FEBRUARY 2023

Letters from the Chair & CEO

A letter from the Chair

On behalf of the Board, I present the financial statements for the half year ended 31 December 2022. The *thl* Board and management are pleased to deliver a net profit after tax (NPAT) of NZ$25.2 million (underlying NZ$26.3 million), following a period of losses due to the COVID-19 pandemic and associated closed international borders. Within the half, on 30 November, the merger with Apollo Tourism & Leisure (Apollo) completed after a process that spanned over a year. The merger is a significant milestone for *thl* and Apollo that brings together the collective expertise of the two leaders in the global RV rental industry.

On behalf of ***thl***, I would like to formally welcome our new shareholders that have joined as part of the merger, and welcome former Apollo Directors Sophie Mitchell, Robert Baker and Executive Director Luke Trouchet to the ***thl*** Board. It is clear to us that across all levels between the two organisations there are strong similarities in culture, which supports an effective integration of the businesses. I also note Grant Webster's appointment to the ***thl*** Board as Managing Director. The new Board has already met in person in Australia and has several site visits planned over the coming year.

The interim financial statements have been prepared in accordance with New Zealand Equivalents to International Accounting Standards (NZ IAS) 34 Interim Financial Reporting and International Accounting Standards (IAS) 34 Interim Financial Reporting. Put simply, this means that only one month of Apollo's performance is included in the reported half year result, making comparisons on prior results and analyst estimates challenging. To assist all stakeholders to better understand the underlying performance of the business, the Investor Presentation includes various measures of financial performance from a series of different perspectives.[1] For the purposes of this letter however, when referring to ***thl***'s results, unless stated otherwise, I refer to the results as reflected in the interim consolidated financial statements (six months of ***thl*** including Apollo's December).

There are also a series of transaction accounting adjustments that are yet to be completed. While these may result in changes to the financial statements as presented, these changes will not impact the performance of the company from a cash perspective.

With the timing of the merger part way through the financial year and a number of items still being finalised, we recognised that the results this year will be complex and we therefore considered the best way to present our expectations to you is on an underlying basis, inclusive of the performance of both the ***thl*** and Apollo businesses across the full six month period.

The updated guidance represents a positive tourism environment and decisive management. More detail on the outlook is included within the CEO's letter and the Investor Presentation, which we encourage you to review in detail.

We are excited to have operated as a merged group for nearly three months. Among other points, the rationale for the merger included meaningful synergy opportunities, quantified at $27 to $31 million at a pre-tax cash level. The long pre-merger process enabled management to consider how they would execute these opportunities and I am pleased to say that there has been a positive start. Original targets for the synergies to be realised during FY23 are on track to be exceeded. The Board have clearly set expectations with the management team that delivery of the expected synergies is not negotiable. All streams have commenced and of note, a number of sites across Australasia have already consolidated with plans underway for most remaining branches in Australasia to do so by June 2023.

Notwithstanding our focus on the merger integration and synergy realisation, the business also continues to progress numerous improvement initiatives, including several technology projects, ongoing customer experience development and new RV product development. In addition, we have been extensively looking at all commercially available opportunities in the electric van format and have recently secured a small production batch with one manufacturer to further our trials in this space. We remain disappointed at the OEM progress, noting we first launched an electric RV in 2017.

We believe the outlook for ***thl*** and the tourism industry today is positive, notwithstanding the macroeconomic headwinds that are currently being experienced across all industries. There is a clear recovery in international travel. International tourism research (e.g. World Travel and Tourism Council, Travel Data Analytics, Google Travel Data) suggests that the tourism industry can provide economic growth despite potential recessions this year and that tourism demand will continue to grow towards (and in some cases, exceed) pre-pandemic levels. Airline and accommodation pricing in many countries remains well above pre-pandemic levels, yet customers continue to book in increasing numbers, indicating that the desire to travel internationally is high on the discretionary spend priority list for many financially stable customers.

From a ***thl*** perspective we continue to assess our longer-term growth opportunities beyond the merger. Over the coming years, we expect organic growth through the re-fleeting of our businesses in each country and remain open to appropriate acquisition opportunities in strategic growth areas.

