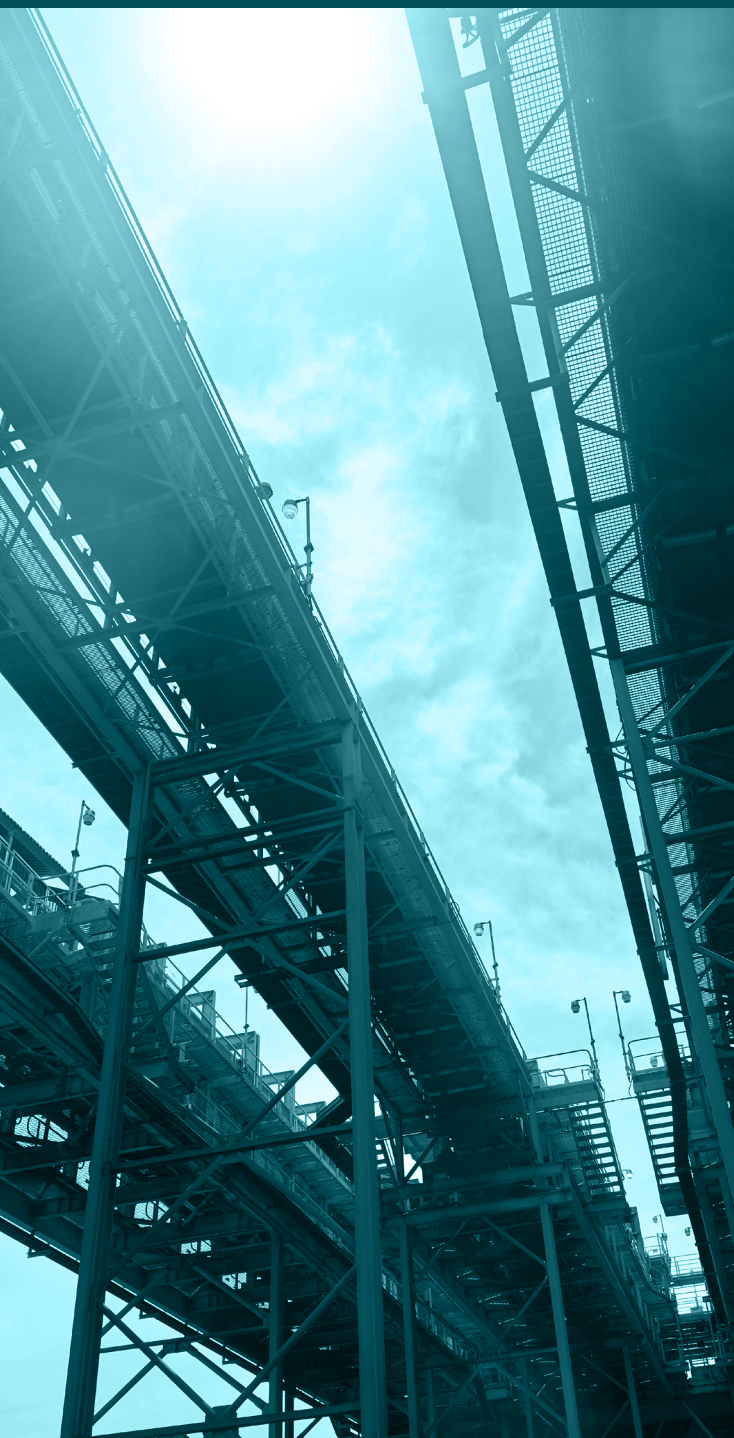




## Annual Report 2021



# FY-21 Highlights

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## \$202.9M

Terminal Infrastructure  
Charge Revenue

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## \$129.1M

Net profit after tax

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## 18cps

Distribution per security

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## 54.3Mt

Of coal exported to  
25 countries

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## 81%

Of exports were  
metallurgical coal

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# Infrastructure for a growing world

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## About Us

Dalrymple Bay Infrastructure (DBI) through its foundation asset, the Dalrymple Bay Terminal (DBT), aims to provide safe and efficient terminal infrastructure and services for producers and consumers of high quality Australian coal exports. DBT, as the world's largest metallurgical coal export facility, serves as a global gateway from the Bowen Basin and is a

critical link in the global steelmaking supply chain. By providing operational excellence and options for capacity expansions to meet expected strong export demand, DBI intends to deliver value to security holders through distributions, ongoing investment and capital growth.

**[dbinfrastructure.com.au](https://dbinfrastructure.com.au)**



# Chairperson's Letter

Dear Securityholder,

Dalrymple Bay Infrastructure's first year as a listed company has underscored the resilient nature of our business, delivering a strong and consistent performance, and favourable cash returns for our securityholders.



It is with pleasure I present Dalrymple Bay Infrastructure's (DBI) second annual report, for the financial year ended 31 December 2021 (FY-21).

The strong financial performance was underpinned by our 100 per cent long-term take-or-pay contracts, combined with a disciplined approach to capital allocation, enabling total distributions of 18 cents per security in relation to FY-21, in line with guidance. This equates to a total of almost \$90 million distributed to securityholders for the year, demonstrating the stability of your company during a period of significant market volatility.

Dalrymple Bay Infrastructure remains committed to driving long-term growth in cash flow and distributions. In support of long-term sustainable growth, the Company made significant progress during the year with the transition to light-handed regulation, advancement of 8X expansion plans and signing a memorandum of understanding and funding agreement to complete detailed feasibility studies for the potential for a green hydrogen production, storage and export facility at the Dalrymple Bay Terminal.

These initiatives are designed to complement our current export position and deliver on our strategy for the Dalrymple Bay Terminal to play an even bigger role in the export of key resources to satisfy the world's demand for steel and low carbon energy sources.

## Sustainability and Transition

DBI provides essential infrastructure for a world in transition. Through the Dalrymple Bay Terminal, DBI serves as a global gateway from the Bowen Basin and is a critical link in the global steelmaking supply chain. We recognise that while the steel industry is carbon intensive, it has an important role in the transition to a low carbon economy, including its use in renewable energy generation.

During the year we released our inaugural Sustainability Report, building on the Environment, Social and Governance (ESG) principles embedded within the business, and the previously outlined Sustainability Strategy that was developed jointly with the Operator<sup>1</sup> of the Dalrymple Bay Terminal.

To remain resilient in a changing landscape, we have commenced the development of an overarching transition strategy, which will allow DBI to prepare for a future amidst a changing climate and consider opportunities to best position and diversify our business.

Dalrymple Bay Infrastructure has also committed to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions from its own operations by 2050.

1. Dalrymple Bay Coal Terminal Pty Ltd (ACN 010 268 167) (the Operator) is owned by a majority of DBI's customers (by contracted tonnage) and is responsible for the day to day management of DBI under an Operations and Maintenance Contract.



Our people are paramount to maintaining the company's longstanding relationships with stakeholders and positioning the business for a world in transition.

The health and safety of DBI staff and those on site at DBT is a core focus and in collaboration with the Operator of DBT, we strive to achieve continuous improvement in the safety culture and performance at DBT.

### Distribution and Security buy-back

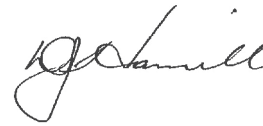
A total of 18 cents per security was declared and distributed for the FY-21 year. In addition, the Company bought back approximately 4.5 million securities, or just short of one per cent of our issued capital.

DBI's distribution policy is to payout between 60 and 80 per cent of funds from operations while targeting 1-2 per cent per annum growth in distributions per security. Consistent with that policy, the Company has provided guidance for FY-22 distributions of 18.27 cents

per security to be paid in four equal instalments representing a 1.5% uplift on FY-21 levels.

On behalf of the Board, I would like to acknowledge the hard work and exceptional contribution of our staff during the year, led by our Managing Director Anthony Timbrell. I would also like to thank our securityholders for their ongoing support. With an investment grade balance sheet and a resilient infrastructure business that delivers sustainable growth in cash flow, we look forward to delivering continued returns in 2022 and beyond.

Yours sincerely



**Hon. Dr David Hamill AM**  
Chairperson, Dalrymple Bay Infrastructure

# Net zero

Scope 1  
and Scope 2  
greenhouse  
gas emissions  
from its own  
operations  
by 2050.



# Managing Director's Letter



Dear Securityholder,

I am pleased to report that throughout the year we have made significant progress to ensure Dalrymple Bay Infrastructure remains a crucial infrastructure provider for a world in transition, while making significant progress on key strategic initiatives, particularly with respect to regulation and sustainability.

The Dalrymple Bay Terminal handled 54mt of coal volume this year, of which 81% was metallurgical coal, reinforcing our position as a key supplier to the global steelmaking supply chain and a key asset in the Queensland and Australian economies.

This achievement, along with the significant milestones outlined in this report, would not have been possible without the dedication and tremendous contribution of our staff. I would therefore like to reiterate the appreciation expressed by the Chairman in thanking our staff for their ongoing commitment and outstanding effort throughout the year.

## Financial

Dalrymple Bay Infrastructure delivered Total Revenue of \$505.0 million and a statutory NPAT of \$129.1 million. Reported borrowings as at 31 December 2021 was \$2,046.6 million (non-statutory drawn debt of \$1,870.9 million<sup>2</sup>), with gearing of 75.6% of asset base. Our strong cashflow position allowed us to return total distributions to our shareholders of 18 cents per security, representing a yield of approximately 9%.

## Regulation

A key milestone during the year was the Queensland Competition Authority's (QCA's) approval of the transition to a light-handed regulatory framework in the form of a 'negotiate-arbitrate' pricing regime. This allows DBI to negotiate access charges directly with customers that better reflect the value that customers in the central Bowen Basin place on DBI's services.

Commercial pricing negotiations with customers are currently underway and DBI will update the market in due course. When pricing is agreed with customers or determined by an arbitrator, the price will be backdated to an effective date of 1 July 2021 and a retrospective payment adjustment will be made.

While the pricing negotiations are ongoing, DBI will continue under the current pricing arrangements that have facilitated the Company's ability to pay total FY-21 distributions of 18 cents per security.

2. Non-statutory net debt uses the foreign currency exchange rate per the CCIR swaps to translate USD denominated debt to AUD.

# Key Achievements in FY-21

## Expansion Opportunities

The Dalrymple Bay Terminal maintains significant expansion optionality to accommodate future metallurgical coal exports from the Bowen Basin. With a current contracted capacity of 84.2Mtpa from July 2022, the 8X expansion has the potential to increase capacity to 99.1Mtpa in a four-phase approach.

We commenced a fully underwritten feasibility study for the 8X expansion in April 2021, which is expected to complete in late 2022.

## Outlook

With the resilience of our Company underpinned via long-term take-or-pay contracts, an access queue for contracted capacity up to an additional 25Mtpa and the current feasibility study for capacity expansion fully underwritten by access seekers, the Company remains well positioned to meet the anticipated demand for metallurgical coal exports over the long term.

I look forward to updating securityholders on the progress of our development of a transition strategy, the access pricing negotiations and other strategic initiatives over the course of FY-22. As a critical component of the global steel making supply chain and with a hydrogen feasibility study commencing in 2022, the Company is well positioned for a world in transition. We expect to continue to create value for all stakeholders, and in particular our securityholders through the ongoing delivery of stable and growing cash flow.

Yours sincerely



**Anthony Timbrell**  
Managing Director



Paid a distribution of  
18 cents per security



Refinanced over  
\$774 million of debt in the bank  
and capital markets



Maintained an investment  
grade balance sheet



DBT secured electricity  
arrangements with 100%  
renewable benefits from 2023



Commenced Hydrogen  
feasibility project



# Review of Operations

**Dalrymple Bay Infrastructure Limited (DBI) is an Australian infrastructure company that owns, through its wholly owned entities, the 99 year lease<sup>3</sup> of DBT.**



The Dalrymple Bay Terminal (DBT) is a regulated multi-user export terminal with a nameplate capacity of 85Mtpa located within the Port of Hay Point, approximately 38km south of Mackay and 900km north of Brisbane. DBT was constructed by the Queensland Government and commenced operations in 1983, and has operated continuously since that time.

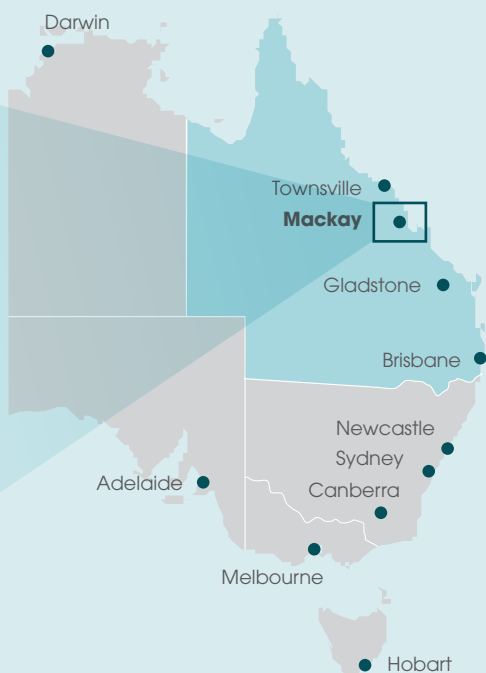
DBT is a globally significant export facility. Metallurgical coal is used to produce steel, an essential product in the world's industrialised economy, making DBT a critical link in the global steelmaking supply chain. Approximately 81% of coal shipped through DBT in 2021 was metallurgical coal.

Coal handled by DBT is exported to 25 countries, with key markets comprising large demand centres for export metallurgical coal, including Japan, South Korea, India and Europe.

The terminal is fully contracted from July 2022 until June 2028 on a 100% take-or-pay basis with evergreen renewal options.

DBT's User portfolio includes some of the world's largest mining companies and highly experienced coal producers who export coal from 18 mines in the Bowen Basin through DBT. Relationships with a number of these mines have existed since the terminal was commissioned in 1983.

3. The lease is structured with a 50 year initial lease period (commencing in 2001) and a 49 year extension option (at the option of Dalrymple Bay Investor Services Pty Ltd as trustee of the DBT Trust). The option to extend the lease may be exercised at any time between September 2045 and September 2047.



Map Sourced from DRNME 2016. User Mines displayed include all BMA mines. BMA mines have Hay Point Coal Terminal (HPCT) as a dedicated terminal. BMA mine production in the Goonyella system above HPCT capacity is understood by DBI to be exported through DBT or Abbot Point Coal Terminal.



Terminal volume is fully contracted from July 2022 until June 2028 on a 100% take-or-pay basis with evergreen renewal options.

## Transition to light-handed regulatory framework

Services at DBT are currently subject to regulation by the Queensland Competition Authority (QCA), Queensland's independent economic regulator. DBT's services are declared under the QCA Act<sup>4</sup> and are therefore subject to a third-party access regime which provides a framework for setting the terms and conditions upon which access to the terminal is provided.

During the year, the QCA confirmed the transition to a light-handed regulatory framework at DBT, commencing from 1 July 2021 to run for five years until the next review date. Under the lighter-handed framework, DBI is free to negotiate commercial price setting

arrangements with its customers, rather than be bound to a single reference tariff set by the QCA. This transition from 'heavy-handed' regulation to a 'light-handed' framework will align DBI's pricing structure with other Australian coal terminals and provides DBI with the ability to seek infrastructure charges that better reflect the value customers place on accessing DBT's services.

When an agreement is reached with customers or determined by an arbitrator, the price will be backdated to an effective date of 1 July 2021 and a retrospective payment adjustment will be made. Up until a time where a new pricing agreement is reached, DBI will continue under the current pricing arrangements.

4. Queensland Competition Authority Act 1997 (Qld).

## Review of Operations continued



Investment grade  
balance sheet



\$2.1 billion of total  
facility limits of  
which \$1.9 billion  
was drawn at  
31 December 2021



\$774 million of  
bank and debt  
capital market  
debt refinanced  
during the year

### Operational Performance

DBI is fully contracted up to system capacity of 84.2Mtpa from July 2022 to June 2028 via 100% take-or-pay agreements with coal producers. During 2021, DBT exported 54.3mt of coal representing 66% of the contracted capacity. The contract capacity utilisation rate in 2021 was lower than historical periods given the impacts of the Chinese government restrictions on Australian coal imports and operational disruptions at two underground mines which ship through DBT. However, the lower shipment levels and utilisation rate had no impact on revenue generated by DBI given the nature of the take-or-pay contracts.

### Expansion Opportunities

DBT retains significant expansion optionality to accommodate the metallurgical coal exports from the Bowen Basin. The 8X Expansion currently under feasibility study would see DBT increase its export capacity to 99.1Mtpa at a total estimated cost of \$1.3 billion.

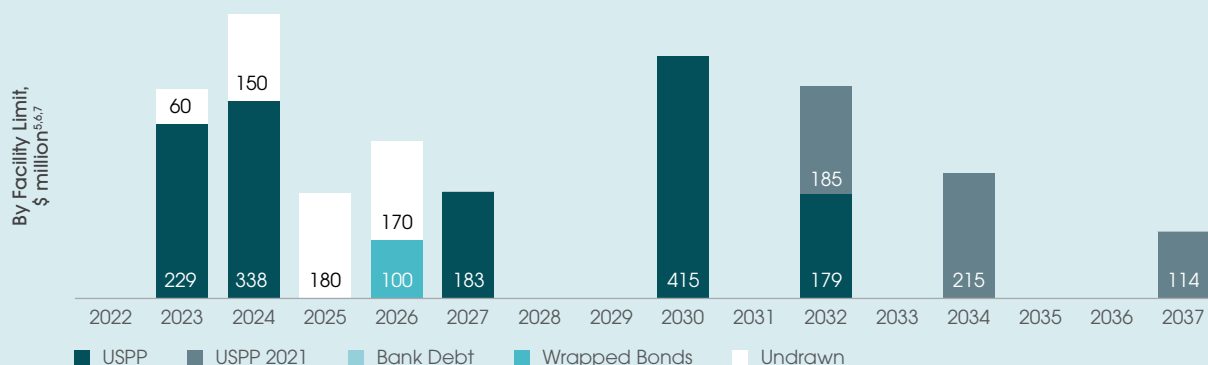
The 8X Expansion is focused on terminal optimisation within the existing footprint of DBT and its marine facilities, by maximising storage volume as well as increasing the in-loading and out-loading capabilities.

# 100%

Take-or-pay contracts provide stability  
in cashflows



## Pro-Forma Debt Maturity Profile at 2 March 2022



5. Includes \$514 million of USPP 2021 debt priced in November 2021 which funded 2 March 2022.

6. Undrawn amounts in Debt Maturity Profile include \$60 million Liquidity Facility and \$500 million of revolving bank debt facilities.

7. USD denominated debt has been converted to AUD using the rate of the CCIR Swaps transacted at the time of transacting each Note issue.

The DBT Master Plan, available on DBI's website, sets out the technical pathway for delivering the 8X Expansion over four phases. However, DBI retains significant flexibility over the timing and phasing of the 8X Expansion to deliver capacity to meet customer needs and optimise the delivery program. A final investment decision will be linked to underlying demand and the technical and economic feasibility of the proposed expansion.

DBIM commenced the fully underwritten FEL3 study for full project feasibility in April 2021. The FEL3 study and associated economic assessments are expected to complete in late 2022.

In November 2021, the QCA delivered a Final Determination allowing pricing for the 8X Expansion to be socialised, meaning that the expansion is expected to be effectively treated as part of the existing terminal for the purpose of determining access charges.

## Maintaining an investment grade balance sheet

As at 31 December 2021, DBI had A\$2,073.9 million in total debt facilities, A\$1,870.9 million drawn (incl. Liquidity Facility). During 2021, DBI and its subsidiaries refinanced A\$260 million of bank debt and priced A\$514 million of fixed rate senior secured notes in the US Private Placement market (Notes) which funded in March 2022.

The Notes were issued in three tranches with a weighted average tenor of 11.95 years, extending DBI's weighted average debt maturity.

DBI has adopted a Portfolio hedging approach to its debt facilities, with diversified funding sources and a manageable maturity profile.

DBI maintains investment grade credit ratings.

## Review of Operations continued



### Transition Strategy and Hydrogen Project

To remain resilient in a changing global landscape, DBI has commenced the development of an overarching transition strategy which will consider a range of potential metallurgical coal scenarios and their impact on DBI's existing business. The transition strategy will allow DBI to prepare for a potential decarbonisation of the steel industry supply chain as part of the eventual transition to a low-carbon global economy and consider opportunities to best position and potentially diversify DBI's business over time.

DBI, along with the Brookfield Group, international trading company Itochu, and North Queensland Bulk Ports Corporation (NQBP) signed a memorandum of understanding (MoU) to jointly study the potential for a green hydrogen production, storage and export facility located within the vicinity of Dalrymple Bay Terminal. Green hydrogen remains one of the options under the transition strategy and provides a dual purpose of allowing DBI to be part of the global transition to lower emission energy, as well as to support its customers and value chain to meet the current and future demand for steel.

The Dalrymple Bay Terminal is ideally positioned from an infrastructure perspective for the export of hydrogen given the Port of Hay Point's deep-water nature, abundant nearby land to support further development, proximity to Asian consumers and location within one of Queensland's defined Renewable Energy Zones.

In February 2022, the Group executed a funding agreement with the MoU parties to complete detailed feasibility studies aimed at understanding the potential for development of a regional hydrogen hub within the vicinity of existing terminal infrastructure.

DBI is also committed to minimising the impact on the environment from its own operations. As part of that focus, DBT secured arrangements for 100% of its electricity requirements with 100% renewable benefits in the form of renewable electricity large scale generation certificates (LGCs) from 1 January 2023. The surrender of LGCs will help underpin our commitment to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions by 2050, with DBT's electricity emissions representing approximately 98% of DBT's Scope 2 greenhouse gas emissions each year.





DBI'S vision is "essential infrastructure for a world in transition". We consider the existing terminal to be critical infrastructure for a world in transition, given DBT's role in the global steel supply chain, with steel being fundamental to a modern society.



# Environment, Social and Governance

**In October 2021, DBI released its inaugural Sustainability Report which provides stakeholders with disclosures on its Environmental, Social and Governance performance.**



DBI's approach to sustainability is to ensure that the environment, the ethical operation of the business, its people, and the community in which it operates remain at the core of its decision-making.

DBI recognises the importance of its role in maintaining a balance between its ESG responsibilities and playing a pivotal role in the global steel supply chain. To remain resilient and to continue to deliver value to our securityholders, DBI is developing a transition strategy that will consider a range of potential coal demand outcomes against different climate-related scenarios.

Based on a whole-of-terminal approach to ESG, DBI and the Operator have been working on delivering on their Sustainability Strategy Framework commitments based on four key pillars that frame DBT's sustainability initiatives and programs. The key initiatives and programs are outlined in DBI's [Sustainability Report 2021](#).

## **Sustainability Strategy Framework**

Four key pillars – People, Environment, Business Performance, and Community and Partnerships – form the framework for DBT's Sustainability Strategy initiatives and programs.

Each pillar is aligned to longer term strategic goals, with the aim to achieve these goals by 2030. Specific focus areas have been identified for each pillar.

## DBT's Sustainability Strategy Framework

### FOCUS AREAS

Safety

Positive Culture and Leadership

Proactive Communication  
and Innovative Thinking

Ongoing Learning  
and Development

Health and  
Wellbeing

Workforce for  
the Future



### People

Encouraging a positive culture of safety, diversity, transparency, innovative thinking and empowerment in our people.

### FOCUS AREAS

Healthy Reef and Ecosystems

Water Management

Climate Change and Renewable  
Energy Transition

Managing Terminal Footprint

Waste Management

Clean and  
Safe Shipping



### Environment

Leading in environmental management, acknowledging our unique location in the World Heritage Area and proximity to neighbouring communities.

### Community and Partnerships

Connecting with the community and partners to drive positive change.

### FOCUS AREAS

Stakeholder  
Engagement and  
Communication

Community Investment,  
Sponsorship and Partnerships

Sustainability Reporting and Education

Indigenous and Cultural Relationships

Industry Outreach

Research and Reef Partnerships



### Business Performance

Delivering prosperity through optimising the terminal and supply chain performance.



### FOCUS AREAS

Terminal Efficiencies

Change Management  
and Risk Management

Long-term Prosperity

Supply Chain Efficiency

Sustainable Procurement

Asset Management



## Environment, Social and Governance continued

### Environment

The Port of Hay Point is deemed a 'priority port' within the *Sustainable Ports Development Act 2015*. DBT's unique position on the Great Barrier Reef makes it subject to a range of environmental legislation and regulations at both the Commonwealth and State levels<sup>8</sup>.

The Operator is responsible for the day-to-day operation of DBT under the Operations and Maintenance Contract (OMC), including obtaining and maintaining relevant environmental approvals and licenses. The Operator holds the Environmental Authority for DBT and ISO 14001 certification. The Operator is also required to report its annual greenhouse gas and energy use per the *National Greenhouse and Energy Reporting Act 2007* (NGER) (Cth).

The Operator's Environmental Management System (EMS) and Environmental Management Plan (EMP) are aimed at providing strict compliance with environmental regulations and best practice as well as effectively managing operations and maintenance of the terminal.

In the twelve months ending December 2021, the terminal reported zero environmental authority non-compliances, reportable environmental incidents, and noise and dust exceedances.

A specific Offshore EMP has also been developed by the Operator in recognition of the unique operating environment of DBT's offshore infrastructure.

Both management plans have included measurable objectives and targets to continually improve the environmental performance of operational and maintenance activities.

The Operator utilises an audit schedule to monitor compliance and performance of the EMS.

### Climate Change Position

DBI acknowledges the Intergovernmental Panel on Climate Change (IPCC) Special Report on the impacts of global warming. We support the objective of finding a pathway to limit global warming to less than 2°C, aligned to the Paris Agreement.

DBI, alongside the Operator, has made a commitment to achieve net zero Scope 1 and 2 greenhouse gas emissions from DBT operations by 2050, with the aim to actively shorten that timeframe. In 2021, DBT secured arrangements for 100% of its electricity requirements to have 100% renewable benefits in the form of renewable electricity largescale generation certificates (LGCs) from 1 January 2023 (the PPA). The surrender of LGCs will help underpin DBI's commitment to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions by 2050, with DBT's electricity emissions representing approximately 98% of DBT's Scope 2 greenhouse gas emissions each year.

In addition to the PPA, DBI, alongside the Operator, is developing a Climate Change Strategy that will consider climate change risk and resilience, energy consumption, efficiency and a net zero roadmap for the terminal for reduction in its Scope 1 and 2 greenhouse gas emissions. DBI and the Operator will seek to implement a staged approach to deliver on that road map over time. DBI will also seek to partner with those within our value chain to reduce our Scope 3 emissions where possible.

