



RUAPEHU ALPINE LIFTS LIMITED

2020 ANNUAL REPORT



RAL PURPOSE & REPORT INTRODUCTION

Ruapehu Alpine Lifts Limited (RAL) is a limited-purpose public benefit entity regulated under the Companies Act 1993 and our Constitution. This means our shareholders are philanthropic in that they do not receive any form of benefit. While we are not required to pay company tax, we must invest our profits into the provision, promotion and development of amateur alpine sports for the public within the Tongariro National Park. We are the operators of the Whakapapa and Tūroa ski areas on Mt Ruapehu and we are the largest employer in the Ruapehu region. We are also the largest business operating within the Tongariro National Park (a UNESCO Dual World Heritage Area).

We recognise we have a responsibility to our stakeholders to ensure sustainable business principles are at the heart of what we do. Our privileged position of guardianship within the National Park affirms our commitment to improve transparency for all our RAL stakeholders. The presentation of this 2020 report uses the internationally recognised Global Reporting Initiative (GRI) G4 guidelines. GRI is a non-financial reporting framework, used to make the report more relevant to all our stakeholders, including guests, shareholders, employees, suppliers, lenders, investors and kaitiaki of Mt Ruapehu.

On behalf of the Board and leadership team we have pleasure in presenting the Annual Report for the financial year ended 30 November 2020.

This report is dated 30 April 2021 and has been approved on behalf of the Board of RAL:

Murray Gribben, Chair



Geoff Taylor, Director



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CHAIR AND CEO REVIEW

2019/20 IN REVIEW

The events of 2020 will go down as among the most significant to impact RAL in its history. The headline result of a \$22m loss comprises a \$20m write-down of the book value of our assets, an operating loss of \$4m, with \$2m of that loss then reduced through wage subsidies and Government support during the COVID-19 Pandemic.

The write-down of assets is solely attributed to the Tūroa ski area and is an acknowledgement of the limited economic life of the Tūroa lift system. It is a priority for us to invest in Tūroa and since this balance date (30 November 2020), with the help of the Government we have invested a significant portion of our annual "maintenance capex" of \$5m in Tūroa and look forward to opening all the lifts for Winter 2021. Of course this maintenance capex only buys us time, and we continue to work on increasing the profitability of the Sky Waka summer tourism business and potentially sourcing new long-term focused capital, to enable us to upgrade the Tūroa lifts and wider mountain infrastructure.

SUMMER 2019/2020

We started the 2020 financial year with the Sky Waka Gondola in its debut summer season. During this period, we welcomed 25,000 guests and the popularity of the Sky Waka experienced in the early stages of Summer 2020 was complemented by the food and beverage offering at the Knoll Ridge Chalet. This state-of-the-art asset has been critical to the company's growth strategy and integral in the introduction of new revenue streams to the Company.

COVID-19

In February, Sky Waka demand began to decline with international visitors to New Zealand from China, Western Europe and the Americas as COVID-19 started to spread around the world. These markets would cease entirely by the middle of March as New Zealand entered COVID-19 Alert Level 4 lockdown.

Faced with unprecedented uncertainty around our future, the management team instigated an immediate closure and suspension of the summer business operations, paused the summer maintenance programme, reduced payroll to 60% of normal and progressed to running the company from their respective 'home offices'. The team managed to set this up inside of two days, whilst trying to maintain calm, clear and concise communication for the entire crew and our stakeholder base. The RAL Board also reduced in size from six directors to four with the remaining directors not taking fees for the same period that our teams worked reduced hours.

The one constant that we faced throughout this period of uncertainty was that we could only operate and make decisions on the information that we had at the time and those decisions needed to be made with the best interests of the company in mind. We modelled several scenarios and worked closely with our bankers with the bank's financial support being provided on a month by month basis as new information came to light.

With the nature of our business and the critical preparations required for winter, we need our teams to be out in the field undertaking the necessary maintenance to ensure we can open all assets for the season. Due to the COVID-19 Alert Level 4 lockdown, and month by month support provided by the bank, this was not possible and the resulting loss in productivity ultimately impacted our preparations and the facilities we were able to operate.

As lockdown progressed and we had a clearer outlook on the Winter 2020 season, Jono and members of the executive team began work with the Ski Area Association of New Zealand (SAANZ) on operating protocols to allow the ski areas to continue to deliver the Winter 2020 season with the relevant COVID-19 Alert Levels considered. This work was critical to our continued operations and contingent for the necessary support the industry needed from the government to proceed. Regional movement restrictions and 'caps' to ski areas set at 500 people by the government were rationalised and the protocols managed to ensure these levels could land closer to the ordinary skier day limits within the licences.

