

Napier Port Holdings Limited

Supplemental selected financial information (unaudited)

The below supplemental financial information provides a summary of financial information for the half year period ended 31 March 2020 (HY2020) compared to corresponding half year period in 2019 (HY2019) on a basis consistent with that described in the prospective financial information (PFI) contained in the Product Disclosure Statement (PDS) and the document entitled "Napier Port's Prospective Financial Information, a reconciliation of non-NZ GAAP to NZ GAAP information and supplementary financial information" (**Supplementary Financial Information**) dated 15 July 2019 and published in connection with the initial public offer of Napier Port Holdings Limited (and available on the Offer Register at www.business.govt.nz/disclose (OFR126790)).

The historical financial information is extracted from Port of Napier Limited's audited financial statements (FY2017-FY2018, HY2019) and Napier Port Holdings Limited's audited financial statements (FY2019) or the Supplementary Financial Information.

Capitalised terms used but not defined in this document have the meanings given to them in the PDS and the Supplementary Financial Information.

Selected financial information ⁽¹⁾					
NZ\$000	FY2017	FY2018	FY2019	HY2019	HY2020
Financial period	12 months ending 30 Sept 17	12 months ending 30 Sept 18	12 months ending 30 Sept 19	6 months ending 31 Mar 19	6 months ending 31 Mar 20
Financial performance:					
Revenue ⁽²⁾	86,679	91,749	99,616	48,658	52,284
Underlying reported EBITDA ⁽³⁾	36,918	38,777	41,797	21,929	21,736
Pro forma EBITDA ⁽⁴⁾	35,297	37,156	40,500	21,119	21,537
Net profit after tax	16,706	17,576	6,848	9,160	12,827
Pro forma net profit after tax ⁽⁵⁾			19,706	10,531	11,241
Balance sheet and cash flow items:					
Dividends paid	10,700	10,000	53,957	3,958	5,000
Total assets	329,083	331,959	371,116	339,292	379,993
Cash and cash equivalents	231	-	31,224	-	16,125
Total liabilities	123,978	119,547	35,635	117,815	36,665
Total debt	83,571	80,599	-	80,829	-
Net cash flows from operating activities	25,186	28,364	29,336	11,340	13,426
Pro forma net cash flows from operating activities ⁽⁶⁾			33,561	12,997	13,222

Notes:

- The selected financial information (excluding any financial information in the selected financial information table that is identified as being pro forma financial information and underlying reported EBITDA) is extracted from audited financial statements of Port of Napier Limited for the FY2017, FY2018 and HY2019 accounting periods and extracted from the audited financial statements of Napier Port Holdings Limited for FY2019. HY2020 selected financial information is extracted from the unaudited financial statements of Napier Port Holdings Limited for that period. Some line items in the selected financial information include adjustments applied by Napier Port (denoted 'pro forma'). For an explanation of pro forma adjustments, please refer to Section 7.9 (*Reconciliation of Pro forma EBITDA to Statutory NPAT*) and Part B of the Supplementary Financial Information.
- Revenue relates to operating income as disclosed for the Historical Periods in the Financial Statements for Napier Port.
- Underlying reported EBITDA is a non-NZ GAAP measure that includes pro forma adjustments. This measure includes adjustments also used in Pro forma EBITDA but excludes pro forma costs not yet incurred as shown in the reconciliation of Pro forma EBITDA to Statutory NPAT in section 1.2 below.
- Pro forma EBITDA is a non-NZ GAAP measure that includes pro forma adjustments as described in Section 7.9 (*Reconciliation of Pro forma EBITDA to Statutory NPAT*) of the PDS.
- Pro forma net profit after tax is a non-NZ GAAP measure. This measure reflects the pro forma adjustments reflected in pro forma EBITDA, the impairment of the investment in the Longburn Intermodal Freight Hub joint venture and the overlay of Napier Port's capital structure following completion of the IPO as if it had been in place since 1 October 2018. The pro

forma operating tax expense has been adjusted to reflect the tax implications of the pro forma adjustments. A reconciliation to statutory net profit after tax is included in section 1.4 below.

