

# **Tourism Holdings Limited**

## Interim consolidated financial statements for the six months ended 31 December 2021

For and on behalf of the Board:

**Rob Campbell**



Chair of the Board

**Rob Hamilton**



Chair of the Audit Committee

25th February 2022

# Consolidated income statement

## For the six months ended 31 December 2021 (Unaudited)

|  | Notes | Unaudited<br>6 months to<br>Dec 2021<br>\$000's | Unaudited<br>6 months to<br>Dec 2020<br>\$000's | Audited<br>12 months to<br>Jun 2021<br>\$000's |
|--|-------|---|---|--|
| Sales of services  |       | 50,301  | 68,831  | 130,033  |
| Sales of goods   |       | 124,573   | 136,997   | 229,140  |
| <b>Total revenue</b>   |       | <b>174,874</b>                                  | <b>205,828</b>                                  | <b>359,173</b>                                 |
| Cost of sales  |       | (84,910)  | (116,890)                                       | (186,033)                                      |
| <b>Gross profit</b>  |       | <b>89,964</b>                                   | <b>88,938</b>                                   | <b>173,140</b>                                 |
| Administration expenses  |       | (22,931)  | (18,030)  | (37,861)                                       |
| Operating expenses   |       | (69,219)  | (75,659)  | (150,000)                                      |
| Other income   | 2     | 1,058   | 6,582   | 6,460  |
| <b>Operating (loss)/profit before financing costs*</b>   |       | <b>(1,128)</b>                                  | <b>1,831</b>                                    | <b>(8,261)</b>                                 |
| Finance income   |       | 4   | 18  | 41   |
| Finance expenses   |       | (4,947)   | (5,732)   | (10,888)                                       |
| <b>Net finance costs</b>   |       | <b>(4,943)</b>                                  | <b>(5,714)</b>                                  | <b>(10,847)</b>                                |
| Share of profit from associates  | 8     | 1,171   | 750   | 718  |
| Share of profit from joint ventures  |       | -   | 210   | 18   |
| <b>Loss before tax</b>   |       | <b>(4,900)</b>                                  | <b>(2,923)</b>                                  | <b>(18,372)</b>                                |
| Income tax benefit   | 3     | 536   | 1,155   | 3,858  |
| <b>Loss for the period</b>   |       | <b>(4,364)</b>                                  | <b>(1,768)</b>                                  | <b>(14,514)</b>                                |
| <b>Loss for the period is attributable to:</b>   |       |   |   |  |
| Equity holders of the Company  |       | (4,044)   | (1,433)   | (13,675)                                       |
| Non-controlling interest   |       | (320)   | (335)   | (839)  |
|  |       | <b>(4,364)</b>                                  | <b>(1,768)</b>                                  | <b>(14,514)</b>                                |
| Earnings per share from profit attributable to the equity holders of the Company during the period |       |   |   |  |
| Basic loss per share (in cents)  |       | (2.7)   | (1.0)   | (9.2)  |
| Diluted loss per share (in cents)  |       | (2.7)   | (1.0)   | (9.1)  |

\* The consolidated income statement includes one non-GAAP measure (that is, operating profit before financing costs or "EBIT") which is not a defined term in New Zealand International Financial Reporting Standards (NZ IFRS). The Directors and management believe that this non-GAAP financial measure provides useful information to assist readers in understanding the Group's financial performance. This measure should not be viewed in isolation and is intended to supplement the NZ GAAP measures, therefore may not be comparable to similarly titled amounts reported by other companies.

*The accompanying notes form part of, and should be read in conjunction with, these financial statements.*

# Consolidated statement of comprehensive income

## For the six months ended 31 December 2021 (Unaudited)

|  | Notes | Unaudited<br>6 months to<br>Dec 2021<br>\$000's | Unaudited<br>6 months to<br>Dec 2020<br>\$000's | Audited<br>12 months to<br>Jun 2021<br>\$000's |
|--|-------|---|---|--|
| <b>Loss for the period</b>   |       | <b>(4,364)</b>                                  | <b>(1,768)</b>                                  | <b>(14,514)</b>                                |
| <b>Other comprehensive income</b>  |       |   |   |  |
| <i>Items that may be reclassified subsequently to profit or loss</i>                         |       |   |   |  |
| Foreign currency translation reserve movement (net of tax)                                   | 14    | 1,933   | (12,581)  | (8,929)  |
| Cash flow hedge reserve movement (net of tax)  |       | 1,592   | 1,699   | 3,078  |
| <b>Other comprehensive income/(loss) for the period net of tax</b>                           |       | <b>3,525</b>                                    | <b>(10,882)</b>                                 | <b>(5,851)</b>                                 |
| <b>Total comprehensive loss for the period attributable to equity holders of the Company</b> |       | <b>(839)</b>                                    | <b>(12,650)</b>                                 | <b>(20,365)</b>                                |
| <b>Total comprehensive loss for the period is attributable to:</b>                           |       |   |   |  |
| Equity holders of the Company  |       | (530)   | (12,315)  | (19,526)                                       |
| Non-controlling interests  |       | (309)   | (335)   | (839)  |
| <b>Total comprehensive loss for the period</b>   |       | <b>(839)</b>                                    | <b>(12,650)</b>                                 | <b>(20,365)</b>                                |

*The accompanying notes form part of, and should be read in conjunction with, these financial statements.*

# Consolidated statement of changes in equity

For the six months ended 31 December 2021 (Unaudited)

|  | Share capital<br>\$000's | Retained earnings<br>\$000's | Cash flow<br>hedge<br>reserve<br>\$000's | Other<br>reserves<br>\$000's | Non-<br>controlling<br>interests<br>\$000's | Total<br>equity<br>\$000's |
|--|--------------------------|------------------------------|--|------------------------------|---|----------------------------|
| <b>Notes</b>   |                          |                              |  |                              |   |                            |
| <b>Opening balance as at 1 July 2021</b>                   | <b>277,792</b>           | <b>42,313</b>                | <b>(3,617)</b>                           | <b>(1,030)</b>               | <b>(2,859)</b>                              | <b>312,599</b>             |
| <b>Comprehensive income/(loss)</b>                         |                          |                              |  |                              |   |                            |
| Net loss for the six months ended 31 December 2021         | -                        | (4,044)                      | -  | -                            | (320)                                       | (4,364)                    |
| <b>Other comprehensive income</b>                          |                          |                              |  |                              |   |                            |
| Cash flow hedge reserve movement (net of tax)              | -                        | -                            | 1,592                                    | -                            | -   | 1,592                      |
| Foreign currency translation reserve movement (net of tax) | 14                       | (6)                          | -  | 1,928                        | 11  | 1,933                      |
| <b>Total comprehensive income/(loss)</b>                   | <b>-</b>                 | <b>(4,050)</b>               | <b>1,592</b>                             | <b>1,928</b>                 | <b>(309)</b>                                | <b>(839)</b>               |
| Issue of ordinary shares (net of issue costs)              | 9                        | -                            | -  | -                            | -   | 113                        |
| Transfer from employee share scheme reserve                |                          | 134                          | -  | (994)                        | -   | 162                        |
| Employee share scheme reserve                              |                          | -                            | -  | 1,394                        | -   | 1,394                      |
| <b>Total transactions with owners</b>                      | <b>1,135</b>             | <b>134</b>                   | <b>-</b>                                 | <b>400</b>                   | <b>-</b>                                    | <b>1,669</b>               |
| <b>Closing balance as at 31 December 2021</b>              | <b>278,927</b>           | <b>38,397</b>                | <b>(2,025)</b>                           | <b>1,298</b>                 | <b>(3,168)</b>                              | <b>313,429</b>             |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