We want to acknowledge the external parties that came to the company's aide and ensured we were able

to operate the season in a reduced capacity. RAL relies on its annual working capital support from our bankers and once we had certainty that the New Zealand Ski Industry could operate under COVID-19 Alert Level 1 and 2 they extended their funding out to November. Our bond holders allowed us to defer their coupon payments as we navigated the period of uncertainty. Additionally, we were pleased with the level of government support from both MBIE through the Wage Subsidy and similarly through the Department of Conservation (DOC) in the waiving (and suspending) of some of the company's licencing fees throughout this period.

WINTER 2020

Prior to COVID-19, DOC and Ngāti Hikairo asked RAL to implement a car park booking system to control congestion, manage demand and spread arrival times for visitors to Tongariro National Park. Car parking has always been an option to manage visitor numbers and RAL is legally required to manage this as part of our concession. In order to operate Winter 2020 safely and to meet the requirements of the SAANZ COVID-19 operating protocols, we needed to manage the peak level demand, as well as considering the reduced facilities available to our guests and the possible Alert Level changes that could impose further restrictions on our carrying capacity. In response, a bookable parking system was introduced to allow people the opportunity to show their intention to visit in advance and to ensure we were able to cater to their needs.

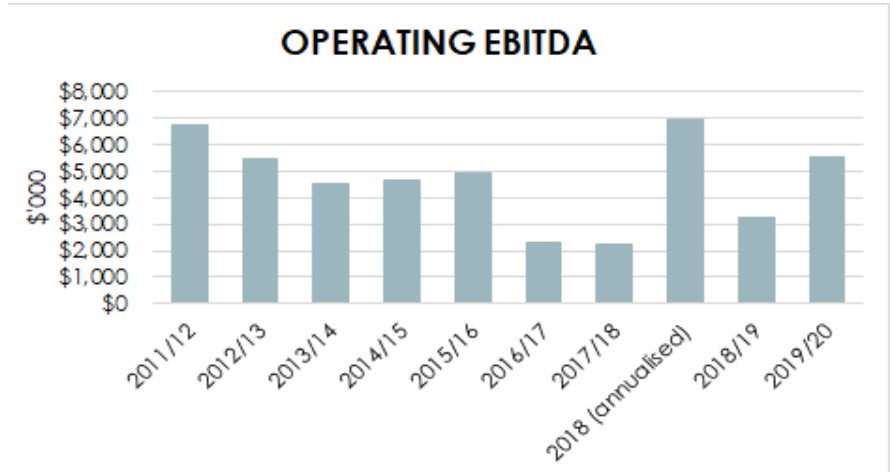


We have taken several learnings and feedback from our guests and stakeholders from the first year of operations and look to refine the system in the future.

Putting COVID-19 to one side, the start to the 2020 season saw warm weather, limited ability to make snow and minimal natural snowfall. This limited the guest experience and it was not until August when we were able to offer top to bottom skiing and riding at both ski areas. Overall, the season welcomed 301,000 guests to the maunga. One key factor driving this performance were our Sky Waka sightseeing guests. The early season sightseeing numbers doubled compared to the same period in 2019 and during winter 47,000 sightseers rode the Sky Waka. This growth is significant for RAL and our region, especially with the limited snow at the start of this season.

FINANCIAL PERFORMANCE

The loss of \$22m includes several noncash extraordinary items. We operate the business on a cashflow basis and look at an adjusted normalised EBITDA as our key indicator of profitability. The 2020 adjusted normalised EBITDA of \$5.5m (refer note 17 for reconciliation and calculation of the adjusted normalised EBITDA) compares with our previous years' results as shown in the following graph:



Revenue from lift passes was aligned with previous seasons and this was attributable to the season pass campaign for 2020 and growth in our sightseeing offering across both summer and winter. Revenue for our business units was less than prior seasons due to the reduced offering at both the Whakapapa and Tūroa Ski Areas. Our labour costs were much lower than previous years due to reduced staff numbers for the 2020 season and this was a key factor in delivering on the adjusted normalised EBITDA result. Whilst we were able to produce a result that was favourable, we acknowledge that the experience at both ski areas fell short of ours and our guests expectations.

CAPITAL REVIEW IS ONGOING

In September, the company signalled a process to review our sources of capital. In late 2020 the Board commenced a process to look for a long-term strategic partner to invest \$30m of new equity in the future growth and development of the business. This new source of capital is required to manage the business through the next period. Several parties have expressed interest and the process is continuing.

LOOKING FORWARD TO WINTER 2021

Pre-sales of Season Passes for 2021 have been strong and in line with the company's strategy of 'less is more' for the Winter 2021 season. One pleasing element from the season pass campaign has been a 300% increase in the sale of weekday season passes as people make the conscious decision to use their new-found flexible working environments to visit the maunga. We have been delighted with the campaign and this is setting us up well for Winter 2021.

