

Annual Report

New Zealand Post Group
For the year ended 30 June 2022

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Directors' Report 2021/22

NZ Post is pleased to report a profit for the year ended 30 June 2022 of \$102 million, a \$70 million increase over the prior year. This growth in profit has been driven by an increase in earnings from our share in Kiwi Group Holdings and continued growth in our parcel segment.

Revenue from our parcel segment continues to perform strongly. This is in line with the growth in online shopping which has returned to more normal levels following New Zealand's lockdowns of 2020 and 2021. The revenue growth reflects volume increases driven by lock down related volume surges and large peaks from holiday and event shopping days and proactive revenue management through a pricing strategy that supports a sustainable parcel business. We continued our strong control of overhead and support costs. However, the direct costs of processing and delivering the additional un-forecasted volume, which required more people, sites and transport, combined with the difficulty and inefficiency of operating in a COVID environment, resulted in reduced profit margins.

During the year, the investment in our network has continued at pace. The Christchurch Processing Centre officially opened in August 2022, and the new Wellington Super Depot is scheduled to be formally opened in October 2022. A new processing centre in Wiri, Auckland, is scheduled to commence operations in 2023. In addition to the investment in the physical network, we are investing heavily in digital enablement and data utilisation to improve our operations. This investment will enhance the physical and digital customer experiences through delivery efficiency and greater parcel tracking transparency while in transit.

In March 2022, we acquired Fliway Group Limited to broaden our product and service offering, extending into larger items and broadening our logistics and supply chain capability. Fliway provides transport, warehousing and international freight services. This acquisition directly responds to our customers' needs to have a wider range of products delivered, particularly oversize items. The Fliway purchase, along with the earlier 50% investment in Supply Chain Solutions (NZ) (2021) Limited, continues to support our strategy to enable e-commerce growth and be the best delivery business for New Zealand.

Letter volumes continue to decline as New Zealanders choose different communication methods. In the 2022 financial year there were 238 million letters delivered, a decrease of 36 million (or 13%) on the previous year, contributing to an overall \$45 million decline in revenue in the Mail segment. This year we drew down \$61 million of the contract for service funding from Government to offset losses from the mail service. We are continuing to progress work on a sustainable long-term solution for mail services, which will include pricing, cost and operating model changes.

Our people are integral to our success and this year has been particularly challenging for many, with the continuing social and economic impacts of COVID-19. To address some of these challenges, particularly the increasing cost of living and inflationary pressures, we have worked constructively with E tū and PWUA to achieve a significant pay increase for our frontline workers in the 2022 Collective Agreement. We are confident that this will make a difference to our workforce and also address the wider challenges around attraction and retention of talent.

As acknowledged in our Integrated Report, we all remain deeply affected by the tragic passing of Wellington based Delivery Agent Sam Kelman and our thoughts continue to be with his family. Sam was a much-loved team member based at the Porirua delivery branch and to have lost him in these circumstances has been very hard for the Wellington team, and the wider NZ Post whanau.

As recently reported, we have agreed to sell our 53% shareholding in Kiwi Group Holdings Limited (the parent company of Kiwibank) to the Crown. We anticipate that this transaction will be completed in the first half of the 2023 financial year.

The Board is pleased with NZ Post's financial and operational performance particularly given the continued backdrop of COVID. As we head into the 2023 financial year, we are excited about the new sites and the opportunities this creates for NZ Post and our customers. However, we are conscious of the local and global economic uncertainties and how these might impact our customers and our business. We are proud to continue to rise to the challenge of being the best delivery business for New Zealand, and the critical role we have in the recovery and growth of the New Zealand economy.

NZ Post Group Financial Highlights

| | FY2022 \$m | FY2021 \$m | Change |
|--|---------------|---------------|-----------|
| Profit and Loss | | | |
| Reported profit before interest and tax | 108 | 47 | 61 |
| Adjustments to normalise profit: | | | |
| <i>Brands impairment</i> | – | 41 | (41) |
| <i>Holidays Act remediation provision release</i> | (4) | (10) | 6 |
| <i>Other</i> | (1) | (4) | 3 |
| Total adjustments | (5) | 27 | (32) |
| Normalised profit before interest and tax | 103 | 74 | 29 |
| Balance Sheet | | | |
| Borrowings (external debt) | 114 | 34 | 80 |
| Weighted average interest rate on borrowings (as at 30 June) | 2.9% | 0.9% | 2.0% |
| Cashflows | | | |
| Cashflows from operations | 54 | 62 | (8) |

Notes:

(1) This table needs to be read in conjunction with the attached audited financial statements.

(2) This table is a non-GAAP view, with the aim of presenting readers with a simplified view of the underlying business performance. It does this by identifying and adjusting for any items which do not reflect the underlying ordinary trading position of the business.

Primary Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

| | Note | 2022 \$m | 2021 \$m |
|--|--------|----------------|-------------|
| Revenue | 5 | 1,036 | 942 |
| Other revenue | 6 | 62 | 34 |
| Expenditure | 7 | (1,012) | (887) |
| Depreciation | 12, 14 | (55) | (48) |
| Amortisation | 13 | (13) | (14) |
| Operating profit | | 18 | 27 |
| Impairment | 20 | - | (48) |
| Financial instruments at fair value net gain | | 3 | 5 |
| Share of net profit of Kiwi Group Holdings Limited | 9(c) | 88 | 63 |
| Share of net loss of Supply Chain Solutions (NZ) 2021 Limited | 9(g) | (1) | - |
| Profit before interest and tax | | 108 | 47 |
| Interest income | | 1 | 1 |
| Interest expense - financing | | (1) | (11) |
| Interest expense - leases | 14(b) | (7) | (6) |
| Net finance costs | | (7) | (16) |
| Profit before tax | | 101 | 31 |
| Income tax credit | 8 | 1 | 1 |
| Profit for the year | | 102 | 32 |
| Attributable to: | | | |
| Owner of New Zealand Post Limited | | 102 | 32 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Gains on revaluation of land and buildings | 23(b) | 1 | 4 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Share of other comprehensive income of Kiwi Group Holdings Limited | 9(c) | 66 | 21 |
| Total other comprehensive income net of tax | 23(b) | 67 | 25 |
| Total comprehensive profit net of tax | | 169 | 57 |
| Total comprehensive profit for the year attributable to the Owner | | 169 | 57 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2022

| | Note | Fully Paid Ordinary Shares \$m | Other Reserves \$m | Retained Earnings \$m | Total \$m |
|--|-------|---|--------------------------|-----------------------------|--------------|
| Balance as at 30 June 2020 | | 272 | 30 | 946 | 1,248 |
| Profit for the year | | - | - | 32 | 32 |
| Other comprehensive profit | 23(b) | - | 25 | - | 25 |
| Total comprehensive profit for the year attributable to the Owner | | - | 25 | 32 | 57 |
| Balance as at 30 June 2021 | | 272 | 55 | 978 | 1,305 |
| Balance as at 1 July 2021 | | 272 | 55 | 978 | 1,305 |
| Profit for the year | | - | - | 102 | 102 |
| Other comprehensive profit | 23(b) | - | 67 | - | 67 |
| Total comprehensive profit for the year attributable to the Owner | | - | 67 | 102 | 169 |
| Balance as at 30 June 2022 | | 272 | 122 | 1,080 | 1,474 |

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2022

| | Note | 2022 \$m | 2021 \$m |
|--|-------|--------------|-------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 10 | 71 | 72 |
| Trade and other receivables | 11 | 174 | 150 |
| Current tax receivable | | 1 | – |
| Inventories | | 6 | 4 |
| Derivative financial assets | 22 | 1 | 1 |
| Prepaid project costs | 12 | 23 | 21 |
| Prepayments | | 11 | 8 |
| Total current assets | | 287 | 256 |
| Non-current assets | | | |
| Trade and other receivables | 11 | 2 | – |
| Loans to related parties | 9(g) | 3 | – |
| Derivative financial assets | 22 | 1 | – |
| Property, plant and equipment | 12 | 169 | 91 |
| Intangible assets | 13 | 221 | 183 |
| Right-of-use assets | 14(a) | 260 | 190 |
| Investment properties | 19(b) | 19 | 18 |
| Investment in Kiwi Group Holdings Limited | 9(b) | 1,116 | 1,011 |
| Investment in Supply Chain Solutions (NZ) 2021 Limited | 9(g) | 9 | – |
| Deferred tax | 8 | – | – |
| Total non-current assets | | 1,800 | 1,493 |
| Total assets | | 2,087 | 1,749 |

The accompanying notes form part of these financial statements.

Statement of Financial Position (continued)

As at 30 June 2022

| | Note | 2022 \$m | 2021 \$m |
|--------------------------------------|-------|--------------|-------------|
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 15 | 173 | 138 |
| Contract liabilities | 16 | 35 | 44 |
| Provisions | 17 | 14 | 20 |
| Borrowings | 21 | 60 | – |
| Lease liabilities | 14(c) | 47 | 38 |
| Total current liabilities | | 329 | 240 |
| Non-current liabilities | | | |
| Trade and other payables | 15 | 5 | 6 |
| Provisions | 17 | 4 | 4 |
| Borrowings | 21 | 54 | 34 |
| Lease liabilities | 14(c) | 221 | 160 |
| Total non-current liabilities | | 284 | 204 |
| Total liabilities | | 613 | 444 |
| Net assets | | 1,474 | 1,305 |
| EQUITY | | | |
| Share capital | 23(a) | 272 | 272 |
| Retained earnings | | 1,080 | 978 |
| Other reserves | 23(b) | 122 | 55 |
| Total equity | | 1,474 | 1,305 |

The Board of Directors of New Zealand Post Limited authorised these financial statements for issue on 25 August 2022.



Carol Campbell
Acting Chair



Jignasha Patel
Director

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2022

| | Note | 2022 \$m | 2021 \$m |
|--|------|-------------|--------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 1,010 | 961 |
| Receipts from Government contract for mail services | | 69 | 24 |
| Receipt of COVID-19 leave support scheme | 6 | 1 | - |
| Interest received | | 1 | 2 |
| Income tax paid | | (1) | - |
| Interest paid | | (8) | (19) |
| Net payments to agencies | | (24) | (37) |
| Payments to suppliers and employees | | (994) | (869) |
| Net cash flows from operating activities | | 54 | 62 |
| Cash flows from investing activities | | | |
| Dividends received from Kiwi Group Holdings Limited | 9(c) | 49 | 12 |
| Settlement / (purchase) of derivative financial instruments | | 2 | (10) |
| Sale of short-term deposits | | - | 143 |
| Net movement in advances to jointly controlled entities | | (3) | - |
| Purchase of intangible assets | | (16) | (15) |
| Purchase of shares in Supply Chain Solutions (NZ) 2021 Limited | 9(g) | (10) | - |
| Payment for prepaid project costs | 12 | (23) | (21) |
| Purchase of property, plant and equipment | | (36) | (23) |
| Acquisition of Fliway Group Limited, net of cash acquired | 3 | (52) | - |
| Net cash flows from / (to) investing activities | | (89) | 86 |
| Cash flows from financing activities | | | |
| Receipts from borrowings | 21 | 245 | 35 |
| Transaction costs of borrowings | 21 | (1) | (1) |
| Repayment of borrowings | 21 | (165) | (200) |
| Repayment of lease liabilities | | (45) | (39) |
| Net cash flows (to) / from financing activities | | 34 | (205) |
| Net (decrease) / increase in cash and cash equivalents | | | |
| | | (1) | (57) |
| Cash and cash equivalents at the beginning of the year | | 72 | 129 |
| Cash and cash equivalents at the end of the year | | 71 | 72 |

The accompanying notes form part of these financial statements.

Statement of Cash Flows (continued)

For the year ended 30 June 2022

Reconciliation of loss to net cash flows from operating activities

| | Note | 2022 \$m | 2021 \$m |
|---|--------|-------------|-------------|
| Profit for the year | | 102 | 32 |
| Non-cash items: | | | |
| Depreciation | 12, 14 | 55 | 48 |
| Amortisation | 13 | 13 | 14 |
| Impairment | 20 | - | 48 |
| Holidays Act remediation provision release | 17 | (4) | (10) |
| Prepaid ticket liability release | 16 | (2) | - |
| Stockpiling provision release | | - | (7) |
| Bad debts provision release | 7 | - | (2) |
| Financial instruments at fair value net gain | | (3) | (5) |
| Deferred tax | 8 | (1) | (1) |
| Share of net profit of Kiwi Group Holdings Limited | 9(c) | (88) | (63) |
| Share of net loss of Supply Chain Solutions (NZ) 2021 Limited | 9(g) | 1 | - |
| Others | | (10) | 7 |
| | | (39) | 29 |
| Changes in assets and liabilities: | | | |
| Increase in trade and other payables | | 22 | 9 |
| Increase in derivative financial instruments | | (2) | (11) |
| Increase in inventories | | (1) | - |
| Increase in prepayments | | (1) | - |
| Increase in current tax receivable | | (1) | - |
| Decrease in provisions | | (7) | (15) |
| (Decrease) / increase in contract liabilities | | (9) | 2 |
| (Increase) / decrease in trade and other receivables | | (10) | 16 |
| | | (9) | 1 |
| Net cash flows from operating activities | | 54 | 62 |

The accompanying notes form part of these financial statements.

Basis of Preparation

Note 1. Reporting Entity and Statutory Base

These financial statements are for New Zealand Post Limited (“NZ Post” or the “Company”) and its subsidiaries (“NZ Post” or “the Group”) for the year ended 30 June 2022. NZ Post is a for-profit entity incorporated and domiciled in New Zealand with its registered office at 7 Waterloo Quay, Wellington, New Zealand.

NZ Post, Tukurau Aotearoa, is a New Zealand-based delivery and eCommerce logistics company, with global reach.

Note 2. Basis of Accounting

Note 2(a) Basis of preparation

The financial statements have been prepared in accordance with:

- generally accepted accounting practice in New Zealand (“NZ GAAP”), and as a result they comply with International Financial Reporting Standard (“IFRS”), New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) as well as other New Zealand accounting standards and authoritative notices applicable to entities that apply NZ IFRS, and;
- the requirements of the Companies Act 1993, the Financial Reporting Act 2013, and the State-Owned Enterprises Act 1986.

The financial statements have been prepared using historical cost, as modified by the revaluation of assets and liabilities at fair value and the accrual basis of accounting. They are presented in New Zealand dollars (“NZD”) which is the presentation currency of the Group and functional currency of the Company and each of the Company’s subsidiaries. All values are expressed in millions of New Zealand dollars unless otherwise stated.

All accounting policies have been applied consistently with the prior year.

Note 2(b) Going Concern Assumption

In assessing the appropriateness of the going concern assumption for the year ended 30 June 2022, management notes that the Group is in a net current liability position. Management believes that the Group has adequate cash (Note 10) and undrawn credit facilities (Note 21) available to enable it to meet its obligations as they fall due in order to continue its operations as a going concern. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Note 2. Basis of Accounting (continued)

Note 2(c) Critical accounting judgements, estimates and assumptions

Key judgements and estimates made in compiling these financial statements are highlighted in the notes and summarised below. Significant changes in any of these could have a material impact on the financial statements at 30 June 2022.

| | | | |
|---------|---|---------|--|
| Note 3 | Business Combinations | Page 13 | Acquisition of Fliway Group Limited |
| Note 8 | Income Tax | Page 24 | No recognition of net deferred tax asset for NZ Post Limited |
| Note 9 | Investment in Jointly Controlled Entities | Page 26 | Level of control over jointly controlled entities |
| Note 12 | Property, Plant and Equipment | Page 34 | Useful life of property, plant and equipment |
| Note 13 | Intangible Assets | Page 37 | Impairment testing of goodwill |
| Note 14 | Leases | Page 39 | Assumptions regarding lease terms |
| Note 16 | Contract Liabilities | Page 44 | Assumptions in revenue deferral models |
| Note 19 | Fair Value | Page 46 | Valuation of assets and liabilities carried at fair value |
| Note 20 | Impairment of Non-Financial Assets | Page 49 | Valuation of non-financial assets |

Note 2(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of NZ Post and its subsidiaries. Material subsidiaries and jointly controlled entities at 30 June 2022 are listed below:

| Name of entity | Place of business / country of incorporation | Functional currency | Ownership interest held by the Group and nature of the relationship | | Principal activities |
|--|--|---------------------|---|------|----------------------------|
| Fliway Group Limited ("FGL") | New Zealand | NZD | Subsidiary | 100% | Transport and Logistics |
| Kiwi Group Holdings Limited ("KGH") | New Zealand | NZD | Jointly controlled entity | 53% | Holding Company |
| Supply Chain Solutions (NZ) (2021) Limited ("SCS") | New Zealand | NZD | Jointly controlled entity | 50% | Supply Chain and Logistics |

FGL's 100% owned subsidiaries include Fliway Transport Limited which provides transport services, Fliway International Limited which provides freight forwarding services, and Fliway Logistics Limited which provides third-party logistic services.

KGH's 100% owned subsidiaries include Kiwibank Limited (a registered bank), Kiwi Wealth Management Limited which provides KiwiSaver services and investment management services, and The New Zealand Home Loan Company Limited which provides mortgage services.

In preparing these financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained and deconsolidated from the date that control ceases. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Jointly controlled entities have been equity accounted.

All subsidiaries and jointly controlled entities have a balance date of 30 June and where necessary, adjustments are made to their financial statements to bring their accounting policies in line with the Group's policies.

Note 2. Basis of Accounting (continued)

Note 2(e) Foreign exchange

Transactions in foreign currencies are translated into NZD at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Profit or Loss and Other Comprehensive Income. At balance date, foreign denominated monetary assets and liabilities are translated at the closing exchange rate, with exchange variations arising from these translations being recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow hedge or qualifying net investment hedge. Foreign denominated non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of transaction.

Note 2(f) Interest income and expense

Interest income and expense for all interest-bearing financial assets and liabilities is recognised using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts and payments through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

Note 2(g) Other accounting policies

Other significant accounting policies adopted in the preparation of these financial statements are provided throughout the notes to the financial statements.

Note 2(h) Standards and interpretations issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Financial Performance

Note 3. Business Combinations

On 1 March 2022, NZ Post acquired 100% of Fliway Group Limited, a company specialising in transportation of goods, third-party logistics and freight forwarding. The acquisition extends the Group's parcels business into larger items and broadens its logistics and supply chain capability for customers.

Consideration transferred

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired, and liabilities assumed at the acquisition date.

| | 2022 \$m |
|---|-------------|
| Cash | 52 |
| Provision for liability | 1 |
| Total consideration | 53 |
| Cash balances acquired | (1) |
| Purchase consideration, net of cash acquired | 52 |

The impact on cash flows for the Group for the year was an outflow of \$52 million.

Acquisition-related costs

The Group has incurred acquisition-related costs of \$2 million in the financial year in relation to the acquisition of FGL. These costs have been included in the "Other expenditure" line in Note 7.

Note 3. Business Combinations (continued)

Identifiable assets acquired and liabilities assumed

The acquisition accounting for the purchase of Fliway is still being finalised. Upon acquisition, a provisional assessment of the fair value of the identifiable assets and liabilities of FGL consisted of:

| | 2022 \$m |
|--|-------------|
| Assets | |
| Cash | 1 |
| Trade and other receivables | 16 |
| Prepayments | 2 |
| Property, plant and equipment | 14 |
| Right-of-use assets | 56 |
| Intangible assets | 6 |
| Deferred tax | 1 |
| | 96 |
| Liabilities | |
| Trade and other payables | (12) |
| Provisions | (1) |
| Lease liabilities | (56) |
| | (69) |
| Total identifiable net assets at fair value | 27 |
| | |
| Total consideration | 53 |
| Fair value of net assets acquired | (27) |
| Deferred tax on fair value adjustments | 2 |
| Goodwill | 28 |

The fair value of the trade receivables amounts to \$16 million, with the gross amount at \$16 million. It is expected that the full contractual amounts can be collected.

The acquired lease liabilities are measured using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

Included in the intangible assets are customer relationships arising from the acquisition of FGL. These customer relationships are separately recognised from goodwill and are valued at \$4.9 million.