## Consolidated statement of changes in equity (continued)

For the six months ended 31 December 2020 (Unaudited)

|   | Share capital<br>\$000's | Retained earnings<br>\$000's | Cash flow<br>hedge<br>reserve<br>\$000's | Other<br>reserves<br>\$000's | Non-<br>controlling<br>interests<br>\$000's | Total<br>equity<br>\$000's |
|---|--------------------------|------------------------------|--|------------------------------|---|----------------------------|
| <b>Notes</b>  |                          |                              |  |                              |   |                            |
| <b>Opening balance as at 1 July 2020</b>                    | <b>269,988</b>           | <b>55,815</b>                | <b>(6,695)</b>                           | <b>5,991</b>                 | <b>-</b>                                    | <b>325,099</b>             |
| <b>Comprehensive income</b>                                 |                          |                              |  |                              |   |                            |
| Net loss for the six months ended 31 December 2020          | -                        | (1,433)                      | -  | -                            | (335)                                       | (1,768)                    |
| <b>Other comprehensive income/(loss)</b>                    |                          |                              |  |                              |   |                            |
| Cash flow hedge reserve movement (net of tax)               | -                        | -                            | 1,699                                    | -                            | -   | 1,699                      |
| Foreign currency translation reserve movement (net of tax)  | 14                       | -                            | -  | (12,581)                     | -   | (12,581)                   |
| <b>Total comprehensive income/(loss)</b>                    | <b>-</b>                 | <b>(1,433)</b>               | <b>1,699</b>                             | <b>(12,581)</b>              | <b>(335)</b>                                | <b>(12,650)</b>            |
| <b>Transactions with owners</b>                             |                          |                              |  |                              |   |                            |
| Issue of ordinary shares (net of issue costs)               | 9                        | 78                           | -  | -                            | -   | 78                         |
| Non-controlling interests arising on a business combination | -                        | -                            | -  | -                            | (2,020)                                     | (2,020)                    |
| Transfer from employee share scheme reserve                 | -                        | 147                          | -  | (147)                        | -   | -                          |
| Employee share scheme reserve                               | -                        | -                            | -  | 1,039                        | -   | 1,039                      |
| <b>Total transactions with owners</b>                       | <b>78</b>                | <b>147</b>                   | <b>-</b>                                 | <b>892</b>                   | <b>(2,020)</b>                              | <b>(903)</b>               |
| <b>Closing balance as at 31 December 2020</b>               | <b>270,066</b>           | <b>54,529</b>                | <b>(4,996)</b>                           | <b>(5,698)</b>               | <b>(2,355)</b>                              | <b>311,546</b>             |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

## Consolidated statement of changes in equity (continued)

For the year ended 30 June 2021 (Audited)

|   |              | Share<br>capital<br>\$000's | Retained<br>earnings<br>\$000's | Cash flow<br>hedge<br>reserve<br>\$000's | Other<br>reserves<br>\$000's | Non-<br>controlling<br>interests<br>\$000's | Total<br>equity<br>\$000's |
|---|--------------|-----------------------------|---------------------------------|--|------------------------------|---|----------------------------|
|   | <b>Notes</b> |                             |                                 |  |                              |   |                            |
| <b>Opening balance as at 1 July 2020</b>                    |              | 269,988                     | 55,815                          | (6,695)                                  | 5,991                        | -   | 325,099                    |
| <b>Comprehensive income</b>                                 |              |                             |                                 |  |                              |   |                            |
| Net loss for the year ended 30 June 2021                    |              | -                           | (13,675)                        | -  | -                            | (839)                                       | (14,514)                   |
| <b>Other comprehensive income/(loss)</b>                    |              |                             |                                 |  |                              |   |                            |
| Cash flow hedge reserve movement (net of tax)               |              | -                           | -                               | 3,078                                    | -                            | -   | 3,078                      |
| Foreign currency translation reserve movement (net of tax)  | 14           | -                           | -                               | -  | (8,929)                      | -   | (8,929)                    |
| <b>Total comprehensive income/(loss)</b>                    |              | -                           | (13,675)                        | 3,078                                    | (8,929)                      | (839)                                       | (20,365)                   |
| <b>Transactions with owners</b>                             |              |                             |                                 |  |                              |   |                            |
| Issue of ordinary shares (net of issue costs)               | 9            | 7,773                       | -                               | -  | -                            | -   | 7,773                      |
| Non-controlling interests arising on a business combination |              | -                           | -                               | -  | -                            | (2,020)                                     | (2,020)                    |
| Transfer from employee share scheme reserve                 |              | 31                          | 173                             | -  | (204)                        | -   | -                          |
| Employee share scheme reserve                               |              | -                           | -                               | -  | 2,112                        | -   | 2,112                      |
| <b>Total transactions with owners</b>                       |              | 7,804                       | 173                             | -  | 1,908                        | (2,020)                                     | 7,865                      |
| <b>Closing balance as at 30 June 2021</b>                   |              | <b>277,792</b>              | <b>42,313</b>                   | <b>(3,617)</b>                           | <b>(1,030)</b>               | <b>(2,859)</b>                              | <b>312,599</b>             |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Consolidated statement of financial position

