Our safety outcomes were disappointing. Lost Time Injuries from trips and slips resulted in a TRIFR rate of 14.6. We are focused on managing our critical risks and ensuring controls are effective to keep our people safe. While we have relied on Visual Safety conversations (VSLs) to observe how work is done and engage with kaimahi, these conversations were not systematically capturing all of our critical risk controls. Our Safety team rolled out a Critical Risk Assurance Programme in March 2026 and we now have a weekly cycle of reporting, tracking and closing out corrective actions.

Being a great neighbour

We continued our investment in border security defences, with the completion of our gating project at Port Chalmers which has improved the aesthetics of our port. Alongside this project, we built a wider footpath to Boiler Point, and the Dunedin City Council removed the hazardous trees above the Sims building and our staff carpark, tidying up our neighbourhood and making it safer.

Data led

International logistics consultant Portwise and our internal team completed our future port design and updated our terminal master plan to ensure infrastructure keeps pace with customer demand. As a result, we have updated our asset management plan to reflect best use of our landside assets, and identified the optimal fuel efficient terminal handling equipment capable of being autonomous. Collectively, these will deliver lower cost and better carbon outcomes into the future.

PORT OTAGO | CHAIR / CHIEF EXECUTIVE REPORT | 2026

Our IT team has strengthened our back-end infrastructure and connected systems via Microsoft Fabric. The business is starting to see benefits of aligned data streams and a "single source of truth", with business leaders drawing on real-time data for better decision making. While remaining cautious about the use of AI in business-critical decision making, we are using it judiciously to speed up administrative tasks and develop new reporting.

We are improving the use of data captured from piloting transits, wind and tidal metres and channel bathymetric surveys – feeding these metrics into our harbour digital twin in Singapore. The ability to run simulations to understand the impact of extreme weather events, tolerances for safe pilotage and testing our preparedness to be **always open** has improved our decision making, alongside input from our team and the Harbourmaster.

Our financial value

Underlying profit of $34.4m is a pleasing result, particularly as the contribution from operating activities was up $5.2m compared to last year, as a result of increased revenue and lower operating expenses.

The group's net profit after tax of $48.7m compares to $64.6m last year and includes a $15.2m revaluation gain – down $17.8m from last year – and $5.6m from one-off gains from disposal of property, down $5.0m on last year.

Container throughput was 257,900 TEU, up 4%. Bulk cargo was up 10% to 1.9m tonnes, as log export volumes increased. Total ship visits were similar to last year, as the increased number of container and bulk vessel arrivals was offset by a lower number of cruise ships.

We continued to diversify the property portfolio – recycling the funds generated from property disposals into other higher yielding investment properties and replacing port operating assets – which increased total debt by $3m to $166m, resulting in a strong shareholder equity ratio of 78%.

Total assets increased to more than $1 billion during the year. This included more than $680m in investment property and $300m in port assets, as we reinvest to replace and upgrade port infrastructure.

Dividends paid to our shareholder, the Otago Regional Council, increased $2m to $20m, in line with the Statement of Corporate Intent.

Outlook

We expect container volumes to be slightly higher in the first half of the 2027 financial year, with some exporters carrying over volumes from this year's record season. The forecast El Niño conditions may temper grass growth, affecting volumes through the port in the second half. We expect log volumes to be lower than last year, as exporters return to normal cut levels after cleaning up the majority of last season's wind-thrown trees. However, additional volumes in the second half of the year will counter the reduction, as new customers make use of the new 2ha log yard at Dunedin Bulk Port. With 85 cruise ships booked, Port Otago is forecast to be New Zealand's top cruise destination this season.

Demand for new warehouse builds in Hamilton and Auckland remains low, but improving economic conditions should lift demand over the next 12 months. Our property investment portfolio starts the year fully tenanted and we look forward to the expansion of Southern Link moving through the consenting phase and beginning construction in the new year.

Geopolitical events continue to impact our region with high fuel prices flowing through the supply chain. We are focused on improving efficiency, remaining **always open** and delivering for our stakeholders.

Our balance sheet remains conservatively geared and we are well positioned to take advantage of opportunities as they arise.

Tim Gibson
Chair

Kevin Winders
Chief Executive

Our value chain

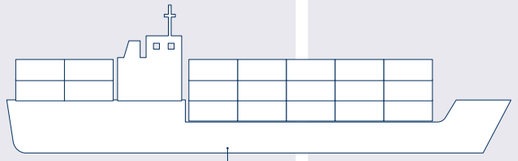
Port Otago: New Zealand's **always open** port

Our kaimahi

INPUTS

- Our team of 296 people
- Trained in safety and relevant skills
- In-depth safety risk assessments and inspections

OPERATIONS



Container throughput - 258,000 TEU (up 4% cf last year)

OUTCOMES

- **Data led:**
  - Doing more with the same, safely

WORK ONS FOR 2026/27

- Increase the use of engineering controls to reduce critical risk.
- Support emerging leaders through on-the-job learning.
- Be consistent about on-site safety standards for kaimahi, contractors and partners.
- Lift the level of engagement with unions.

Our wider team

INPUTS

- Customer relationships
- Partnerships with shipping lines, landside operators and suppliers
- Community and iwi engagement

OUTCOMES

- **Always open:**
  - Smoother consenting
- **Space to grow:**
  - Provide great service

WORK ONS FOR 2026/27

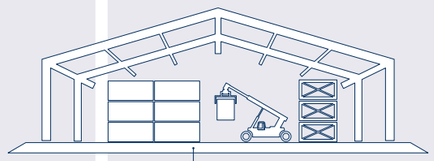
- Build our partnership with KiwiRail for an optimal solution at Southern Link.
- Stay close to our shareholder, as local government reform takes shape.
- Look for opportunities to partner with iwi for the long term.

Our harbour taoka and beyond

INPUTS

- Use of air, land and water
- Consumption of energy and other resources
- Listening to community and iwi about any changes to our harbour taoka
- Climate change impacts

OPERATIONS



Investment property value - $688m (up 2%)

OUTCOMES

- **Space to grow:**
  - Remove trucks from road
  - Sustainable growth
  - Lower carbon outcomes
- **Data led:**
  - Reduce property climate change risk

WORK ONS FOR 2026/27

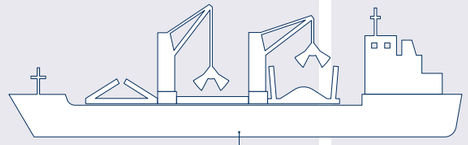
- Identify new nature-based initiatives that create long-term value.
- Align the various strands of our climate change strategy.
- Play our part with our wider community on the harbour plan.

Our know-how and skills

INPUTS

- Experienced people
- Quality new recruits
- Investment in upskilling
- Investment in secure technology

OPERATIONS



Bulk cargo volumes - 1.9m tonnes (up 10%)

OUTCOMES

- **Always open:**
  - Our in-house dredging capability
  - We adapt quickly
  - Open for growth

WORK ONS FOR 2026/27

- Improve our planning systems to avoid waste.
- Improve our approach when making change.
- Gradual use of AI where it makes sense.

Our assets

INPUTS

- Assets owned and productivity optimised
- Land owned and space utilised efficiently
- Investment in long-term infrastructure
- Climate change adaptation scenario modelling

OUTCOMES

- **Always open:**
  - Renewable harbour defences
  - First port open, post an extreme event
- **Space to grow:**
  - Inland port at Southern Link provides space to hold and grow
  - Attract imports

WORK ONS FOR 2026/27

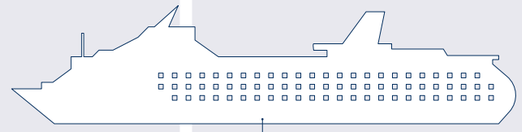
- Progress Southern Link so it is operational as soon as possible.
- Lobby and invest to attract cruise ships back to New Zealand.

Our financial value

INPUTS

- Diverse and balanced portfolio
- Long-term agreements with customers, partners and suppliers

OPERATIONS



Cruise - 74 vessels (down 19%)

OUTCOMES

- **Data led:**
  - Property enables the port
  - Create value to share
  - Less volatility
  - Reliable returns

WORK ONS FOR 2026/27

- Balancing short- and long-term returns for new infrastructure.
- Integrate financials with real-time metrics to improve decision making.

KEY

Positive progress | Must improve | Acceptable

Material issues

The materiality process

Every two years we undertake a comprehensive independent materiality process, including this year. In the interim years, we check in with key stakeholders via a materiality pulse to stay informed of any changes or emerging issues. This year, a representative sample of internal and external stakeholders completed a materiality survey, rating the importance and performance of the port for 18 issues. Interviews then delved deeper into their top priorities. We engaged 24 external stakeholders (nine customers, nine partners, two shareholders, three community and iwi, one regulator) and 12 internal stakeholders (four Board, four Leadership Team, four key personnel). These interviews will help us navigate the growth ahead.

Key themes included:

- ***Leadership:*** Local government reform, progressing Southern Link inland port, and supply chain disruption from global geopolitics are just some of the challenges. Leadership needs to be strong.
- ***The best team:*** Succession planning and capacity building in the wider leadership team are prominent. Training is one thing, but ongoing development, mentoring and collaboration is another.
- ***Culture and wellbeing hauora:*** Working with the unions to align and support our **always open** strategy. This is key to improving our culture.
- ***Growth:*** Southern Link is the port's growth story. It needs to happen as soon as possible.
- ***Nature:*** Our place in the harbour is precious, and a more strategic approach is warranted.

"Completing the survey for this materiality process resulted in the team at KiwiRail meeting to discuss the issues and learning more about leadership and operations at the port."

Adele Wilson
Chief Customer & Growth Officer
KiwiRail

"Growth starts with maximising efficiency at our existing assets. We're working through a master planning process to review activities and how to use space more efficiently. Developing new assets at Southern Link will also allow us to grow."

Joanne Dowd
Senior Environmental & RMA Planner
Port Otago

The material issues

Our 2026 materiality matrix is presented below showing the following 12 issues above our materiality threshold. These material issues are the basis for this report, our **always open** strategy and Board and Leadership Team agendas. Issue definitions appear where relevant throughout this report.

** The movement in ranking for each material issue is compared against 2024, the last full materiality process.*

#1	Safety *(same as 2024*)*
#2	Leadership *(same)*
#3	Shipping volatility *(up 1)*
#4	The best team *(up 2)*
#5	Wharf capacity and infrastructure *(down 2)*
#6	Financial performance *(up 2)*
#7	Innovation *(up 3)*
#8	Culture and wellbeing hauora *(down 1)*
#9	Growth *(up 3)*
#10	Strong relationships *(down 5)*
#11	Cyber security *(up 3)*
#12	Nature *(down 3)*

"The concept of an inland port is sound, Southern Link will be good for Fonterra and the port, allowing Fonterra to pack early and store, that's the intent."

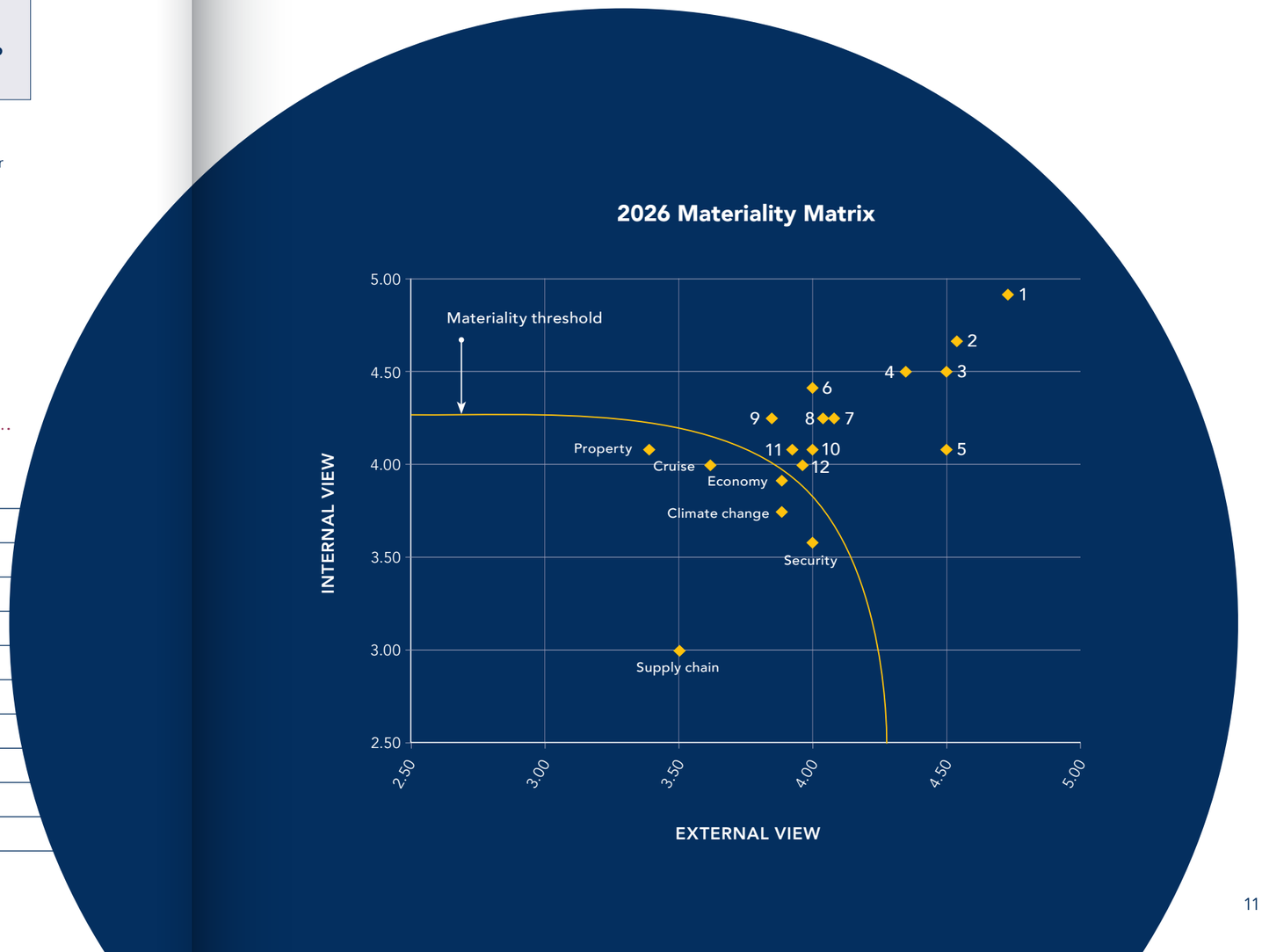
Brendan Miller
GM Supply Chain
Fonterra

"Southern Link is vital for the region because the efficiency of freight going out of Otago depends on it. Because Port Otago can remain open when other ports can't, freight could come from further afield."

Andrew Simms
Dunedin City Council

"Shipping lines need New Zealand's ports to be resilient, doing everything possible to accommodate ships off window, which these days is usually due to weather events causing delays from port to port."

Graeme Brown
Operations & Business Development Manager
CMA-CGM/ANL



Strategy

Our vision

New Zealand's always open port. We exist to provide a safe, efficient and **always open** gateway to and from the world for our customers. We provide such excellent service that no customer wants to leave, while at the same time providing a secure return to our owner and being a respected neighbour in our community.

We balance the short-, medium- and long-term needs of the business with those of our shareholder and stakeholders:

- **Safe:** Our people go home safe every day.
- **Excellent service:** Customers collaborate with us on their future plans.
- **Respected neighbour:** We do the right thing. We respond.
- **Always open:** We are **always open** to shipping, ideas, change, feedback.
- **Efficient:** Clever use of data delivers benefits to be shared.
- **Secure return:** Reliable dividends are paid to our owners.

Our strategy

Always open. Space to grow. Data led.

Always open:

Leverage existing infrastructure to be **always open**:

- Our in-house dredging capability
- Renewable harbour defences
- We adapt quickly
- Open for growth
- First port post an extreme event
- Smoother consenting.

Space to grow:

Provide buffer capability to be **always open**:

- Southern Link inland port provides space to hold and grow
- Attract imports
- Remove trucks from road
- Provide great service
- Sustainable growth
- Lower carbon outcomes.

Data led:

Decisions are based on accurate real-time data:

- Doing more with the same, safely
- Reduce property climate change risk
- Property enables the port
- Create value to share
- Less volatility
- Reliable returns.

Steps towards our strategy

Strategy	Our kaimahi	Our wider team	Our harbour taoka and beyond
Short-term steps Next 12 months	Lift our productivity.	Partner with KiwiRail to develop a resilient South Island rail network.	Achieved 14m chart datum depth. Report and capture waste to reduce cost and carbon.
Medium-term steps 1 to 7 years	Improve our diversity. Increase our engineering controls to remove critical risks.	Deepen our iwi engagement. Develop Southern Link Stage 1. Continue developing Dunedin Bulk Port, providing space for our bulk customers.	Replace our diesel mobile plant with electric when technology allows. Seek opportunities to protect, enhance and/or restore flora and fauna habitats.
Steps completed in FY26	Improved work-life balance for our kaimahi by embedding the new operations roster.	Southern Link referred into Fast-track RMA process. Relocated Waste Management to extend log yard.	Updated our business master plan and our asset management plan. Commissioned a fuel-efficient new tug.
Material issues	**1.** Safety **2.** Leadership **4.** The best team **8.** Culture and wellbeing hauora	**10.** Strong relationships	**12.** Nature **14.** Climate change
SDGs			

	Our know-how and skills	Our assets	Our financial value
Short-term steps Next 12 months	Enhance our Business Intelligence (BI) systems to improve our planning decisions.	Complete 2ha extension to the Dunedin Bulk Port log yard. Consent Southern Link and begin development.	Meet the dividend expectations of our owner.
Medium-term steps 1 to 7 years	Invest in routing systems. Develop a digital twin capable of autonomous operations.	New straddle fleet. Develop Southern Link.	Build out the Te Rapa Gateway Industrial Park. Lobby cruise lines and government to win back cruise ships.
Steps completed in FY26	Used our simulator to test bigger ships berthing at both ports. Tested mole upgrade options.	Purchased a new 70-tonne bollard pull tug. Completed the new rail pad at Port Chalmers.	Minister Upston supporting cruise in Miami. Completed new warehouse in Te Rapa.
Material issues	**7.** Innovation **11.** Cyber security	**3.** Shipping volatility **5.** Wharf capacity and infrastructure	**6.** Financial performance **9.** Growth
SDGs			

SDG Key

- SDG3 **Good health & wellbeing**
- SDG5 **Gender equality**
- SDG8 **Decent work & economic growth**
- SDG9 **Industry, innovation & infrastructure**
- SDG10 **Reduced inequalities**
- SDG13 **Climate action**
- SDG14 **Life below water**
- SDG15 **Life on land**
- SDG17 **Partnerships for the goals**

For more information on the Sustainable Development Goals (SDGs), visit ***https://sdgs.un.org/goals***

How we engage

Material issues by stakeholder group

From our 2026 materiality process:

Our kaimahi → Safety, leadership, financial performance, culture and wellbeing hauora, wharf capacity and infrastructure, climate change, nature, innovation, strong relationships

Shareholder → Leadership, strong relationships, safety, nature, financial performance

Customers → Wharf capacity and infrastructure, shipping volatility, leadership, growth, innovation, safety, financial performance

Partners → Safety, wharf capacity and infrastructure, shipping volatility, innovation, growth, strong relationships, the best team, climate change, cruise

Community → The best team, contribution to the economy, cruise, leadership

Iwi → Leadership, nature, safety

Regulators → Contribution to the economy, cruise, property

"Southern Link is a great partnership between us, the port, Dynes and the Ministry of Business, Innovation and Employment. Everyone is working well together doing new things. The port is backing the project with volumes we need to make it work."

Adele Wilson
Chief Customer & Growth Officer
KiwiRail

How we engage on these issues

- Stakeholder materiality interviews
- PortO quarterly newsletter
- Port Otago Facebook page
- Port Otago LinkedIn page
- Rothesay News
- Annual/Interim/Integrated Reports
- Statement of Corporate Intent
- West Harbour Community Board
- Port Noise Liaison Committee
- Mana Whenua Group
- Te Rūnaka o Ōtākou
- Site/in-market customer and partner visits
- In-person/online customer and partner meetings
- Real-time trucking information
- Board meetings involving the shareholder
- Policy input meetings with regulators
- Inspections and audits with regulators
- Port Chief Executive Forum with peers
- The Bridge weekly e-newsletter (internal)
- The Lighthouse suggestions scheme (internal)
- Team and training interactions (internal)
- Southern Link Fast-track Process

"Get excited about what the port has already achieved and where it is heading. Make any uncertainty about the future an opportunity."

Kevin Malcolm
Deputy Chair
Otago Regional Council

Governance and leadership

Uncertain times

"Uncertain times" feels like an overused phrase these days. Uncertainty about the future ownership of the port with local government reform. Uncertainty about fuel supply and pricing in the face of geopolitics and global conflict. Uncertainty in the supply chain as shipping is disrupted around the world. Never has the need for strong leadership at the port been greater.

Board Director Anne McLeod sums things up perfectly. "With ongoing uncertainty from global shipping disruption, rising fuel costs and possible changes to local government structures, this is a time when leadership is tested. Our focus is on staying strong, steady and responsive."

But what is the port's succession plan and how are we navigating growth in our leadership? The investment made in leadership development training must now be put into practice. Cruise Manager Carolyn Bennett explains: "The port invested in the Conscious Leader Programme for the wider management team. We learnt some great skills, but touch points since the training have been lacking. We need help applying this learning to our day-to-day." GM Marine & Infrastructure Grant Bicknell says: "It's not a box ticking exercise, it's about ownership of the responsibilities that come with middle management and backing themselves. To do this well, they need to be equipped with the right tools to step up and make tough calls."

Leadership growth also happens on the Board. Intern Director since October 2025 Kate Stainton-Herbert shares her initial experience. "I'm impressed by the depth of experience around the table and grateful for the opportunity. It's a privilege to listen, learn and understand the responsibility that comes with making decisions that impact our region's economy and exporters."

"There is a great leadership team at Port Otago, they're honest and upfront, open about the challenges they face and how we can help. We have good conversations with them about our plans, because forestry is a long-term business and we need to plan far ahead."

