

# Napier Port Holdings Limited

## Supplemental selected financial information (unaudited)

The below supplemental financial information provides a summary of financial information for the third quarter (3Q2020) and nine months (9M2020) ended 30 June 2020 compared to corresponding periods in 2019 (3Q2019 and 9M2019) 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](http://www.business.govt.nz/disclose) (OFR126790)).

The historical financial information is extracted from Napier Port Holdings Limited's audited financial statements (FY2019) and unaudited financial statements (9M2020).

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 <sup>(1)</sup>

NZ\$000	FY2019	3Q2019	3Q2020	9M2019	9M2020
Financial period	12 months ending 30 Sept 19	3 months ending 30 Jun 19	3 months ending 30 Jun 20	9 months ending 30 Jun 19	9 months ending 30 Jun 20
<b>Financial performance:</b>					
Revenue <sup>(2)</sup>	99,616	28,966	24,269	77,624	76,553
Underlying reported EBITDA <sup>(3)</sup>	41,797	13,656	9,343	35,735	31,079
Pro forma EBITDA <sup>(4)</sup>	40,500	13,251	9,259	34,520	30,796
Net profit after tax	6,848	7,104	5,886	16,264	18,713
Pro forma net profit after tax <sup>(5)</sup>	19,706	7,542	4,249	18,073	15,490
<b>Balance sheet and cash flow items:</b>					
Dividends paid	53,957	6,043	-	10,000	5,000
Total assets	371,116	345,779	386,202	345,779	386,202
Cash and cash equivalents	31,224	1,050	17,955	1,050	17,955
Total liabilities	35,635	123,422	36,958	123,422	36,958
Total debt	-	80,000	-	80,000	-
Net cash flows from operating activities	29,336	11,839	9,580	23,179	23,006
Pro forma net cash flows from operating activities <sup>(6)</sup>	33,561	10,937	8,045	23,934	21,745

### 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 Napier Port Holdings Limited for FY2019 and unaudited financial statements for 9M2020. 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, the incremental costs of operating as a listed company 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 and the tax benefit associated with the reinstatement of tax depreciation on buildings. 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 for offer costs, the incremental costs of operating as a listed company, receipt of the Covid-19 wages subsidy, 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, including the receipt of the government's Covid-19 wage subsidy;
- (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.

## 1.2 Reconciliation of Pro forma EBITDA to Statutory NPAT

NZ\$000	FY2019	3Q2019	3Q2020	9M2019	9M2020
<b>Statutory net profit after tax</b>	<b>6,848</b>	<b>7,104</b>	<b>5,886</b>	<b>16,264</b>	<b>18,713</b>
add: Taxation expense	5,182	2,400	2,290	6,590	5,210
add: Net interest expense	10,437	1,007	(25)	3,033	(151)
add: Depreciation and amortisation	11,981	2,901	3,198	8,730	9,187
<b>EBITDA</b>	<b>34,448</b>	<b>13,412</b>	<b>11,349</b>	<b>34,617</b>	<b>32,959</b>
<b>Pro forma EBITDA adjustments:</b>					
Offer costs	6,404	-	-	-	(201)
Other (income) expenses	(135)	63	(2,006)	38	(1,679)
Share of loss of equity accounted investee	228	138	132	228	132
Impairment of joint venture	852	43	(132)	852	(132)
<b>Underlying reported EBITDA</b>	<b>41,797</b>	<b>13,656</b>	<b>9,343</b>	<b>35,735</b>	<b>31,079</b>
Incremental listed company costs (not yet incurred)	(1,297)	(405)	(84)	(1,215)	(283)
<b>Pro forma EBITDA</b>	<b>40,500</b>	<b>13,251</b>	<b>9,259</b>	<b>34,520</b>	<b>30,796</b>

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

NZ\$000	FY2019	3Q2019	3Q2020	9M2019	9M2020
<b>Result from operating activities</b>	<b>41,987</b>	<b>13,656</b>	<b>9,343</b>	<b>35,735</b>	<b>31,079</b>
<b>Adjustments:</b>					
Impairments of property, plant and equipment	(190)	-	-	-	-
<b>Underlying reported EBITDA</b>	<b>41,797</b>	<b>13,656</b>	<b>9,343</b>	<b>35,735</b>	<b>31,079</b>

### 1.4 Reconciliation of Pro forma NPAT

NZ\$000	FY2019	3Q2019	3Q2020	9M2019	9M2020
<b>Statutory net profit after tax</b>	<b>6,848</b>	<b>7,104</b>	<b>5,886</b>	<b>16,264</b>	<b>18,713</b>
<b>Pro forma adjustments:</b>					
Offer costs	6,404	-	-	-	(201)
Other (income) expenses	(135)	63	(2,006)	38	(1,679)
Incremental listed company costs	(1,297)	(405)	(84)	(1,215)	(283)
Impairment of joint venture	852	43	(132)	852	(132)
Listed company capital structure	9,940	896	n/a	2,522	n/a
Tax impact of pro forma adjustments	(2,907)	(159)	585	(388)	580
Tax benefit of reinstatement of tax depreciation on buildings	-	-	-	-	(1,508)
<b>Pro forma NPAT</b>	<b>19,706</b>	<b>7,542</b>	<b>4,249</b>	<b>18,073</b>	<b>15,490</b>

### 1.5 Reconciliation of Pro forma net cash flows from operating activities

NZ\$000	FY2019	3Q2019	3Q2020	9M2019	9M2020
<b>Statutory net cash flows from operating activities</b>	<b>29,336</b>	<b>11,839</b>	<b>9,580</b>	<b>23,179</b>	<b>23,006</b>
<b>Pro forma adjustments</b>					
Offer costs	5,643	(831)	-	-	478
Incremental listed company costs	(1,393)	(501)	(84)	(1,215)	(283)
Listed company capital structure	2,882	581	n/a	2,358	n/a
Covid-19 wage subsidy	-	-	(2,036)	-	(2,036)
Tax impact of pro forma adjustments	(2,907)	(152)	585	(388)	580
<b>Pro forma net cash flows from operating activities</b>	<b>33,561</b>	<b>10,937</b>	<b>8,045</b>	<b>23,934</b>	<b>21,745</b>