As at 31 December 2021 (Unaudited)

|                                       |       | Unaudited<br>Dec 2021 | Unaudited<br>Dec 2020 | Audited<br>Jun 2021 |
|---------------------------------------|-------|-----------------------|-----------------------|---------------------|
|                                       | Notes | \$000's               | \$000's               | \$000's             |
| <b>Assets</b>                         |       |                       |                       |                     |
| <b>Non-current assets</b>             |       |                       |                       |                     |
| Property, plant and equipment         | 5     | 235,098               | 266,966               | 273,072             |
| Right-of-use assets                   | 6     | 70,143                | 59,159                | 62,339              |
| Intangible assets                     |       | 52,271                | 45,931                | 51,121              |
| Derivative financial instruments      | 12    | 22,043                | 19,566                | 20,835              |
| Investments in joint ventures         |       | -                     | 10,434                | -                   |
| Investments in associates             | 8     | 6,097                 | 4,747                 | 4,936               |
| Deferred tax assets                   |       | -                     | -                     | 957                 |
| <b>Total non-current assets</b>       |       | <b>385,652</b>        | <b>406,803</b>        | <b>413,260</b>      |
| <b>Current assets</b>                 |       |                       |                       |                     |
| Cash and cash equivalents             |       | 33,019                | 51,266                | 38,087              |
| Trade and other receivables           |       | 24,701                | 22,086                | 28,681              |
| Inventories                           |       | 61,378                | 33,860                | 57,455              |
| Advance to joint ventures             |       | -                     | 401                   | -                   |
| Current tax receivables               |       | 1,871                 | 3,009                 | 581                 |
| <b>Total current assets</b>           |       | <b>120,969</b>        | <b>110,622</b>        | <b>124,804</b>      |
| <b>Total assets</b>                   |       | <b>506,621</b>        | <b>517,425</b>        | <b>538,064</b>      |
| <b>Equity</b>                         |       |                       |                       |                     |
| Share capital                         | 9     | 278,927               | 270,066               | 277,792             |
| Other reserves                        |       | 1,298                 | (5,698)               | (1,030)             |
| Cash flow hedge reserve               |       | (2,025)               | (4,996)               | (3,617)             |
| Retained earnings                     |       | 38,397                | 54,529                | 42,313              |
| Non-controlling interests             |       | (3,168)               | (2,355)               | (2,859)             |
| <b>Total equity</b>                   |       | <b>313,429</b>        | <b>311,546</b>        | <b>312,599</b>      |
| <b>Liabilities</b>                    |       |                       |                       |                     |
| <b>Non-current liabilities</b>        |       |                       |                       |                     |
| Interest bearing loans and borrowings | 10    | 51,733                | 50,433                | 86,659              |
| Derivative financial instruments      | 12    | 2,699                 | 7,181                 | 5,124               |
| Lease liabilities                     | 6     | 73,598                | 62,373                | 64,479              |
| Deferred income tax liability         |       | 11,774                | 11,465                | 9,989               |
| <b>Total non-current liabilities</b>  |       | <b>139,804</b>        | <b>131,452</b>        | <b>166,251</b>      |
| <b>Current liabilities</b>            |       |                       |                       |                     |
| Interest bearing loans and borrowings | 10    | -                     | 22,850                | 125                 |
| Trade and other payables              |       | 23,958                | 23,443                | 25,263              |
| Revenue in advance                    |       | 12,816                | 11,750                | 13,087              |
| Employee benefits                     |       | 8,253                 | 6,450                 | 8,017               |
| Provisions                            |       | 554                   | -                     | 413                 |
| Derivative financial instruments      | 12    | 255                   | 135                   | 148                 |
| Lease liabilities                     | 6     | 7,552                 | 7,184                 | 8,787               |
| Current tax liabilities               |       | -                     | 2,615                 | 3,374               |
| <b>Total current liabilities</b>      |       | <b>53,388</b>         | <b>74,427</b>         | <b>59,214</b>       |
| <b>Total liabilities</b>              |       | <b>193,192</b>        | <b>205,879</b>        | <b>225,465</b>      |
| <b>Total equity and liabilities</b>   |       | <b>506,621</b>        | <b>517,425</b>        | <b>538,064</b>      |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# Consolidated statement of cash flows

## For the six months ended 31 December 2021 (Unaudited)

|   |       | Unaudited<br>6 months to<br>Dec 2021<br>\$000's | Unaudited<br>6 months to<br>Dec 2020<br>\$000's | Audited<br>12 months to<br>Jun 2021<br>\$000's |
|---|-------|---|---|--|
|   | Notes |   |   |  |
| <b>Cash flows from operating activities</b>                 |       |   |   |  |
| Receipts from customers                                     |       | 49,773  | 83,616  | 150,534  |
| Proceeds from sale of goods                                 |       | 131,522   | 133,242   | 222,265  |
| Interest received   |       | 4   | 18  | 41   |
| Payments to suppliers and employees                         |       | (71,179)  | (74,369)  | (159,783)                                      |
| Purchase of rental assets                                   |       | (68,061)  | (32,171)  | (119,922)                                      |
| Interest paid   |       | (4,885)   | (5,555)   | (10,878)                                       |
| Taxation (paid)/received                                    |       | (356)   | (64)  | 2,024  |
| Dividend received   |       | -   | -   | 869  |
| Proceeds from insurance recoveries                          |       | 133   | 717   | 1,826  |
| <b>Net cash flows from operating activities</b>             |       | <b>36,951</b>                                   | <b>105,434</b>                                  | <b>86,976</b>                                  |
| <b>Cash flows from investing activities</b>                 |       |   |   |  |
| Sale of property, plant and equipment                       | 5     | 80  | 110   | 110  |
| Receipts from joint ventures                                |       | -   | 254   | 353  |
| Purchase of property, plant and equipment                   | 5     | (819)   | (246)   | (1,199)  |
| Purchase of intangibles                                     |       | (1,391)   | (2,261)   | (4,113)  |
| Net cash paid as part of the step acquisition of Outdoria   |       | -   | (373)   | (374)  |
| Net cash received as part of the step acquisition of AMLP   |       | -   | -   | 4,631  |
| <b>Net cash from/(used in) investing activities</b>         |       | <b>(2,130)</b>                                  | <b>(2,516)</b>                                  | <b>(592)</b>                                   |
| <b>Cash flows from financing activities</b>                 |       |   |   |  |
| Payment for lease liability principal                       | 6     | (4,702)   | (3,643)   | (7,732)  |
| Proceeds from borrowings                                    | 10    | 6,241   | 12,251  | 61,853   |
| Repayments of borrowings                                    | 10    | (41,939)  | (92,519)  | (136,420)                                      |
| Proceeds from share issue                                   | 9     | 193   | -   | 304  |
| <b>Net cash flows used in financing activities</b>          |       | <b>(40,207)</b>                                 | <b>(83,911)</b>                                 | <b>(81,995)</b>                                |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |       | <b>(5,386)</b>                                  | <b>19,007</b>                                   | <b>4,389</b>                                   |
| <b>Opening cash and cash equivalents</b>                    |       | <b>38,087</b>                                   | <b>35,514</b>                                   | <b>35,514</b>                                  |
| Exchange (losses)/gains on cash and cash equivalents        |       | 318   | (3,255)   | (1,816)  |
| <b>Closing cash and cash equivalents</b>                    |       | <b>33,019</b>                                   | <b>51,266</b>                                   | <b>38,087</b>                                  |

The accompanying notes form part of, and should be read in conjunction with, these financial statements.



