

## **Z ENERGY LIMITED AND SUBSIDIARIES**

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FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED 30 JUNE 2023

**Statement of comprehensive income**  
for the 6 months ended 30 June 2023

	<b>Unaudited 6 months ended 30 June 2023 \$m</b>	Audited 9 months ended 31 December 2022 \$m
<b>Revenue</b>	<b>3,624</b>	6,005
<b>Expenses</b>		
Purchases of crude, product and electricity	2,633	4,333
Excise, carbon and other taxes	699	1,056
Operating expenses	222	309
Share of (earnings)/loss of associate companies (net of tax)	-	(2)
Depreciation and amortisation	52	72
Net financing expense	8	47
Impairment	8	111
Lease depreciation	13	18
Lease interest expense	8	11
Fair value movements in interest rate and commodity derivatives	46	(83)
(Gain)/loss on sale of property, plant and equipment	(2)	1
(Gain) on sale of intangible assets	-	(15)
(Decrease)/increase in decommissioning and restoration provision	(1)	1
<b>Total expenses</b>	<b>3,686</b>	5,859
<b>Net (loss)/profit before taxation</b>	<b>(62)</b>	146
Taxation (benefit)/expense	(18)	38
<b>Net (loss)/profit for the period</b>	<b>(44)</b>	108
<b>Net (loss)/profit attributable to the owners of the company</b>	<b>(46)</b>	98
<b>Net profit attributable to non-controlling interest</b>	<b>2</b>	10
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Valuation adjustment of land and buildings	-	(2)
Revaluation of investments	1	19
<b>Total items that will not be reclassified to profit or loss</b>	<b>1</b>	17
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Cash flow hedge and cost of hedging	(1)	1
<b>Other comprehensive income net of tax</b>	<b>-</b>	18
<b>Total comprehensive (loss)/income after taxation</b>	<b>(44)</b>	126
<b>Total comprehensive (loss)/income attributable to owners of the company</b>	<b>(46)</b>	116
<b>Total comprehensive income attributable to non-controlling interest</b>	<b>2</b>	10

**Statement of changes in equity**  
for the 6 months ended 30 June 2023

	Capital \$m	Retained earnings \$m	Investment revaluation reserve \$m	Employee share reserve \$m	Hedging reserve \$m	Asset revaluation reserve \$m	Non- controlling interest \$m	Total Equity \$m
<b>Balance at 1 April 2022</b>	<b>767</b>	<b>199</b>	<b>(64)</b>	<b>(5)</b>	<b>-</b>	<b>457</b>	<b>1</b>	<b>1,355</b>
Net profit for the period	-	98	-	-	-	-	10	108
Other comprehensive income/(loss)	-	-	19	-	1	(2)	-	18
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>98</b>	<b>19</b>	<b>-</b>	<b>1</b>	<b>(2)</b>	<b>10</b>	<b>126</b>
<b>Transfers between reserves</b>								
Disposal of revalued assets	-	(2)	-	-	-	2	-	-
<b>Transactions with owners recorded directly in equity:</b>								
Cancelled shares	(1)	(3)	-	4	-	-	-	-
Change in ownership of Flick non-controlling interest	-	4	-	-	-	-	(7)	(3)
Proceeds from NCI purchase of units in Z Property Limited Partnership	-	-	-	-	-	-	132	132
Shared-based payments	-	-	-	1	-	-	-	1
Dividends to equity holders	-	(230)	-	-	-	-	-	(230)
Distributions paid to Partner	-	-	-	-	-	-	(1)	(1)
<b>Total transactions with owners recorded directly in equity</b>	<b>(1)</b>	<b>(229)</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>(101)</b>
<b>Audited closing balance at 31 December 2022</b>	<b>766</b>	<b>66</b>	<b>(45)</b>	<b>-</b>	<b>1</b>	<b>457</b>	<b>135</b>	<b>1,380</b>
<b>Balance at 1 January 2023</b>	<b>766</b>	<b>66</b>	<b>(45)</b>	<b>-</b>	<b>1</b>	<b>457</b>	<b>135</b>	<b>1,380</b>
Net (loss)/profit for the period	-	(46)	-	-	-	-	2	(44)
Other comprehensive income/(loss)	-	-	1	-	(1)	-	-	-
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>(46)</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>2</b>	<b>(44)</b>
<b>Transfers between reserves</b>								
Disposal of revalued assets	-	1	-	-	-	(1)	-	-
<b>Transactions with owners recorded directly in equity:</b>								
Change in ownership of Flick non-controlling interest	-	-	-	-	-	-	(2)	(2)
Distributions paid to Partner	-	-	-	-	-	-	(3)	(3)
<b>Total transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>(5)</b>
<b>Unaudited closing balance at 30 June 2023</b>	<b>766</b>	<b>21</b>	<b>(44)</b>	<b>-</b>	<b>-</b>	<b>456</b>	<b>132</b>	<b>1,331</b>

