Unforgettable Journeys

INTEGRATED ANNUAL REPORT 2022

We will never forget where we've been these past two years, nor will we ever forget how to deliver the most unforgettable journeys. It's what we love doing for our customers, and they are looking forward to renewing those experiences too.

Let's restart those unforgettable journeys.

Dear Shareholders

On behalf of the Board, we present the 2022 Integrated Report and consolidated financial statements (financial statements) for the year ended 30 June 2022 (FY22).

The Board acknowledges its responsibility to ensure the integrity of the Integrated Report. The Board recognises that integrated thinking has become more critical than ever as we do not only need to survive, but we have to have the right systems in place to thrive again, including infrastructure, human capital and stakeholder networks. The Board has applied its mind to the Integrated Report and believes that it addresses the most material issues, presents fairly the integrated performance of the organisation and its impacts in accordance with the principles set out in the International Integrated Reporting Council (IIRC) Framework. The Integrated Report has been prepared according to the IIRC guidelines. The Integrated Report was approved by the Board on 25 August 2022 and is signed on its behalf by:

Cathy Quinn ONZM
Chair

Rob Hamilton
Chair of the Audit & Risk Committee

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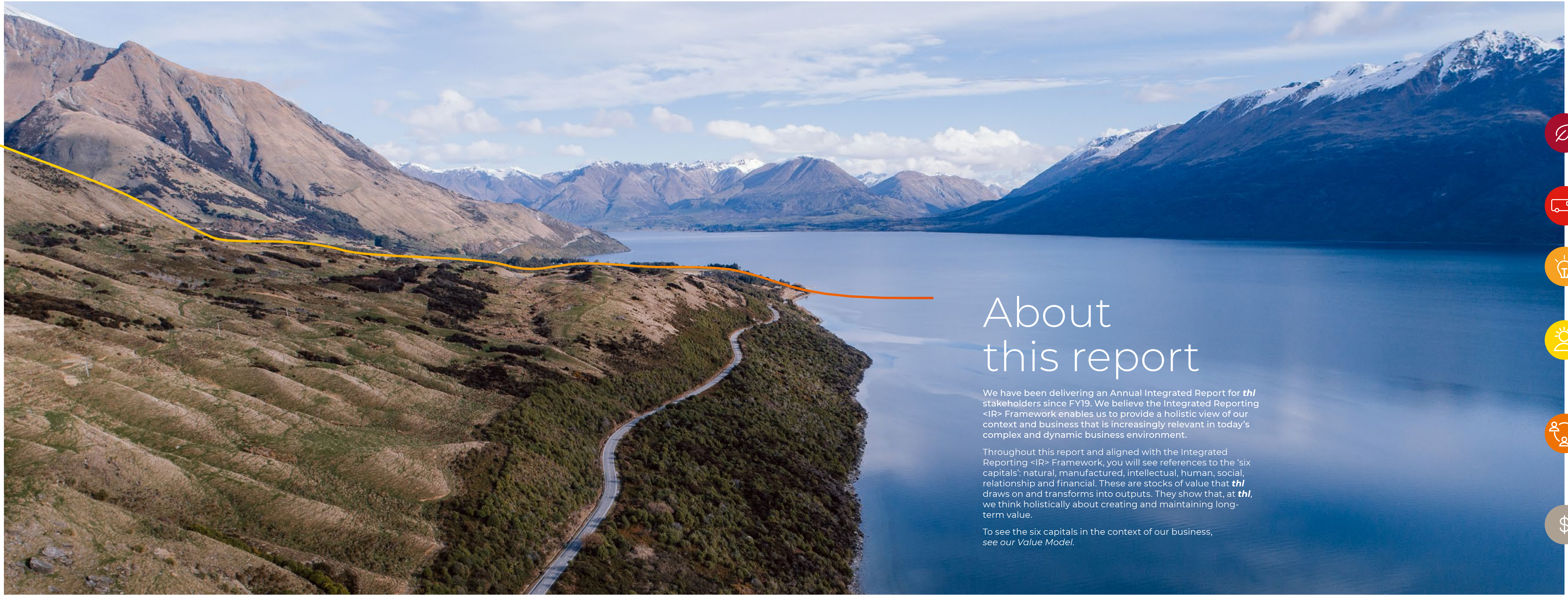


About this report

We have been delivering an Annual Integrated Report for ***thl*** stakeholders since FY19. We believe the Integrated Reporting <IR> Framework enables us to provide a holistic view of our context and business that is increasingly relevant in today's complex and dynamic business environment.

Throughout this report and aligned with the Integrated Reporting <IR> Framework, you will see references to the 'six capitals': natural, manufactured, intellectual, human, social, relationship and financial. These are stocks of value that ***thl*** draws on and transforms into outputs. They show that, at ***thl***, we think holistically about creating and maintaining long-term value.

To see the six capitals in the context of our business, *see our Value Model.*

The 'six capitals' are stocks of value that ***thl*** draws on and transforms into outputs.

NATURAL CAPITAL

Includes resources we use such as air, water, land, minerals and forests, solar energy, crops and carbon sinks; biodiversity and ecosystem health; and resources which cannot be replaced such as fossil fuels.

MANUFACTURED CAPITAL

Manufactured objects used in the production of goods or the provision of services, including vehicles, buildings, equipment and infrastructure.

INTELLECTUAL CAPITAL

thl's knowledge-based intangibles, including intellectual property such as patents, copyrights, software, rights and licences; and our systems, procedures and protocols.

HUMAN CAPITAL

Our crew's competencies, capabilities and experience, and their motivation to innovate on, support, implement and improve; our governance framework, risk management approach, ethical values, corporate strategy; processes; goods and services, including our crew's ability to lead, manage and collaborate.

SOCIAL AND RELATIONSHIP CAPITAL

thl's social licence to operate; our relationships, with institutions and groups of stakeholders including communities, governments, suppliers and customers; the ability to transparently share information to enhance collective wellbeing; our integrity, values and behaviours, trustworthiness, brand value and reputation.

FINANCIAL CAPITAL

Funds obtained through financing or generated by means of productivity.

A letter from the Chair

Dear Shareholders

On behalf of the Board, I present the 2022 Integrated Annual Report and financial statements for the year ended 30 June 2022 (**FY22**).

I am pleased to present this first report as Chair for ***thl***, and although I commenced in the Chair role in the last month of the financial year, I have been a member of the Board since 2017 and often engaged with the company prior to that in my various roles as a partner and Chair of the law firm MinterEllisonRuddWatts.

Firstly, I would like to thank Rob Campbell for his contribution to the company as a Director and Chair over the last nine years. Rob leant his exceptional skills to guide the direction of ***thl***, bringing his extensive experience and ever-challenging mindset to advance the position of the company and respond to the many challenges and opportunities in the external environment.

As incoming Chair my focus will be on seeing that ***thl*** fully recovers from the impacts of the COVID-19 pandemic and is strategically positioned to take advantage of opportunities in the coming years as tourism rebounds. We will focus on maximising the improved presence of the Recreational Vehicle (RV) industry and growing popularity the RV category has had over the last two years.

In reviewing last year's Integrated Report I was taken by how far we have come as a business over the last 12 months. However, having posted an underlying loss after tax for the year of $5.4M[1] it is appropriate to thank again those investors that have continued to support the company through these challenging times. We have managed our balance sheet and positioned the business well for the coming years, with the expectation that we reward that investor support in the future.

Our trading results

While we are not content with the result being another loss, all within ***thl*** have worked hard to narrow the loss and we will be working hard to see that it is the last for our busines

Effective management of the ***thl*** balance sheet has been a highlight of the response to COVID-19 from a financial perspective. The business is capital intensive and the management team responded accordingly, meaning no capital raise was required and debt has been well-managed.

The ***thl*** crew continued to adapt as required to take hold of a number of new opportunities in FY22. Revenue from non-tourism activities and vehicle sales have been maximised. The Australia result is outstanding given the challenges in the first half year with interstate travel restrictions and the USA has remained profitable throughout the pandemic. The Action Manufacturing (Action) results are also a highlight, given the extremely challenging supply environment.

Grant Webster will share the detail of the results in the CEO report, and please refer to the investor presentation for further information. There are a number of one-off items this year, and we encourage you to review the financial statements alongside the investor presentation for detail.

[1] All values are in NZD unless stated otherwise

The ***thl*** crew continued to adapt as required to take hold of a number of new opportunities in FY22. Revenue from non-tourism activities and vehicle sales have been maximised. The Australia result is outstanding given the challenges in the first half year...

CATHY QUINN – CHAIR

Our Integrated Annual Report

As expectations continue to rise regarding the depth and quality of information to be reported, we have continued to transparently disclose and include more information in this report, which is prepared in accordance with Integrated Reporting <IR> Framework guidelines.

This year we report on work to set a science-aligned carbon emissions reduction target for our Scope 1 (direct) and Scope 2 (indirect, energy) emissions using the Science Based Targets Initiative (SBTi) methodology, with further work underway on how we appropriately manage Scope 3 targets. We also share our first reporting on the Task Force on Climate-related Financial Disclosures (TCFD). Please refer to Climate & Carbon Strategy section of this report for further details.

We have continued our future-fit sustainability journey and share progress on the priority future-fit sustainability goals identified to address the highest impact areas for ***thl***. Applying the system thinking and science-based approach that underpins the future-fit framework throughout the business is a key focus. We see this as both a mindset and methodology that informs our decisions and guides activities.

As a travel and tourism operator, we believe we are well positioned relative to most industries.

We are different today

There have been a number of changes this year that we believe have strengthened the business going forward, including building on the 100% ownership of Action Manufacturing and embedding non-tourism revenue in the way of thinking and operating. The discussions on Just go in the UK becoming a wholly-owned ***thl*** subsidiary are ongoing.

Changes to our travel technology business include ***thl*** acquiring 100% ownership of triptech and the sale of mighway and SHAREaCAMPER.

Over the last year ***thl*** has taken the opportunity to review and refresh many of the operational aspects which create improvements for the customer journey, P&L and crew health, safety and wellbeing. Grant will share more details on these improvements which are highlighted throughout the report.

The business environment still contains risk

As a travel and tourism operator, we believe we are well positioned relative to most industries, as we are coming from such a low base that we still expect to experience a significant recovery despite shifts in the broader macroeconomic environment. However we recognise that tourism recovery remains uncertain.

There are still headwinds the company faces, including labour shortages, inflationary pressures, continuing sickness impacts on a daily basis and supply chain interruptions. We will continue to deal with supply issues daily along with many of the operating constraints that we see impacting all industries.

Proposed merger with Apollo

The Board recognises the potential in this proposed transaction to expand our global business with greater geographic diversity. The timeline for completing the various regulatory processes associated with this potential transaction has been extended several times, we are frustrated with the process and recognise shareholders must be as well. As at the time of writing this report, the Board still see the merit in the transaction and can see a conclusion in a reasonable timeframe from now.

We do, and will continue to review the progress regularly and ask the deep questions of management, including is this still the right transaction to do, is this the right time, and are there any areas of the current business suffering due to the focus on the transaction.

The outlook for the business

While it is challenging to provide profit guidance at this early time of the financial year, we recognise the need for some indication to be provided in what is a unique transition year, as ***thl*** moves into the recovery with the restart of international travel in all regions where we operate.

Our current expectation is that net profit after tax in FY23 on a standalone basis will be within the current range of analyst expectations, being between $17.0M and $30.2M.

Grant will cover more details on outlook in his report.

Cathy Quinn ONZM
Chair

A letter from the CEO

Dear Shareholders

There are a never-ending list of new clichés regarding the impact of COVID-19 on the world, and particularly the tourism industry over the last two years, and this impact has been more than just financial, it has impacted our crew, communities, customers, suppliers and partners.

The FY22 year for most of the business was about the shift and transition from closed borders to open, from monthly losses to profits, and from redundancies to employment. I see ***thl*** today as a business that has been very active through this period, we have learned a lot, chased new opportunities, refreshed, and reset ways of operating for the years ahead.

The international borders for most of the business remained closed for well over half the year. In this context we are pleased with the businesses that have been profitable and focused on the recovery for those that have been impacted by COVID-19.

The COVID-19 period, what we learned and now do differently

The COVID-19 period has been extremely challenging, and once again the resilience in the ***thl*** crew and business has been superb. We have created new opportunities outside our old norm, including manufacturing specialist commercial vehicles at Action, growth of RVSC and retail operations, and further developed and embedded non-tourism rentals as a core part of our operating model.

We have built our capability as a business and have seen changes in the way in which we work, seeking a balance between work from home, and the importance of being together while creating flexibility for our crew. Overall we have seen collaboration improve as we connected in new ways, and this is leading to more integration between teams, countries and businesses.

We have continued to invest in our businesses to be ready for the expected resurgence in international visitors, reviewing learning opportunities to enhance our customer service and products.

The health, safety and wellbeing of our crew is always our highest priority, particularly through COVID-19. We are always focused on ways to improve, further develop our systems and processes and invest in growing our capability, and this year recruited a new global leader of Health, Safety and Wellbeing to guide and drive future developments.

The results

When assessing the results for the year, FY22 was a year with two distinct halves. The first part of the year saw significant impacts from the Delta wave, travel border restrictions lifting later than initially anticipated, and an increasingly challenging global supply chain.

The US business has continued to be profitable throughout the COVID-19 pandemic, with an EBIT[1] result of $12.7M. The 2022 calendar year high season was impacted by supply constraints, particularly our ability to purchase fleet. Vehicle sales performance remained strong, both for sales quantity and margins.

In Australia, our results have rebounded strongly following a significantly impacted first half of the year with Delta and international and state level border restrictions, with a first half EBIT loss of $1.0M, followed by a second half EBIT profit of $7.6M – an exceptional recovery, and Australia is well positioned for a strong FY23.

In New Zealand where we have remained in a domestic only environment for the majority of the year, we incurred an EBIT loss of $9.0M, a $5.7M improvement on the FY21 loss, of which is an impressive achievement in this context. Considering the supply chain challenges, Action also had a very positive year with an EBIT of $4.9M (before the elimination of margins generated on the manufacture of ***thl*** vehicles). The business had strong specialist vehicle activity for customers including St John Ambulance, NZ Defence Force and organisations in the heavy transport sector.

Our highlights for the year

I am very proud of what the business and our crew have achieved in another challenging year. We have continued to grow and expand our non-tourism revenue and embed this as a core part of our business model going forward.

Our crew engagement and retention has remained high throughout FY22, which is a huge highlight. We are extremely fortunate to have a committed and highly capable crew who have shown amazing resilience in these challenging times. Our crew make ***thl*** what it is and I would like to thank all our teams for everything they have done, and continue to do, as we move into this next phase of recovery. As noted elsewhere, the Australian result was outstanding.

Action's performance this year, the first full year of 100% ***thl*** ownership, is a highlight, as previously noted.

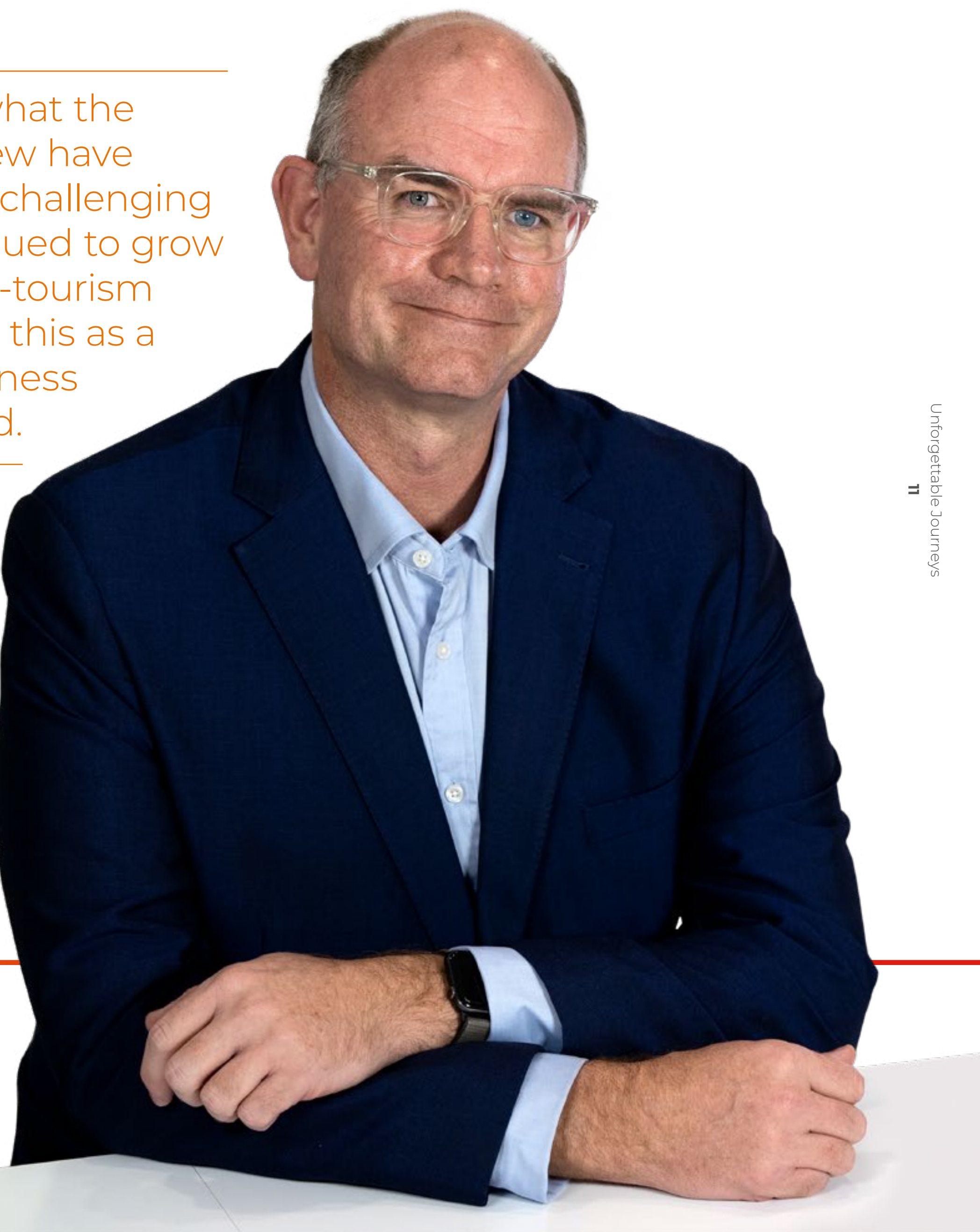
This year has also seen ***thl*** work on significant merger and acquisitions activity as we reviewed our businesses and worked on potentially transformational opportunities, including the proposed Apollo merger.

Activity within the business

The last year has been an opportunity to review, refresh and reset our operations with a number of significant projects and activities to drive improved performance, which we highlight in this report.

We are focused on our highest priority sustainability goals and making progress on our future-fit journey as we embed our global sustainability work programme into our operational activities.

> I am very proud of what the business and our crew have achieved in another challenging year. We have continued to grow and expand our non-tourism revenue and embed this as a core part of our business model going forward.
>
> GRANT WEBSTER – CEO



[1] EBIT or operating profit before financing costs is a non-GAAP measure 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 and therefore may not be comparable to similarly titled amounts reported by other companies.

Crew feel more connected with dispersed colleagues than ever before, creating a truly global ***thl*** team culture.

We apply a future-fit mindset and methodology to everything we do, from our global sustainable procurement framework and new supplier code of conduct, to future-fit branch sustainability action plans in each country.

At RVSC, a new business expansion project started this year and is already delivering on key milestones with impressive growth in our retail operations, with revenue growth of 42% on FY21. Work is also underway on the planning and development for the new Auckland branch rebuild. The relocation of the Albany site has also created opportunities to improve efficiencies as these activities are consolidated into other sites including Action Manufacturing and the Auckland Airport location.

We have invested in new fleet designs for our current fleet and in R&D as part of our Future Fleet programme to address our greatest future-fit sustainability challenge, the carbon emissions from our fleet and operations. This year we set a science-aligned carbon emissions reduction target which commits ***thl*** to an absolute reduction of Scope 1 and 2 greenhouse gas emissions by 50.4% by FY32 from a restated FY20 baseline, consistent with the aim of limiting global heating to 1.5°C.

The ***thl*** digital team have made great progress this year, led by our new Chief Technology Officer - Jo Hilson, achieving goals, effectively supporting the business, and delivering on significant projects including COSMOS fleet management system development. We have refreshed our digital strategy, invested in new technology and cyber security tools reflecting the increased threats businesses face, and development work on new technology products and services is ongoing.

Resilience and change

I remain incredibly impressed by the resilience of ***thl*** as a business and of our crew, who have continued to respond to change and challenges of an unprecedented scale. This is a hugely valuable skill and capability which places us in a strong competitive position, particularly for crew recruitment and retention. We are very fortunate to have a highly engaged crew, reflected in our recent engagement survey results. Engagement levels remained high with an 82% favourable response rate as to employees recommending ***thl*** as a place to work, and 88% generally feeling positive towards working at the company.

The proposed Apollo merger

In December 2021 we announced the proposed ***thl*** and Apollo merger. We believe this is a potentially transformational opportunity that will create significant value creation for shareholders, through synergy realisation and greater business resilience.

As previously stated, significant anticipated cost out synergies are expected to deliver a steady-state EBIT benefit of $17M to $19M per annum, with expected one-off implementation costs in the order of $4M to $7M.

Apollo and ***thl*** are two highly complementary businesses, which if brought together, will create a diversified, leading RV travel company across the key markets of Australia, New Zealand, North America, Europe and the United Kingdom.

The merger represents an opportunity for ***thl*** to significantly increase its fleet base, at a lower cost than through purchasing new RVs directly. In addition to the synergy benefits, the combined group will benefit from greater business resilience through geographic diversification and additional locations in the Northern Hemisphere.

While there is no certainty at this point in the process, and significant external resource is being applied, the internal ***thl*** group working on this has been kept small, to avoid impacting the wider business. I am proud of how the business has remained focused on delivering business as usual, without distraction from this opportunity, as evidenced by all the activity and milestones achieved in FY22.

We continue to work through the process with competition regulators in Australia and New Zealand, and with the new owners of Jucy on a potential fleet divestment. We will continue to update on the timeline and progress, as we have done. Regardless of the merger outcome, ***thl*** as a global leader in the commercial RV rental market, is in a strong position to maximise opportunities during the recovery and future growth phase.

Our business model – how we operate is different today

We have made changes in what we own and what we are, with mighway and SHAREaCAMPER sold to Camplify, and triptech now 100% owned. FY22 was the first full year of 100% Action ownership, manufacturing and non-tourism activity is growing and being embedded as a core part of our business, including exciting progress in the RVSC and retail space.

The MaxiTRANS acquisition for Action has created a more streamlined, stronger manufacturing base with greater diversification beyond motorhomes, which will enable more stable long-term performance, and leverages expertise and supplier relationships for both tourism and non-tourism business.

Operationally we have used the COVID-19 period to review, redevelop and refresh our activities with a focus on the foundations, our crew health, safety and wellbeing, our future-fit sustainability goals, and new initiatives to move us forward, such as our global cultural capability commitment.

Investing in our crew and leaders training and development is a priority for ***thl***. We launched TRX25, a new customer experience improvement initiative for our New Zealand and Australia rentals teams. Our DriveSchool leadership development programme restarted this year, with new modules focused on future-fit, managing risk and health, safety and wellbeing.

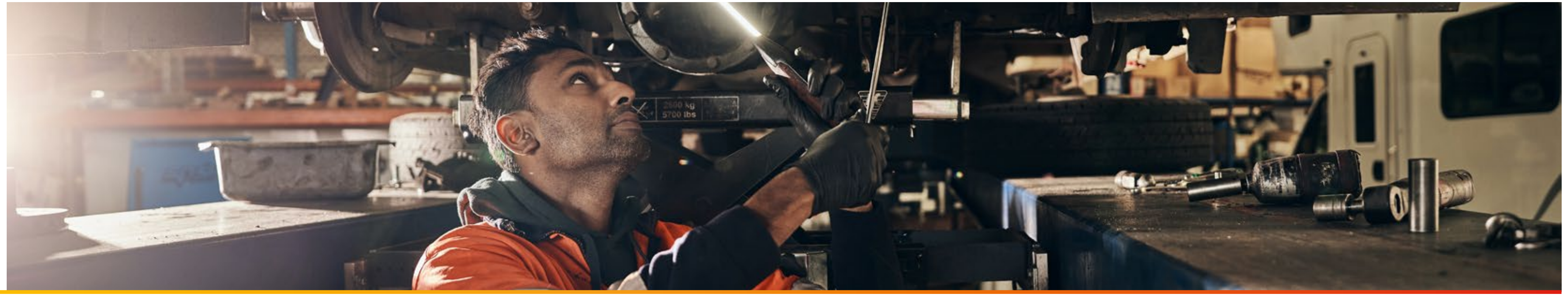
Tourism globally

Currently there is a significant amount of media speculation and reporting on tourism trends. What we are seeing is a cohort that fits into the 'revenge travel' category, travellers who are getting out regardless now borders are open - this is likely to be a positive for this summer season, not a long-term trend.

There are potential headwinds preventing immediate return to pre-COVID-19 travel levels. These include the impact of airline capacity issues, higher tourism prices, the perception of challenges such as delays impacting travel and the wider global economic impacts with the potential for recession, inflation and price increases impacting consumer confidence. We expect airline capacity to grow in FY23 and for all markets to be open for outbound travel by the end of Q1 (except China).

However we have seen over the last few years that RVs are a popular form of travel, with new customers and markets growing. Travel in an RV also resonates with customers as a more locally-based, intimate scale experience, with the flexibility to connect more authentically with communities and spend time in destinations experiencing nature and the great outdoors.

Long-term trends for more sustainable travel suits the experiences our vehicles provide, and we remain positive that we will see growth in the category. We are actively engaging with the travel and RV industry and contribute to global and RV industry developments in these areas. The increasing focus on responsible and regenerative travel by the industry is positive, and we remain committed to working with partners to promote responsible travel and manage community and destination impacts as travel rebounds.



Capital expenditure

During the year we had capital expenditure of $181M. Nearly all of this is on fleet renewal. This is up on the prior year figure of $107M. The expected gross capital expenditure for FY23 is approximately $270M-$300M, however this remains subject to supply availability and delivery timing. Net capital expenditure in FY23 is expected to be approximately $120M.

We have been focused on minimising capital expenditure in the current environment, except where required. We have been reinvesting in fleet in the US, to be ready for a summer of both domestic and international customers. In New Zealand and Australia the total fleet we will operate in the upcoming summer period will be lower than in prior years, and thus our total funds employed in those businesses will be lower. We will be focused on delivering an appropriate return on funds employed over the coming year.

Our banking partners continue to be supportive of our business and understand the need for us to meet demand as it returns. We have worked with our lenders and have managed our fleet position well in order to reduce debt.

We have not reviewed our dividend policy at this point, and as previously advised, there will be no dividend in FY22 and we are unlikely to pay a dividend in FY23. Moving forward, we seek to return to paying dividends once we have certainty on profitability and have an appropriate equity ratio which is still to be determined. The current terms of our banking facilities require approval from our banking partners for any distributions.

The trading environment

In the US, domestic travel demand remains strong and international activity is continuing to grow. Vehicle sales margins have now started to return towards more normalised levels, and we expect average margins will revert to FY21 margins by the end of FY23.

The Australian business is well-positioned to deliver a potential record EBIT result in FY23, with positive trading conditions in both rentals and vehicle sales. Domestic demand remains strong and there is a positive level of international demand returning.

We expect the New Zealand trading environment will remain challenging in the first quarter of FY23 with limited international demand. International activity is expected to return more meaningfully for a more positive 2022 summer period, with the business running a smaller rental fleet size. Vehicle sales volumes will be lower than FY22 as the business commences fleet regrowth and while sales margins are likely past their peak, they are expected to remain elevated.

Governance

As management, you always hope that you have the right skills and capabilities as a collective on your Board for all situations. From a management perspective we can reassure shareholders that we are fortunate to have a Board which has been highly engaged, appropriately responsive and has provided excellent advice and guidance during another challenging year.

The only change of note from a governance perspective in the year was the retirement of Rob Campbell as Chair in June 2022. Cathy Quinn, having served five years on the Board was elected as the new Chair effective from Rob's resignation. I would like to extend my thanks to Rob Campbell for his leadership and contribution, challenges and availability. I am very pleased to have Cathy Quinn step into the Chair role bringing extensive skills and governance expertise.

Outlook and opportunities - what's next?

thl is sharply focused on delivering a profit improvement in FY23 and concluding the process for the proposed merger with Apollo. As the Chair mentioned, our current expectations are that net profit after tax in FY23 on a standalone basis will be within the current range of analyst expectations, being between $17.0M and $30.2M.

Regardless of the merger outcome, the business is well positioned for recovery, with strong business development and merger and acquisitions activity in a recovering and growing market. We have successfully leveraged our collective skills and experience at every level from the ***thl*** Board to all our branches, bringing in the new and refreshing, and refocusing our operations to be ready for the recovery phase.

The adversity we faced over the last few years has created opportunity. A striking feature has been the impressive development of our crew as they faced new challenges head on, we have seen great growth in our leadership skills throughout the business and we have a strong pipeline of very capable people, well positioned around the world for a global business heading into a growth phase. Underpinned by our Future-Fit Business Benchmark and leveraging lessons learned from COVID-19, we are enhancing our customer experience and developing new business opportunities.

We have successfully leveraged our collective skills and experience at every level from the ***thl*** Board to all our branches, bringing in the new and refreshing and refocusing our operations to be ready for the recovery phase.

Closing

I once again would like to acknowledge all the ***thl*** crew and shareholders who have stuck with us through these challenging times. We benefit greatly as a business from the depth of experience, commitment, capability and flexibility that flows throughout ***thl*** from the Board to our branch crews.

It is hard to find adequate words to describe how proud, inspired and appreciative I am of our amazing crew, who have continued to do a fantastic job delivering despite all the challenges, seeking new opportunities and always supporting each other, and our customers. You really are the heart of ***thl*** and I cannot thank you enough for everything you do.

While we may have been physically further apart, we are more connected than ever, as we navigated work from home, border closures and periods of lockdown. It has been fantastic to see our culture of collaboration grow and develop, as we build greater connection, coordination and consistency between teams and countries as a global ***thl*** team.

I look forward to seeing and thanking our crews in person, in the places where they work, over the coming months.

In summary, over the last year we have tidied, reviewed, refocused and refreshed across all our business operations and developed exciting new opportunities. We are well set up for the future and ready to grow.

Grant Webster
CEO

Our year in review

As at 30 June 2022

The year ended 30 June 2022 was a year of two halves. The first half remained strongly impacted by the COVID-19 pandemic, particularly for our Australasian businesses due to ongoing domestic and international travel restrictions. While travel restrictions in the US were more relaxed, the business faced headwinds relative to the prior year as alternative travel options opened up. Through the second half, conditions started to shift towards a post-pandemic state as international tourism recommenced. An indication of what the future of ***thl*** may look like beyond the pandemic is nearly in sight.

thl has remained as focused as ever on creating new opportunities and moving forward. The year had numerous initiatives to improve the business and the experience we deliver to customers, such as new vehicle designs and a transformation of the entire customer experience. We believe our journey to-date has set us up with a strong foundation to create value for all our stakeholders over the long-term.

UNDERLYING NET LOSS AFTER TAX (NPAT)[1]
-$5.4M
FY21: -$14.3M
+63%

-$2.1M
FY22 STATUTORY NPAT

EBIT
$6.9M
FY21: -$8.3M
+183%

TOTAL REVENUE
$345.8M
FY21: $359.2M
-4%

-1% ▼
SALE OF GOODS REVENUE

-6% ▼
RENTAL REVENUE

$1.82
NET TANGIBLE ASSETS PER SHARE

NET DEBT[2]
$58.5M
FY21: $48.7M
+20%

FLEET AT YEAR END
3,858
FY21: 4,242
-9%

FLEET PURCHASES[3]
1,514
FY21: 1,116
+36%

137% ▲
AVERAGE GAIN ON VEHICLES SOLD

NET DEBT AND CAPACITY FOR FUTURE FLEET GROWTH

thl's net debt increased by $9.8M across the financial year to end at $58.5M on 30 June 2022. Debt remains well below the capacity available to ***thl*** through its lending facilities, with approximately $200M in headroom (as at 30 June 2022) to fund future fleet regrowth.

MAKING THE MOST OF A STRONG VEHICLE SALES ENVIRONMENT

Across all three countries, ***thl*** delivered record average vehicle sales margins in FY22. The sales businesses have learned key lessons, are better prepared and are more focussed going into the future, as ***thl*** reverts to a more normal rhythm of vehicle sales.

[1] Excludes the following non-recurring items: A $1.3M gain on sale of Togo class B shares, a $5.3M (after tax) gain on sale of mighway and SHAREaCAMPER and $2.3M gain on loan forgiveness; offset by $4.9M (after tax) of transaction costs in relation to the proposed merger with Apollo and goodwill impairment of $0.7M.

[2] Net debt refers to interest bearing loans and borrowings less cash and cash equivalents

[3] Excludes purchase of buyback vehicles.

FY22 milestones

2021

- Discover Waitomo - inaugural Matariki celebrations engage local community and visitors
- Action Manufacturing - Specialised & Emergency Vehicles Australia secures large order with Queensland Ambulance Service

July

- RVSC new transformational business development model signed off which will enable significant growth
- Discover Waitomo - bilingual and full immersion Te Reo Māori tours developed and delivered for Māori language week
- Action Manufacturing - Fairfax secures significant contract with Big Chill distribution
- Agreed to sell mighway and SHAREaCAMPER businesses to Camplify, an Australian publicly listed peer-to-peer business
- Relocated to new branch in Brisbane
- Supported the COVID-19 vaccination roll-out by providing vans to 12 District Health Boards and 13 Māori health providers to assist with taking vaccinations to communities

Oct

- Total Rental Experience 2025 (TRX25) customer experience launched. ~50 crew were trained in November 2021 and ~99 crew were trained in May 2022
- Travel and Leisure Sector winner at the New Zealand Marketing Awards for our "Get Moving to Get New Zealand Moving" campaign, as well as a finalist in the cross-sector Marketing Communications Strategy and Supreme Awards
- RVs utilised for emergency housing support and isolation facilities provided through the New Zealand Ministry of Business, Innovation and Employment - over 12,000 hire days and $1.2M revenue
- Discover Waitomo – winners of the Recreation Aotearoa Environmental Leadership Award
- United States (US) border restrictions for COVID-19 lifted for non-citizens

Dec

- Proposed merger of *thl* and Apollo Tourism & Leisure announced, with the intention to create a global leader in the commercial RV rental market

2022

- First milestone of new RVSC business model - achieved 43% retail revenue growth compared to prior year
- US business takes a further step towards all crew receiving a competitive, *thl* Future-Fit Wage
- Action Manufacturing – acquisition of MaxiTRANS NZ announced to the market
- Action Maunfacturing – three year contract renewed with St John
- Australia (AU) reopens international borders
- New customer registration page enabling agent bookings/customer registration prior to pick-up released in AU & NZ
- First of the next generation KEA Cascade vehicles rolls off production
- *thl* USA enters the rapidly growing Class B category for the first time
- New 4WD Isuzu launched in Australia
- 100% Telematics vehicle tracking in AU & 94% NZ
- Action Manufacturing – FTE headcount passes 250 across three sites
- Action Manufacturing – design for new Voyager model complete

Jun

- Recommencement of international travel trade shows with ATE and IPW
- Discover Waitomo – community outreach with Te Kura o Kāwhia School - 60 students and teachers hosted with Te Reo Māori immersion tour
- First of the next generation KEA platinum vehicles rolls off production
- Discover Waitomo – Matariki Dawn Ceremony held for community and whānau
- New Zealand (NZ) reopens international borders

thl at a glance

Aotearoa New Zealand

Auckland: Albany, Mangere, CBD, Takanini; Waitomo; Hamilton; Christchurch; Queenstown

659 EMPLOYEES INCLUDING ACTION MANUFACTURING

1,009 FLEET SIZE

12,590,000 KM TRAVELLED*

72,545 CUSTOMER EXPERIENCES* DELIVERED

Australia

Adelaide, Alice Springs, Brisbane, Broome, Cairns, Darwin, Hobart, Melbourne, Perth, Sydney

154 EMPLOYEES

1,207 FLEET SIZE

37,897,000 KM TRAVELLED*

30,122 CUSTOMER EXPERIENCES* DELIVERED

United States

Los Angeles: LAX/Santa Fe Springs, San Bernadino, Newport Beach, Van Nuys, Agoura Hills; San Francisco: Dublin, San Leandro; Orlando; Ferndale; Seattle; Las Vegas; Dallas; NYC; Denver; South Amboy; Reno; Corona – Norco; Sacramento; San Diego; Santa Cruz; Ventura / Oxnard; Victorville – Hesperia; Miami; Chicago; Salt Lake City

322 EMPLOYEES

1,642 FLEET SIZE

40,423,000 KM TRAVELLED*

66,409 CUSTOMER EXPERIENCES* DELIVERED

Equity Investments

London, Edinburgh

Franchised operations in Japan and Southern Africa

* Approximate at time of going to print

How *thl* creates value: our value model

Businesses create, preserve or erode value for themselves and others. Our Value Model summarises how *thl* creates value for ourselves and the wider system in which we operate.

We draw from **inputs** or 'stocks of value', represented by the six capitals: natural, manufactured, intellectual, human, social and relationship, and financial. We then seek to **create value** through our business model, which delivers **outcomes**. At ***thl*** we recognise we are part of wider systems, and that all our value creation activities have positive or negative **impacts**.

Traditionally, businesses were focussed on financial capital and **'shareholder value'** but didn't account for externalities or their impact on other stakeholders. More recently, businesses have been exploring **'shared value'**, where negative impacts may be reduced or offset by 'doing good' elsewhere, but business as usual continues. The Future-Fit Business Benchmark we use at ***thl*** gives us a framework to evolve to **'system value'** in which businesses contribute to a thriving society and help to regenerate our environment (doing 'more good').

Learn more about how we **protect the value** we create in the Enterprise Risk Management section in this report.

Inputs

The **natural resources**, energy, fuels and water used in our RV vehicles and operations.

The high quality environments, ecosystems and cultural values that underpin the destinations our customers visit.

The **RV fleet** we build, rent and sell. Buildings and infrastructure we lease and maintain for our operations. The technology, process and systems to improve our customer experiences and operational efficiency.

Expertise and innovation as the largest global RV rental operator and in tourism operations, customer services and creating compelling experiences.

Development of technology solutions, organisational systems and services that support our crew and customers.

Our **crew's skills, talent, energy and engagement. Leadership, strong values and direction** of our future-fit pathway. Governance and management systems for risk, health, safety and wellbeing, and operational performance.

Active engagement with: industry partners, tourism, travel and transport groups/forums and regional tourism groups and operators.

Relationships with: community, iwi/indigenous groups, Government agencies, and local partners where we are based, and where our products impact.

Global network of suppliers.

The **revenue and value** we generate and access to funds and investment in our products, experiences, people and the places where we operate.

Our Operating Model + the value we add

Build-Buy-Rent-Sell RV model *and* delivering tourism experiences

Our purpose

Creating unforgettable journeys

Our business

Vision
To sustainably connect millions of people with personalised local experiences, leveraging our expertise in RVs and tourism globally.

Right path
We apply a ***thl*** future-fit mindset and methodology to guide our environmental, social and economic direction.

Our way (*thl* values)

- Be the best
- Be curious
- Do the right thing

Impact & Outcomes

Protect and enhance ecosystem health, prevent harm and create positive impacts. Addressing the climate change, environmental, natural resource and destination impacts of our vehicles and products. Aiming to go beyond 'sustainability' to contribute to restoring and regenerating the natural environment and sensitive ecosystems where we have an impact, such as Waitomo.