## Index to notes to the consolidated financial statements

|  |    |
|--|----|
| About this report  | 9  |
| Section A - Financial performance  | 10 |
| 1. Segment note  | 10 |
| 2. Other operating income/(expenses)   | 12 |
| 3. Income tax expense  | 12 |
| 4. Dividends   | 12 |
| Section B - Assets used to generate profit                                     | 13 |
| 5. Property, plant and equipment acquired and sold during the six month period | 13 |
| 6. Leases  | 14 |
| 7. Capital commitment  | 14 |
| Section C - Investments  | 15 |
| 8. Investments in associate  | 15 |
| Section D - Managing funding and risk  | 16 |
| 9. Share capital   | 16 |
| 10. Borrowings   | 16 |
| 11. Seasonality of business  | 17 |
| 12. Financial risk management  | 17 |
| Section E - Other  | 18 |
| 13. Related party transactions   | 18 |
| 14. Foreign currency translation reserve                                       | 19 |
| 15. Contingencies  | 20 |
| 16. Other Events   | 20 |
| 17. Events after the reporting period  | 20 |

# Notes to the consolidated financial statements

## About this report

### Basis of preparation

The primary operations of Tourism Holdings Limited (the 'Company' or 'Parent' or '*thl*') and its subsidiaries (together 'the Group') are the manufacture, rental and sale of motorhomes and other tourism related activities. The Parent is domiciled in New Zealand. The registered office is Level 1, 83 Beach Road, Auckland 1010, New Zealand. Tourism Holdings Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

The interim consolidated financial statements of the Group have been prepared:

- in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting and consequently do not include all the information required for full financial statements. These condensed Group interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2021;
- in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing Rules;
- under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies; and
- in New Zealand dollars with values rounded to thousands (\$000's) unless otherwise stated.

These condensed interim financial statements were approved for issue on 25 February 2022.

These condensed interim financial statements have not been audited.

### Critical accounting estimates and judgement

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The estimates used in the preparation of these interim financial statements are consistent with those used in the 30 June 2021 annual financial statements.

### Covid-19 Pandemic

The global impact of COVID-19 is ongoing and continues to have a financial impact on the Group. There have been varying degrees of border restrictions and lock-down requirements in each of the jurisdictions that the Group operates in, particularly with the spread of the COVID-19 Omicron variant in the United States, Australia and, most recently, in New Zealand. While the short term operating environment remains impacted by COVID-19, the assumptions from the year-end impairment assessments remain valid, with no indications of impairment.

### Changes in accounting policies

The accounting policies used in the preparation of these interim financial statements are consistent with those used in the 30 June 2021 annual financial statements.

# Notes to the consolidated financial statements

## Section A - Financial Performance

### In this section:

This section explains the financial performance of **thl**, providing additional information about individual items in the income statement, including segmental information, certain expenses and dividend distribution information.

### 1. Segment note

The operating segments of **thl** are reported from a geographic and service type perspective. They are made up of the following business operations:

- New Zealand Rentals - Rental of maui, Britz and Mighty motorhomes, and the sale of motorhomes;
- Action Manufacturing - Manufacturer and the sale of motorhomes and other speciality vehicles (not included in the six month period to 31 December 2020 as **thl**'s 50% interest in the AMPL joint venture was accounted for under the equity method of accounting in accordance with NZ IAS 28 Investments in Associates and Joint Ventures);
- Tourism Group - Kiwi Experience and the Discover Waitomo Caves Group experiences;
- Australia Rentals - Rental of maui, Britz and Mighty motorhomes and 4WD vehicles, and the sale of motorhomes;
- United States Rentals - Rental and sale of Road Bear, Britz, Mighty and El Monte RVs;
- Other - includes Group Support Services, group elimination entries and **thl** digital. **thl** digital includes Highway, SHAREaCAMPER, Cosmos and Outdoria. The associate Justgo is also included in this category.

### For the Six months to 31 December 2021

|   | NZ Rentals     | Action Manufacturing | Tourism Group  | Australia Rentals | United States Rentals | Other          | Total          |
|---|----------------|----------------------|----------------|-------------------|-----------------------|----------------|----------------|
|   | \$000's        | \$000's              | \$000's        | \$000's           | \$000's               | \$000's        | \$000's        |
| Sales of services   | 6,151          | -                    | 846            | 15,675            | 26,903                | 726            | 50,301         |
| Sales of goods  | 41,840         | 13,468               | -              | 16,218            | 52,966                | 81             | 124,573        |
| <b>Revenue from external customers</b>                    | <b>47,991</b>  | <b>13,468</b>        | <b>846</b>     | <b>31,893</b>     | <b>79,869</b>         | <b>807</b>     | <b>174,874</b> |
| Depreciation  | (6,633)        | (1,221)              | (752)          | (6,423)           | (6,750)               | (350)          | (22,129)       |
| Amortisation  | (8)            | (2)                  | (328)          | (14)              | (52)                  | (540)          | (944)          |
| Other costs   | (48,327)       | (11,120)             | (2,202)        | (26,416)          | (61,857)              | (3,007)        | (152,929)      |
| <b>Operating profit/(loss) before interest and tax</b>    | <b>(6,977)</b> | <b>1,125</b>         | <b>(2,436)</b> | <b>(960)</b>      | <b>11,210</b>         | <b>(3,090)</b> | <b>(1,128)</b> |
| Interest income   | -              | -                    | -              | -                 | -                     | 4              | 4              |
| Interest expense  | (291)          | (150)                | (32)           | (572)             | (1,485)               | (2,417)        | (4,947)        |
| Share of profit/(loss) from joint ventures and associates | -              | -                    | -              | -                 | -                     | 1,171          | 1,171          |
| <b>Operating profit/(loss) before tax</b>                 | <b>(7,268)</b> | <b>975</b>           | <b>(2,468)</b> | <b>(1,532)</b>    | <b>9,725</b>          | <b>(4,332)</b> | <b>(4,900)</b> |
| Taxation  | 2,034          | -                    | 622            | 459               | (2,640)               | 61             | 536            |
| <b>Operating profit/(loss) after interest and tax</b>     | <b>(5,234)</b> | <b>975</b>           | <b>(1,846)</b> | <b>(1,073)</b>    | <b>(7,085)</b>        | <b>(4,271)</b> | <b>(4,364)</b> |
| Capital expenditure                                       | 4,136          | 370                  | 139            | 23,000            | 44,761                | 2,601          | 75,007         |
| <b>Total non-current assets</b>                           | <b>76,500</b>  | <b>11,543</b>        | <b>18,111</b>  | <b>97,386</b>     | <b>140,049</b>        | <b>42,083</b>  | <b>385,672</b> |
| <b>Total assets</b>                                       | <b>105,413</b> | <b>38,962</b>        | <b>18,991</b>  | <b>117,276</b>    | <b>178,795</b>        | <b>47,184</b>  | <b>506,621</b> |
| <b>Net funds employed</b>                                 | <b>78,294</b>  | <b>24,421</b>        | <b>16,784</b>  | <b>63,603</b>     | <b>104,660</b>        | <b>44,382</b>  | <b>332,144</b> |

