2023 Mid-Year Update Workshop

Strategic Plan
Financial Update and Forecast
Market and Commercial Trends
Today’s Presentation

• Review of Key Areas of Progress of Strategic Plan in the First Half of 2023
• Mid-Year Financial Update
• Financial Forecast for 2024
• Market and Commercial Trends
Community Goals
Mid-Year Progress

• In-Person Connections to the Community
  • Tours
  • Events
  • Port Lecture Series
  • T1 Progress and Use of Space
• Outreach
Economic Development Goals
Mid-Year Progress

- I-5 Replacement Bridge
- Advocacy for Freight Mobility
- Identification of Bridge Design Impacts to T1
- River Cruises
- Tenant Outreach
Environmental Goals
Mid-Year Progress

• Climate Action Plan
  • Fleet Electrification
  • Renewable Diesel
  • Renewable Energy
• Water Quality
  • Stormwater Treatment Project
Organizational Goals
Mid-Year Progress

- Staffing
- Diversity, Equity, and Inclusion
• Workforce Development
**Marine/Commercial Goals Mid-Year Progress**

- Infrastructure Investments
- Berth 7 – Facility Improvements/Innovation
- Berths 8 & 9 – Facility Improvements/Expansion
- Berth 17
- Foreign Trade Zone (FTZ) – 2 Wind Original Equipment Manufacturers (OEMs) for Canadian Cargo
Financial Goals
Mid-Year Progress

• Diverse Set of Financial Tools
• Strong Oversight and Continual Tracking of Market Trends and Interest Rates
• Pro-Active Planning and Forecasting
• Maintenance of Assets – Building Assessments
OPERATING REVENUE

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<tbody>
<tr>
<td>Q1</td>
<td>$9,570,745</td>
<td>$10,028,420</td>
<td>$10,828,233</td>
<td>$11,444,861</td>
<td>$11,567,858</td>
<td>$14,421,090</td>
<td>$13,407,577</td>
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<tr>
<td>Q2</td>
<td>$9,100,229</td>
<td>$9,071,393</td>
<td>$11,806,663</td>
<td>$13,172,629</td>
<td>$11,674,470</td>
<td>$15,140,353</td>
<td>$13,065,314</td>
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<tr>
<td>YTD Total</td>
<td>$18,670,974</td>
<td>$19,099,813</td>
<td>$22,634,897</td>
<td>$24,617,490</td>
<td>$23,242,328</td>
<td>$29,561,443</td>
<td>$26,472,891</td>
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<tr>
<td>Year End Total</td>
<td>$36,018,976</td>
<td>$37,997,110</td>
<td>$43,784,366</td>
<td>$50,359,632</td>
<td>$47,643,841</td>
<td>$58,830,048</td>
<td>$49,600,115</td>
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Budget
POV KEY PERFORMANCE INDICATORS

Operating Activity Indicators

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<tbody>
<tr>
<td>Operating Margin</td>
<td>25.83%</td>
<td>29.33%</td>
<td>23.30%</td>
<td>26.66%</td>
<td>28.50%</td>
<td>26.20%</td>
<td>30.07%</td>
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<tr>
<td>Operating Ratio</td>
<td>74.17%</td>
<td>70.67%</td>
<td>76.70%</td>
<td>73.34%</td>
<td>71.50%</td>
<td>73.80%</td>
<td>69.93%</td>
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2023 CAPITAL PROGRAM

2023 Capital Expenditure

- $11,090,196 (2023 Actuals YTD)
- $16,056,550 (2023 Capital Forecast Remaining)
2023 CASH PLAN – PER PLAN

2023 BUDGET CASH PLAN

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<thead>
<tr>
<th></th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
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<tbody>
<tr>
<td>Restricted</td>
<td>$2,615,723</td>
<td>$2,650,233</td>
<td>$2,981,141</td>
<td>$4,582,945</td>
<td>$4,475,849</td>
<td>$4,527,398</td>
<td>$4,554,612</td>
<td>$4,577,263</td>
<td>$4,641,028</td>
<td>$5,834,142</td>
<td>$2,583,379</td>
<td>$2,601,174</td>
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<tr>
<td>Rate Stab Fund</td>
<td>$11,000,000</td>
<td>$11,000,000</td>
<td>$11,000,000</td>
<td>$11,000,000</td>
<td>$11,000,000</td>
<td>$11,000,000</td>
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<td>$11,000,000</td>
<td>$11,000,000</td>
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<tr>
<td>Reserve</td>
<td>$10,000,000</td>
<td>$10,000,000</td>
<td>$10,000,000</td>
<td>$10,000,000</td>
<td>$10,000,000</td>
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2023 CASH PLAN – PER FORECAST