It is our intention to ensure all assets and facilities will be operable for the Winter 2021 season and we are on track with our maintenance programme to achieve this. We begin our staggered opening of facilities at Whakapapa with the opening of Happy Valley scheduled for 5 June and Tūroa from 3 July 2021. We are eagerly awaiting the opportunity to welcome our winter guests back to enjoy this amazing part of New Zealand.

GOVERNANCE CHANGES

In April 2020 Duncan Fraser, Debbie Birch and Michelle Trapski resigned as Directors. We would like to thank Duncan, Debbie and Michelle for the contribution to the Board and support to RAL during their time as Directors.

At the last AGM held in November 2020 John Foley, Terry Allen and Zoe Dryden were all appointed to the Board as Directors.

The below is an update from Geoff Taylor, RAL Director

After 12 years of service Murray Gribben is retiring from the RAL Board of Directors at the AGM. Over this period of time Murray has led the company in securing licence renewals for both Whakapapa and Tūroa in 2016 and 2017 respectively and built two co-governance groups, Te Pae Maunga and Te Pae Toka to support the company's ongoing relationship with tangata whenua.

Having secured the long term right to operate the ski areas, Murray's focus became upgrading the old ski areas with a targeted \$100m of new investment over ten years. With over \$50m of that done since 2017 we were halfway there when COVID-19 forced a pause in the \$100m ambition, and in

that context, I'm thrilled that Murray will stay on with us as an advisor to finalise the current capital raise process.

On behalf of the company, I want to sincerely thank Murray for his contribution to RAL and wish him and his family every success into the future.

In March 2021, the Board appointed Christopher Swasbrook to the vacant Director position. Christopher's background and experience are outlined in the Director's Biographies on Page 20. Christopher will be up for shareholder appointment at the AGM.

With the retirement of Murray Gribben, the Board has appointed Jamie Tuuta to the vacant Director position. Jamie's background and experience are outlined in the Director's Biographies on Page 20. Jamie will be up for shareholder appointment at the AGM.

The RAL Board will appoint a new Chair to the Board at the meeting following the AGM.

ACKNOWLEDGEMENT AND THANKS


We would like to thank all our guests, shareholders and stakeholders for their committed support over the past year. It was one for the record books.

Finally, we wish to acknowledge the contribution of our Directors and most importantly our entire staff. It was the team at RAL that managed to deliver the 2020 season for our guests. Their dedication and commitment to ensuring we were able to get up and operating was nothing short of herculean. Nothing that was thrown at them was too much trouble and their dedication will ensure the experience for our guests can continue well into the future.

Murray Gribben
Chair
Ruapehu Alpine Lifts Limited



Jono Dean
CEO
Ruapehu Alpine Lifts Limited



SUSTAINABILITY REPORT

As a business operating within a UNESCO Dual World Heritage Area, we recognise that we have a responsibility to our stakeholders to ensure sustainable business principles are at the centre of what we do. For us, it is important that our two ski areas on Mt Ruapehu remain commercially viable while acknowledging the cultural, spiritual and environmental impacts on the sacred place where we operate.

WHY HAS RAL ADOPTED 'NON-FINANCIAL REPORTING'?

We started our non-financial reporting journey in 2016 when we presented our results using Triple Bottom Line reporting. Since then we have gathered feedback and are looking to further improve our disclosures using the internationally recognised sustainability reporting standard Global Reporting Initiative (GRI) G4. We use this as a guide to ensure we are reporting on the factors that matter for our industry. For the previous financial year we published a simplified annual report that focused on presenting the financial results and required disclosures. We are pleased to be presenting additional non-financial information again for the 30 November 2020 financial year.

HOW DID WE DECIDE WHAT TO REPORT ON?

In determining what to include in our sustainability report, we have identified three guiding principles that are material to RAL's business and to its stakeholders. We have reported our performance in each of these areas and will remain accountable to our stakeholders by integrating these into our daily approach to business. We believe these success factors are critical to us delivering *real fun* in the *unreal place* that is Mt Ruapehu.

