

**Hawke's Bay  
Regional  
Investment  
Company Limited**

**Annual Report to  
30 June 2025**

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# Chairmans Report

For the year ended 30 June 2025

This year marked a clear strategic inflection point for HBRIC, as the company began operating under Council's broadened investment mandate. The shift was enabled by Council's commitment to a strategic review of its investment assets and has been made possible by the Board's successful execution of a new approach to Group investment management .

## Strategy

FY2024/25 was the first operational year under Council's extended Group Investment Mandate. This mandate entrusts HBRIC with stewardship over not just its own portfolio, but also with advisory and oversight responsibility for investment assets held directly by HBRC.

Key milestones included the transition of the combined managed funds portfolio to Harbour Asset Management, bringing improved reporting transparency, alignment with agreed SIPO settings, and better efficiency across the Group. Parallel to this, HBRIC has advanced a comprehensive review of all investment assets—testing performance, structure, and strategic fit against Council's investment objectives. The review aims to ensure the Group portfolio remains resilient, fit for purpose, and capable of supporting Council's long-term needs.

## Performance

HBRIC received \$13.75 million in fully imputed dividends from Napier Port and paid \$9.125 million through to Council as dividend. HBRIC's managed funds portfolio increased in value by \$4.2 million. This enabled HBRIC to withdraw \$1.3 million from the portfolio to fund a further dividend payment to HBRC, bringing the total dividends to Council to \$10.425 million.

Also, a significant milestone was the \$16.63 million special dividend paid to Council, which enabled full repayment of Council's historical loan to HBRIC. This not only improved HBRC's balance sheet strength but also saved approximately \$332,000 in annual interest costs.

In respect of the wider mandate referenced above, The Group delivered strongly against its 2024/25 financial targets.

Combining returns with Council held investments, HBRIC delivered on Council's requested return expectations comprising a cash distribution of \$15.05 million, inflation protection of the Group's managed funds portfolio, and the ability to provision a minimum of \$2m in FY 25/26 for the establishment of a Dividend Resilience Reserve.

Overall, the HBRC Group generated gross investment returns of \$28.7m against a budget of \$20.6m (excluding the increased Port valuation as at balance date).

## Napier Port

Napier Port delivered a robust first-half performance for FY2024/25, marked by strong container throughput and tight cost control. Total revenue rose 10.6% to \$78.1 million, up from \$70.6 million in the prior comparable period, driven primarily by a 14% increase in container volumes (112,000 TEUs). This growth was underpinned by the full resumption of Pan Pac operations, early pipfruit exports, and increased transshipment activity. Average revenue per container also lifted by 11.7%, supporting a 27% increase in container-related revenue to \$42.7 million.

Despite a softening in bulk cargo volumes—down 9.2% due to reduced log exports—bulk revenue declined only modestly (–2.7%) to \$25.5 million. Cruise-related income fell 8% year-on-year, reflecting fewer vessel calls in the current season (77 vs 88).

The Port Board declared a 4.0 cent interim dividend (up from 3.0 cents) and a one-off special dividend of 2.5 cents per share.

Napier Port's half-year result demonstrates strong operational leverage and prudent financial management. Container growth has more than offset softness in bulk and cruise volumes, and the margin profile continues to improve. While log export volatility remains a watchpoint, the near-term outlook is steady, and the balance sheet remains well positioned to support infrastructure upgrades and further dividend contributions.

## Managed Funds

From 1 July 2024 the management team initiated the transfer of HBRIC's Jarden and Mercer portfolios to Harbour Asset Management, with the process being completed by October that year. Accordingly, the results are a blend of all three fund managers respective performance in what has proven to be a very volatile year in financial markets. An overall increase in the portfolio value of \$4.2 million for the year yielded an 8.4% total return returning the portfolio to an overall closing balance above long term inflation protection watermarks.

## FoodEast

FoodEast concluded FY2025 with modest commercial progress, deepening innovation activity, and an improving alignment between its tenancy mix and strategic mandate—albeit within a challenging economic context. Eleven tenants were in place by year-end, with shared desk spaces nearing full capacity. While larger tenancies were still being finalised, two national corporates had agreed terms, positioning the venture for stronger rental income in FY26.

Financially, the partnership reported operating revenue of \$263,239 against a budget of \$318,022. Rent, while improving, remained below target, in part due to slow take-up of larger spaces. However, unbudgeted income from programmes and grants partially offset this. Operating expenses were held below budget resulting in a lower net operating loss of \$582k (vs budgeted \$732k).

With the conclusion of the construction phase, a shift in valuation methodology from construction price to market value saw a steep negative revaluation of the buildings resulting in a \$4.24m write-down. This reflected a combination of pressures in the leasing market as well as a reflection of the higher re-design and re-scoping costs in response to the inflated construction costs window that the facility was built in. While this is disappointing, these are factors that reflect NZ's broader economic environment from which we are not immune. However, notwithstanding these challenges, HBRIC's investment in FoodEast remains in line with its investment thesis.

## **Discipline**

While 2024/25 was a year of solid execution and delivery, the investment environment remains volatile. HBRIC's portfolio is exposed to geopolitical, climate, trade and market shocks—reinforcing the need for long-term financial buffers.

This year's strong performance has created the opportunity to take a disciplined step forward. As recently re-confirmed, HBRIC will now establish and seed a Dividend Resilience Reserve—first proposed by Council in 2019. The target is to grow the reserve over time to match one year's Napier Port dividend. This fund will act as a stabiliser for future Council income and signals a shared commitment to intergenerational resilience.

The policy governing this Reserve will come to the Board for formal adoption in FY25/26.

## **Acknowledgements and Transition**

On behalf of the Board, I thank HBRIC's management team led by Tom Skerman and supported by Tracey O'Shaughnessy and their advisors for their work this year. 2024/25 has marked a turning point—one that has required both executional precision and strategic maturity.

I also wish to acknowledge my fellow directors:

Independent Directors: Debbie Birch and Jonathan Cameron.

Councillor Appointed Directors: Neil Kirton, and Will Foley

Finally, after nearly nine years on the Board and five as Chair, I will retire from HBRIC in October 2025. It has been a privilege to serve during a period of evolution—from the difficult post-RWSS years, through the landmark Napier Port IPO, and now into a future where HBRIC operates with a broader mandate, a more experienced and capable Board, and a pathway toward full independence as Council's expert investment manager.

I warmly welcome Brendon Barnes to the Board and wish to congratulate Debbie Birch on her appointment as the incoming Chair. HBRIC is in capable hands.

## **Dan Druzianic**

Chairman

Hawke's Bay Regional Investment Company Ltd

September 2025

## Directors Report

The Directors hereby present their report and financial statements of the Hawke's Bay Regional Investment Company Limited for the year ended 30 June 2025.

### **Reporting entity**

The Hawke's Bay Regional Investment Company Limited ('the Company', or 'the Parent') was incorporated in New Zealand on 21 February 2012 and is 100% owned by Hawke's Bay Regional Council ('Council'). The Company is domiciled in New Zealand.

The Group financial statements are for the Company and its subsidiaries (together 'the Group'). The subsidiaries are Port of Napier Limited ('Napier Port'), Napier Port Holdings Limited ('NPHL') and Foodeast GP Limited ('Foodeast').

### **Registered office**

159 Dalton Street  
Napier 4110

### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for

### **Principle activities**

#### **Parent company**

The Company owns 55% (2024: 55%) of Napier Port Holdings Limited, who is the 100% owner of the Port of Napier Limited. Napier Port Holdings Limited is listed on the New Zealand Stock Exchange (NZX).

The Company currently owns 67% (2024: 67%) of Foodeast GP Limited, who is a limited partner in the HB Food

#### **Subsidiary companies**

Port of Napier Limited's principal activities are the commercial operation of Napier Port. Napier Port Holdings Limited was incorporated 12 June 2019 to act as a holding company of the Port of Napier.

Foodeast GP Limited is a council-controlled trading organisation (CCTO) for the purposes of the Local Government Act 2002. The company was incorporated on 1 July 2021.

### **Remuneration of directors**

Remuneration paid to directors during the year was as follows:

	\$
<b>Parent company</b>	
D W Druzianic (Chairman)	45,000
N Kirton	-
W J Foley	-
D R Birch	35,000
J Cameron	35,000
<b>Subsidiary companies - Port of Napier Limited and Napier Port Holdings Limited</b>	
S Moir	94,725
E J Harvey	94,725
V Tremaine	92,850
B O'Keefe	156,450
K A Clegg	85,350
D W Druzianic	82,650
D R Birch	79,799
<b>Subsidiary companies - Foodeast GP Limited</b>	
A T Gray	27,000
A L Gilmour	27,000
Christie Campbell (resigned 31 May 2025)	24,750
Richard Shirtcliffe	27,000
Nicky Solomon	45,900

## **Board committees**

As at 30 June 2025 the Board of the parent company had no separate committees.

## **Director's interests**

The Company maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following notices have been received from directors disclosing their interests in other companies.

### **Parent company**

#### **Director**

##### **D W Druzianic (Chairman)**

##### **Interest declared (as at reporting date)**

Consultant, Moore Markhams Hawke's Bay Limited  
Director, Bostock New Zealand Limited  
Director, Unison Networks  
Director, Unison Contracting Services Ltd  
Director, Port of Napier Limited  
Trustee of trusts associated with various directors of companies which may from time to time have interests to be noted.

##### **N Kirton**

Councillor, Hawke's Bay Regional Council  
Director, Good Shepherd Transport Limited  
Employment, Hohepa Services Limited

##### **W J Foley**

Councillor, Hawke's Bay Regional Council  
Director/Shareholder, Foley Farming Enterprises and Sunset Court Motel, Subsidiary of Foley Farming  
Trustee/Beneficiary, W J Foley Trust  
Beneficiary/Lessee of Assets, P&R Foley Family Trust  
Director/Shareholder, Hatuma Investments Limited

##### **D R Birch**

Director, Westpac NZ Ltd  
Chair, Eastland Group Limited (to 30 June 2025)  
Director, Te Puia Tapapa GP Limited  
Director, Miraka Brands Limited (resigned 16 July 2025)  
Director, Miraka Limited (resigned 16 July 2025)  
Director, Miraka Holdings Limited (resigned 16 July 2025)  
Director, Port of Napier Ltd & Napier Port Holdings Ltd  
Chair, **WMS Group Holdings (GP)**  
WMS Group Holdings (GP) Limited  
West Coast Bulk Logistics Limited  
Westland Mineral Sands Co. Limited  
WMS Shipping Co. Limited  
Buller Port Co. Limited  
Greymouth Port Co. Limited

##### **J Cameron**

Director / Shareholder, Elevate Capital Partners Limited  
Director / Shareholder, I.D.A. Shonco Limited  
Chair / Director, NZFM (2022) General Partner Limited  
Director / Shareholder, Tourism Investment Partners Limited  
Investment Committee Member, Tupu Angitu Limited  
Director, Veterinary Enterprises Group Limited  
Director, Waipa Networks Limited  
Trustee, Hamilton Boys High School Foundation  
Committee Member, Ngati Whatua Orakei Trust - Risk, Assurance & Audit Committee  
Director, NZ International Commercial Pilot Academy

**Subsidiary companies - Port of Napier Ltd****Interest declared (as at reporting date)****Director****B O'Keefe (Chair)**

Director, Central Air Ambulance Rescue Limited  
Chair, Hawke's Bay Rescue Helicopter Trust  
Director & Shareholder, Endzone Commercial Limited ("ECL")  
Deputy Chair, Unison Networks Limited  
Chair, Hawke's Bay Regional Recovery Agency

