



NAPIER^o
PORT
Te Herenga Waka o Ahuriri

NINE MONTH FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 JUNE 2023

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NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30 JUNE 2023

	Notes	30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
Revenue	6	89,980	85,133
Employee benefit expenses		32,986	30,027
Property and plant expenses		12,125	11,310
Other operating expenses		15,536	14,039
Operating expenses		60,647	55,376
Result from operating activities		29,333	29,757
Depreciation, amortisation and impairment expenses		12,119	9,886
Other (income) and expenses	7	(4,443)	(1,784)
Profit before finance costs and tax		21,657	21,655
Net finance costs	8	5,022	38
Profit before income tax		16,635	21,617
Income tax expense	9	3,752	5,623
Profit for the period attributable to the shareholders of the Company		12,883	15,994

EARNINGS PER SHARE:

Basic earnings per share	0.06	0.08
Diluted earnings per share	0.06	0.08

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 2023

	30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
Profit for the period attributable to the shareholders of the Company	12,883	15,994
Other comprehensive income		
<i>Items that will be reclassified to profit or loss:</i>		
Changes in fair value of cash flow hedges	947	4,268
Cash flow hedges transferred to profit or loss	(1,252)	(123)
Deferred tax on changes in fair value of cash flow hedges	85	(1,161)
<i>Items that will not be reclassified to profit or loss:</i>		
Changes in fair value of cash flow hedges	-	(78)
Deferred tax on changes in fair value of cash flow hedges	-	22
Revaluation of sea defences	-	29,988
Deferred tax on revaluation of sea defences	-	(1,856)
Other comprehensive income for the period, net of tax	(220)	31,060
Total comprehensive income for the period attributable to the shareholders of the Company	12,663	47,054

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 2023

	Share Capital	Revaluation Reserve	Hedging Reserve	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$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)
Share-based payments	-	-	-	149	-	149
Acquisition of treasury shares	(353)	-	-	-	-	(353)
Settlement of long term incentive plan shares	175	-	-	(175)	-	-
Fair share loans - employee repayments	88	-	-	-	-	88
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

	Share Capital	Revaluation Reserve	Hedging Reserve	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 October 2021	245,850	70,308	714	525	37,450	354,847
Profit for the period	-	-	-	-	15,994	15,994
Other comprehensive income	-	28,132	2,928	-	-	31,060
Total comprehensive income for the period	-	28,132	2,928	-	15,994	47,054
Dividends	28	-	-	-	(14,931)	(14,903)
Share-based payments	-	-	-	155	-	155
Transfers from treasury stock - employee recognition scheme	249	-	-	-	-	249
Fair share loans - employee repayments	63	-	-	-	-	63
Total transactions with owners in their capacity as owners	340	-	-	155	(14,931)	(14,436)
Total movement in equity	340	28,132	2,928	155	1,063	32,618
Balance at 30 June 2022 (Unaudited)	246,190	98,440	3,642	680	38,513	387,465

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 2023

	30 June 2023 Unaudited \$000	30 Sept 2022 Audited \$000
EQUITY		
Share capital	246,141	246,209
Reserves	102,644	102,890
Retained earnings	43,000	42,878
	391,785	391,977
NON-CURRENT LIABILITIES		
Loans and borrowings	128,946	131,180
Deferred tax liability	22,167	22,552
Lease liabilities	40	197
Derivative financial instruments	948	1,405
Provision for employee entitlements	567	490
	152,668	155,824
CURRENT LIABILITIES		
Taxation payable	486	-
Lease liabilities	209	200
Derivative financial instruments	1,132	319
Trade and other payables	14,020	14,394
	15,847	14,913
	560,300	562,714
NON-CURRENT ASSETS		
Property, plant and equipment	521,347	523,248
Intangible assets	834	1,191
Derivative financial instruments	3,613	4,791
Investment in joint venture	250	-
Investment properties	13,501	12,200
	539,545	541,430
CURRENT ASSETS		
Cash and cash equivalents	3,282	1,942
Derivative financial instruments	2,529	1,619
Taxation receivable	-	739
Trade and other receivables	14,944	16,984
	20,755	21,284
	560,300	562,714

On behalf of the Board of Directors, who authorised the issue of the financial statements on 15 August 2023.