Barry Wells
South Island Regional Manager
Port Blakely

Visit *portotago.co.nz/about/board* for:

- Director and Leadership Team profiles
- Board member skills matrix
- Subcommittees

Material issue

Leadership

Leadership across the business and the wider community that is transparent, accountable and based on strong governance. Aiming for diversity and the right mix of skills within our leadership to be agile and to adapt into the future.

"Strong leadership at the port will be critical as we enter the upcoming period of local government reform. We at Otago Regional Council need to stay closely connected to the port's Leadership Team as conversations progress."

Richard Saunders
CEO
Otago Regional Council

What is front of mind for our leaders at the port?

Our leaders, in their own words: The Board

Tim Gibson
Chair

Safety: "At the Board level, we are revamping how we work with the Leadership Team on safety, providing more strategic direction. Everyone in the organisation needs to be aligned so we keep our people safe."

Becky Lloyd
Director

Climate change: "The impacts of climate change are coming faster than expected, and our whole team needs to understand climate change and consider it in our decision making. The time to step up is now."

Rick Herd
Director

Culture: "I am reassured that the Board and management are aligned in recognising the importance of a positive culture of genuine care for the wellbeing of our kaimahi in driving the individual's sense of belonging and ultimately greater team performance and productivity."

Pat Heslin
Deputy Chair

Financial performance: "Our strong financial footing enables us to deliver tangible economic value, including a $20 million contribution that directly offsets Otago rates. By advancing the Southern Link infrastructure, we will help drive the economy of the lower South Island."

Chris Hopkins
Director

Nature: "Our harbour taoka is precious and we acknowledge our responsibility to not only maintain but to improve where possible. If we can do this and achieve our overall performance metrics, we will truly deliver for our stakeholders."

Kate Stainton-Herbert
Intern Director

Leadership: "It is a privilege to sit around the Board table and observe the decision making behind the purchase of new equipment. The depth of research, testing and challenge involved is a real credit to the Leadership Team and wider Port Otago team."

Bob Fulton
Director

Innovation: "We have way more data now than we used to, and the port operations are perfect for efficiency gains from data measurement, analysis and actions. To innovate, everyone needs to be committed to this approach."

Anne McLeod
Director

Leadership: "Port operations have historically been male dominated, and I know that change takes time. We have two women on the Leadership Team and two on the Board, but progress across the business is much slower. We need to focus on improving gender diversity across the wider business to achieve more significant change."

Our leaders, in their own words: The Leadership Team

Kevin Winders
Chief Executive

Wharf capacity and infrastructure: "Delivering the 14m-deep channel is a key achievement, ensuring we are **always open** to larger and more efficient container ships, which is great for our regional exporters."

Craig Usher
GM Customer

Climate change: "Improving our operational efficiency and optimisation has a direct impact on our emissions, so continual improvements have multiple benefits."

David Chafer
GM Property

Property: "We have been investing in sustainable industrial properties for many years and are now targeting NZ Green Star ratings for new developments, expanding our team's knowledge to benefit our customers."

Deanna Matsopoulos
GM Operations

Innovation: "There is always room for improvement in port operations to deliver a world class service to our customers. We are constantly challenging ourselves to find more efficient and safer ways to deliver that service and we are excited to have data sets that are assisting with measuring our performance."

Grant Bicknell
GM Marine & Infrastructure

Strong relationships: "Being transparent is the key to strong relationships and we try to be honest with our stakeholders. We've been here for 150 years and intend to be here for another 150. While we don't get things right all the time, we want to work on it."

Ross Buchan
Head of Safety

The best team: "To deliver on our objectives, we need to continue developing and growing our team's capabilities and skill sets"

Leigh Carter
Head of People

Growth: "The inland port process is going well. Conversations with customers about future potential are promising and the reasoning for why the inland port is critical to our future at the port is strong."

Peter Sinclair
Head of IT

Innovation: "It's important to look outwards from IT, we need to understand what people are trying to do in the business and how we can support them. We can use technology and data to help tackle barriers, to be more productive and service customers better."

Stephen Connolly
Chief Financial Officer

Financial: "Port Otago's strong balance sheet, conservative gearing and sound liquidity give us resilience to invest through economic cycles. Risk shapes every financial decision and robust governance, led by the Board and its Audit and Risk Committee, keeps this strength safeguarded."

Kevin Kearney
Strategic Projects Manager

Growth: "We need to be cautious in the early stages of Southern Link. We know the inland port will reshape our business, but we must look after our customers along the way, making sure the cost profile matches their business models as much as ours."

Jodi Taylor
Executive Assistant

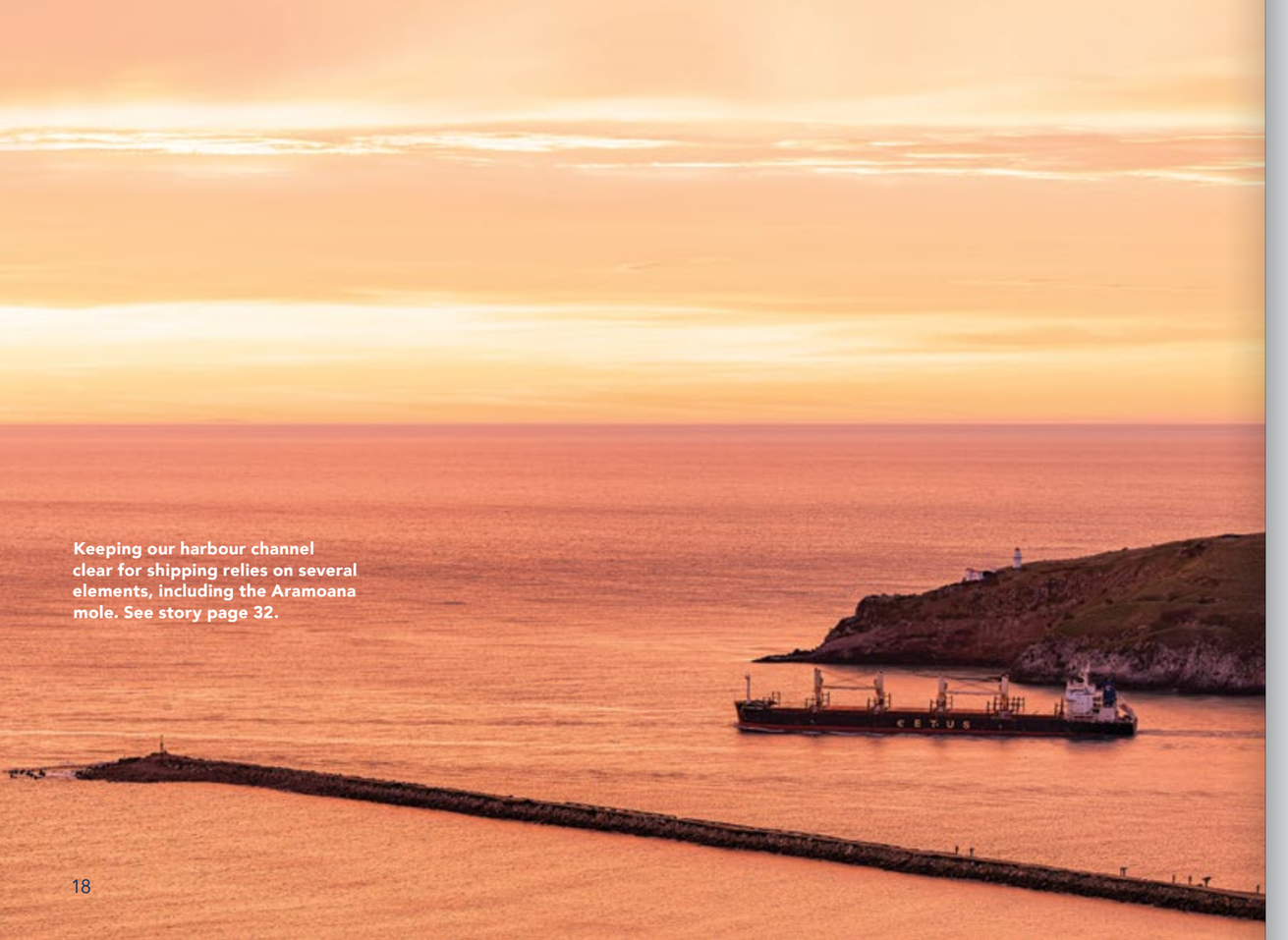
Data led: "Good leaders ask incisive questions, test assumptions, and rely on accurate data to align teams and make better decisions."

Strategic risks

The Leadership Team and Board review the risk register quarterly to identify any new risks emerging and assess the status of existing risks. Our strategic risks are presented here by capital and the material issues to which they relate. An update is provided on their status, i.e. increasing, static or decreasing in significance.

"Continue to have a good safety record compared to other ports across the country, because when safety goes wrong, it can be devastating for those harmed and significantly undermine morale."

Edward Ellison
Upoko, Te Rūnaka o Ōtākou



Keeping our harbour channel clear for shipping relies on several elements, including the Aramoana mole. **See story page 32.**

Risk appetite statement

		ACTIVE Open to higher levels of risk in pursuit of innovation, growth or strategic advantage, provided that risks are well assessed and mitigation strategies are in place.	BALANCED Accepts a moderate level of risk where potential benefits are clear and risks are well understood and managed. Balance caution with opportunity.	CONSERVATIVE Low tolerance for risk, prioritising compliance, stability and control, avoiding actions that could lead to significant uncertainty, harm or deviation from expected outcomes.
Risk category	**In practice**	**Statement**		
Health and safety	Safety is the number one priority - everyone goes home safe.	Zero appetite for risk of serious harm or loss of life. Port operations involve heavy machinery, heights, water and hazardous cargo – risks we are committed to eliminating or minimising as far as reasonably practicable. Safety is prioritised over operational performance. We expect a strong reporting culture from our kaimahi and continuous improvement of safety systems by all.		
Reputation	Build strong collaborative relationships, understand the challenges, communicate effectively.	Our reputation has been built by our actions, we have a low appetite for risks that could damage our social licence and our brand. We do the right thing even when it's hard and we are straight up in our communications, to be transparent with all stakeholders.		
Ethics / human rights	Respect and protect every single person in our network.	Zero appetite for exploitation or discrimination within our operations and our customers' supply chains. We expect all kaimahi, partners and suppliers to act with integrity and treat others as they wish to be treated.		
Compliance	Know the rules and follow them, and where rules are unclear – document a careful path.	Zero appetite for material breaches of legal, regulatory or contractual obligations. We maintain robust compliance systems, invest in training our kaimahi to perform their roles, and engage openly with regulators.		
Environmental mitigation	Preserve and monitor precious harbour taoka and biodiversity. Listen to our community and iwi and report with transparency.	Low appetite for activities that cause environmental impacts and we train our kaimahi to take action against inadvertent spills and pollution into our environment.		
Financial sustainability	Invest in the future. Optimise returns and build resilience for healthy growth.	Moderate level of financial risk – for sustainable long-term shareholder returns. We pursue growth opportunities where the business case is sound, risks are well understood, and the returns commensurate. We maintain prudent and appropriate levels of gearing, liquidity, and insurance cover, and avoid speculative activity or commitments that could threaten long-term financial resilience.		
Culture and employee relations	Opportunities to upskill and grow within the port as valued and respected kaimahi, prepared to speak up.	Balanced appetite for changing our workplace practices. We accept measured people-related risks to support improvements in operational flexibility, work-life balance and customer service outcomes. We are committed to an inclusive workplace where people feel safe and can do a good job.		
Environmental adaptation	Understand and adapt to potential future climate change impacts on our assets and operations.	Open to higher risk in pursuit of strategic growth opportunities that strengthen long-term value and resilience. Provided risks are well understood, we accept that not every growth initiative will succeed.		
Innovation	Formally explore and adopt new tech, systems and partnerships to improve the way we do things.	Open to higher risk to explore and adopt innovative technologies, systems and ways of working that improve safety, sustainability, efficiency or customer experience. We support trials, pilots and partnerships with the potential to deliver meaningful benefits, accepting that not every initiative will succeed.		

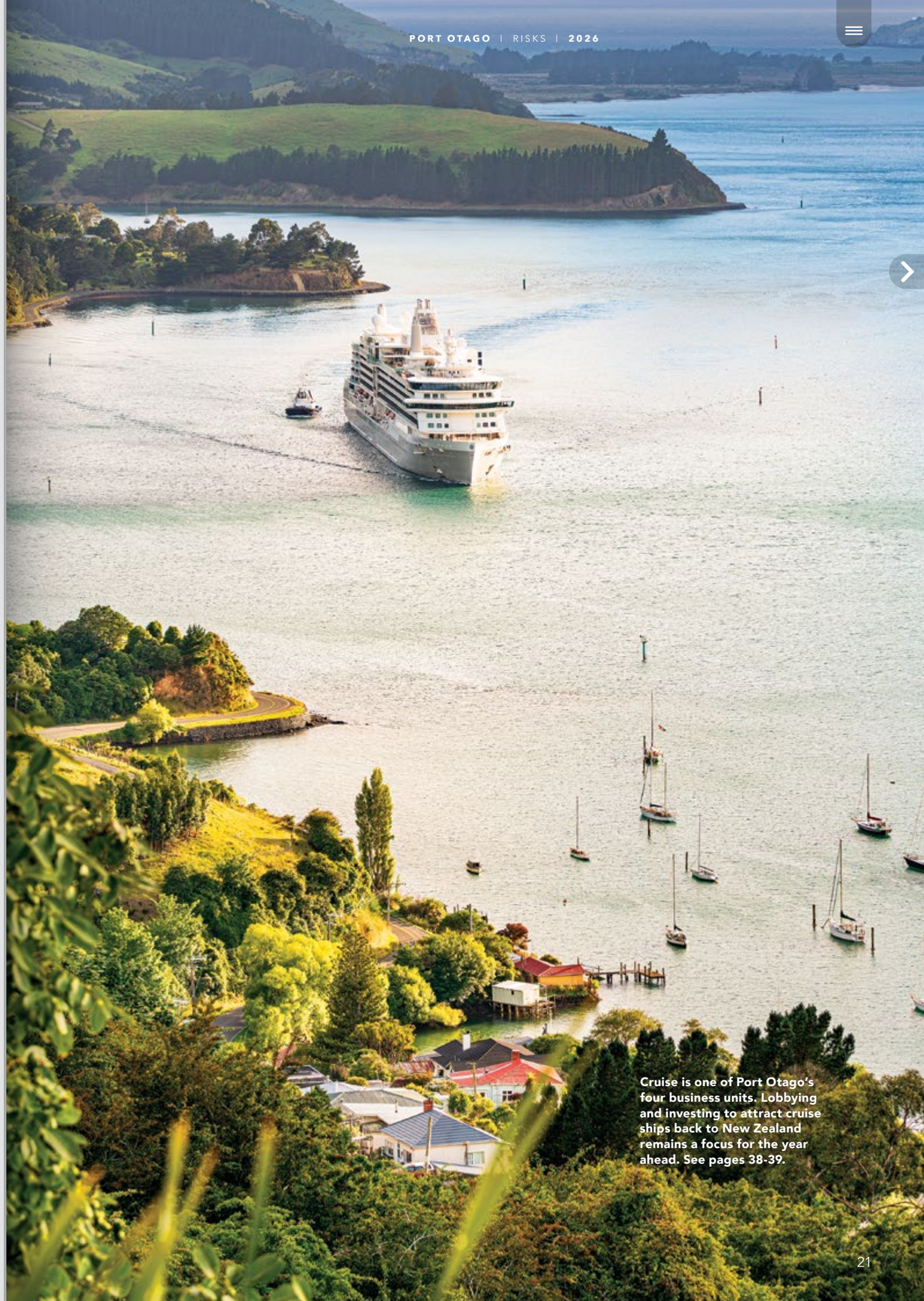
Risk status:

- Decreasing risk
- Increasing risk
- No movement in risk

STRATEGIC RISKS:	MATERIAL ISSUES:	RISK STATUS:
Our kaimahi		
Health and safety Loss of life or serious harm due to an event	Safety The best team Culture and wellbeing hauora	↓
Our wider team		
Social licence Loss of social licence to operate	Strong relationships	↓
Trade disruption Changes to free trade agreements affects exporters	Strong relationships Financial performance	↑
Illegal drug import Illegal drugs and firearms enter through the port	Strong relationships Safety	–
Our harbour taoka and beyond		
Environmental incident Impacts on the harbour and nature (e.g. oil spill) due to contamination originating from port assets and land	Nature Strong relationships	–
Biosecurity breach Pest and disease risk associated with imports and exports impacts trade	Nature Strong relationships Financial performance	↑
Our know-how and skills		
Cyber attack Causes service outage or a data breach	Cyber security Innovation	–
Our assets		
Wharf or crane collapse Catastrophic infrastructure failure	Safety Wharf capacity & infrastructure	–
Channel blockage Blockage of the main channel into the harbour by a ship	Shipping volatility The best team	↓
Transport logistics failure Rail network under water due to flooding/high winds Road network closed (SH88) due to land slip	Shipping volatility (Climate change)	–
Natural disaster Earthquake Tsunami More extreme storms damage harbour defences and infill the channel	Wharf capacity & infrastructure Shipping volatility (Climate change)	–
Our financial value		
Customer supply chain changes Potentially driven by transport logistics	Financial performance Growth	–
Customer disruption/closure Economic conditions affect global supply chains	Financial performance Growth	↑

** Issues in brackets are not "material issues", but still important issues for the port to manage*

PORT OTAGO | RISKS | 2026



Cruise is one of Port Otago's four business units. Lobbying and investing to attract cruise ships back to New Zealand remains a focus for the year ahead. See pages 38-39.

CAPITAL 1

Our kaimahi

Improving our culture

When an organisation has been around for as long as the port, the culture can become very established and difficult to change. Some parts of the culture are good. Deputy CFO Dan Te Au, new to the team, says: "The culture in the corporate office is like nowhere else I've worked. Instead of meetings, meetings, meetings, people walk up to each other's desks and ask a question."

But some parts of the culture need work, we are navigating growth in our union relationships. Chief Executive Kevin Winders: "It's a continual work on to align our leaders from the unions and management, to deliver change to improve productivity and work-life balance for our kaimahi. This is something we've been working on for years." Kevin explains: "Concluding the Collective Employment Agreement (CEA) allows everyone to move on to delivering new projects, including shift-by-shift productivity and improved rostering outcomes. All these things are challenging, but with everyone at the table, we are hoping for better engagement and understanding."

Safety will always be number one for a high-risk environment like the port. Head of People Leigh Carter highlights work being done to ensure a consistent approach. "Our big question on safety relates to consistency across all shifts. Do we have the right level of oversight to know for sure that our safe systems of work are being followed whether it's 10am or 1am? Our safety advisors are each working a night shift once a fortnight, for a closer look at what is happening on the second shift." Ensuring the same safety standards for non-port personnel also emerged as an important focus, such as those engaging with cruise passengers and teams doing construction work on site.

Fulton Hogan Surfacing Divisional Manager Scott Payne, on safety at the port: "The port is thorough on safety, which we appreciate. You can have your own safety systems, but when your staff go to site, you want your customers to have good controls too." Scott also highlights a challenge. "There is a potential split in communication between the technical team engaging Fulton Hogan and the operational team on site."

Looking after the team at the port is a top priority. One of our 2025/26 work ons was to make the most of new recruits' "fresh eyes". New team member, Cargo Handler Jean-Pierre Burger, says: "My insights have been well received and no one here ever dismissed me, but is respectful of what everyone has to say, it's a refreshing environment to work in."

"We've made good progress in this area. Like most things, it's a series of little steps rather than one big leap. The best businesses are where all staff are in alignment. The port needs to keep working towards that goal."

Bob Fulton
Director
Port Otago Board

Material issues

Safety

A team always looking for ways to improve our safety performance and looking out for each other, so everyone goes home safe. Ensuring safety is the number one priority for everyone using the port, including our customers, partners and suppliers.

The best team

Attracting and retaining the best team for the job by promoting our values in the community and respecting the human rights of our people. Engaging our team by investing in training, including leadership training, providing recognition and succession planning.

Culture and wellbeing hauora

A positive workplace culture prioritising wellbeing, where everyone feels they belong, and their diversity is valued. Open, honest and consistent communication and leadership across our whole team and the unions, aiming for better work-life balance for everyone.

"The people at the port help readily when the museum asks. That tells you they're motivated and enjoy working at the port."

Shirley Jack
Port Chalmers Historical Society President & Maritime Museum volunteer

PORT OTAGO | OUR KAIMAHI | 2026

Key metrics

Metric	Trend	2025/26	2024/25	2023/24	2022/23	2021/22
TRIFR: Rolling 12-month average	↓	14.6	22.0	13.8	10.6	5.1
Injury Severity Rate [1]	↓	19.0	13.0	45.0	10.0	13.3
LTIs	↔	5	10	4	4	3
Recordable injuries	↔	8	13	4	4	3
Observations [2]	↔	868	953	792	987	667
Critical risk checks		1620				
Gender diversity (% women)						
Total kaimahi [3]	↔	18	17	16	15	13
Recruitment	↔	36	41	31	40	27
Board [4]	↔	29	29	29	17	14
Leadership Team	↔	27	27	27	36	36
Kaimahi ave. age (men/women)	↔	47/44	48/46	48/45	48/46	49/46
Kaimahi ave. years' service (men/women)	↔	9/7	9/7	9/6	9/7	10/7

1. *Also referred to as average days lost to an LTI*
2. *Includes VSLs, hazards and general safety observations*
3. *As of June of each year. These percentages do not include seasonal cruise staff (employed October to April). In 2025/26 season, 48% of the 38-person Cruise Assistants team were women.*
4. *Figures updated to exclude interns*

KEY

↑ Positive progress ↓ Must improve ↔ Acceptable

Goals

Develop a culture where workforce safety is the number one priority and our team looks out for each other so that everyone goes home safe.

Build a workplace where the wellness of our team is supported through teamwork, accessible leadership, and open and honest communication.

Build our planning capability to improve our service offering to our customers.

Make decisions based on accurate real-time data.

Work ons for 2026/27

- Increase the use of engineering controls to reduce critical risk.
- Support emerging leaders through on-the-job learning.
- Be consistent about on-site safety standards for kaimahi, contractors and partners.
- Lift the level of engagement with unions.