**Clarus Group:**

Director, First Gas Topco Limited  
Director, First Gas Midco Limited  
Director, First Gas Holdings Limited  
Director, Gas Services NZ Limited  
Director, Gas Services NZ Midco Limited  
Director, Rockgas Limited  
Director, First Renewables Topco Limited  
Director, First Renewables Midco Limited  
Director, First Renewables Power Limited  
Director, First Renewables Limited  
Director, First Sunrise Topco Limited  
Director, First Sunrise Midco Limited  
Director, First Sunrise Holdco Limited  
Director, First Sunrise Bidco Limited  
Director, Firstlight Network Limited

Shareholder of Napier Port Holdings Limited

**S Moir**

Director, IJAP Limited  
Chair, ASB Bank Investment Committee  
Director, Chubb Life Insurance New Zealand Limited

**V Tremaine**

Chair, Riverland Water Holdings Pty Limited (ACN 074 419 846)  
Chair, Riverland Water Pty Limited (ACN 073 995 963)

**E J Harvey**

Director, Heartland Bank Limited

**K A Clegg**

Trustee and Beneficiary, M&K Investments Trust  
Trustee and Beneficiary, Mickyla Trust  
Deputy Commissioner, Health New Zealand Te Whatu Ora

**Subsidiary companies - Foodeast GP Limited****Interest declared (as at reporting date)****Director****A T Gray**

Director, Artemis Nominees Limited  
Director, Ngati Pukenga Investments Limited  
Director/ Chair of Audit Committee, Quality Roading and Services (Wairoa) Limited  
Director, Nga Hua O Ngati Pukenga Limited  
Chair/Director, Centralines Limited

**A L Gilmour**

Director, Progressive Meats Limited  
Director, Seven Group Investments Limited  
Trustee, Belle Amore Trust  
Trustee, Eastern & Central Community Trust  
Director, Forthright Limited  
Trustee, Graham Dingle Foundation Hawkes Bay  
Alternate Director, Hawkes Bay Meat Company Ltd  
Shareholder, Independent Trustee Advisory Services Limited  
Shareholder (Controlling interest through Trust), Nexia Hawkes Bay Limited  
Chair/Director, Te Mata Peak Practive Limited  
Trustee, The Bada Bing Trust  
Director, The Godfather Limited

**N R Solomon**

Contractor, Bioresource Processing Alliance (BPA)  
 Contractor, NZ Food Innovation Network (NZFIN)  
 Member, NZ Food Safety Advisory Board  
 Member, NZ Food Waste Champions 12.3 Roundtable  
 Shareholder, Solomon Realty Limited

**D R Shirtcliffe**

Advisory Board Member and Investor, Double Vision Brewing  
 Fractional Chief Growth Officer, Evolve Outdoors Limited  
 Investor, Peoples Coffee  
 Director, SDR NZ Limited  
 Trustee/Beneficiary, The Resurgent (family) Trust  
 Investor, The Wild Group

**Directors' insurance**

The Company has arranged policies of directors' liability insurance, which together with a deed of indemnity ensures that as far as possible, directors will not personally incur any monetary loss as a result of actions undertaken by them as directors. The insurance does not cover liabilities arising from criminal actions.

**Remuneration of employees**

The number of employees for the Group and Parent, whose total annual remuneration was in the specified bands, is as follows:

<b>Remuneration bands</b>	<b>2025 Group</b>
\$100,000 - 109,999	26
\$110,000 - 119,999	29
\$120,000 - 129,999	33
\$130,000 - 139,999	27
\$140,000 - 149,999	39
\$150,000 - 159,999	32
\$160,000 - 169,999	14
\$170,000 - 179,999	6
\$180,000 - 189,999	9
\$190,000 - 199,999	3
\$200,000 - 209,999	4
\$210,000 - 219,999	1
\$220,000 - 229,999	3
\$230,000 - 239,999	2
\$240,000 - 249,999	4
\$250,000 - 259,000	2
\$260,000 - 269,999	1
\$290,000 - 299,999	1
\$300,000 - 309,999	-
\$310,000 - 319,999	1
\$320,000 - 329,999	2
\$330,000 - 339,999	1
\$340,000 - 349,999	1
\$350,000 - 359,999	-
\$360,000 - 369,999	-
\$370,000 - 379,999	-
\$380,000 - 389,999	-
\$400,000 - 409,999	1
\$430,000 - 439,999	1
\$550,000 - 559,999	1
\$560,000 - 569,999	1
\$890,000 - 899,999	1
<b>Total</b>	<b>246</b>

The annual remuneration specified in the above bands includes payments made to staff under both short term and long term staff incentive schemes and redundancy benefits.

**Use of company information**

During the year the Board received no notices from directors of the Company requesting to use company information

**Board operation**

Operation of the Board is governed by the Constitution of the Company, and the rules, procedures and guidelines adopted by the Board.

**Auditors**

The office of the Auditor-General is appointed as auditor under Section 15 of the Public Audit Act 2001 and Section 70 of

**Donations**

The Company and subsidiaries made no donations during the year (2024: nil).

**Dividends**

During the year the Company paid fully imputed ordinary dividends of \$27,082,000 (2024: \$7,205,000).

**Directors' responsibility statement**

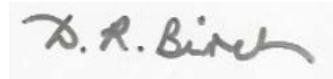
The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group as at 30 June 2025 and their financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the Company and the Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.



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Dan Druzianic  
(Chair)



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Debbie Birch  
(Director)

## Statement of Profit or Loss

For the year ended 30 June 2025

	Notes	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
<b>Income</b>					
Port operations		152,087	132,497	-	-
Other income	3	12,542	20,006	-	-
Finance income	5	529	745	528	744
Dividend income		805	252	14,555	7,457
<b>Operating income</b>		<b>165,963</b>	<b>153,501</b>	<b>15,083</b>	<b>8,202</b>
<b>Expenditure</b>					
Employee benefit expenses		48,660	43,702	-	-
Maintenance expenses		13,917	16,430	-	-
Depreciation, amortisation and impairment expenses	14,15	18,232	16,903	-	-
Directors Fees		953	844	115	115
Other operating expenses	4	30,103	28,800	435	571
Finance expenses	5	5,417	6,412	-	-
Net loss on sale of property, plant and equipment		495	-	-	-
Fair value loss on investment property		4,245	-	-	-
<b>Operating expenditure</b>		<b>122,023</b>	<b>113,092</b>	<b>550</b>	<b>686</b>
Gain / (loss) from investments		2,117	(134)	2,117	(134)
<b>Profit before income tax</b>		<b>46,057</b>	<b>40,275</b>	<b>16,651</b>	<b>7,382</b>
Income tax (expense) / benefit	6	11,890	14,581	597	284
<b>Profit after tax</b>		<b>34,167</b>	<b>25,694</b>	<b>16,054</b>	<b>7,097</b>
<b>Profit for the year is attributable to:</b>					
Equity holders of the Parent		17,676	13,678	16,054	7,097
Non-controlling interests		16,490	12,016	-	-
		<b>34,167</b>	<b>25,694</b>	<b>16,054</b>	<b>7,097</b>

The above statement of profit and loss should be read in conjunction with the accompanying notes.

## Statement of Comprehensive Income

For the year ended 30 June 2025

	Notes	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
<b>Profit after tax attributable to the shareholders of the Company</b>		34,167	25,694	16,054	7,097
<b>Other comprehensive income:</b>					
<b>Items that will be reclassified to profit or loss:</b>					
Asset revaluation	10(a)(i)	1,564	3,089	82,865	886
Changes in fair value of cash flow hedges	10(a)(ii)	(2,063)	649	-	-
Deferred tax on changes in fair value of cash flow hedges	10(a)(ii)	1,049	533	-	-
Cash flow hedges transferred to the statements of profit or loss	10(a)(ii)	(1,684)	(2,550)	-	-
		<b>(1,134)</b>	<b>1,721</b>	<b>82,865</b>	<b>886</b>
<b>Items that will not be reclassified to profit or loss:</b>					
Changes in fair value of cash flow hedges	10(a)(ii)	128	-	-	-
Cash flow hedges transferred to property, plant and equipment		-	-	-	-
Deferred tax on changes in fair value of cash flow hedges	10(a)(ii)	(36)	-	-	-
Changes in Fair value of Marketable Securities	10(a)(i)	111	-	-	-
Revaluation of sea defences	10(a)(i)	2,151	17,682	-	-
Deferred tax on revaluation of sea defences	10(a)(i)	714	(2,184)	-	-
Movement in other reserves	10(a)(iv)	(212)	54	-	-
		<b>2,856</b>	<b>15,552</b>	-	-
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>1,722</b>	<b>17,273</b>	<b>82,865</b>	886
<b>Total comprehensive income / (loss) for the year</b>		<b>35,888</b>	<b>42,967</b>	<b>98,919</b>	7,983
<b>Profit for the year is attributable to:</b>					
Equity holders of the Parent		17,676	13,678	16,054	7,097
Non-controlling interest		16,490	12,016	-	-
		<b>34,167</b>	<b>25,694</b>	<b>16,054</b>	7,097
<b>Total comprehensive income / (loss) for the year is attributable to:</b>					
Equity holders of the Parent		19,231	24,684	98,919	7,983
Non-controlling interest		16,657	18,283	-	-
		<b>35,888</b>	<b>42,967</b>	<b>98,919</b>	<b>7,983</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

As at 30 June 2025

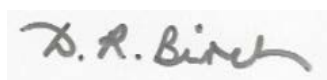
	Notes	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	21	11,116	9,441	7,792	4,003
Trade and other receivables	11	25,306	15,844	61	88
Derivative financial instruments	26	1,754	2,212	-	-
Financial assets	16	1,845	-	-	-
<b>Total current assets</b>		<b>40,021</b>	<b>27,497</b>	<b>7,853</b>	<b>4,090</b>
<b>Non-current assets</b>					
Property, plant and equipment	15	542,169	533,219	-	-
Intangible assets	14	706	662	-	-
Interests in joint venture	18	250	250	-	-
Financial assets	16	51,761	65,517	409,698	341,520
Derivative financial instruments	26	1,571	2,029	-	-
Investment properties	19	25,740	29,896	-	-
<b>Total non-current assets</b>		<b>622,197</b>	<b>631,573</b>	<b>409,698</b>	<b>341,520</b>
			-		
<b>Total assets</b>		<b>662,218</b>	<b>659,070</b>	<b>417,551</b>	<b>345,610</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	12	18,239	11,077	147	178
Provisions for employee entitlements	13	4,461	3,952	-	-
Current tax liabilities	6	4,704	9,231	346	39
Derivative financial instruments	26	339	1,182	-	-
Lease liabilities	7	100	40	-	-
<b>Total current liabilities</b>		<b>27,843</b>	<b>25,482</b>	<b>493</b>	<b>217</b>
<b>Non-current liabilities</b>					
Provisions for employee entitlements	13	3,385	2,469	-	-
Borrowings	20	108,436	105,737	-	-
Derivative financial instruments	26	459	313	-	-
Deferred tax liabilities	6	25,187	25,733	99	166
Lease liabilities	7	-	-	-	-
<b>Total non-current liabilities</b>		<b>137,467</b>	<b>134,252</b>	<b>99</b>	<b>166</b>
<b>Total liabilities</b>		<b>165,310</b>	<b>159,734</b>	<b>592</b>	<b>382</b>
<b>Equity</b>					
Share capital	9	177,500	177,500	177,500	177,500
Reserves	10	189,675	188,345	77,248	(5,518)
(Accumulated losses) / retained earnings	10	(68,030)	(58,618)	162,210	173,245
<b>Equity attributable to equity holders of the Company</b>					
Non-controlling interests		197,763	192,109	-	-
<b>Total equity</b>		<b>496,908</b>	<b>499,336</b>	<b>416,959</b>	<b>345,227</b>
<b>Total liabilities and equity</b>		<b>662,218</b>	<b>659,070</b>	<b>417,551</b>	<b>345,610</b>

The Board of Directors of Hawke's Bay Regional Investment Company Limited authorised these financial statements presented on pages 9 to 47 for issue on 30th September 2025.