Innovation, expertise, improving our products, experiences and impacts. RV design and delivery expertise; providing safe, comfortable, high quality vehicles. Working to reduce GHG emissions and impacts of our vehicles and operations on the environment. Technology and systems to improve operational efficiency, high quality experiences and services for our customers and communities.

Innovation, resilience and excellence. High quality services and products that exceed customer expectations. Reducing negative impacts including GHG emissions, natural resource use and impacts on ecosystems. Enhancing customer experiences and contributing positively to communities and destinations.

Leadership development and growth opportunities, building our cultural capability. Diverse teams, engaged and committed crew; curiosity, creativity and innovation from our teams. Leadership, development and growth opportunities. Flexible working policies, fair employment terms, healthy and safe workplaces, addressing crew concerns and supporting health and wellbeing.

Partnerships for positive impact for communities, stakeholders and destinations. Addressing community concerns on negative impacts of freedom camping. Promote responsible travel and opportunities to authentically connect with communities, including First Nations Peoples, through Tiaki Promise in NZ, our Reconciliation Action Plan in Australia, and Travel with Heart in the US. Supplier relationships, sustainable procurement and having a positive impact across our value chains.

Creating value for our customers, crew and communities, shareholders and stakeholders. Products and experiences we provide create positive economic impacts for communities. Recognising and seeking to address community concerns where negative impacts occur.

Future Inputs

IMPACT & OUTCOMES INFORM CAPITAL INPUTS

Our *business* journey

Our ***thl*** culture, creativity and resilience once again has been a core strength in a second challenging year facing a loss-making situation with continued closure of international borders, impacts of COVID-19 and major supply chain disruption.

Our approach has been to ensure we leave no stone unturned by undertaking monthly reviews which, rather than looking back at progress against prior years, look ahead as we navigate complex and uncertain operating environments. Always asking the question: *have we maximised every opportunity for revenue, cost saving, future-fit progress and moving the business forward?*

As international travel restarts and we enter the recovery, we believe we have a strong foundation to create value for all our stakeholders over the long term. This is underpinned by our commitment to become future-fit with an ultimate aim of our operations, products and services being environmentally restorative, socially just and economically inclusive.

CAPITAL INPUTS TO CREATE VALUE

- NATURAL CAPITAL
- SOCIAL & RELATIONSHIP CAPITAL
- HUMAN CAPITAL
- MANUFACTURED CAPITAL
- INTELLECTUAL CAPITAL
- FINANCIAL CAPITAL

SUSTAINABILITY GOALS

- RENEWABLE ENERGY
- WATER USE
- OPERATIONAL EMISSIONS
- OPERATIONAL GHGS
- OPERATIONAL WASTE
- OPERATIONAL ENCROACHMENT
- COMMUNITY HEALTH

TCFD COMMENTARY:

Within the RV sales and rentals industry, ***thl*** has a short to long-term opportunity for leadership on climate response if we meet our science-aligned carbon reduction targets and future-fit sustainability goals. In addition, we face a medium-term risk to regulatory and legal compliance given the potential speed of policy changes and the lack of available low-carbon technologies. For more information on how we're responding to this opportunity and risk, see the Climate & Carbon Strategy section in this report.

Australia business performance rebounds

The Australian business finished the year with a strong rebound and pleasing result, despite the challenges in the first five to six months of the year with disrupted interstate travel. For the rentals business, it was a year of largely domestic only travel with international guests only starting to return in small numbers post the borders opening in February. Net revenue for the rentals business grew by 21% on the prior year and amounted to 60% of the FY19 result, driven by 'break-out' yield growth with effective collaborative marketing with State and Regional tourism bodies.

Another core component of the result was our continued non-tourism business growth, with bookings secured through an effective sales and logistics team and great customer service that subsequently secured additional bookings from Government, film and infrastructure sectors.

Demand from customers wanting to own their own motorhome also continued strongly for a second year. We maintained margins that were higher than prior years, tripled sales of new retail RVs and opened our second wholly owned dealership, RVSC Brisbane, leveraging the new rental branch site near Brisbane Airport.

From an operations perspective, strong cost control further supported the result along with an adaptive, flexible team who took on different roles and responsibilities to cover the peaks and troughs of activity around the country. The health, safety and wellbeing of our team was a top priority over the year. We are proud to have a 92% crew retention rate and crew engagement survey score of 81%.

We have become more connected as a team and worked together between branches, businesses and countries to progress projects to further advance the business including future-fit priorities, the Total Rentals Experience programme (TRX25), Telematics, COSMOS and alignment with triptech.

> We tripled sales of new retail RVs and opened our second wholly owned dealership, RVSC Brisbane, leveraging the new rental branch site near Brisbane Airport.

New Premises in Brisbane

In November, we opened our new Brisbane branch in the airport suburb of Pinkenba. The site is 19% larger than our former branch and has accommodated a second vehicle retail sales outlet (RVSC Brisbane). The location is similar distance to the airport as the previous site, avoiding negative impact on customers, crew and suppliers. The new International Cruise Ship Terminal is located five minutes away from the site and is likely to attract tourism services in the future.

The site is light, spacious and a vastly improved working environment for our crew. The new branch provided an opportunity to assess our first property using our newly developed future-fit branch location assessment framework, understanding the external environment and our potential impacts in the location, and reviewing facilities at the site for the future-fit branch impacts relating to energy, water waste, operational emissions and community contribution.

Agility key to success in the USA

The US region started FY22 with an 'asymmetric' summer season with the border closed for incoming international tourists and US consumers able to enjoy overseas travel to most parts of the world. FY22 finished with international customers back in force and expectations that the pandemic 'boom' of RV sales may start to slow down.

A key pillar in our successful navigation of the pandemic has been the continued purchasing of new fleet, which has allowed us to significantly refresh the fleet age and continue to participate in the booming, pandemic demand for RV sales.

The US business has a great strength in the diversity of our operation, with established brands, products, locations, distribution channels and reputation in the key regional markets of the US and Europe. Our agility to switch focus at pace to meet rapidly changing, and often localised opportunities, lies at the core of our success in these volatile times.

Growing success of RVSC retail in NZ

It has been another year of impressive growth and expansion for our RVSC business. Following a strategic review, at the start of FY22 we implemented a transformational business development model for RVSC to enable significant growth. This change is focused around connecting and engaging customers over the full life cycle of RV ownership - from vehicle purchase, to services, related products, parts and accessories - to support our customers with easy and enjoyable experiences as an RV owner.

RVSC retail performance was a standout over the year and continued to go from strength to strength in FY22 – delivering 47% growth on the prior year. Our online retail range has increased greatly and is now the number one retail channel for RVSC, contributing more in revenue than any single physical location. In the Christchurch store, retail was expanded to utilise the rentals space no longer required.

RVSC vehicle sales became the core focus of the NZ business during the pandemic. We needed to right size our fleet for a domestic market by selling our rental fleet. RVSC has continued to deliver in a buoyant sales market in FY22, with impressive margin growth - 124% up compared to the prior year, driven by a shortage of sales stock in the market. Supply chain challenges and stock shortages are expected to continue into FY23, however demand changes due to economic conditions may alleviate these concerns earlier than previously anticipated.

The RVSC has become a successful business in its own right, providing the full dealership model. We will continue to improve, transform and grow our RVSC product and service offerings in FY23 to ensure we are providing a one stop destination for all customers.

Continued growth in non-tourism revenue

The continued growth of non-tourism demand has been a feature of this financial year. RVs are a compelling solution for non-routine accommodation needs as they are fully self-contained and can be rapidly deployed, at scale, to almost any location. The mobility, interior living facilities, and flexible storage also make them an enabler of mobile service delivery.

We are proud that *thl* has become a valued partner for emergency organisations supporting disaster relief; film productions, infrastructure builders, and events for remote accommodation villages; and health care providers running mobile vaccination clinics.

Non-tourism demand has many different characteristics to tourism demand and tends to be less predictable. The average booking is longer, requires multiple vehicles, and is requested with short lead-times. As international tourism resumes and fleet utilisation increases, finding available fleet at short notice will become more challenging and we are developing strategies for this as we continue to embed non-tourism as a permanent part of our business model going forward.

thl has become a valued partner for emergency organisations

Refocus for the future at ***thl*** digital

It has been a year of change and refocus for *thl* digital, as we reviewed, restructured and reassessed our plans and priorities, including the sale of our peer-to-peer businesses and acquisition of the remaining interest in triptech to make it wholly-owned. In the year we have invested in data, security, agile ways of working, and improving our product offering to improve customer experience, performance and service delivery.

We made significant improvements in our product offerings, modernising our fleet management system, and creating synergies between our US operations and fleet that will drive greater value in fleet utilisation once launched across the US in FY23. Our Telematics product was enhanced to enable greater control over tracking devices on our fleet across Australia and New Zealand, generating more data and insights, enhancing efficiency and our customer experiences.

As cyber security threats become more sophisticated, the business continues to focus on the importance of being resilient, accelerating our threat and vulnerabilities protection, leveraging best in class enterprise security and aligning with trusted technology partners to monitor our end-point protection. The work done in FY22 to realign and build our technical foundation and digital capabilities has set us up to deliver our global digital strategy and products to support *thl* business success and growth in FY23.

The evolving role of digital technology within ***thl*** creates exciting opportunities for ***thl*** digital to continue to grow as a key enabler of our business strategy and success. Our work in FY22 has enabled the team to become stronger and more resilient, improving our internal capabilities and digital offerings. We look forward to delivering increasing value to our customers and new development opportunities for our crew in the year ahead.

JO HILSON – CHIEF TECHNOLOGY OFFICER

Our people journey

The capability and commitment of our crew is the core of our business. Our people make ***thl*** what it is, and once again our crew have shown exceptional resilience.

To support our crew in these uncertain and challenging times we have significantly strengthened our capability and activities relating to health, safety and wellbeing in FY22 to continuously improve our processes and approach.

In FY22 we continued to build our cultural capability and are proud to have embarked on our first Reconciliation Action Plan in Australia. We were also delighted to restart our highly impactful DriveSchool leadership development programme with new modules and diversity and inclusion work.

CAPITAL INPUTS TO CREATE VALUE

- NATURAL CAPITAL
- SOCIAL & RELATIONSHIP CAPITAL
- HUMAN CAPITAL
- INTELLECTUAL CAPITAL

SUSTAINABILITY GOALS

- EMPLOYEE HEALTH
- LIVING WAGE
- FAIR EMPLOYMENT TERMS
- EMPLOYEE DISCRIMINATION
- BUSINESS ETHICS
- OPERATIONAL ENCROACHMENT
- COMMUNITY HEALTH

TCFD COMMENTARY:

A key focus for FY23 will be to engage our crew, suppliers and industry partners in our **Carbon Challenge**. We will kick off carbon sprints with our crew to set decarbonisation pathways and help us gain momentum towards our science-aligned carbon reduction target. For more information see the Climate & Carbon Strategy section in this report.

Health, Safety and Wellbeing – significant capability development in FY22

The health, safety and wellbeing (HSW) of our crew and customers is paramount. In FY22 a comprehensive review of our HSW culture and capability was undertaken. Using a systems-thinking approach, six focus areas were reviewed: technical expertise; resourcing; operational settings; training; process and planning; and reporting.

We continued to focus on our HSW capability in FY22, including employing a new Global HSW lead based in Australia who also is the Australia country lead, and external support as our Acting NZ HSW country lead. Training and capability building for key internal HSW stakeholders including our Health, Safety & Sustainability Coordinator; and organising enhanced third-party support from our vendor in the USA.

We are also implementing initiatives to improve our HSW systems, processes and culture; empowering our crew to make decisions, speak up and continuously improve in health, safety and wellbeing. We are developing robust systems, focusing on the people doing the work and the risks they face, to create a global health and safety system that will be accredited to ISO 45001:2018.

At ***thl***, health, safety and wellbeing includes mental health. A number of crew wellbeing programmes are underway, with a strong focus on mental health, to enable our crew to thrive. In New Zealand, training was initially focused on frontline leadership roles and their direct reports. In Australia a Living Well training programme commenced in FY22 to continue to build mental health awareness and resilience for crew. This programme will continue into FY23.

Our crew engagement survey highlighted areas for ongoing focus, including monitoring of workloads and resourcing; PPE and protection; wellbeing mechanisms for crew under pressure; crew recognition, remuneration and benefits; communication; and workplace flexibility. Though COVID-19 still presents challenges, we are confident that we are appropriately managing the risk across all our jurisdictions for the safety and wellbeing of our crew and customers.

Looking ahead to FY23, we will focus on our critical risk framework; aligning our Health and Safety Management System with ISO 45001; improving our reporting to include leading indicators; improving our incident processes; delivering holistic wellbeing campaigns; and providing our crew with the right support and tools to do their jobs safely.

thl is fortunate to have an incredibly passionate and agile workforce from all walks of life - I am really excited by the opportunities to further build our health and safety systems to continually improve how we protect our crew and customers. With a geographically dispersed business such as ours, there are always challenges, but I have been humbled by the enthusiastic attitude toward safety and wellbeing and I am highly optimistic about the HSW team's ability to embrace best practice.

CAMERON ALLCOCK – NEW HEAD OF HEALTH, SAFETY AND WELLBEING (HSW)

Diversity and Inclusion developments

In late 2021, *thl* re-commenced a programme of work around diversity and inclusion. The initial focus has been on collating data regarding the gender representation within main role categories across New Zealand, Australia and the USA. Diversity and Inclusion Reporting Data and analysis is outlined below. At this stage, while gender identification in relation to roles has focused on male and female, a more in depth and diverse analysis will be undertaken in FY23.

This will be part of a programme of work including a global diversity and inclusion survey, accompanying data collection covering gender and ethnicity, a pilot benchmark analysis of pay across and within roles. There will also be a focus on education and training around diversity and inclusion for leadership groups as part of the DriveSchool programme, and the ongoing work being undertaken as part of cultural capability programmes as outlined in the following section.

Diversity and Inclusion Reporting Data

The main focus for FY22 diversity and inclusion reporting has been on female representation across the business in terms of four main categories: Key Management People (KMP) representing C-Suite Executives, senior management, middle and supervisory level management, and non-management roles. The table reflects the outcome of the analysis undertaken to date.

FEMALE WORKFORCE PARTICIPATION SUMMARY BY REGION[1]

Female %	C-Suite Positions	Senior Management Positions	Middle Manager and Supervisory Positions	Non-Managers	Overall Combined Female Representation across all categories
NZ	–	37.5%	43.2%	38.4%	38.9%
AU	–	40%	48.6%	31.5%	37.1%
US	–	26.7%	35.4%	41.3%	39.7%
Combined representation	30%	35.1%	42.2%	38.6%	38.9%

Out of Balance (male dominant) (if < 40%)

Balance Achieved (40-60%) (i.e. female representation is achieved)

The analysis used in the table above has used a 40:40:20 categorisation (40% men, 40% women and 20% open) as an interim review method, which has been adopted by a number of organisations to identify balances and possible imbalances in terms of the participation of women with the organisation. The analysis covers all employees within ***thl*** regions, including permanent/continuous, fixed term, seasonal and casual roles. The above information excludes female representation on the ***thl*** Board which currently is at 60%.

Based on the above analysis, we are setting a target of 40:40:20 gender representation at all roles and levels in the four categories i.e. 40% of both women and men, with the remaining 20% being of any gender.

Brief analysis and next steps:

The initial information contained in the table reflects an overall participation rate of women within the ***thl*** workforce of 38.9%. There are some key areas within ***thl***, such as representation at C-Suite (30%) and senior management level positions (35%) which have a deeper context that needs to be considered when setting measurable objectives or targets e.g. absolute numbers of people in that role. An analytical survey is planned in FY23 to gain deeper insights on broader gender and ethnic related information in the regions for consideration in the setting of any additional objectives, and linkages to areas of work such as the ***thl*** Building Cultural Capability initiatives.

[1] The published C-Suite percentage has been combined for all regions to address privacy and disclosure concerns for individuals who may be the sole representative in that region.

Building Cultural Capability: Our Global Commitment

At a global level, *thl* is on a journey to build our cultural capabilities, specifically: the skills, knowledge, behaviours and protocols required to plan, support, improve and deliver products and services in a culturally respectful, genuine and appropriate manner.

As a global citizen based in Aotearoa New Zealand, we act in a manner reflecting our 'Kiwi' heritage. We also operate in Australia and the US, with a joint venture in the UK. We acknowledge there are many different cultures and approaches in each country. We are therefore taking a place-based approach to building our cultural capability, actively recognising and respecting Māori, Aboriginal, Torres Strait Islander and First Nations Peoples, and their continuing connection to their land, waters and communities.

This means that while we are committed to a set of global guiding principles, we will have a distinct focus in each separate jurisdiction acknowledging our local responsibilities, undertaking cultural protocols appropriate to each location. The global elements of ***thl*** will need to find an appropriate voice and set of artifacts that resonate with the place-based approach within each region.

We will focus on jurisdictions where we have the greatest opportunity for positive impact, initially Aotearoa New Zealand and Australia. At a group level, our leadership team will provide clear accountability, governance and resourcing. We will undertake training so that our policies, procedures and processes are aligned with this ongoing journey.

Australia Inaugural Reconciliation Action Plan

In Australia, we are proud to have developed our first Reflect Reconciliation Action Plan (RAP), in partnership with Reconciliation Australia. In Aotearoa New Zealand, we are privileged to work in close partnership with the Waitomo local hapū. Our relationships, learning and cultural activities will guide development of a cultural capability plan for our operations across Aotearoa New Zealand.

See following page →

As a responsible travel and tourism company, creating unforgettable journeys is our purpose and we aim to enable and connect our customers with tourism experiences that are restorative and regenerative for the destinations where they travel and the communities with whom they interact.

In committing to our first Reflect Reconciliation Action Plan (RAP) we are embarking on a journey to increase our cultural understanding, build long-term, respectful relationships with Aboriginal and Torres Strait Islander peoples, and develop initiatives that support reconciliation.

Reconciliation Action Plans led by Reconciliation Australia provide a clear framework, focused on accountability, actions, impact and outcomes for reconciliation, with specific actions and deliverables to progress the relationships, respect, opportunities and governance pillars.

The ***thl*** Australia team is highly motivated and inspired to explore our scope and vision for reconciliation and take action to recognise, respect and value the rich, diverse cultures, knowledge, contribution and connection to the country of Aboriginal and Torres Strait Islander peoples.

Reflecting our value to *be curious*, our teams took part in learning activities and events during National Reconciliation Week and NAIDOC Week for the first time in FY22. We will continue to build our knowledge and understanding as we embark on our inaugural RAP.

We have developed our online content to showcase Discover Aboriginal Experiences to our customers and rolled out a local cultural tour experience initiative for our crew to build knowledge and confidently share information with our customers.

We are excited to work with our current and new partners to improve our cultural awareness and understanding, and to create opportunities for our crew and customers to meaningfully engage in the reconciliation journey, as part of our future-fit pathway. Over the next 12 months we will be implementing our RAP actions and will share our progress in our next report.

KATE MELDRUM – COO AUSTRALIA

thl Future-Fit Wage takes another step forward in the USA

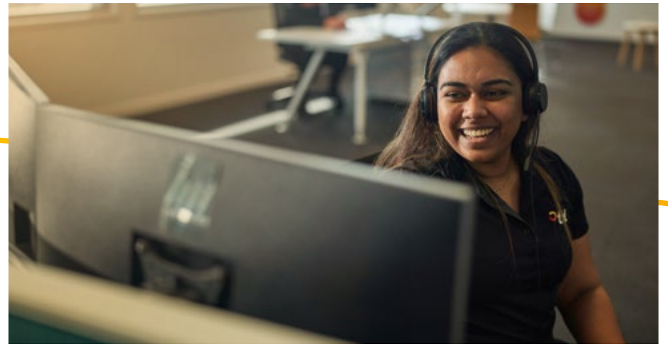
In the USA we took another significant step towards supporting every member of our crew to enjoy a decent standard of living with the second annual Future-Fit Wage review. While the US has a very diverse range of 'minimum wage' levels set by Federal, State and City Governments, we have significantly outpaced the increases in all of them through our 'Future-Fit Wage' reviews.

This initiative is not only helping with crew engagement and retention, but also puts us in a good position for recruitment through a volatile period with some of the lowest unemployment rates of all time in the US. We will continue to review our pay structure against quality of life, cost of living and minimum wage metrics so that we continue to make progress on our Future-Fit Wage journey for all our crew.

Crew engagement increases in a challenging year

As part of crew engagement, a global pulse survey was carried out in March 2022 with a focus on wellbeing and safety. Responses primarily from permanent and fixed-term crews achieved an 80% response rate. This was a significant improvement on the response rate of 67% for the March 2021 survey.

Engagement levels remained high with an 82% favourable response rate as to employees recommending ***thl*** as a place to work, and 88% generally feeling positive towards work at the company. The survey also had a favourable response rate of 91% for crew believing the company had made effective decisions to keep people safe at work in their roles.



A new question was also added for the March survey which was designed to check on overall crew engagement. This resulted in an 82% favourable response rate. Given the environment in which the company and crew have been operating in, this is a very positive result for the business. Survey results were released in April 2022 to managers throughout the business for review and discussion with crew, and further analysis on key trends is also underway. New initiatives for a global wellbeing approach are under development for FY23.

Kaimahi for Nature work continues

Discover Waitomo was able to save ~30 jobs, whilst giving the crew a chance to gain new conservation skills and knowledge, after receiving two rounds of funding from the Department of Conservation for the Kaimahi for Nature programme – $500,000 in 2021 and $650,000 in 2022. This has allowed the crew to stay local within their community and with their hapū.

The Kaimahi crew completed ~27,000 hours of conservation work to date throughout FY22, maintaining ~18km of tracks and reserves within the Maniapoto region and undertaking weed management, predator control, and riparian native tree planting. The team planted ~7,500 native trees in 2021 and have planned to plant ~12,000 native trees in the 2022 tree planting season. They have made a solid start with 9,000 trees in the ground in June 2022.

The crew have connected with community groups, supported local Marae by keeping the grounds maintained and partnered with the Waikato Regional Council, Waipa Renenoa Trust, and Waitomo Catchment Board to assist with tree planting, tree releasing, pest plant, and pest animal control.

Focus on leadership

We are fortunate to have a mix of leaders within the Executive with different backgrounds and approaches. This year Ollie Farnsworth was recognised for his capabilities externally. Ollie has been an inspiration to many in the organisation, demonstrating a range of skills to assist in driving positive outcomes in the most challenging tourism period. We are incredibly proud of Ollie winning the Deloitte Young Executive of the Year award.

After a hiatus of two years due to COVID-19, the DriveSchool Leadership and Development programme was restarted in June 2022. A series of online webinar courses are being trialled for the first time across Australasia alongside a shorter New Zealand based programme comprising a hybrid combination of four days of in-person sessions, combined with two online future-fit webinar sessions. A total of just over 40 employees have been actively learning and participating with their colleagues.

This award was such a brilliant way to close out an eventful few years. A source of pride for myself and my family, but more than anything a testament to the spirit of resilience and innovation at ***thl***. I am very lucky to work with such a great group of people and am excited about what we can achieve next.

OLLIE FARNSWORTH – DELOITTE YOUNG EXECUTIVE OF THE YEAR AWARD

Our *fleet* journey

At ***thl***, our business is based on a build-buy-rent-sell model for recreational vehicles. In FY22 major supply chain challenges, ongoing disruption, vehicle supply issues, uncertainty and increasing costs made for a difficult year.

We are incredibly proud of the commitment and resilience of our team in FY22 to address the many challenges to continue to provide great products and services to our customers in a very difficult operating environment. This included introducing new fleet models and designs in each country, and further expanding and enhancing our product offering.

We are committed to reducing our emissions in alignment with science (page 75) and are aware that fleet decisions we make today lock in carbon emissions over the 10-to-30-year life of a vehicle. Through our Future Fleet programme we are focused on finding solutions through R&D, scanning for low emission vehicle transition tipping points, and seeking partners and innovation in our vehicle design, build, and manufacturing.

CAPITAL INPUTS TO CREATE VALUE

- MANUFACTURED CAPITAL
- INTELLECTUAL CAPITAL
- FINANCIAL CAPITAL

SUSTAINABILITY GOALS

- PROCUREMENT
- WATER USE
- PRODUCT HARM
- PRODUCT GHGS
- PRODUCTS REPURPOSED

TCFD COMMENTARY:

A priority climate-related risk to ***thl*** likely to impact in the medium-term is the lack of cost-effective, long-range RV product options to decarbonise ***thl***'s fleet. For more information on how we're responding to this risk, see the Future Fleet and the Climate & Carbon Strategy sections in this report.

Succeeding in a challenging environment

It has been a challenging year for our fleet supply, production and manufacturing as we faced significant supply chain challenges, disruption and uncertainty globally. This has impacted all parts of our supply chain, from vehicles and chassis supply to parts, materials and equipment. Our teams in each country have responded with agility, creativity and persistence to ensure we have the fleet we need, where and when we need it, and to continue to provide great service and products to our customers.

At Action Manufacturing, remaining agile in a complex and rapidly changing environment has been key to our success. Facing ongoing supply chain challenges and disruptions has meant adapting quickly to find solutions from new suppliers to new parts and processes to keep delivering quality, innovative products to our customers. Creativity, communication, and quick decision-making has been critical to respond to fast-changing situations, moving our people and products to meet demand, and proactively managing potential impacts for customers. Giving our team the confidence and capability to manage change, problem solve and make decisions quickly underpinned this agility.

As part of our journey to align our emissions with a 1.5c pathway, we need to significantly reduce and eventually eliminate carbon emissions from our fleet. We recognise this is a significant challenge for our business, the auto industry and society. We are very clear and transparent about how much work it will take to address our climate and carbon risks, and we are also well aware that we are reliant on the invention and commercial replication of new technologies by others, to enable us to achieve our carbon reduction targets.

Our core business is based on ICE vehicles that generate greenhouse gases through use of fossil fuels. Addressing the emissions from our RVs is a major challenge, but also an opportunity. ***thl*** has invested in a programme we call 'Future Fleet' which we update on here.

Our teams in each country have responded with agility, creativity and persistence to see that we have the fleet we need, where and when we need it.

Action Manufacturing continued growth, gaining speed

It was an action-packed year for the Action team, meeting supply chain challenges head on while managing the pipeline for future growth, developing new customer bases, new equipment and machinery, new designs, new contracts and tenders, and work on a new factory. A significant year of change and growth, we are proud of what the teams have achieved, and how we worked together, supported each other and adapted to all the challenges.

The selection of new premises for the factory was a major milestone in FY22, with the agreement to lease signed, and building modification underway for the new factory with a planned move in October 2022. This will bring all production together into one location, in a specialised facility on a significantly larger site (5,000m2). This sets the business up with the space, capacity, facilities and equipment needed to support expansion and growth.

The acquisition of MaxiTRANS has been a huge focus for the team. This will be an exciting expansion, extending our product range and offering beyond refrigeration into general transport, while creating efficiencies and utilising our existing skill sets, design thinking and resources.

We have completed a wide range of specialist builds for uses including dental, mammography and optometry clinics, as well as an upcoming women's health unit. It means a lot to the team that these units are helping improve or maintain the health and wellbeing of our community. The mammography build, manufactured in a very short timeframe thanks to a dedicated team, has been put straight to work with over 200 screenings per week.

The Fairfax team had a hugely successful 12 months bringing on new customers like Big Chill and getting the orders out on time and to specification, despite all the challenges. We are proud this is reflected in the repeat orders coming through from our loyal customers.

Our team has grown rapidly with 100 new people joining the business in FY22 in a wide range of roles from product designers and engineers to production apprentices. We are particularly proud of our well-established apprenticeship and development programmes, to build our workforce for tomorrow. Career progression opportunities enable team members to grow from apprentice to trades and project manager roles.

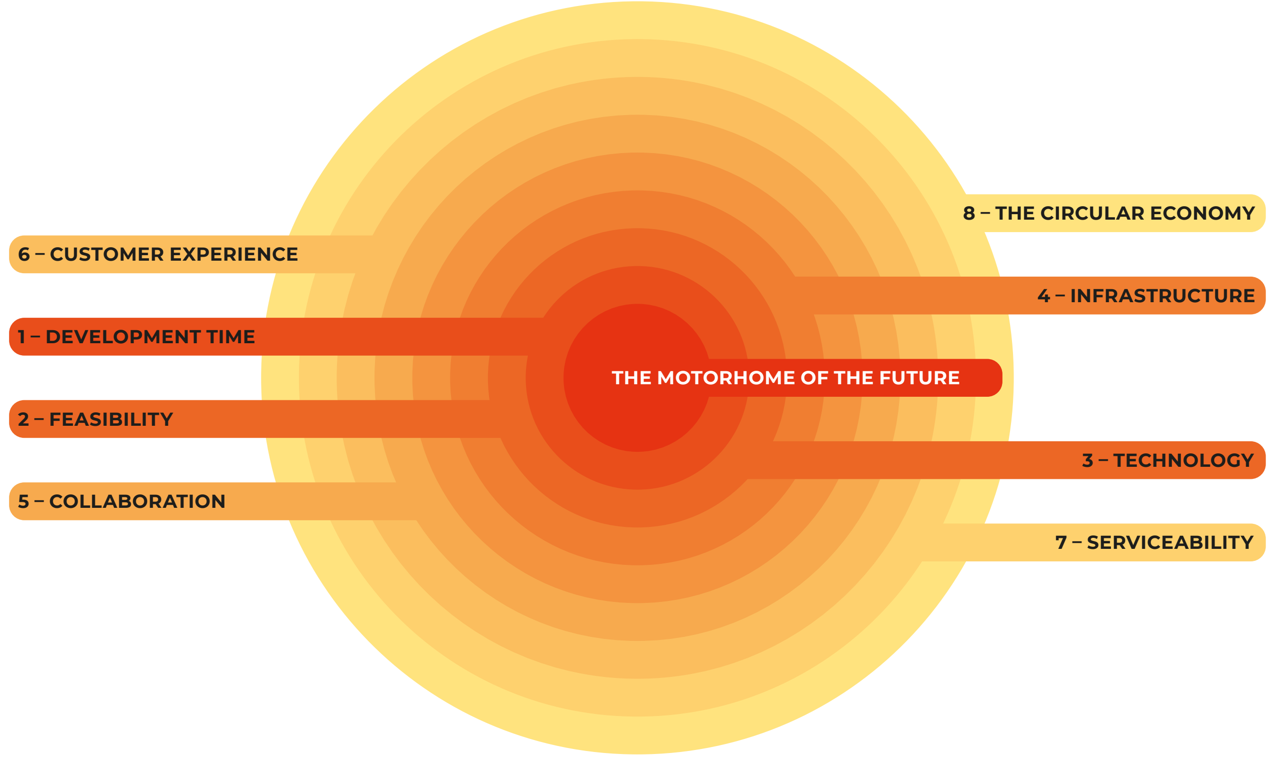
Purchasing and logistics has never been more challenging and continues to be so with shipping delays and shortages. The purchasing team has grown and developed to meet these challenges, creating opportunities for people within the business to grow at Action, bringing through significant product, process and system knowledge.

Our continuous improvement approach and design expertise is a major differential in the market. It helps our products to meet customer needs over the whole life of the product. This is important to our customers and increasingly for finding sustainable, circular design solutions, we will further develop this capability with a new sustainability lead joining the design team in early FY23.

> I have been really inspired by the way people have pulled together over this challenging period. We have stuck together as a team, brought in new people and continued to grow. Staying agile, investing in our people and having really well-defined plans that can evolve quickly, all while keeping one eye on the future and building a strong pipeline for our people, customers and products. We have built great momentum and are well set up to move forward with speed in the year ahead.

CHRIS DEVOY – CEO ACTION MANUFACTURING

Future Fleet programme progress



CHRIS DEVOY

Our commitment to becoming a future-fit business means reducing our carbon emissions. We know that significant progress on our sustainability journey starts in manufacturing and production, particularly to transition away from ICE vehicles in our motorhome fleet. It will require working collaboratively with current and new partners to address the major risks and challenges we face, the lack of cost-effective, long-range product options such as electric RVs (eRVs) that can materially reduce greenhouse gases.

Decarbonising our RV fleet is reliant on technology and infrastructure that is not yet readily available. While we are seeing shifts in OEMs, the auto industry, Governments, society and infrastructure providers particularly in Europe and the USA, challenges accessing low emissions vehicle technology remain. We continue to actively scan for transition tipping points in each region.

We also continue to investigate different technologies in the transition to a low-carbon world such as hydrogen and biofuel.

These technologies have challenges, including lack of infrastructure, consistent supply and potential impacts. However, we acknowledge that in order to reduce our Scope 1, 2 & 3[1] emissions impact, then we will need a variety of solutions.

An exciting new Future Fleet development in FY23 will be Action's work on the design and development of a new eRV fleet, building on learning from our previous eRV pilot. We have reinstated funding for an investment into a small number of new electric RVs for the fleet in New Zealand and look forward to sharing our progress on this critical journey to reduce carbon emissions from our fleet.

[1] **Scope 1 – Direct GHG Emissions:** GHG emissions from sources that are owned by the company
Scope 2 – Indirect GHG emissions from energy: GHG emissions from the generation of purchased energy
Scope 3 – Other indirect GHG emissions: All upstream and downstream indirect emissions not included in Scope 2 that occur in the value chain.

Vehicle sales demand and margins remain strong

FY22 saw a continuation of the prior year trend, with strong demand for vehicle sales across New Zealand, Australia and the United States. The high demand, combined with constrained supply due to the impacts of COVID-19, created the conditions for *thl* to deliver record vehicle sales margins in all three countries, well above historical norms. There are continuing industry-wide supply chain challenges, creating vehicle delivery delays and inflation in the cost of materials.

The New Zealand business continued to sell down fleet but at lower volumes than the prior corresponding period, which had the Great New Zealand Motorhome Sale that saw ***thl*** partner with a number of dealerships nationwide to deliver record sales volumes. The strong average sales margin growth in New Zealand reflects higher retail pricing as well as a greater proportion of new vehicle sales.

In Australia, demand for vehicle sales also continues to be strong. The growth in average margins achieved by the business has been a result of the current market environment, a greater volume sold through the direct channel of the RV Sales Centre and the mix of vehicles sold. As seen in other countries, vehicle sales volumes were managed in order to maintain the fleet size required to service the returning international rental market.

In the United States, the delivery of 200 vehicles originally scheduled to go on the fleet Q4 FY22 was delayed into Q1 FY23, reducing the peak fleet size in that country over the key summer period. To maintain appropriate rental fleet sizes, vehicle sales volumes were reduced on earlier expectations, enabling the business to also hold strong sales margins. Fleet management through the mix of vehicles sold has resulted in the youngest rental fleet in the history of Road Bear and El Monte RV. This sets the business up for strong average yield in the coming years due to a greater mix of newer vehicles.

FY22 vehicle sales	Number of vehicles sold[1]	Decrease from previous FY
New Zealand Rentals	739	-41%
Australia Rentals	442	-12%
United States Rentals	885	-25%

We encourage shareholders to refer to the Investor Presentation Pack for a more detailed analysis of vehicle sales movements.

[1] Includes fleet and non-fleet sales

NEW CLASS BS ON FLEET USA

For the first time Class B (campervan conversion) units enter the Road Bear fleet, ***thl*** USA enters the rapidly growing Class B category for the first time.

NEW FLEET DESIGN NZ/AU

New Voyager model on Mercedes Benz complete, new 4WD Isuzu in Australia and new Cascade and Platinum development.

Our *customer experience* journey

We continued to review, refresh and refine all aspects of our customer experience delivery over the year. This included work on new products and experiences and improving our services, processes and activities, always with our customers at the centre of everything we do.

We launched a new programme to transform our customer rental experience, rolled out crew training and development, and focused on new domestic markets. As borders have reopened, we are focused on preparing to welcome back international visitors, including work to refresh and refocus our responsible travel messages with a focus on encouraging responsible and regenerative travel.

CAPITAL INPUTS TO CREATE VALUE

- NATURAL CAPITAL
- SOCIAL & RELATIONSHIP CAPITAL
- HUMAN CAPITAL
- INTELLECTUAL CAPITAL
- FINANCIAL CAPITAL

SUSTAINABILITY GOALS

- NATURAL RESOURCES
- OPERATIONAL ENCROACHMENT
- COMMUNITY HEALTH
- PRODUCT COMMUNICATIONS
- PRODUCT CONCERNS
- PRODUCT HARM
- PRODUCTS REPURPOSED

TCFD COMMENTARY:

A priority climate-related risk to ***thl*** over the medium to long-term is the risk of change in customer demand and experience due to increased frequency and severity of acute and chronic weather events. Our customers will also play a key role in addressing our shared Carbon Challenge. For more information on how we're responding to this risk, see the Climate & Carbon Strategy section in this report.

Transforming our customer rental experience (TRX25)

The closure of international borders provided an opportunity to step back and review our customer experience delivery across New Zealand and Australia. This included the front-of-house elements that the customer directly experiences, and the back-of-house activity that allows customers to receive a clean and well-maintained vehicle and feel supported on their travels.

As a result, a new programme - TRX25 (Total Rental Experience 2025) - was launched and its success will mean happier customers, more job ease for our crew, better productivity, and ultimately more sustainable revenue delivery.

The programme has gained even more importance given the labour challenges currently impacting the travel industry worldwide. To be the best for our customers, it is essential to enable and empower the crew. Early results are positive. Customer feedback has lifted across all branches and the team is highly engaged.

TOTAL	RENTAL	EXPERIENCE	2025
means everything that delivers our experience	means our Rental businesses globally	means committing to our purpose – to create unforgettable journeys	means this is a journey
Back of House and Front of House	NZ, AU, USA, UK, beyond	living our values to “Be the Best”, “Do the Right Thing” and “Be Curious”	releasing new capabilities and training programmes to our TRX every six months
enabled by our product, property, people and technology	mixing a global ***thl*** spirit with local flavour		

We’re only taking the first steps in TRX25 but walking into a ***thl*** branch you can already feel the difference. Our crew are connected to our purpose of Creating Unforgettable Journeys and feel confident in what they need to do to make it happen.

JAMIE POW – NEW ZEALAND NATIONAL OPERATIONS MANAGER

TRX25 has helped our crew become more connected than ever. Within branches, between branches, and with colleagues across the Tasman. The collaboration and knowledge sharing between crew is creating a pipeline of ideas that benefit everyone.

RYAN ROETS – AUSTRALIA NATIONAL OPERATIONS MANAGER

The inaugural event, TRX 1.0, was held in November 2021 and TRX 2.0 took place in May 2022. Over 100 crew attended the virtual sessions. Initial focus has been on lifting the regional standard across Australia and New Zealand, launching new capabilities to resolve critical service delivery bottlenecks, and to prepare the crew for the return of international tourism. TRX highlights in FY22 include:

- Faster pick-up process, enabled by the ***thl*** Roadtrip App
- New product standards, detailing standards, and customer service standards
- Investment in standardised tools for maintenance and detailing crews
- Refreshed labour models to better handle unplanned absence
- Consistent embedding of operational rhythms and crew training
- Training deep dives in product, customer service, and cultural sensitivity
- Monthly front-of-house and back-of-house champion awards
- The first steps in a journey to become a digital (paperless) operation
- Enhanced focus on crew wellbeing.