KAITIAKITANGA – FOR THE PLACE

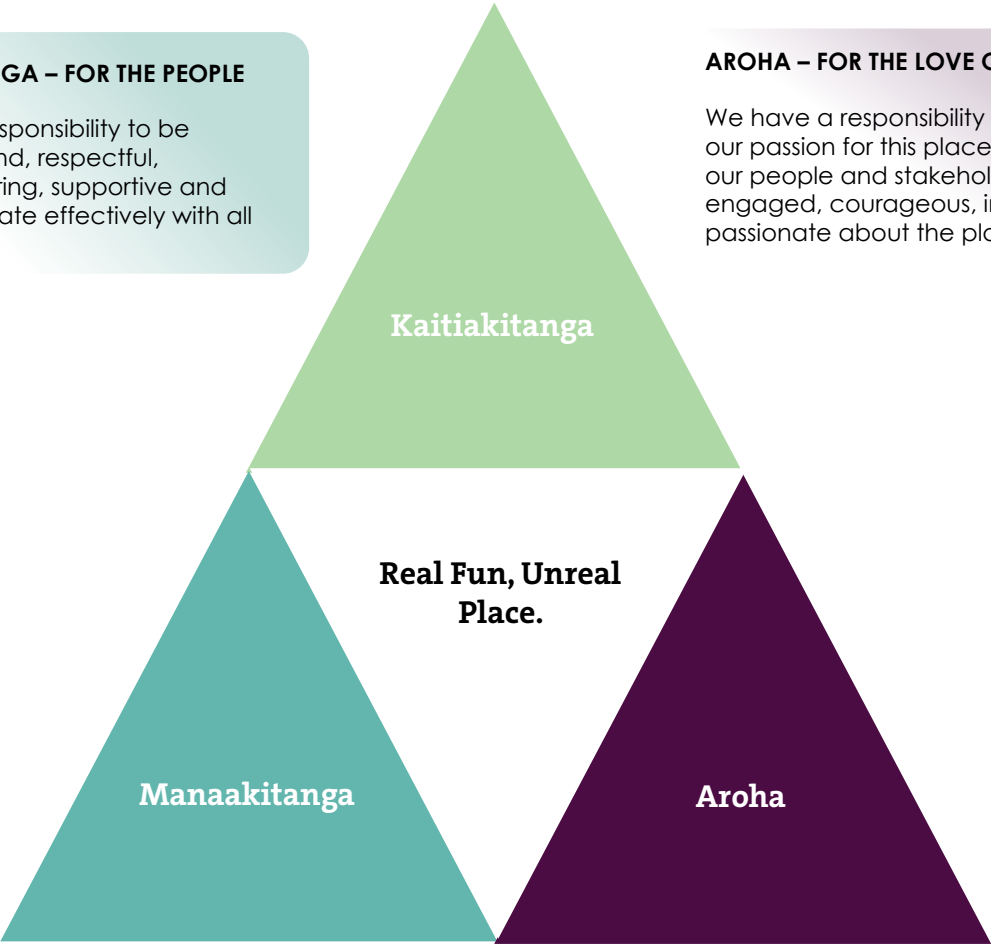
We have a responsibility to be an environmental guardian, steward and trustee for the place in which we operate.

MANAAKITANGA – FOR THE PEOPLE

We have a responsibility to be hospitable, kind, respectful, generous, caring, supportive and to communicate effectively with all stakeholders.

AROHA – FOR THE LOVE OF IT

We have a responsibility to share our passion for this place. We want our people and stakeholders to be engaged, courageous, innovative and passionate about the place.



KAITIAKITANGA

CAPITAL INVESTMENT - GIANT UPGRADE

After 41 years of dedicated service, the Giant triple chairlift at Tūroa received a \$2m upgrade prior to the 2020 season. We worked with Doppelmayr NZ over the 2019/2020 summer to complete a significant overhaul of the lift's electrical controls, hydraulics, braking and safety systems. The upgrade was to the existing installation. The chair is still a triple-seater operating at the same capacity and speed. There are significant improvements to the lift's reliability and reducing the risk of a breakdown causing an extended outage.



IWI RELATIONSHIPS

We are unique among concessionaires on Conservation Land in that we have established a model of co-governance with local iwi for both Whakapapa and Tūroa. We acknowledge the importance of our relationships with Ngāti Tūwharetoa, Ngāti Rangi, Ngāti Uenuku, Ngāti Hikairo and Ngāti Hauā.

Te Pae Maunga is the co-governance group which oversees Whakapapa. The group includes membership from the RAL Board and Ngāti Tuwharetoa leadership, ensuring that we genuinely give effect to the principles of the Treaty.

In 2018 a similar group was formed with Ngāti Rangi for the Tūroa ski area, Te Pae Toka. The group includes membership from the RAL Board and Ngāti Rangi.

These groups provide oversight for the cultural, environmental and community values associated with the maunga ensuring that extensions of RAL's licence term for each of the ski areas is linked to performance against these key areas.

SAFETY & ENVIRONMENTAL COMMITMENT

Our commitment to the safety of our people and the place we operate in continues to be at the core of everything we do, every day.