"Safety is and always will be our top priority. We are making steady progress, while recognising that maintaining a safe workplace requires continual attention and care. We are looking at how technology can help reinforce and support safe behaviours."

Anne McLeod
Director
Port Otago Board

"Ensure key stakeholders are also on top of safety. Good relationships, regular communications and a strong culture are what it takes and the port has these."

Jacques Beukes
Head of Logistics and Operational Planning
Ravensdown

Our kaimahi

The value of a different mix

In recent years, Port Otago's advertising for operational roles has targeted a wider demographic. It is aimed to attract more women, more early/mid-career individuals, and a greater diversity of backgrounds.

Head of People Leigh Carter says significant progress has been made in a relatively short time. "While it might look like small increments, it takes time to 'shift the dial'."

The strategy feeds into three material issues – "safety" (#1), "the best team" (#4) and "culture and wellbeing hauora" (#8) – and is quietly transforming attitudes to safety, teamwork and inclusion.

Female kaimahi

Leigh says the push for more females started about seven years ago, driven by Chief Executive Kevin Winders. "Women are good mobile plant operators and tend to be safer drivers who are less likely to take risks. In our environment, that's exactly what we need. They also bring different perspective, suggestions and views to the team, great for problem solving."

Advertising now uses images of female kaimahi in the workplace and the copy encourages women to ignore stereotypes and apply:

"While the port industry has traditionally attracted men, times are changing. We strongly encourage women to apply and investigate this opportunity, as we continue to strengthen and diversify our team."

Lowering the average age

Average age of Port Otago kaimahi
2020/21: 49 – men; 48 – women
2025/26: 47 – men; 44 – women

The focus on age is driven by the need to future-proof the company, considering its ageing workforce. A risk was identified: that a large cohort of experienced operators could retire within a short window of each other.

Leigh: "Six years ago, 17% of our operational workforce was within five years of 65 years of age. We needed to act, back then – which we did – to counter the risk."

While the drop in average age looks marginal, it is significant, Leigh says. "We started with such a high percentage of older operators. It takes a long time to shift a bell curve, when it's so skewed to the right."

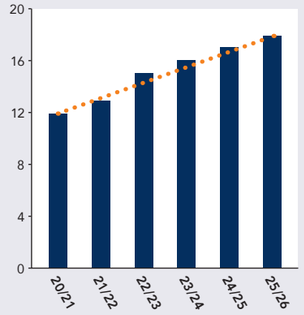
Why diversity matters

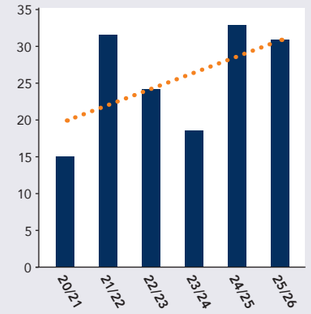
Our advertising now openly says that we are working on our diversity and we welcome applications from "non-traditional" port workers.

"Traditionally, port roles have been filled by men – generally through friends and family already working for the port – and they often stayed for the majority of their working lives," says Leigh.

"We want people from different backgrounds. That could be someone who's had a career and wants a change, or it could be a school leaver joining our cadetship programme. That's where Dover^ comes into its own. Regardless of an applicant's background, Dover assesses if an individual has the motor skills and awareness to safely operate machinery."

Over the past two years, as the result of nationwide advertising campaigns to attract experienced port operators to Otago, the Cargo Handling team has welcomed more women, a large cohort of South Africans, as well as new Māori and Pacific Peoples. "These new kaimahi have brought experience and fresh perspectives to our workplace. We've got some great new people in our team."





** Total number of employees (i.e. includes office-based and casual)*

 # Includes office-based employees, excludes casuals and seasonal cruise assistants

^ Computer-based psychomotor assessment tool

SafePlus audit

Our fourth SafePlus audit was carried out in December 2025. We engaged health and safety expert Mike Cosman to challenge all aspects of our safety systems, including governance and how resources are deployed. Chief Executive Kevin Winders: "While Mike's direct approach made us feel uncomfortable at times, the outcome was exactly what we needed to ensure we're keeping our people safe."

Key takeouts:

- *Become more systematic in critical risk management*
- *Develop a metric to measure effectiveness of critical controls, and*
- *Capture and report on continuous improvement projects.*

As a result of the recommendations, the Board's Health and Safety subcommittee signed off a workplan and resourcing for the year ahead. Mike will return in 18 months to review progress.

PORT OTAGO | OUR KAIMAHI | 2026

Critical risk programme evolves

"Safety" is Port Otago's number one material issue and "failing safely" remains the core safety strategy. Over the 2025/26 year, Port Otago evolved its critical risk programme to include critical controls, which are monitored more regularly to provide greater assurance.

Head of Safety Ross Buchan says audit frequency is now customised to match the level of risk. "As part of evolving our critical risk management, we've focused on ensuring we understand our critical controls and which of these controls need checking more regularly."

There are 107 critical controls across 28 critical risks. Controls are checked monthly, but a handful are done quarterly or annually*.

For each critical control, there is a two-part validation process. The relevant frontline manager "owns" the control and has been coached on how to check that specific control, as it's their responsibility to keep their team safe. The Safety team independently validates that the control is effective, supporting our operational teams to strengthen our control environment.

The new programme piloted in February 2026 and was fully rolled out in March. It uses the existing safety management IT platform and an app with customised templates to check each critical control. The app requires physical evidence: photos and comments on how the assessor judged that the control was effective or ineffective.

A corrective action is then determined and that action gets priority attention at the weekly Leadership Team meetings to ensure a rapid close-out.

** Generally compliance-driven controls*

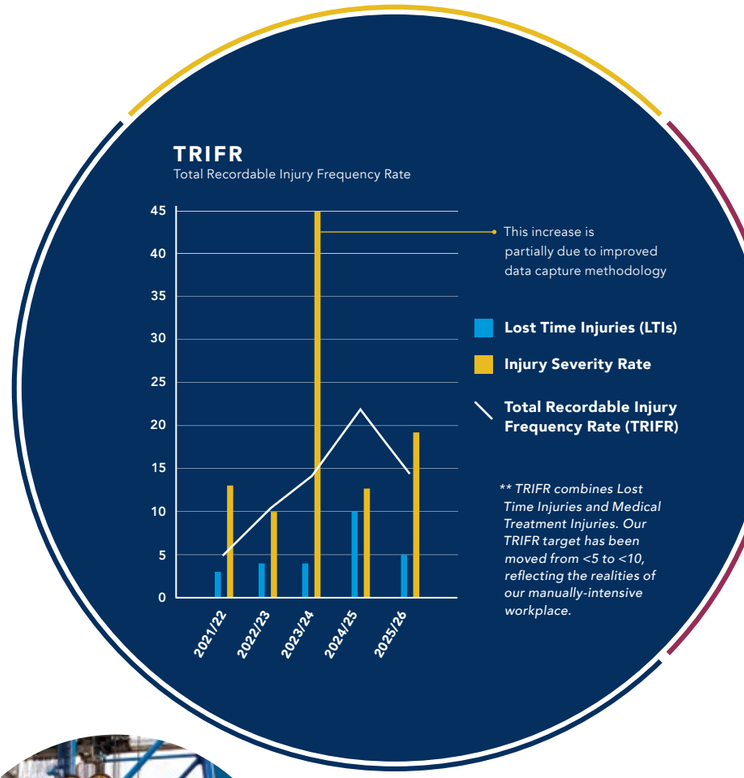
Critical risk management now involves regularly checking that critical controls are in place and effective. This involves a two-part validation and uploading photos and comments to an app, confirming the check was carried out.

Key injury statistics

The 2025/26 Total Recordable Injury Frequency Rate (TRIFR) was 14.6 – down 32% on the previous year, but still above where it needs to be. Head of Safety Ross Buchan says the decrease on last year's rate relates to the company's continued efforts to ensure kaimahi follow work procedures and maintain good housekeeping.

"We've also been improving our injury management and early intervention reporting to prevent injuries progressing to a point where they result in time off."

The average number of days taken to return our people after a work-related injury was 14.4 days during 2025/26, compared to 12.9 days by June 2025.



STEPS TOWARDS OUR GOALS IN 2026/27

- Lift our productivity.

CAPITAL 2

Our wider team

Growing our relationships

We work hard to build open and transparent relationships. We want to know what's important to our stakeholders, understand their plans, and how we can enable what they are trying to achieve. By building our understanding of our stakeholders' priorities, we can navigate growth together.

Otago Regional Council Deputy Chair Kevin Malcolm has views on strong relationships. "Without strong relationships at all levels of government, across the supply chain, with the public and the current owners, the port's aims will be more difficult to achieve." He brings the shareholder perspective: "The Board and Chief Executive need to explain to the potential new owners why the port's structure is how it is. It is so important not to destroy the port by giving it to someone who doesn't understand."

With Southern Link, we can enable our customers' growth plans, so we are trying to make it happen as soon as possible. With confirmation from the Environmental Protection Authority (EPA) that our Fast-track application met the completeness test, a review panel was appointed, and a final decision is expected in November 2026. We are working closely with our iwi stakeholders on this project, but we hope to build a relationship with them for the long term. The Board and Leadership Team undertook training last November in how to better engage with iwi. The session was also attended by a representative from Te Rūnaka o Ōtākou. Engagement will take time and we are committed.

Our work with the community is far reaching, including the $3m Te Rauone Beach and reserve upgrade project, a safe footpath from Port Chalmers towards Careys Bay, Automated External Defibrillators (AEDs) in key locations and an impressive 68 community shipping containers. Our relationship with the community is about connecting with the things people care about and providing support where we can.

"We've got a great relationship with Port Otago, the team is great to work with, and things are raised directly and addressed quickly."

Paul Mifsud
Senior Director
Port Operations – Asia Pacific
Carnival Australia

Material issue

Strong relationships

Building strong relationships with our stakeholders by listening to what matters to them, communicating effectively on the day-to-day and sharing our plans. Being a great neighbour by doing what we say we will do for the community and iwi, such as keeping noise levels down, supporting their needs and protecting human rights.

"At the port, we have a long history of engaging with our stakeholders and iwi partners, but documenting a more formal stakeholder engagement strategy was overdue."

Joanne Dowd
Senior Environmental & RMA Planner
Port Otago

Port Otago supports Orokonui Ecosanctuary with an annual financial contribution. See story page 28.

PORT OTAGO | OUR WIDER TEAM | 2026

Key metrics

Metric	Trend	2025/26	2024/25	2023/24	2022/23	2021/22
Active sponsorships	⇔	125	125	121	93	52
Community containers [1]	⇔	16	12	7	13	7
Stakeholders engaged [2]	⇔	36	31	32	26	41
Port Noise Liaison Committee meetings [3]	⇔	4	4	4	4	4

1. New containers out in our community (total = 68)
2. Interviews undertaken as part of materiality process
3. 3 committee meetings and 1 public meeting per year

KEY

↑ Positive progress ↓ Must improve ⇔ Acceptable

Goals

Be a great neighbour by respecting what is important to our community and iwi and enhancing our social licence to operate.

Provide space for customers adapted to their needs with increased storage at Southern Link for better delivery windows, making us the preferred option for our customers.

Build stronger relationships with our customers, partners and suppliers to better understand them, measure progress and plan for the future.

Make decisions based on accurate and complete data.

Work ons for 2026/27

- Build our partnership with KiwiRail for an optimal solution at Southern Link.
- Stay close to our shareholder, as local government reform takes shape.
- Look for opportunities to partner with iwi for the long term.

"We work incredibly closely with the Port Otago team on how to unlock additional productivity where we can and where it makes sense, like bringing in vessels slightly early to get a head start on the next shift and make some gains."

Tony Mildon
Cold Chain Integrated Sales Director & Oceania Leadership Team NZ Representative
Maersk

"We have the opportunity at the port to take a lead on strategic opportunities for nature-based initiatives – to do the research, work with partners and scope out impactful projects for investment. These could be working with iwi on harbour projects, native tree planting, or opportunities at Southern Link, potentially leveraging recent announcements around biodiversity and carbon credits."

Becky Lloyd
Director
Port Otago

Our wider team

Cruise supporting community sponsorship

In addition to the $129m* economic impact cruise brings to our region – through crew and passenger spending on retail, food and drinks and onshore excursions – a portion of our cruise revenue is channelled into our community sponsorships, bolstering our community impact each year.

Being a positive presence in our community is important to Port Otago – particularly because we are owned by the community – and it is also important to our wider stakeholders, who rank "strong relationships" as our 10th most important material issue.

Below are some of the projects and sponsorships supported by cruise lines revenue during 2025/26.

Swimming lessons

For the past five years, we've been supporting local primary schools' swimming lessons. It's grown each year and, in 2026, we have about 300 children from six schools, with each child receiving around 18 lessons a year.

Te Rauone Beach project complete

The $3m Te Rauone Beach and reserve upgrade project was completed – 16 years after Te Rauone Beach Coast Care Committee, Te Rūnaka o Ōtākou, the Otago Peninsula Community Board and Port Otago began working together with the goal of restoring and developing the community's beach amenity.

Footpath widening

Alongside the $12.5m rail pad replacement project, we gave up a strip of our container terminal footprint to widen the very narrow footpath from Port Chalmers around towards Careys Bay. The publicly-owned footpath hugs our container terminal's west boundary and has been an unsafe corridor for pedestrians for decades, measuring only 0.9m wide in places. The path is now 1.8m wide most of the way.

Mouth guard sponsorship

In partnership with Otago Rugby, Port Otago is supplying 3500 mouth guards to the region's junior rugby players this year and again next year. The sponsorship is an excellent safety initiative that also benefits young people getting out and enjoying their sport.

Orokonui Ecosanctuary

For the past three years, Port Otago has contributed $25,000 annually towards Orokonui's conservation and education programmes. "Nature" is one of our material issues (#12), specifically protecting nature in our harbour and community. Supporting the ecosanctuary's work with native flora and fauna is a practical way for us to enhance the positive impact Orokonui is having in our immediate neighbourhood.

Community containers

At 30 June 2026, there were 68 community containers in place across our region. In the past year, 16 were distributed to recipients, including the Dunedin Gasworks Museum, Hikaroroa / Mt. Watkin Conservation Group and Port Chalmers School.

** New Zealand Cruise Association 2024/25 economic impact annual study. The 2025/26 figures were not available at time of publication.*

Port Otago and Otago Rugby have partnered to supply 3500 mouth guards to the region's junior rugby players this year and next. Pictured (from left) are Eliano, Sophie and Jack from our local Harbour Hawks rugby club

Fonterra strengthens long-term partnership

Fonterra's long-term lease and operational transition of "D Shed" reflects a deliberate step to strengthen the efficiency, resilience and integration of its South Island export supply chain.

Now known as "Fonterra Port Chalmers", the facility is situated on Back Beach Road, Port Chalmers. The 34,200m^2 warehouse and 12,000m^2 yard are used as a pack point for the co-operative.

Fonterra GM Supply Chain Brendan Miller says the lease enables long-term investment in infrastructure, systems and capability. "For Fonterra, this stability is critical to underpinning growth in export volumes while ensuring consistent, high-quality service to global customers. It also aligns with a broader strategy to simplify the network and bring key logistics activities closer to core operations."

Since taking over operations in November 2025, including the transition of 16 experienced on-site team members, Fonterra has focused on embedding safety, performance discipline and customer-centric processes.

"The continuity of people and local expertise has been a key enabler, allowing operations to remain stable while progressively integrating with Fonterra's wider logistics network."

Over time, the Fonterra Port Chalmers operation is expected to play a more strategic role in optimising product flows, enhancing flexibility in where products are packed and shipped, and supporting more efficient use of transport and storage capacity across the South Island network.

Brendan: "Ultimately, the partnership between Fonterra and Port Otago is built on a shared commitment to long-term success. The facility's transition represents not just a change in operations, but a step forward in delivering a more integrated, resilient and future-ready export supply chain for New Zealand dairy."

Port Otago's material issue "strong relationships" (#10) emphasises the importance of understanding what matters to stakeholders.

Our GM Customer Craig Usher says the Fonterra-initiated transition of D Shed is a good example of Port Otago listening to a customer and working with them to achieve the customer's goal. "It was a great opportunity to secure a mutually beneficial agreement that will deliver long-term success for both parties."

Also in 2025/26

Minister attends Cruise trade show

Two Port Otago representatives were in Miami for the 2026 Seatrade Cruise Global trade show in April 2026. The four-day expo is the international cruise sector's annual opportunity to connect, attracting 11,500 attendees. Alongside various industry representatives on the consolidated New Zealand stand was Minister of Tourism Louise Upston. Cruise Manager Carolyn Bennett says the presence of a government minister sent a strong, positive signal to the sector. "It was also a great opportunity for Minister Upston to meet the heads of cruise lines and reinforce to them the importance of cruise to New Zealand."

Celebrating Wi Potiki

On the Saturday of Easter weekend 2026, our Marine team took pilot launch *Te Rauone* across the harbour to Wellers Rock, where it was welcomed by a group of descendants of Wiremu (Wi) Potiki – an expert navigator and revered 19th Century rakatira of Ōtākou. While our Marine team had planned to take the launch *Potiki* – named for Wi Potiki – to host the trips to Taiaroa Head, using larger and faster *Te Rauone* meant more people could enjoy the experience. However, a group of whānau did spend time onboard the *Potiki*, including a spin around the basin.

New Southern Loop service

In June 2026, the MSC Southern Loop service was launched. Southern Loop vessels call at Melbourne before heading south to South Port, then travel up the coast to Port Chalmers, continuing north along the east coast before returning to Melbourne where cargo is transshipped onward to Asia.

STEPS TOWARDS OUR GOALS IN 2026/27

- Partner with Kiwirail to develop a resilient South Island rail network.

CAPITAL 3

Our harbour taoka and beyond

Nature's clock is ticking

Upoko Te Rūnaka o Ōtākou Edward Ellison reminds us of the port's responsibility to protect the harbour. "The Leadership Team at the port must go about making a profit in an ethical way, mindful of its place in the harbour. They need to be good custodians because the port is so reliant on that environment. They need to be well informed with good data and responsive to the harbour's wellbeing."

Nature is the port's most important supplier. Without the water in the harbour, ships can't sail and the port can't receive cruise passengers from all over the world. Without the land, ships can't berth to load and unload, and customers' exports can't be stored. Without the land, Chalmers Properties can't provide property solutions for our many tenants. In short, without nature, the port wouldn't be here, and for that we are grateful. It is clear that enhancing our appreciation of nature will help us navigate growth.

Senior Environmental & RMA Planner Joanne Dowd suggests working together with a shared passion for nature. "We are keen to progress nature-positive projects involving iwi, the community and our shareholder, focusing on restoration. Port Otago is interested to explore supporting iwi restoration work in the harbour, native planting at scale near the harbour, and ring-fencing some land at Southern Link for native plantings with benefits for iwi and the local community."

In the face of increasing climate change impacts, the port is fortunate to be resilient in extreme weather due to the shape of the harbour and the natural protection it affords. But we're not complacent, instead investing in our adaptation by testing new designs for the Aramoana mole to ensure resilience of the highest order. Effort in equal measure is going into the port's transition to electrification, and when the wait for fully electric straddles got too long, the decision was made to consider hybrid straddles, ultimately lowering our carbon emissions.

"The clock is ticking for nature, we are at the top of the cliff, but if we start responding now, it will be less traumatic later. The port is on a good trajectory with nature and clearly wants to be a good citizen, working in a way that is compatible with the harbour. The question is, does the port have an ethos around nature, is it putting in the right effort in the right place at the right time?"

Edward Ellison
Upoko
Te Rūnaka o Ōtākou

Material issues

Nature

Protecting nature in our harbour by listening to the community and iwi, monitoring things closely and taking action well ahead of any tipping points in harbour health. Protecting the wider environment by developing an overall Harbour Management Plan with our partners. Implementing biosecurity measures specifically to protect our native flora and fauna from these hazards.

Climate change

Measuring, reporting and reducing our own carbon emissions and influencing others to do the same. Being prepared for increasing extreme weather events and related impacts on supply chain logistics and customer operations. Understanding the likely impacts of climate change on our assets and operations and developing adaptation plans to address them.

** Climate change ranked at #14 in this year's materiality process. While not in the top 12, we are including it within this capital, as it remains front of mind for the company.*

"With climate change genuinely front of mind, the port cares about securing electric locomotives as soon as possible. They are pushing us to be the first to get them."

Adele Wilson
Chief Customer & Growth Officer
KiwiRail

PORT OTAGO | OUR HARBOUR TAOKA AND BEYOND | 2026

Key metrics

Metric	Trend	2025/26	2024/25	2023/24	2022/23	2021/22
Scope 1&2 GHG emissions tCO_2e	⇔	5342	5337	5838	4452	5170
Fuel as % of total GHG emissions tCo_2e	⇔	63%	60%	81%	81%	70%
Electricity as % of total GHG emissions tCO_2e	⇔	11%	13%	15%	14%	25%
LED lights % of total lighting	↑	98%	93%	93%	92%	91%
Noise complaints						
Total	⇔	40	47	33	32	18
Noise complaints: Vessel	⇔	24	32	22	23	12
Noise complaints: Non-vessel	⇔	16	15	11	9	6

Emissions metrics in this table differ to previous reports. The figures have been recalculated to account for D Shed and Mosgiel Depot now being managed separately to Port Otago. The two sites therefore fall outside our boundary of emissions reporting.

KEY

↑ Positive progress ↓ Must improve ⇔ Acceptable

Goals

Execute our climate change plan covering climate change risk assessment, adaptation/mitigation strategies, reporting framework and current baseline.

Preserve our beautiful harbour and its biodiversity by listening to our community and iwi, taking care and monitoring these precious taoka closely.

Reduce our noise.

Work ons for 2026/27

- Identify new nature-based initiatives that create long-term value.
- Align the various strands of our climate change strategy.
- Play our part with our wider community on the harbour plan.

"Work is about to start on the Dunedin Coast Catchment Action Plan, of which the harbour will be a key focus. Otago Regional Council would like to see the port become active and positive contributors to the Catchment Action Plan process. Environmental pressures will be identified in the harbour, and we hope the port can champion nature-based initiatives to address them."