2023 FORECAST CASH PLAN

- **Jan**: Restricted $2,673,065, Rate Stab Fund $2,571,892
- **Feb**: Restricted $2,964,906, Rate Stab Fund $4,909,350
- **Mar**: Restricted $4,474,281, Rate Stab Fund $10,278,216
- **Apr**: Restricted $10,018,315, Rate Stab Fund $10,040,966
- **May**: Restricted $10,104,732, Rate Stab Fund $11,297,846
- **Jun**: Restricted $11,297,846, Rate Stab Fund $8,047,083
- **Jul**: Restricted $8,047,083, Rate Stab Fund $6,028,272
- **Aug**: Restricted $6,028,272, Rate Stab Fund $1,000,000
- **Sep**: Restricted $1,000,000, Rate Stab Fund $1,000,000
- **Oct**: Restricted $1,000,000, Rate Stab Fund $1,000,000
- **Nov**: Restricted $1,000,000, Rate Stab Fund $1,000,000
- **Dec**: Restricted $1,000,000, Rate Stab Fund $1,000,000

- **Reserve**: Restricted $11,000,000, Rate Stab Fund $11,000,000
- **Unrestricted**: Restricted $33,756,192, Rate Stab Fund $35,505,815
- **Total Cash**: $53,840,475, $56,560,491

Legend:
- **Rate Stab Fund**: Green
- **Restricted**: Blue
- **Unrestricted**: Red
- **Total Cash**: Purple

Note: The figures represent forecasted cash plan for 2023, with detailed breakdowns for each category and month.
INVESTMENT SUMMARY

Investment Strategy for Cash
- $5-7M: Key Bank – 4.5%
- $10-13M: Government Securities – >=5.0%
- Remaining Funds: Local Government Investment Pool (LGIP) - Currently >5.25%

Objectives for Government Securities
- Adhere to POV’s Investment Policy
- Maintain $10-13M balance
- Ladder maturity of investments
- Seek investments of 5% or greater that have limited call provisions
YEAR-TO-DATE KEY HIGHLIGHTS

Mid-Year 2023 vs. Mid-Year 2022

**Decreased Volumes** Overall tonnage in the first half of 2023 decreased by 16% or 621,324 mt compared with the same period last year. This decrease is in alignment with the 2023 budget.

**Decreased Revenue** First half 2023 Operating Revenues decreased by 10% or $3.09M compared with the same period last year mainly due to decreased sorghum, wheat, steel, sodium hydroxide, windmills commodities, wharfage, loading/unloading operations, equipment rental, crane operations, storage, handling, service & facilities, security sales and services.

**Decreased Expense** First half 2023 Operating Expenses decreased by 15% or $3.30M compared with the same period last year mainly due to decreased Terminal labor/Facility expenses.

**Forecast Increased Net Income** First half 2023 actual $7.96M compared with budget $3.49M, Year-end forecast $10-11M compared with budget $6.97M.
Looking Ahead to 2023-2024

Financial/Budget Tools

- TIF Legislation
- Legislative Funding Requests
- Grants
- Debt Issuance
Market and Commercial Trends
Renewable Electricity Production & Raw Material Demand

The passage of the Inflation Reduction Act in the United States, combined with incentives from prior legislation, will further supplement the domestic expansion of green technologies. Other nations have instituted means to lower carbon emissions too. This fundamental shift in how energy is produced and dispatched will create dramatic change in raw material demand – type and amount.

<table>
<thead>
<tr>
<th>Raw Material Needs by Electricity Generation Type</th>
<th>Metric Tons per TWh</th>
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<tbody>
<tr>
<td>Wind</td>
<td>Solar</td>
</tr>
<tr>
<td>Concrete &amp; Cement</td>
<td>8,000</td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
<td>1,920</td>
</tr>
<tr>
<td>Copper</td>
<td>23</td>
</tr>
<tr>
<td>Aluminum</td>
<td>35</td>
</tr>
<tr>
<td>Glass*</td>
<td>92</td>
</tr>
<tr>
<td>Silicon</td>
<td>0</td>
</tr>
<tr>
<td>Total Metals</td>
<td>1,978</td>
</tr>
</tbody>
</table>

Data Source: Department of Energy, World Nuclear Association
*Soda ash a component of glass production is handled on the Columbia River

“...we’re going to have a material shortage. For us to do the green transition...with the technologies we know solar, wind, EVS...we need 3 times as much copper and 10 times as much nickel and 18 times as much graphite...we need to look within the constraints of what we actually have and might be able to build-out in the next 10 to 20 years.”

– Peter Zeihan, Demographer & Geopolitical Strategist, March 8, 2023
Vessel Counts Year-to-Date Lowest in 6 Years

Columbia River Vessel Counts, Running Total

6-Year Average (2017-2022)

6-Year Min/Max Band (2017-2022)

Running total through June:

- **2023** – 588
- **2017-2022 Average** – 681

Data Source: CRSOA
Looking Ahead
SECOND HALF 2023 & 2024

Softening Outlook
• Lower volumes seen across majority of business segments as inflation and interest rates create slowing demand
• A return to historical levels after three years of elevated volumes portends a slower growth period

POV Remains Well Positioned
• Subaru plans to produce 400,000 electric vehicles in its Japanese plants by 2028 as it tries to get 40 percent of its global sales from EVs by the end of the decade
• POV grows in conjunction with Subaru as the highest volume Subaru port in the US
• POV remains the largest & most diversified wind energy port on the US West Coast
• Infrastructure planning continues to adapt to accommodate ever larger wind components
Thank You!