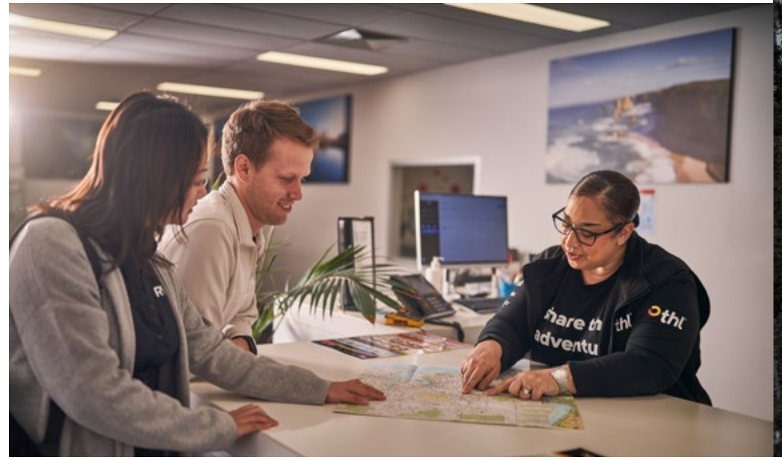
Google reviews - voice of our customers

★★★★★

Google Reviews are a powerful tool for measuring the quality of our customer experience delivery. We see it as a live conversation between a past customer and a potential future customer. Our crew take pride in giving reasons for that conversation to be a positive one or acknowledging and addressing the issues where it is not.

We encourage every customer, whether they had a positive experience or not, to leave a review as part of their drop-off experience. Our operational leaders across Australia, New Zealand, and the USA receive a daily report, split by branch, detailing all the reviews left the previous day. Individual responses are made to customers, challenges are addressed, and themes are discussed in weekly branch huddles for continuous improvement.

On the back of TRX25, both the volume of reviews received, and the average star rating of those reviews is increasing, illustrating both a higher quality of service delivery in the end-to-end experience and greater engagement from our crew with the customer at drop-off.



Returning customers in the USA

The US border was closed to incoming tourists in the first half of FY22 and we focused our branch experience and promotions firmly on the domestic market. Offering fast and efficient pick-ups and drop-offs to experienced RVers, we also tailored our processes to help to take the time to orient the many first-timers among our customers. We were particularly pleased to see many returning customers take the opportunity to get out into nature more than once during the summer and fall seasons.

In late November with the US border reopening, we took the time to refresh our branch experience with the 'Welcome Back' project, to ensure we were fully ready for a busy season with international as well as domestic customers. We will continue to retain our laser focus on COVID-19 safety for our crew and customers throughout their journeys with us.

Enriching cultural experiences in Waitomo

In Discover Waitomo we have made exciting progress developing enriching cultural experiences and immersive education programmes, including the new bilingual and full immersion Te Reo Māori tours, first developed and delivered for Māori language week.

The Te Reo Māori Full Immersion Glowworm Cave tour, is the glowworm cave experience entirely spoken in Te Reo Māori, led by members of the local hapū (tribe) direct descendants of the cave's original explorers. The Bilingual Glowworm Cave tour is perfect for those starting out on their Te Reo Māori journey. The guided walk through the caves with key elements of the tour delivered in Te Reo Māori and English is a great learning opportunity.

We have continued to develop our innovative education and community events programmes, with strong growth in interest and demand. Highlights include 60 students and teachers from Kawhia School hosted with a Te Reo Māori Full Immersion tour in April and the inspiring programme of activities celebrating Matariki. The Discover Waitomo crew continue to embrace their mātauranga Māori journey to facilitate learning, understanding and use of tikanga practices in our mahi (work) and through our core values of Kaitiakitanga (guardianship, stewardship), Manaakitanga (hospitality, generosity, respect) and Whanaugatanga (connection, kinship).

VIEW EXPERIENCE VIDEO

Waitomo Regenerative Project gets underway

The Discover Waitomo environmental team has been working with partners on a regenerative project to restore the area opposite the main visitor's centre car park at the Glowworm Cave known as 'Million Dollar Corner'. The team has worked alongside tangata whenua, the Department of Conservation and community members to draw up a two-year restoration agreement with the Waikato Regional Council. The vision is to restore the mauri (life force) of the area by creating a healthy, regenerating, self-sustaining forest where native species thrive, a space for nature and people.

The project commenced in April 2022, and we are already seeing a lot of positive change in the area. The majority of pest plants have been removed, the stream bed has been enhanced with the addition of three rock gradient control structures and one rock revetment structure, and a fence has been installed along the river edge for safety reasons. Next steps include further weed control and native tree riparian planting, with the Kaimahi for Nature crew and local community invited to get involved.

Matariki Waitomo celebrations

Manuhiri (visitors) had the opportunity to explore the Matariki story and enrich their knowledge with a week of Matariki celebrations, focusing on the theme of rebirth. The opening evening celebrations included a twilight cave tour, traditional pōwhiri on arrival followed by kawakawa tea and a treat, before embarking on a one-of-a-kind tour through the glowworm caves at night. From kai (food), kōrero (talks), music performances, stories of the stars to special events like the rongoā (traditional medicine) education series, there was something for everyone.

Responsible Travel programmes refreshed

We continue to actively promote responsible travel to our customers in each country where we operate, through Tiaki Promise in New Zealand, Travel with Heart in the USA and our Reconciliation Action Plan, Ecotourism certification and Leave no Trace programme in Australia. As international visitors return, we will continue to embed responsible travel actions and ideas throughout the customer journey and connect our customers with authentic and regenerative travel experiences.

Our Travel with Heart programme in the USA is focused on providing tips and ideas to help customers, including water conservation on the road, at home and everywhere, and reducing fuel use with one-tank trips, encouraging customers to drive less and spend more time enjoying their destination. Travel with Heart information in branch and online highlights 10 responsible RV travel tips and five future-fit actions our crew can take to make a difference every day, as part of our Future-Fit Branch Action Plans.

In New Zealand we are an active partner in the Tiaki Promise, the travel industry programme encouraging visitors to care for New Zealand. As we prepare for international visitors' return, we are refreshing how we connect our customers with the Tiaki Promise throughout their journey. In FY23 we will be rolling out materials and information on future-fit actions our crew can take that support Tiaki – to care for New Zealand.

Winner of NZ Marketing Awards

"Get Moving to Get New Zealand Moving" campaign.

thl won the 2021 Travel and Leisure sector award at the TVNZ New Zealand Marketing Awards and was also a finalist in the Marketing Communications Strategy and Supreme Award. The award recognised *thl*'s success in stimulating the domestic travel market with the "Get Moving to Get New Zealand Moving" campaign, following national lockdowns in 2020.

TRAVEL/ LEISURE WINNER

tvnz NZ MARKETING AWARDS 2021

In New Zealand we are an active partner in the Tiaki Promise, the travel industry programme encouraging visitors to care for New Zealand.

Our *responsibility* journey

As a responsible tourism business, we take a holistic, future focused, system and science-based approach to how we create and maintain value for all our stakeholders.

We recognise the climate crisis and are already seeing impacts in the areas where we operate, from wildfires in the USA and Australia, a major drought in California, and increased storms and flooding in Aotearoa New Zealand (NZ) and Australia.

We are committed to tackling our most significant impacts - the emissions from our fleet of Internal Combustion Engine (ICE) vehicles and our operations, so that our products do not cause harm to people or the environment, and protecting the health of communities and ecosystems where we operate and where our products and activities impact.

Our decision-making is guided by our future-fit mindset and methodology, focused on creating system value. Our global future-fit sustainability programme is aligned to deliver our priority goals which we update on here. This year we report on our climate and carbon work to develop science-aligned targets and carbon emissions reduction pathways, and we share our first Task Force on Climate-related Financial Disclosures (TCFD) in this report.

CAPITAL INPUTS TO CREATE VALUE

- NATURAL CAPITAL
- SOCIAL & RELATIONSHIP CAPITAL
- HUMAN CAPITAL
- MANUFACTURED CAPITAL
- INTELLECTUAL CAPITAL
- FINANCIAL CAPITAL

SUSTAINABILITY GOALS

THE THREE HIGHEST PRIORITY FUTURE-FIT GOALS FOR OUR BUSINESS ARE:

- PRODUCT GREENHOUSE GAS EMISSIONS (GHG)
- PRODUCT HARM
- PROCUREMENT

See Future-Fit Health Check section for progress on the full list of our sustainability goals.

TCFD COMMENTARY:

A priority climate-related risk to ***thl*** in the medium-term is the risk of supply chain impacts from market responses to climate change, such as an increase in the price of carbon. For more information on how we're responding to this risk, read about our Global Sustainable Procurement Framework below and see our FY22 TCFD Report in this section.

Our timeframes for climate-related risks are:

SHORT-TERM	MEDIUM-TERM	LONG-TERM
Up to 24 months	2-10 years	10 years +

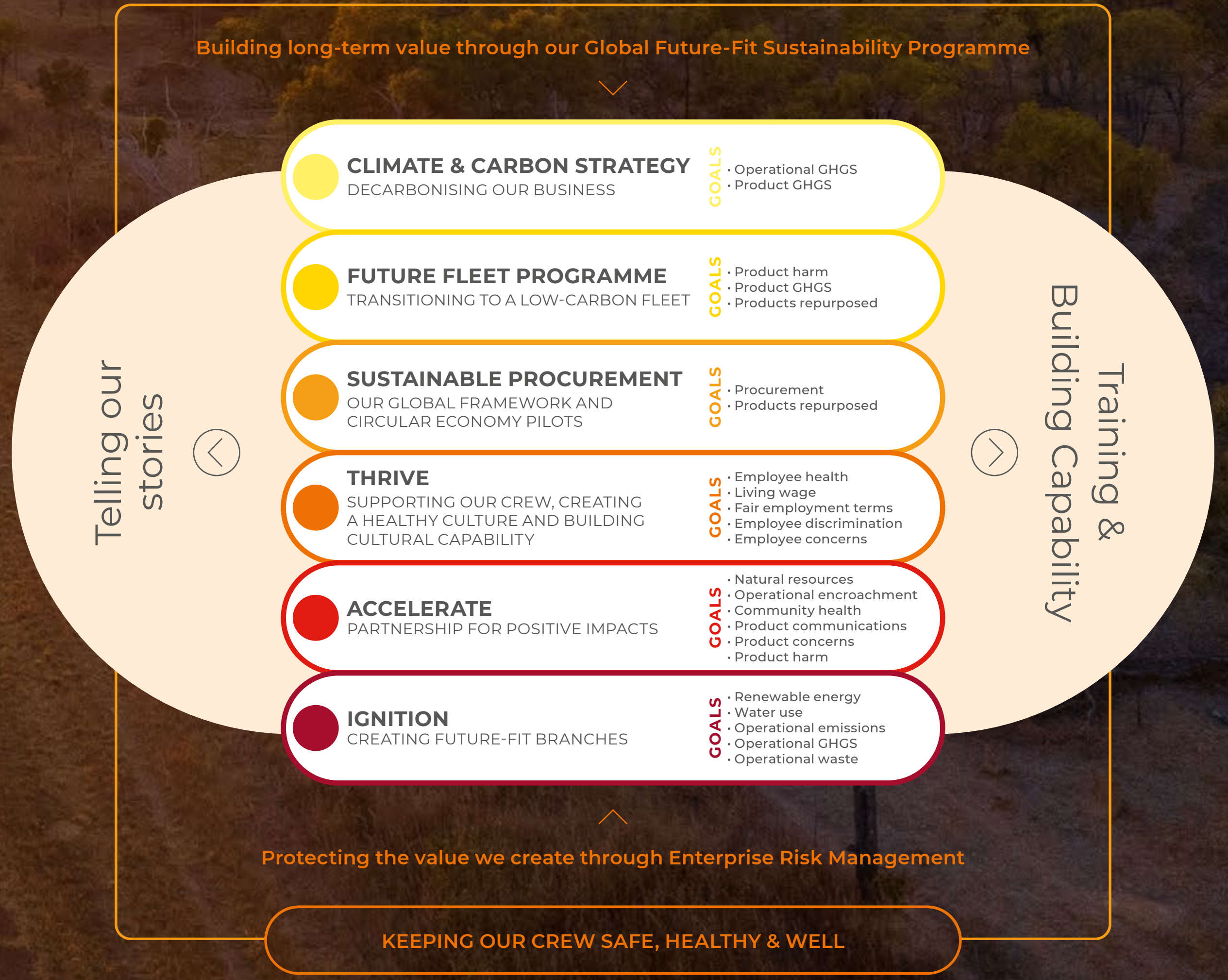
Working with a future-fit mindset and methodology

At *thl* we recognise that business, society and the environment are part of an interconnected system and depend on one another to thrive. The scale and pace of change needed requires a holistic, science-based approach, focused on system value. Over the last three years we have focused on embedding a science-based, systems-focused sustainability framework throughout our business using the Future-Fit Business Benchmark. We approach this as both a mindset and methodology, guiding our decision-making and activities from global strategy to country work programmes and Branch Future-Fit Sustainability Action Plans for all branches.

Our commitment to becoming a future-fit business acknowledges the significant and rapid change needed to tackle the complex issues the world is facing, including the climate crisis. It is a way of thinking, a pathway and clear destination to aim for contributes to the aspiration of a socially just, economically inclusive, and environmentally restorative society.

In our last report we shared our prioritised goals which focus on tackling our highest impacts and introduced a new global sustainability work programme (see diagram). We have made significant progress, through a pilot-and-scale model, to integrate these workstreams at a global, country and branch level, which we highlight here. A full updated FY22 Health Check outlining our progress towards the 23 future-fit goals can be viewed on page 64.

GLOBAL RESPONSIBLE MANAGEMENT PROGRAMME



Our Global Sustainable Procurement Framework

Our global framework and circular economy pilots

SUSTAINABLE PROCUREMENT

GOALS
- Procurement
- Products repurposed

Sustainable procurement means only purchasing items that are really needed, and whose production, use and disposal both minimise negative impacts and encourage positive outcomes for the environment, economy and society. Following circular economy training and a successful pilot with the factory team in Australia, we rolled out a new Global Sustainable Procurement 'flexible framework'[1] in FY22, described below.

Sustainable procurement requires having policies and processes in place that enable ***thl*** to anticipate where negative supply chain impacts are likely to occur, avoid them where possible, and take measurable steps to address concerns that arise. We developed a new Sustainable Procurement Policy outlining our commitment, and a Supplier Code of Conduct setting out expectations for our suppliers while acknowledging we are on the journey ourselves, to be launched in FY23.

A Global Sustainable Procurement Working Group has been established to embed a consistent approach. This includes reviewing social and environmental hotspots for supplier categories using the Future-Fit Procurement Hotspot guide. Training for key staff on sustainable procurement is under way, and we have achieved Foundation Level 1 of our Sustainable Procurement Framework. In FY23 we will move to Level 2 to embed sustainable procurement throughout the business.

UNDERSTAND CONTEXT KEY CONCEPTS: CIRCULAR ECONOMY, SOCIAL PROCUREMENT

Identify procurement categories/suppliers by spend, risk and visibility

Understand social and environmental hotspots and prioritise

Map current performance in sustainable procurement across People, Policy, Process, Suppliers & Metrics

Embed sustainability into procurement process

SPECIFIC PROJECTS TO IMPROVE FF PERFORMANCE AND ACHIEVE TARGETS

[1] Based on the UK Government-developed Flexible Framework and Sustainable Procurement Standard BS 8903

Thrive

Supporting our crew, creating a healthy culture and building cultural capability

THRIVE

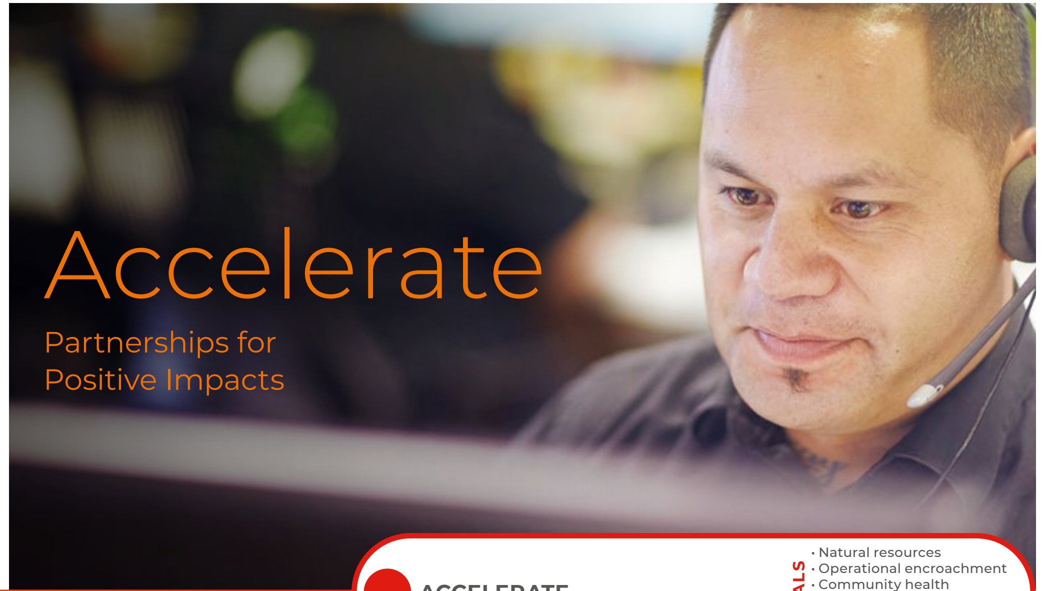
GOALS
- Employee health
- Living wage
- Fair employment terms
- Employee discrimination
- Employee concerns

The last couple of years have been immensely challenging, not just for our business but also for our 'crew'. Our employees are based across the world, primarily in NZ, AU and the US. While they have faced shared challenges such as COVID-19, restrictions on travel to visit family and friends, an increase in the cost of living and operational challenges including supply chain challenges and more frequent extreme weather events due to climate change, the context of each crew member's situation has been unique.

As a responsible business, a thriving crew is our priority. We have been supporting our crew by improving their wages even when the business was not making a profit; building capability in our Health, Safety & Wellbeing team that will see us further develop our physical and mental wellbeing programmes in FY23; restarting DriveSchool – our emerging leadership development programme; and by reviewing our approach to Equality, Diversity & Inclusion as we work to meet the needs of our current and future crew and that we are building our cultural capability to make each crew member feel included and represented.

Accelerate

Partnerships for Positive Impacts



ACCELERATE

GOALS
- Natural resources
- Operational encroachment
- Community health
- Product communications
- Product concerns
- Product harm

As a responsible travel operator, we are focused on working hard to see our operations and products do not cause harm to the communities or ecosystems where we are based, and where our customers visit. We actively participate in encouraging responsible travel in each country where we operate, through the Tiaki Promise in New Zealand, Leave No Trace in Australia and Travel with Heart in the USA.

As international visitors return, we are committed to going beyond being a responsible operator to supporting regenerative tourism, working with partners and communities to create positive impacts at scale for communities and destinations. To make progress on these 'positive pursuits' (activities that enable and support others to reduce harm and be restorative) we are working with partners to protect and enhance environmental, social and cultural value, and build our cultural capability. See examples in the report.

- In Australia we have developed our first Reconciliation Action Plan (Lead story, page 35).
- The team in Waitomo is undertaking an exciting restoration project (Lead story page 53).
- We continue to actively participate in industry partnerships, including Tiaki Promise (page 54).

Ignition

Creating future-fit branches

IGNITION

GOALS
- Renewable energy
- Water use
- Operational emissions
- Operational GHGS
- Operational waste

The Ignition - Future-Fit Branch Programme has embedded a consistent approach to planning, prioritising and implementing activities to achieve sustainability goals at all branches. It is a core foundation for our sustainability progress, delivering incremental improvement and supporting transformative change through embedding the future-fit methodology and mindset into our operations at every branch.

Branch Sustainability Action Plans are designed to guide activity, set targets and measure progress addressing the main impacts and opportunities associated with our branches. These five focus areas (energy, water, waste, emissions and community contribution) cover the core impact areas for our branches to progress the sustainability goals for our site operations.

Future-Fit Branch Action Plans were initially developed in the USA in FY20, rolled out to Australia in FY21 and then to New Zealand in early FY22. All our branches globally now have Future-Fit Branch Action Plans in place so that a consistent approach is taken, and enables regular sharing of learning, experience and improvement ideas between branches and business groups.

In FY22 we began rolling out newly designed branch carbon impact reports to track progress on actions, reduction targets and emissions impacts. Future-fit sustainability progress is a central part of our operational and lead team meetings in each country. Work is underway to engage all our crew and support branch managers and their teams to deliver their action plans, tracking progress and sharing success. We provide an update on country and branch progress from the Global Ignition – Future-Fit Branch Programme in the following table.

FIVE SUSTAINABILITY FOCUS AREAS FOR ALL BRANCHES GLOBALLY

How you can help

Energy Efficiency
Save power, switch off lights and equipment when not in use.

Conserving Water
Never leave water running, report any leaks quickly, every drop counts.

Reducing Waste to Landfill
Reduce, reuse, recycle and say no to single use plastic.

Lowering Emissions
Safe, fuel efficient driving and avoid engine idling.

Community Contribution
Support our local communities where we can.

These actions make a real difference and are important for our progress to become a future-fit business. Thank you!

GLOBAL HIGHLIGHTS FROM FUTURE-FIT BRANCH ACTION PLANS.

Focus Area	Progress on Branch Action Plans
Energy	· **Energy efficiency** is a priority for all branches, with energy saving actions underway and all branches in the process of upgrading to LED lighting where this has not already occurred. In Melbourne 400 lights replaced with LEDs will significantly reduce electricity use and emissions. The LED lighting upgrade at LAX has delivered c.20% energy saving annually since FY20. · **Renewable energy** use increased last year, reflecting more accurate data on grid renewables and emissions in the USA. The USA and Australia grid has low renewables, so switching to renewable energy sources for electricity is a key opportunity in FY23. We will focus on our largest branches (Melbourne and California) to have the greatest impact on overall emissions. In NZ reducing gas use in laundry, hot water and heating is the focus.
Water	· **Water stress** - a significant number of branches in USA and some in Australia are in regions that are highly water stressed, many other branch locations experience seasonal water stress. Between FY19 and FY21, water use in USA reduced by >55% following a programme of water conservation initiatives. · **Water saving** focus in the Branch Action Plans targets leak detection, water saving process improvements and high water use activities, including wash bays, low flow facilities, efficient appliances and installing water tanks (in Australia half our branches have water tanks). Between FY20 to FY22, California branches achieved a 34% reduction in water use, more than double the voluntary State water saving target of 15% in response to extreme drought. In FY23 we continue to focus on water saving, including the potential to use recycled water in wash bays.
Waste	· **Waste to landfill** reduced over the last year, reflecting lower activity in NZ and AU and despite the increase in single use items and impacts of COVID-19 on reuse and recycling activities. Operational waste is a challenge due to the extensive parts and items required in our vehicles. · Reducing waste is a priority for all branches with actions to reduce, reuse, repurpose and recycle and regular review and improvements implemented each year. At LAX, waste to landfill reduced by >50% in the last three years. NZ refreshed waste audits and improvements, increasing diversion from waste to landfill in all branches over the last six months. In FY23, investigating product stewardship will be a focus.
Operational emissions	· **Operational GHG emissions** reduced again in FY22, mainly due to COVID-19 impacts on activities, reductions in staff commuting emissions and branch energy saving actions (excludes motorhome emissions). New carbon impact reports help target highest impact operational emissions sources for each branch and track progress. This year we also assessed non-GHG emissions with a new methodology developed, tested and rolled out in FY22. Results show we do not directly generate significant measurable liquid, gas or solid emissions released directly into nature.
Community contribution	· **Contributing to communities** where we are based is a focus, and links with community organisations have been established by most branches. Activities include donating surplus equipment and non-perishable food, connecting with training and employment organisations, local volunteering activities, stream clean ups and over 300 toys donated to the Local Toy Drive at LAX. · **Operational encroachment** assessments have been completed in each country, most branches are in urban commercial areas of low risk for sensitive ecosystems and community health. A framework to assess potential impacts at our sites and new locations has been developed and tested for Brisbane branch.

FY22 Health Check

Key - Health Check assessments show how ***thl*** is performing against the Future-Fit Break-Even Goals

●●●● We are off track and need to redesign our course

●●●○ We have gaps and need to rethink how to address them

●●○○ We have gaps but know how to close them

●○○○ We are on track and can continue our journey

Priority	Future-Fit Break-Even Goals	2019 Health Check	2020 Health Check	2021 Health Check	2022 Health Check	FY22 Review Commentary
	BE01: Renewable energy	●●○○	●●○○	●●●○	●●●○	Our fitness score for renewable energy use globally improved last year, reflecting more accurate emissions data. Energy efficiency remains a priority focus in the Future-Fit Branch Action Plans. The USA and Australia grid mix has low renewables and we are progressing options to move to renewable energy grid electricity for our largest branches to have the greatest impact. In NZ, moving from gas use in laundry, hot water and heating is the main opportunity.
	BE02: Water use	●●●○	●●○○	●●○○	●●○○	Fitness improved, over last three years >45% reduction in water use in USA from conservation initiatives and staff working from home at LAX. A number of sites in USA and AU are based in water stressed regions, other sites experience seasonal water stress. Water saving is a focus in the Branch Action Plans, targeting high water use activities, including vehicle wash bays, low flow facilities, efficient appliances, installing water tanks and using recycled water where appropriate.
	BE03: Natural resources	●●○○	●○○○	●○○○	●○○○	Waitomo is our only location where we directly manage natural resources. We maintain fitness for this goal, our environmental management practices meet a high standard, guided by the Environmental Management Plan and monitoring oversight by the Environmental Management Advisory Group.
Priority Goal	**BE04:** Procurement	●●●○	●●●●	●●●○	●●○○	Following a successful pilot in AU, we rolled out our new Global Sustainable Procurement Framework in FY22. We reached Foundation Level 1 of the five-year framework in June, achievements include: global sustainable working group established, Sustainable Procurement Policy and Supplier Code of Conduct developed and training for key procurement staff. Analysis of suppliers by spend, risk and visibility and social and environmental hotspot assessments completed for supplier categories. In FY23 we will move to Level 2 to embed sustainable procurement throughout the business.
	BE05: Operational emissions	●●○○	●●●○	●●●○	●○○○	This is the first year of assessment for this goal. A methodology was developed, tested and rolled out in FY22. We do not directly generate measurable liquid, gas or solid emissions released directly into nature. There are emissions created as a result of the use of chemical cleaning products and for potential spills, which are managed, these emissions are difficult to measure and not material.
	BE06: Operational GHGs	●●○○	●●●○	●●○○	●●○○	Operational emissions have reduced mainly due again to COVID-19 impacts, no emissions for Kiwi Experience coach operations, reductions in staff commuting and branch energy saving actions. Assessment currently based on Scope 1 and 2 and limited Scope 3 emissions and excludes motorhome emissions (covered in product emissions goal). We have a climate and carbon strategy and new carbon impact reports in development for all our branches.
	BE07: Operational waste	●●○○	●●○○	●●●○	●●○○	Waste reduced over the last year - reflects lower activity in NZ and AU due to COVID-19, despite increase in single use items and impacts on reuse and recycling activities. Operational waste remains a challenge due to the extensive parts and items required in our vehicles. Actions to reduce, reuse, repurpose and recycle at all sites are a priority in Branch Action Plans. Renewed efforts at branch level include restarting waste sorting and waste audits in NZ, review and improvements to AU and USA recycling process. In FY23, investigating product stewardship will be a focus.
	BE08: Operational encroachment	●●●○	●●●○	●●○○	●●○○	Assessments have been completed in each country, many of our branches are in areas of low risk of impact on sensitive areas, ecosystems and community health. Our most significant location for operational impacts on communities and ecosystems is Waitomo where we actively work on positive pursuits to restore and enhance ecosystems and cultural sites. A framework to assess potential impacts at our sites and new locations has been developed.
	BE09: Community health	●●●○	●●●○	●●●○	●●○○	Protecting the health of communities where we operate and where our products are used is a priority. We proactively scan for and respond to community concerns and are working to develop effective community engagement mechanisms and encourage responsible travel. The Accelerate – partnerships for positive impact programme is a focus for this goal. Successes this year include development of our first Reconciliation Action Plan in Australia and Kaimahi for Nature team conservation work in Waitomo.
	BE10: Employee health	●○○○	●●○○	●○○○	●○○○	The health, safety and wellbeing of all our crew is our highest priority. We have continued to make improvements. Our leadership teams have completed H&S and leadership wellbeing in the workplace seminars designed specifically to help leaders support mental health in the workplace and training on resilience. The CEO H&S Road Map for 2022 has reset our focus and investment into training, and resources will continue to help maintain this strong position.

Priority	Future-Fit Break-Even Goals	2019 Health Check	2020 Health Check	2021 Health Check	2022 Health Check	FY22 Review Commentary
	BE11: Living wage	●●○○	●●●○	●●●○	●●○○	We continue to make progress on this goal as a priority to close current gaps and have achieved 100% fitness on NZ based ***thl*** crew. In the US we made significant movements towards a ***thl*** future-fit wage in FY22. In AU - there is no living wage model developed, based on data currently available it appears that our minimum wage reflects a living wage. While there is no officially legislated Living Wage in the countries where we operate, several models developed by third party organisations exist and we continue to look into regionally appropriate models that meet future-fit criteria.
	BE12: Fair employment terms	●●○○	●●○○	●●○○	●○○○	As previously assessed, we have good fitness on most of the fitness criteria for this goal in NZ and AU. The USA is the focus for this goal, reflecting the variation in employment regulations, such as paid parental leave, impact fitness progress. We continue to review and identify areas to make progress.
	BE13: Employee discrimination	●●○○	●●○○	●○○○	●○○○	As previously assessed, we have the policies and procedures in place to achieve this goal. We will continue to review our progress and implement initiatives focused on diversity and inclusion, including building our cultural capability.
	BE14: Employee concerns	●●○○	●●●○	●●○○	●○○○	A range of employee feedback mechanisms are in place, including crew engagement pulse surveys, and we have taken steps to improve our procedures by signing up to "report it now". The global roll out of this with the SpeakUp policy will provide internal and external people a confidential place to report any breaches or raise issues. In FY23 we will continue to improve awareness of the feedback mechanisms available and to engage our crew in the design of the employee engagement mechanisms.
	BE15: Product communications	●●○○	●●○○	●○○○	●○○○	Safe and responsible use of our products is a major focus, and we perform well for this goal. Customers receive instructions on safe driving and how to operate all equipment in the motorhome, along with online manuals and instruction videos. Responsible Travel programmes like Tiaki Promise and Travel with Heart in the USA help customer travel responsibility and address potential impacts from inappropriate use of the vehicles. A review of product communications has shown we have good levels of fitness across all business groups.
	BE16: Product concerns	●●○○	●●●○	●○○○	●○○○	We recognise the importance of this goal due to the complexity of motorhomes and the potential impact if issues arise. We have robust product concerns mechanisms in place, including our roadside assistance call centre to ensure all customers have the information they need and channels to raise concerns, get support and advice, and proactively manage any issues identified.
Priority Goal	**BE17:** Product harm	●●●●	●●●●	●●●●	●●●○	This goal relates to ensuring our products do not cause harm to people or the environment. This includes impacts on communities and destinations, freedom camping and accidents caused by poor driving/traffic management. To address this, we are delivering responsible travel programmes to manage/mitigate negative impacts on people and places. We focus on promoting safe driving and effective traffic management for our branch locations. Responsible travel programmes help our customers avoid causing harm when using our products. The other major impacts from our products' use and disposal are covered in GHG emissions and product repurposing goals.
Priority Goal	**BE18:** Product GHGs	●●●●	●●●●	●●●●	●●●●	Reducing GHG emissions from our vehicles is a major challenge and a high priority. We are committed to reducing emissions from our motorhomes through our Future Fleet programme, building on our experience with the eRV fleet in NZ. Industry partnerships with OEMs will be key to moving forward. The customer journey emissions for our rental fleet are shown in our carbon footprint. A full Scope 3 inventory review has been completed in FY22 covering the upstream and downstream emissions from the use of our products.
	BE19: Products can be repurposed	●●●●	●●●●	●●●●	●●●●	This goal is complex for ***thl***, as our vehicles include many more components and materials than a standard car or truck. We are working to understand product repurposing in each market/country where we operate. Data on the impact of our products' end of life is not currently being collected. A Life Cycle Assessment comparing a eRV and a regular RV model in NZ has been completed and we are working to identify material health and circular options for our motorhome design and build.
	BE20: Business ethics	●●○○	●●○○	●○○○	●○○○	Hotspot assessment of high-risk roles completed. We have an Ethics Policy in place and an Ethics training module relevant for our business activities and potential hotspots. All staff complete the Ethics training on a regular basis, and this is monitored. Ethics Committee in place. The Executive team undertook Ethics training, updated Code of Ethics and refreshed modules on DriveTrain for teams.
	BE21: Right tax	●○○○	●○○○	●○○○	●○○○	We aim at all times to act in accordance with all applicable laws and regulations and guided by relevant international standards. Our aim is to comply with the spirit as well as the letter of the law and with any legitimate disclosure requirement at first demand. We seek to develop strong, mutually respectful relationships with national tax authorities based on transparency and mutual trust. We do not use secrecy jurisdictions or so-called tax havens for tax avoidance, nor do we create or help create tax structures that are intended for tax avoidance, have no commercial substance and do not meet the spirit of the law. Our transfer pricing is always based on the arm's-length principle. We are transparent about our approach to tax and comply with all relevant rules.
	BE22: Lobbying & advocacy	●●○○	●●○○	●○○○	●○○○	We do not directly undertake lobbying activities, but we are active in several Tourism and RV industry groups. We are proactively encouraging the groups we engage with to make progress to address the key impacts, risks, and issues to make progress towards future-fitness. This goal will be led by the Ethics Committee in the future who will review issues and risks on a regular basis.
	BE23: Financial assets	●●○○	●●○○	●○○○	●○○○	As a company we do not directly manage financial investment assets beyond standard financing activities. We have reviewed this goal and many of the risk areas identified do not apply directly to our activities or are managed in other goals.

Our Climate & Carbon Strategy

CLIMATE & CARBON STRATEGY — GOALS
- Operational GHGS
- Product GHGS

FUTURE FLEET PROGRAMME — GOALS
- Product harm
- Product GHGS
- Products repurposed

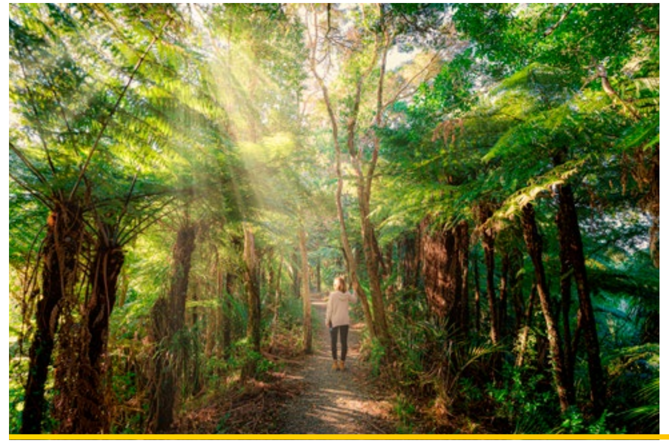
Climate change continues to wreak havoc around the world. Extreme weather events such as floods, wildfires and heatwaves leave us in no doubt of the challenge we face.

At ***thl*** we have a Climate & Carbon Strategy which is part of our overarching sustainability strategy. Our aim is to reduce our carbon emissions in line with a 1.5°C global heating scenario. At 2°C - a Hot House World - it is predicted that globally we will lose our coral reefs and there will be catastrophic acceleration of biodiversity and species loss, sea level rise and extreme heat, affecting billions of people, destinations, and our business.

We have spent the last 12 months building our understanding of the risks – and the opportunities – of climate change on our business, as well as understanding the full extent of our impact on the climate, by extending our baseline FY20 carbon footprint to include our indirect upstream and downstream emissions and setting a science-aligned carbon reduction target. This will allow us to develop robust carbon emissions reduction pathways in FY23.

Through our Climate & Carbon Strategy, including our new science-aligned target and our Future Fleet programme, we are working to manage, minimise and ultimately eliminate our greenhouse gas emissions (GHG).

As a responsible tourism business, we take a holistic, systems- and science-based approach to how we create and maintain value for all our stakeholders. Our values of *Be Curious, Do The Right Thing and Be The Best*, will be key to our response to the climate challenge, and to delivering our purpose of creating unforgettable journeys, not just for our customers now, but also for future generations.



Our Climate Risks & Opportunities: ***thl***'s first TCFD Report

We take our climate risks and opportunities (CR&O) seriously and are on the journey to understand their interaction across the various aspects of our business. We recognise that our current vehicle fleet creates significant GHG emissions which contribute to climate change.

In this section we share ***thl***'s first public climate-related disclosures using the Task Force on Climate-related Financial Disclosures (TCFD) framework, delivered in advance of NZX requirements. Elements of this TCFD reporting are woven throughout our FY22 Integrated Annual Report because for us, climate strategy is part of our business strategy. We recognise that we are early on the TCFD reporting journey, and aim to improve our reporting over time. It is a summary of our work to-date on how we have identified and are managing our CR&O and has been prepared in accordance with TCFD requirements (see table) but prior to the publication of XRB standards.

The management of our CR&O needs to be fully integrated into our corporate strategy, operations and processes. Our sustainability strategy to become a future-fit business will play a key role in managing our CR&O. Our priority CR&O are described below. The table on the following page provides an executive summary of the key findings in this report, organised under each of the 11 TCFD recommended disclosure areas.