In terms of the safety of our people (including customers), we focus on the following:

- Ensuring all employees are welcomed and inducted according to the company's principles – Kaitiakitanga, Manaakitanga and Aroha. In 2020 most of the induction was online and included an introduction to the business, mountain awareness, mountain hazards, company policies and our safety and environmental management framework as well as the critical messages around COVID-19 protocols.
- Departmental inductions and training for all staff. These are specific to the area that they are working in and covers departmental specific risks and processes.
- Safety @ Work Teams (our take on Safety Committees) meet on a monthly basis at both ski areas to discuss health, safety and environmental matters within the company. These teams are representative of the different departments within the company. These meetings provide our staff with a formal and visible way

to engage and participate in health and safety in the workplace and to facilitate recommendations and or concerns to the leadership team.

- Telling our stories about incidents of the past (such that the learnings are never forgotten), has been a key focus for us since 2019. One story is from a serious de-icing incident which occurred in the early 2000s and left two of our team members in hospital with some life changing injuries. We hosted them back on the mountain in 2019 and they agreed for us to make a video of their story which we now incorporate into training for our de-icing teams.

- Following all COVID-19 Health and Safety guidelines and protocols as advised by the New Zealand Government and Ministry of Health. These protocols include proactively managing capacity based on the different COVID-19 alert levels, using PPE and contact tracing using the New Zealand Government COVID-19 tracing app. We also work closely with SAANZ on best practice policies and approaches for the national ski industry.

- Ongoing environmental monitoring systems to ensure that we understand any effects we are having on the surrounding landscape. This includes water quality sampling, waste surveys and visual monitoring of streamways and carparks.

- Developing a formal approach to predator trapping at both ski areas with a focus on rats and mustelids initially, we plan to expand this operation over time.

- Continuing to remove redundant structures from the ski areas including the remaining foundations from the Rock Garden chairlift at Whakapapa and many smaller items such as old cables from both ski areas.

- Refuse Recovery – our approach to cleaning up our back yard, has continued to produce good results and ensure that the terrain within the ski area boundaries is kept as clean and free of consumer waste as possible. We have continued to collaborate with school groups and other interested parties to achieve this work.



MANAAKITANGA

OUR NEW COVID-19 OPERATING ENVIRONMENT

As with all other businesses in NZ, RAL had to adapt quickly and effectively to create operating protocols to ensure the safety of our employees and the guests that come to visit us. We had a set of protocols in place for each COVID-19 Alert level from Level 4 through to Level 1. Even at Level 4, there are critical systems at both ski areas that need to be maintained and checked upon. We were able to develop an agreed approach to this with DOC and the Civil Defence EOC which meant we could undertake checks once a week on things like sewage systems, fuel storage systems and fire sprinkler systems.

At Alert Level 3 we had the ability to start basic maintenance work and those workers that were required to be on site to undertake their jobs, were able to do so after completing a specific COVID-19 online induction.

At Alert Level 2 we were permitted to operate and at Queen's Birthday weekend in 2020 we opened the Sky Waka and Knoll Ridge Café and had a highly successful weekend. Under this level we did not handle cash and limited our indoor spaces to 100 people or less which became quite challenging during busy winter days. We consider the Sky Waka Gondola to be a public transport system and require all passengers to wear a face covering while on board. We also work with the SAANZ Ski Area protocols around mask wearing on chair lifts. The single biggest challenge under this alert level was the reduction in total ski area capacity causing significant frustration for our guests.

At Alert Level 1 we were essentially back to business as usual, with COVID-19 QR code scanning.

Whilst we see the COVID-19 risk as a significant one for the ski areas, this is mainly limited to the areas of congestion such as the base area, toilets and cafes. Once guests are out on the slopes in the fresh air, the risk is seen to be very low.

Overall, our team embraced these challenges admirably, and our guests showed patience and understanding (in the most part).

For 2021, the situation will likely be similar depending on the alert level we are in when we open. Due to a strong maintenance programme over summer 2020/21, we will have all lifts online and open which allows the ski areas to operate at full capacity (assuming Alert Level 1 and adequate snow cover).

CONGESTION MANAGEMENT AND BOOKABLE PARKING

A key change for the 2020 season was the introduction of bookable parking. DOC and Ngāti Hikairo asked RAL to implement a car park booking system to control congestion, manage demand and spread arrival times for visitors to Tongariro National Park.