Chair



Director

The above statement of financial position should be read in conjunction with the accompanying notes.

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 JUNE 2023

	30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Receipts from customers	91,223	82,175
Net GST received	23	1,550
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(55,466)	(50,091)
Income taxes paid	(2,827)	(8,526)
Net cash flows generated from operating activities	32,953	25,108
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Cash was provided from:</i>		
Proceeds from sale of property, plant and equipment	4	143
<i>Cash was applied to:</i>		
Investment in joint venture	(250)	-
Acquisition of property, plant and equipment and intangible assets	(11,002)	(61,494)
Net cash flows used in investing activities	(11,248)	(61,351)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Proceeds from loans and borrowings	-	52,000
Repayment of fair share loans by employees	110	91
<i>Cash was applied to:</i>		
Repayment of lease liabilities	(149)	(165)
Repayments of loans and borrowings	(2,005)	-
Net finance costs paid	(5,207)	(32)
Purchase of treasury stock	(353)	-
Dividends paid	(12,761)	(14,931)
Net cash flows generated from financing activities	(20,365)	36,963
Net increase in cash and cash equivalents	1,340	720
Cash and cash equivalents at beginning of the period	1,942	1,403
Effect of exchange rate changes on foreign currency balances	-	(79)
Cash and cash equivalents at end of the period	3,282	2,044

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED 30 JUNE 2023

	30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
Reconciliation of profit for the period to cash flows from operating activities		
Profit for the period	12,883	15,994
<i>Adjust for non-cash items:</i>		
Fair value gain on investment property	(1,225)	(1,800)
Depreciation, amortisation and impairment of assets	12,119	9,886
Net (gain)/ loss on disposal of property, plant and equipment	17	15
Share-based payments	149	155
Other non-cash items	(28)	1
Deferred tax	(311)	369
	10,721	8,626
<i>Other adjustments:</i>		
Finance costs classified as financing activities	5,022	32
(Decrease)/ increase in current tax receivable	1,225	(3,000)
Increase in non-current provision	77	28
	6,324	(2,940)
<i>Movements in working capital:</i>		
Decrease/ (increase) in trade and other receivables	2,040	(1,889)
Increase in trade and other payables	985	5,317
	3,025	3,428
Net cash flows generated from operating activities	32,953	25,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 JUNE 2023

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

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 2022.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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 2022.

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.

5. THE EFFECTS OF 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 Napier Port have experienced damage and reduced output, which impacts Napier Port's trading. The economic consequences of this event is negatively impacting and increases uncertainty regarding the Group's future 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 expects to submit claims to its insurers as and when it determines its recoverable losses. Under the Group's 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 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.

The Group has received, subsequent to the balance sheet date, written confirmation from its insurers regarding an interim non-specific partial payment to be paid of \$3.5m relating to the Group's progress insurance claim for business interruption losses sustained since the cyclone event. This sum has been recorded within Other Income and Expenses (note 7) in the Consolidated Income Statement for the nine-months ended 30 June 2023 and within Trade and Other Receivables within the Consolidated Statement of Financial Position as at 30 June 2023.

6. REVENUE AND SEGMENT REPORTING

	30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
Disaggregation of revenue		
Container services	51,920	52,464
Bulk cargo	29,967	30,581
Cruise	5,321	12
Sundry income	857	253
Port operations	88,065	83,310
Property operations	1,915	1,823
Operating income	89,980	85,133

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

Investment 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 external customers which comprise 26% of total revenue (2022: 16% - reflecting one customer).