The goodwill comprises the value of expected growth potential, cost synergies, and ability to cross sell and offer broader products and services to our customers. Goodwill is allocated entirely to the Parcels reportable segment and split across the Parcel and FGL CGUs. The goodwill recognised is not expected to be deductible for income tax purposes.

From the date of acquisition, FGL contributed revenue of \$43 million and a loss of \$4 million to profit before tax of the Group. If the acquisition had taken place at the beginning of the financial year, revenue from continuing operations would have been \$1,124 million and profit before tax from continuing operations for the Group would have been \$115 million.

Note 3. Business Combinations (continued)

Policies

Business Combinations

The Group uses the acquisition method of accounting to account for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing

outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Key Judgements and Estimates

Control over FGL

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group applied judgment in determining the fair value of the assets acquired from FGL. In particular, judgment was applied to assess the useful life / attrition rate of customer relationships acquired.

Note 4. Segment Information

| Segment | Function |
|-------------------------------------|--|
| Mail | Delivery of letters and untracked parcels, customer communications (including mail house services), and bill payment services. |
| Parcels | Delivery of tracked parcels, provision of courier and Fliway services. |
| Other products and services (“OPS”) | Logistics and international freight services, and collectable Stamps and Coins. |
| Investments | The Group’s investments in KGH and SCS. |

The Group’s reportable segments are the same as those used by the Executive Leadership Team (assessed to be the Chief Operating Decision Maker, CODM). Aggregation is based on similarities of products, customers, distribution methods, and the regulatory environment.

| | Mail \$m | Parcels \$m | Other Products and Services \$m | Investments \$m | Group \$m |
|--|-------------|----------------|--|--------------------|--------------|
| For the year ended 30 June 2022 | | | | | |
| Delivery of services | 307 | 658 | 32 | – | 997 |
| Sale of goods | – | – | 9 | – | 9 |
| Total segment revenue | 307 | 658 | 41 | – | 1,006 |
| Segment profit / (loss) before interest and tax | – | 22 | (6) | 87 | 103 |
| Specific segment other income | | | | | |
| Share of net profit of KGH and SCS | – | – | – | 87 | 87 |
| Government contract for mail services | 61 | – | – | – | 61 |
| Specific segment expenditure | | | | | |
| Impairment | 1 | – | (1) | – | – |
| Depreciation and amortisation | (32) | (34) | (2) | – | (68) |

Note 4. Segment Information (continued)

| Reconciliation to Consolidated Statement of Profit or Loss and Other Comprehensive Income | \$m |
|---|--------------|
| Revenue per segment note | 1,006 |
| Transport revenue | 23 |
| Corporate revenue | 5 |
| Investment property income | 2 |
| Total revenue for the year ended 30 June 2022 | 1,036 |
| Profit before interest and tax per segment note | 103 |
| Financial instruments at fair value net gain | 3 |
| FGL acquisition costs | (2) |
| Holidays Act remediation provision release | 4 |
| Profit before interest and tax | 108 |

Note 4. Segment Information (continued)

| For the year ended 30 June 2021 | Mail \$m | Parcels \$m | Other Products and Services \$m | Investments \$m | Group \$m |
|--|-------------|----------------|--|--------------------|--------------|
| Delivery of services ⁽¹⁾ | 352 | 521 | 32 | – | 905 |
| Sale of goods | – | – | 9 | – | 9 |
| Total segment revenue | 352 | 521 | 41 | – | 914 |
| Segment profit / (loss) before interest and tax | – | 21 | (10) | 63 | 74 |
| Specific segment other income | | | | | |
| Share of net profit of KGH | – | – | – | 63 | 63 |
| Government contract for mail services | 32 | – | – | – | 32 |
| Specific segment expenditure | | | | | |
| Impairment | (5) | – | – | – | (5) |
| Depreciation and amortisation | (28) | (32) | (2) | – | (62) |
| Reconciliation to Consolidated Statement of Profit or Loss and Other Comprehensive Income | | | | | \$m |
| Revenue per segment note | | | | | 914 |
| Transport revenue | | | | | 16 |
| Stockpiling provision release ⁽¹⁾ | | | | | 7 |
| Corporate revenue | | | | | 3 |
| Investment property income | | | | | 2 |
| Total revenue for the year ended 30 June 2021 | | | | | 942 |
| Profit before interest and tax per segment note | | | | | 74 |
| Brands impairment | | | | | (41) |
| Holidays Act remediation provision release | | | | | 10 |
| Stockpiling provision release | | | | | 7 |
| Financial instruments at fair value net gain | | | | | 5 |
| Contract logistics exit costs (including impairment) | | | | | (3) |
| Store network change costs | | | | | (1) |
| Other | | | | | (4) |
| Profit before interest and tax | | | | | 47 |

(1) Delivery of services revenue per the segment note of \$905 million differs to amount disclosed in Note 5 of \$912 million due to the exclusion of the stockpiling provision release of \$7 million.

Note 5. Revenue

| | 2022 \$m | 2021 \$m |
|----------------------------|--------------|-------------|
| Delivery of services | 997 | 912 |
| Transport revenue | 23 | 16 |
| Sale of goods | 9 | 9 |
| Corporate revenue | 5 | 3 |
| Investment property income | 2 | 2 |
| Total revenue | 1,036 | 942 |

Policies

Delivery of services

Revenue from the delivery of services is recognised over time as performance obligations are fulfilled. This is typically over the period of the goods being collected for delivery and delivered to the requested destination/recipient. All revenue portfolios are classified as delivery of services with the exception of collectable Stamps and Coins which is recognised as sale of goods.

Sale of goods

Revenue from the sale of collectable Stamps and Coins is recognised at a point in time when control has been transferred to the buyer and collectability of the related receivables is reasonably assured.

Contract portfolios

NZ Post aggregates contracts with similar performance obligations and assesses them as a portfolio.

Over time revenue:

Mail and parcels

This portfolio covers domestic and outbound international delivery of parcels, packages and letters, oversize and transport revenue. The contract terms for the delivery of mail and parcels are set out within the Public Contract and the Postal Users Guide and are available on the NZ Post website. Performance obligations are satisfied on delivery, and revenue is recognised over time as the benefits of delivery are simultaneously received and consumed.

Key judgments in recognising revenue relating to this portfolio are:

- The identification of a single distinct obligation to deliver and that other activities NZ Post undertakes in relation to this are highly interrelated with this obligation.
- The inclusion of transport revenue in this portfolio as it has similar performance obligations.

Inbound international mail and parcels

This portfolio covers the delivery of inbound international postal and courier items. NZ Post is a member of the Universal Postal Union (“UPU”) which has a total of 192 member countries. It is the primary forum for cooperation between postal sector operators. Members are governed by the terms and conditions and pricing set by the UPU.

Performance obligations are satisfied on delivery, and revenue is recognised over time as the benefits of delivery are simultaneously received and consumed.

NZ Post considers they are the principal, not an agent under NZ IFRS 15 *Revenue from Contracts with Customers* for delivering these services.

Key judgments in recognising revenue relating to this portfolio were:

- The identification of a single distinct obligation to deliver and that other activities NZ Post undertakes in relation to this highly interrelated with this obligation.
- Key estimates have been made around international mail volumes. Statistical sampling methods are used to establish these volumes, which determines the amount due from other international postal organisations.
- Judgment has been exercised in determining the most likely revenue due from international mail performance bonuses based on actual volumes and performance.

Note 5. Revenue (continued)

Policies

Customer communications

This portfolio primarily consists of printing, business process outsourcing and mail house services. Standardised Master Services Agreements and Statements of Work are used when contracting with customers. Revenue is recognised over time as benefits are simultaneously received and consumed.

The key judgment in recognising revenue relating to this portfolio was determining the performance obligations and whether they are required to be bundled as one. Printing and lodgement of mail items have been assessed as distinct performance obligations. A range of activities have been grouped into two performance obligations (a) to print and (b) to lodge into the mail network, which are completed at the same time. Delivery of mail is contracted separately and is recorded under the mail and parcels portfolio.

Box bag

This portfolio covers the supply of postal storage facilities by means of Private Bags and Post Boxes across our box lobby network. The terms and conditions for Box bag are set out on the NZ Post website. Customers enter an annual contract and revenue is recognised evenly over time as customers simultaneously receive and consume the benefits of access across the year. Revenue is received in advance and held as a contract liability on the Statement of Financial Position until recognised as revenue when performance obligations are satisfied.

International freight and logistics

This portfolio covers the provision of freight agency services for international freight and fees for warehousing. The terms and conditions are set out on the NZ Post website and the transaction price is the stand-alone selling price set periodically. Revenue is recognised over time as services are delivered.

Point in time revenue:

Stamps and Coins

This portfolio covers the supply of collectable Stamps and Coins which are sold via NZ Post's store network and website. No formal contract is entered into but is implied at the point of sale. The transaction price for Stamps and Coins is the stand-alone selling price set periodically and displayed on the website and revenue is recognised at a point in time at the point of sale (if sold by the store network) or at time of dispatch (if sold via the website).

Payment services

This portfolio covers the provision of payment collection services through NZ Post's retail network. Payment contracts are substantially similar, and revenue is recognised at the point of collection of funds. There is a single performance obligation of providing a collection service. NZ Post considers themselves an agent for delivering these services under NZ IFRS 15.

Note 6. Other Revenue

| | 2022 \$m | 2021 \$m |
|---------------------------------------|-------------|-------------|
| Government contract for mail services | 61 | 32 |
| Property revaluation | – | 2 |
| COVID-19 leave support scheme | 1 | – |
| Total other revenue | 62 | 34 |

Government contract for mail services

NZ Post entered a contract for mail services with the Government during the 2020 financial year. For the year ended 30 June 2022, income of \$61 million from the service contract has been recognised as other revenue in the Statement of Profit or Loss and Other Comprehensive Income, in line with the mail segment losses for which the grant is provided to compensate (FY2021: \$32 million).

The service contract provides funding of up to \$130 million for the period FY2021 to FY2025 to maintain a break-even financial result in

the mail operating segment as mail volume declines.

The contract includes terms around maintaining mail service levels, has constraints on the mail price path and requirements for cost savings. All of these conditions were met during the year. To date NZ Post has used \$93 million (FY2021: \$32 million) of the available funding.

Management has assessed the combined obligations under the service contract and Deed of Understanding and concluded they do not form an onerous contract.

Note 7. Expenditure

| | Note | 2022 \$m | 2021 \$m |
|---|------|--------------|-------------|
| Contracted delivery services | | 445 | 386 |
| Production costs | | 29 | 22 |
| Cost of services and goods | | 474 | 408 |
| Salaries and wages | | 316 | 286 |
| Superannuation – defined contribution plans | | 12 | 11 |
| Restructuring costs | | 2 | 5 |
| Holidays Act remediation provision release | 17 | (4) | (10) |
| Other personnel costs | | 41 | 29 |
| Employee expenses | | 367 | 321 |
| Computer expenses | | 47 | 46 |
| Property operational outgoings | | 27 | 26 |
| Retail agency remuneration | | 24 | 27 |
| Repairs and maintenance | | 13 | 12 |
| Professional services | | 10 | 6 |
| Other operating lease and rental costs | | 9 | 8 |
| Marketing | | 8 | 9 |
| Communications | | 7 | 6 |
| Office expenses | | 3 | 3 |
| Training and travel | | 3 | 3 |
| Fees paid to auditors | | 1 | 1 |
| Property and operating costs | | 1 | – |
| Cost recovery ⁽¹⁾ | | – | (1) |
| Bad debts | | – | (2) |
| Other expenditure | | 18 | 14 |
| Other expenses | | 171 | 158 |
| Total expenditure | | 1,012 | 887 |

(1) Cost recovery is expenditure incurred by the Company and recovered from jointly controlled entity.

Note 7. Expenditure (continued)

Policies

Employee expenses

Employee entitlements to salaries and wages, bonuses, annual leave, long service leave, retiring leave and other similar benefits are recognised when they accrue to employees, being when services are provided by employees.

Long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Liabilities for salaries and wages, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured using the amounts expected to be paid.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit or loss as they fall due.

| | 2022 \$000's | 2021 \$000's |
|--|-----------------|-----------------|
| Fees paid to auditors | | |
| Audit and review of financial statements ⁽¹⁾ | 934 | 1,035 |
| Additional fees for variation of audit scope ⁽²⁾ | – | 60 |
| Other services | | |
| PwC | | |
| Other assurance services ⁽³⁾ | 5 | 5 |
| Attendance at generic technical training courses | 1 | – |
| Assessing the design of NZ Post's future state processes, controls and calculations for determining future holiday pay | – | 3 |
| Purchase of a report summarising a NZ Executive Remuneration survey | 2 | – |
| Deloitte | | |
| Specified procedures engagement over Fliway Group | 68 | – |
| Total fees paid to auditors | 1,010 | 1,103 |

PricewaterhouseCoopers is the auditor of the New Zealand Post Superannuation Plan, which has audit fees of \$57,335 (FY2021: \$35,700) and other assurance fees of \$40,000 (FY2021: \$45,000). PricewaterhouseCoopers, on behalf of the OAG, is also the auditor of KGH and its controlled entities.

(1) The audit fee includes the fees for the annual audit of the financial statements (FY2021: included the review of interim financial statements).

(2) These relate to fees paid for additional in-scope audit services for FY2020 paid in FY2021.

(3) Other assurance services include a review of the earnings statement (FY2021: same).

Note 8. Income Tax

| | 2022 \$m | 2021 \$m |
|--|-------------|-------------|
| Profit before tax | 101 | 31 |
| Tax at 28% | 28 | 9 |
| Non-assessable revenue – income from jointly controlled entity | (24) | (18) |
| Non-deductible expenditure | 1 | 12 |
| Other tax adjustments | – | (1) |
| Utilisation of net deferred tax asset | (6) | (3) |
| Income tax credit | (1) | (1) |
| Comprising: | | |
| Deferred tax | (1) | (1) |
| Current tax | – | – |
| Total income tax credit | (1) | (1) |
| Imputation credits available for use in the future | 336 | 316 |

Deferred tax recognised in the statement of financial position relates to the Fliway Group and comprises the following:

| | 2022 \$m |
|---|-------------|
| Recognised deferred tax asset | |
| Balance as at 1 July | – |
| Balance acquired on acquisition | 1 |
| Deferred tax liability arising on acquisition | (2) |
| Tax losses carried forward | 1 |
| Balance as at 30 June | – |

NZ Post has \$66 million of unrecognised income tax losses and temporary differences to carry forward at 30 June 2022 (FY2021: \$72 million).

Note 8. Income Tax (continued)

Policies

Current taxes

The current income tax charge is calculated using tax rates (and laws) that have been enacted at the balance date. Management periodically evaluates positions taken in tax returns where applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred income tax is calculated using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related

deferred income tax asset is realised, or the deferred tax liability is settled.

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available to utilise them. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Key Judgements and Estimates

Derecognition of deferred tax asset

Significant management judgement has been exercised to determine that future taxable profits for NZ Post Limited are beyond a reliable forecast horizon and that no net deferred tax asset should be recognised. The unrecognised net deferred tax asset of \$66 million at 30 June 2022 comprises deductible temporary differences (including fixed assets and intangibles) of \$24 million and tax losses of \$42 million.

Operating Assets and Liabilities

Note 9. Investment in Jointly Controlled Entities

Kiwi Group Holdings Limited

NZ Post holds a 53% shareholding in KGH which has been equity accounted in the Group financial statements.

Note 9(a) Summarised Statement of Financial Position of KGH

| | 2022 \$m | 2021 ⁽¹⁾ \$m |
|---------------------------------------|---------------|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 1,521 | 743 |
| Due from other financial institutions | 138 | 26 |
| Investment securities | 1,431 | 1,705 |
| Loans and advances | 2,375 | 1,735 |
| Assets held for sale | 118 | 21 |
| Derivative financial assets | 72 | 23 |
| Deferred tax asset | 1 | – |
| Premises and equipment | 12 | 14 |
| Other assets | 61 | 52 |
| Total current assets | 5,729 | 4,319 |
| Non-current assets | | |
| Loans and advances | 25,273 | 23,445 |
| Derivative financial assets | 405 | 205 |
| Intangible assets | 55 | 139 |
| Premises and equipment | 130 | 159 |
| Deferred tax asset | – | 19 |
| Other assets | 4 | 3 |
| Total non-current assets | 25,867 | 23,970 |
| Total assets | 31,596 | 28,289 |

(1) In the current period, KGH has changed how balance sheet accounts are presented. "Property, plant, and equipment" and "Right-of-use assets" have been grouped under "Premises and equipment". "Deposits and other borrowings" and "Due to related parties" have been grouped under "Deposits and other borrowings". "Other liabilities" and "Lease liabilities" have been grouped under "Other liabilities". The presentation changes have also been made to the comparative information as at 30 June 2021.

Note 9. Investment in Jointly Controlled Entities (continued)

| | 2022 \$m | 2021 \$m |
|---|---------------|-------------|
| LIABILITIES | | |
| Current liabilities | | |
| Due to financial institutions | 637 | 145 |
| Deposits and other borrowings | 23,823 | 22,080 |
| Debt securities issued | 675 | 730 |
| Derivative financial liabilities | 38 | 34 |
| Liabilities held for sale | 22 | (2) |
| Other liabilities | 166 | 133 |
| Total current liabilities | 25,361 | 23,120 |
| Non-current liabilities | | |
| Due to financial institutions | 1,202 | 573 |
| Deposits and other borrowings | 382 | 313 |
| Debt securities issued | 1,904 | 1,814 |
| Derivative financial liabilities | 169 | 161 |
| Term subordinated debt | 250 | 405 |
| Other liabilities | 87 | 114 |
| Total non-current liabilities | 3,994 | 3,380 |
| Total liabilities | 29,355 | 26,500 |
| Net assets attributed to non-controlling interest | 246 | - |
| Net assets attributed to the equity shareholders | 1,995 | 1,789 |
| Net assets | 2,241 | 1,789 |

Net assets attributed to non-controlling interest relate to perpetual preference shares ("PPS") issued by KGH in November 2021. The PPS has been classified as a non-controlling interest component of KGH's equity under NZ IFRS 10 *Consolidated Financial Statements*, being equity in a subsidiary not attributable, directly or indirectly, to a parent. Distributions on the PPS are discretionary and are non-cumulative.

Note 9. Investment in Jointly Controlled Entities (continued)**Note 9(b) Reconciliation of Group's carrying value of KGH**

| | 2022 \$m | 2021 \$m |
|---|--------------|-------------|
| Total identifiable net assets of KGH attributed to the equity shareholders | 1,995 | 1,789 |
| Share of investment | 53% | 53% |
| Group's share of identifiable net assets | 1,058 | 948 |
| Group's share of goodwill and other additional intangible assets at 31 October 2016 | 65 | 65 |
| Adjustment for impairment on intangible assets with nil fair value in the purchase price allocation | 27 | 27 |
| Accumulated amortisation on other additional intangible assets | (34) | (29) |
| Carrying value of the Group's investment in KGH | 1,116 | 1,011 |

Note 9(c) Reconciliation of movements in Group's carrying value of KGH

| | 2022 \$m | 2021 \$m |
|--|--------------|-------------|
| Opening carrying value | 1,011 | 939 |
| Share of net profit of KGH | 88 | 63 |
| Share of other comprehensive income of KGH | 66 | 21 |
| Dividends received | (49) | (12) |
| Group's carrying value of KGH | 1,116 | 1,011 |

Note 9. Investment in Jointly Controlled Entities (continued)

Note 9(d) Summarised Statement of Profit or Loss and Other Comprehensive Income of KGH for the year

| | 2022 \$m | 2021 ⁽¹⁾ \$m |
|---|-------------|----------------------------|
| Interest income | 925 | 840 |
| Interest expense | (289) | (307) |
| Net gains on financial instruments | 7 | 8 |
| Other operating income | 48 | 43 |
| Total operating income | 691 | 584 |
| Operating expenses | (495) | (437) |
| Profit before impairment, finance costs and tax | 196 | 147 |
| Reversal of / (provision for) impairment losses on loans and advances | (16) | 19 |
| Profit before finance costs and tax | 180 | 166 |
| Finance costs | (10) | (10) |
| Profit before tax | 170 | 156 |
| Income tax expense | (48) | (43) |
| Profit after tax for continued operations | 122 | 113 |
| Profit after tax for discontinued operations | 59 | 17 |
| Profit after tax | 181 | 130 |
| Attributable to: | | |
| Owners of KGH | 177 | 130 |
| Non-controlling interest | 4 | - |

(1) In the prior year interest related to cash flow hedges of floating rate liabilities was recorded within interest income, resulting in an understatement of "Interest income" and "Interest expense". Therefore, comparatives have been restated to increase "Interest income" and "Interest expense" by \$73 million. This restatement does not have an impact on net interest income. In the current period, KGH has reclassified certain expenses and income items which has impacted "Other operating income", "Operating expenses", and "Profit after taxation from discontinued operations". Comparatives have been reclassified to align with the current year's presentation. "Other operating income" has decreased by \$69 million, "Operating expenses" has decreased by \$51 million, and "Profit after taxation from discontinued operations" has increased by \$13 million for the year ended 30 June 2021.