Richard Saunders
CEO
Otago Regional Council

"The natural resilience of the harbour to extreme weather events presents opportunities compared to our peers. We need to continue to embed this resilience into our always open strategy."

Becky Lloyd
Director
Port Otago Board

Our harbour taoka and beyond

Modelling informs mole strengthening

Port Otago has a competitive advantage – by virtue of a naturally sheltered harbour – augmented by the 1.3km Aramoana mole. The mole is integral to keeping the harbour navigation channel open and correctly aligned, working in conjunction with other groynes and seawalls to direct tidal flow in and out, preventing the build-up of sediment.

With more frequent and extreme weather events placing increasing pressure on the mole structure, a strengthening project is underway. Data from Oceanum and physical modelling at the University of New South Wales Water Research Laboratory are informing engineering solutions for the long-term resilience of the mole.

Strengthening the mole directly impacts on four material issues: "safety" (#1), "shipping volatility" (#3), "wharf capacity and infrastructure" (#5), and "nature" (#12).

A physical scale model (1:35) of the mole was constructed at the water research laboratory. At the time of print (18 August), two rounds of testing for potential mole armouring solutions had been carried out.

Port Otago Civil Engineer Andy Pullar says round one results either inflicted significant damage to the mole or the design was not practical. "Round two involved four test designs including a combination of rock and precast concrete units arranged to counter the most severe nor'east storm waves, which can be up to 4.6 metres at the mole.

"All four tests had promising results, with the final run – 13-tonne precast units and a piled 'toe' reinforcing the tip of the mole – showing the most potential. After simulating a one-in-100-year storm event, less than 3% of units were moved."

The next step is completing an assessment of the options with the key parameter being the constructability of each. Once started, strengthening works are estimated to take up to two years to complete depending on the solution chosen.

Noise complaints

There were 40 noise complaints during the year – down seven on 2024/25. The 24 vessel-related complaints included:

- ***Spirit of Auckland*** container vessel – four complaints: noise monitoring was carried out and, while just below threshold for mitigation, we are encouraging owners to reduce noise emissions.
- ***Ocean Dawn*** fishing vessel – four complaints: problematic generator to be replaced.
- ***Maersk Rio India*** container vessel – three complaints: operational issues with ship-to-shore crane meant vessel at berth for three nights, and a second (unsilenced) generator was required to keep chilled containers at temperature.

PORT OTAGO | OUR HARBOUR TAOKA AND BEYOND | 2026

Reducing our carbon emissions: Strategy to 2030

Our **always open** strategy includes steps to reduce our climate change risk. A significant action is transitioning Port Chalmers Container Terminal mobile plant to electric, as technology allows. Currently, 99% is powered by diesel fuel.

Port Otago Sustainability Manager Carolyn Bennett says Port Otago is adopting three approaches to transition away from fossil fuels and reduce carbon emissions.

1) Operational efficiency

"Small, incremental changes, cumulatively, do make a significant difference. This approach focuses on continuous improvements that eliminate waste. This includes waste of resources, such as diesel and labour, and wasting assets through inefficient operations."

2) Technology change

Port Otago's asset management plan is central to achieving the company's climate change goals, particularly now the climate adaptation plan and decarbonisation roadmap are incorporated into the plan.

The container terminal's fleet of 14 straddle carriers is the company's top contributor of carbon emissions at 1669 tCO_2e per annum, accounting for 21% of emissions. The fleet's replacement is an immediate priority. (See story page 37.)

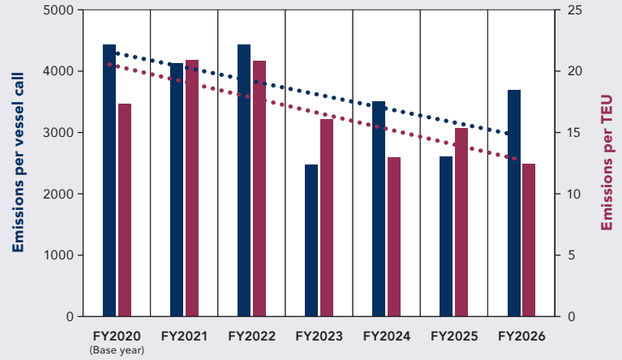
3) Supply chain efficiency

This approach focuses on eliminating waste in the supply chain. Carolyn: "While much of the supply chain is outside of our control, waste reductions are possible through the consolidation and co-location of contiguous processes. For instance, warehousing, mode hubs and container depots. We can also make a difference by enabling more fuel-efficient transport modes, such as helping customers transition from road to rail."

Emissions summary

Total emissions for 2025/26: 7162 tCO_2e [2024/25: 7351*]. Scope 1 & 2 emissions only.

Emissions trend (per $kgCO_2e$)



** Figure adjusted, as result of December 2025 McHugh & Shaw audit*

Emission reduction targets

- Net zero emissions by 2050
- Reduction in CO_2 from 2020 baseline (6203 tCO_2e)
- Scope 3 emissions development

Also in 2025/26

New noise committee chair

West Harbour local Jeri Fraser was appointed Independent Chair of the Port Noise Liaison Committee in February 2026. Jeri has more than 15 years' experience as a strategic advisor and is Principal Advisor – Partnerships and Investment at the Department of Conservation.

Tug *Ōtepoti* blessing

Local iwi led by Te Rūnaka o Ōtākou Upoko Edward Ellison blessed the Tug *Ōtepoti* on 18 March 2026. Otago Regional Councillors and Port Otago Board, Leadership and Marine team members also attended. GM Marine and Infrastructure Grant Bicknell says iwi blessings of vessels connect today's mariners to the traditions of those who called the Wai Ōtākou home for centuries, and to the forces that watch over all who go to sea.

LED lights update

At 30 June 2026, 98% of Port Otago's 1332 floodlights had been converted to LED. Upgrading the remaining six towers at Port Chalmers Container Terminal will happen later this year, concluding this long-term project.

STEPS TOWARDS OUR GOALS IN 2026/27

- Achieving 14m chart datum depth.
- Report and capture waste to reduce cost and carbon.

CAPITAL 4

Our know-how and skills

Data led productivity gains

All ports are grappling with the productivity challenge, trying to innovate to make gains. Navigating growth in our productivity is front and centre. Our partner, MD Dynes Transport Peter Dynes, sees the risk clearly. "If we don't stay efficient, customers can choose other ports." We plan to minimise this risk to be the **always open** port. We will pave the way through our natural resilience to receive ships when other ports can't, and by working hard on our union relations so our people are available.

Port Otago's new Head of IT Peter Sinclair is quick to stress that taking things step by step is fundamental. "Change management is important when it comes to introducing new technology, otherwise there will be pushback from the business. There's no point forcing something out there with no one using it." Peter also makes a strong connection to financial performance. "Reducing operating costs through automation hits two ways at the port, out in the yard to improve productivity, and doing things in the back-office using technology to be more efficient."

Chief Executive Kevin Winders shares an important tool for navigating the path forward. "Investment in our IT infrastructure is starting to pay dividends, allowing key data to be presented to our teams in real time to support better decision making." This will help identify layout improvements out in the yard and clever storage solutions in our sheds. These efficiency improvements help our productivity and financial performance, also reducing our contribution to climate change through reduced energy use, a win-win.

"No port in New Zealand has done automation properly yet in our view, but the opportunity to improve productivity and get ships in and out on window is there for the taking."

Graeme Brown
Operations & Business Development Manager
CMA-CGM/ANL

Material issues

Innovation

Improving resilience and efficiency in our supply chain with automation and digitisation. Working with our customers, shipping lines, infrastructure and logistics partners and peers to innovate and become more agile.

Cyber security

Refreshing our IT system to protect cyber security and data privacy. Making cyber security part of every decision, like safety, and implementing well-rehearsed processes to respond to attacks.

"There is so much potential to use AI to improve efficiency at the port. Encourage employees to come forward with this vision of efficiency through experience while listening to the younger generation's ideas. They might not be as practical as more experienced staff, but on computing and AI they are way ahead."

Peter Dynes
MD
Dynes Transport

PORT OTAGO | OUR KNOW-HOW AND SKILLS | 2026

Key metrics

Metric	Trend	2025/26	2024/25	2023/24	2022/23	2021/22
Learning activities [1]	↑	8136	7460	-	-	-
Average training hours per employee	↑	21.88	19.38	18.69	20.0	9.5
Assessments completed	↔	335	405	323	-	-
% of new appointments that were internal	↔	24%	56%	43%	26%	45%

1. *Minor adjustment to data collection, cf previous years. Includes all digital learning activities, classroom sessions and external courses.*

KEY

↑ Positive progress ↓ Must improve ↔ Acceptable

"The only lever Port Otago has in terms of mitigating impacts of global shipping volatility is to build recognition as the most reliable, productive and flexible port operation in the South Island. If we can build and maintain that reputation, our future will remain secure."

Rick Herd
Board Director
Port Otago

Goals

Decisions based on accurate real-time data.

Doing more with the same, safely.

Improve our efficiency through automation and digitisation, such as systems for berth management, property management and supply chain connectivity.

Work ons for 2026/27

- Improve our planning systems to avoid waste.
- Improve our approach when making change.
- Gradual use of AI where it makes sense.

"Port ownership structures that drive a focus on efficient terminal operations are good for shipping lines."

Tony Mildon
Cold Chain Integrated Sales Director & Oceania Leadership Team NZ Representative
Maersk

Police staff participated in a three-day maritime training programme at Port Chalmers, earlier this year. Read story page 37.

Our know-how and skills

Investing in our leaders

Over the past two years, Port Otago has invested in external training for 52 of our kaimahi in leadership roles.

Head of People Leigh Carter says leadership training had taken a backseat in recent years, partially due to covid disruptions. "Feedback from our people was that this was an area where we needed to step up, so we did."

Port Otago contracted Kākāpō Consulting – Dunedin-based specialist in leadership and team development – to take a pilot group of 12 kaimahi through its Conscious Leader Programme in September/October 2024. Another 40 leaders went through the programme during 2025/2026.

The training fed into two of the company's top four material issues: "leadership" (#2) and "the best team" (#4).

Leigh says the next step is port-specific follow-up sessions focused on practical topics (such as safety, recruitment and team development), weaving in the Kākāpō frameworks and coaching.

At a strategic level, six-monthly succession planning is now undertaken – which includes identifying key talent and future leaders – and reported to the Board's People and Remuneration subcommittee.

Leading from the front

Kyle Reid was one of the 52 participants in the leadership training. He is Coldstore Supervisor at Dunedin Bulk Port with oversight of up to five full-time forklift operators, increasing during the peak season with casual kaimahi. The bulk port's 9500-tonne capacity chilled/frozen warehousing is primarily used for fish products.

Kyle started with Port Otago 10 years ago, after nine years in Australia working in the meat processing sector and later as a truck driver. When he returned to Dunedin in 2016, he bought a house in Sawyers Bay. "Port Otago was local to me and had a very positive reputation. I started at the bulk port as a forklift operator, then became Health and Safety rep, later Team Leader and then Supervisor."

While Kyle feels valued at this point in his port career, he says it hasn't always been the case. "In the beginning, we were a very small team and the pressure was on to complete the job. You weren't told that you were appreciated or 'job well done'. The only reward was the pay cheque each week. There were no courses back then, only your forklift licence when it was due."

It all changed about four years ago, following some staff turnover and a new coldstore manager starting. The new manager wasted no time implementing positive changes – changes that are key to the bulk port's solid team of 2026.

Kyle supports the manager in planning the day-to-day running of the bulk port, while guiding his team to achieve targets and encouraging a tight team culture. "In peak periods, this warehouse only succeeds because of the willingness of our team to work the required overtime. I make sure everyone is appreciated and thanks is given to the team and individuals when they have stepped up."

He speaks highly of the company's Training and Development team and People team – their accessibility and quality. "I could go on and on about the training. There is so much effort put into giving you the correct training and then following up to make sure you understand it. They want you to succeed and to keep moving forward."

Kyle says the Kākāpō training was very worthwhile. "We learnt about what makes a great leader, worker engagement, and giving feedback and encouragement. Following up and ensuring staff understand instructions is important. It can be as simple as asking them to explain the instructions back to you, which demonstrates that they have understood."

Left: **Coldstore Supervisor at Dunedin Bulk Port Kyle Reid was part of a leadership programme rolled out across Port Otago over the past two years.**

PORT OTAGO | OUR KNOW-HOW AND SKILLS | 2026

Informing terminal development

The Port Chalmers Container Terminal future operating mode was significantly progressed during the year.

Ageing terminal infrastructure and mobile plant nearing end of life presented the company with a once-in-a-lifetime opportunity to change the terminal's operating mode. Over the past four years, a comprehensive review considered both established and new innovations in mobile plant and terminal technology, specifically terminal automation and how to increase container storage.

Also over the four-year period, Port Otago's asset management plan became embedded across the business. It interacts with our climate change adaptation and emission reduction plans, replacement and maintenance timelines, and feeds into our long-term financial projections.

PORT OTAGO TEAM INVESTIGATIONS

October 2025		**Investigating**
Germany	- Bosch Siemens Hausgeräte appliance distribution - Port of Hamburg HHLA Terminal	- Terminal tractors and trailers - Straddle carrier options - Maintenance workshops - Emerging fuel technologies
Finland	- Movella - Kalmar headquarters	
The Netherlands	- Houcon Group, Port Rotterdam	
China	- SANY Marine, Zhuhai - ZPMC factory, Changxing - Shanghai Yangshan deep-water port - Ningbo Meidong automated container terminal	- Ship-to-shore cranes - Developments in automation - Three technical forums
March 2026		**Investigating**
Auckland	- Port of Auckland - Reliance Transport - Portstar (SANY dealer)	- Konecranes straddle carriers - Diesel terminal tractors - Electric reach stackers - Electric empty container handlers
Adelaide	- Port of Adelaide	- Hybrid straddles - Ship-to-shore cranes
Tauranga	- Quality Marshalling	- Mobile plant maintenance

In-market investigations

Our Operations and Project teams carried out extensive investigations into terminal electrification and automation. They explored automated stacking cranes, rubber-tyred gantry cranes, and reach stackers working in conjunction with electric terminal tractors – all viable solutions for a medium-sized container terminal.

"Innovation" is our seventh material issue and identifies the need to improve supply chain resilience and efficiency through automation and digitisation.

GM Marine and Infrastructure Grant Bicknell says it made sense for the company's in-house experts to investigate options in person. "There are some exciting developments in port automation and electrification happening across the globe. We have a small operating footprint with some unique challenges of our own. Our people know their subject areas extremely well, so investigating in person meant they could deep-dive into the solutions in the market and think critically about their potential adaptation to our own operational plan and footprint. Interestingly, we also commissioned international logistics consultant Portwise to make recommendations on the terminal's future – and its conclusions were fully aligned with those of our own team."

The highest priority is upgrading the fleet of 14 straddle carriers – the company's top contributor of carbon emissions (see story page 33). The fleet is an average age of 16 years; 10 are diesel fuelled and four are diesel/electric. After investigations, we will consider replacement straddles capable of being converted to fully electric or hydrogen when economically viable.

The asset management plan has four side loaders on the radar for replacement in two years (2028/29). At this stage of investigations, they are likely to be an EV equivalent.

Also in 2025/26

Maritime training with police

In February 2026, we hosted a three-day maritime training session with Dunedin Police and members of the Wellington Police Maritime Team. Following classroom sessions, 25 Police staff rotated across the *Arihi, Taiaroa, Potiki, Mātai Awa* and the Harbourmaster's vessel *Āwhina*, participating in vessel familiarisation, safety scenarios, ship-to-shore manoeuvres, ladder climbs and man overboard drills.

New navigation station

Port Otago installed a navigation station on Quarantine Island Kamau Taurua to improve the safety of large vessels passing through the narrow channel between Quarantine and Goat Islands. Two CCTV cameras keep a 24/7 watch on the channel, while a wind anemometer provides real-time wind readings. The station went "live" in June 2026.

STEPS TOWARDS OUR GOALS IN 2026/27

- Enhance our Business Intelligence (BI) systems to improve our planning decisions.

5 CAPITAL

Our assets

Our solution for growth

Knock-on shipping delays from geopolitics and global conflict hit New Zealand hard this year. We can't control these things, but we can control our response. Being more proactive will help us navigate growth. CMA-CGM/ANL Operations & Business Development Manager Graeme Brown: "Shipping lines can't afford to omit Auckland or Tauranga because of the large volumes involved, so it's Nelson, Napier, Port Otago and Lyttelton who suffer most of the late changes due to port and weather delays."

Some customers are happy with their wharf space, such as Fonterra, Sealord, Port Blakely and Niagara. Port Blakely South Island Regional Manager Barry Wells: "We're confident in the port's Leadership Team working with us to achieve the volumes we're aiming for, allocating us space on that basis. The port has a limited land area, so you can't expect them to provide extra space in case ships aren't on schedule and plans don't fall into line." Others want more space, including City Forests, Silver Fern Farms and Danone. Silver Fern Farms GM Logistics Scott Hurdley: "Southern Link is a critical piece of the puzzle with our recent announcement about the new processing plant. We're signalling exciting growth in livestock and export volumes in the south."

Channel depth, the new dredge and our new tug also enable growth. Chief Executive Kevin Winders: "The Lower Harbour channel reaching 14m allows us to accommodate larger vessels, up to 10,500 TEU, in the medium term." The new $36m dredge acquired with Napier Port, arriving later this year, and our new Tug *Ōtepoti*, which arrived in February, also help us become big-ship capable.

This season saw 74 cruise ships hosted, down on 91 in 2024/25. Carnival Australia Senior Director – Port Operations Asia-Pacific Paul Mifsud explains why. "High operating costs over here have resulted in cruise ships being lost to other parts of the world, a 20-30% drop over the past two years. We're talking to ports to see if costs can be reviewed as we try to revitalise cruise to pre-covid levels, but it's going to take time."

Mayor of Dunedin City Council Sophie Barker offers support: "The port has been amazing on cruise, investing in facilities and doing a great job working with the visitor sector. Better communication on the benefits would help, in particular the jobs."

Chalmers Properties remains fully tenanted. But as Board Director Becky Lloyd highlights: "The property business needs to build on recent climate and sustainability pilots, such as solar-ready buildings and smart metering, for a fuller sustainability strategy to keep pace with industry best practice."

Material issues

Shipping volatility

Working closely with shipping lines to build their confidence in visiting us to achieve as many services, with as far a reach, and as much certainty, as possible. Demonstrating agility by coming up with solutions to shipping challenges across New Zealand as an **always open** port, where the kaimahi pull together to get the job done, with efficient container turnaround times and optimum moves.

Wharf capacity and infrastructure

Balancing wharf capacity between bulk, container and cruise ships. Using a simulator to explore what's possible in the channel, allowing loading of increased log volumes at Dunedin Bulk Port. Efficient container throughput to optimise space on a resilient wharf, while progressing Southern Link inland port.

"If more volume comes through the port once Southern Link is up and running, we could potentially look at more than one service calling at Port Otago. This would mean that we would be better placed to cover any port omissions due to weather delays."

Graeme Brown
Operations & Business Development Manager
CMA-CGM/ANL

"If a vessel omits Port Otago, we will try to catch up with it to get the product on the boat. Literally trucks chasing ships! But Port Chalmers is the last stop, so it can be where delays really hurt."

Scott Hurdley
GM Logistics
Silver Fern Farms

PORT OTAGO | OUR ASSETS | 2026

Key metrics

Metric	Trend	2025/26	2024/25	2023/24	2022/23	2021/22
Gross crane rate	⇔	25.1/hr	24.9/hr	24.5/hr	26.2/hr	26.0/hr
Container ships berth utilisation	⇔	30%	28%	34%	25%	19%
Cruise and log ships berth utilisation	⇔	35%	33%	31%	33%	26%
Full yard TEU daily average	⇔	1760	1794	1919	1869	1823
% days >90% full	⇔	2.70%	3.8%	17.2%	8.2%	20.0%
Vessel movements	⇔	633	639	747	653	405
Export volume (tonnes)	↑	2.53m	2.28m	2.47m	2.15m	1.89m
Export value	↑	$8.9b	$8.0b	$8.1b	$6.6b	$5.3b
Import volume (tonnes)	↑	774k	708k	738k	774k	772k
Import value	↑	$1.9b	$1.5b	$1.4b	$1.4b	$1.3b
TEU volume	↑	257,880	249,015	268,868	186,427	166,153

KEY

↑ Positive progress ↓ Must improve ⇔ Acceptable

Goals

Leverage existing infrastructure to be **always open**:

- In-house dredging capability making us open for growth.
- Renewable harbour defences making us the first port open post extreme weather, ready to support others.

Space for customers adapted to their needs: Provide buffer capability to be **always open**:

- Increased storage at Southern Link inland port for increased acceptance windows, making us the preferred option for our customers.

Grow the bulk business by increasing storage capacity and enhancing shipping flexibility with Victoria Channel improvements. Relocate storage (where it makes sense), develop wharf replacement options and work with customers on fit-for-purpose infrastructure to meet future needs.

Work with our government, the New Zealand Cruise Association and ports to market New Zealand as a cruise-friendly destination to attract cruise ships back to New Zealand.

Continue to build a sustainable property portfolio as a fundamental part of the port's financial sustainability.

Work ons for 2026/27

- Progress Southern Link so it is operational as soon as possible.
- Lobby and invest to attract cruise ships back to New Zealand.

"What is the port doing for the longer term to build resilience to ride the peaks and troughs in shipping?"

Jacques Beukes
Head of Logistics & Operational Planning
Ravensdown

"We're already feeling the benefit of the port's off-site container storage zones to buffer containers through the empty terminal. It means Fonterra doesn't have to divert to other hubs."

Brendan Miller
GM Supply Chain
Fonterra

Our assets

Lower Harbour channel reaches 14m

The Otago Lower Harbour channel achieved 14m chart datum in June 2026. This milestone represented the fourth and final element of Port Otago being able to accommodate the larger 10,500 TEU vessels expected to reach New Zealand in 2030.

Container vessels currently servicing New Zealand range from 2500-6000 TEU, averaging 3400 TEU. However, vessels of up to 10,500 TEU are expected on a regular rotation before 2030. Larger vessels bring economies of scale, with greater volumes of cargo carried by fewer ships. They are also more fuel efficient and produce lower greenhouse gas emissions per container moved.