7. OTHER INCOME AND EXPENSES

	30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
Asset retirement costs	18	-
(Gain)/loss on sale of property, plant & equipment	(4)	16
Cyclone Gabrielle costs incurred	268	-
Cyclone Gabrielle insurance income	5 (3,500)	-
Fair value gain on investment property	(1,225)	(1,800)
Other (income) and expenses	(4,443)	(1,784)

8. NET FINANCE COSTS

	30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
Interest income	(111)	(7)
Finance income	(111)	(7)
Interest and finance charges on borrowings	6,193	3,898
(Gain)/loss realised on cashflow hedges transferred from other comprehensive income	(1,215)	123
(Gain)/loss realised on fair value hedges	205	-
Change in fair value of fair value hedges	357	-
Change in fair value of loans and borrowings subject to fair value hedges	(357)	-
Lease imputed interest	14	20
Less: Interest capitalised to property, plant & equipment	(64)	(3,996)
Finance expenses	5,133	45
Net finance costs	5,022	38

9. INCOME TAX

	30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
Reconciliation between income tax expense and tax expense calculated at the statutory income tax rate		
Profit before income tax	16,635	21,617
Income tax at 28%	4,658	6,053
Adjustment to prior year tax	(648)	1
Tax effect of non-deductible items	107	73
Tax effect of non-assessable items	(365)	(504)
Income tax expense	3,752	5,623
The income tax expense is represented by:		
Current income tax expense for the period	4,087	4,827
Adjustment for current tax of prior periods	(24)	427
Current income tax expense	4,063	5,254
Deferred income tax expense for the period	313	795
Adjustment for deferred tax of prior periods	(624)	(426)
Deferred income tax (credit)/ expense	(311)	369
Income tax expense	3,752	5,623

10. RELATED PARTY TRANSACTIONS AND BALANCES

		30 June 2023 Unaudited \$000	30 June 2022 Unaudited \$000
Related Party			
Hawke's Bay Regional Council	Rates, levies, consents and services	7	10
	Council services	318	238
	Cost recoveries	(89)	(8)
	Lease income	(18)	(16)
	Accounts payable	360	238
Hawke's Bay Regional Investment Company	Dividends	7,040	8,250
	Cost recoveries	(179)	(53)
Longburn Intermodal Freight Hub	Sale of plant	-	120

11. COMMITMENTS & CONTINGENCIES

CAPITAL EXPENDITURE COMMITMENTS

At balance date there were commitments in respect of contracts for capital expenditure totalling \$1.4 million (30 September 2022: \$0.8 million).

CONTINGENT LIABILITIES

There were no material contingent liabilities at balance date.

12. EVENTS SUBSEQUENT TO BALANCE DATE

There were no material events subsequent to balance date.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of Napier Port Holdings Limited's interim financial statements
for the nine months ended 30 June 2023

The Auditor-General is the auditor of Napier Port Holding's Limited (the "Company") and its subsidiaries (together the "Group"). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the review of the interim financial statements of the Group on his behalf.

CONCLUSION

We have reviewed the interim financial statements of the Group on pages 1 to 10, which comprise the consolidated statement of financial position as at 30 June 2023 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended on that date, and the notes, including a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2023, and its financial performance and cash flows for the nine months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

BASIS FOR CONCLUSION

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Group.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The Directors are responsible, on behalf of the Group, for the preparation and fair presentation of these interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the publication of the interim financial statements, whether in printed or electronic form.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.



STUART MUTCH

Partner

Ernst & Young

On behalf of the Auditor-General

Wellington, New Zealand

15 August 2023

DIRECTORY

DIRECTORS

Blair O’Keeffe (Chair)
Stephen Moir
Diana Puketapu
John Harvey
Vincent Tremaine
Kylie Clegg
Dan Druzianic

SENIOR MANAGEMENT TEAM

Todd Dawson – Chief Executive
Kristen Lie – Chief Financial Officer
David Kriel – General Manager Commercial
Viv Bull – General Manager People and Culture
Adam Harvey – Chief Operating Officer
Andrea Manley – General Manager Strategy and Supply Chain
David Broad – General Manager Assets and Infrastructure
Jo-Ann Young – Corporate Affairs Manager

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Ernst & Young
PO Box 490
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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 annual report are available at:
napierport.co.nz

FINANCIAL CALENDAR

30 September 2023	Financial year end
November 2023	Annual results announcement
15 December 2023	Annual meeting
31 March 2024	2024 half year balance date
May 2024	2024 half year results announcement
August 2024	2024 third quarter results announcement