In 2022, DBI will further progress DBI's alignment to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations. To this end, DBI has undertaken an initial gap analysis against the TCFD framework and has established an implementation roadmap to increase its TCFD-related disclosures over time.

8. For example under the Environment Protection Biodiversity Conservation Act 1999 (EPBC Act) (Cth), *Sustainable Ports Development Act 2015* and the Reef 2050 Long-Term Sustainability Plan.



A detailed physical risk assessment will be undertaken that will consider different climate-related scenarios and their impact on the terminal's infrastructure over time. This physical risk assessment will build on the initial vulnerability assessment conducted in 2020 and will further enable appropriate strategies to be developed to mitigate these risks.

In addition to the physical risk assessment, DBI is currently planning the resilience of the organisation's strategy under different climate-related scenarios, including a 2°C or lower warming pathway. The transition plan will consider the impact of climate scenarios and climate-related risks and opportunities for DBI's existing assets, operations and business strategy.

The Board reviews and guides DBI's system of risk management, compliance and internal controls, which includes setting the risk appetite. Climate-related risk is overseen by the Board as part of its oversight of the management of financial and non-financial risks within the Risk Management Framework. The Board is supported by the Compliance, Risk and Sustainability Committee and Finance and Audit Committee who provide oversight and strategic direction to the executive management team which is responsible for the day-to-day management of climate-related risks.

DBI's Enterprise Risk Registers have been reframed to better capture climate-related risks, including both transition and physical risks. This update will ensure that climate-related risks better inform strategic decision-making across the organisation.

### **We have committed to the following strategic actions:**

Achieve net zero Scope 1 and 2 emissions by 2050

Review Scope 3 emissions and assist our partners to reduce their emissions where feasible

Embed climate change strategy and risk management within governance structures

Progressive alignment to the TCFD framework over time



## Environment, Social and Governance continued

### Social

#### People

DBI and the Operator recognise that its collective workforce is key to a sustainable future and will be critical to its success. The focus for the past year has been to continue to foster a strong and capable workforce. The programs and initiatives implemented have included:

- risk, health and wellbeing, and safety programs that are aimed at maintaining a high performance culture among employees;
- diversity and inclusion policy and initiatives that actively promote pay equity, a diverse workforce through enhanced recruitment processes, and an inclusive culture through cultural and diversity training; and
- leadership and employee development programs to encourage, support and develop personal and professional growth throughout the organisation.

#### Safety

The health and safety of those working at DBI is paramount, whether they be employees, contractors or visitors to the corporate office in Brisbane or to the terminal. DBI is committed to embedding a safety-first culture in everything that it does to facilitate DBT's vision that 'every person goes home from work safe and well'.

A Key Strategic Action of the DBT Sustainability Strategy is to develop a joint Positive Safety Culture Strategy that continues to embed a proactive safety culture to support safety performance.

The Work Health and Safety (WHS) Committee supports the health and safety of the DBI workforce. The WHS committee is chaired by the Managing Director and is supported by team members from all levels of the business both at the terminal and corporate office.







The WHS Committee meets on a regular basis to discuss health and safety incidents, review and update WHS policy, procedures and DBI's WHS system where appropriate, implement health and safety training and maintenance programs, discuss matters relevant to health and safety at DBI, and monitor relevant legislation, standards and codes.

In 2021, the International Council on Mining & Metals (ICMM) framework was utilised within the Operator's Material Risk Program. A revised set of critical controls for material risks were developed to ensure continuous safety improvement on site. There were zero fatalities and DBI's All Injury Frequency Rate (AIFR) was 9.72<sup>9</sup>.

### Diversity and Inclusion

DBI recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity and inclusion. DBI's vision for diversity and inclusion encompasses a number of different factors, including gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, and experience. DBI has in place a Diversity and Inclusion Policy which fosters a diverse and inclusive workforce and workplace culture. As part of DBI's commitment to Diversity and Inclusion, in 2021 the Board set measurable objectives to promote diversity and inclusion across the organisation. Further information in relation to Diversity and Inclusion at DBI is outlined in DBI's Corporate Governance Statement, which can be viewed on DBI's website.

9. Includes the Operator's employees and contractors.

## Environment, Social and Governance continued

### Governance

#### Risk Management

DBI has established corporate governance and risk management frameworks and procedures to ensure its management of key business risks align terminal planning and operations with global best practice and reinforce a governance culture of acting lawfully, ethically and responsibly.

The DBI Board has approved a Risk Management Framework which implements a structured approach to identifying, evaluating and managing those current and emerging risks which have the potential to affect DBI's business and its achievement of strategic objectives.

Under this framework, DBI seeks to ensure that it implements processes and procedures to consider, assess and manage the full range of risks faced by the business. These include operational, legal and regulatory, financial, health and safety, environmental, climate-related, reputational and cultural risks.

Management has established both a Workplace Health and Safety Committee and a Risk Committee which are comprised of the executive management team and key personnel for the management of Workplace Health and Safety and risk matters within DBI.

In addition, in 2021, as part of its Risk Management Framework, the Company implemented an internal audit program to assist the DBI Board and Management in the review and monitoring of key business risks.

Fundamental to this Risk Management Framework is the detailed and regular risk reporting provided to the Board. With support from the Finance & Audit Committee (in respect of financial risk oversight) and the Compliance, Risk & Sustainability Committee (in respect of non-financial risk oversight), the Board has overall responsibility for ensuring the proactive review, oversight and management of both financial and non-financial risks (including ESG risks).

Both DBI and the DBT Operator's Risk Management Frameworks are aligned to ISO 31000 (Risk Management – Guidelines), the international standard on risk management, and provide further assurance regarding both DBI's and the Operator's compliance with their obligations. Further information in relation to DBI's Governance practices and Risk Management Framework are outlined in DBI's Corporate Governance Statement, which can be viewed on DBI's website.





A large industrial crane with a lattice boom is lifting a massive, dark-colored cylindrical component, likely a tunnel boring machine cutterhead, from a construction site. The crane is positioned on the left, and the component is being hoisted towards the right. In the background, there are rows of concrete structures, possibly part of a bridge or a large industrial facility, under a clear blue sky. The scene is brightly lit, suggesting daytime.

Both DBI and the DBT Operator's  
Risk Management Frameworks  
are aligned to

ISO 31000<sup>10</sup>

10. Management Guidelines – the international standard on risk management.



## Environment, Social and Governance continued



DBI has a strong governance and risk management framework designed to meet or exceed its regulatory and contractual obligations, align DBT's planning and operations with global best practice, and instil and reinforce a culture of acting lawfully, ethically and responsibly.



## Sustainability Governance

The Board of DBI is ultimately responsible for the oversight of ESG risks. The Compliance, Risk and Sustainability Committee supports the Board by having accountability for sustainability matters, including by reviewing and monitoring DBI's performance on sustainability initiatives and reviewing and assessing DBI's ESG risks (including climate-related risks). Through this oversight, the Board, the Finance and Audit Committee (in respect of financial risk oversight) and the Compliance, Risk and Sustainability Committee (in respect of non-financial risk oversight) provides strategic direction to the executive management team and the Risk Committee which have responsibility for the day-to-day management of ESG risks.

In addition, the Throughput Maximisation Team (TMT), composed of senior executives from DBI and the Operator, meet monthly to discuss the operation of DBT including sustainability performance and implementation of the Sustainability Strategy.

DBI monitors the Operator's sustainability performance and compliance with its contractual obligations under the OMC through monthly reporting of key performance indicators (including safety, environment and community engagement indicators), management meetings, incident reporting, regular informal interactions, audits, observation of site conditions and monitoring programs.

## Ethics and Whistleblowing

The DBI Code of Conduct sets out DBI's values and the principles and standards by which our directors and employees are to conduct themselves within our organisation. DBI personnel undertake annual Code of Conduct awareness training and certify their commitment each year.

DBI's reporting platform and 'Speak Up Policy' provides protection to whistleblowers and encourages reporting of unethical behaviour or violations of the Code of Conduct. DBI has zero tolerance for bribery, fraud, and other types of corruption. Annual Anti-Bribery and Corruption training is undertaken by all employees to ensure compliance with relevant anti-corruption and anti-bribery legislation.

## Modern Slavery

DBI published its first annual Modern Slavery Statement in 2021 (for the period ended 31 December 2020). DBI's Modern Slavery Statement describes the modern slavery risks identified in DBI's operations and supply chains, and the actions being taken to address those risks. A copy of the 2020 statement can be found on the DBI website. The DBT Operator has also published its Modern Slavery Statement for the period ended 30 June 2021.

In June 2022, DBI will publish its second Modern Slavery Statement for the period ended 31 December 2021.



# Board of Directors



**Hon Dr David Hamill AM**

Chair and Independent Non-Executive Director

**Member of the following Board Committees:** Governance, Remuneration and Nomination Committee (Chair), Finance and Audit Committee, Compliance, Risk and Sustainability Committee.

David was appointed as an Independent Non-Executive Director on 7 August 2020 and as Chair of the Board on 20 October 2020. He has served as a director on the boards of public and private companies, statutory authorities and not for profit and charitable organisations and his experience spans across various sectors including transport, health, utilities and education. David was Treasurer of Queensland (1998–2001), Minister for Education (1995–1996), Minister for Transport and Minister Assisting the Premier on Economic and Trade Development (1989–1995) and served as the Member for Ipswich in the Queensland Parliament (1983–2001). David is an independent director of Brookfield Business Partners LP, chairperson of the Queensland Bulk Water Supply Authority and chairperson of Act for Kids. He has a Bachelor of Arts degree with Honours from the University of Queensland and attended the University of Oxford as a Rhodes Scholar for his Master of Arts degree. David was awarded his Doctor of Philosophy from the University of Queensland.

**Directorships of listed companies during the last three years:** Brookfield Business Partners LP (NYSE and TSE listed) (June 2016 to date).



**Mr Anthony Timbrell**

Managing Director

Anthony was appointed as an Executive Director on 7 August 2020. Anthony joined DBIM in 2008 and was appointed CEO in 2010. Anthony has 24 years of experience in the coal industry working in major Australian mining houses as well as private companies in marketing and logistics roles. Prior to joining DBIM, Anthony worked for Foxleigh Mining for 4 years and Rio Tinto for 8 years. Anthony is the chairperson and a director of Integrated Logistics Company Pty Ltd. Anthony has a Bachelor of Business from the University of Newcastle.

**Directorships of listed companies during the last three years:** None.



**Dr Eileen Doyle**

Independent Non-Executive Director

**Member of the following Board Committees:** Governance, Remuneration and Nomination Committee, Compliance, Risk and Sustainability Committee (Chair).

Eileen was appointed as an Independent Non-Executive Director on 29 October 2020. Eileen has more than 30 years of experience in innovation in large companies, small to medium sized enterprises and start ups. Eileen was previously a director of Boral Ltd, GPT Ltd, OneSteel Ltd, Oil Search Ltd and Bradken Ltd. She is the past chair of Port Waratah Coal Services and deputy chair of CSIRO. She is presently a director of Santos Limited and NextDC Ltd. Eileen holds a PhD in Applied Statistics from the University of Newcastle. She was Australia's first Fulbright Scholar in Business Management for which she attended Columbia University. She is a Fellow of The Australian Institute of Company Directors and a Fellow of the Australian Academy of Technology and Engineering.

**Directorships of listed companies held during the last three years:** Boral Limited (March 2010 to October 2020), NEXTDC Limited (August 2020 to date), Oil Search Limited (February 2016 to December 2021), Santos Limited (December 2021 to date).



**Mr Bahir Manios**

Non-Executive Director



**Ms Bronwyn Morris AM**

Independent Non-Executive Director

**Member of the following Board Committees:** Governance, Remuneration and Nomination Committee, Finance and Audit Committee, Compliance, Risk and Sustainability Committee.

Bahir was appointed as a Non-Executive Director on 28 September 2020. Bahir is based in Toronto, Canada, and is a Senior Executive with Brookfield Infrastructure Partners L.P. (Brookfield), with responsibility for corporate finance, reporting, tax, treasury, strategy and investor relations activities. Prior to joining Brookfield in 2004, Bahir worked in the assurance and business advisory practice at one of the big four accounting firms, where he began his career. Bahir is a graduate of the School of Business and Economics at Wilfrid Laurier University and is a Chartered Professional Accountant.

**Directorships of listed companies held during the last three years:** None.

**Member of the following Board Committees:** Governance, Remuneration and Nomination Committee, Finance and Audit Committee (Chair).

Bronwyn was appointed as an Independent Non-Executive Director on 29 October 2020. Bronwyn is a chartered accountant and a former partner of KPMG. She has over 25 years' experience on the boards of entities in the publicly listed, unlisted, government and not for profit sectors. She has considerable experience with regulated organisations across numerous industry sectors including infrastructure, utilities and financial services. Bronwyn is currently chair of Urban Utilities and a director of Collins Foods Limited, Moorebank Intermodal Company and Menzies Health Institute Queensland. Bronwyn has a Bachelor of Commerce majoring in Accounting from the University of Queensland and is a Fellow of both the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand.

**Directorships of listed companies held during the last three years:** Collins Foods Limited (June 2011 to date), Watpac Limited (Feb 2015–Sept 2018).





# Executive Team



**Anthony Timbrell**  
Managing Director

Anthony was appointed as an Executive Director on 7 August 2020. Anthony joined DBIM in 2008 and was appointed CEO in 2010. Anthony has 24 years of experience in the coal industry working in major Australian mining houses as well as private companies in marketing and logistics roles. Prior to joining DBIM, Anthony worked for Foxleigh Mining for 4 years and Rio Tinto for 8 years. Anthony is the chairperson and a director of Integrated Logistics Company Pty Ltd. Anthony has a Bachelor of Business from the University of Newcastle.



**Stephanie Commons**  
Chief Financial Officer

Stephanie Commons commenced her career in accounting at Ernst & Young and spent over eight years working in Corporate Finance and Corporate Restructuring in Ernst & Young's Brisbane and London offices. During this time, Ms. Commons managed numerous due diligence, restructuring and advisory assignments for both listed and private equity clients in the UK, Europe and US. Prior to joining DBT in 2006, Ms. Commons managed forensic assignments for the ATO and AFP and held consulting and management roles for both international corporates and advisory firms. Ms. Commons holds a Bachelor of Science (Computing) from the University of Queensland and a Bachelor of Business – Accountancy (with Distinction) from the Queensland University of Technology. She has been a member of the Institute of Chartered Accountants since 1994.



**Jesse Knight**  
Chief Operating Officer

Having joined DBI Management in 2002, Jesse has a deep understanding of the terminal, the DBT supply chain and the DBT Access regime. Jesse is the face of DBI Management for our customers; responsible for negotiating access agreements, delivering operational performance initiatives and driving DBT supply chain improvements. Jesse holds a Bachelor of Information Technology and a Masters of Business Administration (Maritime and Logistics Management).





**Peter Wotherspoon**

Project Director

Peter Wotherspoon joined DBI Management in 2001 and currently holds the position of Project Director. Peter has more than 30 years experience managing heavy industrial/materials handling construction projects in “brownfields” environments. He has been involved with expansions of DBT since the Stage 3 Expansion in 1997 and his extensive operational knowledge has guided the future planning and optimisation of the terminal over the last 15 years. During a downturn in the coal industry from 2015 to 2017, Peter focussed on a diverse range of infrastructure due diligence projects in India and Australia with Brookfield, combining project management discipline with operational and asset management skills. Peter holds a Bachelor of Engineering (Mechanical) and a Graduate Diploma in Administration, both from the University of Technology, Sydney.



**Jonathan Blakey**

Chief Commercial and Sustainability Officer

Jonathan is an experienced financial executive, responsible for the commercial, regulatory and sustainability matters for DBI. Mr Blakey joined DBI in 2010, and during this time has supported strategic planning processes, overseen the regulatory regime governing DBT, and led customer negotiations for the company. Prior to joining DBI, Jonathan led the Treasury Accounting team at Suncorp Bank. During his time at the bank, he gained significant exposure to complex financial and reporting issues during the GFC. Jonathan holds a Bachelor of Commerce (Accountancy) and a Bachelor of Business Management (Management & Organisations) from the University of Queensland. He has been a member of CPA Australia since 2005.



**Liesl Burman**

Chief Legal and Risk Officer

Liesl is an experienced senior executive, lawyer and company secretary with over 20 years’ experience with a broad background across the commercial, infrastructure and resources legal sectors. Prior to joining DBI in May 2021, Liesl was General Counsel, Australia and Assistant Company Secretary for a listed US/Australian metallurgical coal producer. Prior to that Liesl worked as a Senior Corporate Counsel for a major Australian mining house for 13 years. Liesl first practised as a Solicitor and Senior Associate for Allens Arthur Robinson (now Allens) in the commercial litigation and insolvency law areas. Liesl holds a Bachelor of Business (International Business)/Bachelor of Laws from the Queensland University of Technology and a Graduate Diploma in Applied Corporate Governance from Chartered Secretaries Australia (now Governance Institute). Liesl is a graduate of the Australian Institute of Company Directors and is admitted to legal practice in Queensland, Australia. Liesl was appointed as Company Secretary of Dalrymple Bay Infrastructure Limited on 28 February 2022.

# Financial Report

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# Directors' Report

The Directors of Dalrymple Bay Infrastructure Limited (the Company or DBI) present their financial statements for the year ended 31 December 2021.

The Dalrymple Bay Infrastructure Consolidated Group (the Group) comprises the Company:

- Dalrymple Bay Infrastructure Holdings Pty Ltd
- Dalrymple Bay Infrastructure Management Pty Ltd (DBIM)
- Dalrymple Bay Finance Pty Ltd (DB Finance)
- Dalrymple Bay Investor Services Pty Ltd (Trustee for the DBT Trust)
- DBT Trust
- BPIRE Pty Ltd (Trustee for the BPI Trust, Brookfield DP Trust and Brookfield Infrastructure Australia Trust)
- BPI Trust
- Brookfield DP Trust
- Brookfield Infrastructure Australia Trust
- Dudgeon Point Project Management Pty Ltd

(together the 'DBT Entities');

- DBHex Holdings Pty Ltd
- DBHex Management Pty Ltd.

In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report follows.

The Directors of the Group during whole of the reporting year and since the end of the reporting year were:

Directors	Position
Hon Dr David Hamill AM	Chairman, Independent Non-Executive Director
Mr Anthony Timbrell	Chief Executive Officer (CEO) and Executive Director
Mr Bahir Manios	Non-Executive Director
Ms Bronwyn Morris AM	Independent Non-Executive Director
Dr Eileen Doyle	Independent Non-Executive Director
Mr Jonathon Sellar	Alternate Director for Bahir Manios



### Chair and Independent Non-Executive Director

#### **Hon Dr David Hamill AM**

Member of the following Board Committees:

- Governance, Remuneration and Nomination Committee (Chair)
- Finance and Audit Committee
- Compliance, Risk and Sustainability Committee

David was appointed as an Independent Non-Executive Director on 7 August 2020 and as Chair of the Board on 20 October 2020. He has served as a director on the boards of public and private companies, statutory authorities and not-for-profit and charitable organisations and his experience spans various sectors including transport, health, utilities and education. David was Treasurer of Queensland (1998-2001), Minister for Education (1995-1996), Minister for Transport and Minister Assisting the Premier on Economic and Trade Development (1989-1995) and served as the Member for Ipswich in the Queensland Parliament (1983-2001). David is an independent director of Brookfield Business Partners LP, chairperson of the Queensland Bulk Water Supply Authority and chairperson of Act for Kids. He has a Bachelor of Arts degree with Honours from the University of Queensland and attended the University of Oxford as a Rhodes Scholar for his Master of Arts degree. David was awarded his Doctor of Philosophy from the University of Queensland.

#### **Directorships of listed companies during the last three years:**

Brookfield Business Partners LP (NYSE and TSE listed) (June 2016 to date)

### Chief Executive Officer (CEO) and Executive Director

#### **Mr Anthony Timbrell**

Anthony was appointed as an Executive Director in August 2020. Anthony joined DBIM in 2008 and was appointed CEO in 2010. Anthony has 24 years of experience in the coal industry working in major Australian mining houses as well as private companies in marketing and logistics roles. Prior to joining DBIM, Anthony worked for Foxleigh Mining for 4 years and Rio Tinto for 8 years. Anthony is the chairperson and a director of Integrated Logistics Company Pty Ltd. Anthony has a Bachelor of Business from the University of Newcastle.

#### **Directorships of listed companies during the last three years:**

None

### Non-Executive Directors

#### **Mr Bahir Manios**

Member of the following Board Committees:

- Governance, Remuneration and Nomination Committee
- Finance and Audit Committee
- Compliance, Risk and Sustainability Committee

Bahir was appointed as a Non-Executive Director on 28 September 2020. Bahir is based in Toronto, Canada, and is a Senior Executive with Brookfield Infrastructure Partners L.P. (Brookfield), with responsibility for corporate finance, reporting, tax, treasury, strategy and investor relations activities. Prior to joining Brookfield in 2004, Bahir worked in the assurance and business advisory practice at one of the big-four accounting firms, where he began his career. Bahir is a graduate of the School of Business and Economics at Wilfrid Laurier University and is a Chartered Professional Accountant.

#### **Directorships of listed companies held during the last three years:**

None

## Independent Non-Executive Directors

### Ms Bronwyn Morris AM

Member of the following Board Committees:

- Governance, Remuneration and Nomination Committee
- Finance and Audit Committee (Chair)

Bronwyn was appointed as an Independent Non-Executive Director on 30 October 2020. Bronwyn is a chartered accountant and a former partner of KPMG. She has over 25 years' experience on the boards of entities in the publicly listed, unlisted, government and not for profit sectors. She has considerable experience with regulated organisations across numerous industry sectors including infrastructure, utilities and financial services. Bronwyn is currently chair of Urban Utilities and a director of Collins Foods Limited, Moorebank Intermodal Company and Menzies Health Institute Queensland. Bronwyn has a Bachelor of Commerce majoring in Accounting from the University of Queensland and is a Fellow of both the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand.

#### Directorships of listed companies held during the last three years:

- Collins Foods Limited (June 2011 to date)
- Watpac Limited (Feb 2015 to Sept 2018)

### Dr Eileen Doyle

Member of the following Board Committees:

- Governance, Remuneration and Nomination Committee
- Compliance, Risk and Sustainability Committee (Chair)

Eileen was appointed as an Independent Non-Executive Director on 30 October 2020. Eileen has more than 30 years of experience in innovation in large companies, small to medium sized enterprises and start ups. Eileen was previously a director of Boral Ltd, GPT Ltd, OneSteel Ltd, Oil Search Ltd and Bradken Ltd. She is the past chair of Port Waratah Coal Services and deputy chair of CSIRO. She is presently a director of Santos Limited and NextDC Ltd. Eileen holds a PhD in Applied Statistics from the University of Newcastle. She was Australia's first Fulbright Scholar in Business Management for which she attended Columbia University. She is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Academy of Technology and Engineering.

#### Directorships of listed companies held during the last three years:

- Boral Limited (March 2010 to October 2020)
- NEXTDC Limited (August 2020 to date)
- Oil Search Limited (February 2016 to December 2021)
- Santos Limited (December 2021 to date)

### Alternate Non-Executive Director

#### Mr Jonathon Sellar

Jonathon was appointed as an Alternate Non-Executive Director for Mr Bahir Manios on 17 December 2020. Jonathon is a Managing Director and Chief Operating Officer for Australia in Brookfield's Infrastructure Group, responsible for the asset management function in Australia. Jonathon joined Brookfield in 2010, following Brookfield's acquisition of the Australian listed company, Prime Infrastructure, where he had served as the Chief Financial Officer since 2002. Previously, he held senior roles at InterGen Australia and at PricewaterhouseCoopers. Jonathon holds a Bachelor of Business (Accountancy) from the Queensland University of Technology and has been a member of the Institute of Chartered Accountants in Australia and New Zealand since 1996.

#### Directorships of listed companies held during the last three years:

None

### Company Secretaries

#### Mr Michael Ryan

Michael was appointed Company Secretary on 7 August 2020. Michael is a Managing Director and Counsel in Brookfield's Infrastructure Group, responsible for overseeing the legal function in the Asia Pacific region and the corporate administration of Brookfield Infrastructure Partners. Michael joined Brookfield in 2010, following Brookfield's acquisition of the Australian listed company, Prime Infrastructure, where he had served as General Counsel and Company Secretary since 2004. Prior to this role, he was an Associate at the law firm Freehills. Michael holds degrees in International Business and Law with first class honours from Griffith University and was a university medallist. He also holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia.

Michael resigned as Company Secretary of Dalrymple Bay Infrastructure Limited with effect on 28 February 2022.

#### Directorships of listed companies held during the last three years:

None

#### Ms Liesl Burman

Liesl is an experienced senior executive, lawyer and company secretary with over 20 years' experience with a broad background across the commercial, infrastructure and resources legal sectors. Prior to joining DBI in May 2021, Liesl was General Counsel, Australia and Assistant Company Secretary for a listed US/Australian metallurgical coal producer. Prior to that Liesl worked as a Senior Corporate Counsel for a major Australian mining house for 13 years. Liesl first practised as a Solicitor and Senior Associate for Allens Arthur Robinson (now Allens) in the commercial litigation and insolvency law areas.

Liesl holds a Bachelor of Business (International Business)/Bachelor of Laws from the Queensland University of Technology and a Graduate Diploma in Applied Corporate Governance from Chartered Secretaries Australia (now Governance Institute). Liesl is a graduate of the Australian Institute of Company Directors and is admitted to legal practice in Queensland, Australia.

Liesl was appointed as Company Secretary of Dalrymple Bay Infrastructure Limited on 28 February 2022.

#### Directorships of listed companies held during the last three years:

None



## Principal Activities

The Group's principal activity during the course of the reporting year was the provision of capacity to independent customers to ship coal through the Dalrymple Bay Terminal (DBT), which is located at the Port of Hay Point, south of Mackay in Queensland.

## Distributions and On-market Buyback

The Company has announced a 4Q-21 distribution of 4.5 cents per security, taking the total announced distributions for FY-21 to 18 cents per security representing a 79.3% payout of Funds from Operations. The 4Q-21 distribution will have a record date of 4 March 2022 and a payment date of 23 March 2022.