## Statement of financial position

At 30 June 2023

	Notes	Unaudited 30 June 2023 \$m	Audited 31 December 2022 \$m
<b>Shareholders' equity</b>			
Equity attributable to owners of the Company	8	1,199	1,245
Non-controlling interest		132	135
<b>Total equity</b>		<b>1,331</b>	<b>1,380</b>
Represented by:			
<b>Current assets</b>			
Cash and cash equivalents		41	66
Accounts receivable and prepayments		525	596
Related party receivable		27	154
Inventories		279	712
Derivative financial instruments		14	33
Assets held for sale		10	7
Income tax receivable		15	-
Other current assets		2	1
<b>Total current assets</b>		<b>913</b>	<b>1,569</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	979	1,007
Right of use assets		273	269
Goodwill		158	158
Intangible assets	5	548	647
Investments	6	131	120
Derivative financial instruments		55	80
Other non-current assets		12	12
<b>Total non-current assets</b>		<b>2,156</b>	<b>2,293</b>
<b>Total assets</b>		<b>3,069</b>	<b>3,862</b>
<b>Current liabilities</b>			
Accounts payable, accruals and other liabilities		1,017	1,323
Income tax payable		-	66
Provisions		26	19
Short-term borrowings	7	70	70
Derivative financial instruments		8	8
Lease liabilities		22	20
<b>Total current liabilities</b>		<b>1,143</b>	<b>1,506</b>
<b>Non-current liabilities</b>			
Other liabilities		3	4
Provisions		86	96
Derivative financial instruments		7	5
Deferred tax		63	75
Long-term borrowings	7	158	522
Lease liabilities		278	274
<b>Total non-current liabilities</b>		<b>595</b>	<b>976</b>
<b>Total liabilities</b>		<b>1,738</b>	<b>2,482</b>
<b>Net assets</b>		<b>1,331</b>	<b>1,380</b>

Approved on behalf of the Board on 25 August 2023.



**Simon Christopher Allen**  
Chair



**Gregory David Barnes**  
Director

**Statement of cash flows**  
for the 6 months ended 30 June 2023

	<b>Unaudited 6 months ended 30 June 2023 \$m</b>	Audited 9 months ended 31 December 2022 \$m
<b>Cash flows from operating activities</b>		
Receipts from customers	3,732	5,937
Dividends received	3	-
Interest received	10	22
Proceeds from sale of ETS units	-	49
Payments to suppliers and employees	(2,764)	(4,862)
Excise, carbon and other taxes paid	(481)	(602)
Interest paid	(30)	(77)
Taxation (paid)/received	(75)	(111)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>395</b>	<b>356</b>
<b>Cash flows from investing activities</b>		
Proceeds from assets held for sale	3	-
Lease payments received from leases	-	1
Purchase of intangible assets	(8)	(15)
Purchase of investments	(13)	(18)
Purchase of property, plant and equipment	(24)	(50)
<b>Net cash (outflow) from investing activities</b>	<b>(42)</b>	<b>(82)</b>
<b>Cash flows from financing activities</b>		
Issue of units	-	132
Net proceeds/(repayment) from bank facility	(364)	267
Dividends paid to owners of the Company	-	(230)
Distributions paid to Partner	(4)	(1)
Repayment of USPP Loan	-	(377)
Payment of lease liabilities	(10)	(14)
<b>Net cash (outflow) from financing activities</b>	<b>(378)</b>	<b>(223)</b>
Net (decrease)/increase in cash	(25)	51
Cash balance at beginning of period	66	15
<b>Cash balance at end of period</b>	<b>41</b>	<b>66</b>

## Notes to the financial statements for the 6 months ended 30 June 2023

### (1) Basis of accounting

#### Reporting entity

Z Energy Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. Z Energy Limited has bonds quoted on the NZX debt market.

The interim Group financial statements for the 6 months ended 30 June 2023 presented are those of Z Energy Limited (the Company, Parent) together with its subsidiaries, interests in associates, and jointly controlled operations (Z or "the Group").

#### Basis of preparation

These interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and part 7 of the Financial Markets Conduct Act 2013.

The financial statements comply with New Zealand International Accounting Standards (NZ IAS) 34: Interim Financial Reporting and International Accounting Standards (IAS) 34: Interim Financial Reporting. They do not include all the information required in annual financial statements and should be read in conjunction with the Group financial statements for the 9 months ended 31 December 2022. Z is a Tier 1 entity under the External Reporting Board (XRB) Accounting Standards Framework.