TCFD disclosure area	Summary
Governance: The organisation's governance of climate-related risks and opportunities	
1. Describe the Board's oversight of climate-related risks and opportunities	The Tourism Holdings Limited (***thl***) Board Audit & Risk Committee (ARC[1]) oversees and is ultimately responsible for group-wide risks, including those related to climate change. Board Health, Safety & Sustainability Committee (HSSC) also has oversight of climate-related risks and opportunities.
2. Describe management's role in assessing and managing climate-related risks and opportunities	Risks and opportunities to ***thl*** are identified and managed at all levels of our business. Our Executive-level Risk & Improvement Committee (RIC) and operational-level Risk Champions Network (RCN) are responsible for implementing ***thl***'s Enterprise Risk Management (ERM) framework across our business and escalating key risks up to ARC as required. Climate-related risks are standing strategic and operational key risks reported to RIC and ARC.
Risk Management: How the organisation identifies, assesses, and manages climate-related risks and opportunities	
3. The organisation's processes for identifying and assessing climate-related risks	In October 2021, RIC members and other internal stakeholders attended climate scenario analysis workshops run by consultancy Beca to identify, assess and prioritise ***thl***'s priority climate-related risks and opportunities. Scenarios will be reviewed annually.
4. The organisation's processes for managing climate-related risks	Our climate-related risks are managed through the ERM framework, with regular risks reviews, quarterly RIC and RCN meetings and bi-monthly ARC meetings. In FY23 we will build on our work to put a sustainability and climate lens over our major strategic decisions as well as capital expenditure and operating costs..
5. How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	
Strategy: The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
6. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	After scenario analysis workshops, the **priority climate risks for *thl*** were identified as: • Lack of cost-effective, long-range RV product options that can materially reduce greenhouse gases • Changes in customer demand and experience due to increased frequency and severity of both acute and chronic weather events • Regulatory and legal compliance, given potential speed of policy changes and lack of available technology • Supply chain impacts from market response to climate change, such as an increase in the price of carbon. The **priority climate opportunity for *thl*** was identified as: • Opportunity for ***thl*** leadership on climate response in RV sales and rentals industry if science-aligned carbon reduction targets and future-fit sustainability goals are met.
7. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Our climate-related risks and opportunities (CR&O) relate to our business and strategy future-fit sustainability programme in a number of key ways, including: • Our values - be curious, do the right thing and be the best • Our business strategy, including how quickly we can feasibly decarbonise our vehicles through our Future Fleet programme • Our Climate & Carbon strategy and how we can engage our crew, customers, communities and suppliers in our shared Carbon Challenge • How we operate our business, including our sustainability Branch Action Plans and our social licence to operate. In our next TCFD report, ***thl*** will further disclose the financial impacts of climate-related risks and opportunities on our business model and strategy over short, medium, and long-term time horizons.
8. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We used three climate scenarios, developed by the Network for Greening the Financial Sector (NGFS), to test the resilience of ***thl***'s strategy to climate change: Imminent Transition; Delayed Transition; and Hot House World. We are at an early stage of maturity in our climate-related disclosures and by definition, the degree of resilience of our strategy is subjective. Given this, here is our summary of key findings under the three scenarios: **IMMINENT TRANSITION** • Electric RVs and other technology will be characterised by low supply and high demand as these industries scramble to meet the needs of a transitioning world. ***thl*** will need to maintain access to new and existing technology through partnerships and relationships. • The resilience of ***thl***'s strategy under this scenario will depend on being able to quickly pivot its business model and service offerings to meet strict compliance requirements. • Opportunity to develop local customer base as international travel decreases due to more stringent decarbonisation policies. **DELAYED TRANSITION** • Supply chain disruptions are likely due to high demand for new components and technology after 2030, combined with an increase in extreme weather events. • ***thl*** will have time and opportunity to position itself as a market leader in decarbonisation before it is mandatory. **HOT HOUSE WORLD** • Extreme physical risks could close certain attractions or eliminate tourism in whole regions seasonally. • RVs could be used as emergency housing for people displaced by extreme weather events. • An extreme and volatile climate will have massive impacts on supply chains.
Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
9. The metrics used by the organisation to assess climate-related risks and opportunities	Now we have set our Scope 1 and 2 science-aligned target, we will be identifying appropriate metrics to assess our CR&O in FY23.
10. The three Scopes of greenhouse gas (GHG) emissions (if appropriate), and the related risks	***thl*** publicly discloses (via annual integrated reporting) its Scope 1, 2, and partial 3 emissions.
11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	***thl***'s science-aligned carbon reduction target for Scope 1 and 2 is a reduction in greenhouse gas emissions of 50.4% by FY32 from a restated FY20 baseline. We aim to publish our Scope 3 target in the FY23 Annual Integrated Report after meaningful engagement with our crew and suppliers.

[1] ARC, previously the Audit Committee, was renamed with a broader remit to oversee enterprise risk.

Governance

Board oversight of climate-related risks and opportunities

Governance of climate-related risks at ***thl*** involves the ***thl*** Board, senior management and broader organisation.

The ***thl*** Board has ultimate responsibility for reviewing ***thl***'s risk management framework, however ongoing oversight is delegated to the Audit & Risk Committee (ARC) in respect of financial and strategic risk management, and to the Health, Safety & Sustainability Committee (HSSC) in respect of sustainability risk management, sustainability opportunities and strategy.

Climate risks at strategic and operational levels are standing items reported to ARC on a bi-monthly basis. ARC and HSSC consider climate-related issues when guiding strategy and action. In addition, all papers submitted to the Board are expected to provide a Six Capitals Assessment including ***thl***'s impact on natural capital such as climate.

The TCFD process has highlighted the need for us to further develop a formal sustainability and climate lens for reviewing and guiding Board and ***thl*** activities including strategies; major plans of action; risk management policies; performance objectives; major capital expenditures etc. These activities will be reviewed and addressed by ***thl*** in FY23.

Management's role in assessing and managing climate-related risks and opportunities

The ***thl*** CEO and Executives all play a role in identifying and managing our CR&O; monitoring climate-related megatrends; reflecting climate issues in business strategy and ensuring these are managed through our operations and our Enterprise Risk Management (ERM) framework. Climate-related issues are shared with the wider business by the CEO at internal Teams Talks and disclosed externally in ***thl***'s Integrated Annual Reports.

The Chief Responsibility Officer and Responsible Management (RM) team undertake climate and carbon reporting associated with the risks and opportunities identified by the Executive. The RM team works with stakeholders to undertake the measurement and verification of ***thl***'s greenhouse gas emissions and, through the ERM framework, sees that the CR&O identified are captured and mitigated.

Strategic and operational climate risks are managed by ***thl***'s Executive-level Risk & Improvement Committee (RIC – previously the Enterprise Risk Steering Committee) and our operational Risk Champions Network (RCN). See section 'Protecting the value we create' for more information.

The Future Fleet programme was developed by ***thl*** to proactively manage the climate risks to and by our fleet, particularly one of our priority risks – the lack of cost-effective, long-range product options that can materially reduce greenhouse gases. With new eRV (electric Recreational Vehicle) products in the market, Future Fleet is now restarting plans to pilot eRVs in our different countries of operation. For more information, see the 'Future Fleet programme progress' section in this report.

Led by the CEO of Action Manufacturing, a fully-owned subsidiary of ***thl***, Future Fleet involves key stakeholders such as the ***thl*** Executive team and internal and external technical experts. Progress is reported at the Strategic Product Development Group (SPDG) and to ARC and HSSC.

The 'Our responsibility journey' section has further information on ***thl***'s other programmes to manage our carbon emissions including Ignition – sustainability Branch Action Plans and Accelerate – strategic partnerships.

Climate-Related Risk & Opportunity (CR&O) Management

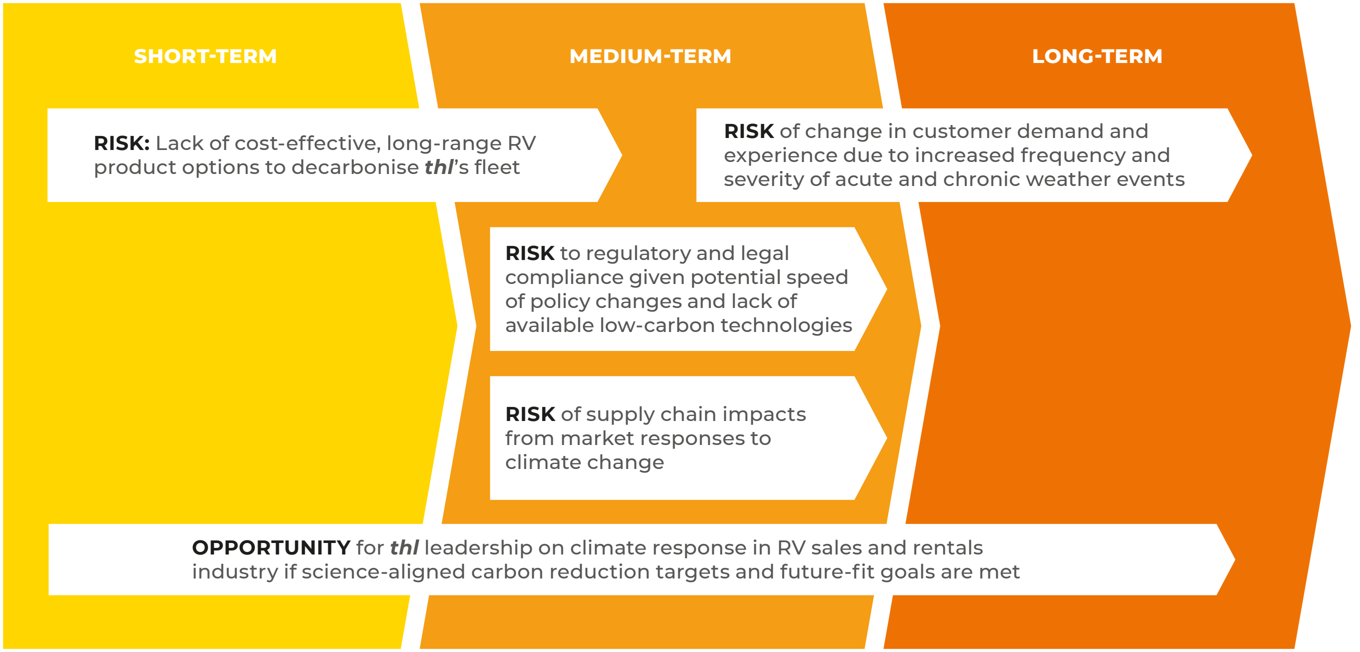
thl expects our transition risks – particularly the lack of availability of low-emissions RV technology, and the risks to ***thl's*** reputation if we don't decarbonise – to impact ***thl*** sooner than physical risks. The most significant risks to economies transitioning to low-carbon models are likely to be experienced over the next 10-30 years, while physical risks, such as from acute and chronic weather events, are expected to continue to increase and will have an even greater impact later this century.

thl has identified CR&O over the short, medium, and long-term. We consider short-term to be up to be up to 24 months, medium-term to be 2-10 years and long-term to be over 10 years.

thl's key assets are the RVs we rent and sell. The typical life of a RV is 15-20 years. Therefore, production decisions that ***thl*** makes today lock us into a specific carbon trajectory – and related impact on climate change – for potentially the next two decades.

Please see the diagram showing our priority CR&O which could have a material financial impact on ***thl*** in the short, medium and long-term.

OUR PRIORITY CLIMATE RISKS AND OPPORTUNITIES



Note on velocity/speed of impact: We expect our prioritised risks to become increasingly material in the medium to long-term.

Out of the risks ***thl*** prioritised from a long list (see diagram), there is one current and short-term risk which we are seeking to manage through our Future Fleet programme: the lack of reliable RV technology to decarbonise ***thl***'s fleet. We understand that this risk will affect us over all timeframes we have considered. However, given the average lifespan of our vehicles (15-20 years), the impact of decisions we make about our vehicles today will likely be felt in the medium-term. As a result, we need to consider this risk in decisions we make today – for example, on the rate of depreciation/expected obsolescence of these vehicles. Hence we have listed this risk as having potential financial impacts over a short-medium time horizon.

The other priority risks listed are not material in the short-term to the six capitals we regularly report on in our Integrated Annual Reports: financial, manufactured, intellectual, human, social and relationship and natural.

The key opportunity identified for ***thl*** is also material in the short through long-term: the reputational opportunity to position ***thl*** as leaders in RV sales and rentals in responding to climate change, if science-aligned targets and sustainability goals are met to ensure we become future-fit.

How our CR&O were determined and prioritised

The priority climate risks and opportunity to ***thl*** were identified as material using a specific methodology which had a focus on climate change, detailed below. To properly manage these risks, they have been integrated into our broader ERM framework with governance and oversight provided by our Risk Champions Network, our Executive-level Risk & Improvement Committee, and the Audit & Risk Committee and Health, Safety & Sustainability Committee.

Climate scenario workshops

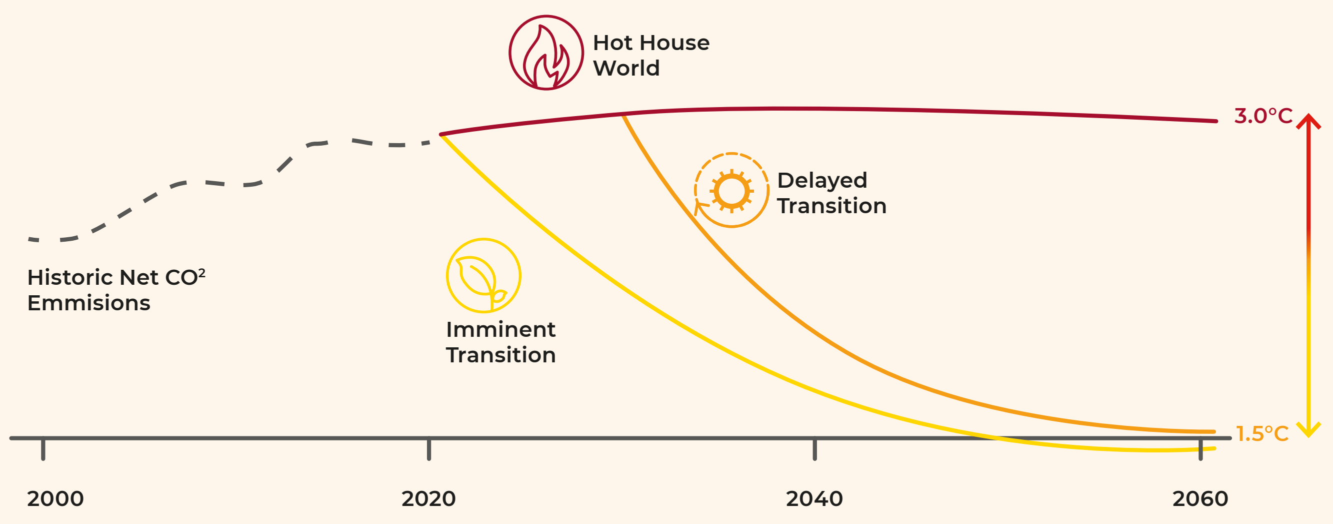
Consultancy Beca facilitated a series of three climate scenario analysis workshops with ***thl***'s leadership team and key internal stakeholders. Workshop 1 involved a risk prioritisation to identify, via voting, the five highest priority risks and opportunities from a preliminary long list.

See below table for a description of our priority risks and opportunities.

Risk	Description
Lack of reliable RV technology to decarbonise *thl*'s fleet	Lack of cost-effective, long-range RV product options that can materially reduce greenhouse gases (e.g., EVs).
Changes in customer demand and experience due to physical climate impacts	Increased frequency and severity of both acute and chronic weather events may affect customer demand and experience.
Regulatory and legal compliance	Speed of policy changes pose significant risks, particularly if technology availability cannot keep up with policy requirements.
Supply chain impacts from market response to climate change	E.g., increase in the carbon price. Impacts may lead to more expensive procurement and operations.
Opportunity	**Description**
Reputation	Opportunity to position company as industry leaders in responding to climate change if science-based targets and future-fit goals are met.

Workshops 2 and 3 involved a **climate scenario analysis** exercise to take the five priority risks and opportunities identified during the risk prioritisation exercise and test them under each of the three climate scenarios, developed by the Network for Greening the Financial System (NGFS). The NGFS is comprised of central banks – including in NZ, AU, and the US – who contribute to developing climate and environmental risk management best practices. Beca selected three scenarios that would test the outer bounds of ***thl***'s resilience, including extremes of physical and transition risks.

Scenario	Climate Policy	Transition Risk Severity	Physical Risk Severity	Description
Imminent Transition	Immediate and smooth	Initially high, then gradual and ordered	Low-Medium	Ambitious and stringent climate policies are introduced immediately and enacted to limit global warming to 1.5°C. Net Zero is reached by 2050. Significant innovation is spurred and there is fast change in technology.
Delayed Transition	Delayed	Initially low Severe after 2030	Medium-High	Policy is not enacted immediately, causing emissions to increase until 2030. When policies are enacted, they are stringent and abrupt. Emissions exceed the Paris Agreement's carbon budget temporarily and then decline rapidly after 2030.
Hot House World	None	Low	Extreme	A world in which only current policies are preserved, and there is no significant action on climate change. This result in a "hot house world", where emissions lead to about 3°C of warming by 2080.



Following a discussion, a materiality rating of low, moderate, or high was assigned to each of the five risks / opportunities under each scenario.

Materiality ratings that were applied to risks and opportunities during scenario analysis:

- Are aligned on the concept of 'double materiality'.[1]
- Refer to the level of risk severity under each scenario. Transition and physical risks will exist under all three climate scenarios. Therefore the low, moderate, or high ratings refer to the level of risk severity under each scenario.
- Provide, to some extent, a framework for prioritising action as follows:

Rating	Action
HIGH	Highest priority risks and opportunities. ***thl*** should focus its risk management efforts on these.
MODERATE	Should be closely monitored but are not of highest priority.
LOW	Are lower priority compared to 'moderate' risks and opportunities but should still be monitored.

Priority risks and opportunities were assessed according to their materiality under each scenario.

Materiality ratings were assigned for each country in which ***thl*** operates, focussing on New Zealand, Australia and the United States. The tables to the right show the average of these ratings.

[1] Double materiality recognises that climate financial risks are influenced by long-term environmental and social factors. A reasonable person might consider information material for reasons other than direct financial repercussions: for example, the company's impact on climate change (as well as climate change's impact on the company). Therefore, these materiality ratings encompass both material financial risk and additional qualitative factors, such as reputational, operational and health and safety risks.

		Materiality Rating as described on left			
Risk	**Description**	**Imminent transition**	**Delayed transition**	**Hot House World**	**Time horizon over which risk arises**
Lack of reliable RV technology to decarbonise *thl*'s fleet	Lack of cost-effective, long-range RV product options that can materially reduce greenhouse gases (e.g., EVs).	HIGH	HIGH	HIGH	Short–medium term
Changes in customer demand and experience due to physical climate impacts	Increased frequency and severity of both acute and chronic weather events may affect customer demand and experience.	LOW	MODERATE	HIGH	Medium–long term
Regulatory and legal compliance	Speed of policy changes pose significant risks, particularly if technology availability cannot keep up with policy requirements.	HIGH	MODERATE	HIGH	Medium-term
Supply chain impacts from market response to climate change	E.g., increase in the carbon price. Impacts may lead to more expensive procurement and operations.	HIGH	HIGH	HIGH	Medium-term

		Materiality Rating as described on left			
Opportunity	**Description**	**Imminent transition**	**Delayed transition**	**Hot House World**	**Time horizon over which opportunity arises**
Reputation	Opportunity to position company as industry leaders in responding to climate change if science-aligned targets and future-fit goals are met.	HIGH	HIGH	HIGH	Short–medium term

The impact of climate-related risks and opportunities on *thl*

thl is keenly aware of the risks and opportunities posed by climate change on our business, strategy and financial planning, such as potential changes in customer demand and tourism experiences due to the physical impacts of climate change.

In addition, we have a significant impact on the climate. Our core business, RVs, generate greenhouse gases through the use of fossil fuels. It's clear that we must seek opportunities to decarbonise our fleet as quickly as is feasible.

However, there are hurdles that we need to overcome to enable practical, customer-friendly and cost-effective solutions for our RVs. Our vehicles are on the larger end of light commercial/smaller end of freight in terms of weight, and need at least a 200km range to give our customers the capability they need on their journey. We do not see this as a priority for vehicle manufacturers (Original Equipment Manufacturer/OEMs) whose focus is on cars, commercial light vehicles e.g. for last mile delivery, and heavy fleet.

In addition, the answer for us may not simply be electrification. We operate in countries such as Australia and the US where the grid mix, while starting to change, is not as clean as NZ, and energy is generated from coal and other fossil fuels. This means that when Electric Vehicles (EVs) charge, although they are not generating tailpipe emissions, they are still potentially drawing electricity from a dirty grid. We are also aware that our current products will continue their useful life for many years beyond them being in our fleet, and that alternative low-emission fuel sources will be required to reduce ongoing emissions from these vehicles.

thl has invested in our Future Fleet programme to help us proactively manage the carbon risks and opportunities relating to our RVs, such as piloting new, low-emission products. Future Fleet will help us navigate the complex RV value chain; availability of technologies; new stakeholders; and rapidly changing regulations which include the end of importation of Internal Combustion Engine (ICE) vehicles. We know that it will require a collaborative, partnership approach for us to make any significant inroads in the timeframe required.

Our Future Fleet programme is also investigating different technologies in the transition to a low-carbon world, including hydrogen and biofuel. For all these technologies – EV, hydrogen and biofuel, the lack of infrastructure and consistent supply is a key issue. In addition, biofuel sourcing carries significant supply chain risks.

We believe we need to decarbonise before changing customer demand forces us to. Customers in the future are also expected to experience more extreme weather events due to climate change. We are part of bigger sector and national discussions regarding climate adaptation and mitigation, and whether national infrastructure is up to the challenge of wildfires, rising sea levels, more severe storms and droughts etc.

Climate change also gives us an unfortunate opportunity: more people will likely be displaced and will need mobile housing; and more extreme weather events will increase demand for temporary housing for e.g. firefighters and emergency services. If we continue our progress to become a future-fit business and meet the science-based, systems goals that comprise the Future-Fit Business Benchmark, we have a chance to build on our reputation as a business committed to regenerative tourism.

In short, our strategies to meet these risks and opportunities need to be regularly reviewed to respond to changing requirements.

How resilient is our strategy under different climate scenarios?

So that we are planning for a range of possible futures, below we summarise and describe different aspects of our corporate strategy, taking into account the three different scenarios of Imminent Transition, Delayed Transition and a Hot House World described below.

Summary of key findings under three scenarios

IMMINENT TRANSITION

- Electric RVs and other technology will be characterised by low supply and high demand as these industries scramble to meet the needs of a transitioning world. ***thl*** will need to maintain access to new and existing technology through partnerships and relationships.
- The resilience of ***thl***'s strategy under this scenario will depend on being able to quickly pivot its business model and service offerings to meet strict compliance requirements.
- Opportunity to develop local customer base as international travel decreases due to more stringent decarbonisation policies.

DELAYED TRANSITION

- Supply chain disruptions are likely due to high demand for new components and technology after 2030, combined with an increase in extreme weather events.
- ***thl*** will have time and opportunity to position itself as a market leader in decarbonisation before it is mandatory.

HOT HOUSE WORLD

- Extreme physical risks could close certain attractions or eliminate tourism- in whole regions seasonally.
- RVs could be used as emergency housing for people displaced by extreme weather events.
- An extreme and volatile climate will have massive impacts on supply chains.

Fleet decarbonisation

Decarbonising our fleet will be an essential component to meeting potential emissions requirements as well as mitigating the impacts of climate change. There are various risks and opportunities associated with the decarbonisation of our fleet, as described in this report.

Technology development & a circular economy

Decarbonising our RV fleet will depend on technology that is not yet readily available. While EV technology has been around for many years, the development of electric RVs (eRVs) is currently in its infancy, and challenges are associated with accessing this technology. NZ's right hand side driver requirement makes these vehicles lower priority for the international market. EVs also require charging stations, which are expected to be more common in the US before NZ or AU. Currently, eRVs do not have the capacity to cover long distances. This is particularly material in AU, with longer hauls and a smaller likelihood of big investments in EV infrastructure.

Other technologies could play a role in decarbonising ***thl***'s fleet. Hydrogen technology will require significant advancement before it can be used in RVs, but several hydrogen initiatives are already underway (e.g., Renault in France; and Japan and Korea investing in hydrogen). Biofuel blends are another option that would run on existing diesel and petrol engines. We believe hydrogen and biofuels are more likely to be utilised in AU and NZ, with biofuels a potential transition technology while hydrogen and EV infrastructure is developed.

The process of decarbonising our fleet is likely to result in higher investment required up-front for research and development, but lower long-term maintenance costs. Under scenarios that transition to a zero-carbon economy later, or not at all, there is a risk associated with being an early adopter of EVs and other low-emission vehicles and losing business viability in the short-term due to increased costs and outpacing the market.

Through Action Manufacturing, we have an opportunity to both retrofit our existing fleet and play a role in the development and supply of clean RV technology. There is infrastructure ***thl*** is reviewing now which could help to facilitate this shift. For example, RVs with front wheel drive are easier to retrofit to a hydrogen or electric system than those with rear wheel drive.

The transition to alternative technologies will require a significant investment in upskilling technicians to servicing and repairing EVs and other alternate vehicles. A circular economy approach will be an important shift in ***thl***'s strategy, including reviewing our business models and considering the entire lifespan of a vehicle and its component parts and materials. ***thl*** has the opportunity to capitalise on these opportunities having undertaken an initial Life Cycle Assessment study of our RVs and with our extensive logistical operation and manufacturing capability.

Supply chain disruptions & a shift to 'local'

Disruptions in our supply chain were identified as a key risk in all three scenarios. Under scenarios with higher transition risks, demand far outpaces supply for new and renewable technology and its components. NZ, and to a lesser degree AU, is particularly vulnerable to supply chain issues due to their remoteness. Neither country is large enough to develop its own auto manufacturing industry, so each will continue to depend on an international supply chain.

The supply of materials for manufacturing RVs could be disrupted by sea level rise, resource shortages and acute weather events. Some materials identified as vulnerable to supply chain disruption include fiberglass, biofuel, plywood and aluminium. At ***thl*** we could look to invest in shifting to locally made, circular and bio-based materials where available which could increase our supply chain resilience as well as reduce freight costs.

There is an opportunity to better communicate sustainable sourcing and practices to our customer base, particularly given the work of our Global Sustainable Procurement working group and our upcoming Supplier Code of Conduct. However, we will need to find ways to convey complex information about vehicle manufacturing into simple metrics such as 'percent of components parts that are sustainably sourced / part of a circular system'. In transitioning scenarios, authentic and transparent communication of sustainability performance and potential use of digital transparency technologies such as blockchain will become important to continuing to attract customers to this mode of travel.

Resilience through partnerships

Partnership is a key theme of our resilience strategy under various climate scenarios. Because ***thl***'s primary location in NZ is remote, and our buying power isn't as large as other automotive markets, effective partnership with suppliers and using our influence to access products in a timely manner will be essential.

Fuel supply / charging infrastructure is another systems challenge, and in all the countries in which we operate – NZ, AU, the US and the UK – we are seeking to partner with organisations that want to demonstrate climate leadership through pilot programmes and R&D.

Effective partnership has been key already in our ability to weather the COVID-19 global pandemic, particularly in the US, and in our original trials with electric chassis. Through Action Manufacturing, we were the first in NZ to bring in LDV electric chassis; we repowered light commercial vehicles for AU-based SEA Electric and assisted in creating New Zealand's first intercity heavy EV truck for Alsco.

Moving forward, given ***thl***'s unique offering of rental RVs travelling significant distances, we are well placed to pilot and test new low-emissions and circular economy technologies for OEMs.

Physical impacts on customer experience, health, and safety

Extreme weather events and increasing temperatures may create a seasonal shift in tourist markets, such as increases in overseas tourists visiting NZ and Australia during winter months to escape Northern Hemisphere summers. In Australia, more temperate areas (e.g. Tasmania) may become more popular. NZ may have significant reductions in snow cover and the length of the winter sports season. As temperatures rise, our NZ fleet may need to be fitted with air conditioning (AC) units. In the US, it is possible that some areas will be restricted for large parts of the year e.g. due to wildfires. Tourist attractions may become more distinctly seasonal, requiring corresponding relocations of the fleet.

Particularly in Australia and the US, extreme heat in the summer is likely to cause significant disruptions to the tourist market. Even if new AC technology can be fitted into vehicles, people are less likely to travel in >40°C heat. These disruptions may require us to explore new operational models, such as fleet dispersal and remote vehicle hubs, or consider venturing into new markets (i.e., more temperate regions, such as Europe).

Both the Delayed Transition and Hot House World scenarios carry significant physical risks from an increasingly extreme and volatile environment. The innate mobility of RVs means that our products are relatively resilient to these physical risks (i.e., wildfires can be driven away from). Even if tourist destinations are closed, RVs provide customers with the freedom to travel to alternative locations. Communicating health and safety risks to staff and customers will be critical, especially in a Hot House World scenario.

Reputational opportunities

Under transition scenarios, reputational opportunities will depend on our ability to deliver on climate change goals. Communicating our decarbonisation efforts through effective storytelling will be an important component of our value proposition to employees under all scenarios. Equally, given that we are reliant on others for a significant technology step change we will need to be transparent on the challenges and hurdles we face to take material steps forward.

The pace of change under an Imminent Transition scenario will pose more of a challenge. We will have to respond quickly to market changes by diversifying our product offerings: for example, by offering circular economy subscription-style vehicle ownership as private vehicle ownership decreases in response to policy changes.

Decarbonising under a Delayed Transition scenario could provide more of a reputational opportunity, as we work in collaboration with others to position ourselves as market leaders before regulation is put in place. If, as is our aim, we can successfully decarbonise our fleet, ***thl*** may have an opportunity to share intellectual property about this process with peer organisations. Monitoring the competitor market will be important, as there are likely to be many fast followers who catch up by 2030 onwards. Smaller companies may be able to pivot and decarbonise more quickly, while we may be constrained by our large fleet size or conversely size may be an advantage in terms of influencing our suppliers for low / zero-emissions products.

Under a Hot House scenario, we will still need to maintain our social licence to operate by publicly pursuing our future-fit sustainability goals. As disaster events dramatically increase under this scenario, becoming industry leaders in non-tourism temporary accommodation is a reputational opportunity. Providing emergency service vehicles for disaster relief and support services (such as for firefighters) may continue to provide additional revenue and an opportunity to enhance our brand. However, this may be more applicable to our reputation in the investor market, rather than the customer market.

CASE STUDY

Climate risks for a ***thl*** business:
Discover Waitomo

The Waitomo Caves

The Waitomo Caves and Kiwi Experience operation is already undergoing major shifts as a result of fewer international visitors due to the COVID-19 pandemic. Climate change and the rising cost of carbon could have a similar effect. In addition, climate change could impact the sensitive glowworm ecosystem. To appeal to a local customer base, offerings could continue to shift more towards education, science and immersive Te Reo (Māori language) tours which are already proving popular.

Under scenarios with high physical risk severity, the Waitomo Caves could be impacted by road closures due to acute weather events or glowworm senescence due to higher temperatures and flooding. Waitomo is currently moving towards a more resilient, New Zealand-made supply chain, including growing food on-site.

Metrics and Targets

Our Science-Aligned Carbon Reduction Target

thl is at an early stage in setting formal and external goals, targets and metrics for climate-related issues. Our Board has emphasized the need to set a science-aligned target for carbon reduction and ***thl*** is taking a phased approach to this, starting with a Scope 1 and 2 target, followed by a Scope 3 target which will be shared in our next Integrated Annual Report.

We have worked with independent sustainability firm thinkstep-anz to restate our FY20 carbon footprint to include a full inventory of our FY20 Scope 3 emissions and become our new baseline year. Our emissions in the last quarter of FY20 were impacted by COVID-19 lockdowns and therefore were appropriately adjusted with an uplift factor to represent our pre-COVID-19 level of activity. This new baseline now encompasses our business in its entirety, from the supply of raw materials to our commercial operations through to the end of life of our vehicles, even once we have sold them. As a result, our restated baseline footprint has increased by over four times to approximately 319,000 tCO_2e.

Restating our FY20 baseline has meant we have been able to set a science-aligned carbon reduction target for our Scope 1 and 2 emissions of 50.4% by 2032, essentially halving our pre-COVID-19 levels of carbon emissions in the next decade. Our emissions reduction target takes an 'absolute emissions reduction' approach. It includes those Scope 1 and 2 emissions over which we have direct control, but unusually for a business, our Scope 1 emissions include activity over which we have limited control – but may be able to influence – customer journeys.

Our priority at ***thl*** is to ensure our customers have an exemplary experience, with the freedom to travel and create unforgettable journeys. Our challenge as a business is to find a way to decouple carbon emissions from customer journeys without compromising customer experience. The lack of available technology and solutions is still a considerable barrier to achieving this goal.

Our science-aligned target follows the Science-Based Targets Institute (SBTi) methodology and aims to support the delivery of the substantial reductions needed to limit future global heating to 1.5°C.

Our science-aligned target: ***thl*** commits to absolute reduction of Scope 1 and 2 greenhouse gas emissions of 50.4% by FY32 from a restated FY20 baseline, consistent with the aim of limiting global heating to 1.5°C.

A note on our Scope 3 target

As with many businesses, our Scope 3 emissions dominate our restated baseline footprint, comprising 70% of the total footprint. While we may be able to influence our upstream supplier emissions, we do not control the emissions of our vehicles once they are sold. Key to addressing this challenge and having more influence on emissions from sold products in the future, is our Future Fleet programme which aims to transition our fleet to low and no-emissions vehicles as quickly as feasibly possible.

In order to adopt a meaningful science-aligned carbon target for our Scope 3 emissions, we will continue to update our view and approach to Scope 3 GHG targets as we work with partners in the supply chain to collectively ensure a systemic approach to addressing the issues and identifying solutions. We need to work together to establish realistic decarbonisation pathways linked to genuine, scalable technological innovation.

We will be spending the next 12 months starting to engage key stakeholders in our shared Carbon Challenge including our crew, peers, customers and suppliers, including vehicle manufacturers (OEMs).

Our Scope 1 and 2 target and development of a Scope 3 target have been approved by the ***thl*** Executive team and the ***thl*** Board.

Our FY22 Carbon Footprint

Our FY22 carbon footprint continues to be based on our previous approach (Scopes 1 and 2 and limited Scope 3) and baseline year of FY19, with customer journeys included in our Scope 1 emissions.

As noted, we currently have limited control over our Scope 1 customer journey emissions. We will be extending our FY23 footprint to include our full Scope 3 emissions, see section above.

Guidance on which emissions fall under which Scope is rapidly evolving, and our allocation of our customer journey emissions under Scope 1 may change in the future. In the following graphs we have therefore included customer journey emissions in Scope 1, but have also reported them separately for consistency with previous years. COVID-19 has continued to have a profound impact on our emissions in FY22, particularly on customer journey emissions in New Zealand.

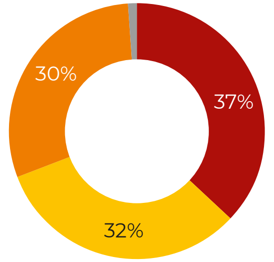
In this COVID-19 context, in FY22 group-wide operational emissions across all business units fell a further 6% from FY21, with a total decrease of 50% against our baseline year of FY19. We have also seen a 31% reduction in customer journey emissions on FY21, a total decrease of 51% against our baseline year of FY19.

FY23 Carbon Footprint: Extending Our Inventory

As discussed, in order to set a science-aligned carbon reduction target, we have extended our FY20 carbon footprint to reflect a full year of pre-COVID-19 activity and to include all our Scope 3 indirect upstream and downstream GHG emissions. In FY23, we will update our digital GHG platform with this restated FY20 baseline year and extend our GHG inventory for our FY23 footprint to include our full Scope 3 emissions, which we will share in our next Integrated Annual Report.

Group-wide Operational GHG Emissions / Carbon Footprint FY22*

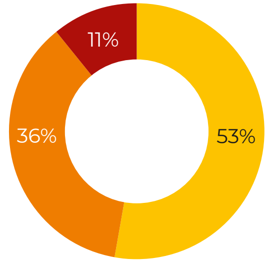
(tonnes CO_2e) *excluding customer journey



New Zealand	1,629
USA	1,422
Australia	1,298
Joint ventures	45
Total GHG emissions (tonnes CO_2e)	4,394 6% decrease on FY21

Group-wide Customer Journey GHG Emissions FY22

(tonnes CO_2e)



USA	19,391
Australia	13,243
New Zealand	3,929
Total GHG emissions (tonnes CO_2e)	36,563 31% decrease on FY21

Our operational carbon footprint includes:

Scope 1 Direct GHG emissions: transport fuel used in our company cars, fuel used at our sites (LPG, natural gas, diesel) and customer journeys, included in Scope 1 but also reported separately

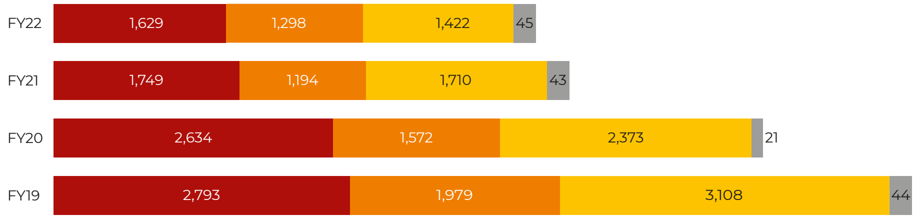
Scope 2 Indirect GHG emissions from energy: emissions associated with purchased electricity

Scope 3 Other indirect GHG emissions: fuel used by staff commuting to work; air and taxi travel; waste sent to landfill; and motorhome maintenance materials (replacement tyres, batteries and water)

Our FY22 carbon footprint has been independently verified by McHugh & Shaw Ltd. It is considered consistent with the mandatory requirements of ISO 14064-1:2018, with Reasonable Assurance (Scope 1/ ISO Cat 1 & 2) and Limited Assurance (Scope 3/ISO Cat 3-6).

Group-wide Operational GHG Emissions year-on-year*

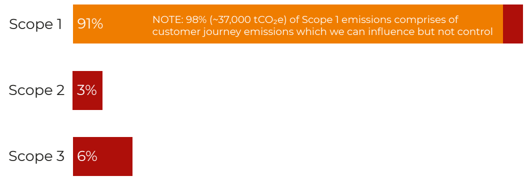
(tonnes CO_2e) *excluding customer journey



	Total GHG emissions (tonnes CO_2e)	New Zealand	Australia	USA	Joint ventures
FY22	4,394	37%	30%	32%	1%
FY21	4,696	37%	26%	36%	1%
FY20	6,600	40%	24%	36%	0%
FY19	7,924	35%	25%	39%	1%

Group-wide GHG Emissions by Scope FY22 - includes Customer Journey in Scope 1

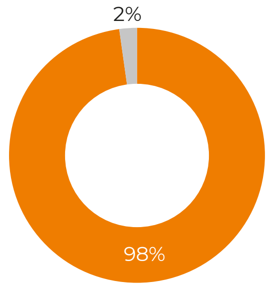
(tonnes CO_2e)



	Total tonnes CO_2e
Scope 1	37,255
Scope 2	1,210
Scope 3	2,492
Total FY22 footprint (tonnes CO_2e)	40,957

GHG Emissions by Business Unit FY22*

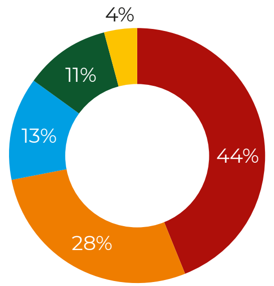
(tonnes CO_2e) *including customer journey



Self Drive Experiences (NZ/AU/US)	39,941
Action Manufacturing	769
Discover Waitomo	182
Just Go (JV)	39
Head Office	20
thl Digital	6
Kiwi Experience	0
Total GHG emissions (tonnes CO_2e)	40,957

Group-wide GHG Emissions by Emission Source FY22*

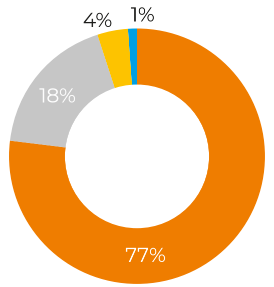
(tonnes CO_2e) *excluding customer journey



Transport & Stationary Fuels	1,939
Electricity	1,210
Materials	588
Waste sent to Landfill	482
Air Travel	172
Taxi Use	3
Total GHG emissions (tonnes CO_2e)	4,394

GHG Emissions by Business Unit FY22*

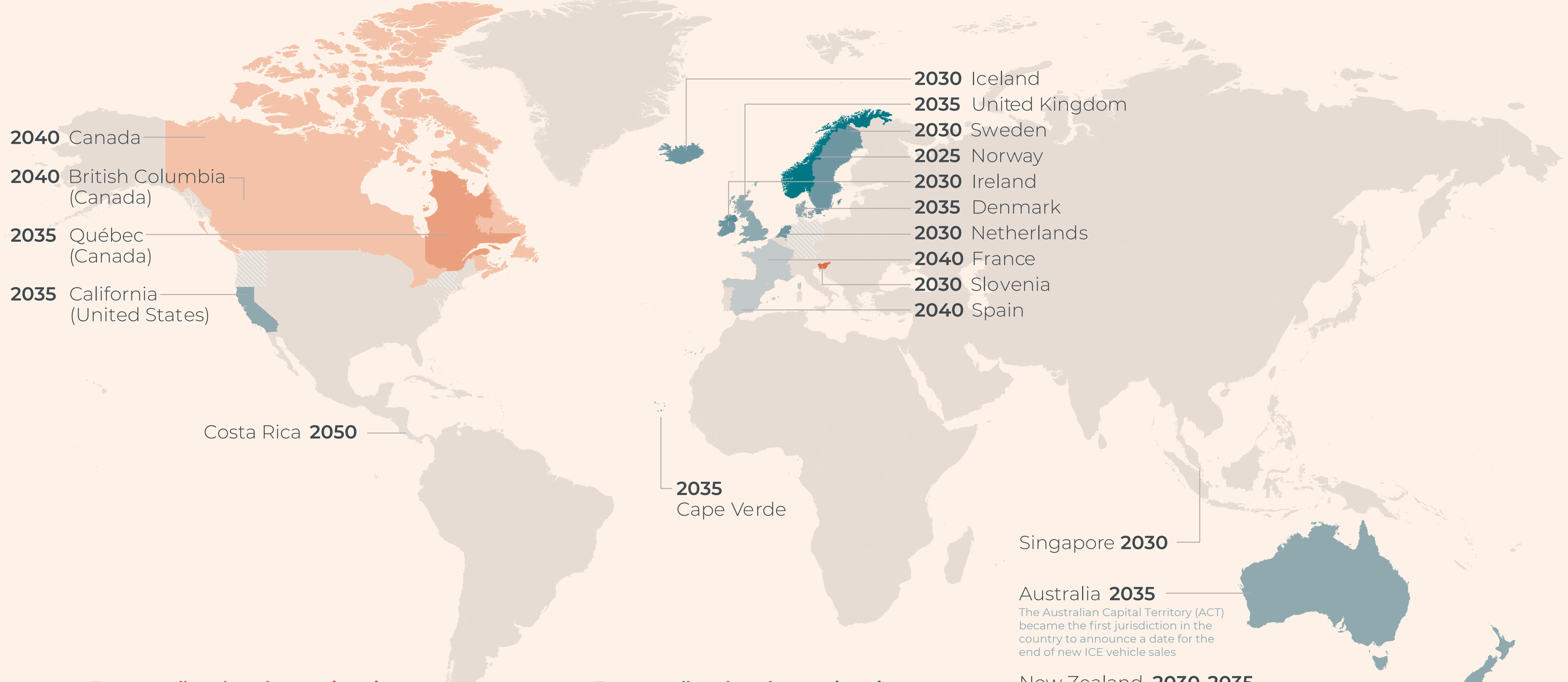
(tonnes CO_2e) *excluding customer journey



Self Drive Experiences (NZ/AU/US)	3,378
Action Manufacturing	769
Discover Waitomo	182
Just Go (JV)	39
Head Office	20
thl Digital	6
Kiwi Experience	0
Total GHG emissions (tonnes CO_2e)	4,394

GOVERNMENTS WITH OFFICIAL TARGETS TO 100% PHASE OUT SALES OR REGISTRATIONS OF NEW INTERNAL COMBUSTION ENGINE CARS BY A CERTAIN DATE*

(Status: June 2021)



Target to allow the sale or registration of new BEVs and FCEVs only
- 2030
- 2035
- 2040

Target to allow the sale or registration of new BEVs and FCEVs only
- 2025
- 2030
- 2035
- 2040
- 2050
- 2050 International Zero-Emission Vehicle Alliance (IZEVA)

Source: ICCT, August 2021

* Includes countries, states, and provinces that have set targets to only allow the sale or registration of new battery electric vehicles (BEVs), fuel cell electric vehicles (FCEVs), and plug-in hybrid electric vehicles (PHEVs). Countries such as Japan with pledges that include hybrid electric vehicles (HEVs) and mild hybrid electric vehicles (MHEVs) are excluded as these vehicles are non plug-in hybrids.