DBI announces guidance for FY-22 distributions totalling 18.27 cents per security, representing a yield of 9.0%. Furthermore, the FY-22 distribution guidance reflects a 1.5% increase in distributions, in-line with the Company's previous guidance of targeting distribution growth per security of 1-2% per annum.

On 26 February 2021, the Company announced to the ASX its intent to establish an on-market buy-back program which enabled the Company to buy back up to 10% of its issued securities during the year to 31 December 2021, should the Directors consider it advantageous to do so. The on-market buy-back commenced on 29 March 2021 and was closed on 31 December 2021. A total of 4,516,267 securities were acquired for a total of \$10.025 million under the program. These securities have subsequently been cancelled. All buybacks were within the '10/12 limit' permitted by the *Corporations Act 2001* (Cth) and therefore did not require securityholder approval<sup>2</sup>.

## Operating and Financial Review

### Operational review

DBT is a predominantly metallurgical coal terminal that operates 24 hours a day. DBT exports more than 55 different grades of metallurgical coal to 25 countries. Key CY2021<sup>3</sup> operating highlights for DBT include:

- total coal exports for CY2021 totalled 54.3mt of coal (55.0mt in CY2020);
- coal exports during CY2021 were approximately 81% metallurgical coal and 19% thermal coal (82% metallurgical coal and 18 % thermal coal in CY2020);
- key export destinations were Japan, South Korea, India, and Europe, accounting for approximately 75% of total exports (54% in CY2020);
- exports to China continue to be impacted by the Chinese government restrictions on Australian coal imports; and
- two underground mines that ship through DBT suffered operational disruptions for large parts of 2021, impacting overall terminal throughput. One of the impacted mines resumed operations in July 2021 and the other resumed operations in February 2022.

1 Based on a security price of \$2.03 at 31 December 2021.

2 Refer previous announcement by the Company to the ASX: "Announcement of buy-back – Appendix 3C" and "Full Year Results Release" dated 26 February 2021 and "On Market Share Buy-Back Update" and "Changes relating to buy-back – Appendix 3D" dated 29 March 2021.

3 CY2021 is calendar year 1 January 2021 – 31 December 2021. CY2020 is calendar year 1 January 2020 – 31 December 2020. The DBT Entities were acquired on 8 December 2020.

## Directors' Report continued

### Financial review

During the reporting year, the Group made a net operating profit after income tax of \$129,077,842 (31 December 2020: loss of \$113,207,004).

\$ million	2021 Statutory Results (1 January to 31 December 2021)	2020 Statutory Results (7 August to 31 December 2020) <sup>1</sup>
TIC revenue	202.9	13.0
Handling revenue	251.0	10.4
Revenue from capital works performed	51.1	–
<b>Total revenue</b>	<b>505.0</b>	<b>23.4</b>
Terminal Operator's handling costs	(251.0)	(10.4)
G&A expenses (excluding IPO Transaction Costs) <sup>2</sup>	(15.8)	(2.1)
Capital work costs	(51.1)	–
G&A expenses (IPO Transaction Costs) <sup>2</sup>	94.0	(129.3)
<b>EBITDA (non-statutory)<sup>3</sup></b>	<b>281.1</b>	<b>(118.4)</b>
Net finance costs <sup>4</sup>	(92.7)	(5.7)
Depreciation and amortisation	(39.4)	(2.4)
Profit/(loss) before tax	149.0	(126.5)
Income tax (expense)/benefit	(19.9)	13.3
<b>Net profit/(loss) after tax</b>	<b>129.1</b>	<b>(113.2)</b>

1 DBI was incorporated on 7 August 2020 and the DBI Group (comprising DBI and its wholly owned subsidiaries) was formed on 8 December 2020 following the Restructure (as that term is defined in the Prospectus) at which time DBI acquired Dalrymple Bay Infrastructure Management Pty Ltd (DBIM) and DBT Trust (which are the main entities conducting the business of DBI in respect of DBT as set out in the Prospectus).

2 "G&A Expenses" means general and administrative expenses and IPO Transaction Costs are detailed in note 30 to DBI's Financial Report for the year ended 31 December 2020 released to the ASX on 26 February 2021 and described in the Prospectus (as released to the ASX on 8 December 2020) as "Transaction Costs".

3 Earnings Before Interest, Tax, Depreciation and Amortisation.

4 Includes Interest expense and fair value adjustments on Stapled Loan Notes. This is net of interest received shown in the financial statements as other income.

When comparing statutory results for the year to 31 December 2021 to the comparative period 7 August 2020 to 31 December 2020:

- The comparative period consisted of 3 weeks of trading from the Initial Public Offering (IPO) on 8 December 2020 when DBI acquired the DBT Entities. The current period represents a full year from 1 January to 31 December 2021.
- A reversal of IPO Transaction Costs of \$94 million was recorded during the year ended 31 December 2021 following finalisation of various items in respect of which preliminary estimates were provided for in the Prospectus at the time of listing.

## Balance sheet

Liquidity in the Group as at 31 December 2021 comprised \$203.0 million in undrawn bank facilities (31 December 2020: \$214.0 million), \$42.0 million cash at bank (31 December 2020: \$139.1 million) and \$33.0 million in restricted cash (31 December 2020: \$36.0 million).

The Group's debt book comprises bank debt and fixed and floating rate bonds, with a weighted average tenor at year end of 5.03 years<sup>1</sup> (31 December 2020: 5.9 years). As at 31 December 2021, total reported borrowings were \$2,046.6 million (excluding the loan notes attributable to securityholders and adding back capitalised borrowing costs of \$5.5 million) and non-statutory drawn debt was \$1,870.9 million<sup>2</sup> (31 December 2020 reported borrowings: \$2,039.5 million and non-statutory drawn debt: \$1,859.9 million).

During May 2021, one of the Company's subsidiaries, DB Finance, entered into \$1,450 million of interest rate swaps to fix the base rate of a proportion of its debt book. The average swap rate transacted was 1.173% lower than the average rate of the \$1,600 million of interest rate swaps that expired in June 2021.

Currency exposure on the USD-denominated USPP notes is 100% hedged under cross currency interest rate swaps (CCIRS) transacted at the time of raising the USD debt. These CCIRS are hedged for the life of the foreign currency borrowings, removing sensitivity to foreign exchange movements for both interest and principal.

\$ million	Statutory	Non-statutory <sup>1</sup>	Statutory	Non-statutory <sup>1</sup>
	31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
<b>Short-Term Debt</b>				
Bank Facilities	9.0	9.0	33.0	33.0
Note Facilities	–	–	–	–
<b>Long-Term Debt</b>				
Bank Facilities	346.2	348.0	310.5	313.0
Note Facilities	1,691.4	1,513.9	1,696.0	1,513.9
<b>Total Borrowings<sup>2</sup></b>	<b>2,046.6</b>	<b>1,870.9</b>	<b>2,039.5</b>	<b>1,859.9</b>
Restricted Cash <sup>3</sup>	33.0	33.0	36.0	36.0
Unrestricted Cash	42.0	42.0	139.1	139.1
<b>Total net debt</b>	<b>1,971.6</b>	<b>1,795.9</b>	<b>1,864.4</b>	<b>1,684.8</b>

1 USD borrowings expressed in AUD at the exchange rate per the cross-currency interest rate swaps transacted at the time of raising the USD debt.

2 Total statutory borrowings exclude loan establishment costs of \$5.5 million for 31 December 2021 (31 December 2020: nil).

3 Restricted cash is the debt service reserve account, which represents 6 months debt service.

1 DB Finance priced A\$514m of USPP Notes on 2 November 2021 that are due to fund on 2 March 2022. These Notes will have a weighted average tenor of 11.95 years. As these Notes have not yet reached financial close, they are not included in the weighted average tenor at year-end. Refer ASX release: Dalrymple Bay Infrastructure Prices A\$514 million US Private Placement, 3 November 2021.

2 Non-statutory debt uses the foreign currency exchange rate per the CCIR swaps to translate USD denominated debt to AUD.



## Directors' Report continued

### ESG performance

The Company operates under industry leading Environment, Social and Governance (ESG) and sustainability principles. DBI and the Operator of the terminal recognise that the terminal's location within the Great Barrier Reef World Heritage Area and its proximity to residential communities brings responsibility to ensure operations continue to have no detrimental impact on people or the unique ecosystem. Together, DBI and the Operator are committed to protecting and enhancing the environment through leading environmental management practices and strong partnerships with environmental groups.

During 2021, DBI issued its inaugural Sustainability Report. The report was prepared with reference to the Global Reporting Initiative (GRI) standards and the Sustainability Accounting Standards Board (SASB) framework. DBT reported zero environmental incidents and exceedances, zero fatalities and an All Injury Frequency Rate (AIFR) of 9.72<sup>1</sup>.

DBI also committed to the development of a voluntary Cultural Heritage Management Plan (CHMP) with the Yuwibara Aboriginal Corporation (the traditional owners of the land at DBT).

Recognising DBI and the Operator's joint commitment to reducing energy and emissions intensity at DBT, DBT secured arrangements for 100% of its electricity requirements with 100% renewable benefits in the form of renewable electricity large scale generation certificates (LGCs) from 1 January 2023. This is a major step toward DBI's commitment to achieve net zero Scope 1 and Scope 2 emissions at DBT by 2050 with DBT's scope 2 electricity emissions representing approximately 98% of DBT's greenhouse gas emissions each year.

DBI's Diversity and Inclusion objectives were approved by the Board and a range of initiatives were identified to achieve these objectives.

### Regulatory environment

Under the regulatory regime applying to DBT and administered by the Queensland Competition Authority (QCA), DBIM is required to submit a draft access undertaking to the QCA for approval every 5 years. DBIM submitted a draft access undertaking to the QCA for assessment on 1 July 2019 proposing a transition to a lighter-handed regulatory framework in the form of a 'negotiate-arbitrate' pricing regime. On 1 July 2021, the QCA approved the 2021 Access Undertaking, which endorsed the application of a lighter-handed regulatory framework.

Commercial negotiations with customers are currently underway and DBI will update the market when appropriate. When agreements are reached with customers or determined by an arbitrator, the price as agreed or determined will be backdated to an effective date of 1 July 2021 and a retrospective adjustment will be made.

Until the new pricing arrangement is agreed or determined by an arbitrator, DBI will continue under the current pricing arrangements that have facilitated the Company's ability to pay a full year distribution with respect to the 2021 Financial Year of 18 cents per security.

### 8X expansion

DBT retains significant expansion optionality to accommodate metallurgical coal exports from the Bowen Basin. The 8X expansion presents a well-defined technical and commercial pathway to expand capacity in 4 phases. The 8X expansion is focused on terminal optimisation by maximising storage volume as well as increasing inloading and outloading capabilities within the existing footprint of DBT and its marine facilities.

In December 2020, DBI completed the technical aspects of the 8X FEL2 Study (pre-feasibility) which was fully underwritten by access seekers. The study revealed that the 8X expansion has the potential to expand the system capacity to 99.1Mt/pta at a cost of \$1,276 million.

DBI commenced the fully underwritten FEL3 (full feasibility study) in April 2021. The FEL3 study and associated economic assessments are expected to be completed in late 2022.

<sup>1</sup> Includes the Operator's employees and contractors.

## Outlook

The Directors provide distribution guidance of 18.27 cents per security for FY-22, an increase of 1.5% over FY-21, to be paid across four quarterly distributions. The Company will continue to focus on its core investment drivers and target to grow distributions per security by 1-2% per annum. These investment drivers include:

- delivering on DBI's whole-of-terminal commitment to ESG and sustainability;
- continuing to progress the transition to a lighter-handed regulatory framework;
- maintaining stable, predictable cash flows, via our long-term take-or-pay contracts;
- progressing the opportunities to capture long-term Bowen Basin metallurgical coal production via growth options such as the 8X expansion;
- progress hydrogen feasibility studies;
- growing the asset base through continued investment in sustaining capital expenditure; and
- maintaining an investment grade balance sheet.

## Risk Management

DBI has established corporate governance and risk management frameworks and procedures to ensure management of key business risks, align terminal planning and operations with global best practice and reinforce a governance culture of acting lawfully, ethically and responsibly.

The DBI Board has approved a Risk Management Framework which implements a structured approach to identifying, evaluating and managing those current and emerging risks which have the potential to affect DBI's business and its achievement of strategic objectives. Under this framework, DBI seeks to ensure that it implements processes and procedures to consider, assess and manage the full range of risks faced by the business, including key operational, legal and regulatory, financial, health, safety and environmental risks as well as climate-related risk, reputational and cultural risks. Fundamental to this Risk Management Framework is the detailed and regular risk reporting provided both to the Board and supporting Committees, reflecting the Board's responsibility for ensuring the proactive oversight of key financial, non-financial and emerging risks (including ESG risk).

Details of the Group's key risks identified by DBI under its Risk Management Framework are outlined below. Where possible, mitigation strategies are in place to reduce the likelihood of a risk occurring and/or to minimise the adverse consequences of the risk should it happen. However, some risks are affected by factors external to, and beyond the control of, DBI.

Further information in relation to DBI's Governance practices and Risk Management Framework are outlined in DBI's Corporate Governance Statement, which can be viewed on the Company's website.

## Regulatory oversight as a "declared service"

The DBT, and as a result DBI, is subject to significant regulatory oversight as it is a "declared service" under the QCA Act and, for so long as the handling of coal remains a "declared service", access to DBT will remain governed by the terms of an access undertaking approved by the QCA. As a result of the access undertaking, the QCA plays a role in relation to the terms and conditions governing third party access, and it may adopt regulatory assumptions in the setting of charges or other changes to the access regime that negatively impact on DBI's revenue and earnings outlook. The declaration of DBT has recently been extended for a further period of 10 years and now expires in September 2030.

## Directors' Report continued

### Regulation and negotiation or arbitration of pricing

On 1 July 2021, the QCA approved the 2021 Access Undertaking introducing a lighter-handed regulatory framework in the form of a 'negotiate-arbitrate' pricing regime in respect of the 5-year period from 1 July 2021. As a result, DBI must negotiate the price for access with its customers (Users), which may enable DBI to agree higher prices, thereby increasing revenue. However, this benefit may not be realised if, for example, DBI does not reach agreement with the Users on pricing terms or other revenue protection mechanisms, and any arbitrated outcomes are unfavourable (for example, socialisation of revenues does not continue).

### Climate-related risks

Climate-related risks and opportunities were disclosed in DBI's 2021 Sustainability Report.

DBI recognises the recommendations of the Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) and the associated framework and has been working to align its climate change risk assessments and disclosures to the TCFD framework over time. DBI's future Sustainability Reports will seek to incorporate recommendations from the Financial Stability Board's Final Report: Recommendation of the Task Force on Climate-related Financial Disclosures.

Climate change will create transition and physical risk implications for the DBI business and the industry in which it operates. Climate-change related transition risks emerging as a result of the transition to a low-carbon economy, related to energy policy, regulation, technology and market dynamics, will affect demand for the products handled by DBT. The key risks include:

- metallurgical coal demand being affected by economic development, growth driven by utilisation of steel, methods of steel production including lower carbon replacement technologies and the regulation of Greenhouse Gas (GHG) emissions including carbon pricing by import countries;
- thermal coal demand being affected by energy and climate policies of import countries driven by public sentiment, energy costs, energy security and the regulation of GHG emissions including carbon pricing; and
- the cost and accessibility of funding and insurance, as markets respond to growing climate-related risks.

Climate-related physical risks in the form of increased severity or frequency of extreme weather events may result in increased disruption to DBT and across the supply chain. However, DBI's revenues are largely protected by its strong contracting provisions.

DBI has commenced the development of an overarching transition strategy which will guide future strategy for the Board. DBI is also committed to limiting the impact from its operations by reducing its own GHG emissions.

### Remediation risk

At the end of its 50-year lease or further extension period (if the option to renew for a further 49 years is exercised), DBI may be required to remediate the land on which DBT is constructed back to its natural state if the Lessor requires it to do so. Additionally, DBI is required to remediate the land on which DBT is constructed back to its natural state: a) if the DBT Leases are terminated for default by DBI after the 20th anniversary of their commencement (i.e. after 15 September 2021); or b) if the DBT Leases are surrendered by DBI and the Lessor requires rehabilitation as a condition of accepting the surrender. There is also a risk that the Lessor could request amendments to the remediation obligations under the DBT Leases in the future or seek greater financial assurance for any remediation obligations (e.g. as a condition of providing DBI with consent to undertake a transaction that may otherwise be prohibited under the terms of the leases). This could require DBI to fund all or part of the remediation on an expedited basis. If DBI is required to remediate the land on which DBT is constructed, these costs are expected to be significant and, at the time remediation is required to be completed, may not be fully recovered from Users under the terms of access to DBT. These factors may significantly impact the cash flows and financial position of DBI.



## Expansion risk

Any expansion of DBT may not occur or, if it does occur, may take longer or cost more than anticipated or may not result in the desired outcomes. If corresponding capacity is not available in the rail network managed by Aurizon Network, or Aurizon Network does not commit to build additional capacity, or the necessary approvals (including regulatory approvals) for expansion at DBT cannot be obtained by DBI or are not obtained in a timely manner or on acceptable terms to DBI, the expansions may not be able to be completed.

## Risks of User default

The business operations of Users may be impacted by a number of factors, including economic and political conditions and global demand and prices for coal. The Group is exposed to the risk that Users may default under their contracts, ownership of User companies may change such that payment obligations transfer to new Users that are less creditworthy or applicants in the access queue will not be able to take up any unused or expansion capacity or any uncontracted capacity. A key mitigant is the credit security held under certain contracts.

## Reduction in metallurgical coal demand

Beyond the term of the current take-or-pay contracts (to the extent such contracts are not renewed, capacity is reduced, or such contracts are otherwise terminated) DBI is exposed to the global demand for metallurgical coal. Any long-term reduction in the global demand for metallurgical coal may negatively impact on DBT's contracted capacity and may impact on the price that Users negotiate for access to DBT, and therefore DBI's revenue and earnings outlook over time.

## Financial and funding risk

Certain Group members have a significant amount of debt. The cost to service this debt influences the profit of DBI and the distributions that it can make to holders of the Stapled Securities. Certain Group members are subject to various financial covenants and restrictions which, if breached, may require the loans to be repaid immediately or result in the enforcement of security or cancellation of the availability of the facilities. Debt is required to be refinanced at varying maturity dates. If acceptable terms cannot be agreed on or before maturity of these loans, then dividends, distributions and other payments by members of the Group to DBI may be diminished or delayed or cease, which could reduce the amount of cash available for distribution by DBI to securityholders.

DBI's ability to raise capital and funding and other aspects of its performance may be affected if DB Finance fails to maintain a credit rating or a credit rating is downgraded or if financiers develop ESG policy positions which inhibit their ability to offer finance to DBI.

## DBT's operations may be disrupted

DBT's operations may be disrupted by a range of events beyond the control of DBI's management or its Board including adverse weather events or natural disasters, an inability of the Operator to operate DBT due to events such as industrial disputes and labour shortages or the outbreak or continuation of a pandemic such as COVID-19; technical or information technology difficulties; major equipment failure; disruptions to third party port and rail infrastructure; terrorism, security or cyber security breaches. While such interruptions would not necessarily give rise to a successful claim by Users under their contracts (as DBI's revenue under its current take or pay contracts is not dependent upon throughput and DBI has certain force majeure protections), DBI may suffer reputational harm which may impact its revenue and business operations long term. Repeated or prolonged interruption in certain circumstances may result in temporary or permanent loss of Users, potential for litigation and penalties for regulatory non-compliance and any losses from such events may not be recoverable under relevant insurance policies.

### Changes in business regulation

DBI's business and operation are exposed to the potential effect of political or regulatory changes in Australia affecting the operation of DBT or DBI's business including those impacting on environmental matters, matters of national security and critical infrastructure, industrial matters, occupational health and safety, taxation, carbon reduction, environmental and industrial (including occupational health and safety) regulation, government policy, and approval processes.

### Changes in State of Affairs

The Company has not been financially impacted by the recent COVID-19 events. The Directors have concluded this after noting no disruption to the operations at the terminal and the take or pay nature of customer contracts.

Other than that, there was no significant change in the state of affairs of the Company during the year.

### Environmental Regulations

The Group's assets are subject to compliance with applicable Commonwealth and Queensland State environmental laws. The Directors believe that the Group has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Group.

### Subsequent Events

On 23 February 2022, the Group executed a funding agreement with North Queensland Bulk Ports Corporation, Brookfield Infrastructure Group (Australia) Pty Ltd and ITOCHU Corporation to complete detailed feasibility studies aimed at understanding the potential for development of a regional hydrogen hub within the vicinity of existing terminal infrastructure.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the consolidated entities, the results of those operations, or the state of affairs of the Group in future financial years.

### Future Developments

As referred to above, DBI retains significant expansion optionality to accommodate metallurgical coal exports from the Bowen Basin. The 8X expansion presents a well-defined technical and commercial pathway to expand capacity in 4 phases. DBI is currently undertaking the FEL3 (feasibility study) for the 8X expansion.

DBIM is required to submit to DBCT Holdings Pty Limited, a master plan that addresses any changes to DBT in respect to circumstances, demand, technology or other relevant matters each year, unless there is no change to the previous year's master plan.

A copy of the DBIM master plan is available on DBI's website.

## Indemnification of Officers and Auditors

During the reporting year, the Company paid premiums to insure certain officers of the Company (as named above), and the Executive Officers of the Company's subsidiaries, against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act, 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the reporting year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## Directors' Meetings

The following table sets out the number of meetings of the company's board of directors and each board committee held during the year ended 31 December 2021.

Directors	Board of Directors		Finance and Audit Committee		Governance, Remuneration and Nominations Committee		Compliance, Risk and Sustainability Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Hon Dr David Hamill AM	8	8	5	5	5	5	4	4
Mr Anthony Timbrell	8	8	n/a	n/a	n/a	n/a	n/a	n/a
Ms Bronwyn Morris AM	8	8	5	5	5	5	n/a	n/a
Dr Eileen Doyle	8	8	n/a	n/a	5	5	4	4
Mr Bahir Manios	8	7	5	–	5	4	4	4
Mr Jonathon Sellar (alternate for Bahir Manios)	8	7	5	5	5	5	4	4



# Remuneration Report

## Letter from the Chair

Dear Securityholders

The Board is pleased to present you with Dalrymple Bay Infrastructure Limited's (DBI) Remuneration Report for the year ended 31 December 2021 (FY-21). FY-21 was a significant and exciting period for DBI being the Company's first full financial year following listing on the ASX in December 2020.

The Board believes that the Company has performed well and wishes to recognise the leadership team's performance in executing our business strategy and achieving key milestones during the year.

On listing, the Board adopted a remuneration framework for the Company that is appropriate for the listed environment and aligns with the Company's strategy. The Company's remuneration framework for senior executives comprises the following 3 key components:

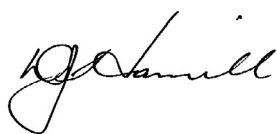
1. **Fixed remuneration** – comprising base salary, superannuation contributions and other benefits;
2. **Short-Term Incentive (STI)** – an 'at risk' component of remuneration where, if individual and Company-wide performance measures are met, STI awards will be delivered 50% in cash, and 50% in cash-settled rights which are deferred for one year; and
3. **Long-Term Incentive (LTI)** – an 'at risk' component of remuneration where senior executives are awarded cash-settled rights, 50% of which are subject to a risk-adjusted total securityholder return (TSR) performance condition and 50% of which are subject to a distributable cash flow (DCF) condition.

Dalrymple Bay Infrastructure Limited's FY-21 results satisfy key management personnel's FY-21 STI eligibility criteria.

The Board has determined non-financial targets relating to strategic priorities, sustainability, and people and culture have also been met, with strong execution and solid progress made during the year across each category.

The Board believes that the remuneration framework continues to ensure that remuneration outcomes link to the Company's performance and the long-term interests of securityholders, and therefore a similar structure has been outlined for FY-22.

On behalf of the Board, I invite you to read the Remuneration Report and welcome any feedback that you may have.



Hon Dr David Hamill AM  
Governance, Remuneration and Nomination Committee Chair

# Remuneration Report

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# Remuneration Report continued

## 1. Remuneration Essentials

### What does this Report cover?

The Directors of Dalrymple Bay Infrastructure Limited are pleased to introduce to securityholders the Company's Remuneration Report for the year ended 31 December 2021 (Reporting Period). The information provided in this remuneration report (which forms part of the Directors' Report) has been audited as required by section 308(3C) of the *Corporations Act 2001*.

As this is the Company's first full year as a listed entity, limited comparative data is provided in the Report (comparative period is 7 August 2020 to 31 December 2020). Full year comparative information will be provided in future years to assist securityholders to understand the remuneration structures put in place by, and the performance of, the Company.

### Who does this Report cover?

This Report sets out the remuneration arrangements for DBI's key management personnel (KMP)<sup>1</sup>. KMP are made up of 2 separate groups, senior executives and non-executive directors as illustrated in the table below. Throughout the Remuneration Report, KMP are referred to as either senior executive or non-executive directors as appropriate.

The following table sets out DBI's KMPs for the Reporting Period.

Name	Non-executive directors	Commenced as KMP
	Position	Date
Hon Dr David Hamill	Chair and independent non-executive director	7 August 2020 (appointed as a non-executive director)
		20 October 2020 (appointed as Chair of the Board)
Dr Eileen Doyle	Independent non-executive director	30 October 2020
Bahir Manios <sup>2</sup>	Nominee non-executive director	28 September 2020
Bronwyn Morris	Independent non-executive director	30 October 2020
Jonathon Sellar	Alternate non-executive director for Bahir Manios	17 December 2020

<sup>1</sup> The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entities, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

<sup>2</sup> Mr Bahir Manios is nominated to the Board by BIP Bermuda Holdings IV Limited (BIP) and has appointed Mr Sellar as his alternate in accordance with the Relationship Agreement as described in the DBI Prospectus released to the ASX on 8 December 2020.

Name	Senior executives	Commenced as KMP
	Position	Date
Anthony Timbrell <sup>1</sup>	Executive Director Chief Executive Officer (CEO)	7 August 2020 (appointed as a Director)
		8 December 2020 (appointed as CEO)
Stephanie Commons	Chief Financial Officer (CFO)	8 December 2020

<sup>1</sup> Anthony Timbrell was appointed a Director of DBI on 7 August 2020. Anthony became CEO when DBI acquired the DBT Entities on listing on 8 December 2020.



## Remuneration Governance and Framework

### Role of the Board and Governance, Remuneration and Nomination Committee

The Board is responsible for establishing, and overseeing the implementation of, the Company's remuneration policies and frameworks and ensuring that they are aligned with the long-term interests of DBI and its securityholders.