The functional and reporting currency used in the preparation of the financial statements is New Zealand dollars (NZD), rounded to the nearest million (\$m) unless otherwise stated. The financial statements have been prepared on a GST-exclusive basis excepted billed receivables and payables, which include GST.

The Group was 100% acquired by Ampol Holdings NZ Limited ("Ampol") in May 2022. The Group has changed its financial reporting date from 31 March to 31 December to align with its ultimate parent company, Ampol Limited, a company registered in Australia. Current period shows the performance for the 6 months from 1 January 2023 to 30 June 2023 and as at 30 June 2023. The comparative period represents performance for the 9 months from 1 April 2022 to 31 December 2022 and as at 31 December 2022. The periods are not directly comparable.

#### Accounting policies and standards

The accounting policies set out in the 31 December 2022 financial statements have been applied consistently to all periods presented in these Group financial statements. Where items have been re-presented in the financial statements, the related comparative disclosures have been adjusted to provide a like-for-like comparison.

#### Basis of consolidation

Consistent accounting policies are employed in preparing and presenting the interim financial statements. Intra-Group balances and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the interim financial statements.

#### Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The Group's significant areas of estimation and critical judgements in these Group financial statements are the same as those contained in the Group financial statements for the 9 months ended 31 December 2022.

## Notes to the financial statements

for the 6 months ended 30 June 2023

### (2) Replacement cost reconciliation

Replacement cost (RC) is a non-GAAP measure used by the downstream fuel industry to report earnings. RC removes the impact of changes in refined product prices on the value of inventory imported and held by Z. Z manages the Group's performance based on RC. The difference between Historic cost (HC) earnings and RC earnings is a cost of sales adjustment (COSA), foreign exchange, commodity gains and losses and the associated taxation impact.

#### Income statement on RC basis

	<b>Unaudited 6 months ended 30 June 2023 \$m</b>	Audited 9 months ended 31 December 2022 \$m
Revenue	<b>3,624</b>	6,005
<b>Expenses</b>		
Purchases of crude, product and electricity	<b>2,535</b>	4,366
Excise, carbon and other taxes	<b>699</b>	1,056
Operating expenses (net of foreign exchange and commodity gains/losses on fuel purchases)	<b>215</b>	331
<b>Total expenses</b>	<b>3,449</b>	5,753
<b>RC operating EBITDAF*</b>	<b>175</b>	252
Share of loss of associate companies (net of taxation)	-	(2)
<b>RC EBITDAF</b>	<b>175</b>	254
<b>Below RC EBITDAF expenses</b>		
Depreciation and amortisation	<b>52</b>	72
Net financing expense	<b>8</b>	47
Impairment	<b>8</b>	111
Lease depreciation	<b>13</b>	18
Lease interest expense	<b>8</b>	11
Fair value movements in interest rate derivatives	<b>46</b>	(83)
Loss/(gain) on sale of property, plant and equipment	<b>(2)</b>	1
Loss/(gain) on sale of intangible assets	-	(15)
Decrease/(increase in decommissioning and restoration provision)	<b>(1)</b>	1
<b>Total below RC EBITDAF expenses</b>	<b>132</b>	163
<b>RC net profit/ (loss) before taxation</b>	<b>43</b>	91
Taxation expense	<b>9</b>	29
<b>RC net profit/ (loss) for the period</b>	<b>34</b>	62

\*Earnings, before interest, taxation, depreciation (including gains and (losses) on sale of fixed assets), amortisation, impairment, fair value movements in interest-rate derivatives and movements in decommissioning and restoration provision (EBITDAF).

## Notes to the financial statements

for the 6 months ended 30 June 2023

### (2) Replacement cost reconciliation (continued)

#### Reconciliation from statutory net profit after tax to RC net profit after tax

	Unaudited 6 months ended 30 June 2023 \$m	Audited 9 months ended 31 December 2022 \$m
<b>Statutory net (loss)/profit after tax</b>	<b>(44)</b>	108
COSA	98	(33)
Net foreign exchange and commodity (gains)/losses on fuel purchases	7	(22)
Tax (expense)/benefit on COSA	<b>(27)</b>	9
<b>RC net profit after tax</b>	<b>34</b>	62

### (3) Assets held for sale

During the period Z has committed to sell plant and machinery with a written down book value of \$10m and other intangible assets with a book value of \$0m. These assets have been classified and transferred to held for sale. The sales are expected to settle within 2023.