Note 9. Investment in Jointly Controlled Entities (continued)

| | 2022 \$m | 2021 \$m |
|---|-------------|-------------|
| Profit after tax | 177 | 130 |
| Group's 53% share of profit | 94 | 69 |
| Adjustment on consolidation of Group's share of net profit ⁽¹⁾ | (5) | (3) |
| Adjustment for perpetual capital note distributions ⁽²⁾ | (1) | (3) |
| Group's 53% share of profit after tax | 88 | 63 |
| KGH other comprehensive income | 125 | 40 |
| Group's 53% share of other comprehensive income | 66 | 21 |

(1) This relates to the amortisation of intangible assets identified from the sale of 47% KGH in October 2016.

(2) This relates to NZ Post's share of the distribution paid during the period by KGH (or KCFL) on the notes issued in FY2015. NZ Post does not hold any of these notes.

Note 9(e) KGH commitments

| | 2022 \$m | 2021 \$m |
|---|--------------|-------------|
| Capital commitments | 6 | 5 |
| Letters of credit and performance-related contingencies | 83 | 60 |
| Undrawn loan commitments | 4,467 | 4,261 |
| Total commitments | 4,556 | 4,326 |
| Group's 53% share of commitments | 2,415 | 2,293 |

Note 9(f) KGH contingencies
Contingent Liabilities
Compliance, regulation and remediation

KGH may be subject to regulatory actions that require remediation. A contingent liability may exist, in the respect of actual or potential claims, payments or refunds to customers or other counterparties, where the law is uncertain, and the potential liability cannot accurately be determined. As at 30 June 2022, the KGH Group has carried out an assessment of likely loss, and, where it can be reliably estimated, an appropriate provision is recognised.

Note 9. Investment in Jointly Controlled Entities (continued)

Note 9(g) Supply Chain Solutions (NZ) (2021) Limited

On 2 July 2021, NZ Post acquired 50% of the shares of Supply Chain Solutions (NZ) (2021) Limited (“SCS”) at a cost of \$9.8 million. SCS is domiciled in New Zealand and specialises in supply chain and logistics management. NZ Post has joint control and has accounted for its interest in SCS using the equity method. NZ Post has advanced \$2.75 million to SCS as part of a shareholder facility agreement. The amount outstanding under the facility is interest-bearing and repayable in full upon the expiry date of 1 July 2024. Interest is charged based on the BKBM rate plus applicable margin. As at 30 June 2022, there were no contingent liabilities in relation to the investment in SCS. The following illustrates the summarised financial information of the Group’s investment in SCS.

| | 2022 \$m |
|-----------------------------------|-------------|
| Balance as at 1 July 2021 | – |
| Purchase of SCS on 2 July 2021 | 10 |
| Share of net loss of SCS | (1) |
| Balance as at 30 June 2022 | 9 |

Policies

Investments in jointly controlled entities are joint ventures which are accounted for using the equity method.

Under the equity method of accounting, investments in jointly controlled entities are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group’s share of losses in a jointly controlled entity equals or exceeds its investment

in the jointly controlled entity (which includes any long-term investments that, in substance, form part of the Group’s net investment in the jointly controlled entity), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

The carrying amount of equity-accounted investments is tested for impairment whenever there are indicators of impairment (refer to Note 20 for impairment policy).

Key Judgements and Estimates

The Group has a 53% shareholding in Kiwi Group Holdings Limited (a New Zealand incorporated and domiciled Group). It has a Shareholders’ Agreement with ACC and NZSF and under that agreement there are several reserved matters that require the agreement of either all the shareholders or NZ Post and one other shareholder. These reserved matters include key management and governance decisions, such as appointment of Directors within the KGH Group, approval of dividends and decisions over the acquisition, disposal, distribution or revaluation of assets over \$5 million.

Management do not believe that the Group has control, as defined by NZ IFRS 10 of KGH and that given the requirement for joint approval for key decisions, the investment is jointly controlled and should be equity accounted.

Note 10. Cash and Short-term Deposits

| | 2022 \$m | 2021 \$m |
|--|-------------|-------------|
| Cash and cash equivalents | | |
| Cash on hand | 3 | 4 |
| Cash at bank | 68 | 68 |
| Total cash and cash equivalents | 71 | 72 |

Policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and owned deposits that are readily convertible to known amounts of cash.

Short-term deposits

Short-term deposits include cash held on deposit for a term of greater than 90 days or are not readily convertible to known amounts of cash.

Note 11. Trade and Other Receivables

| | 2022 \$m | 2021 \$m |
|--|-------------|-------------|
| Trade receivables | 179 | 151 |
| Provision for impairment | (3) | (3) |
| Finance lease receivable | - | 2 |
| Total trade and other receivables | 176 | 150 |
| Comprising: | | |
| Current trade and other receivables | 174 | 150 |
| Non-current trade and other receivables | 2 | - |
| Total trade and other receivables | 176 | 150 |
| Trade receivables past due but not impaired | | |
| Past due up to 30 days | 19 | 24 |
| Past due 31 – 60 days | 5 | 2 |
| Past due 61 – 90 days | 1 | - |
| Past due > 90 days | - | - |
| Total trade receivables past due but not impaired | 25 | 26 |

Included within trade and other receivables is \$43 million (FY2021: \$38 million) of international mail trade receivables. A portion of this can be offset by international mail trade payable balances. The balances are recorded on a gross basis within the financial statements.

Policies

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less an allowance for impairment based on expected credit loss.

The amount which is neither overdue nor impaired has been assessed for collectability under the expected credit loss model. There is no collateral held for overdue trade receivables.

Impairment of trade receivables

The Group recognises an allowance for expected credit losses for trade receivables. Expected credit losses are based on the difference between the contractual cash flows due and what the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group applies a simplified approach in calculating expected credit losses for trade receivables. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including the ongoing economic impacts of COVID-19.

Trade receivables which the Group considers impaired include receivables older than 90 days based upon the expectation of non-recovery, as well as receivables that have been referred to a third-party debt collector, or where a customer has entered into liquidation or bankruptcy proceedings.

Note 12. Property, Plant and Equipment

| | Note | Land and Buildings (Valuation) \$m | Motor Vehicles \$m | Furniture, Fittings and Equipment \$m | Computer Equipment \$m | Plant and Equipment \$m | Work in Progress \$m | Total \$m |
|--|------|--|-----------------------|--|------------------------------|-------------------------------|----------------------------|--------------|
| Cost or valuation | | | | | | | | |
| Balance as at 1 July 2021 | | 38 | 16 | 71 | 27 | 151 | 12 | 315 |
| Additions | | - | - | - | 1 | 1 | 73 | 75 |
| Additions through business combinations | 3 | - | 11 | 1 | - | 1 | 1 | 14 |
| Transfers | | (1) | - | 3 | 2 | 7 | (12) | (1) |
| Disposals | | - | - | (19) | (19) | (23) | - | (61) |
| Net revaluation of land and buildings | | 1 | - | - | - | - | - | 1 |
| Balance as at 30 June 2022 | | 38 | 27 | 56 | 11 | 137 | 74 | 343 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance as at 1 July 2021 | | - | (15) | (58) | (24) | (127) | - | (224) |
| Depreciation | | - | (1) | (3) | (2) | (4) | - | (10) |
| Impairment | | - | - | (1) | - | - | - | (1) |
| Disposals | | - | - | 19 | 19 | 23 | - | 61 |
| Balance as at 30 June 2022 | | - | (16) | (43) | (7) | (108) | - | (174) |
| Net book value | | | | | | | | |
| Cost or valuation | | 38 | 27 | 56 | 11 | 137 | 74 | 343 |
| Accumulated depreciation and impairment | | - | (16) | (43) | (7) | (108) | - | (174) |
| Balance as at 30 June 2022 | | 38 | 11 | 13 | 4 | 29 | 74 | 169 |

Note 12. Property, Plant and Equipment (continued)

| | Land and Buildings (Valuation) \$m | Motor Vehicles \$m | Furniture, Fittings and Equipment \$m | Computer Equipment \$m | Plant and Equipment \$m | Work in Progress \$m | Total \$m |
|--|--|-----------------------|--|---------------------------|----------------------------|-------------------------|--------------|
| Cost or valuation | | | | | | | |
| Balance as at 1 July 2020 | 35 | 16 | 71 | 26 | 144 | 2 | 294 |
| Additions | – | – | – | – | 2 | 21 | 23 |
| Transfers | (3) | – | 4 | 1 | 6 | (11) | (3) |
| Disposals | – | – | (4) | – | (1) | – | (5) |
| Net revaluation of land and buildings | 6 | – | – | – | – | – | 6 |
| Balance as at 30 June 2021 | 38 | 16 | 71 | 27 | 151 | 12 | 315 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance as at 1 July 2020 | – | (14) | (56) | (22) | (123) | – | (215) |
| Depreciation | – | (1) | (3) | (2) | (3) | – | (9) |
| Impairment | – | – | (2) | – | (2) | – | (4) |
| Disposals | – | – | 3 | – | 1 | – | 4 |
| Balance as at 30 June 2021 | – | (15) | (58) | (24) | (127) | – | (224) |
| Net book value | | | | | | | |
| Cost or valuation | 38 | 16 | 71 | 27 | 151 | 12 | 315 |
| Accumulated depreciation and impairment | – | (15) | (58) | (24) | (127) | – | (224) |
| Balance as at 30 June 2021 | 38 | 1 | 13 | 3 | 24 | 12 | 91 |

Prepaid project costs

During the year, \$23 million of project costs for new parcel operating sites have been prepaid (FY2021: \$21 million). When the sites have been handed over to NZ Post and the assets are available for use, the costs will be capitalised in the asset register.

Capitalised borrowing costs

During the year, the Group has capitalised borrowing costs of \$1 million (FY2021: nil) attributed to qualifying assets as part of its Network Strategy Investment (Te Iho).

Note 12. Property, Plant and Equipment (continued)**Policies**

The value of purchased property, plant and equipment (excluding land and buildings) is measured at the cost to acquire the asset, including other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use, less depreciation and impairment. Borrowing costs on qualifying assets are included in the cost of the asset. Contingent payments are capitalised when incurred. Additions subsequent to initial measurement are recognised at cost.

Depreciation and amortisation

The cost of all fixed assets (excluding land and work in progress), less their estimated residual value, is written off on a straight-line basis over the asset's estimated useful economic life. Asset useful lives and residual values are assessed annually and adjusted if required.

The useful lives of the major classes of property, plant and equipment have been estimated as follows:

| Classes of property, plant and equipment | Useful life (Years) |
|---|----------------------------|
| Buildings | 25 – 50 |
| Plant and equipment | 8 – 20 |
| Motor vehicles | 5 – 10 |
| Computer equipment | 2 – 10 |
| Furniture, fittings and equipment | 5– 13 |

Land and buildings

The Group regularly revalues land and building across its portfolio and carries land and buildings at fair value. An independent valuation specialist was engaged by the Group to assess fair value as at 30 June 2022. The land and buildings which were revalued at 30 June 2022 were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties are provided in Note 19.

To the extent that any revaluation gains reverse a loss previously charged to profit or loss for the asset item, the gain is credited to profit or loss. Otherwise revaluation gains are credited to the asset revaluation reserve in equity. To the extent that any revaluation loss reverses a gain previously credited to the asset revaluation reserve for the asset item, the loss is debited to the asset revaluation reserve. Otherwise, revaluation losses are recognised in profit or loss.

Note 13. Intangible Assets

| | Note | Goodwill \$m | Brands \$m | Customer relationships \$m | Computer Software \$m | Computer Software (Work in Progress) \$m | Total \$m |
|--|------|-----------------|---------------|----------------------------------|-----------------------------|--|--------------|
| Cost | | | | | | | |
| Balance as at 1 July 2021 | | 144 | 41 | - | 188 | 17 | 390 |
| Additions | | - | - | - | - | 16 | 16 |
| Additions through business combinations | 3 | 28 | - | 5 | 1 | - | 34 |
| Transfers | | - | - | - | 7 | (7) | - |
| Disposals | | - | - | - | (3) | - | (3) |
| Balance as at 30 June 2022 | | 172 | 41 | 5 | 193 | 26 | 437 |
| Accumulated amortisation and impairment | | | | | | | |
| Balance as at 1 July 2021 | | - | (41) | - | (166) | - | (207) |
| Amortisation | | - | - | - | (13) | - | (13) |
| Impairment | | - | - | - | 1 | - | 1 |
| Disposals | | - | - | - | 3 | - | 3 |
| Balance as at 30 June 2022 | | - | (41) | - | (175) | - | (216) |
| Net book value | | | | | | | |
| Cost | | 172 | 41 | 5 | 193 | 26 | 437 |
| Accumulated amortisation and impairment | | - | (41) | - | (175) | - | (216) |
| Balance as at 30 June 2022 | | 172 | - | 5 | 18 | 26 | 221 |

Note 13. Intangible Assets (continued)

| | Goodwill \$m | Brands \$m | Computer Software \$m | Computer Software (Work in Progress) \$m | Total \$m |
|--|-----------------|---------------|-----------------------------|--|--------------|
| Cost | | | | | |
| Balance as at 1 July 2020 | 144 | 41 | 175 | 15 | 375 |
| Additions | – | – | 1 | 14 | 15 |
| Transfers | – | – | 13 | (12) | 1 |
| Disposals | – | – | (1) | – | (1) |
| Balance as at 30 June 2021 | 144 | 41 | 188 | 17 | 390 |
| Accumulated amortisation and impairment | | | | | |
| Balance as at 1 July 2020 | – | – | (151) | – | (151) |
| Amortisation | – | – | (14) | – | (14) |
| Impairment | – | (41) | (1) | – | (42) |
| Disposals | – | – | – | – | – |
| Balance as at 30 June 2021 | – | (41) | (166) | – | (207) |
| Net book value | | | | | |
| Cost | 144 | 41 | 188 | 17 | 390 |
| Accumulated amortisation and impairment | – | (41) | (166) | – | (207) |
| Balance as at 30 June 2021 | 144 | – | 22 | 17 | 183 |

At 30 June 2022, the net book value of computer software, and computer software work in progress, deemed to be internally generated is \$27 million (FY2021: \$27 million).

Policies**Goodwill**

Goodwill has an indefinite useful life, is recognised at cost and tested for impairment annually or whenever there are indicators of impairment (Note 20). Goodwill arises on the acquisition of subsidiaries and represents the cost of the acquisition less the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities.

Software

The value of software is measured at the cost to acquire the asset, including directly attributable costs which have been

incurred in bringing the assets to the location and condition necessary for their intended use, less amortisation and impairment. These costs are amortised on a straight-line basis over the estimated useful life (being 3-5 years).

Customer Relationships

Customer relationships are recognised if they are separately identifiable and can be reliably measured. Customer relationships are initially measured at fair value and subsequently amortised over an estimated useful life of 13-20 years using the straight-line method.

Note 14. Leases

Land and building leases relate to processing and operational facilities, Post Shops and corporate offices. These leases contain market rental reviews which are not included in the calculation of lease liabilities. Equipment leases relate to print mail assets which have been fully impaired. Fleet leases relate to company-operated vehicles. NZ Post also has a significant fleet of contractor vehicles which are short-term leases and are not capitalised.

NZ Post has entered into agreements to lease future processing centres which will be recognised as right-of-use assets from 2023 onwards.

Note 14(a) Right-of-use assets

| | Land and Buildings \$m | Equipment \$m | Fleet \$m | Total \$m |
|--|------------------------------|------------------|--------------|--------------|
| Cost | | | | |
| Balance as at 1 July 2021 | 256 | 7 | 3 | 266 |
| Additions | 70 | – | 1 | 71 |
| Additions through business combinations | 53 | – | 3 | 56 |
| Reassessment of lease extensions | (12) | – | – | (12) |
| Disposals | (9) | – | (1) | (10) |
| Balance as at 30 June 2022 | 358 | 7 | 6 | 371 |
| Accumulated depreciation and impairment | | | | |
| Balance as at 1 July 2021 | (67) | (7) | (2) | (76) |
| Depreciation | (44) | – | (1) | (45) |
| Depreciation disposal | 9 | – | 1 | 10 |
| Impairment | – | – | – | – |
| Balance as at 30 June 2022 | (102) | (7) | (2) | (111) |
| Net book value | | | | |
| Cost | 358 | 7 | 6 | 371 |
| Accumulated depreciation and impairment | (102) | (7) | (2) | (111) |
| Balance as at 30 June 2022 | 256 | – | 4 | 260 |

Note 14. Leases (continued)

| | Land and Buildings \$m | Equipment \$m | Fleet \$m | Total \$m |
|--|------------------------------|------------------|--------------|--------------|
| Cost | | | | |
| Balance as at 1 July 2020 | 248 | 5 | 3 | 256 |
| Additions | 16 | 2 | – | 18 |
| Reassessment of lease extensions | (2) | – | – | (2) |
| Disposals | (6) | – | – | (6) |
| Balance as at 30 June 2021 | 256 | 7 | 3 | 266 |
| Accumulated depreciation and impairment | | | | |
| Balance as at 1 July 2020 | (34) | (5) | (1) | (40) |
| Depreciation | (38) | – | (1) | (39) |
| Depreciation disposal | 5 | – | – | 5 |
| Impairment | – | (2) | – | (2) |
| Balance as at 30 June 2021 | (67) | (7) | (2) | (76) |
| Net book value | | | | |
| Cost | 256 | 7 | 3 | 266 |
| Accumulated depreciation and impairment | (67) | (7) | (2) | (76) |
| Balance as at 30 June 2021 | 189 | – | 1 | 190 |

Note 14(b) Amounts recognised in profit or loss

| | 2022 \$m | 2021 \$m |
|--|-------------|-------------|
| Depreciation expense on right-of-use assets | 45 | 39 |
| Interest expense on lease liabilities | 7 | 6 |
| Expense relating to short-term leases | 7 | 5 |
| Expense relating to low-value leases | 1 | – |
| Expense relating to variable leases not included in measurement of lease liabilities | 2 | – |

Note 14. Leases (continued)**Note 14(c) Lease liabilities**

| | 2022 \$m | 2021 \$m |
|--------------------------------|-------------|-------------|
| Analysed as: | | |
| Current | 47 | 38 |
| Non-current | 221 | 160 |
| Total lease liabilities | 268 | 198 |

At 30 June 2022, the Group is committed to \$0.7 million for short-term leases (FY2021: \$0.5 million).

Note 14(d) Lease maturity analysis

| | 2022 \$m | 2021 \$m |
|-------------------|-------------|-------------|
| Maturity analysis | | |
| Year 1 | 47 | 38 |
| Year 2 | 39 | 30 |
| Year 3 | 35 | 26 |
| Year 4 | 28 | 25 |
| Year 5 | 21 | 20 |
| Onwards | 98 | 59 |
| Total | 268 | 198 |

For the year ended 30 June 2022, the average effective borrowing rate was 3.67% (FY2021: 3.05%). The majority of the Group's lease obligations for the year ended 30 June 2022 are denominated in New Zealand dollars (FY2021: same).