For and on behalf of the Board.



Dan Druzianic  
(Director)



Debbie Birch  
(Director)

The above statements of financial position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the year ended 30 June 2025

## Attributable to equity holders of the Group

Consolidated	Notes	Share capital	Reserves	Accumulated losses	Total	Non-controlling interest	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2023</b>		177,500	177,240	(65,091)	289,649	179,687	469,336
<b>Comprehensive income</b>							
Profit for the year		-	-	13,678	13,678	12,016	25,694
Reserves		-	10,939	-	10,939	6,334	17,273
<b>Total comprehensive income</b>		-	10,939	13,678	24,617	18,350	42,968
<b>Transactions with owners</b>							
Share-based payment reserve	10(a)	-	166	-	166	(67)	99
Dividends		-	-	(7,205)	(7,205)	(5,861)	(13,066)
Non-controlling interest arising on investment in limited partnership		-	-	-	-	-	-
<b>Total transactions with owners</b>		-	166	(7,205)	(7,039)	(5,928)	(12,967)
<b>Balance as at 30 June 2024</b>		177,500	188,345	(58,618)	307,227	192,109	499,337
<b>Balance as at 1 July 2024</b>		177,500	188,345	(58,618)	307,227	192,109	499,337
<b>Comprehensive income</b>							
Profit for the year		-	-	17,676	17,676	16,490	34,167
Reserves		-	1,555	-	1,555	166	1,722
<b>Total comprehensive income</b>		-	1,555	17,676	19,231	16,657	35,888
<b>Transactions with owners</b>							
Share-based payment reserve	10(a)	-	(225)	-	(225)	(20)	(245)
Dividends		-	-	(27,088)	(27,088)	(11,250)	(38,338)
Non-controlling interest arising on investment in limited partnership		-	-	-	-	266	266
<b>Total transactions with owners</b>		-	(225)	(27,088)	(27,313)	(11,003)	(38,316)
<b>Balance as at 30 June 2025</b>		177,500	189,676	(68,030)	299,146	197,763	496,909

**Attributable to equity holders of the Company**

<b>Parent</b>	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>Balance as at 1 July 2023</b>	177,500	(6,404)	173,353	344,449
<b>Comprehensive income</b>				
Profit for the year	-	-	7,097	7,097
Gain on the revaluation of the investments	-	886	-	886
<b>Total comprehensive income</b>	-	886	7,097	7,983
<b>Transactions with owners</b>				
Dividends	-	-	(7,205)	(7,205)
<b>Total transactions with owners</b>	-	-	(7,205)	(7,205)
<b>Balance as at 30 June 2024</b>	<b>177,500</b>	<b>(5,518)</b>	<b>173,245</b>	<b>345,227</b>
 <b>Balance as at 1 July 2024</b>	 177,500	 (5,518)	 173,245	 345,227
<b>Comprehensive income</b>				
Profit for the year	-	-	16,054	16,054
Gain on the revaluation of the investments	-	82,766	-	82,766
<b>Total comprehensive income</b>	-	82,766	16,054	98,820
<b>Transactions with owners</b>				
Dividends	-	-	(27,088)	(27,088)
<b>Total transactions with owners</b>	-	-	(27,088)	(27,088)
<b>Balance as at 30 June 2025</b>	<b>177,500</b>	<b>77,248</b>	<b>162,211</b>	<b>416,959</b>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

For the year ended 30 June 2025

	Notes	Group 2025 \$000	Group 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
<b>Cash flows from operating activities</b>					
<i>Cash was provided from:</i>					
Receipts from customers		137,174	157,129	-	-
Dividends received		814	267	14,555	7,457
Net Cyclone Gabrielle insurance proceeds		10,784		-	
GST received (net)		(566)	709	-	
Interest received		274	744	274	744
		<b>148,480</b>	<b>158,849</b>	<b>14,829</b>	<b>8,201</b>
<i>Cash was applied to:</i>					
Payments to suppliers and employees		78,278	98,933	757	1,228
Interest paid		-	-	-	-
Taxes paid		14,827	3,848	-	-
Subvention payments made		-	-	-	-
		<b>93,105</b>	<b>102,781</b>	<b>757</b>	<b>1,228</b>
<b>Net cash inflow from operating activities</b>	22	<b>55,374</b>	<b>56,068</b>	<b>14,072</b>	6,973
<b>Cash flows from investing activities</b>					
<i>Cash was provided from:</i>					
Sale of assets		111	50	-	-
Proceeds from held-to-maturity investments		-	408	-	408
		<b>111</b>	<b>458</b>	<b>-</b>	<b>408</b>
<i>Cash was applied to:</i>					
Purchase of assets		24,020	11,463	-	131
Investment in subsidiary		-	-	-	1,501
Other investments		309	-	-	-
Payments for investment properties		-	8,355	-	-
Payments for held-to-maturity investments		1,976	-	1,976	-
		<b>26,305</b>	<b>19,818</b>	<b>1,976</b>	<b>1,632</b>
<b>Net cash outflow from investing activities</b>		<b>(26,195)</b>	<b>(19,360)</b>	<b>(1,976)</b>	<b>(1,224)</b>
<b>Cash flows from financing activities</b>					
<i>Cash was provided from:</i>					
Proceeds from loans and borrowings		16,663	-	16,663	-
Repayment of fair share loans by employees		136	56	-	-
Proceeds from issuance of fixed rate bonds		-	-	-	-
Proceeds from grants		-	7,450	-	-
Proceeds from partnership capital		(1,501)	499	-	-
Other		2,898	-	2,117	-
		<b>18,196</b>	<b>8,005</b>	<b>18,780</b>	<b>-</b>
<i>Cash was applied to:</i>					
Repayment of loans and borrowings		1,000	24,000	-	-
Repayment of lease liability		232	209	-	-
Acquisition of treasury shares		750	441	-	-
Borrowing establishment costs		5,343	6,411	-	-
Dividends paid		38,375	13,081	27,087	7,205
		<b>45,699</b>	<b>44,142</b>	<b>27,087</b>	<b>7,205</b>
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(27,503)</b>	<b>(36,137)</b>	<b>(8,307)</b>	<b>(7,205)</b>
<b>Net movement in cash and cash equivalents</b>					
Cash and cash equivalents at the beginning of the financial year		9,441	8,870	4,004	5,460
Effects of exchange rate changes		-	-	-	-
<b>Cash and cash equivalents at end of year</b>		<b>11,118</b>	<b>9,441</b>	<b>7,792</b>	<b>4,004</b>

The above statements of statements of cashflows should be read in conjunction with the accompanying notes.

## 1 General information

### (a) Reporting entity

The Hawke's Bay Regional Investment Company Limited ('the Company') is a wholly owned subsidiary of Hawke's Bay Regional Council formed for the purpose of holding investments in subsidiary organisations and providing oversight and management services in respect of Council-held investment assets. The Company was incorporated on 21 February 2012.

The Group financial statements comprise the financial statements of the Company and its subsidiaries, the Port of Napier Limited ('Napier Port'), Napier Port Holdings Limited ('NPHL') and Foodeast Limited Partnership ('Foodeast').

The Company is considered a Council Controlled Trading Organisation on the basis that it operates for the purpose of making a profit, and is therefore classified for accounting purposes as a for-profit entity.

The financial statements of the Company and the Group are for the year ended 30 June 2025.

### (b) Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP'). They comply with International Financial Reporting Standards ('IFRS'), New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable financial reporting standards, as appropriate for for-profit entities.

The statements have been prepared on a historical cost basis, except for fair value investments, sea defences, admin buildings, investment properties and derivative financial instruments which are measured at fair value.

The Company and each of the Group's entities' functional currency is New Zealand dollars (\$), and the statements have been presented in thousands of dollars (\$'000) exclusive of Goods and Services Tax (GST) except for trade accounts payable and receivable, which are stated at GST inclusive amounts.

### (c) New standards adopted

No new standards have been adopted in the current reporting period.

### (d) New standards and interpretations not yet adopted

There are no standards that are not yet effective that have not been early adopted by the Company and Group and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### (e) Use of judgements and estimates

In the application of NZ IFRS, the Board is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements are as follows:

- § Valuation of sea defences (note 15)
- § Valuation of financial instruments (note 26)
- § Estimation of useful lives (Note 2 (g))

## 2 Summary of significant Accounting Policies

The principal accounting policies applied in preparation of these financial statements are set out below.

The accounting policies listed below have been consistently applied to all years presented, unless

### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Hawke's Bay Regional Investment Company Limited ('the Parent' or 'the Company') and its subsidiaries (as outlined in note 17).

*(i) Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

*(ii) Joint arrangements*

Under NZ IFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Interest in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

**(b) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently remeasured each balance date at amortised cost using the effective interest method less any lifetime expected credit losses.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

**(c) Property, plant and equipment**

*(i) Operational assets*

Tugs, cranes and cargo buildings (all Napier Port assets) are stated at the deemed cost based on valuations performed as at 30 September 2005 and subsequent additions at cost, less subsequent accumulated depreciation. All other operational assets are accounted for at the historical cost of purchased property, plant and equipment less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Sea defences and administration buildings are measured at fair value, based on periodic valuations by suitably qualified and experienced professionals, less subsequent accumulated depreciation.

The costs of an asset constructed by the Group include the cost of all materials used in construction, direct labour on the project and an appropriate amount of directly attributed costs. Costs cease to be capitalised as soon as the asset is ready for productive use.

Work in progress are costs incurred in the course of bringing assets to the location and condition necessary for their intended service and includes costs of obtaining resource consents where required to proceed with capital projects.

*(ii) Subsequent costs*

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that future economic benefits embodied with the item will flow to the Company or the Group and the cost can be measured reliably. All other costs are recognised in the statements of profit or loss as an expense during the financial period in which they are incurred.

*(iii) Revaluation adjustments*

Increases in carrying amounts arising from revalued assets are credited to revaluation reserves in equity. Decreases that offset previous increases of the same asset category are charged against revaluation reserves in equity. All other decreases are charged to the statement of profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

*(iv) Other adjustments*

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of profit or loss. When revalued assets are sold, the amounts included in revaluation reserves are transferred to the accumulated balance in equity.

**(d) Investment property**

Investment property is residential and commercial land and buildings held to earn rental income and for capital appreciation. Such property is initially recognised at cost. At each balance date investment property is measured at fair value, representing open market value determined annually by independent, professionally qualified valuers. A gain or loss in value is recorded in the statement of profit or loss for the period in which it arises.

**(e) Financial assets**

*(i) Initial recognition and measurement*

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company and Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company and Group has applied the practical expedient, the Company and Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company and Group has applied the practical expedient are measured at the transaction price.

*(ii) Subsequent measurement*

For the purpose of subsequent measurement, financial assets are classified in four categories:

§ Financial assets at amortised cost (debt instruments);

§ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);

§ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and

§ Financial assets at fair value through profit or loss.

*(iii) Financial assets at amortised costs.*

NZ IFRS 9.4.1.2 Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. The Company and Group's financial assets at amortised cost includes cash term deposits, trade receivables and related party loans.