During the period \$2m of assets classified as held for sale at 31 December 2022 have been sold for \$3m. The gain/loss on sale of \$2m includes the release of any associated decommissioning and restoration provisions and has been recognised in (Gain)/loss on sale of property, plant and equipment within the Statement of comprehensive income.

### (4) Property, plant and equipment

During the period the Group recognised additions of \$19m to buildings, land and improvements, and plant and equipment (PPE).

During the period, the Group recognised an impairment of \$6m to plant and equipment (PPE) to write down assets to the fair value.

### (5) Intangible Assets

During the period an impairment of \$172m to intangible assets classified as Emissions units was recognised to write these assets down to fair value, and also to reduce the value of the Emissions units obligation to the same fair value based on the NZU spot rate at 30 June 2023. The net impact has been recognised within Excise, carbon and other taxes in the Statement of comprehensive income.

The Group recognised an impairment of \$1m to intangible assets classified as Other. This has been recognised as an impairment in the Statement of comprehensive income.

### (6) Investments

The Group's investment in Channel Infrastructure NZ Limited (CHI) (previously Refining NZ) is recognised at the NZX-listed share price at 30 June 2023.

In April 2023, Z acquired the remaining 6,320,468 shares from minority shareholders in Flick Energy Limited, increasing Z's ownership from 95% to 100%.



## Notes to the financial statements

for the 6 months ended 30 June 2023

### (7) Financing arrangements

Z's debt during the six months ended 30 June 2023 included bank facilities and bonds. During the comparative period of 9 months ended 31 December 2022, Z's debt included bank facilities, bonds and US Private Placement (USPP) notes. The debt is secured against certain assets and the facilities require Z to operate within defined performance and gearing ratios and includes restrictions over the sale or disposal of certain assets without lender agreement. Z has complied with all debt covenant requirements as imposed by lenders.

#### US Private Placement (USPP)

On 10 May 2022, in the comparative reporting period, the Group became a wholly owned subsidiary of Ampol Limited. As a result of this transaction, pursuant to the USPP borrowing agreement between the Group and the noteholders, the Group was required to offer to prepay 100% of the aggregate principal amount of each holder's notes issued of USD270m (\$378m) due to the change of ownership. By 13 September 2022, the Group had prepaid 100% of the principal amount of each holders' notes, including a make-whole component as governed by the USPP borrowing agreement where relevant. The prepayment was financed by a \$397m loan from the Ampol Group, which was classified as a related party borrowing.

#### Banking facilities

The bank debt facilities can be drawn down as required, provided Z is compliant with debt covenants. All loans must be repaid on the relevant due dates. Interest rates are determined by reference to prevailing money market rates at the time of drawdown plus a margin. Interest rates paid during the 6 months ended 30 June 2023 was 5.6% (31 December 2022: 2.5% to 6.0%).

	<b>Unaudited 6 months ended 30 June 2023 \$m</b>	Audited 9 months ended 31 December 2022 \$m
Secured bank facilities available	1	350
<b>Balance at end of period (facilities drawn down)</b>	<b>-</b>	<b>-</b>

Following the establishment of an intercompany loan facility, the secured bank debt facilities was reduced from \$350m to \$1m. At 30 June 2023, there was \$nil drawn against these facilities (31 December 2022: nil).

#### Bonds

At 30 June 2023, \$70m of bonds are classified as current and \$125m of bonds are classified as non-current. These will be repaid on 1 November 2023 and 3 September 2024.

#### Related party borrowings

	<b>Unaudited 6 months ended 30 June 2023 \$m</b>	Audited 9 months ended 31 December 2022 \$m
Balance at beginning of period	397	-
Proceeds from related party borrowings	450	397
Repayment of related party borrowings	(814)	-
<b>Balance at end of period</b>	<b>33</b>	<b>397</b>

## Notes to the financial statements

for the 6 months ended 30 June 2023

### (7) Financing arrangements (continued)

#### USPP notes

	<b>Unaudited 6 months ended 30 June 2023 \$m</b>	Audited 9 months ended 31 December 2022 \$m
Balance at beginning of period	-	385
USPP notes repaid	-	(378)
Amortisation	-	1
Unwind of fair value hedge	-	3
Unwind of foreign-exchange revaluation	-	(11)
<b>Balance at end of period carrying value</b>	<b>-</b>	<b>-</b>

#### Recognition of financial arrangements

All products are level 2 and accounted for at fair value through the Statement of comprehensive income with the exception of the electricity price hedges which are classified using fair value hierarchy levels 1, 2 and 3.

The fair value of the IRS excludes accrued interest. All other derivatives do not contain interest components.