Note 14(e) Additional information about the Group's leasing activities

| | 2022 \$m | 2021 \$m |
|-----------------------|-------------|-------------|
| Fixed payments | 66 | 60 |
| Variable payments | 2 | – |
| Total payments | 68 | 60 |

Policies**Group as lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as laptop computers and EFTPOS equipment). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease and presented as a separate line in the Statement of Financial Position. If the

implicit interest rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of lease liabilities comprise fixed lease payments less any lease incentives receivable; and variable lease payments that depend on an index or rate where the rate can be determined at the commencement date. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount for the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured

Note 14. Leases (continued)

at cost less accumulated depreciation and impairment losses. Depreciation for right-of-use assets begins at the commencement date of the lease and right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. At each reporting period, NZ Post reassesses its assumptions around lease extensions due to changes in operating conditions. If the Group assesses that a change is required, the carrying value of the lease liability and right of use asset are remeasured using an updated incremental borrowing rate. NZ Post does not revalue its right-of-use assets.

The Group applies NZ IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as a separate line in the Statement of Financial Position, at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Key Judgements and Estimates

Key judgements relating to lease accounting are as follows:

- Courier, Express and Transport contracts have been determined to contain vehicle leases. Judgement was involved in determining that the contracts are leases and that they are short-term. These have been assessed as short-term due to the termination rights held by both NZ Post and the contractors limiting the period for which the contract is enforceable. As short-term fleet leases they are excluded from lease accounting under the short-term exemption. A different conclusion would have a material impact on NZ Post's contracted delivery service expenses and on the number of leases capitalised.
- The Group determines the lease term as the non-cancellable term of the lease, together with any rights of renewal if it is reasonably certain to be exercised.

Note 15. Trade and Other Payables

| | 2022 \$m | 2021 \$m |
|---------------------------------------|-------------|-------------|
| Trade payables | 116 | 90 |
| Accrued employee benefit liabilities | 51 | 44 |
| Payment services holding accounts | 5 | 6 |
| Other accruals and payables | 6 | 4 |
| Total trade and other payables | 178 | 144 |
| Comprising: | | |
| Current trade and other payables | 173 | 138 |
| Non-current trade and other payables | 5 | 6 |
| Total trade and other payables | 178 | 144 |

Policies

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

Accrued employee liabilities

Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported at the present value of the estimated future cash outflows. Leave entitlements which can be carried forward (e.g. sick leave), but are unused at balance date, are accrued based on the additional cost expected to be paid as a result of the accumulated balance.

Note 16. Contract Liabilities

| | 2022 \$m | 2021 \$m |
|--|-------------|-------------|
| Balance as at 1 July | 44 | 49 |
| Addition to contract liabilities | 38 | 48 |
| Recognised as revenue | (45) | (46) |
| Reduction due to change in accounting estimate | (2) | (7) |
| Balance as at 30 June | 35 | 44 |

Total revenue of \$40 million was released to the Statement of Profit or Loss and Other Comprehensive Income during FY2022 from the opening balance of contract liabilities (FY2021: \$49 million). Included in the \$40 million release was \$2 million released due to a change in accounting estimate, as assumptions in the Prepaid ticket revenue deferral model were reassessed. Performance obligations for revenue deferred are expected to be completed within a year.

Policies

The Group recognises deferred revenue for mail and parcel services and box bag services that have been sold but where the obligations have not yet been performed.

Key Judgements and Estimates**Deferred revenue**

At balance date an estimate is made of which performance obligations from prepaid product sales have not been fulfilled. Judgement is applied to determine how much of each service is prepaid and the average time between purchase and delivery.

A reasonable change in the key assumptions in the revenue deferral models would not result in a material change to the revenue deferred.

Note 17. Provisions

| | Restructuring \$m | Properties \$m | Holidays Act Remediation \$m | Other \$m | Total \$m |
|--|----------------------|-------------------|------------------------------------|--------------|--------------|
| Balance as at 30 June 2021 | | | | | |
| Current provisions | 4 | 1 | 10 | 5 | 20 |
| Non-current provisions | – | 4 | – | – | 4 |
| Total provisions as at 30 June 2021 | 4 | 5 | 10 | 5 | 24 |
| Balance as at 1 July 2021 | 4 | 5 | 10 | 5 | 24 |
| Utilisation | (3) | – | (1) | (2) | (6) |
| Release of provision | (1) | – | (4) | – | (5) |
| Additional provision | 1 | 1 | – | 2 | 4 |
| Additional provision through business combinations | – | – | 1 | – | 1 |
| Total provisions as at 30 June 2022 | 1 | 6 | 6 | 5 | 18 |
| Comprising: | | | | | |
| Current provisions | 1 | 2 | 6 | 5 | 14 |
| Non-current provisions | – | 4 | – | – | 4 |
| Total provisions | 1 | 6 | 6 | 5 | 18 |

Provisions are recognised at the present value of the cost to settle the obligation.

The Holidays Act remediation provision was created in June 2019, providing for the estimated cost of remediating non-compliance in the calculation of leave payments under the Holidays Act 2003. During FY2022, NZ Post paid out \$0.9 million to 691 current and former employees (FY2021: \$14.2 million).

Note 18. Capital and Other Commitments

| | 2022 \$m | 2021 \$m |
|--|-------------|-------------|
| Contractual commitments | | |
| Payable no later than one year | 52 | 61 |
| Payable later than one year, not later than five years | 27 | 39 |
| Total capital commitments | 79 | 100 |

During FY2022, NZ Post entered into an agreement with SFF Low Emissions Delivery Limited (“SFF LED”) to provide a loan facility to accelerate the rollout of low emission vehicles (primarily electric vehicles) to NZ Post and its delivery partners. NZ Post will provide

a \$10 million loan facility and receive a fixed interest rate of 2.5%. The facility matures in December 2024. There have been no draw downs in this reporting period.

Note 19. Fair Value

Note 19(a) Fair value of financial assets and liabilities

The estimated fair values of the Group's financial assets and liabilities which differ from their carrying values are noted below:

| | Note | Carrying Amount 2022 \$m | Estimated Fair Value 2022 \$m | Carrying Amount 2021 \$m | Estimated Fair Value 2021 \$m |
|------------------------------|------|--------------------------------|--|-----------------------------------|--|
| Financial liabilities | | | | | |
| Borrowings | 21 | 114 | 115 | 34 | 35 |

The carrying values of the following financial instruments are a reasonable approximation of fair value because they are short-term in nature: cash and cash equivalents, loans to related parties, trade receivables and trade payables.

Note 19(b) Fair value measurement

| 30 June 2022 | Note | Level 1 \$m | Level 2 \$m | Level 3 \$m | Total \$m |
|---|------|----------------|----------------|----------------|--------------|
| Assets at fair value | | | | | |
| Investment properties | | - | - | 19 | 19 |
| Land and buildings | 12 | - | - | 38 | 38 |
| Derivative financial assets | 22 | - | 2 | - | 2 |
| Total financial assets at fair value | | - | 2 | 57 | 59 |

| 30 June 2021 | | Level 1 \$m | Level 2 \$m | Level 3 \$m | Total \$m |
|---|----|----------------|----------------|----------------|--------------|
| Assets at fair value | | | | | |
| Investment properties | | - | - | 18 | 18 |
| Land and buildings | 12 | - | - | 38 | 38 |
| Derivative financial assets | 22 | - | 1 | - | 1 |
| Total financial assets at fair value | | - | 1 | 56 | 57 |

Note 19. Fair Value (continued)

Note 19(c) Fair value measurement of investment properties, land and buildings

All investment properties and land and buildings are categorised as Level 3 in the fair value hierarchy. The key unobservable inputs used to measure fair value of investment properties and land and buildings properties are disclosed below, along with their sensitivity to a significant increase or decrease:

| Significant Unobservable Inputs | Description | Fair Value Measurement Sensitivity to Significant Changes: | |
|---------------------------------|---|--|-------------------|
| | | Increase in Input | Decrease in Input |
| Market capitalisation rate | The capitalisation rate applied to the market rental to assess the property's value. Derived from similar transactional evidence taking into account location, weighted average lease term, customer covenants, size and quality of the property. | Decrease | Increase |
| Market rental | The valuer's assessment of the net market income attributable to the property; includes both leased and vacant areas. | Increase | Decrease |

The following table discloses the quantitative information by asset class of the key significant unobservable inputs disclosed above:

| 30 June 2022 | | Market Capitalisation Rate | Market Rental |
|-------------------------------|---------------------|----------------------------|---------------|
| Asset Class | Description | % pa | \$ psqm |
| Property, plant and equipment | Post Shop | 3.50 – 11.50 | 35 – 550 |
| Property, plant and equipment | Mail Centre | 6.50 – 10.50 | 50 – 220 |
| Investment property | Investment Property | 3.50 – 11.50 | 35 – 550 |

| 30 June 2021 | | Market Capitalisation Rate | Market Rental |
|-------------------------------|---------------------|----------------------------|---------------|
| Asset Class | Description | % pa | \$ psqm |
| Property, plant and equipment | Post Shop | 4.00 – 11.00 | 35 – 550 |
| Property, plant and equipment | Mail Centre | 7.00 – 11.00 | 60 – 180 |
| Investment property | Investment Property | 4.00 – 11.00 | 35 – 550 |

Transfers between investment properties and land and buildings

During the year, \$0.6 million of land buildings at fair value were transferred to investment properties (FY2021: \$3 million). Net revaluation gains recognised on investment properties amounted to \$0.4 million (FY2021: \$1.5 million).

Note 19. Fair Value (continued)

Policies

Fair value estimation

NZ Post measures financial instruments, such as derivatives, and some non-financial assets such as investment properties and land and buildings, at fair value at each balance date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability; the Group must have access to the principal or most advantageous market at the measurement date.

Fair value hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the quality and reliability of information used to determine the fair values. The three levels of the fair value hierarchy are defined as follows:

Level 1

Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2

Fair value measurements are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where

these techniques use inputs that are based significantly on observable market data.

Level 3

Fair value measurements where at least one input which could have a significant effect on the instruments' valuation is not based on observable market data.

Land and buildings

NZ Post carries land and buildings at fair value and engaged an independent valuation specialist to assess this as at 30 June 2022. They were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The agreement by which the Company purchased the Post Office business from the Crown recognises potential land claims that may be lodged under the Treaty of Waitangi Act 1975. The effect on the valuation of assets resulting from potential claims cannot be quantified. However, under the Treaty of Waitangi (State Enterprises) Act 1988, the Company will be compensated by the Crown for any loss that occurs upon the resumption of any interest in land by the Crown.

If land and buildings (including investment properties) had been measured using the cost method the carrying amounts would be as follows:

| | 2022 \$m | 2021 \$m |
|-----------|-------------|-------------|
| Land | 5 | 5 |
| Buildings | 10 | 10 |

Key Judgements and Estimates

The fair values of assets and liabilities carried at fair value were determined by application of the following methods and assumptions.

Derivative financial instruments

The fair values of exchange rate or interest rate contracts are obtained from observable market prices, discounted cash flow models or option-pricing models as appropriate.

Investment properties and land and buildings

The carrying amount of investment properties and land and buildings is the fair value of the property as determined

by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair value reflects management's assessment of highest and best use of each property at the end of the reporting period.

The fair values presented are based on market values, which are derived using the capitalisation method. The key assumptions used in the valuations are derived from recent comparable transactions to the greatest extent possible; however, the valuation method uses unobservable inputs in determining fair value.

Note 20. Impairment of Non-financial Assets

Impairment losses for non-financial assets for the year ended 30 June comprise:

| | | 2022 | 2021 |
|--|------|------|------|
| | Note | \$m | \$m |
| Mail CGU property, plant and equipment | 12 | 1 | 3 |
| Mail CGU right-of-use assets | 14 | – | 2 |
| Courier CGU intangible assets | 13 | – | 41 |
| Third-party logistics CGU property, plant and equipment / (reversal of impairment) | 12 | (1) | 1 |
| Third-party logistics CGU intangible assets | 13 | – | 1 |
| Total impairment | | – | 48 |

Note 20(a) Impairment of NZ Post assets

Cash generating units

The two material cash generating units (“CGUs”) identified are the Mail CGU comprising delivery of letters and untracked parcels, and the Parcels CGU, aligned with the Parcels operating segment. The third-party logistics CGU is an immaterial part of the Other products and services segment.

Mail CGU impairment review

NZ Post entered into a contract for mail services with the Government during the 2020 financial year. The service contract provides funding of up to \$130 million for the period FY2021 to FY2025 to maintain a break-even financial result in the mail operating segment as mail volume declines. The contract includes terms around maintaining mail service levels, has constraints on the mail price path and requirements for cost savings. All of these conditions were met during the year. These discussions continue. As at 30 June 2022, mail funding of \$93 million has been drawn down (FY2021: \$32 million).

The Deed of Understanding between NZ Post and the Government requires NZ Post to provide a universal postal service. Management has assessed the combined obligations under the service contract and Deed of Understanding and concluded they do not form an onerous contract.

The recoverable amount of the Mail CGU, which is classified within Level 3 of the fair value hierarchy, has been determined based on a fair value less costs of disposal calculation. The recoverable amount of the Mail CGU has previously been assessed to be nil. Newly acquired non-financial assets in the Mail CGU have been impaired by \$1 million, including property, plant and equipment and leased print mail equipment recognised as right-of-use assets (FY2021: \$5 million). Assets are reviewed individually, and key assumptions and sensitivities are not disclosed as any reasonable change in assumptions does not change impairment assessments. Management has considered whether any indicators of impairment have reversed, until such time as the longer-term future of mail is

more certain, the Group has assessed that indicators of impairment have not reversed. Management has also reviewed the leased property sites recognised as right-of-use assets in the Mail CGU by obtaining independent rental reviews and assessed that no impairment is required based on the ability to sublease the sites and that any sublease would be approximately at or above current rates paid by NZ Post.

Goodwill and brands impairment review

The entire balance of goodwill has been allocated to the Parcels CGU. This includes the goodwill recognised upon acquisition of the Fliway Group. The valuation used to assess the recoverable amount of the Parcels CGU was based on fair value less costs of disposal, using a five-year discounted cash flow (“DCF”). This valuation is Level 3 in the fair value hierarchy.

The key assumptions (based on past performance and management experience) used in the valuation are per the Board approved five-year forecast and include:

- Forecast Compounding Average Growth Rate (“CAGR”) for parcel volume growth, forecast average revenue per unit (“ARPU”) and forecast cost per parcel combine to create a forecast EBIT. The volume CAGR was derived from past performance and management’s forecast of the market, consumer behaviour and macro-economic conditions. Of these assumptions, the forecast CAGR is the most significant valuation input. Reasonable changes in the ARPU and cost per parcel do not have a material effect on the valuation.
- The Forecast EBIT was risk adjusted downwards in FY2026 and FY2027 to reflect the risks associated with executing the parcels growth strategy.
- Benefits and costs from the Network Strategy Investment (Te Iho) have been included in the valuation as it is fully integrated in the business plan.

Note 20. Impairment of Non-financial Assets (continued)

The key valuation inputs used in the DCF were:

| Parcels CGU | Carrying Value \$m | Post-tax Discount Rate | Terminal Value Growth Rate | Forecast Parcel CAGR |
|------------------------------------|-----------------------|------------------------------|-------------------------------------|----------------------------|
| Year ended 30 June 2022 – Goodwill | 172 | 8.4% pa | 1.0% pa | 6.4% |
| Year ended 30 June 2021 – Goodwill | 144 | 7.6% pa | 1.0% pa | 7.9% |

The discount rate and terminal growth rates were informed by external corporate finance experts based on internal and external information.

The carrying value of the Parcels CGU at 30 June 2022, including the goodwill, was less than the recoverable amount estimated by the DCF valuation (FY2021: same). Therefore, there has been no impairment of goodwill at 30 June 2022 (FY2021: nil). A reasonably possible change in either forecast or valuation assumptions would not result in an impairment (FY2021: same).

In June 2021, NZ Post performed an assessment of the brands allocated to the Parcels CGU and determined \$41.4 million to be derecognised as no further economic benefits will be derived from the retired brands.

The brands were held in the Parcels CGU and the impairment was recognised in the profit before interest and tax. There were no cash flow impacts of this impairment expense.

Corporate and shared assets

NZ Post runs an integrated delivery network and corporate and shared assets are those used for both mail and parcel operations. The carrying value of shared assets has been allocated to the parcels CGU on the assumption that these would be repurposed for parcels use if required.

No impairment losses have been recognised in relation to the shared assets (FY2021: same).

Note 20(b) Carrying value of KGH

Impairment indicators

NZ Post has a 53% holding in KGH which is assessed at each reporting period for indicators of impairment. Kiwibank is the most significant of KGH's subsidiaries. KGH has performed strongly for the year ended 30 June 2022, future financial forecasts are an uplift from that prepared a year ago and risk around the quality of financial assets (and potential recoverability) remains low. As there are no indicators of impairment, the NZ Post Group has not formally tested the KGH Group for impairment through a formal valuation process.

Policies

Testing for impairment

NZ Post tests property, plant and equipment (excluding land and buildings held at revalued amounts), intangibles, goodwill and investments for impairment:

- at least annually for indefinite life intangibles, intangibles not yet available for use and goodwill; and
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment (on assets other than goodwill) may have changed.

Assets are impaired if their recoverable amount is less than their carrying amount. An impairment loss is recognised in profit or loss for the difference, except to the extent that there is a revaluation reserve for the impaired asset, in which case, the impairment is recognised first against the revaluation reserve for that asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of impairment testing, goodwill is allocated to each of the CGUs or groups of CGUs, that is expected to benefit from the synergies of the business combination (assets or groups of assets that derive cash flow benefits to the Group). Impairment losses for goodwill are not reversed.

Financing

Note 21. Borrowings

| | 2022 \$m | 2021 \$m |
|-------------------------------------|-------------|-------------|
| Current borrowings | | |
| Commercial paper | 60 | – |
| Total current borrowings | 60 | – |
| Non-current borrowings | | |
| CBA facility | 54 | 34 |
| Total non-current borrowings | 54 | 34 |

Net debt reconciliation

| | Borrowings due < 1 year | Borrowings due > 1 year | Total |
|---|----------------------------|----------------------------|------------|
| Balance as at 1 July 2021 | – | 34 | 34 |
| Commercial paper issued | 60 | – | 60 |
| Net drawdown of CBA facility (net of transaction costs) | – | 19 | 19 |
| Other non-cash movements | – | 1 | 1 |
| Balance as at 30 June 2022 | 60 | 54 | 114 |

| | Borrowings due < 1 year | Borrowings due > 1 year | Total |
|---|----------------------------|----------------------------|-----------|
| Balance as at 1 July 2020 | – | 200 | 200 |
| Repayment of subordinated notes | – | (200) | (200) |
| Drawdown of CBA facility (net of transaction costs) | – | 34 | 34 |
| Balance as at 30 June 2021 | – | 34 | 34 |

Commercial Paper

During the year ended 30 June 2022 \$135 million of commercial paper was issued (FY2021: nil) and \$75 million was repaid (FY2021: nil). Commercial paper up to \$200 million can be issued to wholesale investors. The amount and term of the issue is at the discretion of NZ Post. The current amount on issue has a term of three months.

New Zealand Post Group Finance Subordinated Notes

The subordinated notes of \$200 million were part of the Group's core debt and had a maturity date of 15 November 2039. The subordinated notes were redeemed on 15 May 2021, with full repayment made on 17 May 2021 (including any accrued interest).

CBA Facility

On 17 March 2021, NZ Post arranged a new credit facility with the Commonwealth Bank of Australia ("CBA"), comprised of \$100 million with tenor of three years and \$100 million with a tenor of five years. NZ Post has the intention and the right to an automatic rollover of

the borrowings and to defer settlement of drawdowns within the applicable tenor and has treated any amounts drawn down under the facility as non-current. NZ Post has drawn down \$110 million of borrowings during the year (FY2021: \$35 million) and \$90 million was repaid (FY2021: nil). Related transaction costs subject to amortisation amounted to \$0.5 million as at 30 June 2022 (FY2021: \$0.6 million).