*(iv) Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

*(v) Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company and Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under NZ IAS 32 Financial Instruments. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss when the right of payment has been established, except when the Company and Group benefits from such proceeds as a recovery part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company and Group elected to classify irrevocably its equity investments under this category.

*(vi) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investment which the Company and Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

**(f) Intangible assets**

*(i) Software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives of between 3 to 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company and Group are recognised as intangible assets when the following criteria are met.

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

**(g) Depreciation and amortisation**

Depreciation is provided on all tangible property, plant and equipment other than freehold land capital dredging, at rates calculated to allocate the assets' cost less estimated residual value over their useful lives.

Site improvements	10 - 50 years
Vehicles, plant and equipment	3 - 25 years
Floating plant	30 years
Maintenance dredging	8 years
Wharves and jetties	10 - 80 years
Buildings	10 - 60 years
Sea defences	100 - 200 years

Depreciation on crane assets is calculated on a unit-of-production basis with estimated useful lives of 33,000-36,000 operating hours.

Land and capital dredging are not depreciated as they are considered to have indefinite useful lives.

*(i) Impairment*

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing the impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of profit or loss.

## **(h) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

## **(i) Borrowings**

On initial recognition all borrowings are recognised at the fair value of consideration received less directly attributed transactions costs. Borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of the loan facility are amortised over the term of the loan.

Borrowings are classified as current liabilities unless the Company and Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs are recognised as an expense when incurred except to the extent that they are capitalised. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalised as a part of the cost of that asset.

## **(j) Income tax**

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of the income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

## **(k) Employee benefits**

Short-term employee benefits including salaries and wages, annual leave and contributions to superannuation schemes are recognised when they accrue to employees and are measured at undiscounted cost.

The liability for long service leave is recognised and measured at the present value of the expected future entitlements to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

## **(l) Provisions**

Provisions are recognised when:

- the Company and Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

**(m) Revenue recognition**

Port operations services are a series of distinct performance obligations for the provision of marine, berthage and port infrastructure services to the Group's shipping customers as vessels berth which are accounted for as a single performance obligation. Revenue is recognised over time using the percentage of completion method.

Revenue is measured 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.

Dividend income is recognised when the right to receive payment is established.

**(n) Financial risk management**

The Company and Group's activities expose it to a variety of financial risks, including foreign currency risk, liquidity risk, credit risk and cash flow interest rate risk. The Company and Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company and Group's financial performance.

**(o) Accounting for derivative financial instruments and hedging activities**

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item.

*(i) Classification of derivatives*

Derivatives are only used for economic hedging purposes and not as speculative instruments.

*(ii) Hedge ineffectiveness*

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

### Forward contracts

For hedges of foreign currency purchases, the Company and Group enters into hedge relationships where the critical terms of the hedging instrument match the terms of the hedged item. The Company and Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company and Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, 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 Company and Group or the derivative counterparty.

### Interest rate swaps

The Company and 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. The Company and Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was considered to be 100% effective. Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit / debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

### *(iii) Measurement of derivatives*

Forward exchange contracts and options and interest rate swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The fair value of forward exchange contracts and options is determined by reference to current forward exchange rates for contracts with similar maturity profiles.

### **(p) Foreign currencies**

Transactions in foreign currencies are translated at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these are included in the statement of profit or loss.

### **(q) Trade and other payables**

Trade and other payables are initially recorded at fair value and subsequently at amortised cost using the effective interest method.

Liabilities for wages, salaries, and performance payments, including annual leave, expected to be settled within 12 months of the reporting date are recognised in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

### **(r) Share-based payments**

The cost of share-based payment transactions are spread over the period in which the employees provide services and become entitled to the awards.

The cost of the equity-settled share-based transactions are measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity settled transactions is recognised in the statement of profit or loss, together with a corresponding increase in the share-based payment reserve in equity.

### **(s) Share capital**

All ordinary shares have no par value, equal voting rights and share equally in dividends and surplus on winding up. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

### **(t) Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### (u) Leases

The Company and Group recognises a right-of-use asset and a lease liability at the commencement date of a lease except for short-term operating 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 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.

Lease income from operating leases is recognised as income on a straight-line basis over the term of the lease.

#### (v) Comparatives

Certain immaterial adjustments have been made to prior year comparatives to align with the current year disclosure.

#### (w) Changes in accounting policies

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with the prior year.

### 3 Income

	Group 2025 \$000	Group 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
<b>Operating Income</b>				
Port operations	152,087	132,497	-	-
Other Income	12,542	20,007	-	-
Dividend income	805	252	14,555	7,457
	-	-		
<b>Total operating income</b>	<b>165,433</b>	<b>152,756</b>	<b>14,555</b>	<b>7,457</b>
<b>Other Income</b>				
Cyclone Gabrielle Insurance income	9,506	10,994	-	-
Net profit on sale of property, plant and equipment	-	54	-	-
Fair value gain on investment property	-	5,908	-	-
Grants and Subsidies	10	3,051	-	-
Rental Revenue	223	-	-	-
Other income	2,803	-	-	-
<b>Total other income</b>	<b>12,542</b>	<b>20,007</b>	<b>-</b>	<b>-</b>

Rental income on investment properties within property operations was \$26,850 (2024: \$26,850) during the year.

#### 4 Other expenses

	Group 2025 \$000	Group 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
<b>Items included within other operating expenses:</b>				
Auditors' fees paid to Ernst & Young for audit of financial statements	56	53	56	53
Auditors' fees paid to Ernst & Young for audit of subsidiary's financial statements	392	343	50	121
Services other than audit or financial review performed by Ernst & Young	3	2		
Directors' fees	953	844	115	115
Credit loss allowance		-		
Asset retirement expenses	16	5	-	-
Net (profit)/loss on sale of property, plant and equipment	495	(54)	-	-
Cyclone Gabrielle costs incurred	216	567		

\*The Company contributed \$50,144 (2024: \$120,867) towards the audit of NPHL's special purpose financial statements.

Ernst & Young perform non-audit procedures for NPHL. Non-audit fees are an Agreed Upon Procedures engagement for vote scrutineering at the AGM in December each year. Actual fees for the FY24 were \$2,962 and budgeted fees for the FY25 remain consistent with FY24.

#### 5 Finance income and expenses

	Group 2025 \$000	Group 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
Interest expense on borrowings	5,635	6,521	0	0
Lease imputed interest	4	9		
Less: interest expense capitalised to PPE	(222)	(118)		
<b>Total finance expenses</b>	<b>5,417</b>	<b>6,412</b>	<b>0</b>	<b>0</b>
Interest income	529	745	528	744
<b>Total finance income</b>	<b>529</b>	<b>745</b>	<b>528</b>	<b>744</b>
<b>Net finance income</b>	<b>(4,888)</b>	<b>(5,668)</b>	<b>528</b>	<b>744</b>

## 6 Taxation

	Group 2025 \$000	Group 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
<b>(a) Income tax expense</b>				
Net profit before taxation	46,057	40,275	16,651	7,381
Income tax on the surplus for the year @ 28%	12,896	11,277	4,662	2,067
Adjustment to prior year taxation	(2,279)	54	(1)	-
Tax effect of income not recognised for accounting	592	1,055	2,089	1,055
Recognise tax benefit of imputation credits on dividends received	(22)	(46)	(5,370)	(2,848)
Tax effect of non-assessable items	568	(72)	(793)	(36)
Taxation effect of non deductible items	126	155	9	46
Tax effect of loss offsets	-	-	-	-
Foreign tax credits	-	-	-	-
Reinstatement of tax depreciation on buildings	-	2,157	-	-
Other	8	-	-	-
<b>Income tax expense / (benefit)</b>	<b>11,890</b>	<b>14,580</b>	<b>597</b>	<b>284</b>
The taxation charge is represented by:				
Current taxation	10,640	12,820	597	274
Deferred taxation	1,249	1,761	-	11
<b>Income tax reported in the statements of profit of loss</b>	<b>11,890</b>	<b>14,581</b>	<b>597</b>	<b>284</b>
<b>Deferred tax (liability) / asset</b>				
Opening balance	(25,733)	(22,146)	(165)	0
Adjustment to prior year provision	11	5	-	-
Deferred deduction on PIE loss through tax expense	(1,259)	(1,775)	-	(0)
Amounts charged or credited direct to equity	1,794	(1,818)	66	(165)
<b>Closing balance</b>	<b>(25,187)</b>	<b>(25,733)</b>	<b>(99)</b>	<b>(165)</b>
Deferred taxation is represented by:				
Accelerated tax depreciation	(15,290)	(14,619)	-	-
Fair value losses on derivatives	-	-	-	-
Revaluation of sea defences	(11,878)	(11,862)	-	-
Other	1,981	748	(99)	(165)
	<b>(25,187)</b>	<b>(25,733)</b>	<b>(99)</b>	<b>(165)</b>
<b>Current tax asset / (liability)</b>				
Current tax asset is represented by:				
Tax payable	(4,704)	(9,231)	(346)	(214)
Tax credits utilised to offset current tax	-	-	-	-
Tax receivable	-	-	-	-
<b>Current tax asset / (liability) reported in the statements of financial position</b>	<b>(4,704)</b>	<b>(9,231)</b>	<b>(346)</b>	<b>(214)</b>
<b>Imputation credit account</b>				
Imputation credits available for use in subsequent periods	31,699	23,429	13,759	8,028

**7 Leases**  
**As a lessee**

	<b>Group 2025 \$000</b>	<b>Group 2024 \$000</b>	<b>Parent 2025 \$000</b>	<b>Parent 2024 \$000</b>
<b>Rights-of-use assets included in plant and equipment</b>				
Balance at 1 July	43	229	-	-
Additions	303	-	-	-
	(97)	-	-	-
Depreciation	(131)	(186)	-	-
Balance at 30 June	<b>118</b>	<b>43</b>	-	-
<b>Lease Liabilities</b>				
Balance at 1 July	40	249	-	-
Additions	288	-	-	-
Interest expense	4	9	-	-
Lease payments - cash	(233)	(217)	-	-
Balance at 30 June	<b>100</b>	<b>40</b>	-	-
<b>Lease liabilities</b>				
Current	100	40	-	-
Non-current	-	-	-	-
	<b>100</b>	<b>40</b>	-	-

The Group leases plant and equipment for port operations typically for fixed periods of 5 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

**As lessor**

The Group leases land and buildings to port users for terms of 1-105 years. The Group manages the risk associated with leased land and buildings by having formal contracts which include obligations on tenants to observe relevant laws, regulations, port operating requirements, and the right to conduct contaminant testing and require reinstatement to agreed standards.