### (8) Distributions

	<b>Cents per share</b>	<b>\$m</b>
<b>Dividends</b>		
31 December 2022 Interim dividend (paid November 2022)	44.3	230

## Notes to the financial statements

for the 6 months ended 30 June 2023

### (9) Related parties

	Unaudited 6 months ended 30 June 2023 \$m	Audited 9 months ended 31 December 2022 \$m
<b>Transactions with related parties received/(paid)</b>		
<b>Key management personnel</b>		
- Short-term employee benefits	(10)	(11)
- Termination benefits	(1)	-
<b>Other related party transactions</b>		
<b>Associates</b>		
Sale of goods and services, and on-charging		
- Channel Infrastructure NZ Ltd	-	1
- Coastal Oil Logistics Ltd (liquidated) – distribution	-	4
- Loyalty New Zealand Ltd	1	1
Processing fees, customs and excise duties, and terminal services		
- Channel Infrastructure NZ Ltd and subsidiaries	(20)	(87)
Purchase of goods and services		
- Coastal Oil Logistics Ltd (liquidated) – distribution	-	(9)
- Wiri Oil Services Ltd	(5)	(8)
- Loyalty New Zealand Ltd	(2)	(5)
<b>Ampol Limited Group of Companies</b>		
- Sale of goods and services	27	60
- Purchases of goods and services	(972)	(21)
- Operating expenses	(4)	(3)
- Dividends paid	-	(230)
- Interest paid	(10)	(7)
<b>Balances at the end of period</b>		
<b>Associates</b>		
- Channel Infrastructure NZ Ltd - payable for terminal services	4	4
<b>Ampol Limited Group of Companies</b>		
- Trade receivables	-	19
- Advance to Parent Company	27	154
- Trade payables	(196)	(22)
- Interest payable	(1)	(5)
- Commodity hedge payable	(1)	(3)
- Prepayments	1	-

## Notes to the financial statements

for the 6 months ended 30 June 2023

### (10) Commitments

Commitments relate to property, plant and equipment of \$19m (31 December 2022: \$17m), Forest Partners Limited Partnership of \$35m (31 December 2022: \$46m), Shell Eastern Trading (PTE) Ltd of \$72m (31 December 2022: \$nil) and Vitrol Asia Pte Ltd of \$10m (31 December 2022: \$nil).

### (11) Contingent assets and liabilities

#### Flick guarantees contingent liability

Z currently guarantees a total potential exposure relating to Flick Energy Ltd of up to \$34m as per the table below.

	<b>Unaudited 6 months ended 30 June 2023 \$m</b>	Audited 9 months ended 31 December 2022 \$m
Westpac	9	9
Mercury	10	10
Genesis	3	3
NZ Wind Farms	1	1
Eastland	9	10
Mercuria	1	1
Meridian	1	-
<b>Total exposure</b>	<b>34</b>	<b>34</b>

At 30 June 2023, the Group has no other guarantees (31 December 2022: nil).

### (12) Events after balance date

On 27 July 2023, the Board declared an interim dividend of \$27m. Payment date will be prior to 31 August 2023.

## Company directory

### Registered and head office – New Zealand

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z.co.nz

### Contact us

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### Directors

Simon Allen (Chair)  
Greg Barnes  
Andrew Brewer  
Penny Winn

### Executive team

#### Lindis Jones

Chief Executive Officer (Effective 1 March 2023)  
Pou Matua

#### Mike Bennetts

Chief Executive Officer (resigned 31 March 2023)  
Pou Matua

#### Nicola Law

Chief Financial Officer (Effective February 2023)  
Pou Tiaki Pūtea

#### Andy Baird

General Manager, Customer  
Pou Kiritaki

#### Julian Hughes

General Manager, Supply  
Pou Punakora

#### Debra Blackett

General Counsel  
Pou Arataki

#### Helen Sedcole

Chief People Officer  
Pou Tangata

#### Mandy Simpson

Chief Digital Officer  
Pou Matihiko

#### Nicolas Williams

General Manager, Strategy and Risk  
Pou Rautaki, Tūraru

### Lawyers

#### Chapman Tripp

6/20 Customhouse Quay  
Wellington 6011

#### Minter Ellison Rudd Watts

18/125 The Terrace  
Wellington 6011

### Bankers

#### ANZ Bank New Zealand Limited

215 - 229 Lambton Quay  
Wellington 6011

#### Bank of New Zealand

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Auckland 1010

#### Hong Kong and Shanghai Banking Corporation

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195 Lambton Quay  
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#### MUFG Bank

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#### Westpac Banking Corporation

51 Te Ara Tahuu Street  
Auckland 1010

### Auditor

#### KPMG

44 Bowen Street  
PO Box 996  
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