# Notes to the consolidated financial statements

## 1. Segment note (continued)

| For the Six months to 31<br>December 2020                    | NZ Rentals     | Tourism<br>Group | Australia<br>Rentals | United States<br>Rentals | Other          | Total          |
|--|----------------|------------------|----------------------|--------------------------|----------------|----------------|
|  | \$000's        | \$000's          | \$000's              | \$000's                  | \$000's        | \$000's        |
| Sales of services  | 14,626         | 2,620            | 14,001               | 36,238                   | 1,346          | 68,831         |
| Sales of goods   | 55,565         | -                | 15,874               | 65,558                   | -              | 136,997        |
| <b>Revenue from external customers</b>                       | <b>70,191</b>  | <b>2,620</b>     | <b>29,875</b>        | <b>101,796</b>           | <b>1,346</b>   | <b>205,828</b> |
| Depreciation   | (10,099)       | (813)            | (7,631)              | (6,132)                  | (400)          | (25,075)       |
| Asset impairment   | -              | (46)             | -                    | -                        | -              | (46)           |
| Amortisation   | (4)            | (335)            | (22)                 | (55)                     | (20)           | (436)          |
| Other costs  | (69,316)       | (1,923)          | (24,840)             | (79,032)                 | (3,329)        | (178,440)      |
| <b>Operating profit/(loss) before<br/>interest and tax</b>   | <b>(9,228)</b> | <b>(497)</b>     | <b>(2,618)</b>       | <b>16,577</b>            | <b>(2,403)</b> | <b>1,831</b>   |
| Interest income  | -              | -                | 1                    | -                        | 17             | 18             |
| Interest expense   | (383)          | (40)             | (578)                | (1,597)                  | (3,134)        | (5,732)        |
| Share of profit/(loss) from joint<br>ventures and associates | -              | -                | -                    | -                        | 960            | 960            |
| <b>Operating profit/(loss) before tax</b>                    | <b>(9,611)</b> | <b>(537)</b>     | <b>(3,195)</b>       | <b>14,980</b>            | <b>(4,560)</b> | <b>(2,923)</b> |
| Taxation   | 2,691          | 68               | 958                  | (3,770)                  | 1,208          | 1,155          |
| <b>Operating profit/(loss) - after<br/>interest and tax</b>  | <b>(6,920)</b> | <b>(469)</b>     | <b>(2,237)</b>       | <b>11,210</b>            | <b>(3,352)</b> | <b>(1,768)</b> |
| <b>Capital expenditure</b>                                   | <b>2,297</b>   | <b>65</b>        | <b>6,276</b>         | <b>469</b>               | <b>2,154</b>   | <b>11,261</b>  |
| <b>Total non-current assets</b>                              | <b>134,332</b> | <b>20,328</b>    | <b>88,142</b>        | <b>114,465</b>           | <b>49,536</b>  | <b>406,803</b> |
| <b>Total assets</b>  | <b>165,823</b> | <b>21,404</b>    | <b>111,902</b>       | <b>162,172</b>           | <b>56,124</b>  | <b>517,425</b> |
| <b>Net funds employed</b>                                    | <b>124,103</b> | <b>16,583</b>    | <b>55,397</b>        | <b>71,884</b>            | <b>65,595</b>  | <b>333,562</b> |

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team together with the Board of Directors, who together make strategic decisions.

Operating profit/(loss) before interest and tax is the main financial measure used by the CODM to review the Group's performance. Interest income and expenditure are not included in the result for each operating segment that is reviewed by the CODM.

Inter-segment transactions such as Group Support Services recharges are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. All revenue is reported to the executive team on a basis consistent with that used in the income statement.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. The investments and derivatives designated as hedges of borrowings are allocated to 'Other segment'. Net funds employed are total assets less segment non-interest-bearing liabilities and cash on hand.

## Notes to the consolidated financial statements

### 2. Other operating income, net

|  | 6 months to<br>31 Dec 2021 | 6 months to<br>31 Dec 2020 | 12 months to<br>30 Jun 2021 |
|--|----------------------------|----------------------------|-----------------------------|
|  | \$000's                    | \$000's                    | \$000's                     |
| Fair value movements on financial assets recognised at fair value through profit or loss | 703                        | 561                        | 1,178                       |
| Dividend Income  | 430                        | 444                        | 869                         |
| Write-off of fleet items   | (402)                      | (1,114)                    | (1,883)                     |
| Proceeds from insurance recoveries   | 88                         | 2,474                      | 3,112                       |
| Gain/(loss) on disposal of non fleet assets  | 12                         | (602)                      | (824)                       |
| Gain on exiting Mangere branch lease   | -                          | 1,621                      | 1,621                       |
| US Paycheck Protection Program ("PPP") loan forgiveness                                  | -                          | 1,476                      | 1,457                       |
| Loss on acquisition of remaining shareholding in AMLP                                    | -                          | -                          | (1,406)                     |
| Other  | 226                        | 1,722                      | 2,335                       |
|  | <u>1,058</u>               | <u>6,582</u>               | <u>6,460</u>                |

### 3. Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

### 4. Dividends

During the six months ended 31 December 2021, the Group paid no dividends. There were no 2021 interim and final dividends.