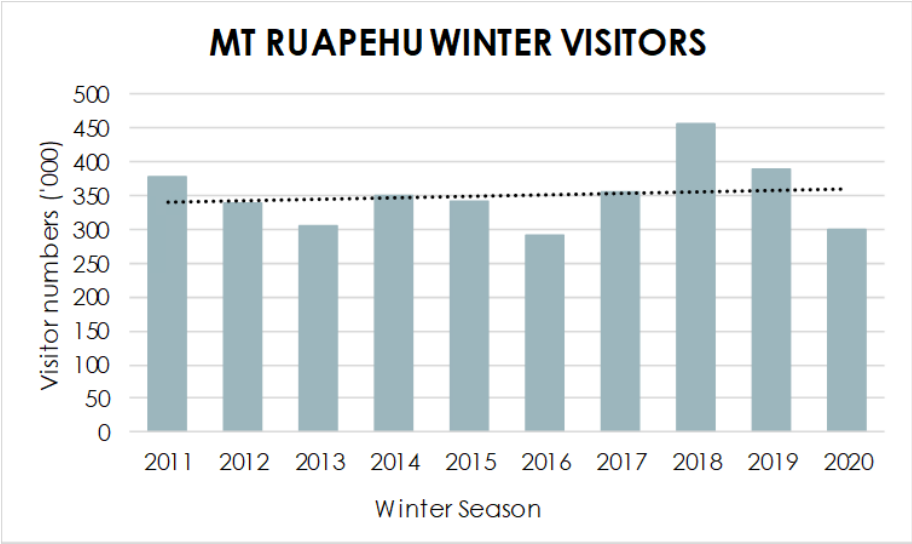
Car parking has always been an option to manage visitor numbers and RAL is legally required to manage this as part of our concession. DOC mandated the implementation of a system as a legal way to control demand as it will help to reduce congestion and safety risks at both ski areas.

We initially introduced this system to manage demand over the busiest weekend days experienced between July and September. At COVID-19 Alert Level 2 we were directed by DOC to adjust our operations to safely operate to government specifications by implementing an optimal visitor cap. This meant our daily visitation was severely reduced and we used the bookable parking system as the tool to manage this. Daily carrying numbers can fluctuate slightly and are dependent on operational facilities and the weather forecast for the upcoming week.

This was clearly version one and launched with extremely restricted skier capacity. It is a credible start and we acknowledge there are several improvements that can be implemented to improve the experience.

CUSTOMER ENGAGEMENT AND WINTER GUESTS

2020 saw fewer visitors to the ski areas due to COVID-19, the reduced offering and the congestion management systems that we had in place.



We acknowledge that 2020 was a challenging year for our guests and our Net Promoter Score demonstrates that they were not satisfied with their experiences:

NET PROMOTER SCORE

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------|------|------|------|------|------|------|------|------|------|------|
| Whakapapa | 46 | 35 | 33 | N/A | 45 | 8 | 28 | 5 | -25 | -16 |
| Tūroa | 44 | 29 | 43 | N/A | 49 | 19 | 38 | 11 | 4 | 10 |

Table 1: Whakapapa and Tūroa Net Promoter Score

We assess Net Promoter Score (NPS) for both ski areas. This is a measure of the likelihood of a customer to recommend one of our ski areas to friends and family. The results for 2020 are reflective of the challenging season we experienced. We have summarised some of the key themes that were apparent from the 2020 surveys and what we will be doing to address them:

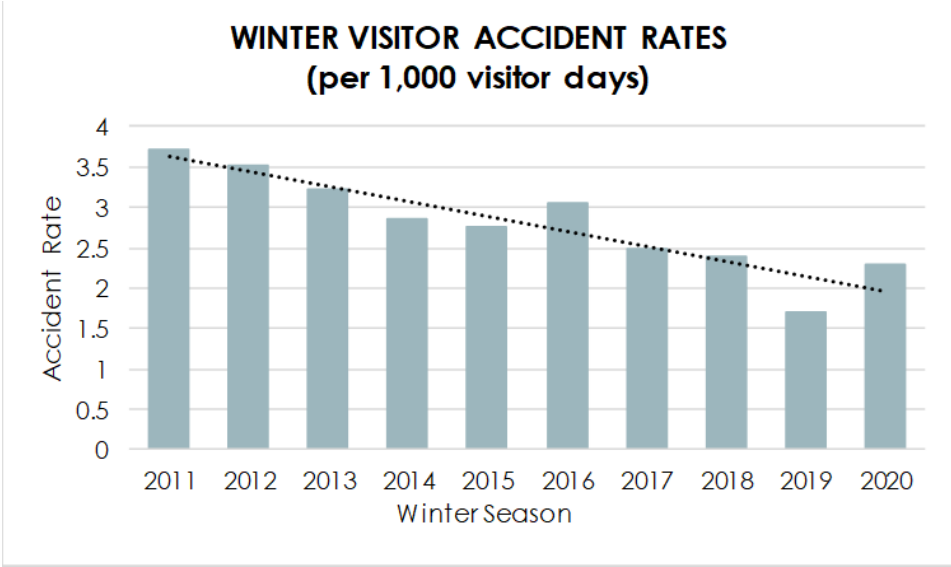
- Parking and congestion - the Bookable Parking tool saw two realities. One; where the technical deployment functioned but could be improved (and its processes were amended given customer feedback). The other saw a severely constrained capacity model where an average of 30% of our physical car park spaces were able to be released under COVID-19 Alert Level 2. The learning and feedback of 2020 is being incorporated into our planning and we expect to be able to publish an update confirming the approach by April 2021. To continue to improve weekday vs. weekend peak demands we have introduced an attractive flat rate weekday lift pass price of \$74 for 2021 and have seen significant growth in the sales of weekday season passes next winter. This is coupled with the overall anytime season pass cap at 80% of 2020 numbers.

