



Nine Month Financial Statements

For the nine months ended 30 June 2024



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Napier Port Holdings Limited

Consolidated Income Statement

For the Nine Months Ended 30 June 2024	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
Revenue	5	107,124	92,708
Employee benefit expenses		34,138	32,986
Property and plant expenses		11,978	11,727
Other operating expenses		21,382	18,663
Operating expenses		67,498	63,376
Result from operating activities		39,626	29,333
Depreciation, amortisation and impairment expenses		12,788	12,119
Other (income) and expenses	6	(7,263)	(4,443)
Profit before finance costs and tax		34,101	21,657
Net finance costs	7	4,719	5,022
Profit before income tax		29,382	16,636
Income tax expense	8	10,295	3,752
Profit for the period attributable to the shareholders of the Company		19,087	12,883
Earnings Per Share:			
Basic earnings per share		0.10	0.06
Diluted earnings per share		0.10	0.06

The above income statement should be read in conjunction with the accompanying notes.

Napier Port Holdings Limited

Consolidated Statement of Comprehensive Income

For the Nine Months Ended 30 June 2024	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
Profit for the period attributable to the shareholders of the Company		19,087	12,883
Other comprehensive income			
<i>Items that will be reclassified to profit or loss:</i>			
Changes in fair value of cash flow hedges		(914)	947
Cash flow hedges transferred to profit or loss		(1,896)	(1,252)
Deferred tax on changes in fair value of cash flow hedges		787	85
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of sea defences	4	17,682	-
Deferred tax on revaluation of sea defences		(2,184)	-
Other comprehensive income for the period, net of tax		13,475	(220)
Total comprehensive income for the period attributable to the shareholders of the Company		32,562	12,663

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Napier Port Holdings Limited

Consolidated Statement of Changes In Equity

For the Nine Months Ended 30 June 2024	Notes	Share Capital \$'000	Revaluation Reserve \$'000	Hedging Reserve \$'000	Share-Based Payment Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 October 2023		246,150	97,519	5,077	766	46,668	396,180
Profit for the period		-	-	-	-	19,087	19,087
Other comprehensive income		-	15,498	(2,023)	-	-	13,475
Total comprehensive income for the period		-	15,498	(2,023)	-	19,087	32,562
Dividends		11	-	-	-	(13,030)	(13,019)
Fair share loans - employee repayments		36	-	-	-	-	36
Share-based payments		-	-	-	119	-	119
Fair share transfers		99	-	-	(99)	-	-
Acquisition of treasury shares		(441)	-	-	-	-	(441)
Long term investment plan vesting		231	-	-	(231)	-	-
Total transactions with owners in their capacity as owners		(64)	-	-	(211)	(13,030)	(13,305)
Total movement in equity		(64)	15,498	(2,023)	(211)	6,057	19,257
Balance at 30 June 2024 (Unaudited)		246,086	113,017	3,054	555	52,725	415,437

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Napier Port Holdings Limited

Consolidated Statement of Changes In Equity (Continued)

For the Nine Months Ended 30 June 2024	Notes	Share Capital \$'000	Revaluation Reserve \$'000	Hedging Reserve \$'000	Share-Based Payment Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 October 2022		246,209	97,519	4,642	729	42,878	391,977
Profit for the period		-	-	-	-	12,883	12,883
Other comprehensive income		-	-	(220)	-	-	(220)
Total comprehensive income for the period		-	-	(220)	-	12,883	12,663
Dividends		22	-	-	-	(12,761)	(12,739)
Fair share loans - employee repayments		88	-	-	-	-	88
Share-based payments		-	-	-	149	-	149
Acquisition of treasury shares		(353)	-	-	-	-	(353)
Long term incentive plan vesting		175	-	-	(175)	-	-
Total transactions with owners in their capacity as owners		(68)	-	-	(26)	(12,761)	(12,855)
Total movement in equity		(68)	-	(220)	(26)	122	(192)
Balance at 30 June 2023 (Unaudited)		246,141	97,519	4,422	703	43,000	391,785

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Napier Port Holdings Limited

Consolidated Statement of Financial Position

As at 30 June 2024	Notes	30 June 2024 Unaudited \$'000	30 September 2023 Audited \$'000
EQUITY			
Share capital		246,086	246,150
Reserves		116,626	103,362
Retained earnings		52,725	46,668
		415,437	396,180
NON-CURRENT LIABILITIES			
Loans and borrowings	9	105,737	125,027
Deferred tax liability		25,568	22,797
Lease liabilities		-	2
Derivative financial instruments		313	2,791
Provision for employee entitlements		593	524
		132,211	151,141
CURRENT LIABILITIES			
Taxation payable		6,922	1,845
Lease liabilities		40	196
Derivative financial instruments		1,182	1,260
Trade and other payables		16,307	14,149
		24,451	17,450
		572,099	564,771