The Governance, Remuneration and Nomination Committee has been established to assist the Board with these responsibilities. The role of the Governance, Remuneration and Nomination Committee is to review key aspects of DBI's remuneration structure and arrangements and make recommendations to the Board. In particular, the Committee reviews and recommends to the Board:

1. arrangements for the senior executives (including annual remuneration and participation in short-term and long-term incentive plans);
2. remuneration arrangements for non-executive directors;
3. major changes and developments to the Company's employee incentive plans; and
4. whether offers are to be made under the Company's employee incentive plans in respect of a financial year and the terms of any offers.

### Use of remuneration consultants and other advisors

During the Reporting Period, no remuneration recommendations were received from remuneration consultants.

## Remuneration Policy and Guiding Principles

### Senior executive remuneration

DBI's remuneration framework is designed to be competitive, to focus senior executives on executing the Group's strategy and is aligned to achieving business objective to increase securityholder value.

The Board and the Governance, Remuneration and Nomination Committee are guided by the following objectives when making decisions regarding senior executive remuneration:

Attract and retain skilled executives	Motivate executives to pursue the Company's long-term growth and success	Demonstrate a clear relationship between Company's and executives' performance
Appropriately incentivise positive risk behaviour and improve customer outcomes	Allow for the proper adjustments to be made	Ensure any termination benefits are justifiable and appropriate

## Remuneration Report continued

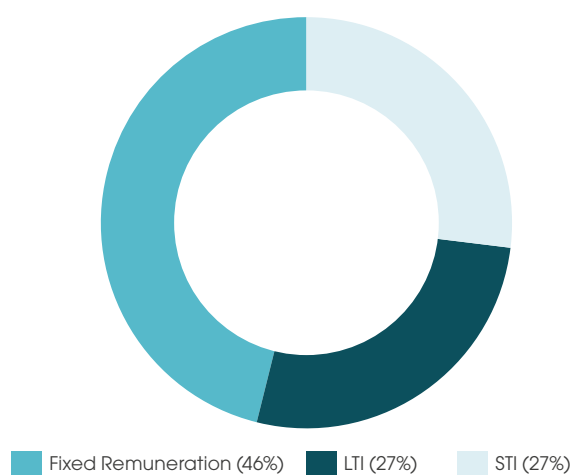
### Remuneration mix and components

The Company's senior executive remuneration framework is summarised below and includes components of remuneration which are structured to motivate senior executives to deliver sustained returns through a mix of short-term and long-term incentives. No changes were made to the remuneration framework in FY-21.

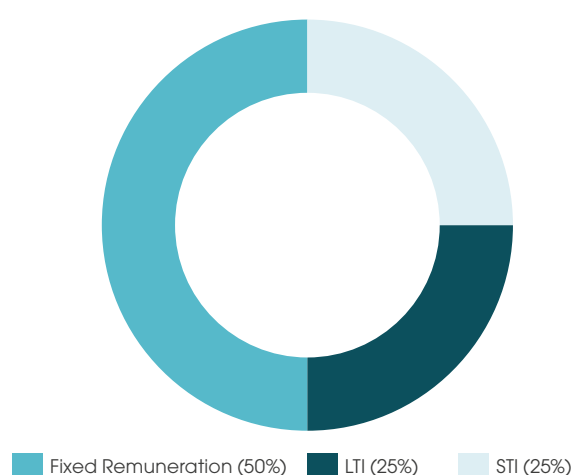
Senior Executive Remuneration Framework		
Fixed remuneration – Cash	Short-Term Incentive (at risk) – Cash and cash-settled rights	Long-Term Incentive (at risk) – Cash-settled rights
<ul style="list-style-type: none"> <li>Base salary plus superannuation and other benefits</li> </ul>	<ul style="list-style-type: none"> <li>STI is subject to individual and Company performance hurdles</li> </ul>	<ul style="list-style-type: none"> <li>Vesting is subject to a Total Securityholder Return (TSR) performance condition and a Discounted Cashflow (DCF) performance condition</li> </ul>
<ul style="list-style-type: none"> <li>Base salary was formally benchmarked before the IPO against a listed peer group of companies of comparable size, complexity, and scale to DBI and it was intended that DBI will position itself at the lower to median quartile of this listed peer group of companies</li> </ul>	<ul style="list-style-type: none"> <li>STI was subject to gateway hurdles, which for the period from IPO to 31 December 2021 required achievement of prospectus EBITDA and distribution forecasts, and has been determined by the Board to have been satisfied</li> </ul>	<ul style="list-style-type: none"> <li>Performance measured over 3 years</li> </ul>
<ul style="list-style-type: none"> <li>Influenced by individual performance</li> </ul>	<ul style="list-style-type: none"> <li>Performance initially measured over the period from IPO to 31 December 2021 and thereafter on the Company's fiscal year</li> </ul>	
<ul style="list-style-type: none"> <li>Reviewed annually</li> </ul>	<ul style="list-style-type: none"> <li>Awarded 50% of the STI outcome in cash, and 50% in cash-settled rights which will vest following a 12-month deferral period</li> </ul>	
Market competitive base reward	Encourages sustainable performance in the medium to longer term, is aligned to securityholders and provides a retention element	

The table below illustrates the forecast mix of remuneration for the senior executives assuming at target performance criteria is achieved by the company in respect of LTIs for the year ended 31 December 2021. These targets will not be formally assessed until 2023.

Forecast maximum remuneration mix  
for CEO, Anthony Timbrell



Forecast maximum remuneration mix  
for CFO, Stephanie Commons



## Company performance and FY-21 STI Outcome

The Board determined that, with Dalrymple Bay Infrastructure Limited having achieved both a 1HY-21 EBITDA of \$187.7 million against a target of the 1HY-21 Prospectus forecast of \$92.5 million and distribution forecasts of 4.5 cents per share, the FY-21 STI gateway hurdles were satisfied.

Having determined that the Gateway Hurdles for FY-21 had been met, the Board assessed KMP performance against both financial and non-financial metrics before making an STI allocation in accordance with the plan. Evaluating KMP performance against financial metrics for FY-21 was complicated by the expiry of the prior regulatory period at 30 June 2021 and the lack of an agreed, or arbitrated, access charge for 2HY-21. As access charges for 2HY-21 were provisionally based on the price from the previous regulatory period, the Board took the view that financial performance for the period was in line with plan.

The Board reviewed KMP performance against a range of other non-financial criteria including strategic priorities and implementation of the sustainability plan. It was determined that strong execution and solid progress had been made during the year across each category.

Anthony Timbrell is therefore entitled to an STI award for the performance period 8 December 2020 to 31 December 2021 of \$396,000 which is 49.54% of his fixed remuneration (from 8 December 2020 to 31 December 2021). The cash component of the STI award will be \$198,000 (50% of total STI awarded) and is expected to be paid in early FY-22 following release of the full-year audited results for FY-21. The remaining 50% will be delivered by a grant of cash settled Rights which will vest following a deferral period of 12 months under DBI's Executive Incentive Plan (Deferred Component).

Stephanie Commons is therefore entitled to an STI award for the performance period 8 December 2020 to 31 December 2021 of \$207,000 which is 43.16% of her FY-21 fixed remuneration (from 8 December 2020 to 31 December 2021). The cash component of the STI award will be \$103,500 (50% of total STI awarded) and is expected to be paid in early FY-22 following release of the full-year audited results for FY-21. The remaining 50% will be delivered by a grant of cash settled Rights which will vest following a deferral period of 12 months under DBI's Executive Incentive Plan (Deferred Component).



## Remuneration Report continued

The Deferred Component will be deferred into cash-settled rights for a period of 12 months from the date of allocation. On vesting rights are automatically exercised and settled in cash. For each vested and automatically exercised cash-settled right, the senior executives will be paid an amount equal in value to the volume weighted average price (VWAP) of DBI Stapled Securities traded on the ASX on the exercise date, plus an additional amount equal in value to the distributions per Stapled Security determined by the Board during the period from grant to vesting and exercise.

There were no STI or LTI awards due to KMP for the previous reporting period.

The Board assessed 2021 performance against STI performance measures is summarised below:

	Maximum Potential Award <sup>1</sup>	Award Amount	% of Maximum Achieved	% of Maximum Forfeited
Anthony Timbrell	\$452,972	\$396,000	87%	13%
Stephanie Commons	\$239,795	\$207,000	86%	14%

<sup>1</sup> The cash component of the STI award is expected to be paid in early FY-22 following release of the full-year audited results for FY-21. The remaining 50% will be delivered by a grant of cash settled Rights which will vest following a deferral period of 12 months.

The table below illustrates the Company's financial performance using a range of key measures during the Reporting Period. As this is the Company's first full year as a listed entity, limited comparative data is provided in the Report (comparative period is 7 August 2020 to 31 December 2020). Comparative numbers for the previous four years are not shown as this is only the Company's second Remuneration Report as a listed entity.

	Security Performance (\$)		Earnings Performance (\$M)					Liquidity	
	Closing Security price (A\$)	Distribution per Security (\$)	EPS (\$)	Revenue (\$M)	EBIT (\$M)	NPAT (\$M)	ROE (%)	Cash flow from Operations (\$M)	Debt Equity Ratio
FY-21	2.03	0.135	0.26	505.3	241.7	129.1	13.4	109.2	2.14
FY-20	2.09	–	(0.23)	23.4	(120.8)	(113.2)	(13)	(3.6)	2.64

## 2. Senior Executive Remuneration in Detail

### Details of components of senior executive remuneration

#### Fixed remuneration

The remuneration of all senior executives includes a fixed component comprised of base salary and employer superannuation contributions. Senior executives are also provided with a company supplied mobile phone and laptop computer to enable them to perform their roles as senior executives of the company. The amounts disclosed as non-monetary benefits relate to the cost of providing income-protection insurance and an executive health assessment during the Reporting Period.

Base salary was formally benchmarked before the IPO against a listed peer group of companies of comparable size, complexity and scale to DBI. The board positioned overall remuneration at the lower to median quartile of this listed peer group of companies. Fixed remuneration for senior executives is market-aligned to similar roles in companies of a comparable size, complexity and scale to DBI. Fixed remuneration will be regularly reviewed by the Governance, Remuneration and Nomination Committee with reference to each senior executive's individual performance and relevant comparative compensation in the market.

Detailed performance reviews have been conducted with each key management personnel. The individual performance reviews were used to inform recommendations for both TFR adjustments and STI awards.

## Short-Term Incentive

The table below provides an explanation of the terms and conditions applying to the STI plan during the Reporting Period.

Overview of the STI plan	The STI plan is an 'at-risk' component of senior executive remuneration whereby, if the applicable performance conditions are met, STI awards will be delivered 50% in cash and 50% in the form of cash-settled rights which will vest after a further deferral of one year.												
Participation	The CEO and CFO are eligible to participate in the STI plan.												
Performance period	The initial FY-21 grant was measured from listing (8 December 2020) to 31 December 2021. Future grants will be measured over a 12-month period.												
STI opportunity	The STI opportunities of the senior executives are set out below:												
	<table> <tr> <th rowspan="2"></th><th colspan="2">Level of performance</th></tr> <tr> <th>At target</th><th>Stretch</th></tr> <tr> <td>Anthony Timbrell</td><td>45.34% of Fixed Remuneration</td><td>56.67% of Fixed Remuneration</td></tr> <tr> <td>Stephanie Commons</td><td>40.0% of Fixed Remuneration</td><td>50.0% of Fixed Remuneration</td></tr> </table>			Level of performance		At target	Stretch	Anthony Timbrell	45.34% of Fixed Remuneration	56.67% of Fixed Remuneration	Stephanie Commons	40.0% of Fixed Remuneration	50.0% of Fixed Remuneration
	Level of performance												
	At target	Stretch											
Anthony Timbrell	45.34% of Fixed Remuneration	56.67% of Fixed Remuneration											
Stephanie Commons	40.0% of Fixed Remuneration	50.0% of Fixed Remuneration											
	<p>If performance is assessed as below target, no STI award will be paid.</p> <p>The minimum value of the STI award is nil.</p> <p>The maximum potential value of the cash component of the STI award that can be paid for the period from IPO to 31 December 2021 is \$226,500 for Anthony Timbrell, and \$120,000 for Stephanie Commons.</p> <p>The maximum potential value (at the date of grant) of the deferred component of the STI award that can be issued for the period from IPO to 31 December 2021 for Anthony Timbrell and Stephanie Commons is equal to the maximum cash STI award for that same period, i.e. \$226,500 for Anthony Timbrell, and \$120,000 for Stephanie Commons.</p> <p>The deferred STI component will be issued to the senior executives in the form of cash settled rights which will vest 12 months after the grant date. The number of Deferred STI cash settled rights issued to senior executives will be determined by dividing the value of the deferred component of the STI award, by the volume weighted average price of Stapled Securities traded on the ASX during the 10 trading days following the release of DBI's FY-21 annual results.</p>												

## Remuneration Report continued

Performance conditions	<p>Performance conditions for the STI award relating to the period from IPO to 31 December 2021 include:</p> <ul style="list-style-type: none"> <li>• financial targets based on EBITDA and distributions (60%); and</li> <li>• non-financial targets relating to strategic priorities, sustainability, people, and culture (40%).</li> </ul> <p>In addition, the STI is subject to a gateway hurdle, meaning that for the period from IPO to 31 December 2021, if DBI does not achieve prospectus EBITDA and distribution forecasts, no STI award is payable. After FY-21, it is intended that gateway hurdles will be based on distribution guidance and sustainability performance.</p> <p>A combination of financial and non-financial performance conditions were chosen because the Board believes that there should be a balance between short-term financial measures and more strategic non-financial measures which in the medium to longer term will ultimately drive future growth and returns for securityholders.</p> <p>The financial measures were chosen to provide measurable financial performance criteria strongly linked to securityholder value.</p> <p>Non-financial individual targets are chosen to encourage the achievement of business goals consistent with the Company's overall objectives and strategic growth.</p>
Measurement of performance conditions	<p>Following the end of each financial year, the Governance, Remuneration and Nomination Committee assess the performance of senior executives against the performance conditions set by the Board to determine individual STI awards. The Board believes this method is the most efficient and results in the most accurate outcomes.</p>
Delivery of STI awards	<p>STI awards will be granted 50% in cash, to be paid in the pay run following release of full-year audited results for FY-21, and 50% in the form of cash-settled rights which will vest following a deferral period of 12 months.</p>
Cash-settled rights	<p>Cash-settled rights are a conditional entitlement to receive a cash payment. For each vested and automatically exercised cash-settled right, the participant will be paid an amount equal in value to the volume weighted average price ('VWAP') of stapled securities traded on the ASX on the exercise date, which is expected to be on the day following the release of the financial results to the ASX in respect of the FY-22 year, plus an additional amount equal in value to the distributions per stapled security determined by the Board during the period from grant to vesting and exercise.</p> <p>If the senior executive does not meet his or her minimum security holding requirement (MSR) at the time of vesting, all or some (as required) of the cash (post-tax) will be utilised to acquire DBI stapled securities on market. The CEO is required to hold 100% of his fixed remuneration and CFO 50% of her fixed remuneration in either Deferred STI or LTI rights or DBI Stapled securities within 5 years from the date of listing. Any cash-settled deferred component of their STI will be used to purchase stapled securities to the extent the MSR has not been met.</p> <p>Based on the Company's structure, the use of cash-settled rights is the most cost-effective and appropriate incentive structure. The cash-settled rights related to Deferred STI are not subject to performance-based hurdles. The value of the Deferred STI cash settled rights ultimately received by the senior executive on vesting is determined based on the security price of the Company on the date these cash settled rights vest, ensuring that senior executives are incentivised to maximise securityholder return during the period between grant date and vesting date.</p> <p>Rights are granted for nil consideration and no amount is payable on vesting.</p>



<b>Number of rights to be granted</b>	<p>The number of rights to be granted to senior executives is determined by dividing the deferred component of any STI award that they become entitled to receive, by the VWAP of stapled securities traded on the ASX during the 10 trading days following the release of the Group's FY-21 full year results.</p> <p>Rights do not carry distribution rights prior to vesting. However, each vested and exercised right entitles the participant to a distribution equivalent payment as described above.</p> <p>Cash-settled rights do not carry voting rights.</p>
<b>Treatment of rights on cessation of employment</b>	<p>Unless the Board determines otherwise:</p> <ul style="list-style-type: none"> <li>• if a participant's employment is terminated for cause or a participant resigns (or gives notice of their resignation) prior to the vesting date, all unvested rights will lapse; or</li> <li>• if a participant ceases employment for any other reason prior to the vesting date, a pro rata number of their unvested rights will remain on foot and will be vested in the ordinary course.</li> </ul>
<b>Change of control</b>	<p>The Board may determine that all or a specified number of a senior executive's rights will vest where there is a change of control event in accordance with the Executive Incentive Plan ('EIP') rules.</p>
<b>Clawback and preventing inappropriate benefits</b>	<p>The EIP rules provide the Board with broad clawback powers if, for example, the senior executive has acted fraudulently or dishonestly or there is a material financial misstatement.</p>

## Long-Term Incentive

Set out below is an explanation of the terms and conditions applying to the LTI awards for senior executives during the Reporting Period.

<b>Overview of the LTI plan</b>	<p>The LTI plan is an 'at-risk' component of senior executive remuneration which is subject to the satisfaction of long-term performance conditions.</p>
<b>Participation</b>	<p>The CEO and CFO are eligible to participate in the LTI plan.</p>
<b>Instrument</b>	<p>Cash-settled rights are a conditional entitlement to receive a cash payment. For each vested and automatically exercised cash-settled right, the participant will be paid an amount equal in value to the VWAP of stapled securities traded on the ASX on the exercise date, plus an additional amount equal in value to the distributions per stapled security determined by the Board during the period from listing to vesting and exercise.</p> <p>If a participant has not met their MSR, the net after-tax proceeds from their exercised LTI rights will be used to acquire DBI stapled securities up to the minimum security holding requirement.</p> <p>The Company has received external advice that, based on the Company's structure, the use of cash-settled rights is the most cost-effective and appropriate incentive structure. The LTI cash-settled rights are subject to performance-based hurdles and the value of the award ultimately received by the senior executive on vesting is determined based on performance against these hurdles and the security price of the Company, ensuring that senior executives are incentivised to maximise securityholder return over the long term.</p> <p>Rights are granted for nil consideration and no amount is payable on vesting.</p>

## Remuneration Report continued

<b>LTI opportunity</b>	<p>The number of rights that have been granted to each senior executive for their 2021 LTI award covers the period from listing (8 December 2020) to 31 December 2021 and was determined by dividing an amount equivalent to the senior executive's LTI opportunity, which has been determined to be:</p> <ul style="list-style-type: none"> <li>• 56.67% of the CEO's total fixed remuneration during that period;</li> <li>• 50% of the CFO's total fixed remuneration during that period; and</li> </ul> <p>by the IPO offer price of \$2.57 per stapled security.</p> <p>In future years, it is intended that the number of rights issued to each participant will be determined by dividing the senior executive's LTI opportunity by the VWAP of DBI's stapled security, measured over 10 trading days following the release of DBI's full-year results.</p> <p>The minimum value of the FY-21 LTI rights is nil. The value of the FY-21 LTI award that a senior executive will receive in cash will be determined by multiplying the number of 2021 LTI rights that vest (i.e. the number of 2021 LTI rights that meet the Performance Conditions over the Performance Period, both of which are outlined below) by the VWAP of stapled securities traded on the ASX on the exercise date. The exercise date for the 2021 LTI rights is expected to be on the day following the release of the financial results to the ASX in respect of the FY-23 year, which is expected to be in February 2024. On the vesting date the senior executive will also receive a cash amount equal to the value of the distributions per stapled security that have been declared by the Board from the listing date to the vesting date for each vested 2021 LTI right.</p> <p>If the senior executive does not meet his or her MSR at the time of vesting, all or some (as required) of the cash (post-tax) will be utilised to acquire DBI stapled securities on market.</p>
<b>Performance period</b>	<p>The 2021 LTI grant was measured from listing (8 December 2020) to 31 December 2023. It is intended that future grants will have a three-year performance period.</p>
<b>Performance condition</b>	<p>Rights will be divided into two equal tranches and tested against the following performance conditions:</p> <ul style="list-style-type: none"> <li>• Tranche 1 (50% of LTI award): risk adjusted total Securityholder Return (TSR) performance; and</li> <li>• Tranche 2 (50% of LTI award): Discounted Cash Flow (DCF), which is calculated as the net cash flow after operating activities and represents the cash flow available for distribution to securityholders.</li> </ul> <p>Vesting is assessed at the end of the performance period.</p>

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### Tranche 1

The risk adjusted TSR performance hurdle measures DBI's risk adjusted TSR performance relative to the TSR performance of the companies comprising the S&P/ASX 200 index (from the day of listing to vesting date). The level of risk-adjusted TSR growth achieved by the Company over the performance period is given a percentile ranking having regard to its performance versus companies in the peer group.

The number of rights that vest in Tranche 1 will be determined by the Board by reference to DBI's relative ranking in accordance with the following table.

Relative ranking (percentile)	% of rights in Tranche 1 that vest
< 51st percentile	0%
51st percentile	25%
Between 51st and < 75th percentile	Pro-rata vesting on a straight-line basis from 25% to 100%
≥ 75th percentile	100% (capped at 100%)

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### Tranche 2

The DCF performance hurdle measures the cash flow available for distribution to securityholders. The number of rights that vest in Tranche 2 will be determined by the Board by reference to DCF targets in accordance with the following table.

Aggregate DCF	% of rights in Tranche 2 that vest
< 97.5% of target	0%
≥ 97.5% of target but <100% of target	Pro-rata vesting on a straight-line basis
≥ 100% of target but <105% of target	Pro-rata vesting on a straight-line basis
≥ 105% of target	100% (capped at 100%)

The risk adjusted TSR performance condition has been chosen as it reflects the Company's performance versus companies in its peer group and is directly linked to securityholder returns. The DCF performance condition has been chosen as it reflects the Company's ability to provide returns to securityholders.

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## Remuneration Report continued

<b>Measurement and testing of Performance Conditions</b>	<p>Risk-adjusted TSR is the return on a stapled security in excess of what would be expected given its relative riskiness (or beta as determined by capital asset pricing model principles). The excess return of DBI is compared to the excess returns on S&amp;P/ASX 200 index companies over the performance period, to determine its percentile ranking. The level of risk adjusted TSR growth achieved by DBI over the performance period is given a percentile ranking having regard to its performance versus companies in the peer group. The Board has the discretion to adjust the comparator group, including to take into account acquisitions, mergers or other relevant corporate actions or delistings. This method allows for an objectively measurable assessment of the company's performance in generating returns for securityholders.</p> <p>To measure the DCF performance condition, cash flow results are extracted by reference to the Company's audited financial statements. The use of audited financial statements ensures the integrity of the measure and alignment with the true financial performance of the Company.</p> <p>In assessing performance against the performance hurdles, the Board may make any adjustments for abnormal or unusual events that the Board considers appropriate to ensure a fair and equitable outcome.</p> <p>If any rights do not vest on testing, they will immediately lapse.</p>
<b>Delivery of LTI awards</b>	<p>The FY-21 LTI rights will vest following measurement against the performance conditions after the release of full-year audited results for FY-23, which is expected to be in February 2024.</p>
<b>Distribution and voting rights</b>	<p>Rights do not carry distribution rights prior to vesting. However, each vested and exercised right entitles the participant to a distribution equivalent payment equal to the value of the distributions per stapled security that have been declared by the Board from the grant date to the vesting date for each vested and exercised right as described above.</p> <p>Rights do not carry voting rights prior to vesting.</p>
<b>Treatment on cessation of employment</b>	<p>Unless the Board determines otherwise:</p> <ul style="list-style-type: none"> <li>• if a participant's employment is terminated for cause or a participant resigns (or gives notice of their resignation) prior to the vesting date, all their unvested rights will lapse; and</li> <li>• if a participant ceases employment for any other reason prior to the vesting date, a pro rata number of their unvested rights will remain on foot and will be tested in the ordinary course.</li> </ul>
<b>Change of control</b>	<p>The Board may determine that all or a specified number of a senior executive's rights will vest where there is a change of control event in accordance with the EIP rules.</p>
<b>Clawback and preventing inappropriate benefits</b>	<p>The EIP rules provide the Board with broad clawback powers if, for example, the senior executive has acted fraudulently or dishonestly or there is a material financial misstatement.</p>

## Legacy arrangements

Anthony Timbrell received a one-off cash payment on 15 July 2021 as a bonus under legacy arrangements relating to his employment with a subsidiary company, Dalrymple Bay Infrastructure Management Pty Ltd (DBIM), that was acquired by DBI on its listing on the ASX. Anthony Timbrell received \$321,517. The payment was made to reward Anthony for his efforts in the Company achieving light handed regulation.

## Senior executive service agreements

Both senior executives are party to written executive service agreements with DBIM (a subsidiary of DBI). The key terms of these agreements are set out below.

Duration	Ongoing term
Base salary	<b>Anthony Timbrell</b> \$750,000 per annum Fixed Remuneration (which comprises his base salary and is inclusive of superannuation) plus other benefits comprising income-protection insurance and an executive health assessment which have a combined estimated value of \$3,600 per annum.
	<b>Stephanie Commons</b> \$450,000 per annum Fixed Remuneration (which comprises her base salary and is inclusive of superannuation) plus other benefits comprising income-protection insurance and an executive health assessment which have a combined value of \$3,600 per annum.
Periods of notice required to terminate and termination payments	<b>Anthony Timbrell</b> either party may terminate the contract by giving 12 months' notice where there is a fundamental change in relation to Anthony's employment, and this is not remedied within a prescribed period, Anthony can give notice and be entitled to receive 12 months fixed remuneration in lieu of notice.
	<b>Stephanie Commons</b> either party may terminate the contract by giving 6 months' notice.
	The Company may terminate (either contract) immediately in certain circumstances, including where the relevant senior executive engages in serious or wilful misconduct.  If either senior executive's employment terminates as a result of genuine redundancy, they are entitled to receive a severance payment of six (6) months' fixed remuneration, plus one week's total fixed remuneration per year of completed service (capped at 52 weeks), inclusive of any redundancy payments payable in accordance with legislation. They will also be entitled to receive any other payments required to be paid in accordance with legislation, including accrued leave entitlements.