The port has been steadily investing in infrastructure to ensure we are ready for these larger vessels of the future and to handle the growing volumes in and out of the region. The other three multi-million dollar projects are:

1) Second 70t bollard pull tug

The arrival of $15m Tug *Ōtepoti* on 12 February 2026 provided the second 70t bollard pull tug required to manoeuvre large vessels in the Port Chalmers Container Terminal basin. She joins Port Otago's existing Damen 70t bollard pull tug, Tug *Taiaroa* (2014)

2) Multipurpose Wharf extension

While the $23m Multipurpose Wharf extension project was completed seven years ago, it is a critical element of being big-ship capable, today. At 430m long, with a 14.5m deep berth pocket, it can accommodate the largest vessels coming to New Zealand.

3) Increased dredging capability

Port Otago and Napier Port's new $36m trailing suction hopper dredge (Damen TSHD-1000) is on track for a December arrival into Port Chalmers. It will strengthen our overall capital dredging programme and provide in-house capability to clear the harbour entrance and/or channel quickly in response to extreme weather events.

Supporting dredging efforts, we have initiated finding a long-term engineering solution to strengthen the 1.3km Aramoana mole defence. The mole is integral to keeping the harbour navigation channel open and correctly aligned. (See story page 32.)

Collectively, these investments address three material issues: "shipping volatility" (#3), because shipping lines know Port Otago is proactive about being **always open**; "wharf capacity and infrastructure" (#5); and "growth" (#9).

Creating space to grow

The 40ha Southern Link inland port at Mosgiel is central to Port Otago's **space to grow** strategy, simplifying and consolidating the port's overall operations. Ultimately, it will be a 24/7 logistics hub for the lower South Island, enabling efficient, resilient and cost-effective handling of containerised freight through Port Otago.

The project passed a major milestone in May 2026, when the Government confirmed the project's Fast-track application met its completeness test. A final decision is expected late October.

Southern Link will increase storage capacity across the region's supply chain and buffer both shipping delays and any landside supply chain congestion. A 33km rail corridor will see containers move seamlessly between the inland port and Port Chalmers Container Terminal.

The development of Southern Link feeds directly into the material issue, "growth" (#9), and indirectly supports "wharf capacity and infrastructure" (#5) by freeing up wharf-side space on the Port Chalmers Container Terminal.

Development of Dunedin Bulk Port

Concurrent to Southern Link's progress is the $30m development of Dunedin Bulk Port, in readiness for the Otago/Southland "wall of wood" which will begin coming through Port Otago within two years.

Port Otago Chief Executive Kevin Winders says port leadership foresaw this significant lift in export log volumes back in 2018 and has been readying its infrastructure for the past eight years.

Export log activity at Port Chalmers' Beach Street Wharf will remain in place for another five years. Meanwhile, a reshuffle of ground leases on the Dunedin Bulk Port's boundary will allow Port Otago to extend the Dunedin log yard from 4ha to 8ha by the end of this year.

PORT OTAGO | OUR ASSETS | 2026

Metrics per business activity

Metric / Category	Trend	2025/26	2024/25
Container business			
TEU volume	⇔	257,880	249,015
Dairy export/import (tonnes)	⇔	647,957	587,433
Meat export/import (tonnes)	⇔	265,891	265,689
Seafood export/import (tonnes)	↑	83,511	78,716
Fruit export/import (tonnes)	↓	35,067	46,141
Wood export/import (tonnes)	↑	272,436	185,467
Other export/import (tonnes)	↓	133,269	154,334
Bulk business			
Oil/LPG import (tonnes)	⇔	520,300	492,516
Fish import (tonnes)	⇔	23,467	24,138
Log export (tonnes)	↑	1,182,737	1,034,221
Cement import (tonnes)	↓	22,042	30,815
Fertiliser import (tonnes)	⇔	87,505	74,939
Other bulk export (tonnes)	↑	25,221	8,520
Cruise business			
Cruise visits	↓	74	91
Cruise passengers	↓	108,790	148,531
Property business			
Total investment value	↑	$688m	$676m
Occupancy rates	⇔	100%	100%
Weighted average term lease (years)		7.22	5.74

Also in 2025/26

Chalmers Properties: 100% occupancy

Despite the country's economic climate impacting the commercial leasing environment, Chalmers Properties has maintained 100% occupancy across its predominantly industrial warehouse portfolio. This included leasing the 5-star Green Star "Design and As Built" at 23 Clem Newby Road, Te Rapa Gateway, Hamilton, which secured a tenant ahead of completion in June 2026. Features of this new building include rainwater harvesting, EV charging, thermally broken joinery, end of trip facilities and a multitude of other green building features.

Port Chalmers rail pad opened

The $12.5m rail pad at our Port Chalmers Container Terminal was officially opened in October 2025 by Minister for Rail Rt Hon Winston Peters, Regional Development Minister Shane Jones and Rural Communities Minister Mark Patterson. The ministers' attendance recognised the Government's $8.2m loan to build a replica rail pad at the Southern Link inland port within 18 months.

STEPS TOWARDS OUR GOALS IN 2026/27

- Complete 2ha extension to the Dunedin Bulk Port log yard.
- Consent Southern Link and begin development.

CAPITAL 6

Our financial value

Demystifying the financials

Financial performance is often seen as the realm of the accounts department, with the financials a dark art. Wider team involvement in financial performance will help us navigate growth.

Looking outside the port, CEO of City Forests Grant Dodson reminds us how tough some of our customers are doing financially. "Times are tough in forestry. Our returns have been down by half for the past two years, and with increased diesel prices – and the costs of salvaging 500 hectares of logs knocked over in high winds last October – we will struggle to afford the new dredging charge."

Growth is important for our customers, that much is clear. Pan Pac Forest Products Supply Chain Manager Allan Bradley shares their plans. "There is huge potential for Pan Pac to grow down in Otago, with the significant tree resources down there. The biggest constraints are the ability to ship the product and the port's capacity to pack the containers. We plan to sit down with the port and talk through the research we've done and our future plans when the time is right, but this is on hold due to the current timber climate." Port Blakely South Island Regional Manager Barry Wells reassures us that our efforts to enable customer growth don't go unnoticed. "The port is moving logs down to Dunedin Bulk Port to free up space at Port Chalmers for container customers and is developing more land for them at Southern Link. Dredging is also underway for deeper drafts up the harbour. All these things enable growth."

"Otago Regional Council has endeavoured to bring more attention to the value of Port Otago to the region. As well as highlighting the overall regional economic benefits, we also acknowledge the significant contribution the $20m dividend paid annually makes in reducing the general rates collected from rate payers."

Richard Saunders
CEO
Otago Regional Council

Material issues

Financial performance

Generating healthy financial returns for our shareholder, Otago Regional Council, from a strong capital base via increased revenue and EBITDA. Contributing to the people of Otago via shareholder dividends facilitating reduced council rates.

Growth

Investing in the growth of our diversified business model across bulk, containers, cruise and property.

"Port Otago has a strong financial foundation established on years of sound decisions guided by long-term vision; the stakeholders of the port must work together to protect that legacy for the prosperity of the southern region as a whole."

Rick Herd
Board Director
Port Otago

Deputy CFO Dan Te Au is tasked with driving the company's financial strategy and business performance. Read story page 44.

PORT OTAGO | OUR FINANCIAL VALUE | 2026

Key metrics

Metric	Trend	2025/26	2024/25	2023/24	2022/23	2021/22
Underlying profit	⇔	$34.4m	$36.9m	$34.4m	$32.0m	$17.6m
Profit	⇔	$48.7m	$64.6m	$30.4m	$23.3m	$70.5m
Dividend to ORC	↑	$20.0m	$18.0m	$16.0m	$14.0m	$13.0m
Shareholder equity	↑	$791m	$762m	$717m	$704m	$694m
Equity ratio	↑	78%	77%	78%	79%	82%

KEY

↑ Positive progress ↓ Must improve ⇔ Acceptable

Goals

Space for customers adapted to their needs: provide buffer capability to be **always open**:

- Attract exports/imports for sustainable growth.

Provide consistent shareholder dividends with a portfolio that optimises returns, builds resilience and facilitates investment in the future.

"We would look at Southern Link if the space is offered at a reasonable cost and KiwiRail makes the rail transfer cheap."

Richard North
GM Supply Chain
Sealord

Work ons for 2026/27

- Balancing short- and long-term returns for new infrastructure.
- Integrate financials with real-time metrics to improve decision making.

"The port has had a solid year financially, we're in good heart, slightly ahead of budget."

Tim Gibson
Chair
Port Otago

Our financial value

Introducing our new Deputy CFO

Deputy CFO* Dan Te Au joined the team in September last year. The newly created position is focused on driving the company's financial strategy and business performance. We asked Dan about his background and the new role.

Tell us about your career to date

I started at Deloitte in Dunedin in 2012, as a graduate accountant in the audit division. In 2016, I followed the well-travelled path to London and worked at investment bank Goldman Sachs as a legal entity controller. I returned to Dunedin as a manager in Deloitte's audit division, before transitioning into the private commercial world in 2018 when I became Finance Manager at MTF Finance, the large second-tier financial lender.

What brought you to Port Otago?

I wasn't actively looking for a change, but the opportunity came to my attention. The more I researched the port's business, the more impressed I was by the function and purpose the port serves in the region. I had also worked with a couple of the Port Otago Directors in previous roles, so respected the expertise and professionalism of the Board.

What does your role involve?

I see myself as the righthand man to the CFO. My role is to foster day-to-day engagement and help the team improve all elements of our financial reporting. I also provide commercial and operational insights and opportunities that influence tangible strategic decision making.

What makes you a good fit for the role?

The audit background is key. It taught me how to dive into any subject matter and ask key questions to gain the understanding required to make improvements. It also taught me how to research and benchmark against market data, providing useful insight. It is understanding and insight that will guide the continuous improvements required to deliver on Port Otago's long-term strategy.

** Chief Financial Officer*

Underlying profit as financial performance measure

Port Otago understands the importance of reported profits meeting accounting standards. Because we comply with accounting standards, users of the financial statements know that comparisons between different companies can be made with confidence and that there is integrity in our reporting approach.

However, we believe an underlying profit measurement can also assist understanding business performance – particularly for an organisation such as Port Otago, where revaluation changes can distort financial results and make it difficult to compare profits between years.

For this reason, Port Otago refers to underlying profits, alongside reported results. That is, when we report the results, we exclude fair value changes of investment property adjusted for changes that relate to development projects completed during the year.

The table shows the reconciliation between reported profit and underlying profit for the years ended 30 June 2026 and 2025.

	2026 $000	2025 $000
Profit for the year	48,747	64,604
Less		
Unrealised change in the fair value of investment property	(15,151)	(32,974)
Income tax on revaluations	(1,001)	1,820
Profit for the year before revaluations	32,595	33,450
Plus		
Development margin on completed property projects	2,189	4,304
Income tax on development margin	(411)	(807)
Development margin net of tax	1,778	3,497
Underlying profit	**34,373**	**36,947**

Notes to table

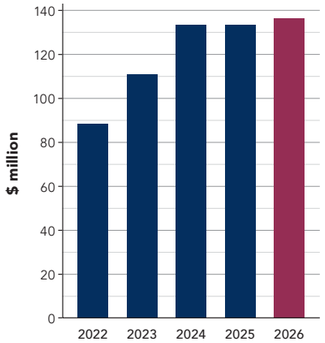
We have made the following adjustments to show underlying profit for the years ended 30 June 2026 and 2025:

1. Reversed out the impact of revaluations of investment property in 2026 and 2025. A user of the financial statements should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. The revaluation is unrealised and therefore is not considered when determining dividends in accordance with the dividend policy.

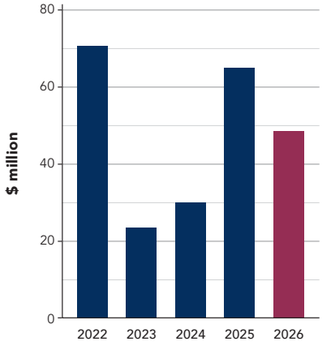
2. Added back the unrealised change in the fair value of investment property that relates to investment property development projects completed during the year. This margin is the result of commercial arrangements entered into and is largely within our control, year by year.

3. Reversed out the taxation impacts of the above movements in both the 2026 and 2025 financial years.

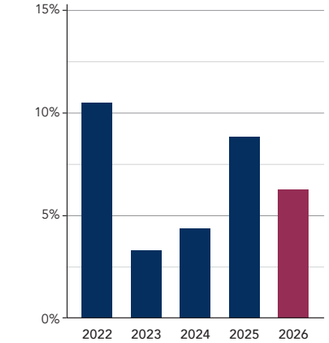
Revenue



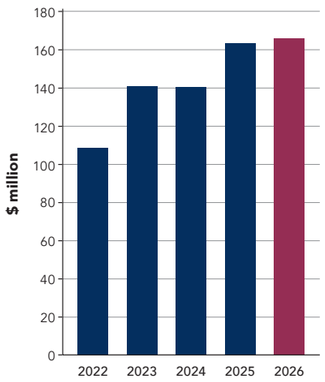
Net profit after tax



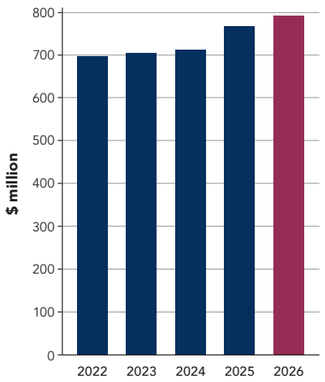
Return on equity



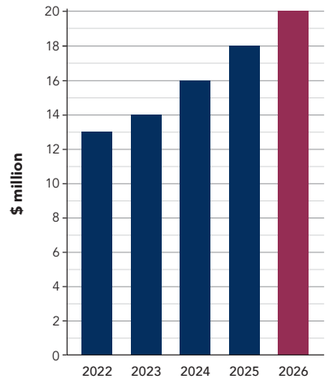
Bank debt



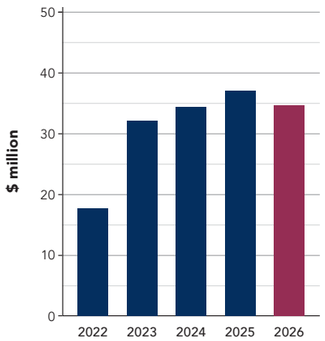
Shareholder equity



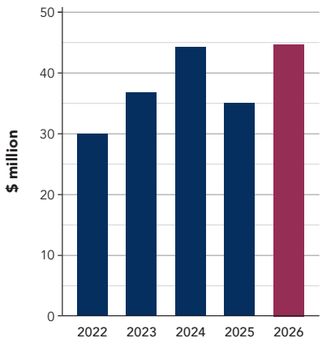
Dividends



Underlying profit



Operating cash flow



STEPS TOWARDS OUR GOALS IN 2026/27

- Meet the dividend expectations of our owner.

Consolidated group financial statements

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Consolidated income statement

~ for the year ended 30 June 2026

	Notes	2026 $000	2025 $000
Revenue	A1	**135,532**	**132,328**
Operating expenses	A2		
Staff costs		(45,880)	(47,689)
Purchased materials and services		(32,965)	(32,881)
Depreciation, amortisation and impairment		(13,519)	(13,814)
Total operating expenses		**(92,364)**	**(94,384)**
Contribution from operating activities		**43,168**	**37,944**
Finance income		87	288
Finance expense		(5,760)	(5,167)
Net finance costs	A3	**(5,673)**	**(4,879)**
Gain on disposal of property		5,640	10,681
Joint venture share of profit (loss)		47	(369)
Fair value change in ineffective interest rate swaps		(114)	(1,188)
Unrealised change in the fair value of investment property	B1	15,151	32,974
Profit before income tax		**58,219**	**75,163**
Income tax expense	A4	(9,472)	(10,559)
Profit for the year		**48,747**	**64,604**

Consolidated statement of comprehensive income

~ for the year ended 30 June 2026

	2026 $000	2025 $000
Profit for the year	48,747	64,604
Other comprehensive income that may be reclassified to profit and loss in subsequent periods		
Cash flow hedges		
Fair value change in effective interest rate swaps and foreign exchange forward contracts (net of tax)	246	(1,755)
Total comprehensive income for the year	**48,993**	**62,849**

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity

~ for the year ended 30 June 2026

	Notes	Share capital $000	Investment property revaluation reserve $000	Hedging reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2024		**20,000**	**376,933**	**1,042**	**319,296**	**717,271**
Profit for the period		-	-	-	64,604	64,604
Transfer (from) / to		-	32,974	-	(32,974)	-
Other comprehensive income		-	-	(1,755)	-	(1,755)
Total comprehensive income		**-**	**32,974**	**(1,755)**	**31,630**	**62,849**
Transactions with owners in their capacity as owners						
Dividends paid	D2	-	-	-	(18,000)	(18,000)
Other movements						
Revaluation reserve reclassified to retained earnings on disposal of assets		-	(24,389)	-	24,389	-
Balance at 30 June 2025	D1	**20,000**	**385,518**	**(713)**	**357,315**	**762,120**
Profit for the period		-	-	-	48,747	48,747
Transfer (from) / to		-	15,151	-	(15,151)	-
Other comprehensive income		-	-	246	-	246
Total comprehensive income		**-**	**15,151**	**246**	**33,596**	**48,993**
Transactions with owners in their capacity as owners						
Dividends paid	D2	-	-	-	(20,000)	(20,000)
Other movements						
Revaluation reserve reclassified to retained earnings on disposal of assets		-	(14,505)	-	14,505	-
Balance at 30 June 2026	D1	**20,000**	**386,164**	**(467)**	**385,416**	**791,113**

The accompanying notes form part of these financial statements

Consolidated statement of financial position

~ as at 30 June 2026

	Notes	2026 $000	2025 $000
Current assets			
Cash and cash equivalents		147	110
Trade and other receivables	C1	16,258	18,032
Non-current assets held for sale	B3	6,859	-
Maintenance inventories	C3	2,067	1,915
Derivative financial instruments	F6	619	870
Other financial assets	D3	-	483
Income tax receivable		621	-
Total current assets		**26,571**	**21,410**
Non-current assets			
Property inventories	B2	13,855	14,908
Investment property	B1	667,234	661,820
Property, plant and equipment	B5	294,050	275,788
Investment in joint venture	E4	8,618	6,986
Intangible assets	B6	3,230	3,635
Derivative financial instruments	F6	420	574
Other financial assets	D3	-	3,242
Total non-current assets		**987,407**	**966,953**
Total assets		**1,013,978**	**988,363**
Current liabilities			
Trade and other payables	C2	12,941	19,384
Borrowings	D3	155,770	60,693
Employee entitlements	C4	8,040	7,418
Derivative financial instruments	F6	1,178	1,058
Lease liabilities	C5	412	293
Income tax payable		-	2,936
Total current liabilities		**178,341**	**91,782**
Non-current liabilities			
Borrowings	D3	10,000	102,832
Employee entitlements	C4	1,073	1,116
Derivative financial instruments	F6	922	1,676
Lease liabilities	C5	1,350	1,576
Deferred tax liabilities	A4	31,179	27,261
Total non-current liabilities		**44,524**	**134,461**
Total liabilities		**222,865**	**226,243**
Equity			
Share capital		20,000	20,000
Reserves		385,697	384,805
Retained earnings		385,416	357,315
Total equity	D1	**791,113**	**762,120**
Total equity and liabilities		**1,013,978**	**988,363**

For and on behalf of the Board of Directors

T D Gibson Chair

P F Heslin Director

The accompanying notes form part of these financial statements

Consolidated cash flow statement

~ for the year ended 30 June 2026

	Notes	2026 $000	2025 $000
Cash flows from operating activities			
Receipts from customers		131,514	127,031
Payments to suppliers and employees		(75,036)	(73,967)
Interest paid		(3,533)	(5,269)
Income tax payments		(9,207)	(11,543)
Net GST received (paid)		698	(1,238)
Net cash flows from operating activities	G1	**44,436**	**35,014**
Cash flows from investing activities			
Proceeds from sale of investment property		20,043	32,604
Proceeds from sale of property, plant and equipment		674	10,240
Insurance proceeds		-	602
Purchase and development of investment property		(16,518)	(30,436)
Purchase of property, plant and equipment		(30,753)	(41,896)
Advance to joint venture		(1,585)	(7,355)
Interest capitalised	A3	(1,876)	(1,870)
Net cash flows to investing activities		**(30,015)**	**(38,111)**
Cash flows from financing activities			
Proceeds from borrowings		114,410	57,295
Repayment of borrowings		(108,440)	(35,810)
Dividends paid	D2	(20,000)	(18,000)
Repayment of lease liabilities		(354)	(333)
Net cash flows (to)/from financing activities		**(14,384)**	**3,152**
Increase in cash held		37	55
Cash held at beginning of period		110	55
Cash held at end of period		**147**	**110**

The accompanying notes form part of these financial statements

Notes to the financial statements

Reporting entity

Port Otago Limited ("the Company") is a limited company incorporated and domiciled in New Zealand. The address of its registered office and principal place of business is disclosed in the directory of the integrated report.

The financial statements presented are those of Port Otago Limited and its subsidiaries ("the Group"). The ultimate owner of the Group is the Otago Regional Council. Port Otago Limited operates a full service container port at Port Chalmers and provides wharf facilities in Dunedin. The principal activities of the Group are further described in section E.

These financial statements have been prepared to comply with the Companies Act 1993, the Financial Reporting Act 2013 and the Port Companies Act 1988.

The financial statements of Port Otago Limited are for the year ended 30 June 2026 and were issued by the Board on 18 August 2026.

Basis of preparation

These financial statements of Port Otago Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand.

Accounting policies applied in these financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) issued and are effective as at the time of preparing these statements as applicable to Port Otago Limited as a profit-oriented entity. In complying with NZ IFRS Port Otago Limited is simultaneously in compliance with International Financial Reporting Standards (IFRS).

The preparation of financial statements in accordance with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars ($'000).

Measurement base

These annual financial statements have been prepared under the historical cost convention except for the revaluation of certain assets and the recognition at fair value of certain financial instruments (including derivative financial instruments).