As a Board, we have also been considering ***thl***'s approach to dividends. We previously indicated that if dividends resumed, it would likely be at a lower pay-out ratio. We are committed to establishing a dividend policy range that allows ***thl*** to maintain an appropriate gearing ratio during the expected fleet regrowth phase and recognises the higher proportion of overseas earnings of the group.

Based on our current performance expectations for FY23, we expect that ***thl*** will be in a position in August 2023 to declare a dividend. In recognition of the need to balance funding the rebuild of the global fleet with returns to shareholders, any dividend will be smaller than ***thl***'s historical dividend policy.[2] The longer term dividend policy is being reviewed post-merger and will be provided to the market by the full year results.

Once again, I would like to thank all our shareholders for their support for both ***thl*** and Apollo over the pandemic period. We are focused on capitalising on the numerous opportunities for ***thl*** to create value for all our stakeholders.

Cathy Quinn ONZM
Chair

We believe the outlook for ***thl*** and the tourism industry today is positive, notwithstanding the macroeconomic headwinds that are currently being experienced across all industries. There is a clear recovery in international travel.

CATHY QUINN – CHAIR

[1] The Investor Presentation contains certain measures that have not been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP) and should always be read in conjunction with ***thl***'s financial statements for the six-month period ending 31 December 2022.
[2] ***thl***'s historical dividend policy targeted a pay out ratio of 75 - 90% of NPAT.

A letter from the CEO

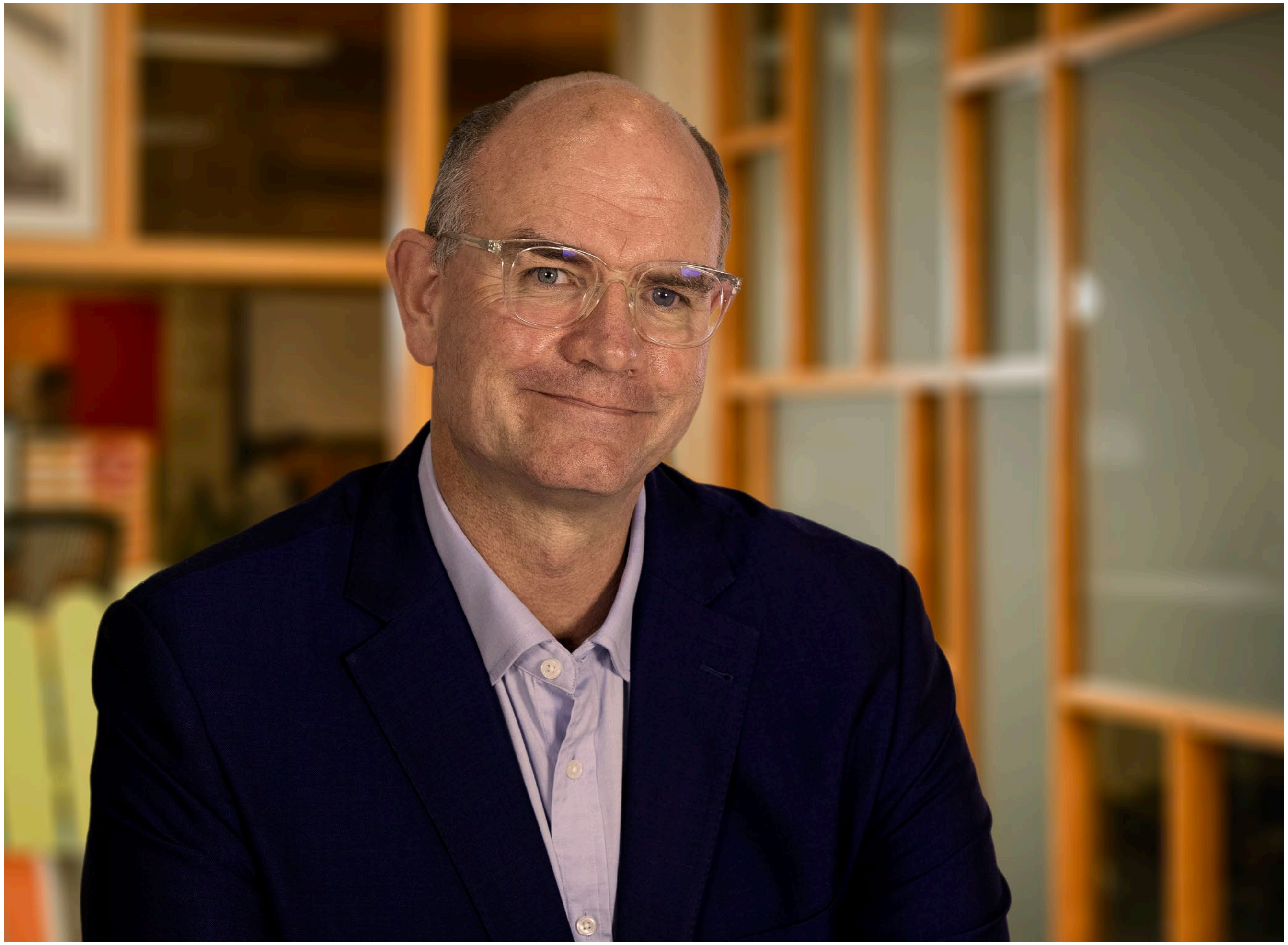
Implementation of Scheme of Arrangement with Apollo