# Notes to the consolidated financial statements

## Section B - Assets used to generate profit

In this section:

This section describes the assets *thl* uses in the business to generate profit, including:

- **Property, plant and equipment**

The most significant component is the motorhome fleet. Premises in general are leased, however significant buildings are the Waitomo Caves Visitor Centre and the Waitomo Caves Homestead.

- **Leased assets**

The most significant leased assets relate to the premises in New Zealand, Australia and the United States.

### 5. Property, plant and equipment acquired and sold during the six month period

|   | Motorhomes<br>\$000's | Other plant<br>&<br>equipment<br>\$000's | Capital<br>work in<br>progress<br>\$000's | Total<br>\$000's |
|---|-----------------------|--|---|------------------|
| <b>Six months ended 31 December 2021</b>                                |                       |  |   |                  |
| <b>Opening net book amount as at 1 July 2021</b>                        | <b>274,052</b>        | <b>20,361</b>                            | <b>14,619</b>                             | <b>309,032</b>   |
| Additions and transfers from work in progress (net)                     | 62,581                | 723                                      | 10,941                                    | 74,245           |
| Disposals   | (88,063)              | (810)                                    | (1,829)                                   | (90,702)         |
| Transfer to assets held for sale  | -                     | -  | (8)                                       | (8)              |
| Exchange differences  | (3,720)               | (17)                                     | -   | (3,737)          |
| Depreciation charge   | (17,818)              | (1,916)                                  | -   | (19,734)         |
| <b>Closing net book amount</b>  | <b>227,032</b>        | <b>18,341</b>                            | <b>23,723</b>                             | <b>269,096</b>   |
| <b>As at 31 December 2021</b>   |                       |  |   |                  |
| Cost  | 300,850               | 62,646                                   | 23,723                                    | 387,219          |
| Accumulated depreciation  | (73,818)              | (44,305)                                 | -   | (118,123)        |
| <b>Net book amount</b>  | <b>227,032</b>        | <b>18,341</b>                            | <b>23,723</b>                             | <b>269,096</b>   |
| <b>Less reclassification of motorhomes to inventory at balance date</b> |                       |  |   |                  |
| Cost  | 48,642                | -  | -   | 48,642           |
| Accumulated depreciation  | (14,644)              | -  | -   | (14,644)         |
| <b>Net book amount</b>  | <b>33,998</b>         | <b>-</b>                                 | <b>-</b>                                  | <b>33,998</b>    |
| <b>Closing net book amount post reclassification</b>                    | <b>193,034</b>        | <b>18,341</b>                            | <b>23,723</b>                             | <b>235,098</b>   |
| <b>Six months ended 31 December 2020</b>                                |                       |  |   |                  |
| <b>Opening net book amount as at 1 July 2020</b>                        | <b>376,848</b>        | <b>20,439</b>                            | <b>16,000</b>                             | <b>413,287</b>   |
| Additions and transfers from work in progress (net)                     | 20,541                | 464                                      | (9,744)                                   | 11,261           |
| Disposals   | (95,516)              | (684)                                    | -   | (96,200)         |
| Exchange differences  | (17,621)              | (183)                                    | (2)                                       | (17,806)         |
| Depreciation charge   | (19,427)              | (1,751)                                  | -   | (21,178)         |
| <b>Closing net book amount</b>  | <b>264,825</b>        | <b>18,285</b>                            | <b>6,254</b>                              | <b>289,364</b>   |
| <b>As at 31 December 2020</b>   |                       |  |   |                  |
| Cost  | 359,454               | 50,590                                   | 6,254                                     | 416,298          |
| Accumulated depreciation  | (94,629)              | (32,305)                                 | -   | (126,934)        |
| <b>Net book amount</b>  | <b>264,825</b>        | <b>18,285</b>                            | <b>6,254</b>                              | <b>289,364</b>   |
| <b>Less reclassification of motorhomes to inventory at balance date</b> |                       |  |   |                  |
| Cost  | 31,172                | -  | -   | 31,172           |
| Accumulated depreciation  | (8,774)               | -  | -   | (8,774)          |
| <b>Net book amount</b>  | <b>22,398</b>         | <b>-</b>                                 | <b>-</b>                                  | <b>22,398</b>    |
| <b>Closing net book amount post reclassification</b>                    | <b>242,427</b>        | <b>18,285</b>                            | <b>6,254</b>                              | <b>266,966</b>   |

## Notes to the consolidated financial statements

### 6. Leases

During the six months ended 31 December 2021, the Group had leased asset additions of \$10.1M and modifications of \$2.3M, and the Group has disposed or reduced the right-of-use asset by \$0.4M.

### 7. Capital commitment

Capital commitments relates to the build of the Group's fleet for the following year.

Capital expenditure contracted for at balance date but not yet incurred is as follows:

|                               | <u>Dec 2021</u> | <u>Dec 2020</u> | <u>Jun 2021</u> |
|-------------------------------|-----------------|-----------------|-----------------|
|                               | <u>\$000's</u>  | <u>\$000's</u>  | <u>\$000's</u>  |
| Property, plant and equipment | 186,495         | 139,473         | 131,108         |

# Notes to the consolidated financial statements

## Section C - Investments

In this section:

*thl's* investments comprise subsidiaries, associate and joint ventures. This section explains the investments held by *thl*, providing additional information, including:

- a) Accounting policies, judgements and estimates that are relevant for measuring the investments; and
- b) Analysis of *thl's* associate and joint ventures.

*thl's* investment include a 49% interest in Just go, a motorhome rental operation in the United Kingdom.

### Acquisition of Action Manufacturing LP (AMPL)

On 28 February 2021 *thl* purchased the remaining 50% shareholding in Action Manufacturing Group GP (AMPL) from its joint venture partner, Alpine Bird Manufacturing Limited. Prior to the acquisition, *thl's* 50% interest in the AMLP joint venture was accounted for under the equity method of accounting in accordance with NZ IAS 28 Investments in Associates and Joint Ventures. After 28 February 2021, AMLP is a 100% owned subsidiary of *thl* and is consolidated in *thl's* group financial statements under NZ IFRS 10 Consolidated Financial Statements.

### 8. Investments in associate

The Group owns a shareholding of 49.0% in Skewbald Limited (trading as Just go). The investment has been accounted for as an investment in associate and the Group's share of associates profits have been recognised with the Group's investment.