Policies

Borrowings

Borrowings are recognised at amortised cost. Any difference between the proceeds and the redemption value of borrowings is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowing costs directly attributable to the issuance of debt are capitalised and amortised over the life of the debt instrument.

Note 22. Financial Instruments

Financial instruments by category

| | Fair Value through Profit or Loss \$m | Other Financial Assets at Amortised Cost \$m | Total \$m |
|-------------------------------|--|---|--------------|
| 30 June 2022 | | | |
| Cash and cash equivalents | – | 71 | 71 |
| Trade and other receivables | – | 176 | 176 |
| Derivative financial assets | 2 | – | 2 |
| Loan to related party | – | 3 | 3 |
| Total financial assets | 2 | 250 | 252 |

| | Fair Value through Profit or Loss \$m | Other Financial Liabilities at Amortised Cost \$m | Total \$m |
|---|--|--|--------------|
| Trade and other payables ⁽¹⁾ | – | 173 | 173 |
| Lease liabilities | – | 268 | 268 |
| Borrowings | – | 114 | 114 |
| Total financial liabilities | – | 555 | 555 |

| | Fair Value through Profit or Loss \$m | Other Financial Assets at Amortised Cost \$m | Total \$m |
|-------------------------------|--|---|--------------|
| 30 June 2021 | | | |
| Cash and cash equivalents | – | 72 | 72 |
| Trade and other receivables | – | 150 | 150 |
| Derivative financial assets | 1 | – | 1 |
| Total financial assets | 1 | 222 | 223 |

| | Fair Value through Profit or Loss \$m | Other Financial Liabilities at Amortised Cost \$m | Total \$m |
|---|--|--|--------------|
| Trade and other payables ⁽¹⁾ | – | 140 | 140 |
| Lease liabilities | – | 198 | 198 |
| Borrowings | – | 34 | 34 |
| Total financial liabilities | – | 372 | 372 |

(1) Trade and other payables exclude other taxes.

Note 22. Financial Instruments (continued)

Policies

Designation of financial instruments

Designation of financial assets and financial liabilities into categories is determined by the way the assets are managed, and their contractual cash flows as at initial recognition.

Financial assets

Recognition and measurement

NZ Post's financial assets include financial assets at amortised cost (debt instruments) and financial assets at fair value through profit or loss. Trade receivables are measured at the transaction price determined under NZ IFRS 15.

Financial assets at amortised cost

NZ Post's financial assets at amortised cost include trade and other receivables. NZ Post measures financial assets at amortised cost if they are held to collect contractual cash flows, and payments are solely principal and interest.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

This category includes derivatives categorised as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are recognised initially at fair value and gains and losses from changes in the fair value are included in profit or loss in the period they arise.

Financial liabilities

NZ Post classifies its financial liabilities as either fair value through profit or loss or at amortised cost. Financial liabilities at fair value through profit or loss are recorded at fair value with any realised and unrealised gains or losses recognised in profit or loss.

Trade and other payables, lease liabilities and borrowings are recognised at amortised cost (refer to Note 14, Note 15 and Note 21, respectively). Borrowings are recognised when cash is advanced.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the profit or loss.

Financial risk management

NZ Post undertakes activities which involve the acceptance of credit, market (currency and interest rate), financing and operational risks. The management of risk is an essential element of the Group's strategy with emphasis placed on proactive management to enhance shareholder value and minimise earnings volatility over time.

The Board of Directors are responsible for the direction, strategies and policy around risk management which the Corporate Finance team then execute.

Note 22(a) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to Note 10 and Note 11.

Note 22. Financial Instruments (continued)**Note 22(b) Liquidity risk**

Liquidity risk is the risk of NZ Post being unable to meet financial obligations as they fall due. NZ Post manages liquidity risk to ensure that it has sufficient cash in a timely manner and at a reasonable price to meet its financial commitments and monitors this risk daily, primarily by forecasting future cash requirements.

Liquidity risk management

NZ Post manages this risk by maintaining a portfolio of liquid assets in the form of cash and short-term investments. Other facilities include a \$200 million commercial paper programme of which \$60 million was drawn and a bank facility of \$200 million of which \$55 million was drawn at 30 June 2022. In the prior year, the Group's other facilities include a committed standby debt facility of \$10 million (undrawn at year end), a \$200 million commercial paper programme (undrawn at year end) and a bank facility of \$200 million of which \$35 million was drawn.

The Group previously guaranteed the payment obligations of Kiwibank under a deed poll guarantee which ended on 28 February 2017 but still applies to all payment obligations entered into prior to that date. Refer to Note 25 for further details. The Group has not included these guarantees in the below table of exposure as the Group believes the likelihood of the guarantees being called is remote.

Exposure

The tables below summarise the cash flows payable by the Group under both non-derivative and derivative financial liabilities by remaining contractual maturities at the balance date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the inherent liquidity risk is managed based on expected undiscounted cash flows.

| | Up to 3 Months \$m | Between 3 and 12 Months \$m | Between 1 and 5 Years \$m | More than 5 Years \$m | Total \$m |
|---|--------------------------|--------------------------------------|------------------------------------|-----------------------------|--------------|
| 30 June 2022 | | | | | |
| Non-derivative cash flows | | | | | |
| Cash and cash equivalents | 71 | – | – | – | 71 |
| Trade and other receivables | 137 | 26 | 13 | – | 176 |
| Trade and other payables | (152) | (15) | (6) | – | (173) |
| Borrowings | (60) | – | (54) | – | (114) |
| Interest payable | (3) | (7) | (20) | (19) | (49) |
| Loan to related party | – | – | 3 | – | 3 |
| Lease liabilities | (13) | (34) | (123) | (98) | (268) |
| Net non-derivative cash flows | (20) | (30) | (187) | (117) | (354) |
| Derivative cash flows | | | | | |
| Foreign exchange derivatives – inflows | 5 | 3 | – | – | 8 |
| Foreign exchange derivatives – outflows | (10) | – | – | – | (10) |
| Interest rate derivatives – outflows | – | (1) | (2) | – | (3) |
| Commitments | | | | | |
| Capital commitments | 23 | 29 | 27 | – | 79 |
| Total off balance sheet cash flows | 18 | 31 | 25 | – | 74 |
| Net position | (2) | 1 | (162) | (117) | (280) |

Note 22. Financial Instruments (continued)

| 30 June 2021 | Up to 3 Months \$m | Between 3 and 12 Months \$m | Between 1 and 5 Years \$m | More than 5 Years \$m | Total \$m |
|--|--------------------------|--------------------------------------|------------------------------------|-----------------------------|--------------|
| Non-derivative cash flows | | | | | |
| Cash and cash equivalents | 72 | – | – | – | 72 |
| Trade and other receivables ⁽¹⁾ | 118 | 30 | – | – | 148 |
| Trade and other payables | (123) | (11) | (6) | – | (140) |
| Borrowings | – | (1) | (38) | – | (39) |
| Interest payable | (1) | (4) | (13) | (5) | (23) |
| Lease liabilities | (10) | (28) | (101) | (59) | (198) |
| Finance lease receipts | 1 | 1 | – | – | 2 |
| Net non-derivative cash flows | 57 | (13) | (158) | (64) | (178) |
| Derivative cash flows | | | | | |
| Foreign exchange derivatives – inflows | 5 | 2 | – | – | 7 |
| Foreign exchange derivatives – outflows | (7) | (3) | – | – | (10) |
| Commitments | | | | | |
| Capital commitments | 28 | 33 | 39 | – | 100 |
| Total off-balance sheet cash flows | 26 | 32 | 39 | – | 97 |
| Net position | 83 | 19 | (119) | (64) | (81) |

(1) Excludes finance lease receipts.

Note 22. Financial Instruments (continued)

Note 22(c) Market risk

Foreign exchange risk

Foreign exchange risk arises as the Group holds assets and issues liabilities denominated in foreign currencies. Transactions with overseas postal organisations are invoiced in Special Drawing Rights (SDR) and settled primarily in United States Dollars (USD). SDR is a basket currency composed of fixed quantities of five major currencies set by the International Monetary Fund. The foreign currency which the Group primarily deals in is USD.

Foreign exchange risk management

The Group manages foreign exchange risk through the use of derivatives (foreign exchange contracts). The Group's policy is to hedge net foreign currency cash flows (exceeding \$0.5 million) forecast to occur within 24 months, within specified limits. NZ Post does not apply hedge accounting. Capital expenditure over \$0.5 million is hedged between 90%-100% as soon as a legal commitment has been made. Foreign exchange rate movements of greater than 35% would be required in order to materially impact NZ Post's financial position or performance.

Exposure

The Group's exposure to foreign exchange risk (prior to hedging contracts) at reporting date are:

| | 2022 | | 2021 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | AUD NZD \$m | USD NZD \$m | AUD NZD \$m | USD NZD \$m |
| Cash and cash equivalents | 1 | – | – | 2 |
| Trade and other receivables | – | 43 | – | 39 |
| Derivative financial assets | – | 2 | – | – |
| Trade and other payables | – | (17) | – | (13) |
| Net on statement of financial position | 1 | 28 | – | 28 |

Possible fluctuations in foreign exchange rates are not expected to have a material impact on NZ Post's financial position or performance.

Interest rate risk

NZ Post is exposed to interest rate risk through fluctuations in interest costs on floating debt instruments and from changes in asset and liabilities values due to changes in market interest rates. The main objective of the management of interest rate risk is to minimise the interest expense volatility and minimise funding costs.

Interest rate risk management

The Group manages interest rate risk through the use of derivatives to modify its exposure to changes in interest rates. The derivatives typically entered into are pay-fixed, receive floating interest rate swaps. These instruments will swap a portion of the variable component of interest to a fixed rate, to allow the Group to forecast future funding cost requirements. Interest rate repricing on financial assets acts as an offset to repricing on financial liabilities.

The interest rate risk is hedged within Treasury Policy limits once the drawn debt has exceeded a minimum threshold. The Group has \$40 million of interest rate swaps as at 30 June 2022.

Commercial paper is held for three months per issuance and is also included in the debt limit calculations for our interest rate risk management. Due to its short-term nature, this is considered to be a low risk money-market instrument.

Exposure

The Group has floating rate borrowings with a face value of \$55 million at 30 June 2022 (FY2021: \$35 million), and fixed rate borrowings with a face value of nil (FY2021: nil). All borrowings are used to fund ongoing activities. As at 30 June 2022, the weighted average interest rate on borrowings (as amended by interest rate swaps) is 2.939% pa (FY2021: 0.925% pa).

Based on borrowing levels as at 30 June 2022, interest rate movements that could be reasonably expected would not have a material impact on NZ Post's financial position or performance.

Note 22. Financial Instruments (continued)

Note 22(d) Credit risk

NZ Post is exposed to counterparty credit through cash and cash equivalents on deposit with banks; interest rate swaps and foreign exchange contracts with counterparties; and customers with outstanding receivables.

Credit risk management

NZ Post manages credit risk through specific policy benchmarks and parameters (including credit terms for customers and debtor day targets) set by the Board which must be complied with in all situations. Credit risk is actively monitored on a monthly basis by the Board. No collateral is held as at 30 June 2022 (FY2021: nil) but accounts are suspended for non-payment as required. The Group performs credit checks on new customers prior to creating an account.

NZ Post Treasury Policy sets out counterparty credit risk control limits based on the long-term credit rating of the counterparty. Bank accounts and short-term deposits can only be held with counterparties with a credit rating of A-/A3 or higher.

Credit risk exposure

NZ Post's exposure to credit risk is outlined in the Statement of Financial Position (showing cash and cash equivalents and derivative financial instruments) and Note 11, setting out trade and other receivables and the current provision in place against these balances.

At balance date, 71% of the total maximum exposure is derived from trade and other receivables (FY2021: 68%). Management is confident in its ability to control and sustain minimal exposure of credit risk resulting from its financial assets.

There are no individual counterparties or connected persons where their credit exposure equalled or exceeded 10% of the Group's total credit exposure during the year (FY2021: nil).

Note 23. Equity

Note 23(a) The nature of the Group's contributed equity

Ordinary share capital

At 30 June 2022, there were 272.2 million authorised and fully paid ordinary shares on issue (FY2021: 272.2 million authorised shares of which 272.2 million were fully paid). The shares have no par value. All shares have equal voting rights and share equally in dividends and surplus on winding up.

There were no dividends paid during the year ended 30 June 2022 (FY2021: nil).

Note 23. Equity (continued)

Note 23(b) Other reserves

The table below details movements in other reserves. A description of the nature and purpose of each reserve is provided below the table.

| | Property Revaluation Reserve \$m | Fair Value Reserve of Financial Assets at FVOCI \$m | Cash Flow Hedge Reserve \$m | Total \$m |
|---|---|--|--------------------------------------|--------------|
| Balance as at 1 July 2021 | 31 | (4) | 28 | 55 |
| Gains on revaluation of land and buildings – gross | 1 | – | – | 1 |
| Share of other comprehensive income / (loss) of jointly controlled entities | – | (35) | 101 | 66 |
| Other comprehensive income / (loss) | 1 | (35) | 101 | 67 |
| Other movements | | | | |
| Transfer between revaluation reserve and retained earnings | – | – | – | – |
| Balance as at 30 June 2022 | 32 | (39) | 129 | 122 |
| | | | | |
| | Property Revaluation Reserve \$m | Fair Value Reserve of Financial Assets at FVOCI \$m | Cash Flow Hedge Reserve \$m | Total \$m |
| Balance as at 1 July 2020 | 27 | 8 | (5) | 30 |
| Gains on revaluation of land and buildings – gross | 4 | – | – | 4 |
| Share of other comprehensive income / (loss) of jointly controlled entities | – | (12) | 33 | 21 |
| Other comprehensive income / (loss) | 4 | (12) | 33 | 25 |
| Other movements | | | | |
| Transfer between revaluation reserve and retained earnings | – | – | – | – |
| Balance as at 30 June 2021 | 31 | (4) | 28 | 55 |

The gains on revaluation of land and buildings is shown as net of any deferred tax impact.

Nature and purpose of reserves

Property revaluation reserve

The property revaluation reserves are used to record increments and decrements in the fair value of land and buildings.

Fair Value Reserve of Financial Assets at FVOCI

The fair value reserve of financial assets records movements in the fair value of financial assets through other comprehensive income held by KGH.

Cash flow hedge reserve

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Other Disclosures

Note 24. Related parties

The ultimate shareholder of the Group is the Crown and the Group undertakes many transactions with other State-Owned Enterprises, Crown Entities and Government Departments in the normal course of business which are not disclosed here. All subsidiaries and jointly controlled entities are considered to be related parties of NZ Post. Transactions and balances with subsidiaries are not disclosed as they eliminate on consolidation.

| | 2022 \$m | 2021 \$m |
|--|-----------------|-----------------|
| Related party transactions | | |
| <i>Jointly controlled entities</i> | | |
| Sale of goods and services | 17 | 3 |
| Expenditure recoveries | 3 | 6 |
| Purchase of goods and services | (1) | (2) |
| Related party balances | | |
| The amounts outstanding with related parties at balance date were: | | |
| <i>Jointly controlled entities</i> | | |
| Current trade receivables | 3 | 8 |
| Noncurrent loan receivable | 3 | - |
| Total related party balances | 6 | 8 |
| Key management personnel compensation | | |
| | 2022 \$000's | 2021 \$000's |
| Short-term employee benefits and Directors' fees | 5,954 | 4,935 |
| Total key management personnel compensation | 5,954 | 4,935 |

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, being Directors and Executive Leadership Team Members of the Group. Directors' fees recognised during the year amounted to \$464,254 (FY2021: \$350,000). Current accounts are all payable on demand and settled monthly.

Note 25. Contingencies

The Group is subject to additional claims, contingencies and investigations incurred in the normal course of business. Apart from the deed poll guarantee listed below, the Directors are not aware of any significant exposure to the Group.

Deed poll guarantee

The Group had previously guaranteed the payment obligations of Kiwibank Limited under a deed poll guarantee. The guarantee was withdrawn on 28 February 2017 and does not apply to any new payment obligations entered into after that date. Payment obligations entered into on or before 28 February 2017 remain under the guarantee until maturity. The value of payment obligations that remain covered by the guarantee at 30 June is as follows:

| | 2022 \$m | 2021 \$m |
|--|-------------|-------------|
| Retail deposits ⁽¹⁾ | 646 | 823 |
| Foreign currency accounts ⁽²⁾ | 7 | 7 |
| Wholesale deposits ⁽³⁾ | 41 | 64 |
| Total deed poll guarantee | 694 | 894 |

(1) Consisting of Retail/Business Banking – term deposits, online call, all savings and transactional accounts, PIE term deposits, PIE online call, PIE notice saver, home loans in funds, credit cards in funds, personal loans in funds

(2) Foreign currency account balances converted at the relevant end of month exchange rate

(3) Consisting of wholesale term deposits, collateral liabilities, registered certificates of deposit, euro commercial paper, domestic medium-term notes, offshore senior debt, derivatives

Note 26. Events Occurring After Balance Date

On 4 August 2022, following a consultation process it was confirmed that Manawatū Mail Centre will close in March 2023.

On 19 August 2022, NZ Post signed a conditional Sale and Purchase Agreement in which the Crown has agreed to acquire NZ Post's 53% shareholding in KGH. This is part of a broader agreement in which the Crown has agreed to acquire 100% of KGH. The proceeds from the transaction are expected to exceed the carrying value of the investment. The conditions, in particular approval by the Reserve Bank of New Zealand, are expected to be satisfied in the first half of FY2023. Under the Agreement, the Crown has agreed to enter into a Deed of Transfer pursuant to which NZ Post will assign and transfer to the Crown its obligations under the deed poll guarantee (refer to Note 25).



Independent auditor's report

To the readers of New Zealand Post Limited's financial statements for the year ended 30 June 2022.

The Auditor-General is the auditor of New Zealand Post Limited ("the Company" or "NZ Post") and its subsidiaries ("the Group"). The Auditor-General has appointed me, Kevin Brown, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the Group on his behalf.