### 3. Non-Executive Director Remuneration

#### Principles of non-executive director remuneration

As outlined in section 1, in remunerating non-executive directors, DBI aims to ensure that it can attract and retain qualified and experienced directors having regard to:

1. the specific responsibilities and requirements for the DBI Board;
2. fees paid to non-executive directors of other comparable Australian companies; and
3. the size and complexity of DBI's operations.

#### Current fee levels and fee pool

##### Board fees

The non-executive director fee pool is \$900,000 per annum.

DBI's annual directors' fees for FY-21 were \$200,000 for the Chair and \$100,000 for other independent non-executive directors (including superannuation). The Chair does not receive any fees for being a member or chair of a committee.

No changes were made by the Board to DBI's annual directors' fees for FY-22.

Directors may be remunerated for reasonable travel and other expenses incurred in attending to DBI's affairs and any additional services outside the scope of Board and Committee duties they provide.

To maintain their independence, non-executive directors do not have any at risk remuneration component. DBI does not pay benefits (other than statutory entitlements) on retirement to non-executive directors.

BIP nominee non-executive director Bahir Manios and his alternate Jonathon Sellar respectively, do not receive any Board or committee fees.

##### Committee fees

Other than the Chair of the Board, non-executive directors will also be paid Committee fees of \$20,000 (including superannuation) per year for each Board Committee of which they are a Chair, and \$10,000 (including superannuation) per year for each Board Committee of which they are a member.

No changes were made by the Governance, Remuneration and Nomination Committee on 10 February 2022 to FY-22 Committee fees.

## 4. Statutory Remuneration Disclosures

### Statutory disclosures

The following table sets out the statutory disclosures in accordance with the Accounting Standards for the year ended 31 December 2021.

FY-21

	Short-term employee benefits			Post-employment benefits	Termination benefits		Cash settled security-based payments	Total
	Cash salary/fees	Bonuses <sup>1</sup>	Non-monetary benefits <sup>2</sup>	Superannuation benefits	Termination	Other	Rights <sup>3</sup>	
David Hamill	\$182,233	–	–	\$17,767	–	–	–	\$200,000
Eileen Doyle	\$118,452	–	–	\$11,548	–	–	–	\$130,000
Bahir Manios	–	–	–	–	–	–	–	–
Bronwyn Morris	\$118,452	–	–	\$11,548	–	–	–	\$130,000
Jonathon Sellar	–	–	–	–	–	–	–	–
Anthony Timbrell	\$727,384	\$507,301	\$2,362	\$22,631	–	–	\$175,854	\$1,435,532
Stephanie Commons	\$427,378	\$97,114	\$3,561	\$22,631	–	–	\$92,456	\$643,140
TOTAL	\$1,573,899	\$604,415	\$5,923	\$86,125	–	–	\$268,310	\$2,538,672

- 1 The amounts disclosed as Bonuses during the Reporting Period represent the movement in the accrual in relation to the 2021 STI entitlement (due to be paid in cash in FY-22 with the pay run following release of full-year audited results for FY-21). The Legacy Bonus of \$321,517 paid to Anthony Timbrell in July FY-21 is included here for transparency.
- 2 The amounts disclosed as non-monetary benefits relate to the cost of providing income-protection insurance and an executive health assessment to senior executives during the Reporting Period.
- 3 The amounts disclosed as Security-based payments / Rights for FY-21 represents the accrual that the company has made relating to the senior executive's FY-21 STI and LTI entitlements for the year ended 31 December 2021. As at the date of this report, the rights under the STI Plan (which relate to 50% of the senior executives' STI award) have not been granted to the senior executives. The number of rights will be determined by dividing the deferred component of the 2021 STI award by the VWAP of DBI Stapled Securities traded on the ASX during the 10 trading days following the release of the Group's FY-21 annual results and, therefore, can only be disclosed in FY-22's Remuneration Report. The value of rights granted to the senior executives under Tranche 1 of the LTI Plan is measured using a Monte Carlo simulation model. The value of rights granted to the senior executives under Tranche 2 of the LTI Plan is calculated using a discounted cash flow model.



## Remuneration Report continued

FY-20

		Short-term employee benefits		Post-emp- loyment benefits	Termination benefits		Cash settled security- based payments	
	Cash salary/ fees	Bonuses <sup>1</sup>	Non- monetary benefits <sup>2</sup>	Superan- nuation benefits	Termin- ation	Other	Rights <sup>3</sup>	Total
David Hamill	\$44,311	–	–	\$4,210	–	–	–	\$48,521
Eileen Doyle	\$29,624	–	–	\$2,814	–	–	–	\$32,438
Bahir Manios	–	–	–	–	–	–	–	–
Bronwyn Morris	\$31,451	–	–	\$2,988	–	–	–	\$34,439
Jonathon Sellar	–	–	–	–	–	–	–	–
Anthony Timbrell	\$46,687	\$23,567	\$151	–	–	–	\$5,418	\$75,823
Stephanie Commons	\$27,456	\$12,477	\$221	\$388	–	–	\$2,869	\$43,411
<b>TOTAL</b>	<b>\$179,529</b>	<b>\$36,044</b>	<b>\$372</b>	<b>\$10,400</b>	<b>–</b>	<b>–</b>	<b>\$8,287</b>	<b>\$234,632</b>

- 1 The amounts disclosed as Bonuses during the FY-20 Reporting Period represents an assessment of the part-year accrual that the Company has made in relation to the senior executive's FY-21 STI entitlement, assuming "at target" performance. The part year FY-21 STI amount reported in the table represents the 24 day period from 8 December 2020 to 31 December 2020.
- 2 The amounts disclosed as non-monetary benefits relate to the cost of providing income-protection insurance and an executive health assessment to senior executives during the Reporting Period.
- 3 The amounts disclosed as Security-based payments / Rights represents the part-year accrual that the company has made relating to the senior executive's FY-21 LTI entitlement for the period from 8 December 2020 to 31 December 2020. The value of rights granted to the senior executives under Tranche 1 of the LTI Plan is measured using a Monte Carlo simulation model. The value of rights granted to the senior executives under Tranche 2 of the LTI Plan is calculated using a discounted cash flow model.

## LTI at 31 December 2021

The table below shows the details for the grants made under the LTI plan which are yet to vest, including the number of instruments granted, the years in which they may vest, and the fair value recognised in the financial statements.

Accounting standards require the estimated valuation of the grants recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant, amortised in accordance with the accounting standard requirements.

A liability is measured at the fair value of the Rights at the grant date. The fair value determined at the grant date is expensed on a straight-line basis in the profit or loss over the vesting period. There is no subsequent re-measurement of fair value until the date of settlement.

KMP	Grant date <sup>1</sup>	Number of rights Granted	Tranche/ Performance Measure	Fair Value at Grant Date \$/cps	Fair Value at 31 Dec 2021 \$/cps	LTI Expense in 2021	Vesting Date
Anthony Timbrell	8 Dec 2020	88,127	Tranche 1/ TSR Hurdle	1.47	0.75	\$21,651	31 Dec 2023
Anthony Timbrell	8 Dec 2020	88,127	Tranche 2/ DCF Hurdle	2.57	2.03	\$58,354	31 Dec 2023
Stephanie Commons	8 Dec 2020	46,653	Tranche 1/ TSR Hurdle	1.47	0.75	\$11,462	31 Dec 2023
Stephanie Commons	8 Dec 2020	46,653	Tranche 2/ DCF Hurdle	2.57	2.03	\$30,891	31 Dec 2023
<b>TOTAL</b>		<b>269,560</b>				<b>\$122,358</b>	

<sup>1</sup> The 2021 LTI award to the CEO and CFO was granted to participants on March 2021. The FY-21 LTI award rights were issued to CEO and CFO using the IPO price on 8 December 2020 and will therefore have the effect of being granted on the IPO date of 8 December 2020. No FY-21 LTI rights vested or lapsed during the Reporting Period.

## Remuneration Report continued

### KMP security holdings

The following table outlines the movements in KMP security holdings (including their related parties) for the Reporting Period.

	Held at 1 Jan 2021	Received on vesting of STI	Received on vesting of LTI	Received as remunera- tion	Other net change	Held at 31 Dec 2021	Held nominally at 31 Dec 2021
<b>Non-executive directors</b>							
David Hamill	39,000	–	–	–	–	39,000	–
Eileen Doyle	72,000	–	–	–	–	72,000	–
Bahir Manios	–	–	–	–	–	–	–
Bronwyn Morris	39,000	–	–	–	–	39,000	–
Jonathon Sellar	–	–	–	–	–	–	–
<b>Senior executives</b>							
Anthony Timbrell <sup>1</sup>	–	–	–	–	360,000	360,000	–
Stephanie Commons	2,000	–	–	–	–	2,000	–

<sup>1</sup> Anthony Timbrell has an indirect interest in stapled securities held by his wife, Takako Timbrell. 360,000 Fully Paid Stapled Securities were purchased on 5 March 2021 for \$719,973.68 (average price of 2.00 per Fully Paid Stapled Security).

## 5. Transactions with KMP

### Loans with senior executives and non-executive directors

There were no loans outstanding to any senior executive or any non-executive director or their related parties, at any time in the Reporting Period.

### Other KMP transactions

Apart from the details disclosed in this Report, no senior executive or non-executive director or their related parties have entered into a transaction with the Group since listing and there were no transactions involving those people's interests existing at year end.

# Directors' Report

## Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year are included in note 29. The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence, based on advice received from the Finance and Audit Committee, for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure that they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Auditor's Independence Declaration

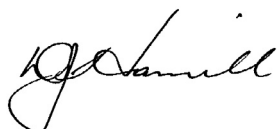
The auditor's independence declaration is included on page 60 of the financial report.

## Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors. of the Company made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



**Hon Dr David Hamill AM**  
Chairman, Independent Non-Executive Director

Brisbane,  
28 February 2022



# Auditor's Independence Declaration

**Deloitte.**

Deloitte Touche Tohmatsu  
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28 February 2022

The Board of Directors  
Dalrymple Bay Infrastructure Limited  
Level 15, Waterfront Place  
1 Eagle Street  
Brisbane Qld 4000

Dear Board Members,

## **Auditor's Independence Declaration to Dalrymple Bay Infrastructure Limited**

In accordance with section 307C of the Corporations Act 2001, we are pleased to provide the following declaration of independence to the directors of Dalrymple Bay Infrastructure Limited.

As lead audit partners for the audit of the financial report of Dalrymple Bay Infrastructure Limited for the period ended 31 December 2021, we declare that to the best of our knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Stephen Tarling*

**Stephen Tarling**  
Partner  
Chartered Accountant

*Yvonne van Wijk*

**Yvonne van Wijk**  
Partner  
Chartered Accountant

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# Financial Statements

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Note	Consolidated	
		Dec 2021 \$'000	Dec 2020 <sup>1</sup> \$'000
Revenue from contracts with terminal customers	4	453,950	23,446
Other income		188	23
Revenue from capital works performed	4	51,115	–
<b>Total income</b>		<b>505,253</b>	<b>23,469</b>
Depreciation and amortisation expense	8	(39,355)	(2,471)
Finance costs	6	(92,920)	(5,702)
Operating and management (handling) charges	4	(251,015)	(10,425)
Capital works costs	4	(51,115)	–
IPO Transaction Costs	17	94,000	(129,334)
Other expenses	8	(15,833)	(2,064)
<b>Total expenses</b>		<b>(356,238)</b>	<b>(149,996)</b>
<b>Profit/(Loss) before income tax</b>		<b>149,015</b>	<b>(126,527)</b>
Income tax (expense)/benefit	7(a)	(19,938)	13,319
<b>Profit/(Loss) for the year</b>		<b>129,077</b>	<b>(113,208)</b>
<b>OTHER COMPREHENSIVE PROFIT/(LOSS)</b>			
Items that may be reclassified subsequently to profit or loss:			
Profit/(Loss) on cash flow hedges taken to equity	20	35,331	(16,978)
Profit on cash flow hedges transferred to profit/(loss)	20	10,354	11,159
Income tax (expense)/benefit relating to components of other comprehensive income	7(b)	(13,705)	1,745
<b>Other comprehensive profit/(loss) for the year</b>		<b>31,980</b>	<b>(4,074)</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b>161,057</b>	<b>(117,282)</b>
<i>Comprehensive Profit/Loss for the year is attributable to:</i>			
Owners of Dalrymple Bay Infrastructure Limited		161,057	(117,282)
<b>Total comprehensive profit/(loss) for the year</b>		<b>161,057</b>	<b>(117,282)</b>
		Dollars	Dollars
<b>Profit/(Loss) per security from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic and diluted profit/(loss) per security (refer note 9)		0.26	(0.23)

<sup>1</sup> The comparative period is from incorporation on 7 August 2020 to 31 December 2020. The DBT Entities were acquired on 8 December 2020. The current year is from 1 January 2021 to 31 December 2021.

# Consolidated Statement of Financial Position

As at 31 December 2021

	Note	Dec 2021 \$'000	Dec 2020 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		42,028	139,235
Trade and other receivables	10	43,990	45,305
Prepayments		223	3,578
<b>Total current assets</b>		<b>86,241</b>	<b>188,118</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	11	315,917	263,256
Intangible assets	12	3,122,286	3,110,150
Right-of-use assets		1,490	449
Property, plant and equipment		598	8
<b>Total non-current assets</b>		<b>3,440,291</b>	<b>3,373,863</b>
<b>Total assets</b>		<b>3,526,532</b>	<b>3,561,981</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	59,635	157,233
Borrowings	14	9,000	33,000
Lease liabilities		371	246
Other financial liabilities		–	14,619
Deferred capital contribution	17	5,151	132,432
Employee provisions		2,133	1,411
<b>Total current liabilities</b>		<b>76,290</b>	<b>338,941</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	2,032,055	2,006,539
Loan notes attributable to securityholders	15	219,869	252,649
Lease liabilities		1,145	212
Other financial liabilities	16	78,237	64,658
Deferred tax liabilities	7(d)	61,074	28,436
Employee provisions		1,697	612
<b>Total non-current liabilities</b>		<b>2,394,077</b>	<b>2,353,106</b>
<b>Total liabilities</b>		<b>2,470,367</b>	<b>2,692,047</b>
<b>Net assets</b>		<b>1,056,165</b>	<b>869,934</b>
<b>EQUITY</b>			
Issued capital	19	978,108	987,216
General reserve	20	34,282	–
Hedge reserve	20	27,906	(4,073)
Retained earnings/(accumulated losses)	22	15,869	(113,209)
<b>Total equity</b>		<b>1,056,165</b>	<b>869,934</b>



# Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2021

Consolidated entity	Note	Issued capital \$'000	Hedge reserve \$'000	Capital contribution \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 7 August 2020<sup>1</sup></b>		–	–	–	–	–
Loss for the period		–	–	–	(113,208)	(113,208)
Amounts recognised in the current period	19	–	(5,819)	–	–	(5,819)
Income tax benefit relating to components of other comprehensive income	7(b)	–	1,745	–	–	1,745
<b>Total comprehensive loss for the period</b>		–	(4,074)	–	(113,208)	(117,282)
<b>Transactions with owners in their capacity as owners:</b>						
Stapled securities issued in DBI	19	1,032,852	–	–	–	1,032,852
Cost of security issued	19	(2,135)	–	–	–	(2,135)
Income tax relating to movements in equity	7(c)	(43,501)	–	–	–	(43,501)
<b>Total equity at 31 December 2020</b>		<b>987,216</b>	<b>(4,074)</b>	<b>–</b>	<b>(113,208)</b>	<b>869,934</b>

Consolidated entity	Note	Issued capital \$'000	Hedge reserve \$'000	Capital contribution \$'000	Retained earnings \$'000	Total \$'000
<b>Total equity at 1 January 2021</b>		<b>987,216</b>	<b>(4,074)</b>	<b>–</b>	<b>(113,208)</b>	<b>869,934</b>
Profit for the year		–	–	–	129,077	129,077
Amounts recognised in the current year	19	–	45,685	–	–	45,685
Income tax expense relating to components of other comprehensive income	7(b)	–	(13,705)	–	–	(13,705)
<b>Total comprehensive income for the year</b>		<b>987,216</b>	<b>27,906</b>	<b>–</b>	<b>15,869</b>	<b>1,030,991</b>
<b>Transactions with owners in their capacity as owners:</b>						
Capital contribution by Selling Entities	17	–	–	34,282	–	34,282
Buy back of stapled security and other	19	(10,113)	–	–	–	(10,113)
Income tax relating to movements in equity	7(c)	1,005	–	–	–	1,005
<b>Total equity at 31 December 2021</b>		<b>978,108</b>	<b>27,906</b>	<b>34,282</b>	<b>15,869</b>	<b>1,056,165</b>

<sup>1</sup> The comparative period is from incorporation on 7 August 2020 to 31 December 2020. The DBT Entities were acquired on 8 December 2020. The current year is from 1 January 2021 to 31 December 2021.

# Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	Note	Dec 2021 \$'000	Dec 2020 <sup>1</sup> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		500,548	39,706
Payments to suppliers and employees		(304,797)	(10,532)
Payments of IPO Transaction Costs		(12,121)	(19,340)
Interest received		188	23
Interest and other costs of finance paid		(74,610)	(13,465)
<b>Net cash provided by/(used in) operating activities</b>	30(a)	<b>109,208</b>	<b>(3,608)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for additions to intangibles		(47,113)	(1,649)
Payment for acquisition of subsidiary, net of cash acquired		–	(575,211)
Payments for property, plant and equipment		(682)	–
Proceeds from deposits (cash withdrawn from debt service reserve)		3,105	–
<b>Net cash used in investing activities</b>		<b>(44,690)</b>	<b>(576,860)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	14	68,000	37,000
Repayment of borrowings	14	(57,000)	(600,000)
Cost of securities issued		–	(2,135)
Loan establishment costs paid		(2,083)	(964)
Principal element of lease payments		(385)	(12)
Distribution through part repayment of the stapled loan notes	18	(67,132)	–
Payment for securities buybacks		(10,025)	–
Proceeds from issue of stapled securities		–	1,032,852
Proceeds from issue of loan notes to securityholders		–	252,862
Repayment of deferred capital contribution	17	(93,000)	–
<b>Net cash (used in)/provided by financing activities</b>	30(b)	<b>(161,625)</b>	<b>719,603</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(97,107)</b>	<b>139,135</b>
Cash and cash equivalents at the beginning of the financial year		139,135	–
<b>Cash and cash equivalents at the end of the financial year</b>		<b>42,028</b>	<b>139,135</b>

<sup>1</sup> The comparative period is from incorporation on 7 August 2020 to 31 December 2020. The DBT Entities were acquired on 8 December 2020. The current year is from 1 January 2021 to 31 December 2021.

# Notes to the Financial Report

The notes to consolidated statements are for the year from  
1 January 2021 to 31 December 2021

## 1. General Information

The addresses of the Group's registered office is:

Dalrymple Bay Infrastructure Limited  
C/-Brookfield Global Manager Australia Pty Ltd  
Level 19, Brookfield Place  
10 Carrington Street  
Sydney NSW 2000 Australia

The Group's principal place of business is:

Level 15, Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000 Australia  
Telephone: +61 7 3002 3100

The Group owns the lease of, and right to operate the Dalrymple Bay terminal under the DBT Leases (as that term is defined in the Prospectus), the world's largest coal export metallurgical coal facility which is located proximate to the Bowen Basin in Queensland. The DBT Entities were acquired from subsidiaries of Brookfield and co-investors (the 'Selling Entities') on 8 December 2020. Brookfield, via a subsidiary, continues to hold 49.47% of DBI's stapled securities.

The right to use the terminal is accounted for as an intangible asset in accordance with the Australian Accounting Standards requirements for service concession accounting.

## 2. Basis of Preparation

This section sets out the basis upon which the Group's Financial Statements are prepared. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the Financial Statements are provided throughout the notes to the Financial Statements. All other accounting policies are outlined in the relevant note.

### Statement of Compliance

These Financial Statements are General Purpose Financial Statements which have been prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations and other requirements of the law.

The Financial Statements comprise the consolidated Financial Statements of the Group. For the purposes of preparing the consolidated Financial Statements the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the Financial Statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The Financial Statements were authorised for issue by the Directors on 28 February 2022.

### Basis of Preparation

These Financial Statements cover the year from 1 January 2021 to 31 December 2021 and the comparative period covers 7 August 2020 to 31 December 2020, as the Company was incorporated on 7 August 2021.

The consolidated Financial Statements have been prepared on the basis of historical cost, except for certain financial assets and liabilities that are measured at fair value, as explained in the accounting policies below.

On the basis of reviews of the financial forecasts and consideration of the financial position, the directors of DBI consider it is appropriate for the going concern basis to be adopted in the preparation of the Financial Statements.

## 2. Basis of Preparation (continued)

The Company is a company of the kind referred to in Australian Securities and Investment Commission (ASIC) Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Corporations Instrument amounts in the Directors' Report and the Financial Statements are rounded to the nearest thousand dollars, unless otherwise indicated.

### Basis of Consolidation

The consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of DBI as at 31 December 2021 and the results of all subsidiaries for the year then ended.

Control of a subsidiary is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and the ability to affect those returns through its power over the subsidiary as defined by AASB 10 *Consolidated Financial Statements*.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

### Critical accounting estimates and judgements

Critical judgements and key assumptions that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements are detailed in the notes below:

Note	Judgement/Estimation
4	Revenue
12	Asset useful life and impairment
12	Application of IFRIC 12
25	Contingent assets and liabilities

### Notes to the Financial Report

The notes are organised into the following sections:

- **Financial performance overview:** provides a breakdown of individual line items in the Statement of Financial Performance and other information that is considered most relevant to users of the annual report;
- **Balance sheet items:** provides a breakdown of individual line items in the Statement of Financial Position that are considered most relevant to users of the annual report;
- **Capital structure and risk management:** provides information about the capital management practices of the Group and securityholder returns for the year. This section also discusses the Group's exposure to various financial risks, explains how these might impact the Group's financial position and performance and what the Group does to manage these risks;
- **Group structure:** explains aspects of the Group's structure and the impact of this structure on the financial position and performance of the Group; and
- **Other:** provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements and about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance.



### 3. Adoption of New and Revised Accounting Standards

In the current year, the Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operation and effective for the current reporting year.

Details of the Standards and Interpretations adopted in these Financial Statements that have had an impact on the amounts reported are set out in the notes.

#### (a) Standards and Interpretations adopted that impacted the Financial Statements

##### **AASB 2020-8 Amendments to Australian Accounting Standards-Interest Rate Benchmark Reform-Phase 2**

The interest rate benchmark reform aims to discontinue Interbank Offered Rates (IBORs) and replace these interest rate benchmarks with alternate Risk Free Rates (RFRs).

In the period ended 31 December 2020 the Group adopted AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* (AASB 2019-3). These amendments modified specific hedge accounting requirements and allowed the Group to apply certain exceptions in respect of hedge relationships that were impacted by market wide interest rate benchmark reform.

In the current year, the Group has adopted AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (AASB 2020-8). These amendments are mandatory for annual reporting periods beginning on or after 1 January 2021. Phase 2 amendments enable the Group to reflect the effect of transitioning IBORs to RFRs without giving rise to accounting impacts that would not provide useful information to users of financial statements.

##### **March 2021 FCA Announcement relating to the discontinuation and replacement of IBOR settings**

On 5 March 2021, the Financial Conduct Authority (FCA) in the United Kingdom announced cessation dates with respect to Euro, Sterling, Swiss, Japanese and US dollar IBORs. Only the changes to the USD-LIBOR are relevant to the Group's portfolio of financial instruments. The cessation dates relevant to USD-LIBOR are:

1. immediately after 31 December 2021, publication of the 1-week and 2-month USD-LIBOR settings will permanently cease; and
2. immediately after 30 June 2023, the 1-month, 3-month and 6-month USD-LIBOR settings will cease to be provided or, subject to the FCA's consideration of the case, be provided on a synthetic basis and will no longer be representative of the underlying market and economic reality they are intended to measure, and that representativeness will not be restored.

##### **Risks arising from the interest rate benchmark reform**

The Group has performed an assessment of exposure linked to USD-LIBOR. At 31 December 2021, the Group has not identified:

- any debt instruments directly linked or referenced to USD-LIBOR as all offshore bonds issued are issued in fixed rate; or
- any Cross Currency Interest Rate Swaps (CCIRS) directly linked to USD-LIBOR as these instruments swap the fixed rate USD denominated debt to floating BBSW interest rate.

Despite not having any direct USD-LIBOR linked debt or swap instruments, the Group has designated derivative hedging instruments in hedge accounting relationships against the fair value exposure of the Group's USD fixed rate debt associated with USD-LIBOR3m benchmark interest rate risk and thus will have an indirect exposure to changes in USD-LIBOR3m benchmark interest rates.

The valuations of CCIRS hedging instruments are based on USD-LIBOR swap rates, which will be impacted upon USD-LIBOR discontinuation.

### 3. Adoption of New and Revised Accounting Standards (continued)

#### Accounting impacts arising from the application of the interest rate benchmark reform

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group that reference the USD-LIBOR benchmark rates and extend beyond 31 December 2021, the date by which the reform has been implemented:

- fair value hedges where USD-LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the USD-LIBOR risk component; and
- cash flow hedges where USD-LIBOR-linked derivatives are designated as a cash flow hedge of USD-LIBOR-linked cash flows.

These hedges have a nominal value of \$1,475 million (USD \$1,225 million) and are maturing from 2023 to 2037.

The application of the amendments impacts the Group's accounting in the following ways:

The Group has issued US dollar (USD) denominated fixed rate debt which it hedges using USD fixed to BBSW CCIRS. The Group has indirect exposure to the USD-LIBOR through the fair value exposure of the Group's USD fixed rate debt and the use of the USD-LIBOR curve as the discount curve on the USD leg of the CCIRS. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, USD-LIBOR, may no longer be separately identifiable and there is uncertainty about the replacement of the floating interest rates included in the respective fair value hedge relationships. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.

The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reform even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The aggregate notional volume of CCIRS designated in hedge accounting relationships impacted by the transition is USD \$1,225 million at 31 December 2021.

The Group's Treasury and Legal teams are working closely with banks and swap counterparties to understand the process of replacing the USD-LIBOR with replacement Risk Free Rate (RFR) and implications on the pricing and valuation of existing hedging instruments.