- Limited lifts, limited facilities – we were unable to open all our lifts and facilities with maintenance time lost (Level 4 lockdown) and uncertainty around bank funding. This was an issue until we had certainty that we could open the ski areas in 2020. In 2021 we return to all lifts and outlets being open.

- Guest communication – with lower staff numbers for the 2020 season we struggled to keep up with guest communication, particularly in the first six weeks of the season. In addition to rebuilding these teams we have recently created a central guest hub integrating our help desk and chat and importantly we have established 0800 468 235 with strict service level rules in place to improve guest care.

CUSTOMER SAFETY

We acknowledge that we operate in a high-risk environment. We want our customers to enjoy their experiences on Mt Ruapehu, but most of all, we want them to go home having had a safe day. Through analysis of key information recorded on all accidents we know our ski patrol teams continue to improve the safety of visits. This analysis is an effective tool which enables us to monitor and achieve continuous improvement in safety on the ski areas. The graph below illustrates winter customer accident rates per 1,000 visitor days from winter 2011 – winter 2020.



URGENT CARE CLINICS

In the instance where our guests do find themselves injured; we have urgent care clinics (UCCs) at both ski areas. Our clinics are the most advanced in the New Zealand ski industry, offering a high level of care including x-ray facilities onsite. Our UCCs provide a crucial support function for our local communities and staff. Our clinics act as a gateway to other local health care providers, and provide initial, and in most cases, final treatment on mountain.



AROHA

STAFF ENGAGEMENT

| Year | Responses | Response Rate | Engaged | Ambivalent | Disengaged |
|------|-----------|---------------|---------|------------|------------|
| 2021 | 273 | 72% | 84 | 130 | 59 |
| 2019 | 563 | 77% | 99 | 174 | 290 |
| 2018 | 407 | 63% | 105 | 169 | 133 |
| 2017 | 515 | 72% | 172 | 229 | 114 |
| 2016 | 379 | 58% | 94 | 146 | 139 |
| 2015 | 433 | 70% | 122 | 190 | 121 |

Table 2: RAL Staff Engagement

Each year RAL completes a staff engagement survey in late August and the timing of this is consistent to provide us with a similar yard stick to compare against. Following on from 2019, improvements were seen in the key areas identified following actions that were put in place. There was a significant reduction in the comments made about uniform across all key areas. The key themes from the 2020 survey included:

- Staff resources – reduced staff numbers were identified in the survey as a theme consistent across several departments. This also impacted the “Love the Customer” scoring and the ability for employees to enjoy time on snow through breaks and days off. 2021 planning will see a return closer to pre-COVID staff numbers which in turn should reduce this pressure on the teams.
- Customer service – there was a theme within the survey that the focus on customers was reduced this year. As a response to the survey and the identified need to refocus attention on this, actions are planned to improve this across the ski areas.
- Communication, recognition, wellbeing and pay/benefits all saw an improvement on 2019 however these continue to be a theme for improvement for 2021. These themes have been identified and focused working groups have been created. Key goals have been set for each group to develop actions.

While 2020 saw plenty of challenges, there were positive references throughout the survey that we aim to build on in 2021. Overall, positive improvements across all categories were recorded. Several of our leadership team received specific mention for their efforts, there was support and appreciation for our recognition and reward programmes and of course the amazing environment, team atmosphere, benefits and skiing and riding.

STAFF HEALTH AND WELLBEING

MENTAL HEALTH AWARENESS AND OTHER INITIATIVES

Throughout the year we promote and encourage participation in a variety of initiatives that focus on the health and wellbeing of our team as well as the wider community. Our strategy is to build capability through awareness and education as well as providing opportunities for our team to lead healthy lives with support from RAL.