The share of profits/(losses) recognised in the income statement are as follows:

|                               | 6 months to<br>Dec 2021<br>\$000's | 6 months to<br>Dec 2020<br>\$000's | 12 months to<br>Jun 2021<br>\$000's |
|-------------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Just go                       | 1,171                              | 791                                | 759                                 |
| Outdoria (up to 31 July 2020) | -                                  | (41)                               | (41)                                |
| <b>Total</b>                  | <b>1,171</b>                       | <b>750</b>                         | <b>718</b>                          |

The carrying amounts recognised in the balance sheet are as follows:

|              | Dec 2021<br>\$000's | Dec 2020<br>\$000's | Jun 2021<br>\$000's |
|--------------|---------------------|---------------------|---------------------|
| Just go      | 6,097               | 4,747               | 4,936               |
| <b>Total</b> | <b>6,097</b>        | <b>4,747</b>        | <b>4,936</b>        |



# Notes to the consolidated financial statements

## Section D - Managing Funding and Risk

This section summarises *thl's* funding sources and financial risks.

### 9. Share capital

|   | Dec 2021<br>\$000's | Dec 2020<br>\$000's | Jun 2021<br>\$000's |
|---|---------------------|---------------------|---------------------|
| <b>Ordinary shares</b>  |                     |                     |                     |
| Opening balance   | 277,792             | 269,988             | 269,988             |
| Issue of ordinary shares – redeemable ordinary shares converted   | -                   | -                   | 273                 |
| Transfer from employee share scheme reserve for redeemable shares | -                   | -                   | 31                  |
| Issue of ordinary shares – in lieu of directors' fees             | 85                  | 57                  | 142                 |
| Ordinary shares to be issued – in lieu of directors' fees         | 28                  | 21                  | 21                  |
| Ordinary shares issued as part consideration for AMLP             | -                   | -                   | 7,337               |
| Ordinary shares Issued – options and rights offer                 | 1,022               | -                   | -                   |
| <b>Closing balance</b>  | <b>278,927</b>      | <b>270,066</b>      | <b>277,792</b>      |

The total authorised number of ordinary shares is 152,040,427 (Dec 2020, 148,040,927; Jun 2021, 151,489,050) and these are classified as equity. The shares have no par value. All ordinary share are issued and fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary shares.

For the six months ended 31 Dec 2021, the group has issued 35,169 shares to directors in lieu of director's fees, and 516,208 shares to employees as share options and share rights conversion. Cash proceeds from employees' share options exercise is \$192,564.

### 10. Borrowings

|                         | Dec 2021<br>\$000's | Dec 2020<br>\$000's | Jun 2021<br>\$000's |
|-------------------------|---------------------|---------------------|---------------------|
| <b>Non-current</b>      |                     |                     |                     |
| Bank borrowings         | 49,560              | 48,337              | 84,460              |
| Other borrowings        | 2,173               | 2,096               | 2,199               |
|                         | <b>51,733</b>       | <b>50,433</b>       | <b>86,659</b>       |
| <b>Current</b>          |                     |                     |                     |
| Bank borrowings         | -                   | 22,850              | 125                 |
|                         | -                   | 22,850              | 125                 |
| <b>Total borrowings</b> | <b>51,733</b>       | <b>73,283</b>       | <b>86,784</b>       |

  

|  | Dec 2021<br>\$000's | Dec 2020<br>\$000's | Jun 2021<br>\$000's |
|--|---------------------|---------------------|---------------------|
| <b>The Group has the following undrawn borrowing facilities:</b> |                     |                     |                     |
| Expiring within one year   | -                   | 20,173              | -                   |
| Expiring beyond one year   | 201,957             | 105,248             | 116,298             |
|  | <b>201,957</b>      | <b>125,421</b>      | <b>116,298</b>      |

The Group has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investment in rental motorhomes. The Group has met all banking covenant requirements in the current period.

# Notes to the consolidated financial statements

## 11. Seasonality of business

The tourism industry is subject to seasonal fluctuations with peak demand for tourism attractions and transportation over the summer months. The operating revenue and profits of the Group's segments are disclosed in note 1. New Zealand and Australia's profits are typically generated over the southern hemisphere summer months and the United States of America's profits are typically generated over the northern hemisphere summer months. Due to the seasonal nature of the businesses the risk profile at 31 December 2021 is not representative of all risks faced during the year.

## 12. Financial risk management

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values:

- Derivative financial instruments are carried at fair value as discussed below.
  - Receivables and payables are short term in nature and therefore approximate fair value.
  - Interest bearing liabilities re-price at least every 90 days and therefore approximate fair value.
- Financial instruments of the Group that are measured in the statement of financial position at fair value are classified by level under the following fair value measurement hierarchy:

**Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

**Level 3** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no changes to these valuation techniques during the period. There were no transfers of derivative financial instruments between levels of the fair value hierarchy during the period.

## Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

|  | Dec 2021          |                        | Dec 2020          |                        | Jun 2021          |                        |
|--|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|
|  | Assets<br>\$000's | Liabilities<br>\$000's | Assets<br>\$000's | Liabilities<br>\$000's | Assets<br>\$000's | Liabilities<br>\$000's |
| Derivative financial instruments (Level 2) | -                 | 2,954                  | -                 | 7,316                  | -                 | 5,272                  |
| Retained interest in Togo Group (Level 3)  | 22,043            | -                      | 19,566            | -                      | 20,835            | -                      |

# Notes to the consolidated financial statements

## Section E - Other

In this section:

This section includes the remaining information relating to *thl*'s financial statements which is required to comply with financial reporting standards.

### 13. Related party transactions

#### Key management compensation

|   | 6 months to<br>Dec 2021<br>\$000's | 6 months to<br>Dec 2020<br>\$000's | 12 months to<br>Jun 2021<br>\$000's |
|---|------------------------------------|------------------------------------|-------------------------------------|
| Salaries and other short term employee benefits | 2,211                              | 1,837                              | 3,940                               |
| Share based payments benefits                   | 637                                | 525                                | 1,341                               |

Total positions included in the executive team are 13 (31 December 2020:15; 30 June 2021:12).

Executive management do not receive any Directors' fees as Directors of subsidiary companies.