#### (b) Standards and Interpretations issued not yet effective that are not expected to have any impact on the Financial Statements

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i> and AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i>	1 January 2023	31 December 2023

## Notes to the Financial Report continued

### Finance Performance Overview

#### 4. Revenue

An analysis of the Group's revenue for the year is as follows:

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Revenue from contracts with customers:</b>		
Revenue from rendering of services – terminal infrastructure charge	202,935	13,021
Revenue from rendering of services – handling charges	251,015	10,425
	453,950	23,446
<b>Other revenue:</b>		
Revenue from capital works performed	51,115	–
	505,065	23,446
<b>Operating costs:</b>		
Operating and management (handling) charges	(251,015)	(10,425)
Capital works costs	(51,115)	–
	(302,130)	(10,425)

#### Recognition and Measurement – Revenue

In the concession arrangement, DBI acts as a service provider to operate and maintain the terminal over the term of the lease. This includes providing construction and capital works services through non-expansion and expansion capital projects.

The Group recognises revenue through the following revenue streams over time as services are rendered:

- Terminal Infrastructure Charges (TIC) for providing access to the terminal, is levied per tonne of contracted capacity on a take-or-pay basis at the TIC rate multiplied by the contracted tonnage. Invoices are issued to the Users monthly on 30 day terms;
- Handling charges for operating and maintaining the terminal and providing services to the Users to enable the coal to move through the terminal and be loaded onto a vessel. The Handling charges and revenues are managed by separate processes and contracts and therefore the Group is not considered to be acting as an agent for the Operator of the terminal and the revenue and the handling costs are presented as gross in the financial statements. The Group is charged handling charges by the Operator on a monthly basis. The Group recognises revenue related to Handling charges as these costs are incurred. Users are invoiced monthly on 30 day terms; and
- Capital works revenue is construction and/or upgrade services provided to the Queensland Government acting through its wholly-owned entity, DBCT Holdings Pty Ltd (Grantor) relating to the concession arrangement and are recognised as non-cash revenue in accordance with Interpretation 12 Service Concession Arrangements (Interpretation 12). The revenue is measured at fair value, calculated on the basis of the total costs incurred (primarily consisting of the costs of materials and external services and the relevant employee benefits) plus any arm's length profits realised on construction services provided by the Group (insofar as they represent the fair value of the services). The deemed consideration for the provision of construction and/or upgrade services is an addition to intangible asset deriving from concession rights. Refer to note 12.

## 4. Revenue (continued)

### Critical estimate in recognising TIC revenue

On 1 July 2021, the QCA approved DBIM's application of a lighter-handed regulatory framework. The price setting approach under the previous framework was determined based on the building blocks methodology and focused on the cost of providing the service. The lighter-handed framework allows for commercial negotiations with the Users or arbitration in the event that parties cannot agree. If the QCA acts as arbitrator of a dispute, the QCA has stated it would have regard to a set of 12 factors in Section 120 of the QCA Act. These include matters beyond the cost of providing the service, such as the value and quality of the service.

Commercial negotiations with Users are currently underway and DBI will update the market as appropriate. When agreements are reached with Users or any disputes are determined by an arbitrator, the price as agreed or determined will be backdated to an effective date of 1 July 2021 and a retrospective adjustment will be made. Until new pricing agreements are reached, DBI remains entitled to continue to charge the TIC rate that had been approved by the QCA from 1 July 2020.

Determining the most appropriate amount to be recognised as revenue has required judgement. Variable consideration is determined using either the expected value method or the most likely amount method. These methods can only be used to the extent that the amount recognised is highly probable and that a significant reversal would not be required in the future. The Directors have considered the following when determining if either method would provide a highly probable outcome:

- the ongoing negotiations;
- this being the first time pricing has been negotiated or determined under the new lighter-handed regulatory framework;
- the influence of third parties to the outcome; and
- the factors likely to be considered during any potential arbitration.

The TIC rate which DBI remains entitled to charge under its Users agreements up until a time where new pricing agreements are reached, is considered to be appropriate for revenue recognition to ensure that no significant reversals of revenue would be required in the future.

## 5. Segment Information

The Group operates in one geographical region – Australia. Its primary activity is the provision of capacity to independent Users to ship coal through DBT located at the Port of Hay Point, south of Mackay in Queensland, Australia. The Group comprises a single operating segment. All capital works revenue is attributable to the Queensland Government acting through its wholly-owned entity, DBCT Holdings Pty Ltd, as grantor of the service concession.

Below is a list of the customers that contribute 10% or more of the total:

	Consolidated	
	Dec 2021 % of revenue	Dec 2020 % of revenue
Customer 1	27.50	29.70
Customer 2	24.50	31.00

## Notes to the Financial Report continued

### 6. Finance Costs

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Finance costs</b>		
Profit/(loss) for the year has been arrived at after charging the following finance costs:		
Interest on borrowings	71,574	6,457
Other finance costs	2,134	211
Amortisation of the fair value adjustment to debt (refer to note 14) <sup>1</sup>	(19,548)	(1,300)
Interest accrued and fair value adjustments to the Loan Notes attributable to securityholders (refer note 15)	34,168	745
	88,328	6,113
<b>Hedging Costs</b>		
Hedging ineffectiveness <sup>2</sup>	4,592	(411)
	92,920	5,702

1 Includes fair value adjustments made to the borrowings as a result of the asset acquisition.

2 Refer hedge accounting policy included in note 21.

#### Recognition and Measurement - Finance Costs

Interest expense is accrued on a time basis, by reference to the principal outstanding at applicable effective interest rates. Funding costs are capitalised and subsequently amortised over the term of the relevant facility. Unwinding of the interest component of any discounted assets and liabilities is treated as a finance cost.



## 7. Income Taxes

On 11 December 2020, the Group formed a Tax Consolidated Group (TCG). DBI is the head company of the TCG and it directly or indirectly owns 100% of the shares and units in the DBT Entities.

### (a) Income tax recognised in profit or loss

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Tax expense/(benefit) comprises:</b>		
Current tax (expense)/benefit	–	–
Deferred tax (expense)/benefit from current period	(12)	–
Deferred tax expense relating to the origination and reversal of temporary differences	20,944	(13,319)
Adjustment to deferred tax expense of prior periods	(994)	–
<b>Total tax expense/(benefit)</b>	<b>19,938</b>	<b>(13,319)</b>
<b>Income tax on pre-tax accounting profit/(loss) reconciles to tax expense as follows:</b>		
Profit/(loss) for the period	149,015	(126,527)
Income tax expense/(benefit) calculated 30.0% <sup>1</sup>	44,705	(37,959)
Non-assessable income and other permanent differences	(28,901)	–
Non-deductible expenditure and other permanent differences	–	24,338
Difference in depreciation rates between tax and accounting	5,128	302
	<b>20,932</b>	<b>(13,319)</b>
(Over)/under provision of income tax in previous period	(994)	–
<b>Income tax expense/(benefit) recognised in profit or loss</b>	<b>19,938</b>	<b>(13,319)</b>

<sup>1</sup> The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

## Notes to the Financial Report continued

### 7. Income Taxes (continued)

#### (b) Income tax recognised directly in other comprehensive Income

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
Deferred tax arising on income and expenses recognised in other comprehensive income:		
Profit/(loss) on revaluation of financial instruments treated as cash flow hedges	13,705	(1,745)
Total income tax expense/(benefit) recognised directly in other comprehensive income	13,705	(1,745)

#### (c) Income tax recognised in equity

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
Deferred tax arising on items recognised in other equity:		
Transaction costs	–	(640)
(Repayment)/Initial recognition of Loan Notes	(1,005)	44,141
Total income tax expense/(benefit) recognised directly in equity	(1,005)	43,501

#### (d) Tax

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
Total deferred tax liabilities attributable to temporary differences		
Deferred tax asset	11,735	30,272
Deferred tax liability	(72,809)	(58,709)
Disclosed in the statements as deferred tax liability	(61,074)	(28,436)

At the reporting date, the Group has unused tax losses of \$10.7 million (31 December 2020: \$14.6 million) available for offset against future profits. A deferred tax asset of \$3.2 million (31 December 2020: \$4.4 million) has been recognised in respect of the \$10.7 million of tax losses as it is probable that there will be future taxable profits available.

## 7. Income Taxes (continued)

### (e) Reconciliation of deferred tax balances

The following are the major deferred tax liabilities and assets recognised by the Group and movement thereon during the current year and the period ended 31 December 2020.

	Opening Balance at 1 Jan 2021 \$'000	(Charged)/ credited to income statement \$'000	(Charged)/ credited to OCI \$'000	(Charged)/ credited to equity \$'000	Closing balance at 31 Dec 2021 \$'000
Tax losses	4,395	(1,163)	–	–	3,232
Intangible asset	(904)	(25,148)	–	–	(26,052)
Loan Notes attributable to securityholders	(43,918)	10,228	–	1,005	(32,685)
Future tax deductions	8,479	(2,516)	–	–	5,963
Provisions/Accruals	3,453	(961)	–	–	2,492
Prepayments	(1,047)	1,047	–	–	–
Borrowings	(12,840)	2,915	–	–	(9,925)
Derivatives	13,945	(4,386)	(13,705)	–	(4,146)
Other items	–	47	–	–	47
<b>Total</b>	<b>(28,437)</b>	<b>(19,937)</b>	<b>(13,705)</b>	<b>1,005</b>	<b>(61,074)</b>

	Opening Balance at 7 Aug 2021 \$'000	(Charged)/ credited to income statement \$'000	(Charged)/ credited to OCI \$'000	(Charged)/ credited to equity \$'000	Closing balance at 31 Dec 2020 \$'000
Tax losses	–	4,395	–	–	4,395
Intangible asset	–	(904)	–	–	(904)
Loan Notes attributable to securityholders	–	223	–	(44,141)	(43,918)
Future tax deductions	–	7,839	–	640	8,479
Provisions/Accruals	–	3,063	–	–	3,063
Prepayments	–	(1,047)	–	–	(1,047)
Borrowings	–	(12,449)	–	–	(12,449)
Derivatives	–	12,200	1,745	–	13,945
<b>Total</b>	<b>–</b>	<b>13,320</b>	<b>1,745</b>	<b>(43,501)</b>	<b>(28,436)</b>

Income tax expense represents the sum of the tax currently payable and deferred tax.

## Notes to the Financial Report continued

### 7. Income Taxes (continued)

#### Recognition and Measurement – Income Taxes

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Profit or Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the tax consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### Tax Consolidated Group

The Company and its subsidiaries are members of a tax-consolidated group under Australian tax law. The head entity within the tax-consolidated group is Dalrymple Bay Infrastructure Limited.

Amounts payable or receivable under the tax-funding arrangement between the Company and the entities in the tax-consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred. The same basis is used for tax allocation within the tax-consolidated group.

## 8. Profit/(Loss) for the Period

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Expenses</b>		
Profit/(loss) for the period has been arrived at after charging the following expenses:		
Employee benefits expense	6,858	579
Other operating expenses	8,975	1,485
	<b>15,833</b>	<b>2,064</b>
Depreciation	376	16
Amortisation of non-current assets (note 12)	38,979	2,455
	<b>39,355</b>	<b>2,471</b>

### Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

For cash settled share-based payments, a liability is recognised and measured initially at fair value. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Information relating to the long-term employee share scheme is set out in the remuneration report.

## 9. Earnings per Security

### (a) Basic and diluted profit/(loss) per security

	Dec 2021 Dollars	Dec 2020 Dollars
From continuing operations attributable to the ordinary equity holders of the company	0.26	(0.23)
Total basic and diluted profit/(loss) per security attributable to the ordinary equity holders of the Company	<b>0.26</b>	<b>(0.23)</b>



## Notes to the Financial Report continued

### 9. Earnings per Security (continued)

#### (b) Reconciliation of profit or loss used in calculating earnings per security

	Dec 2021 \$'000	Dec 2020 \$'000
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted profit or loss per security	129,077	(113,208)
Total profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted profit/(loss) per security	129,077	(113,208)

#### (c) Weighted average number of securities used as the denominator

	Dec 2021 Number	Dec 2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per security	497,981,425	500,277,933

## Balance Sheet Items

### 10. Trade and Other Receivables

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Current</b>		
Net trade receivables	42,943	42,035
Interest receivable	19	195
Other receivables	1,028	3,075
	<b>43,990</b>	<b>45,305</b>

The average credit period on invoices is 30 days. No interest has been charged on outstanding trade receivables.

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Ageing of Trade receivables:</b>		
Current	42,943	41,027
Past due but not impaired – 0 to 30 days	–	1,008
Past due but not impaired – 30 to 60 days	–	–
Past due but not impaired – 60 to 90 days	–	–
	<b>42,943</b>	<b>42,035</b>

## 10. Trade and Other Receivables (continued)

### Recognition and Measurement – Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical credit loss experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The provision matrix is determined by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The ECL has been assessed as \$nil. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

## 11. Other Financial Assets

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Derivatives</b>		
Non-current:		
Cross currency interest rate swaps <sup>1</sup>	235,327	216,591
Interest rate swaps <sup>1</sup>	47,099	10,169
	282,426	226,760
<b>Other financial assets</b>		
Debt Service Reserve deposit – at amortised cost <sup>2</sup>	33,000	36,000
Other secure deposits	491	496
	33,491	36,496
	<b>315,917</b>	<b>263,256</b>

<sup>1</sup> Refer to note 21 for further details on Financial Instruments.

<sup>2</sup> The Debt Service Reserve deposit is interest-bearing and is held in accordance with the DB Finance Deed of Common Provisions. At 31 December 2021 the average interest rate is 0.37% (31 December 2020: 0.85%).

## Notes to the Financial Report continued

### 11. Other Financial Assets (continued)

#### Recognition and Measurement – Other Financial Assets

Detail on the recognition and measurement of derivatives is included in note 21 – Financial Instruments.

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit and loss (FVPL)):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's Debt Service Reserve and other deposits fall into this category of financial instruments.

### 12. Intangible Assets

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Gross carrying amount:</b>		
Concession arrangements:		
Balance at beginning of period	3,112,606	–
Addition as a result of the asset acquisition <sup>1</sup>	–	3,111,349
Additions <sup>2</sup>	51,115	1,257
Balance at end of reporting period	3,163,721	3,112,606
<b>Accumulated amortisation:</b>		
Balance at beginning of period	2,456	–
Amortisation expense (note 8)	38,979	2,456
Balance at end of reporting period	41,435	2,456
<b>Net book value</b>		
As at end of reporting period	<b>3,122,286</b>	<b>3,110,150</b>

1 On 8 December 2020 DBI acquired the DBT Entities and as a result recorded the terminal lease as a service concession intangible asset at cost.

2 The additions include \$10.2 million of 8X study costs. These costs are fully underwritten by the access seekers if the expansion was not to proceed. Refer to note 4 for details on capital works costs.

## 12. Intangible Assets (continued)

### Recognition – Intangible Assets

The Group's principal asset is its lease of and right to use the Dalrymple Bay terminal. This asset is considered to be a Service Concession Arrangement which should be accounted as a service concession asset under Interpretation 12 Service Concession Arrangements (Interpretation 12) and not as a lease under AASB 16 *Leases*. A Service Concession Arrangement exists when a government (grantor) contracts with a private operator to operate and maintain the grantor's infrastructure assets and the grantor controls or regulates what services the Operator must provide and at what price. Management has determined that the service concession asset is an intangible asset.

The cost of the service concession intangible asset at acquisition was determined by allocating the total consideration paid to the individual identifiable assets and liabilities acquired on the basis of their relative fair values at the date of purchase. After initial recognition, additions to the intangible asset are recorded at cost, less accumulated amortisation and accumulated impairment losses under AASB 138 *Intangible Assets*.

The intangible asset is being amortised over the total lease period available to the Group (99 years from September 2001 to September 2100). At the time DBI purchased the asset, there were 80 years remaining on the lease period. The total lease period comprises a 50-year lease with an option for a 49-year extension.

Amortisation is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Costs incurred on expansion and non-expansive capital works are deferred to future periods to the extent that they result in rights received as consideration for construction and/or upgrade services rendered for which DBI receives additional economic benefits in the form of increased rates. This includes the costs of studies that precede major capital works. Subsequent expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses.

### Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 12. Intangible Assets (continued)

#### Critical judgements – Classification as a service concession arrangement

On 1 July 2021, the QCA approved the 2021 Access Undertaking which endorsed the application of a lighter-handed regulatory framework in the form of a 'negotiate-arbitrate' pricing regime (2021 AU). The 2021 AU will apply from 1 July 2021 to 30 June 2026.

In light of the QCA's decision, the directors have assessed whether it is appropriate to continue to classify the asset as a Service Concession Arrangement under Interpretation 12 as, under a light-handed pricing regime, the price is negotiated with the user group and the QCA only acts as an arbitrator when required, with the agreement of the parties. The price is not set by the QCA as under the previous heavy-handed regulatory framework.

However, the approval of the current access undertaking does not diminish the authority of the QCA under the QCA Act to regulate the appropriate pricing mechanism for access to the terminal at each review of the access undertaking. As a result, the directors consider it appropriate to continue to account for the lease of the terminal as a service concession arrangement.

#### Critical judgements and estimate – Impairment

At reporting date, the Group tested whether there were any indicators of impairment. A potential impairment indicator was identified as the net assets of the Group at 31 December 2021 (\$1,056 million) exceeded its market capitalisation at that date (\$1,006 million).

As a result, the Group performed a fair value less costs to sell calculation for the Group's cash generating unit and confirmed that the recoverable amount of the non-current assets (principally the intangible assets and related balances) did not exceed their carrying value.

Using a discounted cash flow projection over a period of ten years, the following key assumptions were used in the assessment of fair value less costs to sell:

- cash flow projections based on the financial forecast approved by the Board of Directors;
- appropriate discount rates; and
- appropriate terminal values based on the Gordon growth model.

Cash flow projections for a ten-year period are deemed appropriate as the Group operates within a regulated industry that resets every five years, and the lease of the terminal is a long-life asset.

Sensitivity analysis is undertaken regarding the impact of possible changes in key assumptions. Fair value less costs to sell is measured using inputs that are unobservable in the market and are therefore deemed to be Level 3 fair value measurement in accordance with AASB 13 *Fair Value Measurement*.

#### Critical judgements – Useful Life

The lease renewal for the terminal is at the discretion of the Group, and the Directors have determined that it is highly probable that the terminal lease underpinning the service concession arrangement will be renewed for a further 49 years in 2051. This is on the basis that the cost of renewal is not significant when compared to the economic benefits that are expected to flow to the Group if the lease is renewed. Accordingly, the intangible asset recognised as a result of the service concession arrangement is being amortised over the remaining lease period of 80 years. Factors that the Directors considered were:

- independent studies which indicate extensive metallurgical coal reserves in the Bowen Basin and the anticipated ongoing demand for metallurgical coal;



## 12. Intangible Assets (continued)

- Alternative uses for the infrastructure. When considering this the Directors noted:
  - the existence of deep-water berths at a declared Priority Port on Strategic Port Land under the *Sustainable Ports Development Act 2015*;
  - supporting rail corridors servicing the port;
  - vacant surrounding land to support future expansion/industrialisation;
  - geographical proximity to major equatorial shipping lanes; and
  - proximity to the economic growth regions of Asia.

Climate risk has been considered in this assessment, however the leasehold right asset is expected to retain its use to 2100, whether it is utilised exclusively as a coal terminal, fully repurposed as alternative industries are developed, or some combination of the two. DBI has commenced the development of an overarching transition strategy, which includes consideration of alternative uses for the terminal (among other transition options). Further, DBI has commenced early feasibility studies for repurposing part of the terminal infrastructure for a green hydrogen production, storage and export facility at DBT. This risk will continue to be monitored and if required, an adjustment to the useful life assessment could be made in a future reporting period.

## 13. Trade and Other Payables

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Current:</b>		
Trade payables <sup>1</sup>	50,963	42,325
Other payables <sup>2</sup>	3,873	109,994
GST Payable	978	–
Interest payable	3,821	4,914
	<b>59,635</b>	<b>157,233</b>

1 The average credit period on purchases of goods and services is 30 days. No interest is incurred on trade creditors. Trade payables are measured at amortised cost.

2 Other payables are the accrued IPO Transaction Costs (including the stamp duty estimate). Funds for these costs have been provided by the Selling Entities. A \$94 million accrual from the prior year has been reversed. Refer to note 17 for more details.

### Recognition – Trade and Other Payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. These are measured at amortised cost.

## Notes to the Financial Report continued

### Capital Structure and Risk Management

#### 14. Borrowings

	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
<b>Secured – at amortised cost</b>						
Bank loans <sup>1</sup>	9,000	346,211	355,211	33,000	310,551	343,551
Guaranteed Notes <sup>2</sup>	–	88,147	88,147	–	85,719	85,719
USPP Fixed Rate Notes <sup>3,4</sup>	–	1,603,245	1,603,245	–	1,610,269	1,610,269
Capitalised loan establishment costs	–	(5,548)	(5,548)	–	–	–
	<b>9,000</b>	<b>2,032,055</b>	<b>2,041,055</b>	<b>33,000</b>	<b>2,006,539</b>	<b>2,039,539</b>

1 The Group has the following bank loans:

- \$200 million Revolving Facility was established in June 2021 with two tranches: a \$30 million 4-year tranche and a \$170 million 5-year tranche. The facility was drawn to \$48 million at 31 December 2021. This facility replaced the previous \$200 million facility that was due to mature during 2022. This previous facility was drawn to \$33 million as at 31 December 2020;
- \$60 million Liquidity Facility which was established in September 2019 and extended in 2021. This facility is being used to meet working capital requirements and is classified as current. It was drawn to \$9 million as at 31 December 2021 (31 December 2020: \$33 million). The facility matures on 20 September 2024; and
- \$300 million Revolving Bank Facility which was established in April 2020. This facility has 3 tranches: Tranche A \$60 million maturing February 2023; Tranche B \$90 million maturing February 2024, and Tranche C \$150 million maturing February 2025. The facility was drawn to \$300 million at 31 December 2021 (31 December 2020: \$280 million).

2 The Group has the following Guaranteed Notes on issue:

- \$100 million floating rate notes maturing in June 2026. These notes are covered by a commercial guarantee provided by Assured Guaranty Ltd (31 December 2020: \$100 million).

3 The Group has the following fixed rate US private placement notes (USPP) on issue:

- \$USD300 million of fixed rate notes maturing in March 2023 (31 December 2020: \$USD300 million);
- \$USD260 million of fixed rate notes maturing in September 2024 (31 December 2020: \$USD260 million);
- \$A75 million of fixed rate notes maturing in September 2024 (31 December 2020: \$A75 million);
- \$USD327 million of fixed rate notes split into 3 tranches: Series A \$USD105 million maturing December 2027; Series B \$USD182 million maturing December 2030; and Series C \$USD40 million maturing December 2032 (31 December 2020: \$USD327 million); and
- \$A317 million of fixed rate notes split into 3 tranches: Series D \$A35 million maturing December 2027; Series E \$A159 million fixed maturing December 2030; and Series F \$A122 maturing December 2032 (31 December 2020: \$A317 million).

4 The Group has the following fixed rate US private placement notes (USPP) committed:

- \$USD338 million of fixed rate notes split into 3 tranches: Series A \$USD118 million maturing March 2032; Series B \$USD135 million maturing March 2034; and Series C \$USD85 million maturing March 2037. The funds from this issue will be drawn on 2 March 2022; and
- \$A60 million of fixed rate notes split into 2 tranches: Series D \$A27 million maturing March 2032 and Series E \$A34 million maturing March 2034. The funds from this issued will be drawn on 2 March 2022.

## 14. Borrowings (continued)

The carrying value of the debt is adjusted for movements in the underlying currency (US dollar) and fair value movements under AASB 13 *Fair Value Measurement* as a result of the hedging relationship of – \$52 million at 31 December 2021 (31 December 2020: \$1 million) and fair value on acquisition of \$27 million at 31 December 2021 (31 December 2020: \$48 million).

As at 31 December 2021, the average interest rate on the AUD denominated debt was 3.03% and the USD notes was 4.52%. (31 December 2020: AUD denominated debt 2.99% and USD notes 4.52%).

These secured external borrowings have the benefit of the DB Finance Deed of Common Provisions, and rank pari passu with all other senior secured debt of the Group. These borrowings are secured over:

- units and shares held in DBT Trust and DBIM (Guarantors);
- fixed and floating charge over all the assets of DB Finance and the Guarantors; and
- real property mortgages granted by the Guarantors.

### Recognition and Measurement – Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

After initial recognition for those interest-bearing borrowings where fair value hedge accounting is applied, the borrowings are adjusted for gains and losses attributable to the risk being hedged.

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

## Notes to the Financial Report continued

### 15. Loan Notes Attributable to Securityholders

During the period, early partial repayment totalling 13.5 cents per loan note was made to securityholders. Also, during the period, the Group purchased and cancelled 4,516,267 of the stapled securities (refer note 19).

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
Balance at beginning of the period	252,649	–
Issue of Loan Notes to securityholders	–	252,862
Fair value adjustment <sup>1</sup>	25,248	–
Principal repayments in the form of a distribution (refer note 18)	(67,132)	–
Purchased and cancelled notes due to buybacks	(2,278)	–
Less Issue costs associated with Loan Notes	–	(958)
Interest accrued	11,382	745
	<b>219,869</b>	<b>252,649</b>

<sup>1</sup> Fair value adjustment to the note balance as result of early repayments of the principal amount.

#### Recognition and Measurement – Loan Notes Attributable to Securityholders

DBI classifies its stapled securities issued as part of the IPO as compound financial instruments. The component parts of stapled securities issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

As the Loan Notes attributable to securityholders are non-interest bearing, at the date of issue of the stapled securities, the fair value of the liability component was estimated using the prevailing market interest rate for a similar instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method with finance costs recognised through profit and loss until extinguished upon redemption.

As the liability has been valued based on the future expected cash flows, repayments will cause a change in the carrying value of the liability. Any difference between the carrying value prior to repayment and the updated fair value is recorded through finance costs as a fair value adjustment.

#### Recognition and Measurement – IPO Transaction Costs

Issue costs associated with the Loan Notes make up part of the IPO Transaction Costs. Costs arising on the issue of stapled securities, including the Loan Notes, are recognised directly in either debt or equity as a reduction of the proceeds of the stapled securities to which the costs relate. Issue costs are the costs that are incurred directly in connection with the issue of those stapled securities, and which would not have been incurred had those stapled securities not been issued.

All other IPO Transaction Costs are included in profit or loss or equity.

## 16. Other Financial Liabilities

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Derivatives</b>		
<i>Current:</i>		
Cross currency interest rate swaps – designated and effective hedging instruments <sup>1</sup>	–	14,619
	–	14,619
<i>Non-current:</i>		
Cross currency interest rate swaps – designated and effective hedging instruments <sup>1</sup>	47,680	64,658
Interest rate swaps – designated and effective hedging instruments	30,557	–
	78,237	64,658
	<b>78,237</b>	<b>79,277</b>

<sup>1</sup> Refer to note 21 for further details on Financial Instruments.