At balance date the following operating lease payments were receivable by the Group:

	<b>Group 2025 \$000</b>	<b>Group 2024 \$000</b>	<b>Parent 2025 \$000</b>	<b>Parent 2024 \$000</b>
Receivable within one year	2,164	2,177		
Between one and two years	1,713	1,853		
Between two and five years	4,143	4,097		
Over five years	6,651	7,941		
	<b>14,671</b>	<b>16,068</b>		

## 8 Dividends

	<b>Group 2025 \$000</b>	<b>Group 2024 \$000</b>	<b>Parent 2025 \$000</b>	<b>Parent 2024 \$000</b>
Interim dividend paid	13,030	5,932	7,630	3,905
Final dividend paid	8,645	7,134	2,795	3,300
Special Dividend	16,663	-	16,663	
<b>Dividends paid</b>	<b>38,338</b>	<b>13,066</b>	<b>27,088</b>	<b>7,205</b>

## 9 Share Capital

	<b>Group 2025 \$000</b>	<b>Group 2024 \$000</b>	<b>Parent 2025 \$000</b>	<b>Parent 2024 \$000</b>
Ordinary shares issued	177,500	177,500	177,500	177,500

All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

## 10 Reserves and retained earnings

	Group 2025 \$000	Group 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
<b>(a) Reserves</b>				
Revaluation reserve	73,045	69,845	77,248	(5,518)
Cash flow hedge reserve	246	1,679	-	-
Share-based payments and reserve	329	554	-	-
Other reserves	116,055	116,267	-	-
	<b>189,675</b>	<b>188,345</b>	<b>77,248</b>	<b>(5,518)</b>
<b>Movements:</b>				
<b>(i) Revaluation reserve</b>				
Opening Balance	69,845	58,231	(5,518)	(6,404)
Attributable to non-controlling interest	(1,339)	(6,974)	-	-
Revaluation net of deferred tax	4,540	18,588	82,767	886
<b>Balance at 30 June</b>	<b>73,045</b>	<b>69,845</b>	<b>77,248</b>	<b>(5,518)</b>

The revaluation reserve for the Parent relates to the revaluation of the shares in Napier Port Holdings Limited and shares held through fund managers.

The revaluation reserve for the Group includes the revaluation of the port sea defences.

### **(ii) Hedging reserve**

Opening balance	1,679	2,432	-	-
Attributable to non-controlling interest	1,173	616	-	-
Changes in fair value net of deferred tax	(2,606)	(1,369)	-	-
<b>Closing balance</b>	<b>246</b>	<b>1,679</b>	<b>-</b>	<b>-</b>

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

### **(iii) Share-based payments reserve**

Opening balance	554	388	-	-
Attributable to non-controlling interest	(20)	67	-	-
Share-based payments	(205)	99	-	-
<b>Closing balance</b>	<b>329</b>	<b>554</b>	<b>-</b>	<b>-</b>

### **(iv) Other reserves**

Balance at 1 July	116,267	116,189	-	-
Attributable to non-controlling interest	-	24	-	-
Changes in value	(212)	54	-	-
<b>Balance at 30 June</b>	<b>116,055</b>	<b>116,267</b>	<b>-</b>	<b>-</b>

Other reserves reflect the difference between the fair value of the proportion of share capital in Port of Napier Limited attributed to the Company following the issue of shares to non-controlling interests, and the proportion of share capital originally recognised by the Company before the entity listed in August 2019.

**(b) (Accumulated losses) / retained earnings**

	<b>Group 2025 \$'000</b>	<b>Group 2024 \$'000</b>	<b>Parent 2025 \$'000</b>	<b>Parent 2024 \$'000</b>
Opening balance	(58,618)	(65,091)	173,245	173,353
Net profit for the year	17,676	13,678	16,054	7,097
Dividends	(27,088)	(7,205)	(27,088)	(7,205)
<b>Closing balance</b>	<b>(68,030)</b>	<b>(58,618)</b>	<b>162,210</b>	<b>173,245</b>

**11 Trade and other receivables**

	<b>Group 2025 \$'000</b>	<b>Group 2024 \$'000</b>	<b>Parent 2025 \$'000</b>	<b>Parent 2024 \$'000</b>
Trade receivables	16,155	12,433	-	-
Receivables from related parties	-	-	-	-
Accruals and prepayments	9,120	1,740	52	59
Cyclone Gabrielle insurance receivable	-	1,494	-	-
GST Receivable	31	178	9	28
<b>Total trade and other receivables</b>	<b>25,306</b>	<b>15,844</b>	<b>61</b>	<b>88</b>

	<b>Group 2025 \$'000</b>	<b>Group 2024 \$'000</b>	<b>Parent 2025 \$'000</b>	<b>Parent 2024 \$'000</b>
The ageing of trade receivables at reporting date is set out below:				
Not past due	14,482	11,671	-	-
Past due 0 - 30 days	1,380	602	-	-
Past due 30 - 60 days	229	67	-	-
Past due > 60 days	64	80	-	-
	<b>16,155</b>	<b>12,420</b>	-	-

The carrying value of trade and other receivables includes an expected credit loss allowance of \$191,000 in respect of trade receivable balance at 30 June 2025 (2024:\$191,000). 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 their shared credit risk characteristics and global credit rating historical industry information applied to estimate future default and loss percentage rates. There have been no specific trade receivable balances written-off during the period.

**12 Trade and other payables**

	<b>Group 2025 \$'000</b>	<b>Group 2024 \$'000</b>	<b>Parent 2025 \$'000</b>	<b>Parent 2024 \$'000</b>
<b>Trade and other payables</b>				
Trade payables	13,548	6,807	17	24
Trade accruals	4,691	4,270	130	154
	<b>18,239</b>	<b>11,077</b>	<b>147</b>	<b>179</b>

The trade payables carrying value is equivalent to the current fair value.

Employee entitlement accruals also include staff performance incentive payments due.

### 13 Provisions for employee entitlements

	Group 2025 \$000	Group 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
<b>Current</b>				
Provisions for employee entitlements	4,461	3,952	-	-
<b>Non-current</b>				
Provisions for employee entitlements	3,385	2,469	-	-
<b>Provisions for non-current employee entitlement</b>				
Balance at beginning of year	6,421	5,677	-	-
Additional provision made (utilised)	1,425	744	-	-
<b>Balance at end of year</b>	<b>7,846</b>	<b>6,421</b>	-	-

### 14 Intangible assets

	Group 2025 \$000	Group 2024 \$000	Parent 2025 \$000	Parent 2024 \$000
<b>Opening book value at 1 July</b>				
Computer software at cost	7,407	7,145	-	-
Accumulated amortisation	(6,746)	(6,311)	-	-
Net book amount	662	834	-	-
<b>Current year movement</b>				
Opening net book amount	662	834	-	-
Additions	368	261	-	-
Transfer / disposals / impairment	-	-	-	-
Current year amortisation	(324)	(435)	-	-
Amortisation transfer / disposals / impairments	-	-	-	-
Closing net book amount	706	661	-	-
<b>Closing book value at 30 June</b>				
Computer software costs at cost	7,775	7,407	-	-
Accumulated amortisation	(7,070)	(6,746)	-	-
Net book amount	706	661	-	-

## Note 15: Property, plant and equipment

Group	Port Land \$'000	Sea defences \$'000	Site improvements \$'000	Wharves and jetties \$'000	Buildings \$'000	Plant and equipment \$'000	Dredging \$'000	Work in progress \$'000	Total \$'000
<b>At 1 July 2023</b>									
Cost	38,655	140,663	96,092	137,193	32,066	141,137	62,071	5,784	653,661
Accumulated depreciation	-	(566)	(32,164)	(13,784)	(12,756)	(68,325)	(4,717)	-	(132,312)
Net book amount	38,655	140,097	63,928	123,409	19,310	72,812	57,354	5,784	521,349
<b>At 30 June 2024</b>									
Cost	38,655	157,414	100,649	139,476	32,597	145,784	62,071	3,976	680,622
Accumulated depreciation	-	(131)	(35,175)	(16,138)	(13,757)	(76,759)	(5,443)	-	(147,403)
Net book amount	38,655	157,283	65,474	123,337	18,841	69,025	56,628	3,976	533,219
<b>Year ended 30 June 2025</b>									
Opening net book amount	38,655	157,283	65,474	123,337	18,841	69,025	56,628	3,976	533,219
Additions / transfers	-	2,549	3,384	1,098	704	7,799	2,550	7,165	25,249
Disposals / transfers	-	-	-	-	-	(3,204)	-	-	(3,204)
Revaluations	-	2,151	-	-	-	-	-	-	2,151
Impairment	-	-	-	-	-	(83)	-	(140)	(223)
Depreciation charge	-	(558)	(3,269)	(2,496)	(984)	(9,331)	(1,048)	-	(17,686)
Depreciation / impairment - disposals / transfers	-	-	-	-	-	2,664	-	-	2,664
Closing net book amount	38,655	161,425	65,589	121,939	18,561	66,870	58,130	11,001	542,168
<b>At 30 June 2025</b>									
Cost	38,655	162,114	104,033	140,573	33,301	150,297	62,090	11,001	702,065
Accumulated depreciation	-	(689)	(38,444)	(18,635)	(14,741)	(83,428)	(3,959)	-	(159,896)
Net book amount	38,655	161,425	65,589	121,939	18,561	66,869	58,131	11,001	542,169

Plant and equipment includes right-of-use assets relating to leased plant and equipment.

Sea defence assets were revalued to fair value as at 31 March 2024 by AECOM New Zealand Limited. The valuation has been prepared on an optimised depreciated replacement cost basis and in accordance with the NZ Infrastructure Asset Valuation and Depreciation Guidelines published by the NAMS group of IPWEA.

### Significant estimates - valuation of sea defences

The valuation of sea defences is subject to assumptions and judgements which materially affect the resulting value. Such factors include replacement quantities and unit values (including breakwater replacement costs of \$90,000 to \$131,000 per square metre and seawall replacement costs per square metre of \$16,000 for demolition, \$26,000 for rock, and \$66,000 for rock revetment). Other facts include the condition and performance of assets, estimated total and remaining effective lives of 70 to 161 years for breakwater and 5 to 80 years for sea walls and estimated residual values of 20% of replacement cost. Other inputs incorporated into the valuation process include an allowance for project on-costs of 5-6%. An increase in the remaining useful life, the residual value assumption, or in replacement quantities and unit values for sea defence assets will result in an increase in the valuation and vice versa.

The historical cost of the sea defence asset class is \$35.8 million (2023: \$35.8 million).

The fair value measurement has been categorised as a Level 3 fair value based on inputs which are not based on observable market data.

## 16 Financial assets

	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
<b>Financial assets at 30 June</b>				
Equity investments	-	-	357,936	276,003
Investments in managed funds	51,761	48,854	51,761	48,854
Loan receivables	-	16,663	-	16,663
Held-to-maturity investments	-	-	-	-
Marketable Securities at FVOCI	1,845	-	-	-
<b>Total</b>	<b>53,606</b>	<b>65,517</b>	<b>409,698</b>	<b>341,520</b>
<b>Financial assets for the year ended 30 June</b>				
At beginning of year	65,517	62,301	341,520	339,002
Additions	51,607	2,330	50,296	1,767
Revaluation surpluses / (deficits)	1,465	886	82,865	886
Disposals	(64,984)	-	(64,984)	(135)
<b>At end of year</b>	<b>53,606</b>	<b>65,517</b>	<b>409,698</b>	<b>341,520</b>
<b>Financial assets include:</b>				
Shares in Napier Port Holdings Limited	-	-	354,200	272,800
Partnership equity in Foodeast Limited Partnership	-	-	3,736	3,203
Investment in managed funds	51,761	48,854	51,761	48,854
Loan receivable from Hawke's Bay Regional Council	-	16,663	-	16,663
Term deposit	-	-	-	-
Marketable Securities at FVOCI	1,845	-	-	-
<b>Total</b>	<b>53,606</b>	<b>65,517</b>	<b>409,698</b>	<b>341,520</b>

### (a) Commitments

At year end the Company had committed \$0.267m (2024: \$0.8 million) towards equity investments to Foodeast.

### (b) Impairment

There were no impairment provisions on investments in the current period. (2024: nil)

### (c) Shares in Napier Port Holdings Limited

The Company acquired 100% of the shares in Port of Napier Limited from Hawke's Bay Regional Council effective from 25 June 2012 for total consideration of \$177.5 million, paid for by way of a subscription to 177,500,000 ordinary shares

In August 2019, 45% of the Company's shareholding in Napier Port was listed on the NZX resulting in the Company owning 55% of the Napier Port through its shareholding in Napier Port Holdings Limited. The investment in Napier Port Holdings Limited is measured at fair value based on NZX prices.