Our opinion

In our opinion, the accompanying financial statements of New Zealand Post Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's financial statements comprise:

- the statement of financial position as at 30 June 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted 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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Standards 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assurance services for the Group in the form of a custody control engagement and other services in the area of providing Group employees access to a generic technical training course and a report summarising the results of a survey of New Zealand executive rewards. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and relationships have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context



of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Description of the key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>Valuation of intangible assets acquired as part of the Fliway Group Limited business combination</p> <p>As disclosed in note 3 to the financial statements, NZ Post acquired 100% of Fliway Group Limited (Fliway) on 28 February 2022 for NZ\$52 million.</p> <p>NZ Post has identified, and measured at fair value, the assets and liabilities acquired. The consideration paid for the acquisition of Fliway has then been allocated to these identifiable assets and liabilities, with any excess consideration being allocated to goodwill.</p> <p>We consider the valuation of the identified assets to be a key audit matter. This is because of the significance of the transaction to the financial statements and the judgements applied by NZ Post in determining the assets' fair values.</p> <p>NZ Post used an independent valuation expert to assist them to identify and determine the fair value of the Fliway assets acquired.</p> | <p>To obtain an understanding of the Fliway business combination we read the sale and purchase agreement and minutes of Board of Directors' meetings relating to the acquisition.</p> <p>With the assistance of our auditor's valuation expert, we:</p> <ul style="list-style-type: none"> assessed the work of NZ Post's expert; challenged the reasonableness of the fair value measurements of the material intangible assets recognised; and assessed the methodology applied by NZ Post to fair value the assets acquired. This included comparing the valuation approaches adopted for each of the material intangible assets recognised against our knowledge and experience of commonly used and recognised approaches. <p>Information provided by NZ Post to their independent valuation expert was a key input to the valuations. The information of most significance related to cash flows associated with customer relationships. To assess the reliability of this information we compared the customer cash flows to historic achieved results.</p> <p>We considered the results of the procedures above satisfactory in forming our opinion on the financial statements as a whole.</p> |
| <p>Impairment assessment of the Parcels cash generating unit</p> <p>As disclosed in note 13 and 20, NZ Post has recognised goodwill of \$172 million as at 30 June 2022. This goodwill has been allocated to the Parcels cash generating unit (CGU), \$144 million, and to the recently acquired Fliway CGU, \$28 million. Goodwill is required to be tested for impairment on an annual basis.</p> <p>NZ Post engaged a valuation expert to assist them in estimating the recoverable value of the Parcels CGU. This valuation has been prepared on a fair value less cost of disposal (FVLCOD) basis.</p> | <p>We obtained an understanding and evaluated NZ Post's processes and controls relating to impairment assessments.</p> <p>With the assistance of our auditor's valuation expert, we assessed the reasonableness of the impairment assessment, including evaluating the competence, capabilities and objectivity of management's expert. To achieve this we:</p> <ul style="list-style-type: none"> tested the mathematical accuracy of the impairment assessment and assessed the reasonableness of valuation methodology adopted; agreed forecast cash flows to Board approved budgets; |



| Description of the key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>NZ Post has made a number of judgements in determining the valuation, including estimating:</p> <ul style="list-style-type: none"> • risk adjusted future cash flows based on forecast parcel volume growth (compounding average growth rate) across the five-year forecast period; • the appropriate discount rate and terminal growth rate; and • the expected benefits to be realised from NZ Post's Network Strategy Investment (Te Iho). <p>NZ Post concluded that the FVLCOG of the Parcels CGU was higher than, and therefore supported, the carrying value of the CGU assets, including goodwill.</p> <p>We determined this matter as a key audit matter as goodwill is a material balance and we dedicated significant effort to the audit of the impairment consideration.</p> | <ul style="list-style-type: none"> • calculated the differences between historical actual and budgeted performance and considered the impact of differences on our assessment of forecast earnings; • assessed key forecast cash flow assumptions, including: <ul style="list-style-type: none"> - forecast parcel volumes by comparing to historical trends and inspecting external market evidence, including from comparable companies, on estimated parcel growth; - agreeing significant capital expenditure to Board approved business case; - assessed the discount and terminal growth rates, by comparing them to market data, and industry growth rates and long-term inflation rates respectively. • assessed the sensitivity of the valuation to changes in key assumptions; and • assessed the appropriateness of the financial statement disclosures. <p>The FVLCOG of the Parcels CGU supports the carrying value of the CGU assets.</p> <p>We considered the results of the procedures above satisfactory in forming our opinion on the financial statements as a whole.</p> |
| <p>Revenue recognition</p> <p>NZ Post's revenue of \$1,036 million primarily comprises the delivery of services, as disclosed in note 5. NZ Post has deferred revenue of \$35 million for obligations not yet performed as at 30 June 2022, which is reported as contract liabilities in note 16.</p> <p>NZ Post's revenue recognition principally relates to the delivery of services over time.</p> <p>Revenue recognition was considered a key audit matter due to the number of revenue streams within the Group and the significant level of effort required to audit revenue.</p> <p>Management judgement is also required to estimate the contract liability for deferred revenue. Judgement is applied to determine the amount of revenue for which payment has been received but the service has not yet been delivered.</p> | <p>We obtained an understanding and evaluated NZ Post's processes and controls relating to revenue recognition, including those relating to the recognition of contract liabilities for outstanding performance obligations.</p> <p>Our audit procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> • challenging judgements made by management in applying NZ IFRS 15, including assessing a sample of individual contracts against the requirements of the standard, particularly the determination of performance obligations; • testing a sample of revenue transactions to assess the completion of performance obligations, accuracy of revenue recorded and portfolio classification; and • assessing the disclosures made against the requirements of NZ IFRS 15. |



| Description of the key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>NZ Post aggregates contracts with similar performance obligations and assesses them as a portfolio. There are seven main portfolios of contracts with similar performance obligations, comprising 99% of the Group's revenue for the year ended 30 June 2022.</p> | <p>Our audit procedures in relation to the contract liability for deferred revenue included analytical review procedures over box bag and trend analysis over prepaid ticket liability, specifically focussed on the loss factor utilised within the calculation model.</p> <p>We considered the results of the procedures above satisfactory in forming our opinion on the financial statements as a whole.</p> |

Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from quantitative and qualitative material misstatement.

Overall group materiality: \$10.3 million, which represents 1% of Total Revenue.

We chose Total Revenue as the benchmark because, in our view, revenue is a key financial metric used in assessing the performance of the Group and is less volatile than other profit or loss measures. We chose 1% based on our professional judgement, noting that it is also within the range of commonly accepted thresholds for entities where revenue is considered the appropriate benchmark.

Following our assessment of the risk of material misstatement, we performed:

- full scope audits for the Group's principal business units being New Zealand Post Limited, and its jointly controlled entity, Kiwi Group Holdings Limited;
- specified procedures over the Group's main operating subsidiary, Fliway Group Limited; and
- substantive audit procedures over consolidation entries.

As reported above, we have three key audit matters, being:

- Valuation of intangible assets acquired as part of the Fliway New Zealand Group business combination
- Impairment assessment of the Parcels cash generating unit
- Revenue recognition.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We applied the Group materiality level to the full scope audits of New Zealand Post Limited and Kiwi Group Holdings Limited. In performing specified procedures over the Fliway Group Limited subsidiary, we applied a lower materiality threshold, using auditor judgement.

All audit procedures were performed by PricewaterhouseCoopers New Zealand.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

Our responsibilities arise from the Public Audit Act 2001.

A handwritten signature in black ink, appearing to be 'KB', written over a horizontal line.

Kevin Brown
On behalf of the Auditor-General
Wellington, New Zealand
25 August 2022

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

Performance Overview

Statement of Corporate Intent Performance

The Group has set a series of targets in our Statement of Corporate Intent. This section shows how we have tracked against those targets in the 2021/22 year.

Scorecard Targets

| Key Performance Targets | | 2022 Actuals | 2022 Plan |
|---|------------------------|------------------|-----------|
| Commercial | | | |
| Shareholder Returns | | | |
| • Total Shareholder Return | % | 11.2% | 8.6% |
| • Dividend yield | % | 0.0% | 0.0% |
| • Return on equity | % | 7.3% | 4.8% |
| Profitability / Efficiency | | | |
| • Return on capital employed | % | 5.8% | 3.7% |
| Leverage and Solvency | | | |
| • Gearing ratio (net) | % | 17.4% | 23.3% |
| • Interest cover | times | 21.6 | 16.1 |
| • Solvency (Current ratio) | times | 0.9 | 0.9 |
| People | | | |
| • Engagement | % | Bottom 25% of BM | Baseline |
| • Critical Events | Events | 74 | 84 |
| Network | | | |
| • Standard letter service performance | % | 77.5* | 90.0 |
| Letters delivered to standard (Testpo Survey) | | | |
| Relationship | | | |
| • Net Promoter Score (Consumer) | + | +11 | +21 |
| • Net Promoter Score (Business) | + | +24 | +27 |
| Environment | | | |
| • Total emissions | tCO ₂ e (k) | 98.9 | 119.0 |
| • Directly influenceable emissions | tCO ₂ e (k) | 67.2** | 61.9 |

* External testing of our 3-Day mail performance was undertaken by Kantar in a week in which our network experienced major disruptions caused by severe winter weather that closed highways in both the North and South Islands, and our COVID absences were peaking. The performance result of 77.5% during this week aligned with our own internal testing during the same period. Our internal testing of 3-Day mail performance measured over the full financial year to 30 June was 87.8%

** Directly influenced emissions increased during the financial year, rather than reducing in line with our target. This was primarily due to unplanned increases in domestic parcel volumes leading to increases in ground transport and air transport fuel usage.

Our performance in the community

Disclosed in accordance with Postal Services (Information Disclosure) Regulations 1998

Frequency of Delivery Services - Summary as at 30 June 2022

| Service | Delivery Points | 6 Day | 5 Day | 4 Day | 3 Day | 2 Day | 1 Day |
|--|------------------|----------------|----------------|------------|------------------|------------|------------|
| Residential | 1,594,995 | 12,229 | 5 | 181 | 1,582,578 | 2 | – |
| Business | 92,334 | 392 | 5 | 17 | 91,919 | 1 | – |
| Rural | 275,959 | – | 274,228 | – | 1,179 | 398 | 154 |
| Box Bag Farmer | 2,160 | 1,965 | 195 | – | – | – | – |
| Private Box/Bag, Individual and Business | 111,750 | 104,524 | 7,226 | – | – | – | – |
| Counter, Community Mailbox | 35,405 | 23,294 | 11,859 | 170 | 62 | 20 | – |
| Total | 2,112,603 | 142,404 | 293,518 | 368 | 1,675,738 | 421 | 154 |
| Percentage with data as follows: | 100% | 6.74% | 13.89% | 0.02% | 79.32% | 0.02% | 0.01% |

Percentage of points that receive 3 days or greater delivery 99.97% (required minimum = 99.88%). Counter, Community Mailbox percentage: 1.56% (allowed maximum = 3%).

Notes:

- (1) 2359 points in the Counter, Community Mailbox category are excluded from the calculation of the percentage of delivery points as these are where people have elected to take this service over another that is available, as per clause 5 of the Deed. The number of people using temporary counter services (for up to 3 months) is excluded from the category.
- (2) The number of Counter and Community Mailbox users has been established by a survey and may differ slightly from practice.
- (3) Community mail boxes/counter services include instances where people are provided with a free PO Box or Private Bag by NZ Post rather than a Community Mailbox.
 PostShop Stores (Corporate and Agency) – 242
 PostCentre Outlets – 585
 Total retail outlets – 827
 Personal Assistance Service Points** – 504 (our commitment* 240)
 Total service points*** – 893 (our commitment* 880)

* Commitment as specified in 2013 Deed of Understanding (Deed).

** "Personal Assistance Service Points" means Service Points where personal assistance is available to consumers for the purchase of local, national and international parcel and packet services excluding bulk mail and courier services. Since our 2015 Annual Report we have changed the basis of reporting to take a more conservative approach to identifying Personal Assistance Service Points in alignment with the Deed's intent.

*** "Service Points" means service points at which consumers can purchase basic postal services, including but not limited to the acceptance of Basic Postal Items, excluding bulk mail. "Basic Postal Items" means a postal item that does not exceed 260mm height, 385mm length, 20mm thickness and/or 1kg weight, excluding parcel, priority, courier or express services. Service Points may include retail outlets owned by New Zealand Post, service points hosted in other businesses, electronic kiosks and New Zealand Post resellers with a street receiver or alternative lodgement point within a 50 metre radius of the reseller. For the 2022 Annual Report we have included certain resellers that meet the Deed's policy intent for the provision of basic postal services to consumers.



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To: The Directors, New Zealand Post Limited

Kantar has conducted a measure of New Zealand Post's letter delivery performance measuring performance against the following criteria according to the Postal Users Guide:

- For Bulk Mail** – Delivery within three delivery days for letters between major towns and cities within New Zealand
- For Standard Post:** – Delivery within three delivery days for letters between major towns and cities within New Zealand

To measure the extent to which New Zealand Post is meeting these publicly stated objectives, we prepared for posting Standard Post and Business letters, which were sent to a representative sample of New Zealand Post's total customer base. Based on information supplied by New Zealand Post, we assess our sample to be representative of over 80% of all letter traffic within New Zealand.

We measured transit time by counting the number of business days from the day of posting of the letter to the day the letter was received by the addressee, adjusted for the delivery schedule for different regions.

The annual result was calculated using the data collected from a single wave of testing in July 2022. In our opinion this report fairly represents the service performance achieved by New Zealand Post Limited during the time of measurement.

The results of this test are summarised in the table below.

| | Weighted results* |
|---|--------------------------|
| Total within specification | 77.5% |
| Total within three days of specification | 97.5% |
| More than three days later than specified | 2.5% |

**Weighted to replicate the proportion of Bulk Mail and Standard Post mail flows in New Zealand based on unaudited ratios supplied by New Zealand Post*

Yours sincerely

David Thomas

Chief Commercial Officer
 Insights Division, Kantar New Zealand

Environment

Greenhouse Gas (GHG) Emissions

New Zealand Post Limited meets the requirements of TOITU® Carbon Reduce certification having measured its greenhouse gas emissions in accordance with ISO 14064-1: 2018 and committed to managing and reducing its emissions in respect to the operational emissions of its organisation within New Zealand.

The operational control consolidation approach has been used to account for operational emissions with reference to the methodology described in the GHG Protocol and ISO 14064-1: 2018 standards.

Figure 1: 2021-22 GHG emissions by source

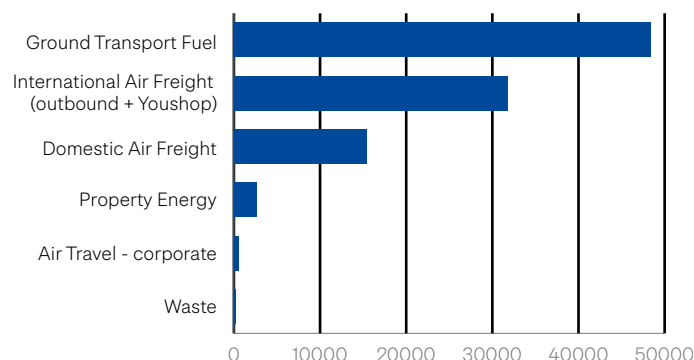


Figure 2: GHG emissions data summary – tCO₂e

| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | % change against base year |
|--------------|----------------|----------------|----------------|----------------|---------------|----------------------------|
| Scope 1 | 3,849 | 3,744 | 4,113 | 3,825 | 3,699 | -4% |
| Scope 2 | 2,788 | 2,123 | 2,042 | 2,175 | 2,349 | -16% |
| Scope 3 | 122,871 | 105,341 | 100,460 | 105,971 | 92,874 | -24% |
| Total | 129,509 | 111,208 | 106,615 | 111,971 | 98,922 | -24% |

This statement is a summary of the verified information considered for Toitu Carbon Reduce Certification. Independent certification documentation can be found at www.toitu.co.nz

Figure 3: GHG emissions per item (grams CO₂e per item)

| Grams CO ₂ per item – rolling 12 month average | FY2018 | FY2019 | FY2020 | FY2021* | FY2022 | % change against base year |
|---|----------|---------|--------|---------|--------|----------------------------|
| Letters | 95.964 | 95.352 | 105.44 | 118.52 | 99.87 | 4% |
| Parcels | 1097.422 | 911.602 | 898.64 | 896.38 | 795.5 | -28% |

* KPI for letters and parcels in FY2021 is different to that reported in the FY2021 Annual Report due to updated data.



This is to certify that

New Zealand Post Limited

(excluding Kiwi Group Holdings Limited, Supply Chain Solutions (NZ) Limited, Fliway Group Limited and Post Shop franchises in fuel stations, supermarkets, dairies and other outlets)

is Toitū carbonreduce organisation certified.

Toitū carbonreduce certified means measuring emissions to ISO 14064-1:2018 and Toitū requirements; and managing and reducing against Toitū requirements.

Sonia GroesPetrie
Sonia GroesPetrie— Certifier



Date issued: 11 August 2022 | Valid until: 11 August 2025 | Certificate Number: 2022195 | Certification Status: Certified Organisation
Company Address: New Zealand Post House, 7 Waterloo Quay, Wellington, 6011, New Zealand | Certification Year Level of Assurance: Reasonable

Please refer to the disclosure page on www.toitu.co.nz for further details.
Toitū carbonreduce is an annual certification programme and this certificate only remains valid with an annual surveillance audit.



Statutory Information

Consolidated Earnings Statement – Information Disclosure for the year ended 30 June 2022

| | Letter Deliveries ¹ \$m | Other Services \$m | Total \$m |
|---------------------------|---------------------------------------|-----------------------|--------------|
| Operating revenue | 213 | 823 | 1,036 |
| Other revenue | 49 | 13 | 62 |
| Operating expenses | (264) | (816) | (1,080) |
| Operating (loss) / profit | (2) | 20 | 18 |

(1) Letters for delivery in New Zealand

Accounting Policies

The Consolidated Earnings Statement has been prepared to meet the requirements of the Postal Services (Information Disclosure) Regulations 1998.

The policies applied to allocate revenue and expenses to Letter Deliveries and Other Services are described below.

Revenue

Revenue has been calculated using the Group's product contribution model which has calculated the revenue for letter deliveries using actual financial data for the 2021/22 year. The costing model identifies the relevant letter products and the revenue earned by them.

Expenses

Expenses have been calculated using the Group's product contribution model which has calculated the expenditure for letter deliveries using actual financial data for the 2021/22 year. The production contribution model identifies the cost of activities within the Group and assigns to letter products through drivers or allocations. Key drivers in the model are operational time that is recorded for activities performed, plus operational volumes. Overhead activities as assigned by assessed level of effort related to letter deliveries. Key assumptions in the model are that all expenses are coded to the correct departments within the general ledger. Assumptions are also made about average weight and volume where operational data is unavailable. Any exchange gains or losses have not been included in this calculation. Total expenses includes Depreciation and Amortisation.

Definition of Letters

Letters are defined as any form of written communication, document or article that is addressed to a specific person or address, is conveyed or delivered other than by electronic means or courier service, falls within certain size and weight criteria and for which a charge is made. This includes letter deliveries of inbound products from other countries that are under 2 kgs in weight, which is above the amount set out in the legislation of 1kg.

(1) Letters for delivery in New Zealand



Independent auditor's review report

To the readers of New Zealand Post Limited's Consolidated Earnings Statement - Information Disclosure for the year ended 30 June 2022.

The Auditor-General is the auditor of New Zealand Post Limited and its subsidiaries (the "Group"). The Auditor-General has appointed me, Kevin Brown, using the staff and resources of PricewaterhouseCoopers, to carry out the review of the consolidated financial statements of the Group on his behalf.

Report on the Consolidated Earnings Statement - Information Disclosure

Our conclusion

In our capacity as auditor, we have carried out the review of the Consolidated Earnings Statement - Information Disclosure (the "Consolidated Earnings Statement") for New Zealand Post Limited (the "Company") and its controlled entities (together the "Group") for the year ended 30 June 2022.

Based on our review, nothing has come to our attention that causes us to believe that the Consolidated Earnings Statement of the Group does not present fairly, in all material respects, in accordance with the Accounting Policies.

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410 (Revised)). Our responsibilities are further described in the Auditor's responsibilities for the review of the financial statements section of our report.

Emphasis of matter - basis of preparation

We draw attention to the Accounting Policies of the Consolidated Earnings Statement, which describes the basis of preparation. The Consolidated Earnings Statement is prepared for the Directors to meet the requirements of the Postal Services (Information Disclosure) Regulations 1998. The Consolidated Earnings Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other assurance services for the Group in the form of a custody control engagement and other services in the area of providing Group employees access to a generic technical training course and a report summarising the results of a survey of New Zealand executive rewards. The provision of these other services has not impaired our independence.

Directors' responsibility

The Directors are responsible on behalf of the Group, in terms of Clause 3(1)(e) of the Postal Services (Information Disclosure) Regulations 1998, for the preparation and fair presentation of separate profit and loss statements for the following service categories:

- Letter deliveries within New Zealand; and
- Other services provided.

The Consolidated Earnings Statement is intended to meet this responsibility. As required by Clause:



- 3(2)(a), the accounting policies adopted in the preparation of the Consolidated Earnings Statement has to be stated; and
- 3(2)(b), the manner in which charges for the use of assets have been attributed to each service category, has to be explained.

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of the Consolidated Earnings Statement that is free from material misstatement, including omissions.

Auditor's responsibilities for the review of the Consolidated Earnings Statement

Our responsibility is to express a conclusion on the Consolidated Earnings Statement based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Consolidated Earnings Statement, taken as a whole, is not prepared in all material respects, in accordance with Accounting Policies.

A review of the Consolidated Earnings Statement in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the Consolidated Earnings Statement.

A handwritten signature in black ink, appearing to read 'Kevin Brown', written over a horizontal line.

Kevin Brown
On behalf of the Auditor-General
Wellington
25 August 2022

The PricewaterhouseCoopers logo, featuring the company name in a cursive, handwritten-style font.