Next Steps: Our Strategic Response

- FY23 will be an important year for us at ***thl***, with a key focus being to engage the whole business in our **Carbon Challenge:** carbon sprints to set decarbonisation pathways with targets/milestones to help us gain momentum towards our science-aligned target.
- Through our **Future Fleet** programme we will continue to invest in R&D, piloting and scaling lower-emissions vehicles, supply permitting, and partnering with OEMs that are leading the way.
- These two initiatives will form part of a high level **transition plan**[1] to be developed consistent with the TCFD's recent guidance.
- We will start to develop a high level **adaptation plan**, aligned with the New Zealand National Adaptation Plan (NAP - currently out for consultation) and the Tourism Adaptation Roadmap (currently being developed by the Aotearoa Circle with ***thl*** and other tourism stakeholders) to address how we will adapt to the physical risks from climate change.
- We will assess the **financial impacts** of Climate-Related Risks and Opportunities (CR&O) and disclose these in our next TCFD report which will aim to align with the External Reporting Board's (XRB) reporting standards for climate-related disclosures to be issued later in 2022.
- We will set a **science-aligned target for our Scope 3 emissions** and will seek to support our suppliers, customers and industry peers on their decarbonisation journeys.
- We will review and further develop a **sustainability lens, including climate**, over strategy development, major plans of action, risk management policies, performance objectives, major capital expenditures, etc.
- We will continue to use our commitment to the **Future-Fit Business Benchmark and the Global Sustainability Programme** described in this report.

  A key element of this is our **Sustainable Procurement Programme** which takes a systems approach to drive down our carbon emissions, and to support our suppliers and customers on their decarbonisation journey.
- We will continue to **regularly report our progress** to the Board and our stakeholders.

  We will continue to use the Sphera digital platform for internal reporting on our branch-level carbon impacts to inform decision-making.

[1] A 'transition plan' describes how an organisation aims to minimise climate-related risks and increase opportunities as the world transitions toward a low-carbon economy, including by reducing emissions of its own operations and those of its value chain.

Protecting the value we create

Our Enterprise Risk Management Framework

At ***thl*** we take an integrated approach to Enterprise Risk Management (ERM), managing risks at all levels of the organisation. We identify and manage our strategic, operational and regulatory risks using our ERM Framework – a suite of policies and tools including our ERM Policy, our online Risk Register and the ERM 'Glovebox' intranet site. Our approach and standard operating procedures are captured in our Enterprise Risk Manual. Risk training is provided both online through 'DriveTrain' and to our emerging leaders as part of the 'DriveSchool' training programme.

Risks and opportunities identified by our operational Risk Champions Network (RCN) are reported up to Risk Owners in the Risk & Improvement Committee (RIC). Both Risk Champions and Risk Owners are responsible for regularly reviewing their risks.

RIC provides Executive-level governance and a consistent approach to ERM across ***thl***. In turn, RIC reports key strategic and 'front and centre' operational risks up to the Sustainability & Risk Committee. From FY23, RIC will report into the new Audit & Risk Committee (previously the Audit Committee) who will provide Board-level oversight of our ERM. Our key, high-rated risks are detailed below.

FY23 will see the Responsible Management team, RCN and RIC focusing on delivering control measure projects particularly for our higher-rated risks; prompt risk reviews; aligning ERM and our Health, Safety and Wellbeing (HSW) management system to provide consistency; improving our risk reporting – including on the effectiveness of our controls; iterating our TCFD climate risk and opportunity disclosures; and developing a robust methodology for identifying opportunities for improvement..

In FY22 we have built a solid foundation for risk management, and in FY23 we will build on this to contribute to a strong risk culture.

Below are the key short, medium and long-term strategic risks and 'front and centre' operational risks as agreed and owned by RIC.

Risk	Description	Impact	Risk Controls	Relevant Capitals See *About this report* for more information
Cyber security	The risk of a cyber-security incident impacting operations and customers such as Personally Identifiable Information being copied, transmitted, viewed, stolen or used by an unauthorised individual. Risk remains high.	Loss of business-critical systems causing operational disruption and loss of customer trust. Financial impact due to networks going offline to contain, eradicate and recover.	Internal controls such as ongoing improvements in software and crew awareness training; and external controls such as third-party cyber solution monitoring.	
Supply chain disruption	Ongoing disruption to manufacturing supply chains leading to failure to deliver products in time for the rental season, e.g. chassis not available, manufacturers can't supply volumes required etc. Risk remains high.	Impact on delivery for customers and/or increase in cost of vehicle buy/build/maintenance, impacting profitability. Potential reputational impact.	Maintain multiple suppliers. Reschedule sale of vehicles. Regular fleet meetings, build documents kept live. Monthly meetings to monitor production and imports. Flex staff numbers. Regular engagement with suppliers.	
Major market shocks or abnormal macroeconomic factors	Major market shocks and/or abnormal macroeconomic factors in one or all markets impacting customer demand. Potential factors include pandemic, war, terrorism, economic recession, high inflation and geopolitical tensions. While the impacts of the pandemic are reducing, with increasing inflation globally and an increasing risk of a recession, this risk remains elevated.	Market shocks can lead to a material reduction and increased volatility in rental demand, vehicle sales demand and margins, and overall tourism visitor numbers. This in turn has a significant impact on profitability and potentially the capital structure.	Active monitoring of global trends and economic environment. Agility and diversification in business models, product offerings and across geographies. Develop domestic tourism and non-tourism markets. Minimise long-term fixed costs and commitments where appropriate to maintain cost flexibility e.g. property.	
Competitor behaviour - new or existing competitors disrupt market	Disruptive existing or new entrant enters the market, taking advantage of lower fleet volumes post-COVID-19 and the ongoing growth of P2P. Risk remains high.	Additional fleet supply and new entrant behaviours alter market dynamics, putting revenue and profitability at risk.	Price checks; mystery shoppers; competitor assessments; multi-channel distribution presence.	

Risk	Description	Impact	Risk Controls	Relevant Capitals See *About this report* for more information
Megatrends in tourism	Megatrends in tourism e.g. travel restrictions or changing customer expectations lead to changing travel patterns and impact demand over the short to long-term. Risk remains high.	Reduction in inbound tourism reduces demand, impacting profitability and ROFE. External factors increase the cost of air travel. Potential reputational impact. Indications of longer, less frequent trips.	Maintain influence in core markets; develop new markets; continue to source non-tourism revenue opportunities and to engage with tourism bodies. Monitor economic/external environment. Manage balance sheet ratios, flex fleet. Drive and communicate sustainability progress to meet/anticipate customer expectations.	
Regulatory and legal compliance	Interpretation of, and response to, regulation and risk of non-compliance in a fast-changing regulatory landscape. Risk remains high.	Non-compliance to rapidly changing legal/regulatory landscape creating reputational, legal and financial impacts e.g. exposure to litigation; revenue loss; and operational disruption.	Regular monitoring and response to legal policy and compliance changes to enable our operations to continue to comply.	
Social license to operate	Losing social license to operate from communities unwilling to accept impact of customer journeys and tourism in general. This risk is more likely in NZ. Risk remains high.	Push-back from communities on ***thl***, our products and the industry as a whole, due to communities unwilling to accept the negative impact of tourism on local environment; potential impact on customer experience; potential reputational damage to ***thl***.	Monitor annual tourism impact community surveys; capacity of national parks (US); RVSA compliance (US) and tourism experiences in smaller countries such as Scotland.	
Vehicle technological and obsolescence risks	Poor selection and investment in new, low-emission vehicle technology with rapid pace of change.	Early adoption of the wrong product leads to lack of reduction in emissions leading to climate change; financial consequences; obsolescence of existing fleet, leads to impairment of all or some of fleet; operational impacts of poor decisions, disruption to daily activity.	Ongoing delivery of Future Fleet programme with eight workstreams:	
Merger does not complete or unsuccessful implementation	The merger of Apollo and ***thl*** is a sizeable transaction that requires resource to be dedicated to it, both before the merger is approved and the transaction completes, and post completion when a multi-year integration project will need to be undertaken to deliver identified synergies. Risk remains high due to the high return potential.	If the approval process for the transaction continues to extend beyond expectations, there will be increased management time and costs associated with the transaction. Non-approval of the transaction will impact proposed shareholder returns. If the merger is approved to proceed and the integration is not handled successfully there is risk the synergies will not be fully realised, cultural integration may not occur effectively and long-term financial performance could under-deliver on expectations.	Regulatory approval risk is being mitigated through ongoing advisor engagement and the proposed divestment of certain assets to JUCY Rentals/Next Capital. Integration risk is being minimised through use of KPMG consulting services for structure and support alongside a dedicated integration team, led by the Chief Customer & Commercial Officer.	
Health, Safety & Wellbeing (HSW)	As an essential service provider with tourism offerings, COVID-19 exposes our crew and customers to health and safety risks in addition to operational HSW risks from our transport and adventure tourism businesses which need to be proactively addressed. The key operational health and safety risks for a business of our nature are on-site traffic management, vehicle safety, working at heights, manufacturing services and adventure tourism. Risk remains high.	Serious illness, injury or loss of life. If our operation was no longer regarded as safe, we would face major impacts on our operating model, as well as fines, lawsuits and significant reputational damage. COVID-19 variants continue to be a key focus.	Continuing to embed HSW culture in all parts of the business. New global Head of HSW, new Acting NZ Lead, HSW and new Health, Safety & Sustainability Coordinator in place. Expanded arrangement with US Health & Safety vendor. Continue to act on recommendations of internal Health & Safety Audit. Prioritise site visits and critical risks, and continue with Executive Site Inspections. Key staff given safety training. Building a new Health & Safety Management System (HSMS) aligned with ISO 45001 to support consistent processes and knowledge sharing across jurisdictions. Refreshing SOPs.	
Labour supply risk: recruitment and retention	Labour supply, recruitment and retention risk in a post-COVID-19 context. Risks also for AU and NZ around recruitment of casual and skilled workers given immigration/border controls, ageing population and lack of skilled workers for emerging tech (EV, hydrogen etc). Recruitment challenges in US show signs of easing in certain regional markets. Retention of digital crew is improving due to control measures.	Lack of skilled labour and sustainable labour force/high churn impacting operations and customer offering.	Our focus on crew wellbeing and engagement remains paramount with various initiatives in progress, including enhancing the crew journey, competitive wages/Future-Fit Wages to ensure a decent standard of living for everyone, retention programmes and leadership development.	
Extreme weather events including from climate change	Natural weather events, including those caused by climate change, impacting operations. Remains high and is a current issue in Waitomo where floods impacted glowworm population and the business had to close for a number of days and droughts caused a build-up of silt which had to be removed to allow access for our tour boats.	Disruption to travel infrastructure impacting customers, staff or suppliers, and/or impacting operations. Disruption to our Discover Waitomo glowworm tours, ecosystem and population.	Continue to monitor significant events and climate conditions and their impact on our customers, crew and assets using our technology platforms and internal sustainability/environmental managers. Assess any new operational locations against event and climate risk posed in that area.	

Our *financial statements*

CONTENTS

thl seeks to provide the market with the information it needs, in a form that is useful for investors, creditors, insurers and other users of annual reports, to allocate investments in a way that contributes to a low-emissions, climate-resilient economy. In order to do this, ***thl*** has voluntarily disclosed climate-related financial risks and opportunities (CR&O) in alignment with TCFD recommendations, in the Climate & Carbon Strategy section in this report.

Directors' statement

The Directors of Tourism Holdings Limited (***thl***) are pleased to present to shareholders, the Annual Financial Statements for ***thl*** and its controlled entities (together the 'Group') for the year ended 30 June 2022.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which present fairly, in all material respects, the financial position of the Group as at 30 June 2022 and the results of the Group's operations and cash flows for the year ended on that date.

The Directors consider the financial statements of the Group have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

This document constitutes the 2022 Annual Report to Shareholders of Tourism Holdings Limited.

This Annual Report is signed on behalf of the Board by:

Cathy Quinn ONZM
Chair

Rob Hamilton
Chair of the Audit
& Risk Committee

25 August 2022

Consolidated income statement

For the year ended 30 June 2022

	NOTES	**2022 $000's**	2021 $000's
Sales of services	2	118,886	130,033
Sales of goods	2	226,864	229,140
Total revenue		345,750	359,173
Cost of sales	2	(150,785)	(186,033)
Gross profit		194,965	173,140
Administration expenses	4, 5	(51,369)	(37,861)
Operating expenses	4, 5	(147,473)	(150,000)
Other income	3	10,760	6,460
Operating profit/(loss) before financing costs*		6,883	(8,261)
Finance income		17	41
Finance expenses	6	(10,736)	(10,888)
Net finance costs		(10,719)	(10,847)
Share of profit from associates	21	1,105	718
Share of profit from joint ventures		-	18
Loss before tax		(2,731)	(18,372)
Income tax benefit	7	612	3,858
Loss for the year		(2,119)	(14,514)
Loss is attributable to:			
Non-controlling interests	20	(637)	(839)
Equity Holders of the parent		(1,482)	(13,675)
Loss for the year		(2,119)	(14,514)
(Loss)/earnings per share from loss for the year attributable to the equity holders of the Company	8		
Basic (loss)/earnings per share (in cents)		(1.0)	(9.2)
Diluted (loss)/earnings per share (in cents)		(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 and 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 year ended 30 June 2022

	NOTES	**2022 $000's**	2021 $000's
Loss for the year		(2,119)	(14,514)
Other comprehensive income/(losses)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve movement (net of tax)	24	14,952	(8,929)
Equity investment reserve movement (net of tax)	24	(954)	-
Cash flow hedge reserve movement (net of tax)	31	3,938	3,078
Other comprehensive income/(loss) for the year net of tax		17,936	(5,851)
Total comprehensive income/(loss) for the year		15,817	(20,365)
Total comprehensive income/(loss) for the year is attributable to:			
Equity holders of the Company		16,454	(19,526)
Non-controlling interests		(637)	(839)
Total comprehensive income/(loss) for the year		15,817	(20,365)

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

Consolidated statement of changes in equity

For the year ended 30 June 2022

	NOTES	SHARE CAPITAL $000's	RETAINED EARNINGS $000's	CASH FLOW HEDGE RESERVE $000's	OTHER RESERVES $000's	NON-CONTROLLING INTERESTS $000's	TOTAL EQUITY $000's
Opening balance as at 1 July 2021		277,792	42,313	(3,617)	(1,030)	(2,859)	312,599
Loss for the year		-	(1,482)	-	-	(637)	(2,119)
Other comprehensive income							
Cash flow hedge reserve movement (net of tax)	31	-	-	3,938	-	-	3,938
Equity investment reserve	19	-	-	-	(954)	-	(954)
Foreign currency translation reserve movement (net of tax)	24	-	-	-	14,952	-	14,952
Total comprehensive income/(loss) for the year		-	(1,482)	3,938	13,998	(637)	15,817
Transactions with owners							
Issue of ordinary shares (net of issue costs)	23	197	-	-	-	-	197
Acquisition of non-controlling interests	20	-	(3,496)	-	-	3,496	-
Transfer from employee share scheme reserve	23, 24	994	365	-	(1,207)	-	152
Employee share scheme reserve	24	-	-	-	2,903	-	2,903
Total transactions with owners		1,191	(3,131)	-	1,696	3,496	3,252
Closing balance as at 30 June 2022		278,983	37,700	321	14,664	-	331,668

For the year ended 30 June 2021

	NOTES	SHARE CAPITAL $000's	RETAINED EARNINGS $000's	CASH FLOW HEDGE RESERVE $000's	OTHER RESERVES $000's	NON-CONTROLLING INTERESTS $000's	TOTAL EQUITY $000's
Opening balance as at 1 July 2020		269,988	55,815	(6,695)	5,991	-	325,099
Loss for the year		-	(13,675)	-	-	(839)	(14,514)
Other comprehensive income							
Cash flow hedge reserve movement (net of tax)	31	-	-	3,078	-	-	3,078
Foreign currency translation reserve movement (net of tax)	24	-	-	-	(8,929)	-	(8,929)
Total comprehensive (loss)/income for the year		-	(13,675)	3,078	(8,929)	(839)	(20,365)
Transactions with owners							
Issue of ordinary shares (net of issue costs)	23	7,773	-	-	-	-	7,773
Acquisition of non-controlling interests		-	-	-	-	(2,020)	(2,020)
Transfer from employee share scheme reserve	23, 24	31	173	-	(204)	-	-
Employee share scheme reserve	24	-	-	-	2,112	-	2,112
Total transactions with owners		7,804	173	-	1,908	(2,020)	7,865
Closing balance as at 30 June 2021		277,792	42,313	(3,617)	(1,030)	(2,859)	312,599

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

Consolidated statement of financial position

As at 30 June 2022

	NOTES	2022 $000's	2021 $000's
Assets			
Non-current assets			
Property, plant and equipment	11	311,831	273,072
Intangible assets	16	55,407	51,121
Financial asset	19	5,630	20,835
Derivative financial instruments	30	453	-
Investment in associates	21	5,966	4,936
Right-of-use assets	12	70,766	62,339
Deferred tax assets	35	-	957
Total non-current assets		450,053	413,260
Current assets			
Cash and cash equivalents		38,816	38,087
Trade and other receivables	26	33,082	28,681
Inventories	15	67,290	57,455
Assets classified as held for sale	18	333	-
Current tax receivables		6,254	581
Total current assets		145,775	124,804
Total assets		595,828	538,064
Equity			
Share capital	23	278,983	277,792
Retained earnings		37,700	42,313
Cash flow hedge reserve	31	321	(3,617)
Other reserves	24	14,664	(1,030)
Non-controlling interests		-	(2,859)
Total equity		331,668	312,599

	NOTES	2022 $000's	2021 $000's
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	25	97,298	86,659
Derivative financial instruments	30	45	5,124
Deferred income tax liability	35	16,077	9,989
Lease liabilities	12	72,721	64,479
Total non-current liabilities		186,141	166,251
Current liabilities			
Interest bearing loans and borrowings	25	-	125
Trade and other payables	27	31,913	25,263
Revenue in advance		26,046	13,087
Employee benefits		9,041	8,017
Provisions		618	413
Derivative financial instruments	30	15	148
Current tax liabilities		-	3,374
Lease liabilities	12	9,898	8,787
Liabilities classified as held for sale	18	488	-
Total current liabilities		78,019	59,214
Total liabilities		264,160	225,465
Total equity and liabilities		595,828	538,064

For and on behalf of the Board who authorised the issue of the consolidated financial statements on 25 August 2022.

C Quinn ONZM
Chair

25 August 2022

Rob Hamilton
Chair of the Audit & Risk Committee

25 August 2022

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

Consolidated statement of cash flows

For the year ended 30 June 2022

	NOTES	2022 $000's	2021 $000's
Cash flows from operating activities			
Receipts from customers		128,337	150,534
Proceeds from sale of goods		227,289	222,265
Proceeds from insurance recoveries		133	1,826
Interest received		17	41
Dividend received		807	869
Payments to suppliers and employees		(199,077)	(159,783)
Purchase of rental assets		(164,465)	(119,922)
Interest paid		(10,471)	(10,878)
Taxation (paid)/received		(4,189)	2,024
Net cash flows (used in)/from operating activities	34	(21,619)	86,976
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		175	110
Purchase of property, plant and equipment		(2,930)	(1,199)
Sale proceeds from Togo class B shares	17	23,145	-
Receipt from joint ventures		-	353
Purchase of intangibles		(4,606)	(4,113)
Net cash paid as part of the step acquisition of Outdoria		-	(374)
Net cash received as part of the step acquisition of AMLP		-	4,631
Net cash flows from/(used in) investing activities		15,784	(592)

	NOTES	2022 $000's	2021 $000's
Cash flows from financing activities			
Payment for lease liability principal	12	(9,611)	(7,732)
Proceeds from borrowings	25	89,057	61,853
Repayments of borrowings	25	(76,158)	(136,420)
Proceeds from share issue	23	193	304
Net cash flows from/(used in) financing activities		3,481	(81,995)
Net (decrease)/increase in cash and cash equivalents		(2,354)	4,389
Opening cash and cash equivalents		38,087	35,514
Exchange gains/(losses) on cash and cash equivalents		3,083	(1,816)
Closing cash and cash equivalents		38,816	38,087

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

Notes to the consolidated financial statements

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Notes to the consolidated financial statements (continued)

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 consolidated financial statements (financial statements) of the Group have been prepared:

- in accordance with Generally Accepted Accounting Practice (GAAP), and comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS), as applicable for a "for profit" entity;
- in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board 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 financial statements have been prepared on a going concern basis (refer to Note 25).

Throughout this document, accounting policies and critical accounting estimates are identified using the following key:

Key:

= Accounting policy

= Critical accounting estimate

Summary of significant accounting policies

a) Consolidation

The Group consolidates its subsidiaries, as these are the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Information on the Group's subsidiaries can be found in note 22.

b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars, rounded to the nearest thousand, which is the Company's functional and presentation currency.

Translation into presentation currency

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position ('balance sheet') presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at the average monthly exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the consolidated financial statements (continued)

Transactions and balances in the functional currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

At the end of each reporting period:

(a) Foreign currency monetary items are translated using the closing rate;

(b) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

(c) Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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
- Tourism Group – Kiwi Experience (held for sale) 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 mighway, SHAREaCAMPER (sold in April 2022), Cosmos and Outdoria. The associate Just go is also included in this category.

Notes to the consolidated financial statements (continued)

1. Segment note (continued)

2022	NEW ZEALAND RENTALS $000's	NEW ZEALAND ACTION MANU-FACTURING $000's	TOURISM GROUP $000's	AUSTRALIA RENTALS $000's	UNITED STATES RENTALS $000's	OTHER $000's	TOTAL $000's
Sales of services	18,356	-	3,178	41,997	53,647	1,708	118,886
Sales of goods – external	73,925	26,045	-	35,916	90,896	82	226,864
Sales of goods – inter-segment	-	41,633	-	-	-	(41,633)	-
Revenue from customers	92,281	67,678	3,178	77,913	144,543	(39,843)	345,750
Depreciation	(12,305)	(2,445)	(1,489)	(13,307)	(14,627)	(533)	(44,706)
Goodwill impairment	-	-	-	-	-	(678)	(678)
Amortisation	(14)	(4)	(705)	(27)	(111)	(989)	(1,850)
Other costs, external	(88,941)	(21,589)	(5,225)	(58,016)	(117,074)	(788)	(291,633)
Other costs, inter-segment	-	(38,730)	-	-	-	38,730	-
Operating profit/(loss) before interest and tax	(8,979)	4,910	(4,241)	6,563	12,731	(4,101)	6,883
Interest income	-	2	-	2	2	11	17
Interest expense	(564)	(283)	(62)	(1,683)	(3,933)	(4,211)	(10,736)
Share of profit from joint venture and associate	-	-	-	-	-	1,105	1,105
Operating profit/(loss) before tax	(9,543)	4,629	(4,303)	4,882	8,800	(7,196)	(2,731)
Taxation	2,622	(2)	352	(1,378)	(2,649)	1,667	612
Operating profit/(loss) – after interest and tax	(6,921)	4,627	(3,951)	3,504	6,151	(5,529)	(2,119)
Capital expenditure	12,499	2,322	293	43,164	112,818	131	171,227
Non-current assets	69,517	13,629	17,198	102,150	224,231	23,328	450,053
Total assets	96,885	45,248	18,095	133,370	279,034	23,196	595,828
Net funds employed	70,991	29,677	14,808	66,067	174,027	34,569	390,139

2021	NEW ZEALAND RENTALS $000's	NEW ZEALAND ACTION MANU-FACTURING $000's	TOURISM GROUP $000's	AUSTRALIA RENTALS $000's	UNITED STATES RENTALS $000's	OTHER $000's	TOTAL $000's
Sales of services	31,057	-	5,421	34,518	56,069	2,968	130,033
Sales of goods – external	100,916	6,225	-	31,021	90,978	-	229,140
Sales of goods – inter-segment	-	10,154	-	-	-	(10,154)	-
Revenue from customers	131,973	16,379	5,421	65,539	147,047	(7,186)	359,173
Depreciation	(18,409)	(676)	(1,586)	(14,523)	(11,535)	(801)	(47,530)
Asset impairment	-	-	(46)	-	-	-	(46)
Amortisation	(12)	(1)	(666)	(36)	(106)	(346)	(1,167)
Other costs, external	(128,234)	(5,647)	(3,764)	(50,780)	(120,825)	(9,441)	(318,691)
Other costs, inter-segment	-	(9,509)	-	-	-	9,509	-
Operating profit/(loss) before interest and tax	(14,682)	546	(641)	200	14,581	(8,265)	(8,261)
Interest income	-	-	-	1	1	39	41
Interest expense	(716)	(84)	(77)	(1,490)	(3,155)	(5,366)	(10,888)
Share of profit from joint venture and associate	-	-	-	-	-	736	736
Operating profit/(loss) before tax	(15,398)	462	(718)	(1,289)	11,427	(12,856)	(18,372)
Taxation	4,272	(90)	49	396	(2,286)	1,517	3,858
Operating profit/(loss) – after interest and tax	(11,126)	372	(669)	(893)	9,141	(11,339)	(14,514)
Capital expenditure	9,477	5,971	14	17,735	71,881	(853)	104,225
Non-current assets	92,512	13,130	18,993	82,712	166,325	39,588	413,260
Total assets	131,406	33,401	20,163	115,177	199,196	38,721	538,064
Net funds employed	100,071	19,651	17,300	55,574	122,614	46,087	361,297

Notes to the consolidated financial statements (continued)

1. Segment note (continued)

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 (the Board), 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.

All revenue is reported to the executive team on a basis consistent with that used in the income statement. Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment, and the physical location for assets.

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, inventories, receivables and operating cash. The investments and derivatives designated as hedges of borrowings are allocated to "Other segment". Net funds employed are non-GAAP measures that are not defined in NZ IFRS. The Board and management believe that these non-GAAP financial measures provide useful information to assist readers in understanding the Group's financial performance. These measures should not be viewed in isolation and are intended to supplement the NZ GAAP measures and therefore may not be comparable to similarly titled amounts reported by other companies. The net funds employed are segment total assets less segment non-interest-bearing liabilities and cash on hand. The lease liability as a result of NZ IFRS 16 is not considered to be part of funds employed.

Notes to the consolidated financial statements (continued)

2. Revenue

NZ IFRS 15 'Revenue from contracts with customers'

The revenue earned by the Group is derived from the satisfaction of one or more performance obligations, which are satisfied at a point in time or over a period of time.

(i) Sales of services

Sales of services comprises rental income and service revenue.

Rental income

Rental income is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction. Where the rental covers a period of more than one day, revenue is recognised on a straight-line basis based on the number of days of the booking that have occurred by year end as a proportion of the total number of days in the booking. The portion of the revenue that occurs after year end is shown as revenue in advance on the statement of financial position.

Service revenue

Service revenue comprises various performance obligations (rental add-ons such as accessories and customer liability reduction) in which satisfaction in most cases occurs evenly over the rental period and is recognised accordingly. The Group recognises this revenue over time, as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

Sales from tourism services are recognised when the service is rendered to the customer and are recognised in the accounting period in which the performance obligation is satisfied, being when the customer obtains the benefit from the service. It relates to the satisfaction of a number of performance obligations at a point in time; the contract price that is determined for any single performance obligation is based with reference to the stand alone price and no significant financing components exist, as the transaction is settled within 12 months from the transaction date. There are no costs to obtain or fulfil the contract.

The Group prices its services on a fixed basis and the pricing is fixed and determinable when the duly executed arrangement is finalised. It has also been determined that there are no significant financing components as part of the Group's sale of services arrangements.

Revenue from these sales is recognised net of the estimated discounts or other promotions. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group recognises the contract liability which represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. It relates to the payments and deposits from the customers and are disclosed as revenue in advance in the statement of financial position. The average timing of satisfaction of performance obligations in relation to the payment of the contract liability is between 1-6 months.

(ii) Sales of goods

The Group sells a range of motorhomes, accessories and other merchandise. Sales are recognised when control of the goods has transferred, being when the goods are handed over to the customer and the customer has the ability to direct the use of the goods. It relates to the satisfaction of a single performance obligation at a point in time; the contract price is determined and no significant financing components exist as the transaction is settled within 12 months from the transaction date and no costs to obtain or fulfil the contract.

Notes to the consolidated financial statements (continued)

2. Revenue (continued)

Sales of services

Sales of services includes revenue from rental of motorhomes, Wi-Fi, accessories and additional services relating to the rental of motorhomes and the sale of tourism experiences (for Kiwi Experience and Waitomo) and app subscriptions income (***thl*** digital).

	2022 $000's	2021 $000's
Rental revenue	96,701	95,840
Service revenue	22,185	34,193
Total sales of services	118,886	130,033

The expected minimum lease payments to be received on lease of motorhomes, based on the booked rentals as of balance date, are as follows:

	2022 $000's	2021 $000's
Within one year	7,116	2,849
Within one to two years	3	6
Total	7,119	2,855

Sales of goods

- Cost of goods includes the net book value of ex-rental fleet sold and the purchase price of new vehicles, trade-ins and retail goods sold.
- Vehicle selling expenses consists primarily of amounts paid by ***thl*** to third party warranty providers, and costs incurred under warranty claims.

	2022 $000's	2021 $000's
Sales of goods	226,864	229,140
Cost of goods	(149,375)	(184,173)
Vehicle selling expenses	(1,410)	(1,860)
Cost of sales	(150,785)	(186,033)
Gross profit	76,079	43,107

Notes to the consolidated financial statements (continued)

3. Other income, net

	2022 $000's	2021 $000's
Gain on sale of mighway and SHAREaCAMPER	5,381	-
Gain on loan forgiveness	2,267	-
Gain on sale of Togo Class B preference share	1,326	-
Net loss on disposals of non fleet assets	(193)	(824)
Insurance repairs	(848)	(1,883)
Proceeds from insurance recovery	-	3,112
Gain on exiting Mangere branch lease	-	1,621
US Paycheck Protection Program ("PPP") loan forgiveness	-	1,457
Loss on acquisition of remaining shareholding in AMLP	-	(1,406)
Fair value movements on financial assets recognised at fair value through profit or loss	282	1,178
Other income*	2,545	3,205
Other income	10,760	6,460

* Included within other income is dividend income from the Togo Class B preference shares.

4. Loss before tax includes the following specific expenses

	NOTES	2022 $000's	2021 $000's
Transaction costs[i]		5,108	-
Depreciation	11, 12	44,706	47,530
Goodwill impairment	16	678	-
Amortisation of intangible assets	16	1,850	1,167
Rental and operating lease costs		1,558	1,612
Raw materials and consumables		1,178	1,141
Repairs and maintenance including damage repairs		21,333	21,887
Net foreign exchange (gain)/loss		(174)	156

[i] Transaction costs in relation to the Apollo merger of $5.1M have been incurred to 30 June 2022 and expensed through the income statement.

	2022 $000's	2021 $000's
Audit fees – PricewaterhouseCoopers		
Audit of financial statements[i]	685	566
Other – audit related	16	-
Other fees – PricewaterhouseCoopers New Zealand		
Treasury services[ii]	-	10
Agreed upon procedures[iii]	9	77
Total fees paid to PricewaterhouseCoopers New Zealand	710	653

Notes on fees paid to auditor:

i. The fee includes the fees for the annual audit of the consolidated financial statements of ***thl***.

ii. Treasury services in 2021 are in relation to financial markets risk analysis and commentary.

iii. Agreed upon procedures in 2022 are in relation to the interim financial statements. Agreed upon procedures in 2021 are in relation to the Waitomo lease compliance for FY20, the interim financial statements, quarterly banking compliance certificate, holiday pay calculation remediation and COVID-19 payroll assessment.

Notes to the consolidated financial statements (continued)

5. Employee benefits expense

Employee entitlements to salaries and wages and annual leave to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date. These are calculated at undiscounted amounts based on remuneration rates that the Group expects to pay.

	2022 $000's	2021 $000's
Wages and salaries*	66,361	61,973
Share-based payment costs (note 33)	3,038	2,112
Other employee benefits	2,289	1,805
Total employee remuneration	71,688	65,890

* Wages and salaries include net benefits received and passed on to employees in relation to NZ COVID-19 Wage Subsidy, Resurgence Support and Leave Support Scheme of $3.8M (2021: $1.6M). Wage subsidy received is netted off against wages and salaries. There was no Australian Jobkeeper scheme received for 2022 (2021: $2.8M).

6. Finance expenses

	2022 $000's	2021 $000's
Interest on bank borrowings	7,055	7,468
Interest on finance leases	3,681	3,420
Total finance expenses	10,736	10,888

7. Income tax

The Group is subject to income taxes in multiple jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Current and deferred income tax

Income tax expenses comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Notes to the consolidated financial statements (continued)

7. Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax are charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is classified within equity.

	NOTES	2022 $000's	2021 $000's
Current tax		(4,885)	(2,050)
Deferred tax	35	4,273	(1,808)
Income tax benefit		(612)	(3,858)

The Group shall offset current tax assets and current tax liabilities if, and only if, the Group has a legal enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The tax on the loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2022 $000's	2021 $000's
Loss before tax	(2,731)	(18,372)
Tax calculated at domestic rates applicable to (losses)/profits in the respective countries	(680)	(5,342)
Prior year adjustment	(876)	-
Non-assessable income[1]	(3,810)	(961)
Expenses not deductible for tax purposes	5,264	2,762
Recognised deferred tax - Employee share scheme	(396)	-
Adjustment for US tax losses carried back[2]	(114)	(317)
Income tax benefit	(612)	(3,858)

(1) The non-assessable income includes income from the Group's equity investment in Just go, the gain on sale of mighway and SHAREaCAMPER, the gain on sale of Togo class B preference shares and loan forgiveness.

(2) The adjustments for US tax losses carried back has been fully utilised in the current and prior years.

The weighted average effective tax rate was 22% (2021: 21%).

8. Earnings per share

	2022	2021
Loss attributable to the equity holders of the Parent ($000's)	(1,482)	(13,675)
Weighted average number of ordinary shares on issue (000's)	151,989	148,893
Basic (loss)/earnings per share (in cents)	(1.0)	(9.2)

Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from the employee share scheme (refer to note 33).

	2022	2021
Weighted average number of ordinary shares on issue (000's)	151,989	148,893
Dilutive redeemable shares and options if exercised (000's)	753	565
Total shares (000's)	152,742	149,458
Diluted (loss)/earnings per share (in cents)	(1.0)	(9.1)

Notes to the consolidated financial statements (continued)

9. Dividends

During the years ended 30 June 2022 and 2021, the Group did not declare or pay any dividends.

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Board.

10. Imputation credits

	2022 $000's	2021 $000's
The amount of imputation credits available for use in subsequent reporting periods	4,463	4,914

The above amounts represent the balance of the imputation credit account as at the year end adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax;
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

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.
- Inventory

  The most significant inventory items are the ex-rental motorhome fleet assets that are held for sale. Other inventory items include spare parts, living equipment used inside rental motorhomes, and retail stock.
- Intangible assets

  Intangible assets include:

  – goodwill arising from the purchase of the Road Bear RV and El Monte RV businesses;

  – the cost of the Waitomo Caves leases;

  – software;

  – brands; and

  – trademarks, leases and licenses.

Notes to the consolidated financial statements (continued)

11. Property, plant and equipment

Property, plant and equipment are made up of the following assets:

- Motorhomes – this comprises the rental fleet of the Rentals New Zealand, Rentals Australia and Rentals United States businesses. Motorhomes that are held for sale are reclassified from property, plant and equipment to inventory (as shown in the table below);
- Motor vehicles – this comprises vehicles owned by the business, including shuttles and company cars;
- Land and buildings – this comprises owned land and buildings in Waitomo;
- Other plant and equipment – this comprises office equipment, furniture, and other plant used to operate the business; and
- Capital work in progress – this represents capital purchases and projects that are not yet in service. The most significant work in progress relates to the motorhome fleet built for the next season.