### (d) Categories

#### Financial assets designated at fair value through OCI (FVOCI)

- Equity investment in Napier Port Holdings Limited
- Equity investments held through fund managers Harbour (2024: Mercer and Jarden)

#### Financial assets at amortised cost

- Cash term deposits
- Trade receivables
- Related party costs

#### Financial assets at fair value through profit or loss

- Term deposits

## 17 Investments in subsidiaries

The Group's principal subsidiaries at 30 June 2025 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

For accounting purposes, the Parents investment in Napier Port Holdings Limited is valued at fair value, and its investment in Foodeast is at cost.

Name & Nature of Business	Country of incorporation and place of business	Proportion of shares held by the Group	Proportion of shares held by the Group
		2025	2024
		%	%
Napier Port Holdings Limited - Holding Company	New Zealand	55	55
Port of Napier Limited - Port Operator	New Zealand	55	55
Foodeast GP Limited - Governance vehicle for Foodeast Limited Partnership	New Zealand	67	67

## 18 Interests in joint venture

The Group has the following investment in joint ventures:

Name of entity	Place of business / incorporation	% of ownership interest	% of ownership interest	Measurement method
		2025	2024	
Longburn Intermodal Freight Hub Ltd	New Zealand	50%	50%	Equity

On 6 March 2023, the Group acquired an additional 17% of the shares in Longburn Intermodal Freight Hub Ltd from Ports of Auckland Limited for \$250,000.

The Parent has no interest in joint ventures. (2024: nil)

## 19 Investment properties

	Group 2025 \$'000 \$000	Group 2024 \$'000 \$000	Parent 2025 \$'000 \$000	Parent 2024 \$'000 \$000
<b>Investment properties</b>				
Land and buildings	25,740	29,896	-	-
Total investment properties	25,740	29,896	-	-
Balance at beginning of year	29,896	22,752	-	-
Net gain from fair value adjustments	(4,245)	5,908	-	-
Acquisitions	88	1,236	-	-
Capitalised subsequent expenditure	-	0	-	-
<b>Balance at end of year</b>	<b>25,740</b>	<b>29,896</b>	<b>-</b>	<b>-</b>

### ***Napier Port Holding Limited***

Investment properties were externally valued at 31 March 2023 by a registered valuer with relevant experience of the property type and location.

The fair value has been determined by the valuer using a market approach based on comparable property sales within the area. The fair value measurement has been categorised as a Level 2 fair value based on inputs which are observable but not quoted prices.

### ***Foodeast Limited Partnership***

The property was valued as at 30 June 2025 by Susie Penrose and Stacey Rorrison, registered valuers of Telfer Young.

The method used to estimate the fair value of the property is the Income approach. This approach considered the conversions of net income to value via the application of a capitalisation rate or yield. The yield varies according to a number of factors including: risk, type & scale of investment, location, residual lease term and expected income and capital growth. Consequently, the valuation adopted \$339 per square metre to estimate the fair value of the land.

## 20 Loans and borrowings

### Napier Port Holdings Limited (NPHL)

	Committed Facilities	Undrawn Facilities	Drawn Facilities/ Bonds Issued	Capitalised Loan Costs	Fair Value Adjustments	Carrying Value
2025	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>						
Bank facilities (coupon: floating)	80,000	73,000	7,000	-	-	7,000
Fixed rate NZD Bonds	100,000	-	100,000	(563)	2,000	101,436
<b>Total non-current</b>	<b>180,000</b>	<b>73,000</b>	<b>107,000</b>	<b>(563)</b>	<b>2,000</b>	<b>108,436</b>
<b>2024</b>						
<b>Non-current</b>						
Bank facilities (coupon: floating)	80,000	72,000	8,000	-	-	8,000
Fixed rate NZD Bonds	100,000	-	100,000	(768)	(1,495)	97,737
<b>Total non-current</b>	<b>180,000</b>	<b>72,000</b>	<b>108,000</b>	<b>(768)</b>	<b>(1,495)</b>	<b>105,737</b>

The Group has two facilities with Westpac New Zealand Limited and Industrial and Commercial Bank of China (New Zealand) Limited (ICBC New Zealand) which provide total available facilities of \$80 million, to fund general corporate purposes. Of the total facilities, \$25 million matures September 2025 and \$55 million matures September 2026.

On 23 September 2022, the Group issued \$100 million of unsecured, unsubordinated, 5.52% fixed rate bonds maturing 23 March 2028.

The facility agreements require that certain covenants are met and will require the Group to maintain or better specified debt coverage, interest coverage, equity and group coverage ratios.

Security for the facilities with the banks is by way of negative pledge over the assets of the Group in respect of both the sale of assets and other security interests.

### Hawke's Bay Regional Investment Company Limited (the Company)

The Company has no borrowings as at 30 June 2025 (2024: none).

## 21 Cash and equivalents

	Group 2025 \$'000 \$000	Group 2024 \$'000 \$000	Parent 2025 \$'000 \$000	Parent 2024 \$'000 \$000
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	11,116	9,441	7,792	4,003

## 22 Reconciliation of surplus after taxation to net cash flows from operating activities

	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
Surplus after taxation	34,167	25,694	16,054	6,922
<b>Add non-cash items:</b>				
Fair value gains	(0)	(5,908)	-	-
Depreciation and amortisation	17,962	16,272	-	-
Impairment of assets	-	631	-	-
Loss / (gain) on sale of assets	718	(54)	-	-
Share based payments	254	181	-	-
Other non cash items	(1)	(160)	-	-
Deferred tax	1,248	1,750	-	-
<b>Total non-cash items</b>	<b>20,180</b>	<b>12,712</b>	<b>-</b>	<b>-</b>
<b>(Deduct) / add other adjustments:</b>				
Finance costs classified as financing activities	5,426	6,412	-	-
Investment income classified as investing activities	2,119	26	(1,982)	-
Increase in non-current provisions	24	-	-	-
<b>Total other adjustments</b>	<b>7,569</b>	<b>6,438</b>	<b>(1,982)</b>	<b>-</b>
<b>Movements in working capital:</b>				
Increase / (decrease) in accounts payable	8,068	2,956	-	51
(Increase) / decrease in receivables	(11,161)	(429)	-	-
(Increase) / decrease in Cyclone Gabrielle receivables	1,494	-	-	-
(Increase) / decrease in tax receivables	(4,941)	6,602	-	-
<b>Total movements in working capital</b>	<b>(6,541)</b>	<b>9,129</b>	<b>-</b>	<b>51</b>
<b>Net cash inflow from operating activities</b>	<b>55,374</b>	<b>53,973</b>	<b>14,072</b>	<b>6,973</b>

## 23 Related party disclosures

The Company is 100% owned by Hawke's Bay Regional Council (HBRC). Other related parties include Port of Napier Limited, Napier Port Holdings Limited, and Foodeast GP Limited which are all subsidiaries of the Company.

The Company and Group undertakes transactions with HBRC and its related parties, all of which are carried out on a commercial basis. During the period, no material transactions were entered into with related parties except as disclosed below.

### (a) Transactions with related parties

#### Transactions between the Group and HBRC

The Group entered into the following transactions with HBRC:	2025 \$'000	2024 \$'000
Sales of goods and services	150	80
Interest payments received	333	333
Purchases of goods and services	202	6,005
Payment of dividends	27,088	7,205
Loan repayment received	16,033	-

The Group entered into the following subvention payments with HBRC, noting that subvention payments were made for the tax effect of the losses transferred.

	2025 \$'000	2024 \$'000
Subvention payments	-	-

The Group have the following year end balances arising from sales / purchases of goods and services with HBRC:

	2025 \$'000	2024 \$'000
Intrabusiness receivables	-	491
Intrabusiness payables	3	491

Balance at year end for loan provided by the Company to HBRC:

	2025 \$'000	2024 \$'000
Loan to HBRC	-	16,663

#### Transactions between the Parent and subsidiaries

The following transactions were entered into between the Parent and its subsidiary, Napier Port Holdings Limited:

	2025 \$'000	2024 \$'000
Dividends received	13,750	7,205

The Parent have the following year end balances arising from sales / purchases of goods and services with Napier Port Hol

	2025 \$'000	2024 \$'000
Accounts Payable	-	-

The amounts owing to related parties are paid in accordance with the Group's normal commercial terms of trade.

#### (b) Key management compensation

Compensation of the directors and executives, being the key management personnel for group reporting purposes is as

	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
<b>Board members</b>				
Remuneration	953	844	115	115
<b>Leadership team</b>				
Short term employee benefits	3,927	4,216		
Share based payments	254	181		
<b>Total key management personnel remuneration</b>	<b>4,181</b>	<b>4,397</b>	-	-

## 24 Commitments

#### (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
Property, plant and equipment	10,200	2,900	-	-
<b>Total capital commitments</b>	<b>10,200</b>	<b>2,900</b>	-	-

## 25 Contingencies

### Contingent liabilities:

Under the terms of The Funding Agreement with MBIE, the HB Food Innovation Hub ('The Hub') may only be used to facilitate innovation and collaboration in the Hawke's Bay food, beverage, agritech, horticulture and related activities. If The Hub ceases to be used for these purposes then the grant received from MBIE must be repaid.

Starting one year after The Hub opened in December 2024, this liability abates at \$2 million per year until it is fully abated after 6 years. At balance date \$12 million of the \$12 million grant had been requested and received. (2024 \$11.95M)

There are no plans to cease using the The Hub for the required activities so the possibility of repaying the grant is low. As at 30 June 2025 the Parent and Group had no other contingent liabilities (2024: none).

### Financial guarantees

The Group has financial performance guarantees in place, the maximum callable under the guarantees at 30 June 2025 is \$0.11 million (2024: \$0.11M).

## 26 Financial risk management

### (a) Credit risk

In the normal course of its business the Company and Group incurs credit risk from accounts receivable, related party loans, bank balances and interest rate swap agreements. There is no significant concentration of credit risk and the Company and Group has a policy of assessing the credit risk of significant new customers and monitors the credit quality of existing customers. Counterparties to cash and derivative financial assets are major banks, approved by the directors. There was a related party loan is to a regional council which has now been repaid.

The Company and Group has trade receivables as financial assets that are subject to the expected credit loss model under NZ IFRS 9. For trade receivables the Company and Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Company and Group had previously a loan receivable from Hawke's Bay Regional Council (HBRC) which is subject to the expected credit loss model under NZ IFRS 9. This loan was repaid within the 2025 year. The Company and Group had applied the 12 month expected credit loss allowance approach to measure the expected credit losses for this loan. As at 30 June 2025 the net carrying value of the loan amounted to Nil. (2024 \$16.6 million) and there was no collateral held as security. Due to the strong statement of financial position of HBRC and the nature of the relationship between the group and HBRC, the Company and Group has not recognised any credit losses against this loan as at 30 June 2025 (2024: none).

### (b) Liquidity risk

Liquidity risk is the risk that the Company and Group will not be able to meet its financial obligations as and when they fall due. The Company and Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Company and Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored.