As at 30 June 2024	Notes	30 June 2024 Unaudited \$'000	30 September 2023 Audited \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	533,219	519,825
Intangible assets		661	700
Investment properties		13,630	13,501
Derivative financial instruments		2,029	4,505
Investment in joint venture		250	250
		549,789	538,781
CURRENT ASSETS			
Cash and cash equivalents		4,596	1,104
Derivative financial instruments		2,212	2,546
Trade and other receivables		14,008	18,485
Cyclone Gabrielle insurance receivable	4	1,494	3,855
		22,310	25,990
		572,099	564,771

On behalf of the Board of Directors, who authorised the issue of these financial statements on the 13 August 2024.

Chairman 

Director 

Napier Port Holdings Limited

Consolidated Statement of Cash Flows

For the Nine Months Ended 30 June 2024	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers		115,634	91,223
GST received		386	23
<i>Cash was applied to:</i>			
Payments to suppliers and employees		(59,871)	(55,466)
Income taxes paid		(3,843)	(2,827)
Net cash flows generated from operating activities		52,306	32,953
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from disposal of property, plant and equipment		24	4
<i>Cash was applied to:</i>			
Investment in joint venture		-	(250)
Acquisition of property, plant and equipment and intangible assets		(8,626)	(11,002)
Net cash flows used in investing activities		(8,602)	(11,248)

For the Nine Months Ended 30 June 2024	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Repayment of fair share loans by employees		47	110
<i>Cash was applied to:</i>			
Repayment of bank loans and borrowings		(22,000)	(2,005)
Acquisition of treasury shares		(441)	(353)
Dividends paid		(13,030)	(12,761)
Repayment of lease liabilities		(158)	(149)
Finance costs paid		(4,630)	(5,207)
Net cash flows used in financing activities		(40,212)	(20,365)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		1,104	1,942
Cash and cash equivalents at end of the period		4,596	3,282

The above statement of cash flows should be read in conjunction with the accompanying notes.

Reconciliation of profit for the period to cash flows from operating activities

For the Nine Months Ended 30 June 2024	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
Profit for the period		19,087	12,883
Adjust for non-cash items:			
Fair value gains on investment property		(129)	(1,225)
Depreciation and amortisation		12,158	12,119
Impairment of assets		631	-
Net loss on disposal of property, plant and equipment		2	17
Share-based payments		119	149
Other non-cash items		-	(28)
Deferred tax		1,374	(311)
		14,155	10,721
Other adjustments:			
Finance costs classified as financing activities		4,719	5,022
Increase in current taxation payable		5,077	1,225
Increase in non-current provision		69	77
		9,865	6,324

For the Nine Months Ended 30 June 2024	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
Movements in working capital:			
Decrease in trade and other receivables		4,454	2,040
Decrease in Cyclone Gabrielle insurance receivable		2,361	-
Increase in trade and other payables		2,384	985
		9,199	3,025
Net cash flows generated from operating activities		52,306	32,953

The above statement of cash flows should be read in conjunction with the accompanying notes.

Napier Port Holdings Limited

Notes To The Consolidated Financial Statements

For the nine months ended 30 June 2024

1. Reporting Entity

The interim financial statements presented are those of Napier Port Holdings Limited and its subsidiaries (together 'the Group'). Napier Port Holdings Limited is incorporated under the Companies Act 1993 and domiciled in New Zealand. Napier Port Holdings Limited's shares are publicly traded on the New Zealand Stock Exchange (NZX) and has bonds quoted on the NZX Debt Market (NZDX).

2. Basis of Preparation

The financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013.

Statement of Compliance

The interim financial statements have been prepared in accordance with New Zealand equivalents to International Accounting Standard 34, Interim Financial Reporting (NZ IAS 34), and International Accounting Standard 34, Interim Financial Reporting. The Group is a for-profit entity for NZ GAAP purposes. These interim financial statements do not include all the information normally included in an annual financial report. Accordingly, these should be read in conjunction with the Group's annual financial statements for the year ended 30 September 2023.

Basis of Measurement

The interim financial statements have been prepared on a historical cost basis, except for sea defences, investment properties and derivative financial instruments, which are measured at fair value. They are presented in New Zealand Dollars (NZD) and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated.