The merger of ***thl*** and Apollo on 30 November represents the single largest growth event in the 37-year history of ***thl***. I am confident that Luke and Karl Trouchet, along with their parents and family would agree the same for the Apollo business, family, and team. This has created a meaningfully larger organisation with vast geographic diversity and over 2,000 crew globally. Bringing together two leaders in the global RV rental industry during a period in which both are experiencing a strong recovery has created an exciting pathway for the business in the coming period.

The statutory NPAT of $25.2 million in the first half of the financial year represents impressive growth of $29.6 million on the loss in the previous corresponding period (pcp). The result includes a contribution of $0.5 million from the December 2022 trading of the Apollo Group.

Likely of greater interest to shareholders, last week we provided guidance for our expected pro forma underlying NPAT for FY23. As previously stated, on a pro forma basis[1] (inclusive of Apollo's NPAT for the five months prior to completion of the merger), we expect underlying NPAT for FY23 to be above NZ$75 million.[2] This pro forma guidance includes underlying profit of NZ$27 million attributable to Apollo for the five-month period to 30 November 2022.[3] Excluding Apollo's profit for the period before completion of the merger, our expected combined underlying NPAT for FY23 is above NZ$48 million (inclusive of seven months of Apollo's trading).

The Chair has already touched on our focus on synergies. From a management perspective, we are referring to 2023 as the *year of the synergy*. The word *synergy* in this context refers to far more than just the removal of cost duplication. It represents the opportunities to develop from the best of both businesses in the broadest sense. As a management team we are highly



[1] The merger of ***thl*** and Apollo completed on 30 November 2022. Consequently, Apollo's FY23 results for the period prior to completion of the merger will not be reflected in ***thl***'s statutory financial statements for FY23. 'Pro forma underlying NPAT' includes Apollo's results for the five months prior to completion of the merger. Both 'Underlying NPAT' and 'Pro Forma Underlying NPAT' are non-NZ GAAP measures and should not be considered in isolation from other financial measures determined in accordance with NZ GAAP or NZ IFRS.
[2] Assumes exchange rates for the remainder of FY23 of NZD:AUD $0.93, NZD:USD $0.62, NZD:CAD $0.85 and NZD:GBP $0.52.
[3] Apollo's underlying five-month result also includes a NZ$9 million gain on the sale of 310 motorhomes to Jucy Rentals on 30 November 2022.

focused on the integration – internally named Project Orange. Our team have done an excellent job maintaining a high standard of customer service through the Australasian peak season despite managing several site relocations, the busiest summer in recent years and challenging general market conditions (supply and labour in particular). As we near the end of the peak season in this region, the focus in the project shifts towards execution of our financial, systems and people streams, as well as the consolidation of further properties.