PricewaterhouseCoopers

Disclosures – Companies Act 1993 and Voluntary

Statutory and Disclosure Information

Disclosures – Companies Act 1993 and Voluntary

The following disclosures are for New Zealand Post Limited and its subsidiaries* (excluding Kiwi Group Holdings Limited and its subsidiaries) (“NZ Post”) and for Kiwi Group Holdings Limited and its subsidiaries (“KGH Group”). KGH Group is defined as a subsidiary of New Zealand Post Limited under the Companies Act 1993 and so is included in the Statutory disclosures, but it is a jointly controlled entity for financial reporting purposes.

Report of the New Zealand Post Human Resources Committee on Remuneration

The Human Resources Committee of the New Zealand Post Board comprises not less than two Directors from the Board. The primary purpose of the Human Resources Committee is to assist the Board in fulfilling its oversight of ‘good employer’ and human resources governance responsibilities relating to NZ Post.

The Human Resources Committee also has some specific responsibilities in respect to remuneration for NZ Post’s Chief Executive and Executive Leadership Team, and for remuneration policy applicable to NZ Post’s Managers and Specialists.

NZ Post’s management remuneration structures are designed to attract, reward and motivate executive talent while remaining mindful of affordability. In setting remuneration for NZ Post Managers and Specialists, market information from similarly sized positions within a broad range of New Zealand businesses is assessed.

Remuneration packages for the Chief Executive and Executive Leadership Team are composed of fixed remuneration (i.e. base salary plus benefits). A short-term incentive plan was introduced for this group in FY2022 as outlined in the next section.

Short Term Incentive (STI)

A STI was introduced in FY2022, designed to reward the Chief Executive and Executive Leadership Team for their contribution to NZ Post’s success through the achievement of critical enterprise-wide results. Payments are subject to measures and targets being met at the discretion of the Board. The plan is reviewed annually by the Board and it will determine whether or not a plan will be offered for the subsequent year.

For FY2022, the STI had four measures:

- Commercial – NZ Post’s FY2022 Net Profit Before Tax (NPBT)
- Customer – NZ Post’s FY2022 annualised value of the Enterprise Net Promoter Score (NPS)
- Individual Performance – to a standard determined by the Board
- People – based on health & safety outcomes as determined by the Board.

Any payments under the plan are determined by the Board of NZ Post and paid in August 2022 so will be reported in the FY2023 Annual Report.

NZ Post Chief Executive’s Remuneration

The Chief Executive’s total remuneration consists of fixed remuneration, i.e. base salary and benefits, plus a short-term incentive opportunity.

| | Salary \$ | Benefits ⁽¹⁾ \$ | Total Remuneration \$ |
|-----------------------|--------------|-------------------------------|-----------------------------|
| FY2022 | 913,801 | 33,205 | 947,006 |
| FY2021 ⁽²⁾ | 841,401 | 30,456 | 871,857 |
| FY2020 ⁽²⁾ | 875,508 | 31,124 | 906,632 |
| FY2019 | 883,358 | 31,074 | 914,432 |
| FY2018 | 866,326 | 30,500 | 896,826 |

(1) Benefits include KiwiSaver and medical insurance

(2) Salary reduced by 20% for six months from 1 May 2020 to 31 October 2020 in response to COVID pandemic

* NZ Post acquired Fliway Group Limited and its subsidiaries (Fliway Group) on 1 March 2022.

KiwiSaver FY2022

The Chief Executive is a member of KiwiSaver. As a member of this scheme, the Chief Executive is eligible to contribute and receive a matching company contribution of 3% of gross taxable earnings. For FY2022, the Company's contribution was \$27,414.

FY2023 Chief Executive's Remuneration Structure

The Board has elected, in the interests of transparency, to disclose in advance the structure and package that will apply for FY2023.

| | Annual Salary \$ | Annual Benefits ⁽³⁾ \$ | Fixed Remuneration \$ | STI value ⁽⁴⁾ \$ | Annual Total Remuneration (Fixed rem plus STI value) \$ |
|---------------------------|---------------------|--------------------------------------|--------------------------|--------------------------------|---|
| FY2023 – From 1 July 2022 | 953,899 | 35,201 | 989,100 | 197,800 | 1,186,900 |

(3) Benefits include KiwiSaver and medical insurance

(4) Maximum of 120% of STI value available for exceptional performance

Executive Remuneration (other than the Chief Executive)

Executive total remuneration consists of fixed remuneration, i.e. base salary and benefits, and a short-term incentive opportunity. Executive remuneration is reviewed annually and adjusted as appropriate taking account of factors such as:

- The market for necessary skills and NZ Post's ability to attract and retain critical talent;
- The performance of individuals against agreed key performance outcomes and recognition of development and growth;

- The impact of changes to the size, expectations or accountabilities of executive roles.

The STI target value for individuals varies but is capped at 20% of fixed remuneration, with the target being also the maximum which can be earned. Any payments under the plan will be reported in the FY2023 Annual Report. The aggregate remuneration for this group for FY2022 is set out in the table below.

Executive remuneration (excluding CEO)

| | Salary \$ | Benefits ⁽⁵⁾ \$ | Fixed Remuneration \$ |
|--------|--------------|-------------------------------|--------------------------|
| FY2022 | 3,502,197 | 228,187 | 3,730,383 |

Roles covered are: Chief Operating Officer, Chief Customer Officer, Chief Governance and Sustainability Officer, Chief People Officer, Chief Finance Officer, Chief International, Data & Technology Officer, Chief Transformation Officer⁽⁶⁾.

(5) Benefits include KiwiSaver/superannuation, medical insurance and any vehicle related benefits

(6) Chief Transformation Officer for the period 1 July 2021 to 27 May 2022

Employee Numbers and Cost of Remuneration

Employee numbers and the cost of remuneration as at 30 June 2022 totalled:

- 4,896 people (4,463 FTE) in NZ Post** with a total cost of remuneration for employees during the year of \$329 million;
- 2,292 people (2,149 FTE) in the KGH Group with a total cost of remuneration for employees during the year of \$266 million.

Pay rates vary across each entity depending on market conditions for each business sector.

** NZ Post employee numbers and total cost of remuneration includes Fliway Group, acquired 1 March 2022. As at 30 June 2022, Fliway Group had 501 FTE and the cost of remuneration for Fliway Group employees was \$12 million. The full year cost of remuneration for Fliway Group to 30 June 2022 was \$35 million.

Remuneration Bands

Remuneration includes base salary, incentive payments and other benefits, termination payments, and superannuation payments made to employees and former employees between 1 July 2021 and 30 June 2022 for NZ Post and the KGH Group.

Included are termination payments (e.g. redundancy compensation) to former employees.

| Band | NZ Post – Total in band for FY2022 [^] | KGH Group – Total in band for FY2022 | FY2022 totals |
|-----------------------|--|---|------------------|
| \$100,000 – \$109,999 | 123 | 113 | 236 |
| \$110,000 – \$119,999 | 102 | 104 | 206 |
| \$120,000 – \$129,999 | 81 | 89 | 170 |
| \$130,000 – \$139,999 | 46 | 105 | 151 |
| \$140,000 – \$149,999 | 43 | 87 | 130 |
| \$150,000 – \$159,999 | 37 | 57 | 94 |
| \$160,000 – \$169,999 | 23 | 51 | 74 |
| \$170,000 – \$179,999 | 28 | 38 | 66 |
| \$180,000 – \$189,999 | 22 | 27 | 49 |
| \$190,000 – \$199,999 | 10 | 25 | 35 |
| \$200,000 – \$209,999 | 10 | 29 | 39 |
| \$210,000 – \$219,999 | 15 | 19 | 34 |
| \$220,000 – \$229,999 | 6 | 13 | 19 |
| \$230,000 – \$239,999 | 4 | 8 | 12 |
| \$240,000 – \$249,999 | 1 | 7 | 8 |
| \$250,000 – \$259,999 | 5 | 9 | 14 |
| \$260,000 – \$269,999 | 3 | 7 | 10 |
| \$270,000 – \$279,999 | 6 | 7 | 13 |
| \$280,000 – \$289,999 | 5 | 4 | 9 |
| \$290,000 – \$299,999 | 1 | 8 | 9 |
| \$300,000 – \$309,999 | 3 | 5 | 8 |
| \$310,000 – \$319,999 | 2 | 6 | 8 |
| \$320,000 – \$329,999 | 2 | 4 | 6 |
| \$330,000 – \$339,999 | 1 | 2 | 3 |
| \$340,000 – \$349,999 | 1 | 1 | 2 |
| \$350,000 – \$359,999 | 2 | 4 | 6 |
| \$360,000 – \$369,999 | 3 | 3 | 6 |
| \$370,000 – \$379,999 | 1 | 3 | 4 |
| \$380,000 – \$389,999 | 0 | 5 | 5 |
| \$390,000 – \$399,999 | 0 | 3 | 3 |

| Band | NZ Post – Total in band for FY2022 [^] | KGH Group – Total in band for FY2022 | FY2022 totals |
|---------------------------|--|---|------------------|
| \$400,000 – \$409,999 | 0 | 2 | 2 |
| \$420,000 – \$429,999 | 0 | 1 | 1 |
| \$430,000 – \$439,999 | 1 | 1 | 2 |
| \$440,000 – \$449,999 | 1 | 2 | 3 |
| \$450,000 – \$459,999 | 0 | 1 | 1 |
| \$490,000 – \$499,999 | 1 | 0 | 1 |
| \$500,000 – \$509,999 | 1 | 1 | 2 |
| \$510,000 – \$519,999 | 2 | 0 | 2 |
| \$570,000 – \$579,999 | 0 | 1 | 1 |
| \$590,000 – \$599,999 | 1 | 0 | 1 |
| \$650,000 – \$659,999 | 0 | 1 | 1 |
| \$660,000 – \$669,999 | 1 | 0 | 1 |
| \$700,000 – \$709,999 | 0 | 1 | 1 |
| \$760,000 – \$769,999 | 0 | 1 | 1 |
| \$790,000 – \$799,999 | 0 | 1 | 1 |
| \$910,000 – \$919,999 | 0 | 1 | 1 |
| \$940,000 – \$949,999 | 1 | 0 | 1 |
| \$950,000 – \$959,999 | 0 | 1 | 1 |
| \$1,160,000 – \$1,169,999 | 0 | 1 | 1 |
| \$1,220,000 – \$1,229,999 | 0 | 1 | 1 |
| \$1,300,000 – \$1,309,999 | 0 | 1 | 1 |
| \$2,130,000 – \$2,139,999 | 0 | 1 | 1 |
| | 595 | 862 | 1457 |

Donations

During the year, New Zealand Post Limited made donations of \$6,156. No donations were made to political parties and no donations were made by KGH Group.

[^] NZ Post figures for remuneration band purposes include Fliway Group from 1 July 2021 to 30 June 2022.

Auditors

The Auditor-General (AG) is the Group's auditor. The AG has appointed Kevin Brown (for NZP) and Jonathan Freeman (for KGH) assisted by PricewaterhouseCoopers to perform the audits. The amount payable by New Zealand Post Limited to PricewaterhouseCoopers as audit fees in respect of the year is \$934,000. The amount incurred in respect of the year for other services provided by PricewaterhouseCoopers is \$8,000. In addition, the following amounts are payable by KGH to PricewaterhouseCoopers \$2,254,000 for the audit and review of the financial statements, \$719,000 for other assurance services and \$212,000 for other services. Deloitte were engaged to report on the results of Fliway post acquisition for inclusion within the NZP financial statements. Fees of \$68,000 were paid to Deloitte.

Credit Rating

New Zealand Post has a long-term credit rating of "A" and a short-term credit rating of "A-1" from S&P Global Ratings.

Directors' and employees' indemnity and insurance

The Directors and employees of the Group are insured against costs or liabilities of the type referred to in s162(5) of the Companies Act 1993. New Zealand Post has also agreed to indemnify Directors of the Group and New Zealand Post Directors and employees appointed as Directors of associate companies against any costs or liabilities of the type referred to in s162(4) of the Companies Act 1993 that are incurred in any proceedings of the type referred to in s162(3) of the Companies Act 1993, however, subsequent to the partial divestment of Kiwi Group Holdings Limited this indemnification was amended to exclude Directors of Kiwi Group Holdings Limited (and its subsidiaries) other than Directors of those companies solely appointed by or representing New Zealand Post.

Directors' Fees & Benefits*

The total fees paid to members of the New Zealand Post Limited Board during the 2021/22 financial year were \$447,587¹. The total Board fees are within the amount authorised by shareholding Ministers.

| | |
|---------------------------------------|-----------|
| Rodger Finlay (Chair) | \$100,253 |
| Jignasha Patel | \$52,000 |
| Carol Campbell | \$59,000 |
| Simon Clarke (joined 1 November 2021) | \$34,667 |
| Paul Cochrane (joined 29 June 2022) | – |
| Nagaja Sanatkumar | \$53,000 |
| Richie Smith | \$62,000 |
| John Sproat | \$52,000 |
| Sue Tindal (joined 1 November 2021) | \$34,667 |

* These fees exclude GST (if any) and relate to the New Zealand Post Limited Board only (including fees for Board committees)

Number of Board meetings attended

During the 2021/22 financial year the Board held 10 regular and 8 of out-of-cycle meetings.

Directors' attendance at regular Board meetings was as follows:

| | |
|---------------------------------------|----|
| Rodger Finlay (Chair) | 10 |
| Jignasha Patel | 10 |
| Carol Campbell | 10 |
| Simon Clarke (joined 1 November 2021) | 6 |
| Paul Cochrane (joined 29 June 2022) | 1 |
| Nagaja Sanatkumar | 10 |
| Richie Smith | 10 |
| John Sproat | 10 |
| Sue Tindal (joined 1 November 2021) | 7 |

(1) For directors' fees and benefits of KGH Group and Fliway Group, refer to pages 87-89.

Directors' Disclosures

No specific disclosures were given by Directors pursuant to s140(1) of the Companies Act 1993. General disclosures of interest made by the Directors of New Zealand Post Limited and New Zealand Post Limited subsidiaries pursuant to s140(2) of the Companies Act 1993 as at 30 June 2022 are:

New Zealand Post Limited

| Director | Interest |
|---|---|
| Rodger Finlay Chair (to 30 June 2022) | Chairman, PGG Wrightson (until 30 June 2022) Chairman, Crown Regional Holdings Ltd (until 31 January 2023) Deputy Chair, Rural Equities Limited Director and Audit Chair, Ngai Tahu Holdings Director, Ngai Tahu Farming Limited (until 31 August 2021) Chairman, Mundane Asset Management Director, Mundane World Leaders Fund Independent Director, Moeraki Limited (until 18 February 2022) Trustee, Burnett Valley Trust Chairman, St Andrew's College Foundation (until 18 February 2022) Director, Kiwi Group Holdings Limited (until 16 July 2021) Director, Reserve Bank of New Zealand (effective 1 July 2022, member of Transition Board in the interim which does not involve decision making or engagement on the likes of prudential banking regulations, supervision or monetary policy committee matters) |
| Carol Campbell Acting Chair (from 1 July 2022) | Director, Hick Bros Holdings Limited and Subsidiaries Director, T&G Global Limited Director, alphaXRT Limited Director, Kingfish Limited Director, Marlin Global Limited Director, Barramundi Limited Director, Key Assets NZ Limited (until June 2022) Director, Fostering First New Zealand Limited (until June 2022) Director, Asset Plus Limited (formerly NPT Limited) Director, NZME Limited Director, Nica Consulting Limited Director, Chubb Insurance New Zealand Limited Director, Woodford Properties 2018 Limited Director, Kiwibank Limited |
| Simon Clarke | Director, Owner, Matua Governance Limited Chair, Non-Executive Director, Bay Venues Limited Chair, Non-Executive Director, Priority One Non-Executive Director, Aurora Energy Limited Trustee, Bay of Plenty Community Trust (BayTrust) (until 31 December 2021) Leadership Advisory Group, Bay Connections Independent Trustee, Conn-Graeme Family Trust (until 31 December 2021) Director, New Zealand Post Trustees Limited |
| Paul Cochrane | Director, BTLi (NZ) Ltd Director, AsureQuality Ltd Member, Federation de Football Internationale (FIFA) – Governance and Audit Committee |

| Director | Interest |
|---|---|
| Jignasha Patel Deputy Chair (from 1 July 2022) | Trustee, Comet Auckland Executive, Auckland War Memorial Museum Director, New Zealand Post Trustees Limited |
| Nagaja Sanatkumar | Director, Imagen8 Member, Institute of Directors (New Zealand) Inc Shareholder, Amazon Director, Shareholder, Nova Digital Consulting Limited Director, Shareholder, Meridian Energy Limited Trustee, Michael Hill International Violin Competition Director, Cawthron Institute Board of Directors Director, Ultrafast Fibre Limited Director, MediaWorks Investments Limited Independent Director, Foodstuffs North Island Limited Advisor, NZTE Beachheads |
| Richie Smith | Director, Shareholder, Hilton Haulage Limited Director, Shareholder, Richie Smith Limited Director, Shareholder, Lands and Survey Group Limited Director, Shareholder, Lands and Survey (Auckland) Limited Director, Lands and Survey (Queenstown) Limited Director, Shareholder, Lands and Survey Holdings Limited Director, Shareholder, Lands and Survey (Whangarei) Limited Director, Shareholder, Lands and Survey Engineering Limited Director, Shareholder, Lake Tekapo Village Motel Limited Director, Shareholder, Dairy Fresh GP Limited Director, Shareholder, Whiteline GP Limited Director, Puketeraki Limited Chair, United Fire Brigades Associations of New Zealand Director, Rimutai Karitane Limited Director, Taramea Fragrance Limited Director, Shareholder, Maniatoto Holdings Limited Director, Waka Capital Limited Director, Polyfabrics Australia NZ GP 2018 Limited Director, Empak NZ 2019 GP Limited Director, Plasback NZ 2019 GP Limited Director, Shareholder, Black Beech Trust Holdings Limited Director, Shareholder, Walk on Limited Director, Shareholder, Woolaid Limited Director, Ministry of Merino Limited Director, Shareholder, Waitutu Holding Company Limited Director, New Zealand Post Trustees Limited (until 31 March 2022) Chair, Supply Chain Solutions (NZ) (2021) Limited Director, Kiwi Group Holdings Limited Director, Fliway Group Limited Director, Fliway Holdings Limited Director, Fliway International Limited Director, Fliway Logistics Limited Director, Fliway Transport Limited |

| Director | Interest |
|---------------------------------|--|
| John Sproat | Director, Shareholder, Rakau Properties Limited Director, Shareholder, Rakau Properties (No. 2) Limited Director, Shareholder, Kai Waho Limited Member of Investment Committee, Tupu Angitu Limited (Lake Taupo Forest Trust) Chair of Investment Committee, Opepe Farm Trust Director, Hawke's Bay Rugby Union Director, Kiwibank Limited |
| Sue Tindal (to 30 June 2022) | Advisor, Lagom Group Ltd (until 25 March 2022) Deputy Chair, Chair of the Risk & Assurance Committee, New Zealand Infrastructure Commission, Te Waihanga Director, Quotable Value Ltd Director, Quotable Value Australia Pty Ltd Chair, Brosnan Holdings Ltd Chair, Brosnan Construction Ltd Chair, Construction Canterbury Ltd Chair, Brosnan Ltd Chair, Brosnan Maintenance Ltd Chair, Bettabuild NI Ltd Independent Chair, Audit & Risk Committee, Hutt City Council Trustee, Hayson Family Trust Trustee, Swinkels Family Trust Director, Fliway Group Limited Director, Fliway Holdings Limited Director, Fliway International Limited Director, Fliway Logistics Limited Director, Fliway Transport Limited |

