

Napier Port Holdings Limited

Supplemental Selected Financial Information (unaudited)

The below supplemental financial information provides a summary of 2020 financial results compared to prior periods and the 2020 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)). Actual FY2020 data has been prepared on a basis consistent with that described in PDS and Supplementary Financial Information except where stated.

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

Except where information is denoted as being extracted directly from historical audited financial statements, the supplemental selected financial information is unaudited.

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	FY2018	FY2019	FY2020	PDS FY2020F
Financial period	12 months ending 30 Sept 18	12 months ending 30 Sept 19	12 months ending 30 Sept 20	12 months ending 30 Sept 20
Financial performance:				
Revenue ⁽²⁾	91,749	99,616	100,427	102,533
Underlying reported EBITDA ⁽³⁾	38,777	41,797	41,166	40,880
Pro forma EBITDA ⁽⁴⁾	37,156	40,500	41,030	40,880
Net profit after tax	17,576	6,848	22,012	19,973
Pro forma net profit after tax ⁽⁵⁾		19,611	20,430	19,973
Balance sheet and cash flow items:				
Dividends paid	10,000	53,957	5,000	10,960
Total assets	331,959	371,116	385,379	409,473
Cash and cash equivalents	-	31,224	7,936	-
Total liabilities	119,547	35,635	39,134	66,528
Total debt	80,599	-	-	32,378
Net cash flows from operating activities	28,364	29,336	29,327	29,945
Pro forma net cash flows from operating activities ⁽⁶⁾		33,561	29,607	29,945

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 for FY2019 and FY2020 and the audited financial statements of Port of Napier for the FY2018 accounting periods. The prospective financial information for FY2020 (**PDS FY2020F**) is extracted from the Supplementary Financial Information for the Group (and not the financial statements of Napier Port Holdings nor Port of Napier). Some line items in the selected financial information include adjustments applied by Napier Port (denoted 'pro forma' or 'underlying'). 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. Additional adjustments applied in FY2020 are

described in the Description of Pro forma Adjustments in Section 1.1 below and shown in the Reconciliation of Pro forma EBITDA to Statutory NPAT in section 1.2 below.

5. Pro forma net profit after tax is a non-NZ GAAP measure. This measure reflects the pro forma adjustments reflected in pro forma EBITDA (except for the share of losses of 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 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 and overlays Napier Port's capital structure following completion of the IPO as if it had been in place since 1 October 2018. The pro forma net cash flows from operating activities has been adjusted to reflect the tax implications of the pro forma adjustments on the basis that cash taxes would be paid in the corresponding reporting period. A reconciliation to statutory net cash flows from operating activities is included in section 1.5 below.

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, to the extent they were included in the PDS information, their nature is 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. For the purposes of the reconciliation of pro forma net profit after tax, fair value movements are adjusted for as these are unrealised and non-core activity;
- (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;
- (vii) removal of the one-off deferred tax benefit relating to the reinstatement of tax depreciation on buildings; and
- (viii) removal of the impairment of existing infrastructure assets arising as a result of the 6 Wharf development. Certain existing seawall and paving assets are required to be removed in order for the new 6 Wharf development assets to be constructed. The impairment expense arising, recorded in the Income Statement, has been adjusted for given its unusual and non-recurring nature.

1.2 Reconciliation of Pro forma EBITDA to Statutory NPAT

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Statutory net profit after tax	17,576	6,848	22,012	19,973
add: Taxation expense	6,859	5,182	7,309	7,901
add: Net interest expense	4,107	10,437	(149)	(61)
add: Depreciation and amortisation	10,849	11,981	12,432	12,947
EBITDA	39,391	34,448	41,604	40,760
Pro forma EBITDA adjustments:				
Offer costs	-	6,404	(285)	-
Other (income) expenses	(709)	(135)	(784)	-
Share of loss of equity accounted investee	94	228	80	120
Impairment of joint venture	-	852	-	-
Impairment of infrastructure assets for 6 Wharf development	-	-	551	-
Underlying reported EBITDA	38,777	41,797	41,166	40,880
Incremental listed company costs (not yet incurred)	(1,620)	(1,297)	(136)	-
Pro forma EBITDA	37,156	40,500	41,030	40,880

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

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Result from operating activities	38,912	41,987	41,166	40,880
Adjustments:				
Impairments of property, plant and equipment	(135)	(190)	-	-
Underlying reported EBITDA	38,777	41,797	41,166	40,880

1.4 Reconciliation of Pro forma Net Profit After Tax

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Statutory net profit after tax		6,848	22,012	19,973
Pro forma adjustments:				
Offer costs		6,404	(285)	n/a
Other (income) expenses - fair value movements		(230)	(1,000)	-
Impairment of joint venture		852	-	-
Impairment of infrastructure assets for 6 Wharf development		-	551	-
Incremental listed company costs		(1,297)	(136)	n/a
Listed company capital structure		9,940	n/a	n/a
Tax impact of pro forma adjustments		(2,907)	(62)	n/a
Tax benefit of reinstatement of tax depreciation on buildings		-	(650)	-
Pro forma NPAT		19,611	20,430	19,973

1.5 Reconciliation of Pro forma Net Cash Flows from Operating Activities

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Statutory net cash flows from operating activities		29,336	29,327	29,945
Pro forma adjustments				
IPO transaction and related costs		5,643	478	n/a
Incremental listed company costs		(1,393)	(136)	n/a
Listed company capital structure		2,882	n/a	n/a
Tax impact of pro forma adjustments		(2,907)	(62)	n/a
Pro forma net cash flows from operating activities		33,561	29,607	29,945