6. Pro forma cash flows from operating activities is a non-NZ GAAP measure that comprises net cash flows from operating activities adjusted to remove offer costs and overlays Napier Port's capital structure following completion of the IPO as if it had been in place since 1 October 2018.

1.1 Description of Pro forma adjustments

In determining the use of pro forma adjustments, the Directors have considered only those items that they believe are required to ensure consistency and comparability of the financial information over the periods presented.

The pro forma adjustments that Napier Port considers are appropriate are explained below, and their nature are described in more detail in Part C of the Supplementary Financial Information:

- (i) removal of the one-off transaction costs relating to the Offer;
- (ii) removal of other (income) expenses as these items relate to non-core operating activities;
- (iii) removal of share of the loss of equity accounted investee as the investment has been fully written down to zero;
- (iv) removal of the impairment of joint venture as it was a one-off event;
- (v) adding an estimate of the incremental costs that will be incurred by Napier Port as a publicly listed company;
- (vi) removal of the impact of the pre-IPO debt capital in relation to FY2019 and applying the post-IPO capital structure as if it were in place for all of FY2019; and
- (vii) removal of the deferred tax benefit relating to the reinstatement of tax depreciation on buildings in HY2020.

1.2 Reconciliation of Pro forma EBITDA to Statutory NPAT

NZ\$000	FY2017	FY2018	FY2019	HY2019	HY2020
Statutory net profit after tax	16,706	17,576	6,848	9,160	12,827
add: Taxation expense	5,594	6,859	5,182	4,190	2,920
add: Net interest expense	3,965	4,107	10,437	2,026	(126)
add: Depreciation and amortisation	10,626	10,849	11,981	5,679	5,989
EBITDA	36,891	39,391	34,448	21,055	21,610
Pro forma EBITDA adjustments:					
Offer costs	-	-	6,404	-	(201)
Other (income) expenses	(114)	(709)	(135)	(25)	327
Share of loss of equity accounted investee	141	94	228	90	-
Impairment of joint venture	-	-	852	809	-
Underlying reported EBITDA	36,918	38,777	41,797	21,929	21,736
Incremental listed company costs (not yet incurred)	(1,620)	(1,620)	(1,297)	(810)	(199)
Pro forma EBITDA	35,297	37,156	40,500	21,119	21,537

1.3 Reconciliation of Underlying EBITDA to Result from Operating Activities reported in the statutory Income Statement

NZ\$000	FY2017	FY2018	FY2019	HY2019	HY2020
Result from operating activities	37,354	38,912	41,987	22,079	21,736
Adjustments:					
Impairments of property, plant and equipment	(436)	(135)	(190)	(150)	-
Underlying reported EBITDA	36,918	38,777	41,797	21,929	21,736

1.4 Reconciliation of Pro forma NPAT

Reconciliation of Pro forma NPAT					
NZ\$000	FY2017	FY2018	FY2019	HY2019	HY2020
Statutory net profit after tax			6,848	9,160	12,827
Pro forma adjustments:					
Offer costs			6,404	-	(201)
Other (income) expenses			(135)	(25)	327
Incremental listed company costs			(1,297)	(810)	(199)
Impairment of joint venture			852	809	-
Listed company capital structure			9,940	1,626	n/a
Tax impact of pro forma adjustments			(2,907)	(229)	(5)
Tax benefit of reinstatement of tax depreciation on buildings			-	-	(1,508)
Pro forma NPAT			19,706	10,531	11,241

1.5 Reconciliation of Pro forma net cash flows from operating activities

NZ\$000	FY2017	FY2018	FY2019	HY2019	HY2020
Statutory net cash flows from operating activities			29,336	11,340	13,426
Pro forma adjustments					
Offer costs			5,643	831	n/a
Incremental listed company costs			(1,393)	(714)	(199)
Listed company capital structure			2,882	1,777	n/a
Tax impact of pro forma adjustments			(2,907)	(236)	(5)
Pro forma net cash flows from operating activities			33,561	12,997	13,222