New standards, amendments and interpretations

There are no new standards or amendments to existing standards that are effective for the year ended 30 June 2026 that have a material effect on the financial statements of the Group. There were also no standards, except for NZ IFRS 18 Presentation and Disclosure in Financial Statements ("NZ IFRS 18"), issued but not yet effective that could have a material effect on the Group.

NZ IFRS 18 was issued in May 2024 as a replacement for NZ IAS 1 Presentation of Financial Statements ("NZ IAS 1") and applies to an annual reporting period beginning on or after 1 January 2027. Most of the presentation and disclosure requirements would largely remain unchanged together with other disclosures carried forward from NZ IAS 1. NZ IFRS 18 primarily introduces the following:

- a defined structure for the statements of changes in equity by classifying items into one of the five categories: operating, investing, financing, income taxes, and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances, and
- disclosure of management-defined performance measures in a single note together with reconciliation requirements, and additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

Critical estimates and assumptions

The Group makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results and are continually being evaluated based on historical experience and other factors, including expectations of future events that are expected to be reasonable under the circumstances. There are no estimates or assumptions in the view of Directors that have a risk of causing a significant adjustment to the carrying amounts of assets or liabilities.

Further information about areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is disclosed in the relevant notes:

- Fair value measurements of investment property assets (note B4)
- Useful lives of property, plant and equipment (note B5)

Comparatives

Certain prior period assets and liabilities have been reclassified between functional categories for consistency with the current period.

Section A Financial Performance

A1 Revenue

Marine and cargo services and warehousing and logistics services revenue

Marine and cargo services revenue is derived from an integrated performance obligation for the provision of channel navigation, berthage, wharfage, stevedoring and empty container services. Warehousing and logistics services revenue is derived from the storage and container packing of customer cargo. Revenue is based on the service price specified in the relevant tariffs or specific customer contract. The contract price for the services performed reflects the value transferred to the customer and is accounted for as a single performance obligation and recognised over-time. Revenue is shown net of rebates and discounts.

Property rentals

Port property rentals are derived from leased property (see note B5) integral to the import and export of goods through the port and subject to an operating lease with a port customer. Revenue is recognised on a straight-line basis over the lease term.

Investment property rentals are recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

	2026 $000	2025 $000
Disaggregation of revenue		
Marine and cargo services	83,673	82,136
Warehousing and logistics services	8,240	9,404
Port property rentals	8,116	8,105
Investment property rentals	35,503	32,683
Total revenue	**135,532**	**132,328**

A2
Operating expenses

Expenses incurred in the financial year of $91.5 million (2025: $94.4 million) for the Group include the following:

	2026 $000	2025 $000
Staff costs		
Wages and salaries	43,456	45,309
Employer superannuation contribution	2,424	2,380
Total staff costs	**45,880**	**47,689**

Salaries and other short and long-term employee benefits, paid or accruing to key management personnel during the financial year totalled $5,343,998 (2025: $5,877,411).

	2026 $000	2025 $000
Audit services - Ernst & Young	209	196
Non-audit services - Ernst & Young	3	3
Directors fees	622	622
Expense relating to short-term leases	236	377
Sponsorship	245	582

Non-audit services comprise fees to Ernst & Young of $2,800 for a market remuneration survey report (2025: $2,800).

	Notes	2026 $000	2025 $000
Depreciation, amortisation and impairment			
Depreciation of property, plant and equipment	B5	12,853	13,039
Amortisation of intangibles	B6	405	537
Amortised leasing costs		261	238
Total depreciation, amortisation and impairment		**13,519**	**13,814**

A3
Net finance costs

Borrowing costs directly attributable to the acquisition and/or construction of property, plant and equipment and investment property development projects are capitalised as part of the cost of those assets. Other borrowing costs are expensed in the period in which they are incurred.

Finance income includes interest income accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the asset to that asset's net carrying amount.

	2026 $000	2025 $000
Finance income	**87**	**288**
Interest expense and bank facility fees	(7,506)	(6,891)
Interest on lease liabilities	(130)	(146)
Interest capitalised*	1,876	1,870
Finance expense	**(5,760)**	**(5,167)**
Net finance costs	**(5,673)**	**(4,879)**
*Weighted average capitalisation rate on funds borrowed	4.0%	4.7%

A4
Income tax

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax except to the extent that it relates to items recognised directly in equity, in which case the tax expense is also recognised in equity. The current tax payable is based on taxable profit for the period. Taxable profit differs from profit reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted by the balance date. Port Otago Limited is part of a consolidated tax group including its subsidiaries, Chalmers Properties Limited and Fiordland Pilot Services Limited. The total charge for the year can be reconciled to the accounting profit as follows:

	2026 $000	2025 $000
Profit before income tax	58,219	75,163
Prima facie tax expense at 28%	(16,301)	(21,046)
Non-deductible items	(48)	32
Non-assessable income	1,482	2,916
Unrealised change in the fair value of investment property	5,243	7,414
Prior year adjustment to current tax	156	129
Tax credits received subject to tax	(4)	-
Deferred tax relating to the origination and reversal of temporary differences	-	(4)
Income tax expense	**(9,472)**	**(10,559)**
Allocated between:		
Current tax	(5,458)	(8,249)
Deferred tax	(4,014)	(2,310)
	(9,472)	**(10,559)**

Deferred tax

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax (assets) and liabilities	Property, plant and equipment $000	Investment property $000	Property inventories $000	Financial instruments $000	Other $000	Total $000
Balance at 1 July 2024	15,658	11,786	114	751	(2,675)	25,634
Charged / (credited) to hedging reserve direct to equity	-	-	-	(683)	-	(683)
Charged / (credited) to income statement	(408)	2,889	-	(430)	259	2,310
Balance at 30 June 2025	**15,250**	**14,675**	**114**	**(362)**	**(2,416)**	**27,261**
Charged / (credited) to hedging reserve direct to equity	-	-	-	(96)	-	(96)
Charged / (credited) to income statement	1,391	2,433	5	164	21	4,014
Balance at 30 June 2026	**16,641**	**17,108**	**119**	**(294)**	**(2,395)**	**31,179**

Imputation credits	2026 $000	2025 $000
Imputation credits available to shareholder for future use	83,300	73,986

Section B
Capital assets used to operate the business

B1
Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in the Income Statement for the period in which they arise. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The fair value of investment property reflects the Directors' assessment of the highest and best use of each property and amongst other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects the cash outflows that could be expected in respect of the property. No depreciation is provided for on investment properties.

Gains or losses on the disposal of investment properties are recognised in the Income Statement in the period in which the risks and rewards of the investment property have been fully transferred to the purchaser. Borrowing costs are capitalised if they are directly attributable to the acquisition or construction of a qualifying property. Capitalisation of borrowing costs will continue until the asset is substantially ready for its intended use. The rate at which borrowing costs are capitalised is determined by reference to the weighted average borrowing costs and the average level of borrowings.

Investment properties under construction are carried at cost until it is possible to reliably determine their fair value, from which point they are carried at fair value less costs to complete.

	Notes	2026 $000	2025 $000
Balance at beginning of year		661,820	607,214
Transfer from property inventories	B2	6,309	-
Transfer to non-current assets held for sale	B3	(6,859)	-
Capital expenditure and improvements		4,256	29,602
Disposals		(14,830)	(9,315)
Net movement in prepaid leasing costs and lease incentives		(43)	(377)
Interest capitalised		1,430	1,722
Unrealised change in the fair value of investment property		15,151	32,974
Balance at end of year		**667,234**	**661,820**
Comprising:			
Industrial		370,824	350,157
Retail and office		88,420	97,038
Ground leases		207,990	214,625
		667,234	**661,820**
Valuations by valuer			
Bayleys Valuations Limited		53,475	221,825
Jones Lang LaSalle Limited (JLL)		382,209	187,435
Savills (NZ) Limited		103,000	100,200
CVAS (NZ) Limited (Colliers)		128,550	95,500

B2
Property inventories

Transfers from investment property to property inventories occur when there is a change in use evidenced by the commencement of a development with a view to sell. Future development stages that have not yet commenced and are being held for capital appreciation are accounted for in investment property. Property inventories are accounted for as inventory under NZ IAS 2 and initially recognised at deemed cost represented by the fair value at the time of commencement of the development. Further costs directly incurred through development activities are capitalised to the cost of the property inventories. Property inventories are valued annually and are measured at the lower of cost and net realisable value. Where costs exceed the fair value of the property inventories the resulting write-downs are included in the Income Statement in the period in which they arise.

Disposals are recorded in revenue as sales of property inventories with the cost of sales recorded in operating expenses as cost of sales of property inventories.

The $13.9 million carrying value at balance date reflects the cost of 5.7 hectares of developed land for sale. In their June 2026 valuation, Jones Lang LaSalle stated a net realisable value of $29.0 million for this land on hand. At June 2025, the $14.9 million carrying value of developed land reflected the cost of 6.1 hectares of developed land. Jones Lang LaSalle stated a net realisable value for the developed land on hand at June 2025 of $31.1 million.

	Notes	2026 $000	2025 $000
Balance at beginning of year		14,908	13,966
Transfer to investment property	B1	(6,309)	-
Development expenditure and improvements		5,175	942
Interest capitalised		81	-
Balance at end of year		**13,855**	**14,908**
Comprising:			
Developed land for sale		13,855	14,908
		13,855	**14,908**

Inventory classified as non-current

The non-current property inventories relate to land and developments that are expected to be held for greater than 12 months.

B3
Non-current assets held for sale

Property classified as held for sale is measured at:

- fair value for investment property held for sale (NZ IAS 40); and
- fair value less estimated costs of disposal, measured at the time of transfer, for items transferred from property, plant and equipment (NZ IFRS 5).

Property is classified as held for sale if the carrying amount will be recovered through a sales transaction rather than through continuing use. Property is not depreciated or amortised while it is classified as held for sale.

	Notes	2026 $000	2025 $000
Balance at beginning of year		-	15,795
Transfer from investment property	B1	6,859	-
Disposals		-	(15,795)
Balance at end of year		**6,859**	**-**

B4
Fair value measurements of investment property

Critical estimates and assumptions

The valuation of investment property requires estimation and judgement. The fair value of investment properties is determined from valuations prepared by independent valuers using Level 3 valuation techniques. Level 3 valuation techniques use inputs for the asset that are not based on observable market data, that is, unobservable inputs. All investment properties were valued as at balance date by Bayleys, JLL, Savills or Colliers (2025: Bayleys, JLL, Savills or Colliers) who are independent valuers and members of the New Zealand Institute of Valuers. There is a policy of rotation of independent investment property valuers. Other than in exceptional circumstances, the terms of rotation for ground leases are every four years and all other investment properties, every three years.

As part of the valuation process, management verifies all major inputs to the independent valuation reports, assesses movements in individual property values and holds discussions with the independent valuer. The fair value was determined using Level 3 valuation techniques via a combination of the following approaches:

- **Direct Capitalisation:** The subject property rental is divided by a market derived capitalisation rate to assess the market value of the asset. Further adjustments are then made to the market value to reflect under or over renting, additional revenue and required capital expenditure.
- **Discounted Cash Flow:** Discounted cash flow projections for the subject property are based on estimates of future cash flows, supported by the terms of any existing lease and by external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.
- **Sales Comparison:** The subject property is related at a rate per sqm as a means of comparing evidence. In applying this approach a number of factors are taken into account such as but not limited to, size, location, zoning, contour, access, development potential and end use, availability of services, profile and exposure, current use of surrounding properties, geotechnical and topographical constraints.

Significant inputs used together with the impact on fair value of a change in inputs:

Range of significant unobservable inputs

Inputs used to measure fair value	2026		2025		Sensitivity
Market capitalisation rate (%) [1]	4.5%	10.6%	4.5%	7.8%	The higher the capitalisation rates and discount rate, the lower the fair value
Discount rate (%) [2]	6.6%	11.0%	6.8%	9.0%	
Terminal capitalisation rate (%) [3]	4.8%	10.8%	4.8%	8.0%	
Market rental ($ per sqm) [4]	$13	$450	$13	$450	The higher the market rental and growth rates, the higher the fair value
Rental growth rate (%) [5]	1.3%	3.3%	1.5%	3.0%	

1. The capitalisation rate applied to the market rental to assess a property's value, determined through similar transactions taking into account location, weighted average lease term, size and quality of the property.
2. The rate applied to future cash flows relating transactional evidence from similar properties.
3. The rate used to assess the terminal value of the property.
4. The valuers' assessment of the net market income which a property is expected to achieve under a new arm's length leasing transaction.
5. The rate applied to the market rental over the future cash flow projection.

Valuation sensitivity

A sensitivity analysis that shows how a change to capitalisation and discount rates affects the value of the Group's investment property is provided below. The metrics chosen are those single-value inputs where movements are likely to have the most significant impact on the fair value of investment properties.

The capitalisation rate relates to the direct capitalisation approach and the discount rate relates to the discounted cash flow approach. Generally, a change in the capitalisation rate is accompanied by a directionally similar change in the discount rate. The table below assesses each of these inputs in isolation and assumes all other inputs are held constant.

30 June 2026	Adopted value	Capitalisation rate		Discount rate	
	$000	-25bps	+25bps	-25bps	+25bps
Ground leases					
Actual valuation ($000)	$207,990				
Impact of assumption change ($000)		$10,720	($9,715)	$5,545	($5,090)
Impact of assumption change (%)		5.2%	(4.7%)	2.7%	(2.4%)
Industrial, retail and office					
Actual valuation ($000)	$459,244				
Impact of assumption change ($000)		$20,741	($19,000)	$8,719	($8,222)
Impact of assumption change (%)		4.5%	(4.1%)	1.9%	(1.8%)

30 June 2025	Adopted value	Capitalisation rate		Discount rate	
	$000	-25bps	+25bps	-25bps	+25bps
Ground leases					
Actual valuation ($000)	$214,625				
Impact of assumption change ($000)		$10,721	($9,743)	$11,040	($9,995)
Impact of assumption change (%)		5.0%	(4.5%)	5.1%	(4.7%)
Industrial, retail and office					
Actual valuation ($000)	$390,335				
Impact of assumption change ($000)		$17,121	($15,685)	$7,493	($6,707)
Impact of assumption change (%)		4.4%	(4.0%)	1.9%	(1.7%)

B5
Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant, interest costs incurred during the period required to construct an item of property, plant and equipment are capitalised as part of the asset's total cost.

Property is classified as property, plant and equipment if the property is held to meet the strategic purposes of the port, or to form part of buffer zones to port activity, or to assist the provision of port services, or to promote or encourage the import or export of goods through the port.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

	Land	Buildings and improvements	Harbour improvements	Plant, equipment and vehicles	Work in progress	Total
	$000	$000	$000	$000	$000	$000
Cost						
Balance 1 July 2024	42,980	112,971	101,742	130,164	9,105	396,962
Additions	-	-	-	-	48,915	48,915
Transfer from work in progress	8,114	7,262	294	6,055	(21,725)	-
Transfer to intangible assets	-	-	-	-	(70)	(70)
Impairment	-	-	-	-	-	-
Disposals	(5,242)	(59)	-	(10,733)	-	(16,034)
Cost at 30 June 2025	**45,852**	**120,174**	**102,036**	**125,486**	**36,225**	**429,773**
Additions	-	-	-	-	31,363	31,363
Transfer from work in progress	2,176	13,772	384	17,381	(33,713)	-
Disposals	-	(26)	-	(5,436)	-	(5,462)
Cost at 30 June 2026	**48,028**	**133,920**	**102,420**	**137,431**	**33,875**	**455,674**
Accumulated depreciation						
Balance 1 July 2024	1,406	36,569	32,827	77,756	-	148,558
Depreciation for period	307	4,441	1,715	6,576	-	13,039
Impairment	-	-	-	-	-	-
Disposals	(134)	(59)	-	(7,419)	-	(7,612)
Accumulated depreciation at 30 June 2025	**1,579**	**40,951**	**34,542**	**76,913**	**-**	**153,985**
Depreciation for period	290	4,726	1,751	6,086	-	12,853
Impairment	-	-	-	-	-	-
Disposals	-	(19)	-	(5,195)	-	(5,214)
Accumulated depreciation at 30 June 2026	**1,869**	**45,658**	**36,293**	**77,804**	**-**	**161,624**
Net book value						
At 30 June 2025	44,273	79,223	67,494	48,573	36,225	275,788
At 30 June 2026	**46,159**	**88,262**	**66,127**	**59,627**	**33,875**	**294,050**

Included in property, plant and equipment are the following assets, all integral to the import or export of goods through the port and subject to an operating lease with a port customer.

Leased assets	Land $000	Buildings and improvements $000	Total $000
Cost			
Balance 1 July 2024	9,494	41,517	51,011
Additions	-	-	-
Cost at 30 June 2025	**9,494**	**41,517**	**51,011**
Additions	-	-	-
Cost at 30 June 2026	**9,494**	**41,517**	**51,011**
Accumulated depreciation			
Balance 1 July 2024	-	11,526	11,526
Depreciation for period	-	1,391	1,391
Accumulated depreciation at 30 June 2025	**-**	**12,917**	**12,917**
Depreciation for period	-	1,406	1,406
Accumulated depreciation at 30 June 2026	**-**	**14,323**	**14,323**
Net book value			
At 30 June 2025	9,494	28,600	38,094
At 30 June 2026	**9,494**	**27,194**	**36,688**

Estimates and assumptions

At each balance date, the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful lives and residual value estimates of property, plant and equipment requires the Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Income Statement and carrying amount of the asset in the Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by physical inspection of assets, asset replacement programmes and analysis of prior asset sales.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis so as to allocate the costs of assets over their estimated useful lives. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, and depreciated on a straight-line basis over the remaining estimated useful life of the asset.

Land	nil
Buildings, improvements and building fit-out	5-50 years
Harbour improvements	
- Wharves	10-70 years
- Berth and channel dredging	nil
Vessels and floating plant	5-30 years
Right-of-use assets	1-10 years
Other plant, equipment and vehicles	3-35 years

Impairment of property, plant and equipment

Property, plant and equipment assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indication of impairment exists then the asset's recoverable amount is estimated. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the Income Statement.

B6
Intangible assets

The cost of acquiring an intangible asset is amortised from the date the asset is ready for use on a straight-line basis over the periods of expected benefit.

	Notes	Computer software	Resource consents	Total
		$000	$000	$000
Cost				
Balance 1 July 2024		9,040	6,338	15,378
Transfer from property, plant and equipment work in progress	B5	70	-	70
Disposals		(77)	-	(77)
Cost at 30 June 2025		**9,033**	**6,338**	**15,371**
Disposals		-	(4)	(4)
Cost at 30 June 2026		**9,033**	**6,334**	**15,367**
Accumulated amortisation				
Balance 1 July 2024		8,451	2,826	11,277
Amortisation expense		249	288	537
Disposals		(78)	-	(78)
Accumulated amortisation at 30 June 2025		**8,622**	**3,114**	**11,736**
Amortisation expense		117	288	405
Disposals		-	(4)	(4)
Accumulated amortisation at 30 June 2026		**8,739**	**3,398**	**12,137**
Net book value				
At 30 June 2025		411	3,224	3,635
At 30 June 2026		**294**	**2,936**	**3,230**

Computer software

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period.

Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses.

Costs incurred for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The amortisation periods range from 1 to 5 years. The useful lives of these assets are reviewed at least at the end of each financial year.

Resource consents

For resource consents the amortisation periods range from 3 to 25 years. Where the periods of expected benefit or recoverable values have diminished, due to technological change or market conditions, amortisation is accelerated or the carrying value is written down. Resource consents relate to the granting of the consents which will allow Port Otago Limited to deepen to 15 metres and widen the channel in Otago Harbour so larger ships will be able to call at Port Chalmers. Amortisation of the carrying amounts of consents commenced on the activation of the consents and will be amortised over the life of the consents which is either 3 years or 20 years. An additional 25 year consent was granted in June 2017 to undertake maintenance dredging and disposal of dredge spoil.

Section C
Operating assets and liabilities used to operate the business

C1
Trade and other receivables

Trade and other receivables arise in the ordinary course of business and are initially valued at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment. Port Otago invoices for services as they are performed, generally on a monthly basis. They are non-interest bearing and have payment terms of generally the 20th of the month following the invoice.

The carrying value of trade and other receivables includes an expected credit loss allowance of $15,000 in respect of trade receivable balances at 30 June 2026 (2025: $138,000). To measure the expected credit loss allowance amount, historical loss rates are adjusted to reflect forward-looking information. Trade receivables are grouped in accordance with the days past due. The Group identified business confidence and global growth to the most relevant credit risk factors.

	2026 $000	2025 $000
Trade receivables	15,161	14,909
Prepayments	1,097	956
Lease receivable	-	2,167
Balance at end of year	**16,258**	**18,032**

The status of trade receivables at the reporting date is as follows:

	2026 $000	2025 $000
Not past due	14,286	14,728
Past due 30-60 days	641	63
Past due 61-90 days	107	28
Past due more than 90 days	142	228
Gross receivable	**15,176**	**15,047**
Less allowance for expected credit losses	(15)	(138)
Balance at end of year	**15,161**	**14,909**

C2
Trade and other payables

Trade and other payables represent unsecured liabilities for goods and services provided to the Group prior to end of the financial year which are unpaid. Trade and other payables are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature.

	2026 $000	2025 $000
Accounts payable	3,124	5,966
Other accrued charges	8,524	12,823
GST payable	1,293	595
Balance at end of year	**12,941**	**19,384**

C3
Maintenance inventories

Inventories are stores, materials and maintenance spares to be consumed in the rendering of services and are stated at the lower of cost and net realisable value. The cost of stores, materials and maintenance spares are determined on a weighted average basis.

C4
Employee entitlements

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, sick leave, long service leave, retiring allowances, superannuation contributions and incentive plans when it is probable that settlement will be required. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at undiscounted amounts based on remuneration rates that the Group expects to pay. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date. These provisions are affected by a number of estimates including projected interest rates, the expected length of service of employees and future levels of employee earnings. Long service leave accrued to key management personnel at balance date totalled $132,813 (2025: $139,739).