Reclassification of costs

Certain costs incurred by the Group have been reclassified in the prior period to provide comparable information to the current period. As a result, container services revenue has increased by \$2.7 million, property and plant expenses has decreased by \$0.4 million, and other operating expenses has increased by \$3.1 million for the nine months ended 30 June 2023. There is no change to the reported result from operating activities for that period.

3. Summary of Material Accounting Policy Information

The accounting policies adopted are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended 30 September 2023.

4. Uncertainties, Estimates and Judgements

The preparation of the financial statements in conformity with NZ IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Cyclone Gabrielle and insurance matters

During February 2023, Cyclone Gabrielle struck New Zealand causing widespread damage and disruption to the Hawke's Bay region and its infrastructure. Whilst Napier Port did not experience significant property damage, many cargo customers of the Group have experienced damage and reduced output, which impacts the

Group's trading. The economic consequences of this event is continuing to negatively impact the Group's trading results.

The Group had an insurance policy in place at the time of the cyclone that its lead insurer has confirmed, in principle, will respond to the material damage and business interruption losses of the Group arising from Cyclone Gabrielle, subject to the terms and limitations of the insurance policy. The Group submits claims to its insurers as and when it determines its recoverable losses. Under the Group's insurance policy, the relevant business interruption indemnity period is 18 months following the loss event. The Group's claims are subject to review and adjustment by the Group's insurers.

The Group's accounting policy is to recognise insurance recovery income when it is virtually certain insurance proceeds will be received and the amount receivable can be reliably estimated.

In relation to the Group's progress insurance claims for business interruption losses sustained since the cyclone event, for the nine months ended 30 June 2024 the Group has recognised total insurance recovery income of \$7,243,000 (30 June 2023: \$3,500,000) within Other Income and Expenses in the Consolidated Income Statement. As at 30 June 2024, \$1,494,000 (30 June 2023: \$3,500,000) was receivable and recorded within the Consolidated Statement of Financial Position.

Valuation of sea defences

Sea defences were revalued to fair value as at 31 March 2024 by AECOM New Zealand Ltd. The valuation was prepared on an optimised depreciated replacement cost basis and in accordance with the NZ Infrastructure Asset Valuation and Depreciation Guidelines published by the NAMS group of IPWEA. The revaluation has increased the carrying amount of sea defences by \$16.8 million, resulting in a net book value for sea defences of \$157.3 million as at 31 March 2024.

The valuation of sea defences is subject to assumptions and judgements which materially affect the resulting valuation. Such factors include replacement quantities and unit values (including breakwater replacement costs of \$104,000 to \$166,000 per square metre and seawall replacement costs (per square metre) of \$18,000 for demolition, \$30,000 for rock, and \$81,000 for rock revetment). Other factors include the condition and performance of assets, estimated total and remaining effective lives of 70 to 131 years and 70 to 93 years, respectively, and estimated residual values of 20% of replacement cost. Other inputs incorporated into the valuation process include an allowance for project on-costs of 5-6%. An increase in the remaining useful life, the residual value assumption, or in replacement quantities and unit values for sea defence assets will result in an increase in the valuation and vice versa.

5. Revenue And Segment Reporting

	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
Disaggregation of revenue		
Container services	57,918	54,648
Bulk cargo	37,331	29,967
Cruise	9,065	5,321
Sundry income	416	857
Port operations	104,730	90,793
Property operations	2,394	1,915
Operating income	107,124	92,708

Accounting Policies:

Port Operations

Port operations represents a series of services including marine, berthage and port infrastructure services to the Group's customers which are accounted for as a single performance obligation. Revenue is recognised over-time using the percentage of completion method.

Revenue is measured based on the service price specified in the relevant tariffs or specific customer contract. The contract price for the services performed reflects the value transferred to the customer.

Property Operations

Property lease income is recognised on a straight-line basis over the period of the lease term.

Operating Segments

The Group determines its operating segments based on internal information that is regularly reported to the Chief Executive, who is the Group's Chief Operating Decision Maker (CODM).

The Group operates in one reportable segment being Port Services. This consists of providing and managing port services and cargo handling infrastructure through Napier Port. Within the Port Services reportable segment the following operating segments have been identified: marine services, general cargo services, container services, port pack services and depot services. These have been aggregated on the basis of similarities in economic characteristics, customers, nature of services and risks.

The Group operates in one geographic area, that being New Zealand. During the period the Group had two customers which comprised 26% total revenue (June 2023: 26%).