The following table sets out the contractual cash flows for all financial liabilities and derivatives:

### Contractual Maturity Analysis

Group	Carrying amount \$'000	Cash flows to maturity \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	More than 5 years \$'000
<b>2025</b>						
Trade and other payables	13,368	13,368	13,368	-	-	-
Lease liabilities	100	100	100	-	-	-
Interest rate swaps - fair value hedges	(2,000)	(2,088)	(885)	(814)	(389)	-
Interest rate swaps - cash flow hedges	(493)	(1,753)	(1,149)	(756)	153	-
Loans and bank borrowings	108,436	123,126	6,277	12,709	104,140	-
Forward exchange contracts	(38)	4,414	4,414	-	-	-
Collar options	5	1,579	1,579	-	-	-
	<b>119,377</b>	<b>138,746</b>	<b>23,703</b>	<b>11,140</b>	<b>103,904</b>	-

<b>2024</b>						
Trade and other payables	6,313	6,313	6,313	-	-	-
Lease liabilities	40	40	40	-	-	-
Interest rate swaps - fair value hedges	1,495	1,552	1,220	390	(58)	-
Interest rate swaps - cash flow hedges	(4,241)	(4,506)	(2,286)	(1,597)	(623)	-
Loans and bank borrowings	105,737	130,909	6,501	6,501	117,905	-
	<b>109,343</b>	<b>134,307</b>	<b>11,788</b>	<b>5,295</b>	<b>117,223</b>	-

	Carrying amount \$'000	Cash flows to maturity \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	More than 5 years \$'000
<b>Parent</b>						

<b>2025</b>						
Trade and other payables	17	17	17	-	-	-
Bank borrowings	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Forwards exchange contracts	-	-	-	-	-	-
	<b>17</b>	<b>17</b>	<b>17</b>	-	-	-

<b>2024</b>						
Trade and other payables	24	24	24	-	-	-
Bank borrowings	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Forwards exchange contracts	-	-	-	-	-	-
	<b>24</b>	<b>24</b>	<b>24</b>	-	-	-

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and fuel prices, will affect the Company and Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

### (d) Interest rate risk

The Company and Group utilises interest rate caps and swaps to manage interest rate exposures for future periods. The Company and Group's main interest rate risk arises from loans and borrowings with variable rates, which expose the Company and Group to cash flow interest rate risk. Generally, the Company and Group enters into long-term borrowings at floating rates and swaps them into fixed rates. The Company and Group's treasury policy defines the use of approved hedging instruments to manage interest rate exposures within minimum and maximum bands of fixed interest rate cover.

The notional principal amounts (including forward starting swaps) and the expiry period of interest rate swaps at the end of the reporting period were:

	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
<b>Interest rate swaps - cash flow hedges (pay fixed)</b>				
Less than 1 year	-	-	-	-
2 - 5 years	130,000	80,000	-	-
Greater than 5 years	-	-	-	-
	130,000	80,000	-	-

The effects of the interest rate swaps on the Company and Group's financial position and performance are as follows:

Carrying amount (liability)	(493)	(4,241)
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	(493)	(4,241)
Change in fair value of hedged item used to determine hedge	493	4,241
Weighted average hedge (index) rate	2.98%	2.49%

**Interest rate swaps - cash flow hedges (received fixed)**

2 - 5 years	95,000	95,000
	<b>95,000</b>	<b>95,000</b>

	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
Carrying amount (asset)	(2,000)	1,495	-	-
Hedge ratio	1:1	1:1	-	-
Change in fair value of outstanding hedging instruments	(2,000)	1,495	-	-
Change in fair value of hedged item used to determine hedge	2,000	(1,495)	-	-
Weighted average hedge (index) rate	4.07%	4.07%	-	-

The effects of the interest rate swaps on the Company and Group's financial position and performance are as follows:

**Interest rate sensitivity analysis**

At reporting date, if bank interest rates had been 100 basis points higher / lower with all other variables held constant, it would increase / (decrease) post tax profit of loss and other comprehensive income by the amounts shown below.

	Profit or loss		Other	
	100bp increase \$'000	100bp decrease \$'000	100bp increase \$'000	100bp decrease \$'000
<b>2025</b>				
Variable rate loans	(70)	70	-	-
Interest rate swaps - fair value hedges	(2,177)	2,279	-	-
Interest rate swaps - cash flow hedges	-	-	2,254	(2,365)
	<b>(2,247)</b>	<b>2,349</b>	<b>2,254</b>	<b>(2,365)</b>
<b>2024</b>				
Variable rate loans	(80)	80	-	-
Interest rate swaps - cash flow hedges	(2,833)	2,970	-	-
Interest rate swaps - cash flow hedges	-	-	1,869	(1,933)
	<b>(2,913)</b>	<b>3,050</b>	<b>1,869</b>	<b>(1,933)</b>

**(e) Foreign exchange rate risk**

The Company and Group undertakes transactions denominated in foreign currencies from time to time which exposes the Company and Group to changes in foreign exchange rates until such transactions are settled. It is the Company and Group's policy to hedge highly probable foreign currency risks above a certain value threshold as they arise and use forward foreign exchange contracts or foreign currency cash purchases to manage these exposures.

The Group's exposures to financial instrument foreign currency risk at the end of the reporting period were:

	<b>NZD Amount \$000</b>	<b>Currency Amount \$000</b>
<b>2025</b>		
EUR cash balances	387	200
EUR forward foreign exchange contracts	2,271	1,200
USD forward foreign exchange contracts	2,143	1,300
USD foreign exchange collar option	1,478 - 1,579	900

*The effects of foreign exchange contracts on the Group's financial position and performance are as follows:*

	<b>2025 \$000</b>	<b>2024 \$000</b>
<b>Foreign exchange contracts</b>		
Carrying amount asset	58	-
Notional amount - EUR	1,200	-
Maturity date	September - December 2025	-
Hedge ratio	1:1	-
Change in value of hedged item used to determine hedge effectiveness	(58)	-
Hedged rate (including forward points)	EUR 0.51 - 0.54:NZD 1	-
Carrying amount (liability)	(20)	-
Notional amount - USD	1,300	-
Maturity date	November 2025	-
Hedge ratio	1:1	-
Change in value of hedged item used to determine hedge effectiveness	20	-
Hedged rate (including forward points)	USD 0.61:NZD 1	-
	<b>2025 \$000</b>	<b>2024 \$000</b>
<b>Foreign exchange collar options</b>		
Carrying amount (liability)	(5)	-
Notional amount - USD	900	-
Maturity date	July 2025	-
Strike rate - protection : participation	0.5700 : 0.6088	-
Hedge ratio	1:1	-
Change in value of hedged item used to determine hedge effectiveness	5	-

*Sensitivity:*

At the reporting date, a 10% strengthening or weakening of the New Zealand dollar against the relevant foreign currencies with all other variables held constant, would increase/(decrease) profit or loss and other comprehensive income by the amounts shown below.

	<b>Profit or Loss</b>		<b>Other Comprehensive Income</b>	
	<b>10% NZD Increase \$000</b>	<b>10% NZD Decrease \$000</b>	<b>10% NZD Increase \$000</b>	<b>10% NZD Decrease \$000</b>
<b>30 June 2025</b>	-	-	523	(239)
<b>30 June 2024</b>	-	-	-	-

### Security price risk

The Group holds investments in international listed equity index funds. These investments are aligned with the Group's long-term financial resilience and risk management goals. The invested securities are denominated in foreign currencies and subject to changes in fair value arising from the price of the underlying security and changes in foreign currency exchange rates.

	2025 \$000	2024 \$000
Carrying amount	1,845	-
Underlying currency of security and foreign exchange rate at	NZD:USD 0.61	-

#### *Sensitivity:*

At the reporting date, a 10% increase/decrease in the fair value of these securities with all other variables held constant, would result in a corresponding increase/(decrease) in other comprehensive income of \$185,000.

At the reporting date, a 10% strengthening or weakening of the New Zealand dollar against the relevant foreign currencies with all other variables held constant, would increase/(decrease) other comprehensive income by (\$168,000) and \$205,000, respectively.

### **(f) Commodity price risk**

There were no commodity swap contracts in place at the reporting date (2024: nil)

### **(g) Fair values**

#### **Financial assets**

	Group 2025 \$'000	Group 2024 \$'000	Parent 2025 \$'000	Parent 2024 \$'000
<b>Financial assets at fair value - level 1</b>				
Investments in managed funds	51,761	48,854	51,761	48,854
Investment in Napier Port Holdings Limited	-	-	354,200	272,800
	<b>51,761</b>	<b>48,854</b>	<b>405,961</b>	<b>321,654</b>
<b>Financial assets at fair value - level 2</b>				
Interest rate swaps - cash flow hedges	1,262	4,241	-	-
Interest rate swaps - fair value hedges	2,000	-	-	-
Forward foreign exchange contracts	62	-	-	-
Marketable securities	1,845	-	-	-
Cash and cash equivalents	387	-	-	-
	<b>5,556</b>	<b>4,241</b>	<b>-</b>	<b>-</b>
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	10,834	9,439	7,792	4,003
Trade receivables	16,155	12,611	-	-
Loan receivable	-	16,663	-	16,663
Term deposit	-	-	-	-
	<b>26,989</b>	<b>38,713</b>	<b>7,792</b>	<b>20,666</b>
<b>Total financial assets</b>	<b>84,306</b>	<b>91,808</b>	<b>413,753</b>	<b>342,320</b>

<b>Financial liabilities</b>				
<b>Financial liabilities at fair value (level 2) - cashflow hedges</b>				
Interest rate swaps - fair value hedges	-	1,495	-	-
Interest rate swaps - cash flow hedges	770	-	-	-
Forward foreign exchange contracts	24	-	-	-
Foreign collar option	5	-	-	-
	<b>798</b>	<b>1,495</b>	-	-
<b>Financial liabilities amortised costs</b>				
Trade payables	13,286	6,805	-	-
Fixed rate bond	102,000	(105,737)	-	-
Bank borrowings	7,000	-	-	-
Lease liabilities	100	-	-	-
	<b>122,386</b>	<b>(98,932)</b>	-	-
<b>Total financial liabilities</b>	<b>123,184</b>	<b>(97,437)</b>	-	-

The carrying value of all financial assets and liabilities approximates their fair value.

### Estimation of fair value of financial instruments

The fair value of financial instruments is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments recognised in the Group's statement of financial position at fair value sit within Level 2 except for marketable securities that sit within Level 1.

### Accounting policies: Derivative financial instruments

#### (i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments.

#### (ii) Measurement of derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each balance date. The fair value of derivative financial instruments are determined by reference to market values for similar instruments. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement.

For derivative financial instruments that are designated and qualify as cashflow hedges, the effective hedge portion of changes in fair value are recognised in other comprehensive income and the hedging reserve within equity. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecasted transaction occurs. The gain or loss relating to any ineffective portion of the hedge is recognised immediately in the income statement.

For derivative financial instruments that are designated and qualify as fair value hedges, changes in fair value are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to any ineffective portion is recognised in the income statement.

#### (iii) Hedging and hedge effectiveness

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

### Forward contracts/foreign currency cash balances

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, 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.

### Interest rate swaps

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. The Group does not hedge all of its borrowings, therefore the hedged item is identified as a proportion of the outstanding loans and borrowings up to the notional amount of the swaps. As all critical terms are matched, the economic relationship are normally considered to be 100% effective.

Hedge ineffectiveness for interest rate swaps may arise if there is a difference in the critical terms between the swaps and the hedged borrowings or as a result of fluctuations in interest rate swap Credit/ Debit or Funding Valuation Adjustments.

### Total LTI Plan

The Group maintains an equity-settled Executive Long-Term Incentive (LTI) plan. Under this LTI plan, share rights are issued to participating executives with a three year vesting period. The vesting of share rights entitle the executive to the receipt of one Napier Port Holdings Limited ordinary share per share right at nil cost, plus additional shares to the value of any dividends which would have been paid on the underlying shares during the vesting period. Vesting is subject to the executive remaining employed by the Group during the vesting period, the achievement of total shareholder return (TSR) hurdles over the vesting period.