Land and buildings are shown at historical cost, less subsequent accumulated depreciation for buildings. Land is not depreciated. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

The Group estimates the residual values of the fleet in order to depreciate motorhome assets using the straight-line method. This estimate of the useful life and the residual value of the vehicle is based on when it is expected to be taken out of the rental fleet. The residual value is influenced by its condition, the mileage on the motorhome and the consumer demand within the relevant resale market. The Group also considers the market conditions and the impact any changes could have on the estimates as part of the overall fleet management programme. The Group completes an annual review of the appropriateness of the residual values and useful lives that have been used by reviewing the gains/losses made on recent sales and forecasts of similar motorhomes. The estimated useful lives of motorhomes on the rental fleet are 1 - 7 years. The annual depreciation rates as a percentage of the original costs of between 5% and 15% for the life of motorhomes. If the depreciation rate increases/(decreases) by 1% for motorhomes, the depreciation expense will increase/(decrease) by approximately $3.0M for the year.

Depreciation on other assets is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives as follows:

Buildings	8 - 50 years
Leasehold improvements	term of the lease
Motor vehicles (non-fleet)	3 - 14 years
Other plant & equipment	2 - 40 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Notes to the consolidated financial statements (continued)

11. Property, plant and equipment (continued)

	MOTORHOMES $000's	MOTOR VEHICLES $000's	LAND AND BUILDINGS $000's	OTHER PLANT AND EQUIPMENT $000's	CAPITAL WORK IN PROGRESS $000's	TOTAL $000's
Year ended 30 June 2022						
At 1 July 2021	274,052	865	12,393	7,103	14,619	309,032
Additions and transfers from work in progress (net)	161,380	157	353	1,943	6,734	170,567
Disposals	(2,489)	(49)	(72)	(274)	(283)	(3,167)
Reclassification of motorhomes to inventories	(118,374)	-	-	-	-	(118,374)
Impairment	(223)	-	-	-	(222)	(445)
Exchange differences	18,102	9	149	75	-	18,335
Depreciation charge	(30,928)	(218)	(1,717)	(1,876)	-	(34,739)
Closing net book amount	301,520	764	11,106	6,971	20,848	341,209
As at 30 June 2022						
Cost	369,556	2,397	28,983	31,571	20,848	453,355
Accumulated depreciation	(68,036)	(1,633)	(17,877)	(24,600)	-	(112,146)
Net book amount	301,520	764	11,106	6,971	20,848	341,209
Less reclassification of motorhomes to inventories at balance date						
Cost	43,390	-	-	-	-	43,390
Accumulated depreciation	(14,012)	-	-	-	-	(14,012)
Net book amount reclassified	29,378	-	-	-	-	29,378
Closing net book amount post reclassification	272,142	764	11,106	6,971	20,848	311,831

	MOTORHOMES $000's	MOTOR VEHICLES $000's	LAND AND BUILDINGS $000's	OTHER PLANT AND EQUIPMENT $000's	CAPITAL WORK IN PROGRESS $000's	TOTAL $000's
Year ended 30 June 2021						
Opening cost	494,617	2,052	29,156	21,292	16,000	563,117
Opening accumulated depreciation	(117,769)	(1,281)	(15,210)	(15,570)	-	(149,830)
Opening net book amount	376,848	771	13,946	5,722	16,000	413,287
Additions and transfers from work in progress (net)	100,905	539	868	3,368	(1,455)	104,225
Disposals	(9,718)	(199)	(560)	(197)	-	(10,674)
Reclassification of motorhomes to inventories	(148,124)	-	-	-	-	(148,124)
Exchange differences	(10,204)	(18)	(182)	(43)	74	(10,373)
Depreciation charge	(35,655)	(228)	(1,679)	(1,747)	-	(39,309)
Closing net book amount	274,052	865	12,393	7,103	14,619	309,032
As at 30 June 2021						
Cost	359,998	2,500	28,858	31,636	14,619	437,611
Accumulated depreciation	(85,946)	(1,635)	(16,465)	(24,533)	-	(128,579)
Net book amount	274,052	865	12,393	7,103	14,619	309,032
Less reclassification of motorhomes to inventories at balance date						
Cost	55,598	-	-	-	-	55,598
Accumulated depreciation	(19,638)	-	-	-	-	(19,638)
Net book amount reclassified	35,960	-	-	-	-	35,960
Closing net book amount post reclassification	238,092	865	12,393	7,103	14,619	273,072

Notes to the consolidated financial statements (continued)

12. Leases

The Group's leasing activities

The Group predominantly leases its premises in New Zealand, Australia and the United States under operating lease agreements. Lease agreements may contain both lease and non-lease components. The Group allocates the consideration in the agreement to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, the Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms, escalation clauses and renewal rights. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities have been measured at the present value of the lease payments, discounted using a discount rate derived from the incremental borrowing rate for each relevant overseas territory when the interest rate implicit in the lease was not readily available. Incremental borrowing rates applied to lease liabilities range between 3.9% - 6.5% (2021: 3.1% - 5.3%). The Group is exposed to potential future increases in variable lease payments based on the change of an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the expected lease term on a straight-line basis. The Board considered whether there were any indicators of impairment of the Group's right-of-use assets by assessing any potential impact of onerous leases to the recognised asset, and also at the CGU level (refer to note 16). The Board is of the view that the there is no impairment to the right-of-use assets.

Short-term and low-value leases

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less and predominantly relate to computer equipment.

Extension and termination options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group. The extension options are only exercisable by the Group and not by the lessor. Where an extension is reasonably certain of being exercised, that extension period and related costs are recognised on the statement of financial position.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease, e.g. term, country, currency and security.

Notes to the consolidated financial statements (continued)

12. Leases (continued)

The right-of-use assets have the following additions and modifications:

	30 JUNE 2022 $000's BUILDINGS	30 JUNE 2021 $000's BUILDINGS
Opening net book value at 1 July 2021	62,339	69,552
Additions	10,823	10,133
Modifications	3,362	684
Terminations	(384)	(7,033)
Impairment	-	(46)
Exchange differences	4,593	(2,740)
Depreciation charges	(9,967)	(8,211)
Closing net book value at 30 June 2022	70,766	62,339
Cost	98,920	79,337
Accumulated depreciation	(28,154)	(16,998)
Closing net book value at 30 June 2022	70,766	62,339

Consolidated income statement and cash flow

	2022 $000's	2021 $000's
Interest paid on leases (operating activities)	3,681	3,420
Payments for lease liability principal (financing activities)	9,611	7,732
Total cash outflows from lease liabilities	13,292	11,152

Maturity analysis

Lease liabilities as lessee	2022 $000's	2021 $000's
Between 0 to 1 year	9,898	8,787
Between 1 to 2 years	7,333	7,645
Between 2 to 5 years	19,648	16,490
More than 5 years	45,740	40,344
Total lease liabilities as lessee	82,619	73,266

13. Capital commitments

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

Purchase orders placed for capital expenditure at balance date but not yet incurred is as follows:

	2022 $000's	2021[1] $000's
Property, plant and equipment	109,059	75,304

[1] The comparative numbers have been adjusted to reflect the elimination of intra group capital commitments in relation to Action Manufacturing, a 100% owned subsidiary of the Group.

14. Operating leases

The Group predominantly leases its premises in New Zealand, Australia and the United States under operating lease arrangements. The leases have varying terms, escalation clauses and renewal rights. A significant portion of the risks and rewards of ownership are retained by the lessor and, therefore, they are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2022 $000's	2021 $000's
Within one year	631	119

The Group has recognised these leases as operating leases on the basis of short-term and low-value leases.

Notes to the consolidated financial statements (continued)

15. Inventories

Inventories are made up of the following categories:

- Raw materials – this comprises parts, factory and workshop stock;
- Motorhomes held for sale – this mainly comprises ex-rental fleet which are now on the sale yard and also includes new fleet and trade-ins for sale;
- Finished goods – this comprises living equipment to be used in motorhomes and retail shop stock; and
- Inventory provision – a provision is created to allow for the value of inventory which is no longer useable or to recognise the net realisable value when it is lower than cost.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Rental assets held for sale at balance date have been reclassified as inventory.

	2022 $000's	2021 $000's
Raw materials	22,921	14,308
Motorhomes held for sale	38,851	38,511
Finished goods	6,181	5,112
Provision for obsolescence	(663)	(476)
	67,290	57,455

16. Intangible assets

Intangible assets of the Group comprise:

- Brands - the brand value acquired relates to the Road Bear RV brand of the United States rentals business;
- Goodwill - this relates to Road Bear and El Monte RV business combinations;
- Trademarks, leases and licences – ***thl*** has a licence to operate the Waitomo Glowworm Caves until 2027, and licences to operate other caves in the Waitomo region, with licence terms expiring in 2032, 2033 and 2039; and
- Other intangibles – this relates to acquired software licences and software development costs.

Brands

The Road Bear RV brand acquired in the United States rentals business combination was valued using the relief from royalty method and is recognised at fair value at the acquisition date. The brand value is included in the net assets of the cash-generating unit (CGU). The brand is deemed to have an indefinite life as the Group has determined that there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the entity. The brand is tested annually for impairment and is carried at cost less any accumulated impairment losses.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 1).

Notes to the consolidated financial statements (continued)

16. Intangible assets (continued)

Trademarks, leases and licences

Trademarks, leases and licences are shown at historical cost of acquisition by the Group less amortisation.

Amortisation of trademarks, leases and licences are calculated using the straight-line method over the life of the underlying assets.

Other intangibles

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to fifteen years).

Costs associated with maintaining computer software programmes are recognised as an expense, as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development and application costs are recognised as assets and are amortised over their estimated useful lives (three to five years), only if such costs create an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Costs that are not capitalised as computer software are expensed as incurred unless the costs meet the requirement to be recognised as an asset controlled by the Group in accordance with IFRIC agenda decision on Software-as-a-Service. In this case, the costs paid upfront are recorded as prepayment for services and amortise over the expected terms of the cloud computing agreement.

	BRAND $000's	GOODWILL $000's	TRADEMARKS, LEASES AND LICENSES $000's	OTHER INTANGIBLES $000's	TOTAL $000's
Year ended 30 June 2022					
At 1 July 2021	805	31,196	13,859	5,261	51,121
Exchange differences	103	3,869	-	4	3,976
Additions	-	-	-	4,606	4,606
Goodwill impairment	-	(678)	-	-	(678)
Disposal	-	(157)	(1,341)	(270)	(1,768)
Amortisation charge	-	-	(655)	(1,195)	(1,850)
Closing net book amount	908	34,230	11,863	8,406	55,407
As at 30 June 2022					
Cost	908	80,528	29,293	23,741	134,470
Accumulated amortisation and impairment	-	(46,298)	(17,430)	(15,335)	(79,063)
Net book amount	908	34,230	11,863	8,406	55,407

	BRAND $000's	GOODWILL $000's	TRADEMARKS, LEASES AND LICENSES $000's	OTHER INTANGIBLES $000's	TOTAL $000's
Year ended 30 June 2021					
At 1 July 2020	876	33,276	15,363	752	50,267
Exchange differences	(71)	(2,774)	(860)	(122)	(3,827)
Additions	-	694	51	5,120	5,865
Disposal	-	-	-	(17)	(17)
Amortisation charge	-	-	(695)	(472)	(1,167)
Closing net book amount	805	31,196	13,859	5,261	51,121
As at 30 June 2021					
Cost	805	77,494	30,634	19,401	128,334
Accumulated amortisation and impairment	-	(46,298)	(16,775)	(14,140)	(77,213)
Net book amount	805	31,196	13,859	5,261	51,121

Notes to the consolidated financial statements (continued)

16. Intangible assets (continued)

Impairment of non-financial assets

The Group tests whether goodwill and brands have suffered any impairment on an annual basis in accordance with the accounting policy stated below. The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs of disposal. The Group has estimated the recoverable amount of its CGUs on a value-in-use basis and determined that there is no impairment.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The table below details the cash-generating units that goodwill and brands are attributable to:

	RENTALS $000's	OTHER $000's	TOTAL $000's
2022			
United States of America – goodwill	34,230	-	34,230
United States of America – brands	908	-	908
	35,138	-	35,138
2021			
New Zealand – goodwill	-	829	829
United States of America – goodwill	30,367	-	30,367
United States of America – brands	805	-	805
	31,172	829	32,001

The Board have assessed at balance date whether any impairment indicators exist. In making this assessment, the Board have taken into consideration the impact of COVID-19 on the business.

The recoverable amount of a CGU is determined on value-in-use calculations. These calculations use cash flow projections based on management prepared forecasts covering a four year period plus a terminal value calculation. These annual free cash flows are then discounted by a country specific post-tax discount rate to arrive at a recoverable amount (or enterprise value) of the CGU which is compared to the carrying book value. The Group has engaged an external party to undertake the discount rate calculation during the year based on the current market inputs. The Group has adopted these rates in the value-in-use calculations.

The CGU value in use models used by ***thl*** to generate the cash flow projections incorporate the expected growth rates from markets the businesses operate in. Capital expenditure and disposal proceeds are projected forward based on current build or purchase costs, realisable sale values and expected fleet rotation by vehicle type (for the rentals operations).

Notes to the consolidated financial statements (continued)

16. Intangible assets (continued)

The following table shows the sensitivity analysis for the value-in-use calculations of the Group's significant CGUs:

CGU	KEY ASSUMPTIONS	CHANGE IN KEY ASSUMPTION	REDUCTION IN RECOVERABLE AMOUNT ($M's)	INCREASE IN RECOVERABLE AMOUNT ($M's)	WOULD THE INDICATED SENSITIVITY RESULT IN IMPAIRMENT
United States of America	Discount rate: 8.53%	Discount rate (+/- 1.0%)	31	42	No
	Terminal growth rate: 1.25%	Terminal growth rate (+/- 0.25%)	7	8	No
	2021 Discount rate: 8.3%	Hire days (+/- 5.0%)	28	28	No
	2021 Terminal growth rate: 1.25%	Vehicle sales (+/- 5.0%)*	31	-	No
New Zealand	Discount rate: 9.49%	Discount rate (+/- 1.0%)	29	37	No
	Terminal growth rate: 1.0%	Terminal growth rate (+/- 0.25%)	7	7	No
	2021 Discount rate: 9.16%	Hire days (+/- 5.0%)	19	13	No
	2021 Terminal growth rate: 1.0%	Vehicle sales (+/- 5.0%)*	17	-	No
Australia	Discount rate: 8.39%	Discount rate (+/- 1.0%)	35	47	No
	Terminal growth rate: 1.5%	Terminal growth rate (+/- 0.25%)	8	9	No
	2021 Discount rate: 8.15%	Hire days (+/- 5.0%)	29	29	No
	2021 Terminal growth rate: 1.5%	Vehicle sales (+/- 5.0%)*	23	-	No

* A sensitivity of increasing vehicle sales cannot be assessed in isolation because it would have a flow on impact to fleet levels and rental revenue. Therefore no positive sensitivity has been shown in that regard.

We note that while the sensitivity of key assumptions provided in the above table would not on their own result in an impairment in each case, it is possible that they could occur in combination. We note that there is currently less headroom in the US Rentals CGU than in either New Zealand or Rentals Australia. While the sensitivity of key assumptions provided in the table would not on their own result in an impairment in each case, it is possible that they could occur in combination. If the Group applied an increase in the US discount rate of 2%, that could result in an impairment of the US Rental CGU.

Notes to the consolidated financial statements (continued)

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 investments include:

- A 49% interest in Just go, a motorhome rental operation in the United Kingdom.
- Investment in Camplify Holdings Limited, through the sale of mighway SHAREaCAMPER business.
- In June 2022, Outdoria Pty Limited, previously an associate entity became a 100% owned subsidiary.

Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the acquiree.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.

Notes to the consolidated financial statements (continued)

17. Togo share disposal

On 2 April 2020, the Group entered into an agreement with Thor Industries ("Thor") to undertake a managed exit from Togo Group in favour of a digital strategy focusing on New Zealand and Australia and more closely aligned with ***thl***'s core RV rentals business. The Group's shareholding in Togo was reduced from 50% ordinary shares to 26.49% Class B preference shares, with a face value of USD$20.2M and entitled ***thl*** to a 3% annual cash dividend for a four year period.

Thor held a call option relative to the Class B preference shares, exercisable over a four year period, after which time, if the option is not exercised, the Class B shareholding would have converted to 26.49% of the ordinary shares in Togo Group. At 30 June 2021, the retained interest in Togo was held at fair value through profit of loss at $20.8M.

On 16 March 2022, the Group entered into an agreement with Thor to sell its Class B preference shares held in Togo. On 18 March 2022 the Group received cash proceeds of $23.1M for the share sale, plus a final dividend of $0.8M, totalling $23.9M. The financial asset of the Class B shares was derecognised from the Group's balance sheet and a gain on sale of $1.3M was recognised in the income statement (refer to note 3).

18. Kiwi Experience held for sale

At 30 June 2022, the Kiwi Experience business was classified as held for sale following the decision to divest the business with the intention of completing a sale within the next 12 months. Segment results are presented within the Tourism Group, however Kiwi Experience does not represent a disposal group.

19. Sale of mighway and SHAREaCAMPER

On 26 October 2021, the Group entered into an agreement to sell its peer to peer business mighway and SHAREaCAMPER to Camplify Holdings Limited (CHL, an ASX listed entity) for a purchase price of $8.1M. The transaction completed on 29 April 2022 with the purchase price being settled by CHL issuing new fully paid ordinary shares to ***thl*** in two tranches. The resulting gain on sale of $5.4M has been recognised in the income statement. This includes expenses related to the disposal of $256k.

19. Sale of mighway and SHAREaCAMPER (continued)

The carrying amount of assets and liabilities transferred to Camplify as at the date of sale were:

	29 April 2022 $000's
Other assets	118
Software	1,513
Goodwill	158
Total Assets	1,789
Other liabilities	161
Net Assets	1,628

Fair value of issued shares and deferred consideration:

Tranche 1 Shares Issued Date	$000's
Fair value – 29 April 2022	2,959
Fair value – 30 June 2022	2,005
Change in fair value recognised through OCI*	(954)

*OCI - Other Comprehensive Income

Tranche 2 Deferred Consideration Date	$000's
Fair value – 29 April 2022	4,305
Fair value – 30 June 2022	3,624
Change in fair value recognised in the income statement	(681)

The fair value of the first tranche is determined by reference to the closing share price of CHL on completion date. The fair value of the second tranche is determined by an independent valuer using a Black-Scholes pricing model to value the embedded options in relation to the deferred settlement which will be issued 12 months after completion.

The tranche 1 shares are a financial asset and measured at fair value through other comprehensive income as elected at initial recognition. The tranche 2 receivable (deferred consideration) is also a financial asset measured at fair value through the income statement.

Notes to the consolidated financial statements (continued)

20. Outdoria share buyback

The Group initially acquired 46% shareholding in Outdoria Pty Limited (Outdoria) as part of the Togo Group exit arrangement in March 2020. ***thl*** established significant influence over Outdoria and therefore accounted for its investment in Outdoria using the equity method. On 31 July 2020, Outdoria bought back 18.2% of the shares which resulted in an increase in ***thl***'s shareholding to 59.73%, making ***thl*** a majority shareholder with majority Board control. On this basis, ***thl*** obtained control over Outdoria and since that date consolidated its interest and recognised a corresponding non-controlling interest for the remaining 40.27%.

On 30 June 2022, Outdoria bought back all shares held by GTR Ventures Pty Ltd (GTR), resulting in Outdoria becoming a 100% owned subsidiary of the ***thl*** Group.

Changes in the ownership interest of a subsidiary that does not result in a loss of control of the subsidiary are equity transactions. The difference between the cumulative amount of the non-controlling interest and the fair value of the consideration paid was recognised directly in equity. As a result, ***thl*** derecognised its non-controlling interest (NCI) of $3.5M through the consolidated statement of changes in equity.

The Group assessed the carrying value of its Outdoria business at 30 June 2022, resulting in an impairment of goodwill and other assets of $678k and $98k, respectively. The impairment was recognised in operating expenses within the consolidated income statement.

In addition, GTR agreed to forgive its outstanding loan amount resulting in a gain of $2.3M; which was recognised in other income in the consolidated income statement with a corresponding reduction in other borrowings (refer to note 25).

21. Investments in associate

Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement.

The share of profits recognised in the income statements are as follows:

	2022 $000's	2021 $000's
Just go	1,105	759
Outdoria (up to 31 July 2020)	-	(41)
Total	1,105	718

Just go

The Group holds a shareholding of 49.0% in Skewbald Limited (trading as Just go). Just go is a motorhome rental business operating in the United Kingdom. The investment has been accounted for as an investment in associate, and the Group's share of associates profits have been recognised within the Group's investment.

	2022 $000's	2021 $000's
Just go	5,966	4,936
Total	5,966	4,936

Notes to the consolidated financial statements (continued)

22. Subsidiaries

The principal activities of the Parent Company and trading subsidiaries are motorhome rental (Tourism Holdings Australia Pty Limited, JJ Motorcars Inc and El Monte Rents Inc) and attractions (Waitomo Caves Limited). All other subsidiaries including Outdoria (previously 59.73%) are 100% owned. The Group has control over these subsidiaries and therefore it has fully consolidated these subsidiaries from the date control was attained. All subsidiaries have 30 June balance dates. Material subsidiary companies at 30 June 2022 and 2021 are:

NAME	PLACE OF BUSINESS / COUNTRY OF INCORPORATION	% EQUITY INTEREST 2022	% EQUITY INTEREST 2021
Tourism Holdings Australia Pty Limited	Australia	100	100
Waitomo Caves Limited	New Zealand	100	100
JJ Motorcars Inc.	United States of America	100	100
El Monte Rents Inc.	United States of America	100	100
Tourism Holdings USA Inc.	United States of America	100	100
TH2connect GP Limited	New Zealand	100	100
Action Manufacturing Group GP (from 28 February 2021)	New Zealand	100	100
Outdoria Pty Limited (from 27 June 2022), note 21	Australia	100	60

For further information on the acquisition of Action Manufacturing, refer to financial statements for the year ended 30 June 2021.

Section D – Managing funding

In this section

This section explains how ***thl*** manages its capital structure and working capital, the various funding sources and distributions to shareholders. In this section of the notes there is information about:

a) Equity;

b) Debt;

c) Receivables and payables; and

d) Financial instruments.

23. Share capital

	2022 SHARES 000's	2021 SHARES 000's	2022 $000's	2021 $000's
Ordinary shares				
Opening balance	151,489	148,015	277,792	269,988
Issue of ordinary shares – redeemable ordinary shares converted	-	150	-	273
Transfer from employee share scheme reserve or redeemable shares converted	-	-	-	31
Issue of ordinary shares – in lieu of Directors' fees	55	63	99	142
Ordinary shares to be issued – in lieu of Directors' fees accrued at 30 June	-	-	28	21
Ordinary shares issued – cash paid by employees	94	-	193	-
Ordinary shares issued as part consideration for AMLP	-	3,261	-	7,337
Ordinary shares issued - options and rights offer	423	-	871	-
Closing balance	152,061	151,489	278,983	277,792

Notes to the consolidated financial statements (continued)

23. Share capital (continued)

The total number of ordinary shares is 152,060,700 shares (2021: 151,489,050) and these are classified as equity. The shares have no par value. All ordinary shares are issued and fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

In the current year 985,630 (2021: 985,630 redeemable ordinary shares on issue) redeemable ordinary shares were cancelled in April 2022 and there are no outstanding redeemable ordinary shares at 30 June 2022.

Ordinary shares were issued to Directors in lieu of Directors' fees per the terms outlined in note 32. Shares were issued in October 2021 (35,169) and April 2022 (20,273). In the prior year shares were issued to Directors in lieu of Directors' fees in October 2020 (26,027) and April 2021 (37,253). At 30 June 2022 share capital includes $28k accrual for shares to be issued in lieu of Directors' fees (2021: $42k).

24. Other reserves

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 the income statement as part of the gain or loss on disposal.

The closing exchange rates used to translate the statement of financial position are as follows:

	2022	2021
NZD/AUD	0.9031	0.9310
NZD/USD	0.6214	0.6998
NZD/GBP	0.5127	0.5050

Employee share scheme

The employee share scheme reserve is used to recognise the accumulated value of redeemable shares granted which have been recognised in the income statement. In accordance with the Group's accounting policy, amounts accumulated in the executive share scheme reserve have been transferred to share capital on the exercise of the options or to retained earnings when they have been forfeited (refer to note 33).

	NOTES	2022 $000's	2021 $000's
Foreign currency translation reserve			
Balance at beginning of the year		(4,004)	4,925
Currency translation differences (net of tax)		14,952	(8,929)
Balance at year end		10,948	(4,004)
Employee share scheme reserve			
Balance at beginning of the year		2,974	1,066
Value of employee services charged to the income statement		2,903	2,112
Transfer to retained earnings		(213)	(173)
Transfer to share capital		(994)	(31)
Balance at year end		4,670	2,974
Equity investment reserve			
Balance at the beginning of the year		-	-
Change in fair value of equity instrument	19	(954)	-
Balance at year end		(954)	-
Total other reserves		14,664	(1,030)

Notes to the consolidated financial statements (continued)

25. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs are recognised as an expense in the period in which they are incurred, except for borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalised.

Qualifying assets are those assets that necessarily take an extended period of time (six months or more) to get ready for their intended use.

	2022 $000's	2021 $000's
Non-current		
Bank borrowings	97,298	84,460
Other borrowings	-	2,199
	97,298	86,659
Current		
Bank borrowings	-	125
Total borrowings	97,298	86,784

	2022 $000's	2021 $000's
Maturity of non-current portion		
Bank loans		
One to two years	97,298	2,199
Two to three years	-	84,460
	97,298	86,659

Interest rates (excluding line fees) applicable at 30 June 2022 on the bank term loans ranged from 1.89% to 5.90% p.a. (2021: 1.80% to 3.15% p.a.).

The guaranteeing group consisting of Tourism Holdings Limited and all New Zealand, Australian and USA 100% owned subsidiaries had, at balance date, multi-currency revolving cash advance facilities with Westpac Banking Corporation, Westpac New Zealand Limited, ANZ Bank New Zealand Limited and Australia and New Zealand Banking Group Limited. The Group has provided a composite first ranking debenture over the assets and undertakings of the Group in New Zealand, Australia and the USA.

The facility agreement was amended in June and August 2021. The amended agreement includes committed facilities for debt funding of approximately $258 million. The facility consists of a number of tranches maturing between June 2023 and June 2024.

The amended agreement also includes:

- a requirement for consent from the Group's banking partners for any distribution to shareholders during the term of the facilities;
- the Group's leverage ratio and interest coverage ratio will become a primary covenant test from 30 September 2022, with other existing covenants (equity ratio and guaranteeing group ratio) remaining applicable;
- a new covenant relating to minimum shareholder funds was added; and
- testing of cumulative EBITDA requirement was to be tested quarterly from the period 30 September 2021. The last test date was 30 June 2022.

In accordance with NZ IFRS 9 Financial Instruments, the amendment was treated as an extinguishment of the existing liability followed by the recognition of a new liability.

Notes to the consolidated financial statements (continued)

25. Borrowings (continued)

The Group has assessed forecast compliance with these covenants by preparing a cash flow scenario forecast for the Group for the next four years and using the forecast to calculate the financial covenants at future calculation dates.

As at the date of these financial statements the Group is within the banking covenant requirements.

All markets that the Group operates in have experienced changes in external trading conditions during the year as a result of the impacts of COVID-19 and industry-wide supply chain challenges creating some vehicle delivery delays and inflation in the cost of materials. Given the volatility of the current environment, there is a risk that actual trading performance may fall below forecasts, however with international borders re-opening ***thl*** is seeing a recovery of international demand for RV travel in all countries it operates in. This is evidenced in the strong number of international bookings in the United States over the 2022 summer period and in New Zealand and Australia, there are good indications for demand, primarily for travel from October 2022 onwards. On this basis, the Board expects that the Group will be able to meet its undertakings and covenants in relation to the banking facility and will have sufficient cash to discharge its liabilities as they fall due, for at least one year from the date the financial statements are approved.

Having regard to all of the above, the Board's assessment acknowledges that there are uncertainties that may require the Board to make changes to the business to respond to the uncertainties, with the primary levers available being to adjust fleet levels through increased fleet sales, reduce fleet capital expenditures or to change the timing of fleet purchases. This is similar to the approach that has been adopted in the last two financial years. Accordingly, the Board's assessment is that there is no material uncertainty and it has been concluded that the going concern assumption is appropriate. Therefore these financial statements have been prepared on the basis of a going concern.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2022 $000's	2021 $000's
New Zealand dollar	553	8,122
Australian dollar	-	3,759
United States American dollar	93,343	71,449
Pounds sterling	3,402	3,454
	97,298	86,784

The Group has the following undrawn borrowing facilities:

	2022 $000's	2021 $000's
Floating rate		
– Expiring within one year	50,000	-
– Expiring beyond one year	110,019	116,298
	160,019	116,298

The Group capitalised $347k of borrowing costs (2021: $558K) in relation to refinancing.

26. Trade and other receivables

Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group assesses on a forward looking basis the expected credit losses associated with its trade and other receivables which are carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit losses experienced. Where appropriate, the historical loss rates are adjusted to reflect current and forward-looking information.

Notes to the consolidated financial statements (continued)

26. Trade and other receivables (continued)

	2022 $000's	2021 $000's
Trade receivables	15,405	17,324
Less provision for impairment of receivables	(257)	(1,203)
Trade receivables – net	15,148	16,121
Prepayments	4,851	3,788
Other receivables	4,588	3,758
Receivable under buy-back arrangement	8,495	5,014
Total trade and other receivables	33,082	28,681

At June 2022 trade and other receivables includes $8,495k (June 2021: $5,014k) relating to vehicles purchased under a short-term buy-back arrangement. This agreement involves purchasing vehicles to be used in the fleet for a period less than 12 months and then sold back to the supplier. On initial recognition, ***thl*** recognised the cash paid for the vehicles, the price expected to be received upon resale, and the balancing amount of the two is considered the lease expense. The transaction is accounted for as a short-term lease on the basis that:

- ***thl*** have an economic incentive to exercise their put option (selling the vehicles back to the supplier);
- ***thl*** have the right to use the vehicles for a fixed period at a predetermined price; and
- the vehicles do not meet the definition of property plant and equipment.

Due to low risk of the counterparties for these arrangements, the assessed expected credit losses are immaterial.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

The Group has recognised a decrease of $946k (2021: $903k decrease) in the provision for the impairment of its trade receivables which has been included in other operating expenses. The Group has written off, to other operating expenses, $719k (2021: $864k) of balances of receivables during the year ended 30 June 2022.

27. Trade and other payables

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest method.

	2022 $000's	2021 $000's
Trade payables	13,903	12,133
Accrued expenses and other payables	18,010	13,130
Total trade and other payables	31,913	25,263

28. Financial instruments

Classification of financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the consolidated financial statements (continued)

28. Financial instruments (continued)

Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement.

Fair Value through Other Comprehensive Income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The interest rate swaps in place as at 30 June 2022 and 30 June 2021 qualified as cash flow hedges. The Group's risk management strategies and hedge documentation are aligned with the requirements of NZ IFRS 9 and these relationships are therefore treated as hedges.

2022	FINANCIAL ASSET AT AMORTISED COST $000's	FINANCIAL ASSETS VALUE THROUGH PROFIT OR LOSS $000's	FINANCIAL ASSETS VALUE THROUGH OCI $000's	DERIVATIVES USED FOR HEDGING $000's	TOTAL $000's
Asset					
Financial asset	-	3,624	2,005	-	5,630
Cash and cash equivalents	38,816	-	-	-	38,816
Retained interest in Togo	-	-	-	-	-
Trade and other receivables	28,231	-	-	-	28,231
Derivative financial instruments	-	-	-	453	453

2021	FINANCIAL ASSET AT AMORTISED COST $000's	FINANCIAL ASSETS VALUE THROUGH PROFIT OR LOSS $000's	DERIVATIVES USED FOR HEDGING $000's	TOTAL $000's
Asset				
Cash and cash equivalents	38,087	-	-	38,087
Retained interest in Togo	-	20,835	-	20,835
Trade and other receivables	24,893	-	-	24,893
Derivative financial instruments	-	-	-	-

Notes to the consolidated financial statements (continued)

28. Financial instruments (continued)

2022	MEASURED AT AMORTISED COST $000's	MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS $000's	MEASURED AT FAIR VALUE THROUGH OCI $000's	DERIVATIVES USED FOR HEDGING $000's	TOTAL $000's
Liabilities					
Interest bearing loans and borrowings	97,298	-	-	-	97,298
Derivative financial instruments	-	-	-	60	60
Trade and other payables	29,114	-	-	-	29,114

2021	MEASURED AT AMORTISED COST $000's	MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS $000's	DERIVATIVES USED FOR HEDGING $000's	TOTAL $000's
Liabilities				
Interest bearing loans and borrowings	86,784	-	-	86,784
Derivative financial instruments	-	-	5,272	5,272
Trade and other payables	22,495	-	-	22,495

Section E – Managing risk

In this section

This section explains the financial risks ***thl*** faces, how these risks affect ***thl***'s financial position and performance, and how ***thl*** manages these risks. In this section of the notes there is information:

a) Outlining ***thl***'s approach to financial risk management; and

b) Analysing financial (hedging) instruments used to manage risk.

In the normal course of business the Group is exposed to a variety of financial risks including foreign currency, interest rate, credit and liquidity risks. To manage this risk the Group's treasury activities are performed by a central treasury function and are governed by Group policies approved by the Board of Directors.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not enter into derivative financial instruments for trading or speculative purposes.

29. Financial risk management

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar and the United States dollar. Foreign exchange risk arises when future commercial transactions are in currencies other than functional currency.

Foreign exchange exposures on future commercial transactions incurred by operations in currencies other than their functional currency are managed by using forward currency contracts in accordance with the Group's treasury policy.

The Parent makes purchases in foreign currency and is exposed to foreign currency risk. This is managed by utilisation of forward currency contracts from time to time in accordance with the Group's treasury policy.

Notes to the consolidated financial statements (continued)

29. Financial risk management (continued)

Exchange rate sensitivity

The following table shows the impact of a 5 cent movement up or down in the New Zealand dollar vs. the Australian dollar and United States dollar and the impact that this exchange rate change has on reported net profit after tax and equity. The table shows the post-tax impact on reported profit and equity in relation to currency risk, as described above, and does not include the impact of translation risk, as described in note 24. A 5 cent change is considered a reasonable possible change based on prior year movements.

	2022 $000's	2021 $000's
Post-tax impact on reported profit and equity of:		
A 5 cent increase in the NZ dollar vs the AU dollar	(1)	(2)
A 5 cent increase in the NZ dollar vs the US dollar	24	(6)
A 5 cent decrease in the NZ dollar vs the AU dollar	1	2
A 5 cent decrease in the NZ dollar vs the US dollar	(24)	6

Interest rate risk

The Group's interest rate risk primarily arises from long-term borrowings, cash and cash equivalents. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate derivative contracts. Such interest rate derivative contracts have the economic effect of converting borrowings from floating rates to fixed rates. Generally the Group raises long-term borrowings at floating rates that are lower than those available if the Group borrowed at fixed rates directly.

Under the interest rate derivative contracts, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group maintains cash on overnight deposit in interest bearing bank accounts.

The following tables set out the interest rate repricing profile and current interest rate of the interest bearing financial assets and liabilities.

	EFFECTIVE INTEREST RATE	FLOATING $000's	FIXED UP TO 1 YEAR $000's	FIXED 1 - 2 YEARS $000's	FIXED 2 - 5 YEARS $000's	FIXED >5 YEARS $000's	TOTAL $000's
As at 30 June 2022							
Assets							
Cash and cash equivalents	-	38,816	-	-	-	-	38,816
	-	38,816	-	-	-	-	38,816
Liabilities							
Bank borrowings	8.47%	-	-	97,298	-	-	97,298
		-	-	97,298	-	-	97,298
Interest rate derivative contracts*	3.3%	-	20,201	15,289	55,847	-	91,337

The effective interest rate of Group borrowings is 8.47% (2021: 7.9%) including the impact of the interest rate swaps and line fees on facilities.

	EFFECTIVE INTEREST RATE	FLOATING $000's	FIXED UP TO 1 YEAR $000's	FIXED 1 - 2 YEARS $000's	FIXED 2 - 5 YEARS $000's	FIXED >5 YEARS $000's	TOTAL $000's
As at 30 June 2021							
Assets							
Cash and cash equivalents	-	38,087	-	-	-	-	38,087
	-	38,087	-	-	-	-	38,087
Liabilities							
Bank borrowings	7.9%	-	125	2,199	84,460	-	86,784
		-	125	2,199	84,460	-	86,784
Interest rate derivative contracts*	2.9%	-	17,862	18,364	54,479	4,287	94,992

* Notional contract amounts and include forward starting interest rate swaps.

Notes to the consolidated financial statements (continued)

29. Financial risk management (continued)

Interest rate sensitivity

At year end the floating bank borrowings and cash deposits were subject to interest rate sensitivity risk. The remaining borrowings are fixed using interest rate derivative contracts. If the Group's floating borrowings and deposits year end balances remained the same throughout the year and interest rates moved by 1.0% then the impact on profitability and equity is as follows:

	2022 $000's	2021 $000's
Pre-tax impact of:		
An increase in interest rates of 1%	(112)	(177)
A decrease in interest rates of 1%	112	177

At year end the value of interest rate derivative contracts used as cash flow hedges were subject to interest rate risk in relation to the value recognised in equity. If interest rates moved by 1.0% across the yield curve then the impact on the fair value of the swaps on equity is shown in the following table. A movement of 1%, or 100bps, is considered by management as a reasonable estimate of a possible shift in interest rates for the year based on historical movements. There is $55k of ineffective interest rate swaps recognised in the income statement in relation to the valuation of the interest rate swaps (2021: $251K). The remaining interest rate swaps were effective as at 30 June 2022.

	2022 $000's	2021 $000's
Post tax impact on equity of a 1% move in interest rates		
An increase in interest rates of 1% across the yield curve	1,104	1,613
A decrease in interest rates of 1% across the yield curve	(1,122)	(1,643)

Credit risk

The Group has a concentration of credit risk in respect of the amount outstanding from the buy-back fleet arrangement. The Group has no other significant concentrations of credit risk. Policies are in place to ensure that wholesale sales of products and other receivables arising are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Derivative contract counterparties and cash on deposit are limited to high credit rated quality financial institutions.

The Group considers its maximum exposure to credit risk as follows:

	2022 $000's	2021 $000's
Cash and cash equivalents	38,816	38,087
Trade receivables (net of impairment provision)	15,148	16,121
Other receivables	4,588	3,758
Receivable under buy-back arrangement	8,495	5,014
	67,047	62,980

The Group has numerous credit terms for various customers. The terms vary from cash, monthly and greater depending on the service and goods provided and the customer relationship. Collateral is not normally required. All trade receivables are individually reviewed regularly for impairment as part of normal operating procedures and, where appropriate, a provision is made. Trade receivables less than three months overdue are not considered impaired. Overdue amounts that have not been provided for relate to customers that have a reliable trading credit history and no recent history of default.

	NOTES	2022 $000's	2021 $000's
Trade receivable analysis			
Debtors past due		1,741	3,419
Impairment provision		(257)	(1,203)
Debtors past due but not impaired		1,484	2,216
Debtors current		13,664	13,905
Total trade debtors	26	15,148	16,121

Notes to the consolidated financial statements (continued)

29. Financial risk management (continued)

	2022 $000's	2021 $000's
Ageing of debtors past due		
1-30 days	640	1,055
31-60 days	452	1,214
61-90 days	202	323
91+ days	447	827
Total debtors past due	1,741	3,419

There is no overdue balance in other receivables and receivables under buy-back arrangements as at 30 June 2022 (2021: nil).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by rolling the draw downs on a short-term basis and keeping credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows.