### Recognition and Measurement – Other Financial Liabilities

Financial liabilities are recognised at fair value. The Group's accounting policy for accounting for derivatives is set out in note 21.

## 17. Deferred Capital Contribution

On the DBI IPO, the DBT Entities were acquired from the Selling Entities by DBI. The Selling Entities had committed to funding the IPO Transaction Costs and \$132 million was withheld from purchase price settlement to the Selling Entities by DBI to fund these costs. This amount was recognised as at 31 December 2020 as a deferred capital contribution and was included within liabilities. The \$132 million was based on preliminary estimates of the costs to be incurred, with \$128 million included in accruals at 31 December 2020. As these costs are settled, the deferred capital contribution liability will be transferred to equity as a capital contribution. DBI is required to return any funds not used to settle the IPO Transaction Costs to the Selling Entities.

During the year ended 31 December 2021, DBI received new information regarding some of the estimates made in arriving at the initial IPO Transaction Costs accrual. As a result of this new information, DBI reversed the accrual for certain expenses through the Statement of Profit or Loss and Other Comprehensive Income totalling \$94 million. A total of \$93 million has been refunded to the Selling Entities to date. Any remaining funds not required to meet IPO Transaction Costs will be returned to the Selling Entities once all IPO Transaction Costs have been finalised.

A total of \$34 million of IPO Transaction Costs have been finalised and settled in equity as a capital contribution to reporting date, therefore de-recognising the previously held deferred capital contribution liability. A further portion of the deferred capital contribution liability will be transferred to equity once all the IPO Transaction Costs have been settled, with any balance refunded to the Selling Entities.



## Notes to the Financial Report continued

### 18. Distributions Paid

Consolidated	Cents per Security	Total \$'000
<b>Distributions paid:</b>		
Interim distribution paid on 16 June 2021: Partial repayment of principal on Loan Note	4.5	22,450
Interim distribution paid on 16 September 2021: Partial repayment of principal on Loan Note	4.5	22,373
Interim distribution paid on 16 December 2021: Partial repayment of principal on Loan Note	4.5	22,309

On 16 June 2021, 16 September 2021 and 16 December 2021, DBI paid \$0.045 per security totalling \$67.1 million. These distributions were treated as an early partial repayment of principal of the stapled loan notes.

On 28 February 2022, the directors declared a distribution for Q4-2022 of 4.5 cents per security to be paid to securityholders in March 2022. The total estimated distribution to be paid is \$22.3 million. This has not been reflected in the financial results as at 31 December 2021.

### 19. Issued Capital

During the year, the Company purchased and cancelled 4,516,267 of its ordinary shares and stapled loan notes together for \$10.02 million. As a result of these purchases, \$6.54 million was transferred out of issued capital and the loan notes attributable to securityholders have been reduced by \$3.48 million.

	Dec 2021 \$'000	Dec 2020 \$'000
Balance at beginning of period	987,216	–
Fully paid stapled securities <sup>1</sup>	–	1,285,714
Loan Notes attributable to securityholders (refer note 15)	–	(252,862)
Income tax relating to the Loan Note	–	(44,141)
Cost of securities issued	–	(2,135)
Buyback of stapled securities and other	(10,113)	–
Income tax relating to cost of securities issued	1,005	640
	<b>978,108</b>	<b>987,216</b>

<sup>1</sup> There were 495,761,667 fully paid stapled securities on issue at 31 December 2021 (31 December 2020: 500,277,934).

## 19. Issued Capital (continued)

### Recognition and Measurement – Stapled Securities

DBI classifies its stapled securities issued as part of the IPO as compound financial instruments. The component parts of stapled securities issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. Upon repurchase and cancellation of a stapled security, the consideration paid is allocated to the liability and equity components using the same method as was used on initial recognition.

## 20. Reserves

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Hedge reserve</b>		
Balance at the beginning of the period	(4,074)	–
Gain/(loss) on cash flow hedges taken to equity	35,331	(16,978)
Income tax related to amounts taken to equity	(10,599)	5,093
Gain on cash flow hedges transferred to profit or loss	10,354	11,159
Income tax related to amounts transferred to profit or loss	(3,106)	(3,348)
	<b>27,906</b>	<b>(4,074)</b>

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
Capital contribution reserve	–	–
Capital contribution by Selling Entities	34,282	–
	<b>34,282</b>	<b>–</b>

### Nature and Purpose of Reserves

The hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss.

The capital contribution reserve represents the cash contribution from the Selling Entities for the settlement of IPO Transaction Costs (refer note 17). When the settlement of these costs occurs and the obligation to repay the funds to the Selling Entities is extinguished, the amount is recognised in equity as a capital contribution.

### 21. Financial Instruments

#### (a) Financial risk management

The operations of DBI expose it to a number of financial risks, including:

- capital risk;
- liquidity risk;
- interest rate risk;
- currency risk; and
- credit risk.

The Board of DBI recognise that risk management is an integral part of good management practice. Risk management is integrated into the Group's philosophy, practices, business plans and forecasts with a culture of compliance being promoted within the Group.

The Group seeks to minimise the risks associated with interest rates and currency primarily through the use of derivative financial instruments to hedge these risk exposures. These are disclosed in notes 11 and 16.

The use of financial derivatives is governed by the Group's Treasury Policy. This policy provides written principles on the use of financial derivatives. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. They are presented as current assets or liabilities to the extent they are expected to mature within 12 months after the end of the reporting period. There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps. These have been classified as financial assets and financial liabilities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Group includes a credit value adjustment which represents credit risk in the valuations for the current period. The resulting gain or loss is recognised in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities of firm commitments (fair value hedges); or
- hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset, a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## 21. Financial Instruments (continued)

### Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The acquisition required new hedge accounting relationships to be established for all hedge assets and liabilities at the DBI Group level immediately post acquisition.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

### Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Statement of Profit or Loss and Other Comprehensive Income relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of expenses or income.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Statement of Profit or Loss as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

### 21. Financial Instruments (continued)

Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Hedge ineffectiveness is determined at the inception of the hedge relations, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument. The Group enters into interest rate and cross-currency interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amounts. Ineffectiveness is caused by relationships with inception values or slight differences in critical terms.

The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. The ineffectiveness at 31 December 2021 was \$4,591,689 (31 December 2020: \$411,000).

#### (b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 13, offset by cash and cash equivalents, and equity attributable to equity holders of the parent, comprising contributed equity and retained earnings/(accumulated losses) as disclosed in notes 17 and 20 respectively.

Operating cash flows are used to maintain the assets, as well as to make the routine outflows of tax, loan repayments, dividends/distributions and meet interest requirements. The Group manages its debt exposure by ensuring a diversity of funding sources as well as spreading the maturity profile to minimise refinance risk.

The Board, along with senior management, reviews the capital structure and as part of this review considers the cost of capital and the risk associated with each class of capital. The Group manages its overall capital structure through the payment of dividends/distributions, the issue of new debt or the redemption of existing debt.

#### Loan covenants

As disclosed within Borrowings (note 14), the Group has various loan facilities in place. All of these facilities have loan covenants attached. These are generally in the form of interest cover ratios and gearing ratios.

The Group does not have any market capitalisation or minimum rating covenants attached to any of its borrowings.

During the period ended 31 December 2021 there were no breaches of any loan covenants within the Group.



## 21. Financial Instruments (continued)

### (c) Liquidity risk management

The main objective of liquidity risk management is to ensure that the Group has sufficient funds available to meet its financial obligations, working capital and potential investment expenditure requirements in a timely manner. It is also associated with planning for unforeseen events which may curtail operating cash flows and cause pressure on the Group's liquidity.

The Group manages liquidity risk by maintaining adequate cash reserves and committed credit lines in addition to continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial instruments. The tables are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount was derived from interest rate curves at the end of the reporting period.

	Weighted average effective interest rate %	Less than 6 months \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	5+ years \$'000	Total contra- ctual cash flows \$'000
<b>Consolidated – Dec 2021</b>							
Non-derivative financial instruments:							
Trade and other payables	–	59,635	–	–	–	–	59,635
Interest-bearing liabilities <sup>1</sup>	3.44	40,740	41,287	547,331	965,733	896,318	2,491,409
Derivative financial instruments:							
Interest rate swaps – asset	–	4,575	448	(9,730)	(45,305)	168	(49,844)
Gross settled (foreign currency forwards – cash flow hedges)							
Interest rate swaps – liability	–	(973)	(289)	2,020	12,692	21,502	34,952
Cross currency interest rate swaps – pay leg <sup>1</sup>	–	20,373	27,917	358,403	430,587	1,206,346	2,043,626
Cross currency interest rate swaps – receive leg <sup>1</sup>	–	(27,829)	(37,976)	(478,399)	(490,764)	(1,139,888)	(2,174,856)
	<b>3.44</b>	<b>96,521</b>	<b>31,387</b>	<b>419,625</b>	<b>872,943</b>	<b>984,446</b>	<b>2,404,922</b>

<sup>1</sup> USD Denominated receipts and payments have been converted to AUD based on the FX rate at balance date.

## Notes to the Financial Report continued

### 21. Financial Instruments (continued)

	Weighted average effective interest rate %	Less than 6 months \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	5+ years \$'000	Total contra- ctual cash flows \$'000
<b>Consolidated – Dec 2020</b>							
Non-derivative financial instruments:							
Trade and other payables	–	157,233	–	–	–	–	157,233
Interest-bearing liabilities <sup>1</sup>	4.54	38,614	72,319	110,702	1,236,011	899,771	2,357,417
Derivative financial instruments:							
Interest rate swaps – asset	–	(1,406)	(1,492)	(2,837)	(5,859)	–	(11,594)
Gross settled (foreign currency forwards – cash flow hedges)							
Interest rate swaps – liability	–	14,874	(1,096)	(1,947)	(1,837)	15,265	25,259
Cross currency interest rate swaps – pay leg <sup>1</sup>	–	15,584	15,655	32,065	636,954	568,005	1,268,263
Cross currency interest rate swaps – receive leg <sup>1</sup>	–	(25,965)	(26,073)	(52,038)	(816,792)	(500,792)	(1,421,660)
	<b>4.54</b>	<b>198,934</b>	<b>59,313</b>	<b>85,945</b>	<b>1,048,477</b>	<b>982,249</b>	<b>2,374,918</b>

<sup>1</sup> USD Denominated receipts and payments have been converted to AUD based on the FX rate at balance date.

The Group expects to meet its obligations from operating cash flows, however, it also has access to unused financing facilities at the end of the reporting period as described below.

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Financing facilities available to the Group</b>		
Secured bank facilities:		
– amount used	357,000	346,000
– amount unused	203,000	214,000
	<b>560,000</b>	<b>560,000</b>

## 21. Financial Instruments (continued)

### (d) Interest rate risk management

The Group's primary objectives of interest rate risk management are to ensure that:

- the Group is not exposed to interest rate movements that could adversely impact on its ability to meet financial obligations;
- earnings and dividends/distributions are not adversely affected;
- volatility of debt servicing costs is managed within acceptable parameters; and
- all borrowing covenants under the terms of the various borrowing facilities, including interest cover ratios, are complied with.

Having regard to the above constraints, the Group's objective in managing interest rate risk is to minimise interest expense whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements, ownership of assets and also movements in market interest rates.

To achieve this, in general terms, the Group's funding mix comprises both fixed and floating rate debt. Fixed rate debt is achieved either through fixed rate debt funding or through the use of financial derivative instruments. In addition, where possible, interest rate risk is minimised by matching the terms of the interest rate swap contracts hedging the borrowings which fund the underlying investments to the revenue resets for those investments. The parameters for the revenue calculations are reset at 5-year intervals and the interest rate swaps are also set at these intervals so that market parameters are matched in both, thus providing natural hedges.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note (note 21(d)). For Financial Assets refer to note 11.

#### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period. A 50-basis point increase or decrease is used when reporting interest rate risk internally and represents management's assessment of the potential change in interest rates. A parallel shift in the yield curves by 50 basis points higher or lower at reporting date would have the following impact assuming all other variables were held constant:

	Dec 2021		Dec 2020	
	50 bp increase \$'000	50 bp decrease \$'000	50 bp increase \$'000	50 bp decrease \$'000
Consolidated				
Net profit/(loss) <sup>1</sup>	(1,734)	1,734	(424)	424
Other equity <sup>1</sup>	70,949	(69,175)	6,887	(7,076)

<sup>1</sup> Amounts are stated pre-tax.

#### Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of fixed rate debt and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the applicable benchmark curve at reporting date and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

## Notes to the Financial Report continued

### 21. Financial Instruments (continued)

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts of the Group outstanding as at reporting date and their related hedged items:

	Average contracted fixed interest rate Dec 2021 %	Notional principal amount Dec 2021 \$'000	Fair value (FV) Dec 2021 \$'000	Change in FV for calculating ineffective- ness Dec 2021 \$'000
<b>Outstanding floating for fixed contracts</b>				
Less than 1 year	–	–	–	–
1 to 2 years	0.857	1,450,000	41,407	41,407
2 to 5 years	–	–	–	–
5 years plus	–	–	–	–
		<b>1,450,000</b>	<b>41,407</b>	<b>41,407</b>
<b>Outstanding fixed for floating contracts</b>				
Less than 1 year	–	–	–	–
1 to 2 years	–	–	–	–
2 to 5 years	6.34	75,000	5,469	(4,700)
5 years plus	4.82	377,712	(30,334)	(23,017)
		<b>452,712</b>	<b>(24,865)</b>	<b>(27,717)</b>
<b>Outstanding fixed for floating cross currency contracts</b>				
Less than 1 year	–	–	–	–
1 to 2 years	5.57	298,924	130,493	130,493
2 to 5 years	3.84	262,626	104,833	(111,758)
5 years plus	4.34	913,903	(47,680)	9,662
		<b>1,475,453</b>	<b>187,646</b>	<b>28,397</b>

## 21. Financial Instruments (continued)

	Average contracted fixed interest rate Dec 2020 %	Notional principal amount Dec 2020 \$'000	Fair value (FV) Dec 2020 \$'000	Change in FV for calculating ineffective- ness Dec 2020 \$'000
<b>Outstanding floating for fixed contracts</b>				
Less than 1 year	2.028	1,600,000	(14,619)	2,063
1 to 2 years	–	–	–	–
2 to 5 years	–	–	–	–
5 years plus	–	–	–	–
		<b>1,600,000</b>	<b>(14,619)</b>	<b>2,063</b>
<b>Outstanding fixed for floating contracts</b>				
Less than 1 year	–	–	–	–
1 to 2 years	–	–	–	–
2 to 5 years	6.34	75,000	10,169	(170)
5 years plus	4.68	317,214	(7,316)	125
		<b>392,214</b>	<b>2,853</b>	<b>(45)</b>
<b>Outstanding fixed for floating cross currency contracts</b>				
Less than 1 year	–	–	–	–
1 to 2 years	–	–	–	–
2 to 5 years	4.77	561,550	216,591	(30,602)
5 years plus	4.09	460,090	(57,342)	(17,898)
		<b>1,021,640</b>	<b>159,249</b>	<b>(48,500)</b>

Interest rate swap contracts exchanging floating rate interest amount for fixed rate interest amounts are designated as cash flow hedges where possible in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The settlement dates coincide with the dates on which the interest is payable on the underlying debt where possible, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss. Certain interest rate contracts do not qualify for hedge accounting and are not able to be treated as cashflow hedges.



## Notes to the Financial Report continued

### 21. Financial Instruments (continued)

Hedge Relationship Type	31 December 2021				
	Fair Value Hedge		Cash Flow Hedge		
	AUD USD CCIRS <sup>3</sup>	AUD Rec Fixed IRS	AUD USD CCIRS <sup>3</sup>	AUD Pay Fixed IRS	
	USD Fixed Rate Debt	AUD Fixed Rate Debt	USD Fixed Rate Debt	AUD Floating Rate Debt <sup>2</sup>	
Hedging Instrument					
Hedged Item <sup>1</sup>					
Notional Amount of Hedging Instrument ('000)	USD1,225,000	AUD452,712	USD1,225,000	AUD1,450,000	
<b>Carrying Amounts of Hedging Instrument</b>	<b>CCIRS</b>	<b>IRS</b>	<b>CCIRS</b>	<b>IRS</b>	<b>Total</b>
Other Financial Assets – Non-Current	4,577	5,692	263,697	41,407	315,373
Other Financial Liabilities – Current	–	–	–	–	–
Other Financial Liabilities – Non-Current	(30,437)	(30,557)	(50,190)	–	(111,184)
<b>Total by hedge relationship type</b>	<b>(25,860)</b>	<b>(24,865)</b>	<b>213,507</b>	<b>41,407</b>	<b>204,189</b>
Cumulative fair value adjustment on hedged item <sup>4</sup>	26,402	25,227	Not Applicable	Not Applicable	
Carrying Amount of hedged item	(1,235,076)	(368,169)			
<b>During the period</b>					
Change in fair value of outstanding hedging instruments	(26,636)	(27,717)	55,034	56,025	56,706
Change in value of hedged item used to determine hedge effectiveness	27,559	25,408	(49,750)	(41,445)	
Changes in the value of the hedging instrument recognised in OCI <sup>5</sup>	Not Applicable	Not Applicable	(4,240)	(41,445)	(45,685)
Hedge ineffectiveness recognised in profit or loss <sup>6</sup>	(922)	2,309	17,783	(14,578)	4,592
Balances deferred in OCI (Cash Flow Hedge Reserve) (before deferred tax) <sup>7</sup>	Not Applicable	Not Applicable	1,543	(41,407)	(39,864)

## 21. Financial Instruments (continued)

Hedge Relationship Type	31 December 2020				
	Fair Value Hedge		Cash Flow Hedge		
	AUD USD CCIRS <sup>3</sup>	AUD Rec Fixed IRS	AUD USD CCIRS <sup>3</sup>	AUD Pay Fixed IRS	
	USD Fixed Rate Debt	AUD Fixed Rate Debt	USD Fixed Rate Debt	AUD Floating Rate Debt <sup>2</sup>	
Hedging Instrument					
Hedged Item <sup>1</sup>					
Notional Amount of Hedging Instrument ('000)	USD887,000	AUD392,214	USD887,000	AUD1,600,000	
<b>Carrying Amounts of Hedging Instrument</b>	<b>CCIRS</b>	<b>IRS</b>	<b>CCIRS</b>	<b>IRS</b>	<b>Total</b>
Other Financial Assets – Non-Current	693	10,169	215,898	–	226,760
Other Financial Liabilities – Current	–	–	–	(14,619)	(14,619)
Other Financial Liabilities – Non-Current	83	(7,316)	(57,425)	–	(64,658)
<b>Total by hedge relationship type</b>	<b>776</b>	<b>2,853</b>	<b>158,473</b>	<b>(14,619)</b>	<b>147,483</b>
Cumulative fair value adjustment on hedged item <sup>4</sup>	(1,157)	(181)	Not Applicable	Not Applicable	
Carrying Amount of hedged item	(1,217,897)	(392,372)			
<b>During the period</b>					
Change in fair value of outstanding hedging instruments	1,066	(45)	(49,566)	2,063	(46,482)
Change in value of hedged item used to determine hedge effectiveness	(1,157)	(181)	49,750	38	
Changes in the value of the hedging instrument recognised in OCI <sup>5</sup>	Not Applicable	Not Applicable	(5,783)	(38)	(5,821)
Hedge ineffectiveness recognised in profit or loss <sup>6</sup>	(92)	(226)	(1,373)	2,102	411
Balances deferred in OCI (Cash Flow Hedge Reserve) (before deferred tax) <sup>7</sup>	Not Applicable	Not Applicable	(5,783)	(38)	(5,821)

1 Line item in statement of financial position which hedged item is included in Borrowings.

2 Includes DBI AUD floating rate bank debt and synthetic floating rate exposure.

3 Cross currency swaps are dual designated in both cash flow and fair value hedge relationships. The aggregated CCIRS notional is USD\$887 million.

4 Fair value adjustment excludes impact of foreign currency translation impact.

5 Pre-tax movement in fair value recognised in OCI.

6 Hedge ineffectiveness is presented as part of borrowing cost in the Statement of Profit or Loss.

7 Balance deferred include fair value impact of foreign currency basis spreads recognised as cost of hedging.

## Notes to the Financial Report continued

### 21. Financial Instruments (continued)

#### (e) Foreign currency risk management

As the Group has issued notes in a foreign currency (USD), exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising cross currency swaps. The currency exposure is 100% effectively hedged so the Group has no sensitivity to increases and decreases in the Australian dollar against the relevant foreign currency. The details of the cross-currency swaps are summarised in note 21(b).

The carrying amounts of the Group's foreign currency denominated debt are as follows.

Consolidated	Dec 2021 Carrying amount		Dec 2020 Carrying amount	
	USD \$'000	AUD \$'000	USD \$'000	AUD \$'000
Notes issued in USD	887,000	1,235,076	887,000	1,217,896

	Notional principal amount		Fair value	Notional principal amount		Fair value
	Dec 2021 USD \$'000	Dec 2021 AUD \$'000	Dec 2021 AUD \$'000	Dec 2020 USD \$'000	Dec 2020 AUD \$'000	Dec 2020 AUD \$'000
Outstanding cross currency contracts	1,225,000	1,475,453	187,647	887,000	1,021,640	159,249

#### (f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group only undertakes transactions with credit worthy customers and conducts active ongoing credit evaluation on the financial condition of customers and other trade receivables in order to minimise credit risk.

From a treasury perspective, counterparty credit risk is managed through the establishment of authorised counterparty credit limits which ensures the Group only deals with credit worthy counterparties and that counterparty concentration is addressed and the risk of loss is mitigated. Credit limits are sufficiently low to restrict the Group from having credit exposures concentrated with a single counterparty but rather encourages spreading such risks among several parties. The limits are set at levels reflecting the Group's scale of activity and also allow it to manage treasury business competitively.

#### (g) Fair value of financial instruments

Except as detailed in the following tables, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements of the Group approximate their fair values. Carrying value excludes amortised deferred funding costs of \$6.4 million for 31 December 2021 (31 December 2020: \$4.6 million).

## 21. Financial Instruments (continued)

	Dec 2021		Dec 2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Bank facilities	355,211	369,197	343,551	343,592
Notes	1,691,392	1,862,959	1,695,988	1,693,059

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Consolidated – Dec 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative financial assets	–	282,426	–	282,426
Derivative financial liabilities	–	78,237	–	78,237

Consolidated – Dec 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative financial assets	–	226,760	–	226,760
Derivative financial liabilities	–	79,277	–	79,277

There were no transfers between levels during the period ended 31 December 2021.

### 21. Financial Instruments (continued)

#### Recognition and Measurement – Financial Instruments

The fair value of financial instruments, including financial assets and liabilities approximates their carrying amount.

The fair value of financial instruments is determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis;
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve derived from quoted interest rates, adjusted for credit risk of the Group and various counterparties, for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The fair value of forward exchange contracts is determined using quoted forward exchange market rates and yield curves derived from quoted interest rates matching maturities of the contract, adjusted for credit risk; and
- the fair value of financial liabilities in foreign currency are translated at the foreign currency exchange rate as at balance date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### Impairment of Financial Instruments

AASB 9 *Financial Instruments*' impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and derivative instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk has increased significantly (Stage 2); and
- financial assets that have objective evidence of impairment at the reporting date. (Stage 3).

'12-month expected credit losses' are recognised for assets classified as Stage 1 while 'lifetime expected credit losses' are recognised for assets in Stage 2 and 3.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the counter party, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.



## 22. Accumulated Profit

	Dec 2021 \$'000	Dec 2020 \$'000
Balance at the beginning of the year	(113,208)	–
Net profit/(loss) for the year	129,077	(113,208)
Dividends paid	–	–
Balance at the end of the year	15,869	(113,208)

## Group structure

### 23. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		Dec 2021 %	Dec 2020 %
<b>Parent entity:</b>			
Dalrymple Bay Infrastructure Limited	Australia		
<b>Subsidiaries and Trust Entities:</b>			
Dalrymple Bay Infrastructure Holdings Pty Ltd	Australia	100	100
Dalrymple Bay Infrastructure Management Pty Ltd	Australia	100	100
Dalrymple Bay Finance Pty Ltd	Australia	100	100
Dalrymple Bay Investor Services Pty Ltd	Australia	100	100
DBT Trust	Australia	100	100
BPIRE Pty Ltd	Australia	100	100
BPI Trust	Australia	100	100
Brookfield Infrastructure Australia Trust	Australia	100	100
Brookfield DP Trust	Australia	100	100
Dudgeon Point Project Management Pty Ltd	Australia	100	100
DBHex Holdings Pty Ltd	Australia	100	Not applicable
DBHex Management Pty Ltd	Australia	100	Not applicable

DBIM, DB Finance and DBT Trust are the main entities conducting the business of DBI.

## Other

### 24. Capital Expenditure Commitments

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
<b>Intangible assets</b>		
Not longer than one year	37,199	35,782
Longer than one year and not longer than five years	4,721	3,911
Longer than five years	–	–
	<b>41,920</b>	<b>39,693</b>

### 25. Contingent Assets and Liabilities

#### Contingent Asset

There are no known or material contingent assets as at 31 December 2021 (31 December 2020: nil).

#### Contingent Liability

#### Recognition and Measurement – Provision for Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected area.

#### Critical judgements – Rehabilitation

A provision for restoration and rehabilitation will be recognised for costs expected to be incurred on cessation of the lease term with DBCT Holdings Pty Ltd, a wholly owned Queensland Government entity, only when there is an obligation under the lease agreements, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be measured reliably. The provision would reflect a present obligation based on the area disturbed at the balance sheet date, under the Group's obligations under the Port Services Agreement (PSA).

There are three triggering events under the Group's lease documents which may give rise to a rehabilitation obligation. These are:

- the lessor (DBCT Holdings Pty Limited, a wholly owned Queensland Government entity) giving 5 years' notice prior to expiration of the lease term (99 years as the 49 extension is at the Group's option);
- the Group defaults but only after 20 years into the lease; and
- if the Group surrenders the lease and the lessor accepts the surrender subject to rehabilitation.