6. Other income and expenses

	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
Asset retirement costs		5	18
(Gain)/loss on sale of property, plant & equipment		(23)	(4)
Cyclone Gabrielle costs incurred		127	268
Cyclone Gabrielle insurance income	4	(7,243)	(3,500)
Fair value gain on investment property		(129)	(1,225)
Other (income) and expenses		(7,263)	(4,443)

7. Net Finance Costs

	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
Interest income		(49)	(111)
Finance income		(49)	(111)
Interest and finance charges on borrowings		5,936	6,193
(Gain)/loss realised on cash flow hedges transferred from other comprehensive income		(1,896)	(1,215)
(Gain)/loss realised on fair value hedges		811	205
Unrealised change in fair value of fair value hedges		(2,556)	357
Unrealised change in fair value of loans and borrowings subject to fair value hedges		2,556	(357)
Lease imputed interest		5	14
Less: Interest capitalised to property, plant & equipment		(88)	(64)
Finance expenses		4,768	5,133
Net finance costs		4,719	5,022

8. Income Tax Expense

	Notes	30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
Reconciliation between income tax expense and tax expense calculated at the statutory income tax rate:			
Profit before income tax		29,382	16,635
Income tax at 28%		8,226	4,658
Adjustment to prior year tax		(28)	(648)
Tax effect of non-deductible items		107	107
Tax effect of non-assessable items		(37)	(365)
Removal of tax depreciation on commercial buildings		2,027	-
Income tax expense		10,295	3,752
The income tax expense is represented by:			
Current tax on profit for the period		8,978	4,087
Adjustments to current tax related to prior periods		(56)	(24)
Current income tax expense		8,922	4,063
Deferred income tax expense for the period		1,345	313
Adjustments to deferred tax related to prior periods		28	(624)
Deferred income tax expense		1,373	(311)
Income tax expense		10,295	3,752

During the period, the Taxation (Annual Rates for 2023-24, Multinational Tax and Remedial Matters) Bill was enacted which removed tax depreciation on commercial buildings that have an estimated useful life of 50 years or more from 2024. This change resulted in an increase in deferred tax liability and income tax expense of \$2.03 million.

9. Loans and borrowings

30 June 2024	Drawn Facilities/ Bonds Issued \$'000	Carrying Value \$'000
Non-current		
Bank facilities	8,000	8,000
Fixed rate NZD Bonds	100,000	97,737
Total non-current	108,000	105,737
30 September 2023		
Non-current		
Bank facilities	30,000	30,000
Fixed rate NZD Bonds	100,000	95,027
Total non-current	130,000	125,027

10. Related party transactions

Transactions with owners		30 June 2024 Unaudited \$'000	30 June 2023 Unaudited \$'000
RELATED PARTY	NATURE OF TRANSACTIONS	VALUE OF TRANSACTIONS	
	Rates, levies, consents and services	443	325
<i>Hawke's Bay Regional Council</i>	Cost recoveries	(93)	(89)
	Lease income	(36)	(18)
	Payable by the Group	(427)	(360)
<i>Hawke's Bay Regional Investment Company</i>	Dividends	7,205	7,040
	Cost recoveries	(37)	(179)

11. Commitments And Contingencies

Capital Expenditure Commitments

At balance date there were commitments in respect of contracts for capital expenditure totalling \$2.9 million (30 September 2023 \$1.4 million).

Directory

Directors

Blair O’Keeffe (Chair)

Stephen Moir

John Harvey

Vincent Tremaine

Kylie Clegg

Dan Druzianic

Debbie Birch

Senior Management Team

Todd Dawson – **Chief Executive**

Kristen Lie – **Chief Financial Officer**

Adam Harvey – **Chief Operating Officer**

David Kriel – **General Manager Commercial**

Jo-Ann Young – **Corporate Affairs Manager**

David Broad – **General Manager Assets and Infrastructure**

Chris Wylie – **General Manager Port Optimisation**

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Solicitors

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Auditors

Ernst & Young
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On behalf of the Auditor-General

Share Registry

For enquiries about share transactions, dividend payments, or to change your address, please get in touch with:

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Copies of the latest annual report are available at:
napierport.co.nz

Financial Calendar

30 September 2024 - **Financial year end**

November 2024 - **Annual results announcement**

19 December 2024 - **Annual meeting**

31 March 2025 - **2025 half year balance date**

May 2025 - **2025 half year results announced**

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NAPIER^o
PORT
Te Herenga Waka o Ahuriri