	UP TO 1 YEAR $000's	BETWEEN 1-2 YEARS $000's	BETWEEN 2-5 YEARS $000's	GREATER THAN 5 YEARS $000's	Total $000's	CARRYING VALUE $000's
Year ended 30 June 2022						
Trade and other payables	29,114	-	-	-	29,114	29,114
Bank borrowings	5,401	102,035	2,369	-	109,805	97,298
Lease liabilities	9,897	7,335	19,648	45,739	82,619	82,619
Interest rate and foreign currency derivative contracts*	2,729	2,151	2,854	617	8,351	60
	47,141	111,521	24,871	46,356	229,889	209,091

	UP TO 1 YEAR $000's	BETWEEN 1-2 YEARS $000's	BETWEEN 2-5 YEARS $000's	GREATER THAN 5 YEARS $000's	Total $000's	CARRYING VALUE $000's
Year ended 30 June 2021						
Trade and other payables	22,495	-	-	-	22,495	22,495
Bank borrowings	4,578	6,629	88,213	-	99,420	86,784
Lease liabilities	12,025	10,512	23,169	49,440	95,146	73,266
Interest rate and foreign currency derivative contracts*	2,264	1,699	2,433	79	6,475	5,272
	41,362	18,840	113,815	49,519	223,536	187,817

* The amounts expected to be payable on a net basis in relation to the interest rate swaps have been estimated using forward interest rates applicable at the reporting date.

Notes to the consolidated financial statements (continued)

29. Financial risk management (continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Group considers capital to be share capital and interest bearing debt. To maintain or alter the capital structure the Group has the ability to review the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, reduce or increase debt or sell assets.

There are a number of externally imposed bank covenants required as part of seasonal and term debt facilities. These covenants are calculated monthly and reported to banks quarterly. The most significant covenants relating to capital management are Net Interest Bearing Debt to EBITDA ratio, and an Equity to Total Assets ratio (net of intangible assets) (note 25). There have been no breaches or events of review for the current or prior period.

Seasonality

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 year end is not representative of all risks faced during the year.

30. Derivative financial instruments

Derivative financial instruments and hedging activities

The Group enters into interest rate swaps and other derivatives to hedge interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.
The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

Movements on the hedging reserve in shareholders' equity are shown in note 31. The full fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. The gain or loss relating to the interest rate swaps are recognised in interest expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance expenses'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

30. Derivative financial instruments (continued)

	2022 ASSETS $000's	2022 LIABILITIES $000's	2021 ASSETS $000's	2021 LIABILITIES $000's
Interest rate swaps – current portion	-	15	-	148
Interest rate swaps – non current portion	453	45	-	5,124
Total cash flow hedges	453	60	-	5,272

The ineffective portion recognised in the profit or loss that arises from cash flow hedges in 2022 amount to $55k (2021: $251K).

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2022 were $83,290k (2021: $87,848k).

At 30 June 2022, the fixed interest rates vary from 2.29% to 4.86% (2021: 2.13% to 4.74%).

The liquidity table in note 29 identifies the periods in which the cash flows are expected to occur.

Fair values

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).

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest input to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

As at 30 June 2022 the Group's assets and liabilities measured at fair values are issued shares in Camplify Holdings (CHL) which are classified within Level 1 of the fair value hierarchy (note 19), derivative financial instruments which are classified within Level 2 of the fair value hierarchy (2021: Level 2), and the receivable of deferred consideration in relation to CHL shares (tranche 2 shares (note 20)) which are classified within Level 3 of the fair value hierarchy. There were no transfers of financial instruments between levels of the fair value hierarchy during the year.

The methods used in determining fair value are as follows:

Derivative financial instruments

The fair value of derivative financial instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Notes to the consolidated financial statements (continued)

30. Derivative financial instruments (continued)

The following inputs are used for fair value calculations of derivatives:

· Interest rate forward price curve	– Published market swap rates
· Foreign exchange forward prices	– Published spot foreign exchange rates and interest rate differentials
· Discount rate for valuing interest rate derivatives	– The discount rates used to value interest rate derivatives are published market interest rates as applicable to the remaining life of the instrument
· Discount rate for valuing forward foreign exchange contracts	– The discount rates used to value interest rate derivatives are published market interest rates as applicable to the remaining life of the instrument

There were no changes to these valuation techniques during the period.

31. Cash flow hedge reserve

	2022 $000's	2021 $000's
Balance at beginning of year	(3,617)	(6,695)
Fair value gain	5,664	4,025
Deferred tax on fair value gain	(1,585)	(1,127)
Ineffective interest rate swap transferred to income statement (net of tax)	(141)	180
Balance at end of year	321	(3,617)

The cash flow hedge reserve is used to record gains or losses on hedging instruments that are recognised directly in equity. The hedging instruments are used to manage interest rate risk. Amounts are recognised in the income statement when the associated hedged transaction affects profit or loss.

Section F – Other

In this section

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

32. Related party transactions

Key management compensation

	2022 $000's	2021 $000's
Salaries and other short-term employee benefits	4,457	3,940
Share based payments benefits	1,614	1,341

Total positions included in key management compensation are 13 (2021: 12).

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

Directors' fees

	2022 $000's	2021 $000's
Directors' fees	697	660

Notes to the consolidated financial statements (continued)

32. Related party transactions (continued)

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. For the period 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 1 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:

	SHARES 000's		VALUE $000's	
	2022	2021	**2022**	2021
Shares issued in lieu of cash	**55**	63	**99**	142
Shares to be issued to directors at 30 June	**-**	-	**28**	42

Grant Brady (Director of AMLP)

Grant Brady, Director of AMLP, is a minority shareholder and director of Bush Road Enterprises Limited. ***thl*** subleases a property in Bush Road which is owned by Bush Road Enterprises Limited. The cost of the subleases and operating expenses are set out in the table below:

	2022 $000's	2021 $000's
Cost of sublease and operating expenses	**417**	545

Action Manufacturing LP

Grant Brady is a shareholder in another entity, Alpine Bird Manufacturing Limited that 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. During the prior year, the Group sold certain ex-rental vehicles to AMLP to repurpose and resell. AMLP also subleases part of the Bush Road property described above.

	2022 $000's	8 months to 28 February 2021 $000's
Purchase of motorhomes by the Group from the joint venture	**-**	12,706
Sales of vehicles by the Group to the joint venture	**-**	534
Interest charged to the joint venture	**-**	37
Management of mighway vehicles	**-**	10

Schork Family

As part of the consideration for the acquisition of El Monte Rents Inc, 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 2022 was $256k (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:

	2022 $000's	2021 $000's
Total lease payments	**3,204**	3,034

Notes to the consolidated financial statements (continued)

33. Share-based payments

Share scheme

Share scheme 2009-16

From the 2009 financial year the Group has operated an equity-settled, share-based long-term incentive plan for the Chief Executive and other senior executives under which the Group receives services from the executives as consideration for redeemable ordinary shares of the Group. The fair value of the employee services received in exchange for the grant of the redeemable shares is recognised as an expense in the income statement with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the redeemable shares granted.

Amounts accumulated in the employee share scheme reserve are transferred to share capital on redemption of the redeemable shares or to retained earnings where they are forfeited or not exercised after the vesting date. At the end of each reporting period, the Group revises its estimates of the number of redeemable shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the employee share scheme reserve.

The terms of the scheme are contained in a trust deed, with the following main terms:

1. Redeemable shares are issued and held by THL Corporate Trustee Limited on behalf of the executive.
2. Prior to April 2015 the issue price of the redeemable shares was set based on the volume weighted average price of Tourism Holdings Limited ordinary shares over the 10 days leading up to the issue date. From April 2015 the issue price was calculated over a 20 day period leading up to the issue date, to align with the calculation of shares issued to directors' in lieu of directors fees.
3. One cent is payable on acceptance of the redeemable shares.
4. The redeemable shares are able to be converted to ordinary shares at the election of the executive after a minimum of two years at a rate of one third of the issue per year. The exercise price payable by the executive is the issue price plus a cost of equity adjustment for two years, less dividends paid for two years.
5. The redeemable shares are entitled to dividends only to the extent that they are paid up.
6. The maximum period that the redeemable shares can be on issue is six years.
7. Valuation of the redeemable shares for accounting purposes is done by KPMG using the Binomial Option Pricing Model. The assessed value is charged to the income statement over the life of the scheme/option with a corresponding credit to the employee share scheme reserve.

Movements in the number of redeemable shares outstanding and their related weighted average exercise prices under the 2009 scheme are as follows:

	Average exercise price*	2016 GRANT	201 5 GRANT	2014 GRANT	TOTAL REDEEMABLE SHARES
At 30 June 2020		985,630	493,200	-	1,478,830
Redeemable shares exercised	$1.84	-	(150,000)	-	(150,000)
Redeemable shares cancelled/ forfeited	$1.63	-	(343,200)	-	(343,200)
At 30 June 2021		**985,630**	**-**	**-**	**985,630**
Redeemable shares cancelled/ forfeited		**(985,630)**	**-**	**-**	**(985,630)**
At 30 June 2022		**-**	**-**	**-**	**-**

* Exercise price is issue price, less 1 cent paid, less dividends paid for two years, plus a cost of equity adjustment for two years.

Notes to the consolidated financial statements (continued)

33. Share-based payments (continued)

Convertible shares at 30 June 2022 were nil (2021: 985,630).

The value of the redeemable shares calculated using the Binomial Option Pricing Model is being amortised over the life of the redeemable share rights. An expense of $222k in 2022 (2021: nil) from prior periods has been reversed from the executive share scheme reserve due to the cancellation of the options at the expiry date.

In arriving at the value of the redeemable share rights under the Binomial Option Pricing Model the following inputs have been used:

	2016
Issue price	$2.57
Forecast dividend yield over the life of the transfer rights	6.1%
Risk free rate of interest over the exercise period of the share transfer rights	3.40%
Volatility of Tourism Holdings Limited share price returns mid point	23.0%
Cost of equity adjustment p.a.	12.30%

Note: the exercise prices above are adjusted for any dividends paid to date, but make no assumption about future dividends, which will be deducted from the exercise price.

Share scheme 2017

In the 2017 financial year the Group introduced an equity-settled, share-based long-term incentive plan for the Chief Executive and other senior executives under which the Group receives services from the executives as consideration for Options to purchase ordinary shares of the Group. The fair value of the employee services received in exchange for the grant of the Options is recognised as an expense in the income statement. The total amount expensed is determined by reference to the fair value of the Options granted.

Amounts accumulated in the employee share scheme reserve are transferred to share capital on the exercise of the Options or to retained earnings where they are forfeited. At the end of each reporting period, the Group revises its estimates of the number of Options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the employee share scheme reserve.

The terms of the 2017 scheme are contained in a document entitled 'The Rules of the Tourism Holdings Long-term Incentive Scheme 2017':

1. Options to purchase ordinary shares are issued to executives by the Board.
2. The option price is set based on the volume weighted average price of Tourism Holdings Limited ordinary shares over the 20 days leading up to the grant date.
3. The options can be exercised at the election of the employee after a minimum of two years from the grant date. A maximum of one third of the options can be exercised after two years, two thirds after three years and all options can be exercised after four years. After six years, the options lapse and there is no further right to exercise. The exercise price payable by the executive is the option price plus a cost of equity adjustment for two years, less dividends paid for two years.
4. The participants holding options have no interest in the ordinary shares that are the subject of the options, until the options are exercised and ordinary shares issued.
5. Valuation of the options for accounting purposes is done by KPMG using the Binomial Option Pricing Model. The assessed value is charged to the income statement and loss over the life of the scheme/option with a corresponding credit to the employee share scheme reserve.

Notes to the consolidated financial statements (continued)

33. Share-based payments (continued)

Movements in options granted under the 2017 scheme are as follows:

	ISSUED PRICE	2022 GRANT	2021 GRANT	2020 GRANT	2019 GRANT	2018 GRANT	2017 GRANT	TOTAL OPTIONS
At 30 June 2020			-	1,440,000	1,160,000	786,666	893,333	4,279,999
Options granted	$2.27	-	2,155,000	-	-	-	-	2,155,000
Options cancelled			-	(360,000)	(345,000)	(106,667)	(40,000)	(851,667)
At 30 June 2021		-	2,155,000	1,080,000	815,000	679,999	853,333	5,583,332
Options granted	$2.84	1,522,000	-	-	-	-	-	1,522,000
Options cancelled			(80,000)	(85,000)	(80,000)	(93,333)	(80,000)	(418,333)
At 30 June 2022		1,522,000	2,075,000	995,000	735,000	586,666	773,333	6,686,999

The exercise price will be calculated as the issue price less dividends paid for two years, plus a cost of equity adjustment for two years.

The value of the share transfer rights is calculated using the Binomial Option Pricing Model and is being amortised over the life of the share transfer rights. The 2022 expense of $423k (2021: $306k) will accumulate in the employee share scheme reserve.

In arriving at the value of the share transfer rights under the Binomial Option Pricing Model the following inputs have been used:

	2022	2021
Issue price	$2.84	$2.27
Forecast dividend yield over the life of the transfer rights	4.50%	6.00%
Risk free rate of interest over the exercise period of the share transfer rights	2.48%	0.58%
Volatility of Tourism Holdings Limited share price returns mid point	32.50%	35.00%
Cost of equity adjustment	11.98%	10.61%

Notes to the consolidated financial statements (continued)

33. Share-based payments (continued)

Share scheme 2020

In the 2021 financial year the Group introduced an equity-settled, share-based short-term retention plan (FY21 Scheme) in lieu of the cash based short-term incentive scheme for employees that are eligible per the terms of their employment.

Under the FY21 Scheme, the Group receives services from employees as consideration for (a) Share Options to purchase ordinary shares of Tourism Holdings Limited at a pre-determined exercise price, and/or (b) Share Rights that can be exercised for the issue of ordinary shares of Tourism Holdings Limited, with no exercise price. The fair value of the employee services received in exchange for the grant of the Share Options and Share Rights is recognised as an expense in the income statement, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the Share Options and Share Rights granted. Amounts accumulated in the employee share scheme reserve are transferred to share capital on the exercise of the Share Options and Share Rights, or to retained earnings where they are forfeited or not exercised after the vesting date. At the end of each reporting period, the Group revises its estimate of the number of Share Options and Share Rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the employee share scheme reserve.

The terms of the 2020 scheme are contained in a document entitled the 'Tourism Holdings Short-term Incentive Scheme 2020':

1. Share Options to purchase ordinary shares, and Share Rights that can be exercised for the issue of ordinary shares, are issued to eligible employees by the Board.
2. The Share Option price is equal to the volume weighted average price of Tourism Holdings Limited ordinary shares over the 20 trading days leading up to the date on which the offer is provided.
3. 50% of the Share Options and Share Rights vest 12 months after the grant date, and the remaining 50% vest 24 months after the grant date. After the Share Options and Share Rights have vested, they can be exercised by the employee by giving notice to the Group.
4. The Share Rights lapse if not exercised by the employee by the latter of:
   (a) sixty (60) days after the applicable vesting date; and
   (b) the end of the calendar year in which the vesting date occurred.

The Share Options lapse if not exercised by the employee within six years of the grant date.

5. The exercise price payable by the employee for the Share Rights is nil. The exercise price payable by the employee for the Share Options is the option price.
6. The participants holding Share Rights and Share Options have no interest in the ordinary shares that are the subject of the Share Options or Share Rights, until the Share Options or Share Rights are exercised and ordinary shares issued.
7. A valuation of the Share Options for accounting purposes is done by KPMG using the Binomial Option Pricing Model. The assessed value is charged to the income statement over the life of the option with a corresponding credit to the employee share scheme reserve.

Notes to the consolidated financial statements (continued)

33. Share-based payments (continued)

Movements in share rights granted under the 2021 scheme are as follows:

	ISSUED PRICE	2022 GRANT	2021 GRANT	TOTAL RIGHTS
Rights granted	$2.00	-	939,630	939,630
At 30 June 2021		-	939,630	939,630
Rights granted	$2.55	884,835	-	884,835
Rights converted		-	(469,834)	(469,834)
Rights cancelled		(43,802)	(19,559)	(63,361)
At 30 June 2022		841,033	450,237	1,291,270

The 2022 expense of $1,115k (2021: $1,398k) will accumulate in the employee share scheme reserve.

Movements in share options granted under the 2021 scheme are as follows:

	ISSUED PRICE	2022 $000's GRANT	2021 $000's GRANT	TOTAL $000's OPTIONS
Options granted	$2.01	-	672,835	672,835
At 30 June 2021		-	672,835	672,835
Rights granted	$2.55	796,232	-	796,232
Rights converted		-	(93,982)	(93,982)
Rights cancelled		-	(17,314)	(17,314)
At 30 June 2022		796,232	561,539	1,357,771

The 2022 expense of $380k (2021: $283k) will accumulate in the executive share scheme reserve.

In arriving at the value of the share transfer rights under the Binomial Option Pricing Model the following inputs have been used:

	2022	2021
Risk free rate of interest over the exercise period of the share transfer rights	2.48%	0.42%
Volatility of Tourism Holdings Limited share price returns mid point	32.50%	30.00%

Notes to the consolidated financial statements (continued)

34. Reconciliation of loss after tax with cash flows from operating activities

In accordance with NZ IAS 7 the Group classifies cash flows from the sale and purchase of rental assets as operating cash flows. Where the timing of receipts and payments is of a short-term nature, the cash flows are presented on a net basis.

	NOTES	2022 $000's	2021 $000's
Net loss after tax		(2,119)	(14,514)
Plus/(less) non-cash items:			
Depreciation of property, plant and equipment	11	34,739	39,309
Depreciation of right-of-use assets	12	9,967	8,221
Amortisation of intangibles	16	1,850	1,167
Amortisation of executive share scheme	33	3,038	2,112
Movement in deferred taxation		5,008	(1,901)
Decrease in provision for doubtful debts		(883)	(903)
Interest		264	10
Impairment of goodwill and assets	16	1,135	46
Share of (profit) from joint venture and associates	21	(1,105)	(736)
Non-cash Directors' remuneration		128	164
Fair value (gain)/loss on financial assets at FVPL		(282)	(1,178)
Gain on termination of Mangere lease		-	(1,621)
Accounting gain on mighway & SHAREaCAMPER sale		(5,381)	-
Loan forgiveness – Other borrowings		2,267	-
Total non-cash items		50,745	44,690

	2022 $000's	2021 $000's
Plus/(less) non-cash items:		
Net loss on sale of property, plant and equipment	192	822
Net gain recognised in relation to the Togo sale	(1,326)	-
Net loss recognised in relation to the AMLP transaction	-	1,406
Total items classified as investing activities	(1,134)	2,228
Reclassification of cash flows associated with rental assets		
Net book value of rental assets sold	120,596	157,993
Purchase of rental assets	(164,465)	(119,922)
Total cash flows associated with rental assets	(43,869)	38,071
Trading cash flow	3,623	70,475
Plus/(less) movements in working capital:		
(Decrease)/increase in trade payables excluding rental assets	(9,452)	2,068
(Decrease)/increase in revenue received in advance	12,081	(346)
(Decrease)/increase in provision for taxation	(9,255)	384
(Decrease)/increase in employee benefits	705	122
Decrease/(increase) in trade and other receivables	618	10,629
(Increase)/decrease in inventories	(19,939)	3,644
Total movements in working capital	(25,242)	16,501
Net cash flows (used in)/from operating activities	(21,619)	86,976

Notes to the consolidated financial statements (continued)

34. Reconciliation of loss after tax with cash flows from operating activities (continued)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in the net debt.

	2022 $000's	2021 $000's
Cash and cash equivalents	38,816	38,087
Total cash and cash equivalents	38,816	38,087
Borrowings, short-term	-	(125)
Borrowings, long-term	(97,298)	(86,659)
Lease liabilities, short-term	(9,898)	(8,787)
Lease liabilities, long-term	(72,721)	(64,479)
Net debt	(141,101)	(121,963)
Cash and cash equivalents	38,816	38,087
Gross debt	(179,917)	(160,050)
Net debt	(141,101)	(121,963)

Cash and cash equivalents includes cash on hand, cheques, deposits held at call with financial institutions and bank overdrafts.

There is no restricted cash as at 30 June 2022 (2021: nil).

	ASSETS	LIABILITIES FROM FINANCING ACTIVITIES		
	CASH/BANK OVERDRAFT 000's	BORROWINGS DUE WITHIN ONE YEAR 000's	BORROWINGS DUE AFTER ONE YEAR 000's	TOTAL
Balance at 1 July 2020	35,514	(7,304)	(237,889)	(209,679)
Cash flow	4,389	-	74,567	78,956
Foreign exchange adjustment	(1,816)	-	2,096	280
Non-cash movement – AMLP acquisition	-	(125)	-	(125)
Non-cash movement – lease liabilities	-	(1,483)	10,088	8,605
Net debt at 30 June 2021	38,087	(8,912)	(151,138)	(121,963)
Balance at 1 July 2021	38,087	(8,912)	(151,138)	(121,963)
Cash flow	(2,354)	125	(12,899)	(15,128)
Foreign exchange adjustment	3,083	158	2,102	5,343
Non-cash movement – lease liabilities	-	769	(10,122)	(9,353)
Net debt at 30 June 2022	38,816	(7,860)	(172,057)	(141,101)

Notes to the consolidated financial statements (continued)

35. Deferred income tax

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when the deferred income tax relate to the same fiscal authority.

The gross movement on the deferred income tax account is as follows:

	2022 $000's	2021 $000's
Beginning of the year	9,032	10,230
Income statement charge – provision	620	148
Income statement charge – property plant and equipment	15,907	(4,753)
Tax losses	(12,254)	287
Adjustment for US tax losses carried back[1]	-	2,510
Tax charged to equity-derivative	2,115	610
Other	657	-
End of the year	16,077	9,032

	2022 $000's	2021 $000's
Amounts recognised in income statement		
Provisions	(3,849)	(5,172)
Property, plant and equipment	54,836	35,726
Tax losses	(33,845)	(18,321)
Prepayment and share rights	133	-
Leases	(2,405)	(2,284)
Other - Kiwi Experience reclassed to asset held for sale	207	-
Amounts recognised directly in equity		
Derivative financial instruments	1,000	(917)
Net deferred tax liability	16,077	9,032

[1] Tax credits include tax losses in the US which were rolled back to previous tax years prior to the rate change where tax had been filed at the higher rate.

	30 June 2022 $000's	30 June 2021 $000's
Deferred tax assets	-	(957)
Deferred tax liabilities	16,077	9,989
Net deferred tax liability	16,077	9,032

Notes to the consolidated financial statements (continued)

36. Changes in accounting policies and disclosures

Issued standards and amendments

There are no new or amended standards which have been adopted in the year ended 30 June 2022 that have a material impact on the Group.

Following the publication of the IFRS Interpretations Committee (IFRIC) agenda decision on Configuration or Customisation costs in a Cloud Computing Arrangement in March 2021, the Group has considered and concluded that there is no change of accounting policy required.

37. Contingencies

As at 30 June 2022 the Group has bank guarantees of $1.8M in place (2021: $1.6M). Predominantly these are in lieu of bonds paid relating to leased assets.

38. Other events

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. 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.

thl and ATL continue to work with the New Zealand Commerce Commission (NZCC) and Australian Competition and Consumer Commission (ACCC) to address the issues identified with a proposal that the merged entity divests certain assets in each country. A decision by both commissions is expected in September. Although the timeline for completing the various regulatory processes associated with this potential transaction has been extended, the ***thl*** Board remains supportive of the proposed merger. In July 2022, ***thl*** and Apollo agreed to amend the Scheme Implementation Deed to extend the final date for satisfaction or waiver of all conditions precedent to the scheme to 15 October 2022.

Transaction costs in relation to the Apollo merger of $5.1M have been incurred to 30 June 2022 and expensed through the income statement. The Group will incur further costs in relation to the proposed transaction in FY23.

39. Events after the reporting period

Acquisition of MaxiTrans

On 29 July 2022, Action Manufacturing, 100% owned subsidiary of the Group, acquired MaxiTrans for $2.1M, subject to final completion accounts. MaxiTrans is a well-established business operating in the heavy transport industry under the Freighter brand and complements Action's existing Fairfax business by way of offering significant product extension.

There are no events after the reporting period which materially affect the information within the consolidated financial statements.

Independent auditor's report

To the shareholders of Tourism Holdings Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Tourism Holdings Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of agreed upon procedures in relation to the interim financial statements. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of this other service and relationships have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report (continued)

To the shareholders of Tourism Holdings Limited

Description of the key audit matter	How our audit addressed the key audit matter
Funding requirements and forecast compliance with loan facility undertakings and covenants As at 30 June 2022, the Group's bank borrowings were $97.3 million as disclosed in note 25 Borrowings. The Group's amended facility agreement includes committed debt funding facilities of approximately $258 million, maturing between June 2023 and June 2024, with certain financial covenants. The Group has assessed forecast compliance with these covenants by preparing a cash flow scenario forecast for the next four years and using the forecast to calculate the financial covenants at future calculation dates. The assessment prepared by the Group shows compliance with covenants at all future calculation dates. We consider this as a key audit matter because forecasts are inherently subjective, with key assumptions based on estimates and judgement, coupled with the uncertainties of the ongoing effect of COVID-19 on the Group's performance and cash flows.	We obtained an understanding of the controls implemented by management over forecast compliance with covenants and assessed whether they were appropriately designed and implemented. We read the amended facility agreement and understood the amended covenant requirements and undertakings. We obtained management's forecast, including the forecast calculations to assess compliance against relevant covenants for at least 12 months from the date of approval of the consolidated financial statements, and performed the following procedures: · compared management's forecast used in assessing future covenant compliance to the Board approved forecast in June 2022, noting that any differences do not change the outcome of the assessment; · understood management's forecasting process and the basis for determining the key assumptions; · assessed management's historical forecasting reliability by comparing the Group's actual results against the forecast over the last three years. Where actual results deviated from historical forecast results, we understood the underlying reasons and considered the potential impact on the reliability of the forecast prepared in the current year; · tested the mathematical accuracy of the forecast model; · assessed the reasonableness of the key assumptions incorporated in the forecast; · reviewed the forecast sensitivity analysis performed by management and overlaid this with our own assessment and assumptions; · assessed the impact of the most recent results, subsequent to balance date, to the forecast assumptions and forecast covenant compliance; · reperformed the forecast covenant compliance calculations at the calculation dates for at least 12 months from the date of approval of the consolidated financial statements; · understood, at a high level, the plan for capital and funding arrangements resulting from the Group's potential acquisition of Apollo Tourism & Leisure Limited; and · considered the adequacy of disclosures in note 25 to the consolidated financial statements in accordance with the relevant accounting standards.

Independent auditor's report

To the shareholders of Tourism Holdings Limited

Description of the key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment The Group tests intangible assets with indefinite useful lives for impairment annually by comparing the cash generating unit's (CGU) recoverable amount determined using value in use (VIU) with the CGU's carrying amount. The Group's goodwill in United States of America (US) Rentals CGU had a carrying value of $34.2 million as of 30 June 2022 (note 16 Intangible assets). The impairment assessment was a key focus area of our audit due to the inherent judgement in assessing impairments and the uncertainty on the assumptions applied by the Board in their impairment assessment.	We obtained an understanding of the controls implemented by management over impairment assessments and considered whether they were appropriately designed and implemented. In considering the impairment assessments for the US Rentals CGU, we performed the following: · obtained the Group's impairment assessment and model and held discussions with management to understand: – the Group's continued strategy in navigating through the ongoing impact of COVID-19; – the current performance of the CGU and the forecasts; and – the basis for determining the key assumptions in preparing the impairment models; · compared actual results to forecast performance for the past three financial years, understood reasons for deviations, analysed key trends and considered the impact on our assessment of forecast earnings; · considered the actual results for the month of July 2022 against forecast; and · engaged our auditor's valuation expert to: – assess the valuation methodology underlying the impairment analysis including the mechanical calculation of the impairment models; and – assess the reasonableness of the discount rate, terminal value methodology and assumptions; We also assessed the adequacy of disclosures, including the sensitivity analysis disclosed in note 16 of the consolidated financial statements, in accordance with the relevant accounting standards.

Independent auditor's report (continued)

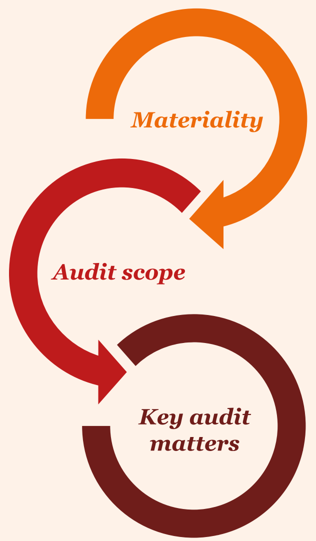
To the shareholders of Tourism Holdings Limited

Description of the key audit matter	How our audit addressed the key audit matter
Residual values and depreciation rates for motorhomes The Group generates revenue from motorhomes through rental income and the sale of motorhomes from its ex-rental fleet that have been reclassified to inventory. As disclosed in note 11 Property, plant and equipment of the consolidated financial statements, the net book value of motorhomes at 30 June 2022 was $301.5 million, after $30.9 million of depreciation charged for the year. The total net book value of motorhomes reclassified to inventory at balance date was $29.4 million. As disclosed in note 2 Revenue of the consolidated financial statements, the Group sold motorhomes during the year for $226.9 million with a total cost of sales of $150.8 million. The method of estimating the depreciation rate, which includes an estimation of residual values, is detailed in note 11 of the consolidated financial statements. The estimation of an appropriate depreciation rate for motorhomes directly affects both depreciation expense and the net book value of ex-rental fleet reclassified to inventory, and can therefore have a significant impact on both the current and future profit of the Group, which is why we have given this area specific audit focus and attention.	We obtained an understanding of the controls implemented by management over their review of residual values and depreciation rates and assessed whether they were appropriately designed and implemented. We performed the following audit procedures to assess the judgements made by management in determining the residual values and depreciation rates for motorhomes: · updated our understanding of the relevant business processes and management's annual assessment of motorhome residual values and depreciation rates; · considered whether the methodology applied and data used were consistent with prior period; · tested mathematical accuracy of the calculations supporting management's analysis; · for a sample of motorhomes sold during the year, compared the sales proceeds to the carrying amount (i.e. the depreciated net book value) and recalculated the profit or loss on sale; · compared the actual sales margin and depreciation rates achieved during the year to historical and forecasted results. Where actual results deviate from historical and/or forecasted results, we understood the underlying reasons and considered the potential impact on current and future depreciation rates; · assessed whether depreciation rates applied were consistent with the accounting policy and recalculated the depreciation charge for the year; and · considered the adequacy of disclosure, including the appropriateness of the sensitivity analysis as disclosed in note 11, in accordance with the relevant accounting standards.

Independent auditor's report

To the shareholders of Tourism Holdings Limited

Our audit approach



Overview

Overall group materiality: $1,450,000, which approximately represents 4% of a five year weighted average operating profit before financing costs, excluding one-off transaction costs in relation to the Apollo merger.

We chose this approach as it reduces the impact of one off results which do not reflect the long term performance of the business. In our view, a five year weighted average operating profit before financing costs is more appropriate given the volatility of the Group's results over the last three years.

We identified subsidiaries that, due to their financially significant contribution as well as strategic importance to the Group's overall results, required a full-scope audit. In addition, we also performed specific audit procedures on certain balances and transactions of other subsidiaries. Audits of each subsidiary are performed at a materiality level calculated with reference to a proportion of the Group materiality relative to the financial significance of the business concerned.

As reported above, we have three key audit matters, being:

- Funding requirements and forecast compliance with loan facility undertakings and covenants
- Goodwill impairment assessment
- Residual values and depreciation rates for motorhomes

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report (continued)

To the shareholders of Tourism Holdings Limited

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Lisa Crooke.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
Auckland

25 August 2022

PricewaterhouseCoopers, 15 Customs Street West, Private Bag 92162, Auckland 1142, New Zealand
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Corporate governance

For the year ended 30 June 2022

Tourism Holdings Limited ('***thl***') operates under a set of corporate governance principles designed so that ***thl*** is effectively managed. The Board is committed to the continued development of ***thl***'s corporate governance practices by reviewing and developing its corporate governance policies and monitoring developments to keep abreast of corporate governance best practice.

thl's corporate governance framework includes:

- The constitution of ***thl***, which describes the 'rules' under which the Company operates, including issue and other share transactions, distributions, shareholder meetings, Director appointment, remuneration and powers, and the conduct of Board and shareholder meetings.
- The Board Charter and sub-committee charters, which set out the roles and responsibilities of the Directors.
- The Code of Ethics, which outlines the standards of ethical behaviour expected of Directors, staff and contractors.
- The Market Disclosure Policy, which outlines the policy around disclosure of company information, including the commitment to compliance with continuous disclosure requirements.
- The Securities Trading Policy, which outlines policy and guidelines around trading in ***thl*** securities by Directors, officers and staff.
- The Diversity Policy, which outlines the commitment to diversity in Board, Executive and staff appointments.
- The Delegated Authority Policy, which outlines the delegation of authority by the Board to management, and the authorisation levels at which Board approval is required.

thl's governance practices have been reviewed against the recommendations of the NZX Corporate Governance Code ('Code'). The Board considers that the ***thl*** governance framework and practices for the year ended 30 June 2022 are in compliance with the recommendations of the Code. The information in this Governance Report is current as at 25 August 2022 and has been approved by the ***thl*** Board.

thl's corporate governance policies and charters are available on its website at www.thlonline.com.

Principle 1 – Ethical behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

thl is committed to being a good corporate citizen. The Company expects Directors, employees and contractors to practise high ethical standards in the performance of their duties, to comply with all applicable laws and regulations, cooperate with all regulatory bodies and Government agencies, and use Company assets and resources only for the legitimate and ethical achievement of its objectives.

thl has adopted a Code of Ethics supporting its maintenance of such high ethical standards and reinforces ***thl***'s commitment to the community. The Code of Ethics addresses the areas of ethical business practices, insider trading, conflicts of interest and use of Company property, amongst other matters. The Code of Ethics is available at www.thlonline.com.

Securities Trading Policy

thl has in place a formal Securities Trading Policy and guidelines which applies to all Directors, officers and employees of ***thl*** and its subsidiaries who intend to trade in ***thl*** listed securities.

All individuals defined as "restricted persons" under that policy must notify ***thl*** of their intention to trade and obtain approval from the Board before trading in ***thl***'s shares. No trading in shares is permitted in 'blackout periods' from 1 June each year until 48 hours after the release of the full year results and from 1 December each year until 48 hours after the release of the half year results, except in exceptional circumstances. In the year ending 30 June 2022, no consent was provided for any restricted persons to trade during a blackout period.

Corporate governance (continued)

For the year ended 30 June 2022

Principle 1 – Ethical behaviour (continued)

Trading is permitted outside the blackout periods, provided the restricted person confirms that they do not hold any material information and that they are not aware of any reason that would prohibit them from trading. Any trading must be completed within 10 trading days of approval being given. Restricted persons are defined in the policy as:

- all Directors;
- the Chief Executive Officer (CEO);
- all members of the senior management team and their direct reports;
- the administrative staff of the senior management team;
- all employees in the finance team;
- trusts and companies controlled by such persons;
- anyone notified by the Chief Financial Officer (CFO) from time to time; and
- anyone participating in the Long-Term Incentive Scheme.

The Securities Trading Policy is available at www.thlonline.com.

Principle 2 – Board composition and performance

"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Board skills and expertise

thl's Board is comprised of Directors who have a mix of skills, knowledge, experience and diversity to adequately meet and discharge its responsibilities and to add value to the Company through efficient and effective governance and leadership. The current Directors have a varied and balanced mix of skills, including extensive operational experience, knowledge of the tourism industry, as well as extensive experience in capital markets, growth and global transactions.

Below is a summary of the key skills and expertise held by the Board, which are considered most relevant to effectively fulfilling the Board's current objectives:

- Corporate governance experience, including publicly listed company experience;
- Global business experience in multi-site operations;
- Tourism industry experience;
- Experience in development and execution of growth strategies;
- Sustained positive people leadership;
- Community and Iwi engagement;
- Focus on deployment and management of capital for a strong return on funds employed;
- Investment banking, capital markets and M&A transaction experience;
- Legal and regulatory expertise;
- Financial governance and audit oversight;
- Health and safety governance and management experience;
- Treasury and funding expertise; and
- International business leadership and CEO and CFO experience.

Individual Director profiles are set out in the Board of Directors section.

Roles and Responsibilities of the Board

The Board is committed to managing ***thl*** in an ethical and professional manner, and in the best interests of the Company and its shareholders. ***thl*** has a Board Charter, available on its website, which amongst other matters sets out the specific responsibilities of the Board, including the following:

- Oversight of ***thl***, including its control and accountability procedures and systems;
- Appointment, performance and removal of the CEO;
- Confirmation of the appointment and removal of the senior Executives (being the direct reports to the CEO);

Corporate governance (continued)

For the year ended 30 June 2022

Principle 2 – Board composition and performance (continued)

- Setting the remuneration of the CEO and CFO, approval of the remuneration of the senior Executives, and the adoption of ***thl***'s remuneration policy;
- Overseeing the development, adoption and communication of the corporate strategy and objectives and oversight of the adequacy of ***thl***'s resources required to achieve the strategic objectives;
- Approval of and monitoring of actual results against the annual business plan and budget (including the capital expenditure plan);
- Review and ratification of ***thl***'s internal compliance and control, codes of conduct, and legal compliance;
- Approval and monitoring of the progress of capital expenditures, capital management initiatives, and acquisitions and divestments;
- Overseeing accounting and reporting systems and ***thl***'s compliance with its continuous disclosure obligations;
- Approval of the annual and half-year financial statements;
- Setting measurable objectives for achieving diversity with the organisation; and
- Adopting and reviewing ***thl***'s risk management framework.

Board performance evaluation and training

On an annual basis the Chair conducts a review of Board performance. A review using an independent external facilitator is conducted every second year. Board Committees review performance against their Charters on an annual basis. The Remuneration and Nomination Committee is responsible for ensuring Directors remain up to date with relevant training.

Director appointment and nomination

The policy for appointment and retirement of Directors is contained within ***thl***'s constitution and Board Charter. In accordance with the ***thl***'s Listing Rules, Directors must not hold office (without re-election) past the third Annual Meeting following their appointment or three years, whichever is longer.

Rob Hamilton and Guorong Qian shall retire by rotation at the 2022 Annual Meeting and, being eligible, will offer themselves for re-election.

The process for the nomination of Directors is set out in the Remuneration and Nomination Committee Charter. The Remuneration and Nomination Committee is responsible for identifying and assessing the necessary and desirable competencies and characteristics for Board membership and maintaining a skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

thl has entered into a written agreement with each of its Directors setting out the terms of their appointment. ***thl***'s terms of appointment for Directors is set out at Schedule 1 of the ***thl*** Board Charter.

Director independence

The criteria to determine whether Directors are independent is set out in the Board Charter. All the Directors holding office on 30 June 2022, with the exception of Guorong Qian, are considered to be independent. Directors are required to inform the Board of any relevant information that may impact independence. The Remuneration and Nomination Committee Charter reviews the independence of Directors on behalf of the Board.

Board Diversity Policy

The ***thl*** Diversity Policy endorses and supports diversity in Board, Executive and staff appointments, encompassing differences including but not limited to gender, ethnicity, race, marital status, sexual orientation, age, employment status, religious belief, ethical belief or political opinion. When making appointments, the Board and management are committed to considering diversity as well as the mix of skills and experience needed to expand the perspective and capability of the Board and the management team as a whole.