## 25. Contingent Assets and Liabilities (continued)

The likelihood of restoration and rehabilitation is assessed by management on a regular basis. Management considers the following factors:

- no triggering event requiring remediation has occurred as at 31 December 2021. That is, the lessor has not to date notified the Group of an obligation to rehabilitate the leased area under the Port Services Agreement (PSA), there has been no default and the Group has not, nor does it intend to, surrender the lease;
- the probability of potential remediation and rehabilitation are influenced by a range of complex factors. The Directors note the current demand for the deep-water nature of the port, which is rare and extremely expensive to build and subject to ever more stringent environmental approvals. This is coupled with the supporting rail infrastructure servicing the port, vacant surrounding land to support future expansion/industrialisation, geographical proximity to major equatorial shipping lanes and sheltered waters;
- independent studies indicate extensive metallurgical coal reserves in the Bowen Basin and anticipated ongoing demand for metallurgical coal, as well as potential alternative uses for the infrastructure with DBI having commenced the development of an overarching transition strategy; and
- although there is a risk that the lessor may notify the Group of its obligation to rehabilitate the leased area in the future, the nature of rehabilitation requirements is currently unknown. The Group's current intention is to exercise the extension option and therefore any potential rehabilitation obligation may only occur in the lead up to 2100, if at all.

The Directors have determined there is a contingent liability in respect of the Group's obligations under the PSA to rehabilitate DBT at the expiry of the long-term lease but do not currently believe that economic outflows are probable.

For the purposes of calculating a remediation allowance to inform pricing the Queensland Competition Authority (as part of the final decision in relation to the 2019 DAU) provided an updated cost assessment for the rehabilitation of DBT of \$850 million (in 2021 dollars) from \$814 million as of 31 December 2020, assuming a full rehabilitation where the land is returned to its natural state.

## 26. Key Management Personnel (KMP) Compensation

	Consolidated	
	Dec 2021 \$	Dec 2020 \$
Short-term employee benefits	2,184,237	215,945
Long-term post-employment benefits	86,125	10,400
Security based payments	268,310	8,287
	<b>2,538,672</b>	<b>234,632</b>

Detailed remuneration disclosures are provided in the remuneration report on page 40 and onwards.

### 27. Share-based Payments

#### Cash-settled share-based payments

The Group issues to certain employees share appreciation rights (SARs) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The Group has recorded liabilities of \$1,014,594 and \$26,309 in 2021 and 2020. The SARs are payable under short-term (STI) and long-term incentive plans (LTI).

Fair value of the STI SARs is determined to be the same as the cash component payable under the STI plans (50% is payable in cash and 50% is payable in cash-settled rights which are deferred for one year) and fair value of the LTI SARs is determined by using a Monte Carlo simulation model.

#### Recognition and Measurement – Cash Settled Share Based Payments

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

### 28. Related Party Transactions

#### (a) Equity Interests in Related Parties

##### Equity interests in subsidiaries

Details of the percentage of securities held in subsidiaries are disclosed in note 23 to the Financial Statements.

#### (b) Transactions with Other Related Parties

Other related parties include:

- Brookfield Infrastructure Partners L.P. as an entity with significant influence over DBI;
- subsidiaries;
- other related parties; and
- directors or other key management personnel.

Transactions and balances between the Company and its subsidiaries were eliminated in full in the preparation of consolidated Financial Statements of the Group.

##### Transactions with directors or other key management personnel

Transactions entered into during the financial year with directors and other key management personnel were within normal employee relationships and on terms and conditions no more favourable than those available to other employees or shareholders. These included:

- contracts of employment;
- acquisition of shares; and
- dividends from shares.

## 28. Related Party Transactions (continued)

### Transactions involving the entities with influence over DBI

Transactions involving Brookfield Infrastructure Partners L.P. and its subsidiaries (Brookfield) as an entity with significant influence over DBI are set out below.

As detailed in note 17, DBI has returned \$93 million of the IPO Transaction Costs that will not be incurred to the Selling entities (which include Brookfield). An amount of \$34.3 million of the IPO Transaction Costs that have been settled is now recorded as a capital contribution.

From IPO, the Selling Entities had agreed to indemnify DBI against any payment that arose in respect of a dispute with the Australian Taxation Office as it related to a legacy withholding tax issue. This issue has now been resolved and settled. No amounts have been recognised in the financial statements in relation to this matter.

From IPO, DBI and Brookfield Infrastructure Group (Australia) Pty Ltd (Brookfield Infrastructure) became parties to a transitional services agreement (Transitional Services Agreement) under which Brookfield Infrastructure would provide certain transitional services to DBI for 12 months following the IPO, including:

- legal, tax, company secretarial and treasury services, as agreed between the parties in writing from time to time;
- any service that Brookfield Infrastructure was providing during the 12 month period prior to the IPO and which is reasonably necessary to enable DBI to conduct the business after Completion<sup>1</sup>; and
- certain other incidental services.

There are no fees payable for the transitional services (unless otherwise agreed by the parties from time to time) and this agreement expired on 31 December 2021.

The Group signed a funding agreement on 23 February 2022 to complete detailed feasibility studies aimed at understanding the potential for development of a regional hydrogen hub within the vicinity of existing terminal infrastructure, to which Brookfield infrastructure Group (Australia) Pty Ltd is a party. The funding agreement follows the establishment of a Memorandum of Understanding (MOU) between the parties on 17 August 2021 (Refer note 32).

During the period, the following transactions were made with related parties. All amounts were based on commercial terms.

	Dec 2021 \$	Dec 2020 \$
<b>Paid/payable to Brookfield Infrastructure Partners LP and its related entities:</b>		
Reimbursement of IPO listing costs paid on behalf of DBI <sup>1</sup>	3,652,098	1,581,415
Reimbursement of other costs paid on behalf of DBI	22,785	–
Payment of service fee <sup>2</sup>	–	299,457
Asset acquisition	–	1,115,714,387
Deferred capital contribution to fund the IPO Transaction Costs. (Refer note Deferred Capital Contribution)	–	132,432,521
Refund of IPO Transaction Costs	93,000,000	–

1 IPO Transaction Costs charged to Brookfield and reimbursed by DBI after IPO.

2 The service fee relates to the period before the subsidiary was acquired and was included in payables at time of acquisition. Payment of the fee occurred after acquisition.

1 As defined in the Prospectus.

## Notes to the Financial Report continued

### 29. Remuneration of Auditors

During the period the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu as auditor of the parent entity, Dalrymple Bay Infrastructure Limited.

	Dec 2021 \$	Dec 2020 \$
Audit or review of financial reports		
– Group	517,000	350,000
– Subsidiaries	88,000	246,200
	605,000	596,200
Statutory assurance services required by legislation to be provided by the auditor	–	–
Other assurance and agreed upon procedures under other legislation or contractual arrangements <sup>1</sup>	–	810,000
Other services:		
Tax compliance services	–	–
	605,000	1,406,200

<sup>1</sup> These are non-recurring services in relation to the Investigating Accountants Report and comfort letters provided as part of the IPO.

### 30. Notes to the Statement of Cash Flows

#### (a) Reconciliation of profit/(loss) for the period to net cash flows from operating activities

	Consolidated	
	Dec 2021 \$'000	Dec 2020 \$'000
Profit/(loss) for the period	129,077	(113,208)
Movement in fair value through profit or loss on derivatives	4,592	(411)
Depreciation and amortisation of non-current assets	39,355	2,471
Other non-cash finance costs	(19,358)	(1,294)
Income tax benefit/(expense)	19,938	(13,319)
Interest expense on Loan Notes	34,189	745
<b>Changes in net assets and liabilities</b>		
(Increase)/decrease in assets:		
Current trade and other receivables	1,093	16,260
Prepayments	3,355	(3,155)
(Increase)/decrease in liabilities:		
Current trade and other payables	(104,876)	111,202
IFRS 16 Lease interest	36	–
Current provisions	722	(2,983)
Non-current provisions	1,085	84
<b>Net cash provided by/(used for) operating activities</b>	<b>109,208</b>	<b>(3,608)</b>



### 30. Notes to the Statement of Cash Flows (continued)

#### (b) Reconciliation of financing activities for the period ending 31 December 2021

	Opening Balance at 1 Jan 2021	Acquisition	Financing cash flows	Fair value, foreign exchange and other adjust- ments	Deferred Tax adjust- ments	Closing Balance at 31 Dec 2021
Borrowings	2,039,539	–	8,917	(7,401)	–	2,041,055
Lease liabilities	457	1,445	(385)	–	–	1,517
Loan Notes <sup>1</sup>	252,649	–	(69,410)	36,425	–	219,664
Issued capital	987,216	–	(7,747)	(2,366)	1,005	978,108
Deferred capital contribution	132,432	–	(93,000)	–	–	39,432
<b>Total</b>	<b>3,412,293</b>	<b>1,445</b>	<b>(161,625)</b>	<b>26,658</b>	<b>1,005</b>	<b>3,279,776</b>

	Opening Balance at 7 Aug 2021	Acquisition	Financing cash flows	Fair value, foreign exchange and other adjust- ments	Deferred Tax adjust- ments	Closing Balance at 31 Dec 2020
Borrowings	–	2,644,911	(563,000)	(42,372)	–	2,039,539
Lease liabilities	–	469	(12)	–	–	457
Loan Notes <sup>1</sup>	–	–	251,898	751	–	252,649
Issued capital	–	–	1,030,717	–	(43,501)	987,216
<b>Total</b>	<b>–</b>	<b>2,645,380</b>	<b>719,603</b>	<b>(41,621)</b>	<b>(43,501)</b>	<b>3,279,861</b>

<sup>1</sup> Including issue costs associated with the Loan Notes (refer note 15).

#### Recognition and measurement – Cashflow

Cash comprises cash on hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

## Notes to the Financial Report continued

### 31. Parent Entity Information

The parent entity of the Group is Dalrymple Bay Infrastructure Limited. The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

	Dec 2021 \$'000	Dec 2020 \$'000
Financial position:		
<b>Assets</b>		
Current assets	17,425	109,607
Non-current assets	1,118,947	1,115,715
<b>Total assets</b>	<b>1,136,372</b>	<b>1,225,322</b>
<b>Liabilities</b>		
Current liabilities	11,131	149,011
Non-current liabilities	179,586	115,870
<b>Total liabilities</b>	<b>190,717</b>	<b>264,881</b>
<b>Net assets</b>	<b>945,655</b>	<b>960,441</b>
<b>Shareholders' Equity</b>		
Issued capital	978,108	987,216
Reserves	34,281	-
Accumulated loss	(66,734)	(26,775)
<b>Total equity</b>	<b>945,655</b>	<b>960,441</b>
Loss for the period	(39,928)	(26,775)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(39,928)</b>	<b>(26,775)</b>

#### Commitments for acquisition of intangibles

Please refer note 12 for details of capital expenditure relating to the Group.

#### Contingent assets and liabilities

Please refer to note 25 for details of contingent liabilities relating to the Group.

### 32. Subsequent Events

On 23 February 2022, the Group executed a funding agreement with North Queensland Bulk Ports Corporation, Brookfield Infrastructure Group (Australia) Pty Ltd and ITOCHU Corporation to complete detailed feasibility studies aimed at understanding the potential for development of a regional hydrogen hub within the vicinity of existing terminal infrastructure.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the consolidated entities, the results of those operations, or the state of affairs of the Group in future financial years.

### 33. Other Accounting Policies

#### (a) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

#### (b) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

#### (c) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars (\$), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

# Directors' Declaration

In the Directors' opinion:

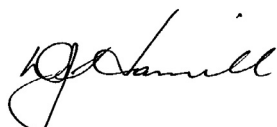
- (a) the financial statements and notes set out on pages 62 to 111 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors



Hon Dr David Hamill AM  
Chairman, Independent Non-Executive Director

Brisbane, 28 February 2022

# Independent Auditor's Report



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## Independent Auditor's Report to the Members of Dalrymple Bay Infrastructure Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Dalrymple Bay Infrastructure Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the period then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Impact of lighter-handed regulation on the Group (Refer Note 4 and 12)</b></p> <p>The Group accounts for its lease of, and right to operate, the Dalrymple Bay Terminal ("DBT") from the Queensland Government as an intangible asset under Interpretation 12 <i>Service Concession Arrangements</i> ("Interpretation 12"). As of 1 July 2021, the Queensland Competition Authority ("QCA") approved the 2021 Access Undertaking ("2021 AU") which moves to a 'negotiate-arbitrate' model in which the Group can negotiate commercial arrangements, including terminal infrastructure access pricing, with users as opposed to being bound by a single reference tariff set by the QCA until 2026.</p> <p>In addition, at the date of our report, the commercial negotiations with users of DBT are ongoing.</p> <p>As a result of the change to lighter-handed regulation under the 'negotiate-arbitrate' regime and the status of negotiations, judgement has therefore been applied in:</p> <ul style="list-style-type: none"> <li>Determining whether the lease of, and right to operate DBT, continues to meet the definition of a service concession arrangement. As a service concession arrangement, the Group should recognise and account for DBT as an intangible asset rather than as separate components of property, plant and equipment. A condition of qualifying as a service concession arrangement is that the Queensland Government should regulate or control the services provided by the Group and the price charged to the users of DBT.</li> <li>Recognising terminal infrastructure access revenue from customers at the rate previously approved by the QCA for the period from 1 July to 31 December 2021.</li> </ul>	<p>Our procedures included, but were not necessarily limited to:</p> <ul style="list-style-type: none"> <li>Obtaining and reviewing the Group's position papers in relation to the applicability of Interpretation 12 and AASB 15 <i>Revenue from Contracts with Customers</i> ("AASB 15").</li> <li>Reviewing relevant regulatory agreements and published guidelines governing the relationship between the Group, the Queensland Government, the QCA and the relevant price setting framework.</li> <li>Challenging whether the Queensland Government has the ability to regulate or control the price.</li> <li>Obtaining briefings from Management in relation to the status of the commercial negotiations with users.</li> <li>Reviewing relevant documents and evaluating the appropriateness of the Group's proposed accounting treatment for revenue under AASB 15, with specific consideration of the application of the requirements related to variable consideration.</li> <li>Evaluating the appropriateness of disclosures related to the above matters in the financial report.</li> </ul>
<p><b>Recoverability of carrying value and appropriateness of useful life of the intangible asset (Refer Note 12)</b></p> <p>As at 31 December 2021, the Group's net assets exceeded the market capitalisation by \$50 million and this has been identified as a potential impairment indicator. As a result, a recoverable amount for the Group's cash generating unit ("CGU"), principally comprising the intangible asset, has been determined using a fair value less costs to sell discounted cash flow model.</p>	<p>In conjunction with our valuation specialists, our procedures included, but were not necessarily limited to:</p> <ul style="list-style-type: none"> <li>Obtaining and reviewing the Group's position papers in relation to the useful life of the intangible asset and the impairment assessment including, supporting discounted cash flow model.</li> <li>Challenging the appropriateness of key inputs and assumptions used to determine the recoverable amount, including the assessment of:</li> </ul>



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Additionally, the intangible asset is being amortised over the remaining lease period of 80 years which assumes the exercise of the 49 year extension option.</p> <p>Both of the above matters involved the exercise of judgement in respect of the following key assumptions:</p> <ul style="list-style-type: none"> <li>Discount rate;</li> <li>Pricing and future cash flows, including growth rates;</li> <li>Application of terminal value used on a finite life asset; and</li> <li>Future supply of and demand for metallurgical coal and potential alternative uses for the infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>the basis of cash flows and agreeing inputs to Board approved budgets and additional supporting information;</li> <li>the application of terminal value used on a finite life asset;</li> <li>the discount rate applied by comparing the rate used to a range developed by our internal valuation specialists; and</li> <li>the growth rates applied.</li> </ul> <ul style="list-style-type: none"> <li>Performing sensitivity analysis on key assumptions.</li> <li>Testing the mathematical accuracy and integrity of the discounted cash flow model.</li> <li>Inspecting the relevant lease agreements and challenging both the ability and likelihood of the Group renewing the lease.</li> <li>Challenging the relevance and reliability of the third-party information used by the Group in relation to the future supply of and demand for metallurgical coal and potential alternative uses for the infrastructure in supporting their recoverable amount and useful life assessment.</li> <li>Evaluating the appropriateness of disclosures related to these matters in the financial report.</li> </ul>

#### Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Letter, CEO Address, Operational Overview, Sustainability Overview, Corporate Governance Statement and Shareholder Information, which are expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Letter, CEO Address, Operational Overview, Sustainability Overview, Corporate Governance Statement and Shareholder Information, 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.

## Independent Auditor's Report continued

### **Deloitte.**

#### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 has no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian 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 report, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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 report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the 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.



We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Remuneration Report**

##### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included on pages 40 to 58 of the Directors' Report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Dalrymple Bay Infrastructure Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

##### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

**Stephen Tarling**  
Partner  
Chartered Accountant  
Brisbane, 28 February 2022

**Yvonne van Wijk**  
Partner  
Chartered Accountant  
Sydney, 28 February 2022

# ASX Additional Information

(Listing Rule 4.10) as at 1 March 2022

Below we set out additional information in relation to the Company's securityholders. This includes information required under ASX Listing Rule 4.10. Unless stated otherwise, the information below is current at 1 March 2022.

## Twenty Largest Securityholders as at 1 March 2022<sup>1</sup>

Rank	Investor	Current Balance	% Issued Capital
1	BIP BERMUDA HOLDINGS IV LIMITED	245,136,188	49.45
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	133,880,234	27.00
3	BNP PARIBAS NOMS PTY LTD	11,046,931	2.23
4	CITICORP NOMINEES PTY LIMITED	7,511,231	1.52
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,962,041	1.20
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	5,155,119	1.04
7	NATIONAL NOMINEES LIMITED	3,268,883	0.66
8	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	2,023,305	0.41
9	BNP PARIBAS NOMINEES PTY LTD	1,494,851	0.30
10	GEOMAR TRADING PTY LTD	953,500	0.19
11	HORRIE PTY LTD	800,000	0.16
11	JOHN SHEARER (HOLDINGS) PTY LIMITED	800,000	0.16
12	BNP PARIBAS NOMINEES PTY LTD	783,856	0.16
13	TELUNAPA PTY LTD	700,000	0.14
14	RIVER CAPITAL PTY LTD	697,166	0.14
15	CITICORP NOMINEES PTY LIMITED	605,087	0.12
16	MT BYRON PASTORAL COMPANY PTY LTD	500,000	0.10
17	NETWEALTH INVESTMENTS LIMITED	445,109	0.09
18	SARTAIN ENTERPRISES PTY LTD	400,000	0.08
18	DESERT CAPITAL PTY LTD	400,000	0.08
19	HILLMORTON CUSTODIANS PTY LTD	361,000	0.07
20	MRS TAKAKO TIMBRELL	360,000	0.07
<b>Total</b>		<b>423,284,501</b>	<b>85.38</b>
<b>Balance of register</b>		<b>72,477,166</b>	<b>14.62</b>
<b>Grand total</b>		<b>495,761,667</b>	<b>100.00</b>

1. Related but separate legal entities are not aggregated.

## Substantial Holders

The following is a summary of the substantial shareholders as at 1 March 2022 pursuant to notices lodged with the ASX in accordance with section 671B of the *Corporations Act 2001* (Cth)<sup>1</sup>.

Substantial Holder	Number of Securities	Date of Interest <sup>1</sup>	Issued Capital <sup>2</sup> %
BIP Bermuda Holdings IV Limited	245,136,188	10 December 2020	49.0%
Dalrymple Bay Infrastructure Limited <sup>3</sup>	81,712,062	28 February 2022	16.48%
QIC Limited (and its controlled entities)	49,988,871	10 December 2020	9.99%
Fairfax Financial Holdings Limited (and its controlled entities)	38,910,505	10 December 2020	7.78%

1 As disclosed in the last notice lodged with the ASX by the substantial holder.

2 The percentage set out in the notice lodged by the substantial holder with the ASX is based on the total issued Stapled Securities of DBI at the Date of Interest.

3 Refer Notice of change of interests of substantial holder released to the ASX on 1 March 2022. Restrictions on disposal of Stapled Securities under voluntary escrow arrangements disclosed in Dalrymple Bay Infrastructure's initial public offering ("IPO") prospectus dated 20 November 2020 give Dalrymple Bay Infrastructure Limited a technical "relevant interest" in its own Stapled Securities under section 608(1)(c) of the *Corporations Act 2001* (Cth). However, Dalrymple Bay Infrastructure Limited has no right to acquire these Stapled Securities or to control voting rights attaching to these Stapled Securities.

## Number of holders of each class of equity securities

5,071

## Voting rights attached to each class of equity securities

Each ordinary share issued by Dalrymple Bay Infrastructure Limited carries with it 1 vote.

## Distribution schedule of the number of holders in each class of equity securities

Ranges	Investors	Securities	% Issued Capital
1 to 1000	467	293,951	0.06
1001 to 5000	1,629	4,993,372	1.01
5001 to 10000	1,109	8,756,339	1.77
10001 to 100000	1,779	47,433,713	9.57
100001 and Over	87	434,284,292	87.60
<b>Total</b>	<b>5,071</b>	<b>495,761,667</b>	<b>100.00</b>

## ASX Additional Information continued

(Listing Rule 4.10) as at 1 March 2022

### Number of holders holding unmarketable parcel of securities

The number of security investors holding less than a market parcel of 247 securities (\$2.03 on 01/03/2022) is 64 and they hold 3,842 securities.

### Name of the entity's secretary

Michael Ryan (resigned with effect on 28 February 2022)

Liesl Burman (appointed on 28 February 2022)

### Address and phone of Registered office and Principal Administrative office

#### Registered Office

Level 15, Waterfront Place  
1 Eagle Street  
Brisbane Qld 4001  
Ph: 61 7 3002 3100

#### Principal Administrative Office

Level 15, Waterfront Place  
1 Eagle Street  
Brisbane Qld 4001  
Ph: 61 7 3002 3100

#### Address and phone of where register kept

Link Market Services Limited  
Level 21, 10 Eagle Street  
Brisbane Qld 4001  
Ph: 61 1300 554 474 (toll free within Australia)  
Ph: 61 7 3320 2200 (Brisbane)

### List of other stock exchanges listed on

Nil



## Number and class of restricted securities or securities subject to voluntary escrow that are on issue and the date that the escrow period ends

81,712,062 Restricted Stapled Securities.

BIP entered into a voluntary escrow deed (Escrow Deed) in respect of the Stapled Securities it held in DBI on Completion of the Offer (as those terms are defined in the DBI Prospectus released to the ASX on 8 December 2022) (Restricted Stapled Securities). The Escrow Deed prevents BIP from dealing with its Stapled Securities for the periods set out below:

- in respect of one third of the Restricted Stapled Securities, the period ending at the close of trading on ASX on the day the unaudited financial results of DBI for the half year ending on 30 June 2021 were provided to the ASX, (81,712,063 securities released from voluntary escrow on 25 August 2021);
- in respect of one third of the Restricted Stapled Securities, the period ending at the close of trading on ASX on the day the audited financial results of DBI for the year ending on 31 December 2021 were provided to the ASX (81,712,063 securities released from voluntary escrow on 28 January 2022); and
- in respect of the remaining one third of the Restricted Stapled Securities, the period ending at the close of trading on the ASX on the day the unaudited financial results of DBI for the half year ending 30 June 2022 are provided to the ASX, (the Escrow Period).

## Share Buy-back

There is no current buy-back program of Dalrymple Bay Infrastructure Limited's securities.

## Corporate Governance Statement

DBI's Corporate Governance Statement and Appendix 4G for the period ended 31 December 2021 may be accessed via DBI's website at <https://dbinfrastucture.com.au/who-we-are/corporate-governance/>

# Directory

## Directors

Hon Dr David Hamill AM

Mr Anthony Timbrell

Mr Bahir Manios

Ms Bronwyn Morris AM

Dr Eileen Doyle

Mr Jonathon Sellar  
(Alternate Director for  
Bahir Manios)

## Company Secretary

Mr Michael Ryan  
(resigned with effect  
on 28 February 2022)

Ms Liesl Burman  
(appointed on  
28 February 2022)

## Registered Office

Waterfront Place  
Level 15, 1 Eagle Street  
Brisbane QLD 4001  
Australia

Tel: +61 7 3002 3100

Fax: +61 7 3020 3853

## Principal Place of Business

Level 15  
Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Australia

Ph: +61 7 3002 3100

## Investor Contacts

### Security Registry

For more information about your  
DBI security holding please contact:

### Link Market Services

Level 12  
680 George Street  
Sydney NSW 2000

Locked Bag A14  
Sydney South NSW 1234

Ph: +61 1300 554 474  
(toll free within Australia)

Fax: +61 2 9287 0303

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Disclaimer

### Forward looking Statements

This Annual Report contains certain forward-looking statements with respect to the financial condition, operations and business of the Company and certain plans and objectives of the management of DBI. Forward-looking statements can be identified by the use of forward looking terminology, including, without limitation, the terms “believes”, “estimates”, “anticipates”, “expects”, “predicts”, “intends”, “plans”, “goals”, “targets”, “aims”, “outlook”, “guidance”, “forecasts”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of the Company to be materially different from the results or performance expressed or implied by such forward looking statements. Actual results may materially vary from any forecasts in this Annual Report. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Annual Report which reflect the views of DBI only as of the date of this report. To the maximum extent permitted by law, none of DBI, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this Annual Report. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Annual Report nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

### Industry and market data

DBI has commissioned AME Mineral Economics Pty Ltd (AME) to provide certain information for inclusion in this document. Information provided by AME is referred to in this document as ‘AME’. This document, including the Future Outlook section, uses market data, statistics and third party estimates, projections and forecasts relating to the industries, segments and end markets in which DBI operates. Such information includes, but is not limited to statements, statistics and data relating to product segment and market share, estimated historical and forecast market growth, market sizes and trends, and DBI’s estimated market share and its industry position. DBI has obtained significant portions of the market data, statistics and other information from databases and research prepared by third parties, including reports and information prepared by the AME and other third parties, and other sources. AME has advised that (i) information in their databases is derived from their estimates, subjective judgements and third-party sources, (ii) the information in the databases of other coal industry data collection agencies will differ from the information in their databases, (iii) that forecast information is highly speculative and no reliance may be placed on this data. In the compilation of the AME statistical and graphical information will be unreliable, inaccurate and will contain errors of fact and judgement. It is subject to full validation and the provision of such information requires investors to make appropriate further enquiries. Investors should note that market data and statistics are inherently predictive, subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the third party estimates or projections contained in this information, including information provided by AME, will be achieved. DBI has not independently verified, and cannot give any assurances to the accuracy or completeness of, these market and third party estimates and projections. Estimates involve risks and uncertainties and are subject to change based on various known and unknown risks, uncertainties and other factors.



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