### Number of LTI Share Rights Issued:

Grant Date	Vesting Date	Balance at 30 June 2024	Vested During the Year	Granted During the Year	Lapsed During the Year	Balance at 30 June 2025
30-Nov-21	30-Nov-24	131,170	-	-	(131,170)	-
30-Nov-22	30-Nov-25	153,644	-	-	-	153,644
28-Nov-23	28-Nov-26	218,658	-	-	-	218,658
3-Dec-24	3-Dec-27	-	-	249,150	-	249,150
<b>Total LTI Plan</b>		<b>503,472</b>	<b>-</b>	<b>249,150</b>	<b>(131,170)</b>	<b>621,452</b>

Share rights are valued as zero cost in-substance options at the date at which they are granted, using the Monte Carlo Option Pricing model to establish fair values. The valuation model and its key inputs are periodically reviewed. The following table lists the key inputs into the valuation, the relevant grant details, and the resulting valuation per share right

	2025	2024
<b>Monte Carlo option pricing model</b>		
Grant date	3-Dec-24	28-Nov-23
Vesting date	3-Dec-27	28-Nov-26
Grant date share price	\$2.50	\$ 2.41
Risk free interest rate	4.92%	4.92%
Expected dividends	\$ 0.26	\$ 0.26
Valuation per share right	\$ 1.35	\$ 1.30

The weighted average remaining contractual life of the options at 30 June 2025 is 1.57 years (2024: 1.59 years).

During the year ended 30 June 2025, an expense of \$256,172 (2024: \$181,173) has been recognised in respect of the LTI plan in the Consolidated Income Statement.

### 27 Events occurring after the reporting period

There were no events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.

### 28: Legislative compliance

Section 67 of the Local Government Act 2002 requires the Board of Directors to complete the Company's annual report within 3 months after the end of each financial year.

The report was completed on 30 September 2025.

## Hawke's Bay Regional Investment Company Limited

### Performance statement

As at 30 June 2025

HBRIC as a Council-Controlled Trading Organisation (CCTO) is required to report against the performance measures included in the Statement of Intent (Sol) prepared under the Local The Sol specifies the objectives, the nature of scope to activities to be undertake, the performance targets and other measures by which the performance of HBRIC may be judged in relation

The following relate to the 2025 Statement of Intent.

#### Performance - HBRIC Group Investment Portfolio

Objective	Performance Measure	2025 Performance	2024 Performance
1 HBRIC Ltd will maintain a majority holding in the Napier Port.	HBRIC Ltd will hold greater than 50.1% shareholding.	Satisfied. Current holding 55%	Satisfied. Current holding 55%
2 HBRIC Ltd will monitor and report on the performance of the Napier Port.	Two investor presentations by Napier Port representative to the HBRIC Board (or Council) annually.	Partially Satisfied. Port executives attended the HBRIC December Board meeting and July 2025 meeting.	Satisfied. Port executives attended the HBRIC November 2023 board meeting and the HBRC Corporate & Strategic Committee meeting in September 2023.
3 HBRIC Ltd's Managed Funds Investment Portfolio will comply with the Group SIPO	Managed fund portfolio's held by HBRIC Ltd will comply with the Group SIPO, or notify Council in advance of any material breeches.	Satisfied. All Investment Managers reported compliance of funds to the Group SIPO with the exception of during the transition period to new Investment Managers. Non-compliance during transition was reported to the HBRIC Board.	Satisfied. All Investment Managers reported compliance of funds to the Group SIPO.
4 Real Assets - Grow and develop a portfolio of real assets for long term commercial return.	Annual review of each Real Asset investment by the HBRIC Board of asset performance.	HBRIC reviewed all investment assets and presented it's findings to Corporate and Strategic Committee in May 2025.	HBRIC Ltd will invest in real assets providing long term commercial returns and where possible provide a regional benefit. During the year HBRIC Ltd increased it's investment in Foodeast.
5 Other Investment Assets - Assess, and when active, grow and develop a portfolio of other investment assets for long term commercial return.	Annual review of Other Investment Asset investment by the HBRIC Board of asset performance.	HBRIC reviewed all investment assets and presented it's findings to Corporate and Strategic Committee in May 2025.	HBRIC Ltd will invest in structures providing long term commercial returns and where possible provide a regional benefit. During the year HBRIC Ltd increased it's investment in Foodeast.

## Performance - HBRC Group Investment Portfolio

Objective	Performance Measure	2025 Performance	2024 Performance
6 HBRC Ltd ensures Council Managed Funds are in compliance with the Group SIPO.	Compliance with the Group SIPO, or notification to Council in advance of material breaches.	Satisfied. All Investment Managers reported compliance of funds to the Group SIPO except during the transition period to new Investment Managers. Non-compliance during transition was reported to HBRC's Risk and Audit Committee.	Satisfied. All Investment Managers reported compliance of funds to the Group SIPO.
7 Real Assets - monitor manage and diversify a portfolio of real assets for long term commercial return.	Annual review of each Real Asset class (Wellington and Napier leasehold property, and forestry) investments by the HBRIC Board.	HBRIC reviewed all investment assets and presented it's findings to Corporate and Strategic Committee in May 2025.	Partially Satisfied. HBRIC Ltd in conjunction with HBRC identified areas of concern in the Group's Property Portfolio's and requested further investigation.

## Governance - HBRC Group Investment Portfolio

Objective	Performance Measure	2025 Performance	2024 Performance
8 HBRC keeps Council informed on a "no surprise" basis through regular presentation to Council.	Quarterly presentation to Council by HBRIC.	Satisfied. The company submitted 4 quarterly written reports to Council in the financial year.	Satisfied. The Company submitted 4 quarterly written reports to Council in the financial year. Major matter of urgency are defined as issues which could have impact upon the performance of both HBRIC and the Council. There were no major matters of urgency in the year.
9 HBRC ensures it meets the distribution expectations withing the SOI.	Ensure distribution of cash proceeds from the Group Investment Portfolio are made available to Council in accord with the expectations of this SOI.	Satisfied. Cash Distributions from HBRC Group Investments met the level outlined in the SOE and additional letter.	Not applicable. There were no distribution expectations in the SOI.
10 HBRC will adhere to Health and Saftey standards for HBRIC.	Compliance with H &S legislation by for HBRIC Staff.	Not Satisfied. HBRIC engaged a Chief Executive in April and has yet to update it's H&S policy.	Not applicable. HBRIC had no staff during the year.

<p><b>11</b> HBRIC will ensure Group policies and procedures are current and appropriate.</p>	<p>All policies and procedures reviewed no less than biennially by the HBRIC Executive.</p>	<p>HBRIC Ltd has commenced a review of all policies. During the year the following policies were updated and approved:</p> <ul style="list-style-type: none"> <li>- Fraud &amp; Theft Policy</li> <li>- Privacy Policy</li> <li>- Procurement Policy</li> <li>- Sensitive Expenditure Policy</li> </ul>	<p>Not Satisfied. Due to the ongoing review of the Company's mandate from the Shareholder and the potentially significant structural changes required, it was agreed to suspend updating all policies and to re-look at what policies are appropriate moving forward. This item is to be addressed in the 2024/25 financial year.</p>
<p><b>12</b> HBRIC will promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.</p>	<p>Maintain a written set of principles for responsible investment which is reviewed no less than biennially.</p>	<p>HBRIC's principles for responsible investment are set out in Council's SIPO (Section 1.5 and Appendix 1) and the biennial review process for these policies was initiated in 2025 for approval in FY25/26." Napier Port's published Sustainability Strategy is aligned with the UN's Sustainable Development Goals – setting out a 10-year action plan and reporting framework</p>	<p>Satisfied. Napier Port continues on to focus on increase trade growth as the region recovers from Cyclone Gabrielle. Foodeast investment is centered around regional growth through collaboration and technology.</p>

## Ratio of Shareholder's Funds to Total Assets

Parent Company	Target	Performance	Target	Performance
	<b>24/25</b>	<b>24/25</b>	<b>23/24</b>	<b>23/24</b>
Shareholder's funds* / total assets	>95%	81%	>75%	100%
Net debt (m)	\$0m	\$0	Up to \$20m	Nil
Shareholders' funds* (\$000)	300,000	340	460,000	344,449

The estimated figures above reflect the 30 June positions of their respective years and take into account changes to asset values due to revaluations. HBRIC Ltd will keep council informed of performance against targets on a timely basis.

\* Shareholders funds are defined as the sum of paid-up capital, capital reserves and revenue reserves of the parent company. Total assets are defined as the total book value of all assets of the parent company as disclosed in the statement of financial position.

The following ratio's are also included in the Statement of Intent issued by the Hawke's Bay Regional Investment Company Ltd and relate to the performance of the Hawke's Bay Regional Council Group's investment assets. These are held in both Council and HBRIC and are reported in the Council's Annual Report under note 5.

Deliver shareholder cash expectations , including additional dividend	\$15,050,000	Achieved
Deliver shareholder growth expectations on the Group investment portfolio for the financial year	2.5% p.a.	Achieved
Creation of resilience fund		Agreed to be actioned FY26



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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE READERS OF HAWKE'S BAY REGIONAL INVESTMENT COMPANY LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2025**

The Auditor-General is the auditor of Hawke's Bay Regional Investment Company Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to carry out the audit of the consolidated financial statements and the performance information of the Group on his behalf.

#### **Opinion**

We have audited:

- The consolidated financial statements of the Group on pages 9 to 43, that comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information; and
- The performance information of the Group on pages 44 to 47.

In our opinion:

- The consolidated financial statements of the Group:
  - Present fairly, in all material respects:
    - its consolidated financial position as at 30 June 2025; and
    - its consolidated financial performance and cash flows for the year then ended; and
    - Comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- The performance information of the Group:
  - Accurately reports, in all material respects, the Group's actual performance compared against the performance targets and other measures by which the Group's performance can be judged in relation to the Group's objectives in its statement of intent for the year ended 30 June 2025; and
  - Has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).



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Our audit was completed on 30 September 2025. This is the date at which our opinion is expressed.

### **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 consolidated financial statements and the performance information of the Group* 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 consolidated financial statements and the performance information of the Group**

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group in accordance with the Act.

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

In preparing the consolidated financial statements and the performance information of the Group, 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 Local Government Act 2002.

### **Responsibilities of the auditor for the audit of the consolidated financial statements and the performance information of the Group**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the performance information of the Group, 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 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 consolidated financial statements and the performance information of the Group.



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For the budget information reported in the performance information of the Group, our procedures were limited to checking that the information agreed to the Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements and the performance information of the Group.

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 consolidated financial statements and the performance information of the Group, 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 for 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 consolidated financial statements and the performance information of the Group 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 consolidated financial statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information of the Group, including the disclosures, and assess whether the performance information of the Group achieves its statutory purpose of enabling the Group's readers to judge the actual performance of the Group against its objectives in the Group's statement of intent.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information and the service performance information of the entities within the Group as a basis for forming an opinion on the consolidated financial statements and the performance information of the Group. We are responsible for the direction, supervision and review of the



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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 in 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 consolidated financial statements and the performance information of the Group, and our auditor's report thereon.

Our opinion on the consolidated financial statements and the performance information of the Group 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 consolidated financial statements and the performance information of the Group, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements and the performance information of the Group 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) (PES 1)* issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit we perform agreed upon procedures for the Group relating to vote scrutineering. Other than these procedures, we have no relationship with, or interests in, the Group.

A handwritten signature in black ink, appearing to read 'D. Borrie', with a horizontal line extending to the right.

David Borrie  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Wellington, New Zealand