	2026 $000	2025 $000
Accrued wages, salaries and other benefits	2,501	1,808
Annual leave	5,333	5,431
Long service leave	1,048	1,085
Employee retiring allowances	25	31
Sick leave accrual	206	179
Balance at end of year	**9,113**	**8,534**
Analysed as:		
Current	8,040	7,418
Non-current	1,073	1,116
	9,113	**8,534**

C5
Leases

As lessor

The Group has entered into commercial property leases including perpetual ground leases. These leases have remaining non-cancellable lease terms of up to 21 years. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group has determined that it retains all significant risks and rewards of ownership of the commercial property leases and has therefore classified the leases as operating leases. Property leased out under operating leases is included in investment property and property, plant and equipment in the Statement of Financial Position. Undiscounted future minimum rentals receivable under non-cancellable commercial property leases including amounts up to the next renewal term for perpetual ground leases are:

	2026 $000	2025 $000
Rentals receivable		
Less than 1 year	40,902	37,640
1 - 2 years	39,122	34,590
2 - 3 years	34,734	32,217
3 - 4 years	28,634	27,859
4 - 5 years	25,996	22,894
Greater than 5 years	173,193	140,648
Minimum future lease receivable	**342,581**	**295,848**

As lessee

The Group leases plant, equipment and land for port operations typically for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group recognises a right-of-use asset and a lease liability at the commencement date of a lease except for short-term leases, where the lease term is less than 12 months, or related to low value assets, which are expensed on a straight-line basis over the term of the lease. On initial recognition lease liabilities are recognised at the net present value of the future lease payments discounted using the interest rate implicit in the lease. Lease liabilities are subsequently measured at amortised cost. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability. Right-of-use assets are included within property, plant and equipment in the Statement of Financial Position and are subsequently measured on the same basis.

	2026 $000	2025 $000
Right-of-use assets - plant, equipment and land		
Balance at beginning of year	1,595	1,993
Additions	247	-
Disposals	-	(91)
Depreciation	(370)	(307)
Balance at end of year	**1,472**	**1,595**
Lease liabilities		
Balance at beginning of year	1,869	2,289
Additions	262	-
Disposals	-	(221)
Interest expense	130	146
Lease payments - cash	(499)	(345)
Balance at end of year	**1,762**	**1,869**
Lease liabilities		
Current	412	293
Non-current	1,350	1,576
	1,762	**1,869**

Section D
Business funding

D1
Equity

	2026 $000	2025 $000
Share capital	20,000	20,000
Investment property revaluation reserve	386,164	385,518
Hedging reserve	(467)	(713)
Retained earnings	385,416	357,315
Total equity	**791,113**	**762,120**

Capital management strategy

The Group's capital is its equity, which comprises the share capital, reserves and retained earnings noted above. Equity is represented by net assets. The owners of the Group require the Board to manage its revenue, expenses, assets and liability transactions prudently. The Group's equity is therefore managed as an integral component of these prudent transactions. The objective of managing the Group's equity is to ensure that the Group effectively achieves its objectives while providing a financial return to the owners. The Group manages capital on the basis of the equity ratio with a target range of 70% to 85%.

Share capital

At 30 June 2026 Port Otago Limited has 20,000,000 ordinary shares (2025: 20,000,000 ordinary shares). All shares are fully paid ($1.00 per share) and have no par value. All shares carry equal voting rights and the right to share in any surplus on the winding up of the Group.

Investment property revaluation reserve

The investment property revaluation reserve relates to the revaluation of investment properties.

The unrealised change in the fair value of investment property is initially recognised in the Income Statement and then transferred to the investment property revaluation reserve within equity. Realised changes in the fair value of investment property are reclassified from the investment property revaluation reserve to retained earnings, within equity upon disposal of investment property assets.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to interest and foreign exchange payments that have not yet occurred.

Retained earnings

The purpose of the retained earnings reserve is to hold funds for future investment or returns to the shareholder.

D2 Dividends

	2026 $000	2025 $000
First interim dividend	10,000	9,000
Second interim dividend	10,000	9,000
Dividend distributed to owners as disclosed in the Consolidated Statement of Changes in Equity	**20,000**	**18,000**
Dividends - dollars per share	$1.00	$0.90

D3 Borrowings

Borrowings are recognised initially at fair value. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings, using the effective interest method. The effective interest rate, incorporating the effect of hedge contracts is 4.5% (2025: 4.9%).

The carrying amount of borrowings reflects fair value as the borrowing finance rates approximate market rates.

	2026 $000	2025 $000
Current liabilities		
Bank loans	5,770	3,710
Related party loans - Otago Regional Council	150,000	56,983
Total current liabilities	**155,770**	**60,693**
Non-current liabilities		
Bank loans	10,000	10,000
Related party loans - Otago Regional Council	-	92,832
Total non-current liabilities	**10,000**	**102,832**
Total borrowings	**165,770**	**163,525**

Bank loans

The Group has a $31 million (2025: $31 million) Flexible Credit Facility with ANZ Bank New Zealand Limited (ANZ) which the Group may draw from for terms ranging from call to the termination of the agreement, which is 1 July 2028. In addition, the Group has a revolving $29 million (2025: $29 million) Commercial Flexi Facility with ANZ which is subject to an annual review. The next review is due in November 2026.

The covenants reported to ANZ are an adjusted equity % (shareholder investment / total tangible assets) of greater or equal to 50% and interest cover ratio (EBIT : interest costs) greater or equal to 2.5:1. Both covenants are tested half-yearly at 31 December and 30 June. The adjusted equity % was 78% at 30 June 2026 (2025: 77%) and interest cover ratio 5.7:1 (2025: 5.4:1). The Group has no indication that it will have difficulty complying with these covenants.

The security for advances is a cross guarantee and indemnity between Port Otago Limited, Chalmers Properties Limited and Te Rapa Gateway Limited in favour of the lender, general security agreement over the assets of Port Otago Limited and Chalmers Properties Limited and registered first-ranking mortgages over land.

Related party loans

Port Otago Limited's shareholder, the Otago Regional Council (ORC), has agreed to provide unsecured loans up to a maximum of $150 million (2025: $150 million). The loan amounts, interest rates and repayment dates match loans provided by the New Zealand Local Government Funding Agency (LGFA) to the ORC. Port Otago Limited pays all reasonable costs and expenses incurred by the ORC in connection with the establishment of its LGFA facility and ongoing fees. All loans under the agreement are unsecured.

The loan renewal dates for the loans range from July 2026 to June 2027 (2025: August 2025 to March 2034). The ORC or Port Otago Limited may terminate the related party loan agreement by giving 24 months' notice to the other party. If the termination notice is provided by the ORC, any funding break costs are incurred by the ORC. At 30 June 2026, no termination notice had been received from the ORC.

When borrowing long-term from LGFA, borrower notes must be subscribed for an amount of 5.0% of long-term borrowings (2025: 5.0%). Borrower notes are used by LGFA as a source of capital to ensure there is sufficient capital to match the growth in the LGFA's balance sheet. LGFA redeems the borrower notes plus interest when the related borrowings are repaid or no longer owed to LGFA. At 30 June 2026, no Group borrower notes, through the ORC, had been subscribed to due to a structural change of LGFA loans to current (2025: $3,725,182).

During the year, the loans were restructured to short-term loans, reducing the funding cost with the new debt now classified as a current liability. The Group has mitigated potential future risk of not being able to draw down short-term debt on loan roll-over by maintaining headroom and security arrangements in the ANZ facilities, existing banking relationships and a conservative equity ratio.

	2026 $000	2025 $000
Other financial assets		
Borrower notes - ORC	-	3,725
Total other financial assets	**-**	**3,725**
Analysed as:		
Current	-	483
Non-current	-	3,242
	-	**3,725**

Section E
Group structure

E1
Investment in subsidiaries

The financial statements include those of Port Otago Limited (the Company) and its subsidiaries and joint operations accounted for by line aggregation of assets, liabilities, revenues, expenses and cash flows that are recognised in the financial statements. Joint operations are accounted for on a proportionate basis. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income.

Under NZ IFRS 11, investments in joint arrangements are classifed as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Subsidiaries are entities that are controlled, either directly or indirectly, by the Company. The results of subsidiaries acquired or disposed of during the period are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intercompany transactions are eliminated on consolidation.

E2
Principal subsidiaries

The Group included the following subsidiaries at 30 June 2026. All subsidiaries have a 30 June balance date.

Name	% of ownership interest		Principal activity	Principal place of business
	2026	2025		
Chalmers Properties Limited	100%	100%	Property investment	Dunedin and Auckland
Te Rapa Gateway Limited	100%	100%	Property investment	Hamilton
Fiordland Pilot Services Limited	100%	100%	Shipping services	Fiordland
Port Chalmers Container Terminal Limited	100%	100%	Container services	Port Chalmers

Port Chalmers Container Terminal Limited was incorporated in December 2022 and has no activities.

There are no significant restrictions to the Company settling the liabilities of the subsidiaries or the Company's access to the assets, except for the general security agreement and registered first-ranking mortgages over land as detailed in note D3.

There has been no significant change in the risks associated with these interests.

Chalmers Properties Limited has provided an advance to Te Rapa Gateway Limited to fund its share of land acquisition and development expenditure. The current intention of Chalmers Properties Limited is to provide ongoing financial support to Te Rapa Gateway Limited.

Port Otago Limited and Chalmers Properties Limited have a $300,000 overdraft offset facility arrangement (2025: $300,000) which is included in the Group debt facility detailed in note D3. The purpose of this arrangement is to minimise any interest costs to the two entities.

E3
Joint operations accounted for on a proportionate basis

Port Otago Limited and Port of Napier Limited are shareholders in Regional Ports NZ Dredging GP Limited, the general partner of Regional Ports NZ Dredging LP, which was established during the 2025 financial year to procure, own and operate a trailing suction hopper dredge.

As at 30 June 2026, Port Otago Limited has advanced Regional Ports NZ Dredging LP $20.5 million (2025: $12.4 million).

Regional Ports NZ Dredging GP Limited has a 30 September balance date and there are no contingent liabilities relating to the Group's interest in the joint operation. Capital commitments of Regional Ports NZ Dredging LP as at 30 June 2026 are $7.6 million (2025: $18.2 million).

Summarised financial information of joint operations accounted for on a proportionate basis	Regional Ports NZ Dredging LP 2026 $000	Group's 70% share 2026 $000	Regional Ports NZ Dredging LP 2025 $000	Group's 70% share 2025 $000
Cash and cash equivalents	-	-	-	-
Other current assets	-	-	-	-
Total current assets	-	-	-	-
Property, plant and equipment - work in progress	29,314	20,520	17,689	12,382
Total assets	**29,314**	**20,520**	**17,689**	**12,382**
Current liabilities	-	-	-	-
Non-current liabilities	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**
Net assets	**29,314**	**20,520**	**17,689**	**12,382**

E4
Joint ventures accounted for using the equity method

Below is the summarised financial information for Southern Link Property Limited in which Chalmers Properties Limited and Dynes Transport Tapanui Limited each hold a 50% ownership interest and has been accounted for using the equity method. Chalmers Properties Limited is a wholly owned subsidiary of Port Otago Limited. Southern Link Property Limited owns properties on the Taieri Plain and intends to rezone the properties from rural to industrial, or otherwise obtain approval to develop these properties into an inland port and logistics park.

Southern Link Property Limited has a 30 June balance date and there are no contingent liabilities relating to the Group's interest in the joint venture.

The contractual terms of the arrangement specify that all parties are only liable to the extent of their respective investment or to contribute any unpaid or additional capital to the arrangement. Unanimous consent of all the parties to the arrangement is required for all capital and material decisions to the extent its impact is in excess of $250,000. Shareholders are restricted from selling, transferring or disposing of any shares without first offering for sale to the other shareholders.

Summarised Balance Sheet	2026 $000	2025 $000
Cash and cash equivalents	101	42
Other current assets	156	81
Total current assets	257	123
Investment property	19,019	15,814
Total assets	**19,276**	**15,937**
Current liabilities	(217)	(127)
Non-current liabilities	(310)	(324)
Total liabilities	**(527)**	**(451)**
Net assets (100%)	**18,749**	**15,486**
Extract from Statement of Comprehensive Income		
Operating revenue	307	219
Interest revenue	-	-
Interest expense	-	(462)
Profit (loss) before tax	**80**	**(404)**
Income tax credit (expense)	14	189
Total comprehensive income (loss) (100%)	**94**	**(215)**
Group's share of total comprehensive income (loss) (50%)	**47**	**(108)**
Carrying value of equity accounted joint ventures		
Balance as at 1 July	6,986	-
Group's share of accumulated retained losses	47	(369)
Advances to joint venture	1,585	8,112
Elimination of 50% of gain on disposal of property to joint venture	-	(790)
Establishment costs	-	33
Balance as at 30 June	**8,618**	**6,986**

E5
Transactions with related parties

The amounts owing to/from related parties are payable in accordance with the Group's normal terms of trade. No related party debts have been written off or forgiven during the year. Amounts receivable and amounts payable from related parties are set out below. Total remuneration paid to Key Management Personnel is disclosed in note A2.

Transactions with Otago Regional Council

Note D3 details the agreement entered into between the Otago Regional Council (ORC) and Port Otago Limited whereby the ORC will provide unsecured loans up to a maximum of $150 million (2025: $150 million).

The amount paid to the Otago Regional Council for rates, rentals, resource consent fees, property purchases, LGFA transaction fees and interest during the year was $3,399,385 (2025: $15,084,382) with $40,732 outstanding at year end (2025: $58,316). The amount received from the Otago Regional Council for tenant fit-out of the Maclaggan Street office build was $4,825,765 (2025: $6,869,565), rentals and a contribution for harbour activities was $781,132 (2025: $60,000) with $842,204 receivable at year end (2025: $17,250).

Following completion of the office development at 35 Maclaggan Street, Dunedin, a deed of lease was entered into with the Otago Regional Council commencing on 7 April 2026 for a term of 20 years with 5 yearly market rent reviews.

Directors

Mr T D Gibson is a Director of Silver Fern Farms Limited, a customer of the Group. The amount received from Silver Fern Farms Limited during the year for container services was $83,244 (2025: $46,750) with $18,469 receivable at year end (2025: $4,554).

Mr T D Gibson is also a Director and shareholder of Tūhana Business and Human Rights Limited, a subsidiary of Tūhana Consulting Limited. The amount paid to Tūhana Business and Human Rights Limited during the year for consultancy services was nil (2025: $16,152) with nil payable at year end (2025: nil).

Mr R J Fulton is a Director and shareholder of Fulton Hogan Limited, a supplier and customer of the Group. The amount paid to Fulton Hogan Limited during the year for the supply of goods and services was $2,071,069 (2025: $2,699,401) with $192,234 payable at year end (2025: $737,831). The amount invoiced to Fulton Hogan Limited during the year for property rentals and wharfage was $208,732 (2025: $413,212) with nil receivable at year end (2025: nil).

Mr C C Hopkins is a Director of Farra Engineering, a customer and supplier of the Group. The amount paid to Farra Engineering Limited during the year for services was $48,108 (2025: $66,800) with nil payable at year end (2025: nil). The amount invoiced to Farra Engineering Limited during the year for property rentals was $98,596 (2025: $98,596) with $28,346 receivable at year end (2025: nil).

Ms A L McLeod is a Partner of Anderson Lloyd, a provider of legal services to the Group. The amount paid to Anderson Lloyd during the year for legal services was $691,488 (2025: $875,716) with $112,648 (2025: $71,030) payable at year end.

Mr P F Heslin is a shareholder in Naylor Love Enterprises Limited with no beneficial interest, as a result of being an independent trustee of a trust that holds the shares. The amount paid to Naylor Love South Limited, a subsidiary of Naylor Love Enterprises Limited, during the year was $627,353 (2025: $681) with nil (2025: nil) payable at year end.

Section F
Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has a treasury policy which limits exposure to market risk for changes in interest rates and foreign currency, counterparty credit risk and liquidity risk. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group does not hold derivative financial instruments for speculative purposes.

F1
Credit risk

Credit risk is the potential loss from a transaction in the event of default by a counterparty on its contractual obligations. Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, trade and other receivables, derivative financial instruments and other financial assets.

Risk management

Credit risk is managed for cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to trade receivables transactions. Derivative counterparties and cash transactions are limited to high credit quality financial institutions who currently have a Standard & Poor's long-term credit rating of AA- or better. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group's credit risk is also attributable to trade receivables which comprise a large number of customers, spread across diverse industries. The Group only extends credit after performing a credit assessment, which may include a review of their financial strengths, previous credit history with the Group, payment habits with other suppliers and bank references.

F2
Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. The Group manages the risk by targeting a minimum liquidity level by continuously forecasting cash flows. The liquidity position is reviewed quarterly by the Board to ensure compliance with internal policies and banking covenants. The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has bank facilities available to cover potential shortfalls.
The Group's exposure to liquidity risk on undiscounted cash flows relating to non-derivative and derivative financial liabilities is:

	Weighted average effective interest rate	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1-5 years $000	Greater than 5 years $000
As at 30 June 2026						
Trade and other payables		(12,941)	(12,941)	(12,941)	-	-
Lease liabilities		(1,762)	(2,037)	(519)	(1,518)	-
Borrowings (secured)	5.3%	(15,770)	(16,489)	(6,345)	(10,144)	-
Related party loans (unsecured)	3.2%	(150,000)	(154,660)	(154,660)	-	-
Related party borrower notes (unsecured)		-	-	-	-	-
Interest rate derivatives (net)						
Current portion		(959)	(1,054)	(1,054)	-	-
Non-current portion		(490)	(514)	-	(575)	61
Foreign currency derivatives						
Current portion		399	(22,867)	(22,867)	-	-
Non-current portion		(12)	(2,683)	-	(2,683)	-
Total as at 30 June 2026		**(181,535)**	**(213,245)**	**(198,386)**	**(14,920)**	**61**
As at 30 June 2025						
Trade and other payables		(19,384)	(19,384)	(19,384)	-	-
Lease liabilities		(1,869)	(2,275)	(414)	(1,861)	-
Borrowings (secured)	5.7%	(13,710)	(15,003)	(4,285)	(10,718)	-
Related party loans (unsecured)	4.3%	(149,815)	(171,362)	(61,975)	(109,387)	-
Related party borrower notes (unsecured)	3.9%	3,725	4,654	564	4,090	-
Interest rate derivatives (net)						
Current portion		(660)	(648)	(648)	-	-
Non-current portion		(1,187)	(1,260)	-	(1,326)	66
Foreign currency derivatives						
Current portion		472	(15,288)	(15,288)	-	-
Non-current portion		85	(2,578)	-	(2,578)	-
Total as at 30 June 2025		**(182,343)**	**(223,144)**	**(101,430)**	**(121,780)**	**66**

F3
Market risk

Foreign currency risk

Foreign currency risk is the risk arising from the variability of the NZD currency values of the Group's assets, liabilities and operating cash flows, caused by changes to foreign exchange rates. The Group does not have any material exposure to currency risk except for the one off purchases of assets (e.g. plant and equipment) denominated in foreign currencies. The main foreign currencies the Group transacts with are EUR, USD and AUD. The Group treasury policy requires that foreign exchange contracts must be entered into for the purchase of major items of plant and equipment and that the full amount of the purchase must be hedged. Foreign exchange instruments approved under the treasury policy are forward exchange contracts and currency options.

At reporting date, the Group's exposure to foreign exchange risk, expressed in NZD, was as follows:

Foreign currency forwards	2026 $000	2025 $000
Buy EUR foreign currency (cash flow hedges)	25,500	17,866

Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in EUR/NZD exchange rates. The impact on equity arises from foreign forward contracts designated as cash flow hedges.

If, at reporting date, foreign exchange rates had been 5% higher/lower, with all other variables held constant, the result would increase/(decrease) the hedging reserve by the amounts shown below. Based on historical movements, a 5% increase or decrease in the NZD exchange rate is considered to be a reasonable estimate.

Cash flow hedge reserve	2026 $000	2025 $000
EUR/NZD exchange rate - increase 5%	(1,217)	(824)
EUR/NZD exchange rate - decrease 5%	1,345	911

Interest rate risk

Interest rate risk is the risk of loss to the Group arising from adverse fluctuations in interest rates. The Group has exposure to interest rate risk as a result of borrowings which are used to fund ongoing activities. The Group aims to reduce uncertainty of changes in interest rates by entering into floating-to-fixed interest rate swaps to fix the effective rate of interest to minimise the impact of interest rate volatility on earnings. By using floating-to-fixed interest rate swaps, the economic relationship between the hedged item and the hedging instrument is maintained as the terms of the floating-to-fixed swaps match the terms of the variable rate loan (i.e. notional amount, maturity, payment and reset dates). Hedge effectiveness is assessed on a qualitative basis using the critical terms methodology. Where the critical terms are matched it is expected there will be no ineffectiveness in the hedge relationship. Instruments approved under the treasury policy include vanilla interest rate swaps and forward start swaps.

Effects of hedge accounting on the financial position and performance

The effects of the hedge accounted interest rate swaps on the Group's financial position and financial performance are outlined in the table below. The maturity dates for the outstanding interest rate swaps range from December 2026 to November 2033 (2025: December 2025 to March 2034).

	2026 $000	2025 $000
Carrying amount - asset / (liability)	(1,035)	(1,547)
Notional amount	104,840	93,440
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments recognised in the hedging reserve during the financial year	(512)	2,994
Weighted average hedged rate	3.8%	3.7%

Effects of non-hedge accounting on the financial position and performance

The effects of the non-hedge accounted interest rate swaps on the Group's financial position and financial performance are outlined in the table below. The maturity date for the outstanding interest rate swaps range from June 2029 to March 2034 (2025: March 2025 to July 2034).

	2026 $000	2025 $000
Carrying amount - asset / (liability)	(414)	(300)
Notional amount	25,000	25,000
Change in fair value of outstanding non-hedging instruments recognised in the income statement during the financial year	(114)	(1,187)
Weighted average non-hedged rate	3.7%	3.7%

An analysis by maturities of interest rate swaps is provided in note F6 and a summary of the terms and conditions of borrowings in note D3.

F4
Summarised sensitivity analysis

The table below illustrates the potential profit and equity (excluding retained earnings) impact for reasonably possible market movements where the impact is significant.