#### Directors' fees (shares issued in lieu of cash)

At the 2013 annual meeting of shareholders, shareholder approval was obtained for *thl* to issue shares in whole or in part payment of directors' remuneration. To 30 September 2021, Rob Campbell and Rob Hamilton elected to receive 50% of their director fees in shares, and Debbie Birch elected to receive 33% of her director fees in shares. From 01 October 2021, Rob Hamilton elected to receive 25% of his director fees in shares and Debbie Birch has opted out of receiving any shares in part payment of her director fees. Shares issued in lieu of directors' fees are as follows:

|  | Dec 2021 | Dec 2020 | Jun 2021 |
|--|----------|----------|----------|
| No. of shares issued in lieu of cash (000's)                       | 35       | 26       | 63       |
| Value of shares issued in lieu of cash (\$000's)                   | 85       | 57       | 142      |
| Accrued value of shares yet to be issued in lieu of cash (\$000's) | 28       | 42       | 42       |

#### Grant Brady (Director of Action Manufacturing LP)

Grant Brady, Director of Action Manufacturing, is a minority shareholder and director of Bush Road Enterprises Limited. *thl* leases a property in Bush Road which is owned by Bush Road Enterprises Limited. The amount of the lease payments are set out in the table below:

|                      | 6 months to<br>Dec 2021<br>\$000's | 6 months to<br>Dec 2020<br>\$000's | 12 months to<br>Jun 2021<br>\$000's |
|----------------------|------------------------------------|------------------------------------|-------------------------------------|
| Total lease payments | 323                                | 222                                | 545                                 |

## Notes to the consolidated financial statements

### 13. Related party transactions (continued)

#### Action Manufacturing LP

Grant Brady is a shareholder in another entity, Alpine Bird Manufacturing Limited which previously owned 50% of Action Manufacturing Limited Partnership ("AMLP") until 28 February 2021. AMLP manufactures the motorhomes and campervans used by Rentals New Zealand, manufactures motorhomes and parts for Rentals Australia, and manufactures specialty vehicles for external customers. Pricing is based on the cost of manufacture plus an agreed margin set out in the Limited Partnership Agreement. AMLP also leases part of the Bush Road property described above. The transactions between AMLP and *thl* are set out in the table below:

|  | 6 months to<br>Dec 2021 | 6 months to<br>Dec 2020 | 12 months to<br>Jun 2021 |
|--|-------------------------|-------------------------|--------------------------|
|  | \$000's                 | \$000's                 | \$000's                  |
| Purchase of motorhomes by the Group from the joint venture | -                       | 10,023                  | 12,706                   |
| Sales of vehicles by the Group to the joint venture        | -                       | 478                     | 534                      |
| Interest charged to the joint venture                      | -                       | 10                      | 37                       |
| Management of Highway vehicles                             | -                       | 7                       | 10                       |

#### Justgo

During the period ended 31 December 2021, the Group had no commitment to purchase motorhomes from Just go (2021: \$nil).

#### Schork Family

As part of the consideration for the acquisition of El Monte Rents Inc in January 2017, the Group issued 3,384,266 ordinary shares to entities associated with the Schork family. An entity associated with the Schork family provides warranties to customers of El Monte Rents Inc, the total amount paid by customers during the six months ended 31 December 2021 was \$169k (six months ended 31 December 2020: \$305k; year ended June 2021: \$443k). At the time of the acquisition, the Group entered into a number of property lease agreements with entities associated with the Schork family. The leases are in relation to branches used by El Monte RV. The cost of the leases are set out in the table below:

|                      | 6 months to<br>Dec 2021 | 6 months to<br>Dec 2020 | 12 months to<br>Jun 2021 |
|----------------------|-------------------------|-------------------------|--------------------------|
|                      | \$000's                 | \$000's                 | \$000's                  |
| Total lease payments | 1,566                   | 1,557                   | 3,034                    |

### 14. Foreign currency translation reserve

Exchange differences arising on the translation of foreign operations are taken to the foreign currency translation reserve. When any net investment is disposed of, the related component of the reserve is recognised in profit and loss as part of the gain or loss on disposal.

The closing exchange rates used to translate the balance sheet are as follows:

|         | Dec 2021 | Dec 2020 | Jun 2021 |
|---------|----------|----------|----------|
| NZD/AUD | 0.9421   | 0.9384   | 0.9310   |
| NZD/USD | 0.6832   | 0.7227   | 0.6998   |
| NZD/GBP | 0.5061   | 0.5297   | 0.5050   |

# Notes to the consolidated financial statements

## 15. Contingencies

As at 31 December 2021, other than bank guarantees, which are predominantly in lieu of bonds paid relating to leased assets, the Group has no material contingent liabilities.

## 16. Other Events

### Sale of Mighway and SHAREaCAPMER

On 25 October 2021, the Company entered into an agreement to sell the business and assets of Mighway and SHAREaCAPMER to Camplify Holdings Limited for a purchase price of A\$7.4M, subject to closing adjustments.

The purchase price is to be satisfied by Camplify issuing new fully paid ordinary shares to **thl**. Based on the purchase price, the sale is expected to represent a gain on sale of the businesses of approximately NZ\$6.3M, subject to closing adjustments. The transaction is conditional on Camplify obtaining approval from the New Zealand Commerce Commission.

### Merger with Apollo

On 10 December 2021, the Company announced that it entered into a conditional Scheme Implementation Deed with Apollo Tourism & Leisure Limited (Apollo, ATL), to merge through an Australian Scheme of Arrangement, whereby **thl** will acquire all outstanding shares in ATL.

Apollo shareholders will receive 1 fully paid ordinary share in **thl** for every ~3.68 fully paid ordinary shares in Apollo held as at the Scheme record date. Apollo shareholders will together own approximately 25% of **thl** Shares on issue upon completion of the Proposed Transaction.

The scheme is conditional upon **thl** receiving approval to list on the Australian Securities Exchange (ASX) and subject to approval of Apollo shareholders and finalisation of appropriate funding arrangements for the merged entity. In addition, there are various court and regulatory approvals in Australia and New Zealand, including Australian and New Zealand competition regulatory clearance and other conditions specified in the Scheme Implementation Deed which was released to the ASX and NZX on 10 December 2021 and the Scheme Booklet dated 21 February 2022. Apollo shareholder approval will be sought at a special meeting of shareholders scheduled to be held on 20 April 2022.

Transaction costs in relation to the Apollo merger of \$2.1M have been incurred to 31 December 2021 and expensed through the income statement.

## 17. Events After Reporting Period

### MaxiTRANS acquisition

On 25 January 2022, Action Manufacturing entered into a conditional agreement to purchase the business and assets of MaxiTRANS in New Zealand for approximately \$5.7M, reflecting the net asset value of the business. The purchase price will therefore be adjusted to reflect net asset value on completion.

MaxiTRANS is a well-established business operating in the heavy transport manufacturing industry under the brands of Maxi-CUBE and Freighter. The transaction is subject to approval from the New Zealand Commerce Commission.

### Roadpass Digital (previously known as Togo group)

The Company has recently received an indication from Thor Industries that they are open to discussing an early buyout of the **thl** preference shares in Roadpass Digital at a discount to the buyout value of those shares. **thl** is considering its position and is likely to enter into negotiations over the coming weeks. There is no certainty that a transaction will occur.