We recognise the importance of effectively communicating our progress on synergy realisation to shareholders. We have established timelines and targets to guide synergy realisation while minimising business disruption. We are committed to being transparent through this process but note the challenges in how we track our progress. The identified synergy opportunities are a benefit over the counterfactuals (at the time of the merger) of ***thl*** and Apollo continuing to operate as standalone businesses. The further we progress, the more difficult it becomes to accurately measure against these hypothetical counterfactual scenarios. I recommend reading the Investor Presentation for further detail on synergy realisation. As at the time of writing, we believe we are on track to realise the previously stated synergies or potentially more. The assessment of synergies in the UK/Europe businesses is underway but will not be material to the group. Potential synergies in the North American businesses from a fleet perspective are currently being detailed. Again, these will be difficult to track as the counterfactual scenarios of the businesses become irrelevant. The synergies that we expected to be realised in FY23 are on track with expectations but will be offset by the implementation costs incurred during the period, given those costs are front loaded.

From a people perspective, the larger and more global scale of our business enables us to provide crew with new opportunities and options. We recognise there is the balance of achieving the synergy targets (non-negotiable) but also a real opportunity to leverage the considerable expertise and capability within the broader group. Natural attrition (even to date) provides us with an opportunity to leverage this skill set and practically provide options for people and new opportunities for individuals and the business.

The degree of change does differ across the business globally. By region and business segment, we are considering each business' performance, and what they need to be doing differently. We have defined this methodology as *standing together, standing beside, and standing alone*. There are some parts of the business where there is no or minor integration. Those parts are better off *standing alone*, focusing on their priorities and delivering. There are some parts where there are elements of synergy where the businesses need to link together, but not integrate. They have a broadly independent plan and *stand beside* one another. The last group, *standing together*, need a clear, defined integration plan that provides direction, resource, and different results.

I would like to thank all our crew for having responded in an open and positive manner through the integration process to date. We remain committed to providing you with as much clarity and certainty as possible as we progress through the global integration.

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GRANT WEBSTER – CEO

thl and the tourism industry today

We have seen a significant recovery in international tourism throughout 2022 as nearly all pandemic travel restrictions were lifted. While restrictions for travellers to New Zealand remained longer than anticipated and saw the business miss key booking periods earlier in the year, the level of demand in the second half of the year set the business up for a positive high season, with strong yields and utilisation. The Australian business has equally performed strongly over the year, benefitting from yields that are well above pre-pandemic levels.

While there are increasing macroeconomic headwinds, as noted in the Chair's letter, recent studies have shown that following the pandemic, many see spending on travel as one of their highest priorities within the traditional categories considered discretionary. We believe that the long-haul markets we operate in are also particularly protected, as conventional long-haul travellers are medium to high earners that are generally less impacted by cost-of-living increases. The recent re-opening of China to the rest of the world is also a positive development for our New Zealand Tourism businesses, in particular Discover Waitomo. The Canadian business for example has had record revenue booking weeks in late January. This positive level of activity has been experienced elsewhere in recent weeks.

The key challenges that ***thl*** and the broader industry face relate to the speed of the recovery. Inflation, labour, supply chain and natural disasters are all compounding operational stresses. At the same time, the business is learning new levels of resilience to be able to adapt at pace to concerns as they develop. One example of the impact of inflation is the increase seen in the cost of manufacturing and purchasing vehicles in recent years which has been in excess of 30%. This has been above general inflation rates due to the compounding impact of supply chain, shipping, and labour challenges within the RV sector in particular. This will, over time, result in the value of ***thl***'s vehicles on its balance sheet proportionally increasing relative to fleet size. While we are not seeing cost reductions, there are early trends that the rate of cost increases is reducing. At certain peak periods within certain businesses, we have seen our capacity reduced due to labour shortages, however the impact on the business has been low. The availability of labour is particularly challenging for the New Zealand Tourism businesses that generally operate outside key population hubs.