	-100bps		+100bps	
2026	**Profit** $000	**Other Equity** $000	**Profit** $000	**Other Equity** $000
Interest rate risk				
Hedge accounted derivatives	-	(2,982)	-	2,817
Non-hedge accounted derivatives	(1,295)	-	1,204	-
Borrowings	1,658	-	(1,658)	-
Total sensitivity to interest rate risk	**363**	**(2,982)**	**(454)**	**2,817**

	-100bps		+100bps	
2025	**Profit** $000	**Other Equity** $000	**Profit** $000	**Other Equity** $000
Interest rate risk				
Hedge accounted derivatives	-	(2,252)	-	2,135
Non-hedge accounted derivatives	(1,489)	-	1,377	-
Borrowings	1,635	-	(1,635)	-
Total sensitivity to interest rate risk	**146**	**(2,252)**	**(258)**	**2,135**

F5
Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors balance sheet strengths and flexibility using cash flow forecast analysis and detailed budgeting processes. In addition, the Group monitors capital on the basis of the equity ratio which is calculated as equity divided by total assets. The equity ratio as at 30 June 2026 is 78% (2025: 77%).

F6
Derivative financial instruments

	2026 $000	2025 $000
Current assets		
Foreign exchange contracts	400	472
Interest rate swaps	219	398
Total current assets	**619**	**870**
Non-current assets		
Foreign exchange contracts	-	85
Interest rate swaps	420	489
Total non-current assets	**420**	**574**
Current liabilities		
Interest rate swaps	(1,178)	(1,058)
Total current liabilities	**(1,178)**	**(1,058)**
Non-current liabilities		
Interest rate swaps	(910)	(1,676)
Foreign exchange contracts	(12)	-
Total non-current liabilities	**(922)**	**(1,676)**

The notional principal amounts of the interest rate swap contracts are as follows:

	2026 $000	2025 $000
Less than 1 year	13,095	18,850
1 - 2 years	29,405	13,095
2 - 3 years	7,000	29,405
3 - 4 years	23,850	7,000
4 - 5 years	24,240	23,850
Greater than 5 years	32,250	26,240
Total	**129,840**	**118,440**

Derivatives

The Group uses derivative financial instruments to reduce exposure to fluctuations in interest rates and foreign currency exchange rates. The use of hedging instruments is governed by the treasury policy approved by the Board. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value at balance date with an adjustment made for credit risk in accordance with NZ IFRS 13 'Fair Value Measurement'. The Group carries interest rate derivatives at fair value. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates. These instruments are included in Level 2 of the fair value measurement hierarchy. Interest rate derivative fair values are valued and are calculated using a discounted cash flow model using FRA rates provided by ANZ Bank New Zealand Limited based on the reporting dates of 30 June 2026 and 30 June 2025. The fair values are estimated on the basis of the quoted market prices for similar instruments in an active market or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Changes in the fair value of derivatives which have been successfully designated as part of a cash flow hedge relationship are recognised in the cash flow hedge reserve, to the extent they are effective. Any accounting ineffectiveness is recognised in the Income Statement. If the derivative is not designated as a hedged instrument, the resulting gain or loss is recognised immediately in the Income Statement.

Hedge accounting

The Group manages its exposure to fluctuations in interest rate and foreign currency exchange rates through the use of derivatives. At the start of a hedge relationship, the Group formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve, while the gain or loss relating to the ineffective portion is recognised in the Income Statement. Amounts recognised in equity are recycled in the Income Statement in the period when the hedged item will affect profit or loss (for instance when the interest payment that is hedged takes place). The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in the Income Statement within finance costs when the related interest is recognised. If the hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any amounts previously recognised in equity at that time remain in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur amounts previously recognised in equity are transferred to the Income Statement.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments to ensure an economic relationship exists between the hedged item and the hedged instrument. For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match, and therefore it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rate. Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty. The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to differences in critical terms between the interest rate swaps and loans.

Section G
Other information

G1
Reconciliation of profit for the year to net cash flows from operating activities

For the year ended 30 June 2026

	2026 $000	2025 $000
Profit for the year	48,747	64,604
Plus/(less) non-cash items		
Unrealised change in the value of investment property	(15,151)	(32,974)
Depreciation and amortisation	13,519	13,814
Movement in the fair value of ineffective interest rate swaps	114	1,188
Movement in non-current employee entitlements	(43)	102
Movement in deferred tax	3,822	2,309
Plus/(less) items classified as investing activities		
Gain on disposal of property	(5,639)	(10,681)
Insurance proceeds	-	(602)
Joint venture share of (profit) loss	(47)	369
Movement in working capital items		
Trade and other receivables	1,774	1,016
Trade and other payables	(6,443)	4,734
Current employee entitlements	622	(144)
Income tax payable	(3,557)	(3,293)
Maintenance inventories	(152)	132
Movement in other working capital items classified as investing activities	6,870	(5,560)
Net cash flows from operating activities	**44,436**	**35,014**

G2
Reconciliation of liabilities arising from financial activities to cash flows

For the year ended 30 June 2026

		2026 $000	2025 $000
Interest bearing liabilities			
Opening interest bearing liabilities		161,757	140,605
Cash movements			
Repayment of borrowings		(108,440)	(35,810)
Subscribed borrower notes	D3	3,725	(1,637)
Proceeds from borrowings		110,685	58,932
Repayment of lease principal		(195)	(333)
Closing interest bearing liabilities		**167,532**	**161,757**

G3
Capital expenditure commitments

At 30 June 2026 the Group had commitments for capital expenditure of $32.6m (2025: $33.6m) which relates to purchases and refurbishments of port assets and investment property.

G4
Contingencies

There are no contingent liabilities at 30 June 2026 (30 June 2025: nil) other than those arising in the normal course of business.

G5
Significant events after balance date

There have been no events subsequent to balance date which would have a material effect on the Group's financial statements to 30 June 2026.

Independent Auditor's Report

The Audit Office
Te Mana Arotake

To the readers of Port Otago Limited's Group financial statements for the year ended 30 June 2026

The Auditor-General is the auditor of Port Otago Limited group (the group). The Auditor-General has appointed me, Brendan Summerfield, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the group, on his behalf.

Opinion

We have audited the financial statements of the group that comprise the consolidated statement of financial position as at 30 June 2026, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 47 to 89.

In our opinion, the financial statements of the group present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with New Zealand equivalents to International Financial Reporting Standards and IFRS Accounting Standards.

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 for the audit of the financial statements 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 group for preparing financial statements that are fairly presented and comply with New Zealand equivalents to International Financial Reporting Standards and IFRS Accounting Standards.

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 group for assessing the group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

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

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.

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 group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- 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 plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than 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 group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have provided people advisory services which are compatible with independence requirements. Other than the audit and this engagement, we have no relationship with, or interests in, the group.

Brendan Summerfield
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand
19 August 2026

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Statutory information

The following disclosures are made pursuant to the Companies Act 1993 in respect of the financial year ended 30 June 2026.

Employee remuneration

During the year the number of employees, excluding Directors, of Port Otago Limited and its subsidiaries who received total remuneration in excess of $100,000 is:

Remuneration range ($000)	Number of employees (2026)
$1,200 - $1,209	1
$620 - $629	1
$420 - $429	1
$410 - $419	2
$350 - $359	1
$310 - $319	5
$300 - $309	3
$290 - $299	1
$280 - $289	2
$250 - $259	1
$220 - $229	1
$200 - $209	3
$190 - $199	2
$180 - $189	5
$170 - $179	9
$160 - $169	11
$150 - $159	38
$140 - $149	14
$130 - $139	28
$120 - $129	57
$110 - $119	39
$100 - $109	24

Remuneration includes salary, long-term incentives, short-term incentives, motor vehicles and other sundry benefits received in the person's capacity as an employee. Short-term incentive payments are paid in the following financial year to which they relate. Long-term incentives are paid in the financial year following the three-year period to which they relate.

Chief Executive remuneration

The Chief Executive's remuneration is made up of base fixed remuneration (base), a short-term incentive (STI) and a long-term incentive (LTI). Base remuneration is fixed annually and paid fortnightly through the financial year. The STI and LTI are at-risk each year, with a mix of financial, safety and operational targets set at the beginning of each financial year. Performance is assessed by the Board post completion of each financial year and a percentage of the at-risk STI and LTI is paid.

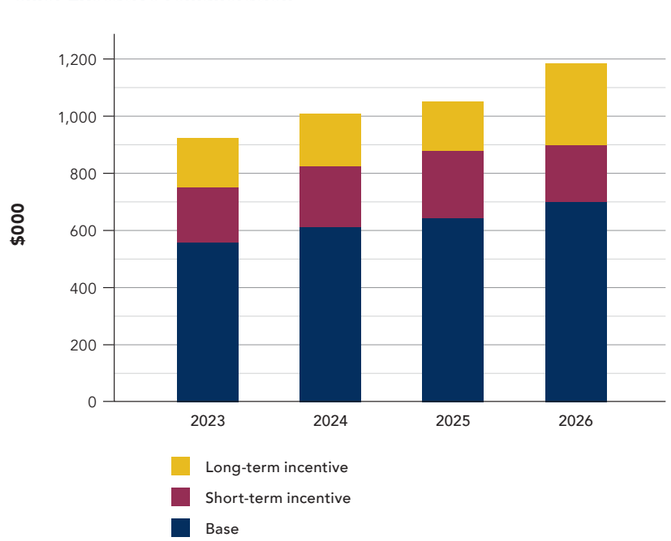
Performance criteria

The LTI payment is contingent upon meeting specific performance criteria that align with the Group's long-term strategic objectives. These criteria include return on equity for the Port business and growth in the Property business.

Disclosure of prior year accruals

From 2023 to 2026, the company expensed the following costs, related to the Chief Executive's remuneration, which were reflected in the respective financial statements.

Chief Executive remuneration



Directors interests

Directors have disclosed the following general interests for the year ended 30 June 2026 in accordance with Section 140 of the Companies Act 1993:

Director	Entity	Relationship
R J Fulton	Horokiwi Quarries Limited	Chair
	WFH Properties Limited (and its wholly owned subsidiaries)	Chair
	Aberluer Limited	Director
	Fulton Hogan Limited (and its wholly owned subsidiaries)	Director
	Garioch Limited	Director
	Helenslee Investments Limited	Director
	Pokeno Village Holdings Limited	Director
T D Gibson	Skills Group Trust	Chair
	Fiscus Limited	Director
	Gillies McIndoe Foundation	Trustee
	Livestock Improvement Corporation Limited (and its wholly owned subsidiaries) (Retired September 2025)	Director
	Silver Fern Farms Limited (and its wholly owned subsidiaries)	Director
	Silver Fern Farms Cooperative Limited	Director
	Tūhana Consulting Limited (and its wholly owned subsidiaries)	Director
R A Herd	Nelson Marina Management Limited	Chair
	Constructive Governance Limited	Director
	ENI Manufacturing Limited	Director
	Nelmac Limited	Director
	Apprentice Training New Zealand	Trustee
P F Heslin	Forsyth Barr Custodians Limited	Chair
	Forsyth Barr Cash Management Nominees Limited	Chair
	BHH Investments Limited	Director
	Jedaka Limited	Director
	P Heslin Limited	Director
	Naylor Love Enterprises Limited	Non-beneficial shareholder
C C Hopkins	Dunedin International Airport Limited	Chair
	Veritide Limited	Chair
	Bletsoe Securities Limited	Director
	CompanyHQ Limited (and its wholly owned subsidiaries)	Director
	Farmers2Founders Limited	Director
	Farra Engineering Limited	Director
	GW Batts Trustee Limited	Director
	INMR Measure Limited	Director
	Oakwood Group Limited	Director
	Our Planit Limited	Director
	Mimeo Industrial Limited	Director
	Silveracres Trust	Trustee
	Southmed Limited	Director
	Spade Work Limited	Director
	Venture Places Limited	Director
	University of Otago	Council member
R C Lloyd	External Reporting Board (XRB) Sustainability Reporting Board	Chair
	Concept Car Limited	Director
	Connexa Limited	Director
	NZ Food Waste Champions	Trustee
	Waste Management New Zealand Sustainability Advisory Panel	Member
A L McLeod	Anderson Lloyd Partnership	Partner and Board member
	Anderson Lloyd Shareholding Company Limited (and its wholly owned subsidiaries)	Director

Directors of subsidiary companies

The following persons held office as Directors of subsidiary companies at 30 June 2026:

Company	Director
Chalmers Properties Limited	T D Gibson P F Heslin R J Fulton R A Herd C C Hopkins R C Lloyd A L McLeod
Fiordland Pilot Services Limited	T D Gibson P F Heslin R J Fulton R A Herd C C Hopkins R C Lloyd A L McLeod
Te Rapa Gateway Limited	T D Gibson P F Heslin R J Fulton R A Herd C C Hopkins R C Lloyd A L McLeod
Port Chalmers Container Terminal Limited	T D Gibson P F Heslin R J Fulton R A Herd C C Hopkins R C Lloyd A L McLeod

Board meeting attendance

	2026	2025
T D Gibson	9/9	6/7
P F Heslin	9/9	7/7
R J Fulton	9/9	6/7
R A Herd	8/9	7/7
C C Hopkins	9/9	7/7
R C Lloyd	9/9	6/7
A L McLeod	9/9	7/7

Directors remuneration

Directors fees for Chalmers Properties Limited are included in the Group Directors remuneration. No directors fees were paid by Fiordland Pilot Services Limited, Te Rapa Gateway Limited and Port Chalmers Container Terminal Limited.

Remuneration paid by the Port Otago Group to Directors during the year was:

	2026 $000	2025 $000
T D Gibson (Chair)	138	138
P F Heslin (Deputy Chair)	92	92
R J Fulton	81	81
R A Herd	74	74
C C Hopkins	81	81
R C Lloyd	81	81
A L McLeod	75	75
	622	**622**

Auditors

The Auditor-General continues as the Company's auditor in accordance with the Port Companies Act 1988. The Auditor-General has appointed Ernst & Young to undertake the audit on its behalf.

The Group audit fee for the year ended 30 June 2026 was $209,237 (2025: $195,598).

Donations

During the year, the Company made no donations (2025: nil).

Indemnities and insurance

Pursuant to section 162 of the Companies Act 1993 and the Constitution, Port Otago has entered into deeds of indemnity and insurance with the Directors of the Group to indemnify them to the maximum extent permitted by law, against all liabilities which they may incur in the performance of their duties as Directors of any company within the Group.

Insurance cover extends to Directors and Officers for the expenses of defending legal proceedings and the cost of damages incurred. Specifically excluded are proven criminal liability and fines and penalties other than those pecuniary penalties which are legally insurable. In accordance with commercial practice, the insurance contract prohibits further disclosure of the terms of the policy. All Directors who voted in favour of authorising the insurance certified that in their opinion, the cost of the insurance is fair to the Company.

Use of company information

There were no notices received from Directors of the Company requesting to use Company information received in their capacity as Director, which would not otherwise have been available to them.

For and on behalf of the Board of Directors

T D Gibson
Chair
18 August 2026

P F Heslin
Director
18 August 2026

Performance targets

A comparison of actual performance with the targets in the Statement of Corporate Intent is as follows:

	Actual	Target	Outcome/comment
Financial			
EBIT	$43m	$40m	Target achieved
Shareholder's funds (equity) or net assets	$791m	$749m	Target achieved
Return on equity	6.3%	5.0%	Target achieved
Equity ratio	78%	Between 70% - 85%	Within SCI target range of 70% to 85%
Interest cover ratio	5.8	5.0	Target achieved
Dividend	$20m	$20m	Target achieved
Otago Rescue Helicopter Trust	$0m	$0.4m	Work in progress
Health, safety and wellbeing			
Critical risk: Visible Leadership Conversations	868	1,000	Target not achieved
Total Recordable Injury Frequency Rate (TRIFR) - per 1 million hours	14.6	<10	Target not achieved
Environmental			
Number of harbour spills caused by Port Otago	0	0	Target achieved
Percentage of resource consent compliance monitoring events achieving full compliance	100%	100%	Target achieved
Compliance with Port and Harbour Safety Code (PHSC)			
The requirements of the PHSC continue to be met	Yes	Yes	Target achieved
Risk assessments of new tasks or reviews post incident completed	Yes	Yes	Target achieved

Financial performance measure	Definition
EBIT	Earnings before interest, taxation, realised and unrealised investment property gains
Return on equity	Profit divided by average shareholder's equity
Equity ratio	The percentage that equity represents of total assets within the target range of between 70% and 85%
Interest cover ratio	The number of times interest is covered by the profit before tax, interest and unrealised fair value movements and unrealised impairment charges.

Five year summary

Trade and operational analysis	2026	2025	2024	2023	2022
Container and bulk cargo vessel arrivals	503	488	551	485	383
Otago cruise vessel arrivals	74	91	118	101	-
Total ship calls	577	579	669	586	383
Container throughput (TEU)	257,900	249,000	268,900	186,400	166,200
Bulk cargo tonnes (000's)	1,870	1,701	1,701	1,765	1,667
Employees	296	320	330	314	290

Financial comparisons	2026 $000	2025 $000	2024 $000	2023 $000	2022 $000
Revenue #	135,532	132,328	133,171	111,272	88,061
EBITDA #	56,687	51,758	59,170	45,460	34,475
Profit for the year	48,747	64,604	30,423	23,277	70,476
Underlying profit	34,373	36,947	34,434	32,045	17,584
Dividends for financial year	20,000	18,000	16,000	14,000	13,000
Shareholder's equity	791,113	762,120	717,271	703,920	694,478
Total assets					
Port operations	315,530	301,525	290,687	284,740	260,250
Investment property	698,448	686,838	624,965	608,587	581,850
Total group	1,013,978	988,363	915,652	893,327	842,100
Cash flows					
Cash flows from operating activities	44,436	35,014	44,425	37,125	29,770
Port operations capital expenditure	(30,753)	(41,896)	(21,338)	(30,718)	(15,480)
Investment property purchases and improvements	(16,518)	(30,436)	(24,956)	(30,981)	(29,447)
Shareholder's equity ratio	78%	77%	78%	79%	82%
Debt/(Debt+Equity) ratio	17%	18%	16%	17%	14%
Return on shareholder's funds *	6.3%	8.7%	4.3%	3.3%	10.6%

* Profit, divided by average shareholder's equity

Excludes gain on sale of investment property and property, plant and equipment and unrealised change in fair value of investment property

Directory

Directors

Tim Gibson	Chair
Pat Heslin	Deputy Chair
Bob Fulton	
Rick Herd	
Chris Hopkins	
Becky Lloyd	
Anne McLeod	
Kate Stainton-Herbert	Director Intern

Leadership Team

Kevin Winders	Chief Executive
Stephen Connolly	Chief Financial Officer
Grant Bicknell	GM Marine & Infrastructure
Ross Buchan	Head of Safety
Leigh Carter	Head of People
David Chafer	GM Property
Kevin Kearney	Strategic Projects Manager
Deanna Matsopoulos	GM Operations
Peter Sinclair	Head of IT
Jodi Taylor	Executive Assistant
Craig Usher	GM Customer

Address

15 Beach Street
Port Chalmers 9023, New Zealand
www.portotago.co.nz

Bankers

ANZ Bank New Zealand Limited

Solicitors

Anderson Lloyd

Auditors

Ernst & Young on behalf of the Auditor-General

Acronyms and glossary

Acronyms

A port business has many acronyms and abbreviations. This list may be helpful to readers.

BI	Business Intelligence
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
GHG	Greenhouse Gases
IR	Integrated Reporting
LTI	Lost Time Injuries
MSC	Mediterranean Shipping Company
ORC	Otago Regional Council
SCI	Statement of Corporate Intent
TEU	20-foot Equivalent Unit (international standard measurement for shipping containers)
TRIFR	Total Recordable Injury Frequency Rate
VSL	Visual Safety Leadership
ZPMC	Brand name of our ship-to-shore cranes

Glossary

Here are some common port terms used in this report.

Berth	Ship's allotted place at a wharf.
Bulk	Describes cargo that is transported in bulk form, such as fertiliser, fuel and logs.
Container	20- and 40-foot-long standardised metal boxes that carry cargo.
Critical risk	Hazard that has the potential for a catastrophic/fatal result.
Dredging	Removal of sediment from our harbour channel to keep it at an adequate depth for ships to transit safely.
Gross crane rate	Containers moved per hour, as an indicator of productivity.
Pilotage	The act of piloting a vessel.
Reefer	Refrigerated shipping container.
Ship-to-shore crane	Gantry-style cranes that load containers on and off vessels.
Stevedoring	Describes the process of loading vessels and storing cargo.
Straddle carrier	Mobile machinery that lifts, transports and stacks fully-laden containers into rows (up to 12 metres high).
Transship	Describes when containers land at a port and are shipped out again via another vessel, without leaving the designated port area.
Wharfage	Fee charged by a port for using its wharf and facilities to load and unload cargo from a vessel.

Terminology and Te Reo

Integrated Reporting: A type of reporting that tells our value creation story across the six capitals. It brings together financial and non-financial reporting, focusing on what's most important to our stakeholders and business.

Integrated Reporting terminology	Port Otago terminology
Human capital	Our kaimahi
Social and relationship capital	Our wider team
Natural capital	Our harbour taoka and beyond
Intellectual capital	Our know-how and skills
Manufactured capital	Our assets
Financial capital	Our financial value

Integrated thinking: A way of thinking and making decisions that takes into account the six capitals. We don't just consider the financials anymore, but also our people, stakeholders, the environment and the future.

Inputs: The resources and relationships we draw on to carry out our business activity (e.g. our workforce, energy, partnerships with customers).

Outputs: The results of our business activity – our services (e.g. shipping exports/imports between Otago and the rest of the world) and products (e.g. buildings leased out).

Our outcomes: These are the positive and negative consequences of our business activity and outputs. On the positive side of the ledger, outcomes are the value we are trying to create from our business activity (e.g. being a good neighbour to our community and iwi). However, business activities can also result in value preservation or erosion (e.g. greenhouse gas emissions from our energy use, contributing to climate change).

Material issues: These are the most important issues, as determined by our stakeholders and our business.

Our goals: These are set in our strategy and aim to address our material issues.

Value creation: The process that results in increases, decreases or transformations of the six capitals caused by our business activities and outputs.

Work ons: We don't have everything right yet. Work ons are areas we need to improve, in order to create value.

Te Reo	English translation
Hauora	Philosophy of health and wellbeing
Iwi	A Māori community or people
Kaimahi	Worker, employee, staff
Rūnaka	Council, tribal council, assembly
Taoka	Treasure
Upoko	Leader

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