The ***thl*** Diversity Policy is available at www.thlonline.com. It requires the Board to consider the diversity position of ***thl*** annually and whether to set any measurable objectives, which may be numerical and non-numerical. Information regarding ***thl***'s current female representation and Board approved gender objectives can be found on page 33. A wider survey of crew diversity to incorporate other areas of analysis including ethnicity and a collation of broader gender diversity information is expected to be undertaken in FY23.

The Board considers that it currently has the appropriate mix of skills, experience and diversity to fulfil its responsibilities under the NZX Listing Rules and the ***thl*** Diversity Policy.

Corporate governance (continued)

For the year ended 30 June 2022

Principle 3 – Board Committees

"The Board should use Committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility."

There are four standing Committees described below, each of which operates under a written charter. The performance of the standing Committees is reviewed annually against the Charters.

Each Committee is authorised to deal with matters as set out in its Charter or falling within its mandate. Where the Board has delegated decision-making authority to a Committee, that Committee is entitled to make decisions on such matters, otherwise the Committee is to submit recommendations to the Board for consideration. From time to time, the Board delegates specific matters to the appropriate Committee so that a detailed review and analysis is undertaken. The Committee then reports back to the Board regarding their findings and recommendations.

Following an external review of ***thl***'s Board Committees, ***thl*** has undertaken a number of recent changes to its Committee structures. The (formerly named) Sustainability and Risk Committee now oversees matters relating to ***thl***'s employee health, safety and wellbeing matters, while the (formerly named) Audit Committee now oversees both financial and strategic risk management. The responsibilities of the Marketing and Customer Experience Committee were re-assumed by the ***thl*** Board.

The Audit and Risk Committee

The Audit and Risk Committee is comprised solely of Non-Executive Directors of the Board, a majority of whom must be independent Directors. The Chair of the Audit and Risk Committee must not be the Chair of the Board.

The Committee meets a minimum of three times each year. The Audit and Risk Committee has oversight of, and assists the Board to fulfil its responsibilities in the areas of financial reporting, audit functions, and financial and strategic risk management and control. ***thl*** employees are able to attend Audit and Risk Committee meetings from time to time by invitation from the Committee.

The Audit and Risk Committee oversees ***thl***'s internal audit work programme based on ***thl***'s risk management framework. An internal audit work plan is developed each year, with internal audit assignments completed by the internal finance function, with external support as required.

The current composition of the Audit and Risk Committee is Rob Hamilton (Chair), Debbie Birch, Cathy Quinn and Gráinne Troute.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is comprised of at least three Non-Executive Directors of the Board, a majority of whom must be independent Directors.

The Committee meets a minimum of two times each year. The Remuneration and Nomination Committee supports the Board on matters relating to human resources and remuneration. It assesses the role and responsibilities, composition, training and membership requirements and remuneration for the Board, including recommendations for the appointment and removal of Directors.

The current composition of the Remuneration and Nomination Committee is Grainne Troute (Chair), Cathy Quinn, Rob Hamilton and Guorong Qian. Management may attend meetings of the Remuneration and Nomination Committee by invitation only.

Market Disclosure Committee

The Market Disclosure Committee is comprised of Cathy Quinn, Rob Hamilton and Debbie Birch. Also in attendance are Grant Webster (CEO) and Nick Judd (CFO). The Committee monitors compliance with the Group's Market Disclosure Policy which covers compliance with NZX Listing Rules, the Companies Act 1993, the Financial Markets Conduct Act 2013 and other guidelines issued by the Financial Markets Authority and the NZX.

The Committee meets if required outside of normal Board meetings to approve market disclosures.

Health, Safety and Sustainability Committee

The Health, Safety and Sustainability Committee is comprised of at least two Non-Executive Directors of the Board. The current composition of the Health, Safety and Sustainability Committee is Debbie Birch (Chair), Gráinne Troute and Cathy Quinn.

The Committee supports the Board and management on sustainability policies and practices and employee health, safety and wellbeing matters. The Committee meets a minimum of three times each year, as required.

Other Committees

The ***thl*** Board establishes other temporary Committees from time to time when required for a specific purpose.

This includes Committees for the governance of capital raising processes or for the progression of acquisition opportunities. Membership of these Committees is assessed on a case by case basis.

Takeover protocols

thl has a written protocol that describes the process to be followed in the event of a takeover offer. The protocol includes the appointment of a sub-Committee of independent Directors.

Corporate governance (continued)

For the year ended 30 June 2022

Principle 4 – Reporting and disclosure

"The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

The Board is committed to providing shareholders and the market with complete and timely information about the activities of the business to allow proper accountability between ***thl*** and shareholders, employees and other stakeholders. The Board has overall responsibility for ensuring the integrity of ***thl***'s reporting and disclosure.

Continuous disclosure

thl's obligations under the NZX Listing Rules require it to advise the market about any material events promptly and without delay once the Company becomes aware of such information. The Board has in place a Market Disclosure Policy in order to see that the Company is able to comply with its continuous disclosure obligations.

The Market Disclosure Policy contains a procedure for the escalation of potential material information to the Market Disclosure Committee, in order to allow the Committee to determine whether the information is material and whether an announcement is required. The Market Disclosure Policy is provided to all ***thl*** staff and is also available on www.thlonline.com. Additionally, ***thl*** provides training regarding its continuous disclosure obligations to all staff, sends annual reminders of ***thl***'s Market Disclosure Policy and information escalation procedures, and monitors compliance on an ongoing basis.

Financial reporting

The Audit and Risk Committee is responsible to the ***thl*** Board in relation to financial reporting. It reviews the interim and annual financial statements and reports to the Board regarding compliance with relevant laws and recognised accounting policies. It is also responsible for seeing that ***thl*** retains accurate financial, accounting and tax records, and that all financial reporting is done in an accurate and timely manner.

Non-financial reporting

thl has adopted the internationally recognised International Integrated Reporting <IR> Framework so that its disclosure of non-financial reporting is balanced, transparent, connected to the financial, social and environmental performance, and easily comparable to other companies.

Principle 5 – Remuneration

"The remuneration of Directors and Executives should be transparent, fair and reasonable."

thl is committed to a fair approach to remuneration which provides alignment between remuneration levels and business needs. A clear set of boundaries and process to guide ***thl***'s philosophy for remuneration has been set by the Remuneration and Nomination Committee in the ***thl*** Remuneration Policy.

The ***thl*** Remuneration Policy is available on ***thl***'s website at www.thlonline.com.

Director remuneration

The fees payable to Directors are set by the Board, usually with the advice of independent consultants, in line with the ***thl*** Remuneration Policy. Director remuneration is to be appropriate to the market and reflect the time commitment and responsibilities of the role. As ***thl*** does not have any Executive Directors, its Director remuneration policy is applicable only to Non-Executive Directors.

The total fee pool approved by the shareholders for Director remuneration at the 2018 Annual Meeting is $750,000. The annual fees currently paid to Directors is $175,000 for the Chair, $87,500 for each Director, plus $15,000 for the Chair of the Audit and Risk Committee and $10,000 for the Chair of each other Committee. Total Directors' remuneration received, or due and receivable during the year ended 30 June 2022 is set out on page 148 in the Director remuneration note.

thl also has in place a fixed share plan under which Directors may elect to receive ordinary shares in ***thl*** in lieu of their Director fees (either in whole or in part). This share plan was previously approved by ***thl*** shareholders.

CEO and Executive remuneration

Decisions concerning the remuneration of the CEO require approval from the Board, usually on the recommendation of the Remuneration and Nomination Committee, unless specifically delegated to that Committee. Decisions concerning the remuneration of any other C-level positions, General Managers or similar require approval from the Chair of the Remuneration and Nomination Committee and are subject to the oversight of the Committee at least annually.

thl is committed to having its Executives fairly and equitably remunerated, and appropriately rewarded for excellent performance and achievement. In addition, ***thl*** uses a remuneration structure that aligns the interests of the CEO and Executive team with the interests of shareholders.

Corporate governance (continued)

For the year ended 30 June 2022

Principle 5 – Remuneration (continued)

The CEO and Executive remuneration generally consists of a fixed base salary and allowances, annual performance-based incentives and long-term equity-based incentives. The fixed base salary of the CEO and Executive team is reviewed annually. Annual performance-based incentives are linked to financial and individual targets.

Ordinarily, the CEO and CFO's annual short-term incentive is based 90% on Company financial performance (net profit after tax, and return on funds employed), and 10% on individual performance against specific targets (such as acquisitions and investor relations). The annual incentives of other Executives are based 40% on Company financial performance and 40% on other financial targets, and 20% on individual performance against specific targets. Other eligible senior staff have annual incentives based 60% on financial performance and 40% on individual performance against specific targets.

However, for FY21 and FY22 the normal cash-based short-term incentive scheme was suspended and replaced with a ***thl*** share-based retention scheme (Share Retention Scheme). The rationale for the implementation of the replacement Share Retention Scheme was that ongoing uncertainty of trading conditions due to the pandemic meant that no meaningful performance targets could be set. The scheme was to encourage the retention of key employees beyond the normal 12 month period under the ordinary short-term incentive scheme. Additionally, it was to minimise cash expenditure by replacing a cash-based scheme with a share-based scheme, aligning the interests of eligible senior staff with shareholders.

Under the Share Retention Scheme, eligible staff were invited to participate in the scheme, whereby retention share rights are granted to participants to the value of their contractual short-term incentive bonus. Once vested, the share rights are convertible into ordinary shares for no exercise price. Half of the issued share rights vest after 12 months, with the remaining 50% vesting after a further 12 months. Vesting of share rights is also subject to the individual remaining employed by ***thl***, as well as ***thl*** achieving a base financial target for the applicable financial year. In July 2022, half of the share rights that were issued to participating employees in each of July 2020 and July 2021 were exercised (where those employees met the retention criteria), and an equivalent amount of ordinary shares were issued.

Under the Share Retention Scheme, the Executive team (including the CEO and CFO) were issued share rights to the value of 50% of their contractual short-term incentive bonus and were issued retention share options in respect of the remaining 50%.

The retention share options operate in a similar manner to options issued under ***thl***'s long-term incentive (LTI) scheme, with shorter vesting periods. The vesting period and conditions for retention share options are equivalent to those of the share rights (i.e. 50% after 12 months and 50% after a further 12 months).

The LTI scheme is designed to align the interests of the Executives with those of the shareholders. Executives are rewarded for long-term increases in shareholder value. Executives are invited to participate in the long-term incentive plan by the Board on an annual basis, and participating Executives are awarded share options at the discretion of the Board. The awarding of options is based on a percentage of a fixed remuneration, based on a valuation of the options carried out each year by KPMG. Details of the schemes and the status of options issued under the schemes is included in note to the Financial Statements.

Further detail regarding CEO remuneration for the year ended 30 June 2022 is set out in the CEO remuneration note below.

Staff remuneration

Decisions concerning remuneration of other ***thl*** staff require approval on a "one-up" basis. This means that no person may make decisions on the remuneration of any person reporting to them without the approval of the person to whom they report.

The number of ***thl*** staff which received remuneration exceeding $100,000 in the year ending 30 June 2022 is set out in the employee remuneration section.

Corporate governance (continued)

For the year ended 30 June 2022

Principle 6 – Risk management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

thl maintains a framework for the identification, assessment, monitoring and management of material risks to ***thl***'s business. The ***thl*** Board has ultimate responsibility for reviewing ***thl***'s risk management framework, however the ongoing oversight is delegated to the Audit and Risk Committee, who reports to the Board in respect of potential issues or risks that require further consideration and response.

Strategic risk management

A responsibility of the Audit and Risk Committee is to consider, assess and respond to long-term strategic risks to ***thl***'s business. This includes oversight and management of ***thl***'s risk register and risk contingency plans. ***thl*** management maintains the material risk register and reports to the Board every second month on such risks, with a more detailed risk register being reported to and reviewed by the Audit and Risk Committee on a regular basis. Management monitors risks on an ongoing basis to identify any new risks as well as any potential changes to the threat posed to ***thl***'s business from previously identified risks. . Further information regarding the key material risks to ***thl*** can be found in the 'Protecting the value we create' section in this report.

Financial risk management

The Audit and Risk Committee is also responsible for overseeing that ***thl*** has appropriate controls and systems in place to manage any financial risks and to protect ***thl***'s assets. This involves reviewing ***thl***'s risk management system, business policies and practices and internal control framework. The Committee is also responsible for overseeing that ***thl*** maintains insurance coverage which protects earnings from potential adverse circumstances.

Health and safety

The Health, Safety and Sustainability Committee is responsible for monitoring matters relating to occupational health and safety, and physical and mental wellbeing of ***thl*** staff, and reporting to the Board on such matters.

The Committee works with management to identify and maintain a register of workplace hazards, so that ***thl*** has in place and appropriately documents its health and safety policies and procedures.

thl management report to the Board on any health and safety incidents, including implementation of responses to prevent further incidents, on a monthly basis.

Principle 7 – Auditors

"The Board should ensure the quality and independence of the external audit process."

The Audit and Risk Committee is responsible for recommending the appointment and removal of external auditors, overseeing their independence and regularly monitoring and reviewing both internal and external audit practices. The Committee closely monitors ***thl***'s relationship with the external auditor, including:

- Ensuring the rotation of the external auditor or lead partner and peer review partner at least every five years;
- Obtaining confirmation of the auditor's independence in writing; and
- Monitoring and approving any other services provided by the external auditor to ***thl*** other than in its audit role, and monitoring total non-audit fees.

The Audit and Risk Committee Charter sets out the types of services which the external auditor is prohibited from providing to ***thl*** so that their ability to provide audit services is not impaired and that they remain independent.

thl's current external auditor is PwC New Zealand. PwC was re-appointed by shareholders at the 2021 Annual Meeting. In accordance with ***thl***'s Board Charter, PwC New Zealand will attend the 2022 Annual Meeting and be available to answer questions about the conduct of its audit and the preparation and content of its audit report.

Throughout the year, there is ongoing dialogue between the Audit and Risk Committee, management and PwC in their role as external auditors. Additionally, PwC regularly attend meetings of the Audit and Risk Committee at the invitation of that Committee and have direct engagement with that Committee without management presence, as appropriate.

thl has an internal audit function which is based on an annual plan prepared by management, reflecting ***thl***'s risk management framework. The Audit and Risk Committee receives and reviews reports from the internal audit team, and is responsible for overseeing that recommendations, actions and timelines for internal audits are agreed and undertaken with management.

Corporate governance (continued)

For the year ended 30 June 2022

Principle 8 – Shareholder rights and relations

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Access to information

The Board seeks for shareholders to be able to access up-to-date information regarding ***thl***'s business and ongoing developments in an easy-to-access format. ***thl*** makes available on its website a description of each of its businesses, historical interim and annual reports and other shareholder communications, and key corporate governance documents as required by the Code.

Shareholders have the option to receive communications from ***thl*** electronically by electing to do so with ***thl***'s share registrar, Link Market Services. ***thl*** encourages all shareholders to opt in to receiving electronic communications where practical to reduce waste.

A brief biography of each of ***thl***'s Directors and key members of the Executive team is available on ***thl***'s website.

Annual Meetings

The Board encourages all shareholders and stakeholders to attend its Annual Meetings. It aims for all Annual Meetings to be attended by all Directors as well as the CEO, the CFO and the Deputy CFO, and that they are available for questions from shareholders. Notice of the Annual Meeting is communicated to shareholders (including by being posted on ***thl***'s website) as soon as possible, with at least 20 working days prior notice being given in accordance with the NZX Corporate Governance Code.

The 2021 Annual Meeting was held as a virtual meeting, with all shareholders being able to live-stream and submit questions online. Where an Annual Meeting is held physically, ***thl*** also provides the option to live-stream the Annual Meeting for those shareholders that are unable to attend in person. Shareholders attending via the live-stream have the ability to submit questions online. A recording of each Annual Meeting is subsequently made available on the ***thl*** website.

Board composition

thl's constitution allows no less than three and up to 10 Directors. As at 30 June 2022, the Board of Directors comprised five Directors, all of whom are Non-Executive Directors. A review of ***thl***'s Board composition is intended once there is certainty regarding the outcome of the proposed merger with Apollo.

DIRECTOR	ROLES	DIRECTOR SINCE	INDEPENDENCE
Cathy Quinn	Board Chair, Member Health, Safety and Sustainability Committee, Member Audit and Risk Committee, Member Market Disclosure Committee, Member Remuneration and Nomination Committee	September 2017	Independent Director
Debbie Birch	Chair Health, Safety and Sustainability Committee, Member Audit and Risk Committee, Member Market Disclosure Committee	September 2016	Independent Director
Rob Hamilton	Chair Audit and Risk Committee, Member Remuneration and Nomination Committee, Member Market Disclosure Committee	February 2019	Independent Director
Guorong Qian	Member Remuneration and Nomination Committee	July 2019	Non-Independent Director
Gráinne Troute	Chair Remuneration and Nomination Committee, Member Audit and Risk Committee, Member Health, Safety and Sustainability Committee	February 2015	Independent Director

Corporate governance (continued)

For the year ended 30 June 2022

Table of Board attendance

DIRECTOR	BOARD MEETING	AUDIT AND RISK COMMITTEE MEETING[1]	REMUNERATION AND NOMINATION COMMITTEE MEETING	DISCLOSURE COMMITTEE MEETING	HEALTH, SAFETY AND SUSTAINABILITY COMMITTEE MEETING[2]	MARKETING AND CUSTOMER EXPERIENCE COMMITTEE MEETING[3]
Cathy Quinn	11	4	4	4	3	3
Debbie Birch	11	4	4	-	3	3
Rob Hamilton	11	4	4	4	3	3
Gráinne Troute	10	4	4	-	3	3
Guorong Qian	11	3	1	-	3	3
Rob Campbell[4]	9	3	2	4	2	2
Total meetings held	11	4	4	4	3	3

[1] Previously the Audit Committee until June 2022.
[2] Previously the Sustainability and Risk Committee until June 2022.
[3] The Marketing and Customer Experience Committee ceased in June 2022.
[4] Rob Campbell retired as a Director of ***thl*** effective from 13 June 2022.

Director and Officer gender composition

As at 30 June 2022, ***thl***'s Director and Officer gender composition was as follows:

	2022		2021	
	MALE	FEMALE	MALE	FEMALE
Directors	2 (40%)	3 (60%)	3 (50%)	3 (50%)
Officers[1]	6 (86%)	1 (14%)	6 (86%)	1 (14%)
Executive team[2]	7 (70%)	3 (30%)	6 (75%)	2 (25%)

[1] As per the definition for 'Officers' in the Listing Rules.
[2] The ***thl*** Executive team are ***thl***'s C-suite leaders, as detailed on thlonline.com/about/executiveteam.

Directors' remuneration

Directors' remuneration received, or due and receivable during the year ended 30 June 2022 is as follows:

	2022			
DIRECTOR	**BASE DIRECTOR FEE**	**SUBCOMMITTEE CHAIR FEE**	**OTHER REMUNERATION[1]**	**TOTAL**
Cathy Quinn	94,792	10,000	10,000	114,792
Debbie Birch	87,500	10,000	-	97,500
Rob Hamilton	87,500	15,000	12,500	115,000
Guorong Qian	87,500	-	-	87,500
Grainne Troute	87,500	10,000	-	97,500
Rob Campbell[2]	175,000	-	10,000	185,000
	619,792	45,000	32,500	697,292

	2021			
DIRECTOR	BASE DIRECTOR FEE	SUBCOMMITTEE CHAIR FEE	OTHER REMUNERATION	TOTAL
Cathy Quinn	83,854	9,583	-	93,437
Debbie Birch	83,854	9,583	-	93,437
Rob Hamilton	83,854	14,375	-	98,229
Guorong Qian	83,854	-	-	83,854
Grainne Troute	83,854	9,583	-	93,437
Rob Campbell[2]	167,708	-	-	167,708
	586,978	43,124	-	630,102

[1] Paid in reflection of additional commitments and responsibilities as a member of the Apollo transaction Board Subcommittee.
[2] Rob Campbell retired as a Director on 13 June 2022.

In FY22, Rob Hamilton and Rob Campbell were issued, or are to be issued, ordinary shares in ***thl*** as part of their Director remuneration. Refer to the section titled "Directors' share dealings".

All Directors reduced their Director fees by 50% from April to July 2020 (inclusive) as a responsive measure to COVID-19. This impacted remuneration in the first month of FY21.

Corporate governance (continued)

For the year ended 30 June 2022

CEO remuneration

Fixed remuneration

In FY22 the CEO, Grant Webster, received fixed remuneration including allowances of $679,556 (FY21: $651,117). In FY21, the CEO's base salary was impacted by a voluntarily reduction of 50% from April to July 2020 (inclusive), as a responsive measure to COVID-19.

Short-term incentive

Ordinarily, the annual short-term incentive of the CEO is set at 40% of fixed remuneration and allowances if all performance targets are achieved. In addition, a further incentive of up to 28% (FY21: 28%) of fixed remuneration and allowances is payable for the over-achievement of financial and broader business performance targets. For FY22 and FY21, the normal cash-based short-term incentive scheme was replaced with a share-based retention scheme. Consequently, no payment was made to the CEO under the short-term incentive scheme in FY22 or in FY21.

Share-based retention scheme

In relation to FY22, the Board approved a share-based retention scheme, further details of which are noted on page 145. The CEO was granted 202,691 retention share options valued at $0.669 each, giving a total value of $135,600 (FY21: $135,600). The CEO was also granted 53,176 share rights valued at $2.55 each, giving a total value of $135,600 (FY21: $135,600). The terms and vesting criteria for the retention share options and share rights are detailed on page 145.

In September 2021, the ***thl*** Board granted the CEO an incremental retention bonus of 79,167 share rights valued at $2.40 each, giving a total value of $190,000 (FY21: $0). These share rights vest in September 2022.

In FY22, 33,900 share rights originally issued in FY21 and valued at $67,800 vested and were converted into ordinary shares.

Long-term incentive

In FY22 the CEO was granted 430,000 share options under the 2017 Long-Term Incentive Scheme valued at $0.529, giving a total value of $227,470. In FY21 the CEO was granted 600,000 share options under the 2017 Long-Term Incentive Scheme valued at $0.406, giving a total value of $243,600.

Under the 2017 Long-Term Incentive Schemes, the options vest from the second anniversary of the issue, with one third vesting after the second year, one third after the third year, and the final third after the fourth year. In FY22, 431,667 share options vested under the 2017 Long-Term Incentive Scheme.

A history of all share options issued to the CEO pursuant to the 2017 Long-Term Incentive Scheme and the associated exercise price for those options is detailed below:

GRANT DATE	NUMBER OF OPTIONS	TOTAL VALUE OF OPTIONS	EXERCISE PRICE[1]	EXPIRY DATE
April 2017	240,000	$87,600	$4.11	April 2023
April 2018	240,000	$149,760	$7.00	April 2024
April 2019	425,000	$169,150	$5.68	April 2025
April 2020	630,000	$242,550	$1.57	April 2026
April 2021	600,000	$243,600	$2.79	April 2027
April 2022	430,000	$227,470	$2.83	April 2028

[1] The exercise price includes an uplift to reflect ***thl***'s average cost of capital for the first two years from the grant date, less dividends paid during that two-year period, therefore the exercise prices for share options issued in April 2021 and April 2022 are subject to change.

Superannuation

The CEO is a participant in KiwiSaver and is eligible to receive an employer contribution of 3% of gross taxable earnings. In FY22 this contribution was $19,547 (FY21: $19,534).

Total CEO remuneration

The total remuneration of the CEO was as follows:

	FY2022	FY2021
Base salary	**$679,556**	$651,117
Short-term incentive	**-**	-
Share retention scheme[1]	**$461,200**	$271,200
Long-term incentive scheme[2]	**$227,420**	$243,600
Total	**$1,368,176**	$1,165,917

[1] Consisted of retention share rights and share options, vesting of which is subject to certain requirements.
[2] Refer to section 'Long-term incentive' above for vesting conditions and applicable exercise prices.

The contracted CEO base remuneration has been $678,000 (including allowances) since 2018. The CEO has made voluntary reductions in salary in FY19, FY20 and FY21. The base salary reflected in the table above is the actual paid amount.

Corporate governance (continued)

For the year ended 30 June 2022

Employee remuneration

The number of employees in the Group or former employees (not including Directors) whose remuneration that was paid in the 2022 financial year was within the specified bands is as follows:

REMUNERATION IN $000'S	NUMBER OF EMPLOYEES
100 - 109	19
110 - 119	23
120 - 129	13
130 - 139	8
140 - 149	13
150 - 159	6
160 - 169	2
170 - 179	4
180 - 189	4
190 - 199	4
200 - 209	2
210 - 219	3
220 - 229	2
230 - 239	4
240 - 249	2
260 - 269	1
270 - 279	4
280 - 289	1
290 - 299	1
300 - 309	1
310 - 319	1
390 - 399	2
400 - 409	1
530 - 539	1
640 - 649	1
760 - 769	1
1,360 - 1,369	1
Total	125

Substantial product holders

The following information is provided in compliance with section 293 of the Financial Markets Conduct Act 2013 and records Substantial Product Holder notices received as at 30 June 2022.

SHAREHOLDER	NUMBER OF ORDINARY SHARES IN WHICH A RELEVANT INTEREST WAS HELD	PERCENTAGE %
HB Holdings Limited	26,789,440	18.26%
Wilson Asset Management International Pty Limited	13,180,328	8.67%

Spread of shareholders

The ordinary shares of Tourism Holdings Limited are listed on the NZX Main Board.

As at 30 June 2022 the total number of voting securities on issue was 152,060,700.

SIZE OF SHAREHOLDINGS	NUMBER OF HOLDERS	NUMBER OF SHARES HELD	% OF TOTAL ISSUED SHARES
1 - 1,000	1,807	949,225	0.62%
1,001 - 5,000	2,976	7,897,338	5.19%
5,001 - 10,000	906	6,534,387	4.30%
10,001 - 50,000	741	14,634,792	9.62%
50,001 - 100,000	64	4,478,679	2.95%
100,001 and over	54	117,566,279	77.32%
	6,548	152,060,700	100.00%

The above shows the spread of shareholders as at 30 June 2022. The shareholding of New Zealand Central Securities Depository Limited (NZCSD) has been reallocated to the applicable members of NZCSD.

Corporate governance (continued)

For the year ended 30 June 2022

Twenty largest shareholders

AS AT 30 JUNE 2022		NUMBER OF ORDINARY SHARES	
1	HSBC Nominees (New Zealand) Limited	31,441,176	20.68%
2	Citibank Nominees (New Zealand) Limited	19,276,776	12.68%
3	JPMorgan Chase Bank	9,773,057	6.43%
4	Forsyth Barr Custodians Limited	7,534,952	4.96%
5	Accident Compensation Corporation	6,505,398	4.28%
6	BNP Paribas Nominees (NZ) Limited	5,387,761	3.54%
7	National Nominees New Zealand Limited	4,776,672	3.14%
8	New Zealand Depository Nominee	4,127,362	2.71%
9	Alpine Bird Manufacturing Limited*	3,260,870	2.14%
10	FNZ Custodians Limited	3,137,378	2.06%
11	Custodial Services Limited	2,934,659	1.93%
12	Grant Gareth Webster & Stephen David Webster**	2,222,963	1.46%
13	PT Booster Investments Nominees Limited	1,583,808	1.04%
14	Dean Edgerton, Nicole Edgerton & William Edgerton	1,311,781	0.86%
15	Moon Chul Choi & Keum Sook Choi	1,152,222	0.76%
16	Alpine Bird (New Zealand) Limited*	1,144,720	0.75%
17	Ja Hong Koo & Pyung Keum Koo	1,050,000	0.69%
18	T.E.A. Custodians Limited	1,012,790	0.67%
19	MMC - Queen Street Nominees	888,854	0.59%
20	New Zealand Permanent Trustees Ltd	699,948	0.46%
		109,223,147	71.81%

* Entities related to Grant Brady

** Represents shares beneficially owned by Grant Webster

The shareholding of New Zealand Central Securities Depository Limited (NZCSD) has been reallocated to the applicable members of NZCSD.

Directors' shareholdings

As at 30 June 2022, Directors had relevant interests in ordinary shares in ***thl*** as below:

DIRECTOR	INTEREST	SHARES
Cathy Quinn	Beneficial	33,673
Debbie Birch	Beneficial	44,062
Rob Hamilton	Beneficial	47,405
Guorong Qian	Nil	Nil
Gráinne Troute	Beneficial	95,833

Directors' share dealings

Details of the Directors' acquisitions and disposals of relevant interests in the ordinary equity securities issued by the Company are as follows:

Debbie Birch was issued 6,620 ordinary shares on 1 October 2021 at $2.43 per share as part of her Director remuneration for the six months ended 30 September 2021.

Rob Hamilton was issued 10,545 ordinary shares on 1 October 2021 at $2.43 per share as part of his Director remuneration for the six months ended 30 September 2021, and 4,592 ordinary shares on 1 April 2022 at $2.79 per share as part of his Director remuneration for the six months ended 31 March 2022.

Tutanekai Investments Limited (an entity beneficially associated with Rob Campbell) was issued 18,004 ordinary shares on 1 October 2021 at $2.43 per share, as part of Rob Campbell's Director remuneration for the six months ended 30 September 2021, and 15,681 ordinary shares on 1 April 2022 at $2.79 per share as part of his Director remuneration for the six months ended 31 March 2022.

Corporate governance (continued)

For the year ended 30 June 2022

General notice of Directors' interest

Directors have made general disclosures of interests in accordance with s140(2) of the Companies Act. Current interests as at 30 June 2022, and those which ceased during the year, are tabulated below. New disclosures advised during the 2022 financial year are italicised.

Cathy Quinn	Fertility Associates Holdings Limited	Chair
	Fletcher Building Industries Limited	Director
	Fletcher Building Limited	Director
	Fonterra Co-operative Group Limited	Director
	MinterEllisonRuddWatts	Consultant
	Rangatira Limited	Director
	University of Auckland	Pro-Chancellor
Debbie Birch	Birch & Associates Limited	Director
	Eastland Generation Group	*Director – appointment advised December 2021*
	Eastland Group Limited	*Director – appointment advised October 2021*
	Eastland Network Limited	*Director – appointment advised October 2021*
	Eastland Port Limited	*Director – appointment advised October 2021*
	Gisborne Airport Limited	*Director – appointment advised October 2021*
	Ngāti Awa Group Holdings Limited	Director
	Ngāti Awa Tourism Limited	Director
	Raukawa ki te Tonga AHC Limited	Chair
	Taupō Moana Investments Limited	Chair
	Te Pūia Tāpapa GP Limited	Director
	Tūwharetoa Hau Rau GP Limited	Director
	Wellington Free Ambulance Trust	*Trustee – resignation advised February 2022*
	White Island Tours Limited	Director
	Te Puna Whakaaronui's Thought Leaders Group	Member
	Treasury Capital Markets Advisory Committee	Member
Rob Hamilton	Auckland Grammar School	Trustee
	Oceania Healthcare Limited	*Director – appointment advised September 2021*
	Kamari Consulting Limited	*Director and Shareholder – appointment advised September 2021*
	NZX Listing Subcommittee	*Member – appointment advised October 2021*
	Stelvio Consulting Limited	Director and Shareholder
	Synlait Milk Limited	Consultant
	Westpac New Zealand Limited	*Director – appointment advised September 2021*
Guorong Qian	CITIC Capital Holdings Limited	Vice Chairman
Gráinne Troute	Investore Property Limited	Director
	Duncan Cotterill	*Director – appointment advised June 2022*
	Summerset Group Holdings Limited	Director
	Tourism Industry Aotearoa	Chair

Corporate governance (continued)

For the year ended 30 June 2022

NZX Waivers

On 27 February 2017 ***thl*** obtained a waiver from NZXR from Rule 8.1.7 (which ensures that options may not be subsequently amended by an issuer in a manner that is detrimental to the interests of the holders of the underlying Equity Securities). The waiver was granted to the extent that the Rule would otherwise prevent the issue of options under ***thl***'s long-term incentive scheme for senior Executives, introduced in 2017. The ruling allows for a formula to be used for the exercise price of the options that will result in a fluctuating exercise price.

On 22 May 2019 ***thl*** obtained a waiver from NZXR from Listing Rule 6.5.2 under the revised NZX Listing Rules. This waiver re-documented the existing waiver received on 27 February 2017 in respect of Rule 8.1.7 under the former NZX Listing Rules. In April 2022, ***thl*** relied on this waiver in the issuance of new options under its long-term incentive scheme.

On 1 December 2021, ***thl*** obtained a waiver from NZXR from Listing Rule 4.9.1(a), to the extent that the rule would require ***thl*** to offer shares in ***thl*** to 'Excluded Shareholders' under the proposed Scheme of Arrangement with Apollo Tourism & Leisure Limited. The waiver was provided on the condition that ***thl*** must arrange the sale of any ***thl*** shares to which 'Excluded Shareholders' would be entitled to if they were eligible, and to account to those shareholders for the net proceeds.

Directors' loans

There were no loans by the Group to Directors.

Directors' insurance

The Group has arranged insurance cover and provided deeds of indemnity for Directors' and Officers' liability.

Auditor

In accordance with section 207T of the Companies Act 1993, PricewaterhouseCoopers are appointed as the Group's auditors. Auditors' remuneration is detailed in note 4 to the financial statements.

Subsidiary companies

During the financial year ending 30 June 2022, the Directors of ***thl***'s subsidiary companies were as follows. No Director of any subsidiary received beneficially any Director's fees or other benefits except as an employee. The remuneration and other benefits of such employees, received as employees, are included in the relevant bandings for remuneration disclosed under Employee Remuneration on page 150.

THL Motorhomes Limited	Grant Webster
THL Motorhomes UK Limited	Grant Webster and Daniel Schneider
Waitomo Caves Limited	Grant Webster
Waitomo Caves Holdings Limited	Grant Webster
GeoZone Limited	Grant Webster
THL Corporate Trustee Limited	Grant Webster (appointed June 2022), Rob Campbell (ceased June 2022)
Road Bear NZ Limited	Grant Webster
TH2connect GP Limited	Grant Webster and Nick Judd
Action Manufacturing Group GP Limited	Grant Webster, Nick Judd, Grant Brady, Chris Devoy and Ralph Marshall
Maui Rentals Pty Limited	Grant Webster and Catherine Meldrum
The Green Bus Company Pty Limited	Grant Webster and Catherine Meldrum
THL Oz Pty Limited	Grant Webster and Catherine Meldrum
Tourism Holdings Rental Vehicles Pty Limited	Grant Webster and Catherine Meldrum
World Travel Headquarters Pty Limited	Grant Webster and Catherine Meldrum
Tourism Holdings Australia Pty Limited	Grant Webster, Catherine Meldrum and Rob Campbell (ceased June 2022)
THL Group (Australia) Pty Limited	Grant Webster and Catherine Meldrum
El Monte Rents Inc	Grant Webster
JJ Motorcars Inc	Grant Webster
Tourism Holdings USA Inc	Grant Webster
Outdoria Pty Limited	Grant Webster, Catherine Meldrum (appointed June 2022) and Gerard Ryan (ceased June 2022)

Board of Directors

Cathy Quinn (Auckland)

Independent Director appointed in September 2017. Cathy was appointed Chair of ***thl*** in June 2022 and serves on all of ***thl***'s Board Committees. Cathy is a former senior corporate partner at MinterEllisonRuddWatts. She served as the firm's Chair for eight years during a period of transformation and growth. Cathy is a Director of Fletcher Building Limited, Fonterra Co-operative Group Limited, Rangatira Limited and is Chair of Fertility Associates. Cathy is also Pro-Chancellor of the University of Auckland. Cathy is a former member of the NZ Securities Commission and Capital Markets Development Taskforce, and was made an Officer of the NZ Order of Merit in 2016 for services to law and women.

Debbie Birch (Taupo)

Independent Director appointed in September 2016. Debbie Chairs the Health, Safety and Sustainability Committee (appointed June 2022) and serves on the Audit and Risk Committee and Market Disclosure Committee. Debbie has held various Director and trustee positions for the last 10 years and is currently Chair of Taupō Moana Investments Limited and Raukawa ki te Tonga AHC Limited. Debbie is a Board member of Ngāti Awa Group Holdings Limited and associated subsidiaries, Te Pūia Tāpapa GP Limited, Eastland Group Limited and associated subsidiaries, a Member of Treasury's Capital Markets Advisory Committee and Te Puna Whakaaronui Thought Leaders Group. Debbie has significant financial, commercial and strategic experience gained in Asia, Australia and New Zealand with more than 30 years' working in global capital markets.

Rob Hamilton (Auckland)

Independent Director appointed in February 2019. Rob Chairs the Audit and Risk Committee (appointed November 2019) and serves on the Remuneration and Nomination Committee and Market Disclosure Committee. Rob is a respected member of the capital markets and finance community in New Zealand, with more than 30 years' experience in senior Executive roles. Rob is currently a Director of Westpac New Zealand Limited and a Director of Oceania Healthcare Limited. He was previously Chief Financial Officer at SkyCity Entertainment Group Limited and Managing Director and Head of Investment Banking at Jarden (formerly First NZ Capital). Rob is also a member of the Auckland Grammar School Board of Trustees and has previously been a Board member on the New Zealand Olympic Committee.

Guorong Qian (China)

Non-Independent Director appointed in July 2019. Guorong serves on the Remuneration and Nomination Committee. Guorong is currently Vice Chair of CITIC Capital Holdings Limited, a global investment management and advisory firm which employs over 320 staff through seven offices in China, Japan and the United States. Guorong has been with CITIC Capital in various roles since its founding. He previously worked in various brokerage, asset management and investment roles.

Gráinne Troute (Auckland)

Independent Director appointed in February 2015. Gráinne Chairs the Remuneration and Nomination Committee (appointed February 2015) and serves on the Audit and Risk Committee and Health, Safety and Sustainability Committee. Gráinne is a Chartered Member of the Institute of Directors and is also a Director of Summerset Group Holdings Limited, Investore Property, Duncan Cotterill, and is Chair of Tourism Industry Aotearoa. Gráinne is a professional Director with many years' experience in senior Executive roles. Gráinne was General Manager, Corporate Services at SkyCity Entertainment Group and Managing Director of McDonald's Restaurants (NZ). Gráinne also held senior management roles with Coopers and Lybrand (now PwC) and HR Consultancy Right Management. She has also spent many years as a Trustee and Chair in the not-for-profit sector, including having been the Chair of Ronald McDonald House Charities New Zealand for five years..

Corporate information

Directors

Cathy Quinn – Chair
Debbie Birch
Rob Hamilton
Guorong Qian
Gráinne Troute

Executive Team

Grant Webster – Chief Executive Officer
Nick Judd – Chief Financial Officer
Gordon Hewston – Chief Operating Officer (Northern Hemisphere)
Kate Meldrum – Chief Operating Officer (Australia)
Matthew Harvey – Chief Operating Officer (New Zealand)
Ollie Farnsworth – Chief Commercial and Customer Officer
Juhi Shareef – Chief Responsibility Officer
Jo Hilson – Chief Technology Officer
Nick Voss – Deputy Chief Financial Officer (Acting)
Chris Devoy – CEO Action Manufacturing

Registered office

Level 1
83 Beach Road
Auckland 1010
New Zealand

Share register

Tourism Holdings Limited shares are listed on the New Zealand Stock Exchange (NZX)

Share registrar

Link Market Services Limited
PO Box 91976
Auckland
Tel: +64 9 375 5998
Email: enquiries@linkmarketservices.co.nz

Auditors

PwC
Auckland, New Zealand

Solicitors

MinterEllisonRuddWatts
Auckland, New Zealand

Investor relations enquiries

Amir Ansari, Manager – Strategy & Development, Company Secretary
Email: investor.relations@thlonline.com

thlonline.com