Subsidiary Directors' Disclosures*NZ Post subsidiaries and KGH Group***Directors' Disclosures as at 30 June 2022***Fliway Group Limited and its subsidiaries*

| Director | Interests |
|-----------------|---|
| Richie Smith | See disclosures in NZ Post's Directors' section |
| Sue Tindal | See disclosures in NZ Post's Directors' section |
| David Walsh | Director, New Zealand Post Holdings Limited Director, Datam Limited Director, New Zealand Post Australia Holdings Pty Limited Director, Supply Chain Solutions (NZ) (2021) Limited Director, The Tatua Co-Operative Dairy Company Limited |

KGH Group

| Director | Interests |
|---|---|
| Greg Behrens Chair Kiwi Wealth Group of Companies | Independent Trustee, AQR Funds |
| Ian Blair | Director and shareholder, Sapience Limited Director, WSP New Zealand Director, WSP New Zealand Director, Golder Construction (NZ) Limited (until January 2022) Director, Golder Associates (NZ) Limited (until January 2022) Director & Shareholder, Blair Family Corporate Trustee Limited (from February 2022) |
| Norbert Bojarski | Executive General Manager, Investments and Ventures, New Zealand Post Limited (until March 2022) Chief Financial Officer, Fliway Group Limited (from April 2022) Director and shareholder, Business Flow Limited Director and shareholder, Eximion Limited Director, Supply Chain Solutions (NZ) (2021) Limited (from July 2021 until 5 April 2022) |
| Monique Cairns | Committee Officer, The Northern Club Executive Director & Shareholder, Caribou Consulting Limited Director, Manukau Institute of Technology Limited Director, Unitec New Zealand Limited Strategic Marketing Advisor, Nectar Money (Personal Loans) (until July 2021) Trustee, NZ Portrait Gallery (from September 2021) Committee member, Armstrong's Motor Group (from July 2021) |

| Director | Interests |
|-----------------|---|
| Carol Campbell | <p>See disclosures in NZ Post's Directors' section, and in addition:</p> <p>Director and Shareholder, Nica Trustees KA Limited</p> <p>Director, MH2 Trustees Limited</p> <p>Director, Farrimond Trustees Limited</p> <p>Director, Moore Nominees Limited</p> <p>Director, Shortland Trustees (Mawhiti 2010) (until July 2021)</p> <p>Director, Alilou Trustees Limited</p> <p>Director and Shareholder, Tbag Trustees (Glanfield) Limited</p> <p>Director, Sonoma Limited</p> <p>Director, Meridian Properties Limited</p> <p>Director, Cloudbreak Trustees Limited</p> <p>Director, Asset Plus Investment Ltd (formerly Eastgate Shopping Centre Limited)</p> <p>Director, Seahorse Trust Company Limited</p> <p>Director, Cordbank Limited</p> <p>Director, Bankside Chambers Limited</p> <p>Director, Merinous Management Company Limited (formerly Watersport World 2018 Limited)</p> <p>Director, Lakes Marina Projects Limited</p> <p>Director Hutton Wilson Nominees Limited</p> |
| Kirsty Campbell | <p>Advisory Board Member, Allied Medical Limited</p> <p>Director and shareholder, Clarity Advisory Limited</p> <p>Independent Director, Enviro-Mark Solutions Limited</p> <p>Independent Member of Investment Committee, Findex Advice Services NZ Limited (until December 2021)</p> <p>Director and Guardian, New Plymouth PIF Guardians Ltd</p> <p>Chair of Advisory Board, Polymer Group Limited</p> <p>Sole Director and shareholder, Ptarmigan Consulting Limited</p> <p>Member of Board and Member of Investment Committee, Public Trust</p> <p>Independent Director and Chair of Compliance Committees, Salt Funds Management Ltd & Salt Investment Funds Ltd</p> <p>Panel Member, NZ Markets Disciplinary Tribunal</p> <p>Advisory Board Member, Guardian Angel Security Limited</p> <p>Advisory Board Member, ArcAngels Incorporated Society</p> <p>Independent Director, Ando Insurance Group (from February 2022)</p> |
| Gary Crawford | <p>Director, Turkana Limited</p> <p>Trustee and beneficiary, Turkana Trust</p> <p>Trustee and beneficiary, Crawford Family Trust</p> <p>Consultant, Department of Inland Revenue</p> <p>Shareholder, Director and Employee, Kumutoto Consulting Limited</p> <p>Consultant, Massey University</p> |
| Mary Jane Daly | <p>Director, Auckland Transport (until October 2021)</p> <p>Director, Kiwi Property Group Limited</p> <p>Chair, Earthquake Commission</p> <p>Trustee, The M J Daly Family Trust</p> <p>Trustee, The M F Daly Family Trust</p> <p>Trustee, The W Marshall Family Trust</p> <p>Trustee, The Declan Marshall Trust (from November 2021)</p> <p>Trustee, The Natalia Mander Trust (from November 2021)</p> <p>Director, FSF Management Company Limited</p> |

| Director | Interests |
|--|--|
| Rodger Finlay (until 16 July 2021) | See disclosures in NZ Post's Directors' section and Director, PGF Limited |
| Will Goodwin | Employee, Guardians of New Zealand Superannuation Director, NZSF Timber Investments (NO 4) Limited Director, NZSF Frontier Investments, Inc Director, NZ INFRA Limited Director, NZSF Infrastructure Limited Director, INFINZ (Institute of Finance Professionals NZ Inc) Director, NZSF Healthcare Investments Limited Directors, NZ Healthcare Investments Limited Director, NZSF Hotel Holdings Limited (from September 2021) Director, NZSF Land Holdings Limited (from September 2021) Director, NZSF Hobsonville Investments Limited (from September 2021) Director, NZSF Land Development Limited (from October 2021) Director, NZSF Beachlands Limited (from September 2021) |
| Jonathan (Jon) Hartley Chair | Trustee, Hartley Family Trust Chair, Timberlands Ltd Advisor, Wellington Diocesan Board of Trustees Director, Ngāi Tahu Holdings Corporation Limited (from January 2022) |
| David Havercroft | Director, Kordia Group Limited (until July 2021) Director, Connect8 Limited (until September 2021) Director, Southern Cross Cables Limited (until September 2021) Director, Reflect Limited Director, Westpac New Zealand Limited (from August 2021) Director and Shareholder, The Guitar Gallery Limited (from February 2022) Shareholder, Kode Biotech Limited Shareholder, Nyriad Limited Shareholder, Chorus Limited Director and Shareholder, Spark New Zealand Limited (director from October 2021) Trustee, Havercroft Family Trust Consultant IT Services, Westpac Bank (until August 2021) Consultant IT Services, ANZ Bank (until August 2021) Technology advisor to the Board, Air New Zealand (from September 2021) |
| Mike Hendriksen | Director and Shareholder, Huhane Limited Trustee, Graeme Dingle Foundation (from September 2021) |
| Nick Lewis Chair (ceased as Director on 29 April 2022) | Director, Pioneer Energy Limited Chair, Paysauce Limited and Director, Paysauce Operations Limited (until October 2021) Sole Director and Shareholder, Woodward Partners Limited Trustee, Lewis Family Trust Trustee, Good Bitches Baking |
| Jackie Lloyd | Trustee, The Lion Foundation and Chair of Wellington Regional Grants Committee Director, Ag Research Director, Naylor Love Enterprises Ltd National Council Member and Vice President, Institute of Directors in New Zealand (Inc) Board Member, Museum of New Zealand Te Papa Tongarewa Director, New Zealand Cricket |

| Director | Interests |
|---|--|
| Kevin Malloy | <p>Director, Deputy Chair of Board and Chair of TVNZ's HR and Remuneration Committee, Television New Zealand Limited</p> <p>Board member, Graeme Dingle Foundation (until March 2022)</p> <p>Vice Chair, Halberg Disability Sport Foundation</p> <p>Director, kM54 Limited</p> <p>Director, NZ Cricket Board</p> <p>Board member, Super Rugby Governance board (from April 2022)</p> |
| Michael (Mike) O'Donnell | <p>Director/Shareholder, MOD Associates Limited</p> <p>Director, Serato Audio Research Limited</p> <p>Director, Tourism New Zealand (until March 2022)</p> <p>Director, Radio NZ Limited</p> <p>Director, RealEstate.co.nz Limited</p> <p>Director, NZ Government to Government Knowhow</p> <p>Chair, Garage Project</p> <p>Director, PaySauce Limited</p> <p>Director, NZ High Tech Growth Trust</p> <p>Deputy Chair, New Zealand Trade and Enterprise (from March 2022)</p> |
| Scott Pickering | <p>Chief Executive, Accident Compensation Corporation (until June 2021)</p> <p>Director, Chubb Insurance New Zealand Limited (until July 2021)</p> <p>Director, Chubb Holdings Australia Pty Limited (until July 2021)</p> <p>Director, Chubb Insurance Australia Limited (until July 2021)</p> <p>Director, Engage Consulting Limited</p> <p>Director, Insurance Australia Group (IAG) (from November 2021)</p> <p>External Advisor, Bain International Inc. (from September 2021)</p> <p>Strategic Advisor, Board of the Wairarapa Building Society (WBS) (from December 2021)</p> <p>Advisor, HealthNow Limited (from March 2022)</p> |
| Quentin Quin (appointed as Director from 22 December 2021 – 1 June 2022) | <p>Director, KAP7 New Zealand Limited</p> <p>Director, PFS Engineering Limited</p> <p>Director, PFS Energy Limited</p> <p>Advisory Chair, Tranzliquid Logistics Limited</p> |
| Dame Paula Rebstock Chair | <p>Chair, Accident Compensation Corporation (until July 2021)</p> <p>Chair, New Zealand Defence Force Governance Board</p> <p>Chair, Auckland District Health Board Finance Risk and Assurance Committee and member of Human Resources Committee</p> <p>Director/Shareholder, On Being Bold</p> <p>Chair, Ngāti Whātua Ōrākei Whai Maia</p> <p>Deputy Chair and Director, Vector Limited</p> <p>Director, Sealink Travel Group New Zealand Limited</p> <p>Director, Sealink New Zealand Limited</p> <p>Director, Sealink Pine Harbour Limited</p> <p>Director, Freightlink Limited</p> <p>Senior Consultant, Strategis</p> <p>Chair, National Hauora Coalition Limited (PHO)</p> <p>Chair, Asia Pacific Health Group (from July 2021)</p> <p>Director, AIA New Zealand Limited (from February 2022)</p> <p>Director, Auckland One Rail Limited (from January 2022)</p> |

| Director | Interests |
|---|--|
| Linda Robertson (appointed as Director from 12 July 2021) | Director and shareholder, RML Consulting Ltd Director, Dunedin City Holdings Ltd Director, Dunedin City Treasury Chair, Crown Irrigation Investments Ltd Director, New Zealand Local Government Funding Agency Chair, Audit & Risk Committee, Central Otago District Council Chair, Central Lakes Trust Director, Dunedin Stadium Property Limited Director, Central Lakes Direct Limited Member, Capital Markets Advisory Committee – The Treasury Member, Risk and Audit Committee – The Treasury Director, Dunedin Railways Ltd Director, Alpine Energy Ltd Member, Audit and Risk Committee – Office of the Auditor-General and Audit New Zealand (from January 2022) |
| David Smith | Director, TDB Advisory Limited Director, NPV Advisory Limited Director, Logan Leith Trustee Limited Director, Catalist Markets Limited Member, Manawatu Investment Group (MIG) Investment Committee Senior Advisor, Tanarra Credit Partners (from June 2021) Shareholder, Jarden Group Ltd (from June 2021) |
| Elliot Smith | Director, Hessey Investment Limited |
| Richie Smith (appointed as Director on 16 July 2021) | See disclosures in NZ Post's Directors' section |
| John Sproat | See disclosures in NZ Post's Directors' section |
| Michelle van Gaalen (ceased as Director on 29 April 2022) | Managing Director, Belron NZ Limited and all associated subsidiaries Director and Shareholder, Anton Robert Investments Limited Shareholder, Pinnacle Custodial Services Limited Board member, Franchise Association of New Zealand (FANZ) (from September 2021) |
| Richard Westlake Chair | Founder & Managing Director, Westlake Governance Limited President and Committee Member, Kāpiti Districts Aero Club Inc |

Subsidiary Directors and Fees

| Director | Subsidiary | Total Fees & Benefits (NZD) |
|---|--|---|
| Gregg Behrens (Chair of Kiwi Wealth Group of Companies) | Kiwi Wealth Investments General Partner Limited Portfolio Custodial Nominees Limited Kiwi Wealth Limited Kiwi Investments Limited Kiwi Wealth Management Limited Kiwibank Limited (from May 2022) | \$124,000 \$13,979 |
| Ian Blair | Kiwibank Limited | \$113,991* |

*Incl. fees paid as a member of the Audit & Risk Committee and continuing education allowance

| Director | Subsidiary | Total Fees & Benefits (NZD) |
|---------------------------------------|--|--|
| Norbert Bojarski | Kiwi Group Holdings Limited | \$61,750* |
| | Kiwi Capital Funding Limited | *Fees paid to NZ Post |
| Monique Cairns | The New Zealand Home Loan Company Limited (Deputy Chair) | \$66,250 |
| Carol Campbell | Kiwibank Limited | \$113,876* |
| | | *Incl. fees paid as a member of the Audit & Risk Committee and continuing education allowance |
| Kirsty Campbell | The New Zealand Home Loan Company Limited | \$53,000 |
| Paul Chambers | New Zealand Home Lending Limited (until September 2021) | – |
| | Kiwibank Investment Management Limited (Chair) | – |
| Simon Clarke | New Zealand Post Trustees Limited | \$1,875 |
| Gary Crawford | Portfolio Custodial Nominees Limited | \$10,000 |
| Mary Jane Daly | Kiwibank Limited | \$128,125* |
| | | *Incl. fees paid as Chair of the Audit & Risk Committee |
| Rodger Finlay (until 16 July 2021) | Kiwi Group Holdings Limited | \$4,333 |
| Will Goodwin | Kiwi Group Holdings Limited | \$73,750* |
| | | *Fees paid to Guardians of New Zealand Superannuation |
| Jonathon (Jon) Hartley | Kiwibank Limited (Chair) | \$195,000* |
| | | *Incl. fees paid as a member of the Audit & Risk Committee |
| David Havercroft | Kiwi Wealth Investments General Partner Limited | \$77,000* |
| | Portfolio Custodial Nominees Limited | *Incl. fees paid for Chair of the Technology and Innovation Committee |
| | Kiwi Wealth Limited | |
| | Kiwi Investments Management Limited | |
| | Kiwi Wealth Management Limited | |
| Mike Hendriksen | New Zealand Home Lending Limited (until September 2021) | – |
| | Kiwi Asset Finance Limited (Chair) | – |
| Nick Lewis | Kiwi Insurance Limited (Chair) (until April 2022) | \$74,750 |
| Jacqueline (Jackie) Lloyd | Kiwi Group Holdings Limited | \$76,750* |
| | | *Incl. fees for Committees |
| Kevin Malloy | Kiwibank Limited | \$113,475* |
| | | *Incl. fees paid as Chair of Remuneration, People and Culture Committee and continuing education allowance |
| Michael (Mike) O'Donnell | Kiwi Wealth Investments General Partner Limited | \$78,455* |
| | Kiwi Wealth Limited | *Incl. fees paid as Chair of People Culture and Remuneration Committee and continuing education allowance |
| | Kiwi Investments Management Limited | |
| | Portfolio Custodial Nominees Limited | |
| | Kiwi Wealth Management Limited | |
| Jignasha Patel | New Zealand Post Trustees Limited | \$13,750 |
| Scott Pickering | Kiwibank Limited | \$98,125 |

| Director | Subsidiary | Total Fees & Benefits (NZD) |
|---|---|--|
| Quentin Quin | Kiwi Asset Finance Limited (from December 2021 until June 2022) | – |
| Dame Paula Rebstock Chair | Kiwi Group Holdings Limited | \$122,997* *Incl. fees for Committees |
| Linda Robertson | Kiwi Wealth Investments General Partner Limited (from July 2021) Kiwi Wealth Limited (from July 2021) Kiwi Investments Management Limited (from July 2021) Portfolio Custodial Nominees Limited (from July 2021) Kiwi Wealth Management Limited (from July 2021) | \$78,250* *Incl. fees paid as Chair of the Audit and Risk Committee and continuing education |
| David Smith | Kiwi Capital Funding Limited (Chair) Kiwi Insurance Limited (until April 2022) Kiwi Wealth Investments General Partner Limited (from July 2021) Kiwi Wealth Limited (from July 2021) Kiwi Investments Management Limited (from July 2021) Portfolio Custodial Nominees Limited (from July 2021) Kiwi Wealth Management Limited (from July 2021) | \$25,000 \$37,375 \$77,000* *Incl. fees paid as Chair of Investment Governance Committee and continuing education allowance |
| Elliot Smith | Kiwibank Investments Management Limited | – |
| Richie Smith (appointed as Director on 16 July 2021) | Kiwi Group Holdings Limited Fliway Group Limited New Zealand Post Trustees Limited | \$57,513* *Incl. fees for Committees \$6,667 \$6,875 |
| Rob Smith | The New Zealand Home Loan Company Limited | \$53,000 |
| John Sproat | Kiwibank Limited | \$98,125 |
| Mark Stephen | Kiwi Asset Finance Limited (until December 2021) | – |
| Sue Tindal | Fliway Group Limited | \$10,000 |
| Michelle van Gaalen | Kiwi Insurance Limited (until April 2022) | \$37,375 |
| Richard Westlake | The New Zealand Home Loan Company Limited (Chair) | \$98,000 |

Other disclosures made in the interest registers

| | |
|--|---|
| <p>Use of Company Information</p> | <p>In accordance with section 145(3) of the Companies Act 1993, and with effect from 31 October 2016, Representative Directors on the boards of Kiwi Group Holdings Limited and its subsidiaries (including Kiwibank Limited and its subsidiaries) have been authorised to disclose Company Information to the Kiwi Group Holdings Limited Shareholders in accordance with their respective company constitutions and the Shareholders' Agreement, and subject to conditions set out in the Board resolutions.</p> <p>Every other Director of Kiwibank Limited and Kiwi Group Holdings Limited subsidiaries (including Kiwibank's subsidiaries) are authorised to pass all information that come into their possession as Directors, to the Kiwi Group Holdings Limited Shareholders in accordance with the Shareholders' Agreement and their respective constitutions, subject to conditions set out in the Board resolutions.</p> |
| <p>Kiwibank only – Directors' Continuing Professional Development (CPD)</p> | <p>On 20 September 2017, the Board approved a spend equivalent to 4.5% of each Director's annual remuneration towards ongoing Director education/development.</p> |
| <p>Kiwi Wealth only – Directors' Continuing Professional Development (CPD)</p> | <p>Kiwi Wealth provides a budget of up to \$5,000 per director, to use for ongoing education/development.</p> |

Directory

Chair

Rodger Finlay (until 30 June 2022)

Acting Chair

Carol Campbell (from 1 July 2022)

Members

Jignasha Patel (Deputy Chair from 1 July 2022)

Nagaja Sanatkumar

Richie Smith

John Sproat

Simon Clarke (joined 1 November 2021)

Paul Cochrane (joined 29 June 2022)

Sue Tindal (from 1 November 2021 until 30 June 2022)

Executive Leadership Team (as at 30 June 2021)

| | |
|---|-------------------|
| Chief Executive Officer | David Walsh |
| Chief People Officer | Monica Ayers |
| Chief International Business and Data and Technology Officer (until 30 June 2022) | Sohail Choudhry |
| Chief Customer Officer | Bryan Dobson |
| Chief Operating Officer | Brendon Main |
| Chief Financial Officer | Rhonda Richardson |
| Acting Chief Data and Technology Officer (from 1 July 2022) | Andrew Russell |
| Chief Transformation Officer (until 27 May 2022) | Janet Selwood |
| Chief Governance and Sustainability Officer | Malcolm Shaw |

Bankers

Bank of New Zealand Limited
Commonwealth Bank of Australia

Auditors

Kevin Brown (for NZP) and Jonathan Freeman (for KGH) assisted by PricewaterhouseCoopers on behalf of the Auditor-General

Registered Office

Ground Floor
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Wellington
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For more information on the New Zealand Group, visit [nzpost.co.nz](https://www.nzpost.co.nz)



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