Our strong performance in this period is supported by several tailwinds including the recovery in international tourism, supply chain challenges resulting in constrained capacity of the rental market and contributing to yield growth, and low depreciation due to the smaller fleet size. As previously advised, while we expect that vehicle sales margins will normalise over time, ***thl*** is continuing to achieve margins above historical norms.

We expect that the combination of these factors in this period will result in a particularly strong return on funds employed in FY23.

While some of the tailwinds may normalise over the coming years, we expect that ***thl*** will continue to experience ongoing growth through a significant re-fleeting programme, synergy realisation and a continuation of both existing and new growth projects. As of 31 December, the merged group operated a global fleet of nearly 6,400 vehicles, compared to a combined peak fleet size of more than 11,000 prior to the pandemic, demonstrating that there remains significant room for fleet regrowth.

Our future-fit journey

We remain committed to our future-fit journey, focusing on our highest priority sustainability goals and working with a future-fit mindset and methodology. This commitment is apparent at all levels from the ***thl*** Board through to our crew in branches.

Our sustainability programme is aligned globally and activated locally, and we are seeing the positive impacts across our operational activities. Successes include reducing water use by over 50% at our USA branches from FY19 and reducing energy use at our Australian branches by over 20% from FY20. Embedding future-fit progress across all business units is an exciting integration opportunity to be better together.

At Action Manufacturing, work is underway to develop a new electric RV product, building on our previous electric RV pilot in New Zealand. Ongoing investment in the Future Fleet programme is a priority to address our greatest sustainability challenge, the carbon emissions from our vehicles. The programme is about more than just RVs and involves a deeper dive into sustainable materials and circular manufacturing methodologies for future use in scale.

We continue working with partners to create positive impacts for communities and destinations through responsible travel programmes like Tiaki Promise in New Zealand and Travel with Heart in the USA. In Australia, we are proud to be progressing our first Reconciliation Action Plan, to meaningfully contribute to reconciliation and build long-term, respectful relationships with Aboriginal and Torres Strait Islander communities and organisations.

Outlook

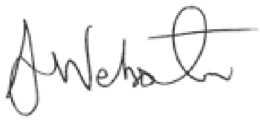
As referred to earlier, last week we announced an increase in our expectations for the FY23 result. Our improved expectations are primarily driven by a strong Australasian peak season due to yield growth and high utilisation on a smaller fleet base. Vehicle sales margins in New Zealand and Australia have remained strong for longer than expected and margins in the United States have normalised in line with expectations. Canada fleet sales margins have also remained at an elevated level, however the winter volumes have been minimal. We have generally held our pricing in North America as we expect that new vehicle pricing to be released shortly by manufacturers will be 5 – 10% higher than last year's pricing, based on cost increases in chassis and general componentry. The group's outperformance on earlier expectations has been partly offset by the impact of lost high season revenue from the divestment of 310 motorhomes and associated forward bookings to Jucy on 30 November.

Volumes in the Australian dealership business remain broadly in line with the pcp while margins are continuing to improve. Forward orders remain positive but have slowed in recent weeks. While there is evidence that dealers now have increased stock levels on yards, there is still a positive outlook into FY24.

Future shifts in rentals yields are challenging to predict, with several different factors contributing to the current elevated average yield levels globally. The Investor Presentation provides further detail on our views, however in short, we expect yields to reduce in the coming 12 months, but not significantly. Ongoing inflation, structural shifts in the global industry since the pandemic and customer preference all indicate that yields will remain above pre-pandemic levels.

I encourage you to review the Investor Presentation provided with these results, which includes more detail about the recent yield trends and our expectations for each region across the remainder of FY23.

Once again, I would like to thank all our crew for their commitment and efforts across the period, which has enabled us to manage the numerous operational challenges faced and deliver a result in the half that we can be proud of. As a collective business, I believe we are well positioned to continue our growth trajectory for the coming period.



Grant Webster

CEO