For the third year, we used Mental Health Awareness week as a catalyst to promote mental health as a priority. We also used national and global awareness initiatives to bring health and wellbeing to the forefront of people’s minds. In 2020 this included Pink Shirt Day, Kidney Health month, and Movember. We have also encouraged participation in healthy activities through team entries into the Great Lake Taupō Run and February’s Aotearoa Bike Challenge.

During COVID - 19 we implemented several strategies to keep our team engaged and focused on wellbeing. Daily check-ins via zoom (10@10am) created time for anyone to quickly visit and chat, Health and Sustainability newsletters focused on self-care through Alert Levels 3 and 4, learning sessions were implemented to provide opportunities for growth and development, shared apps and employee assistance program services were promoted with each communication, and tips for working from home and maintaining wellbeing were

frequently communicated.

Due to the shortage of Flu vaccines and timing we were unable to provide these to our wider seasonal team. Instead we promoted good hygiene as well as several fruit drops to teams throughout season. We also provided reusable masks for each staff member as well as disposable masks for frontline staff.

Our focus for wellbeing moving forward is on education and training to create capability within our teams. In November, 18 of the permanent team participated in a Mental Health First Aid course provided by St John and these training opportunities will continue through 2021. Our aim is to develop resourceful and resilient employees that have strategies in place to continue being effective in times of adversity. We have continued to expand our employee assistance program, and this will remain as part of the overall people strategies moving into 2021.

DIVERSITY

In 2019 we started to record and measure data related to our staff’s connection with iwi and living locations in the region. Our aim is to establish strategic goals regarding accommodation and transport needs within our communities and evaluate the impact of new developments on local employment and community.

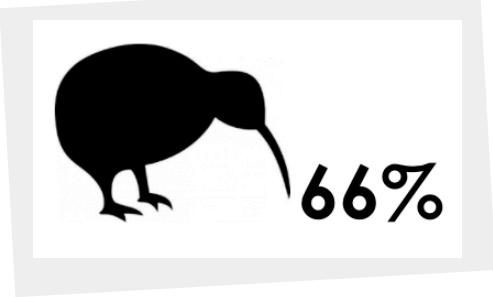
The collection of this data has been used to identify our need to provide daily transport between Raurimu, Turangi and Taumarunui and Whakapapa Ski area due to the volume of our staff residing there.

Our collection of data has indicated that 10-15% of our team have a connection with iwi and this has identified a strategic goal to increase the employment opportunities for locals within our region with a connection to the maunga.

NATIONALITY

In 2020 there were 30 nationalities represented on staff, a reduction from 2019 due to border restrictions. Diversity continues to be a key opportunity for RAL to distinguish itself as an employer. By embracing diversity, we can attract skilled and experienced staff from across the globe. This provides us with opportunities to increase innovation, provide additional training and support to our New Zealand residents entering the ski industry, and build successful teams through the recognition of the unique contributions our employees make.

At our peak, during the winter season 66% of our team were New Zealand citizens and 10% from the United Kingdom. As our staff numbers fluctuate through the year, we have based our data for all measures of diversity on our peak numbers in September 2020.



GENDER

At peak, our staff were 53% male and 45% female with 2% unknown. We saw an increase of 1% in our female staff from 2019 to 2020.

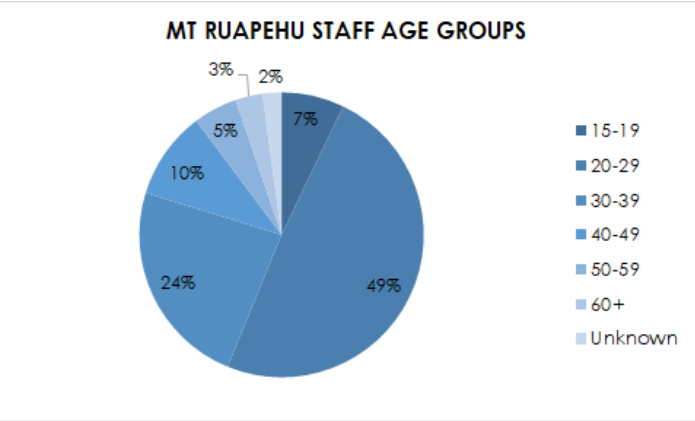
At the executive levels of the business, gender diversity drops to 25% female.



AGE

Our workforce diversity fluctuates throughout the year with the seasons but regardless of the time of year, we have the full spectrum of working ages represented. This creates a need for us to strategically address the needs and expectations of our employees across all generations and stages of their career.

During winter and at our peak, the largest age group represented is 20-29 year olds.



TRAINING & OPPORTUNITIES

MT RUAPEHU CADETSHIP PROGRAMME

In the 2019/2020 summer we trialled a summer cadetship following the previous six years of the winter cadetship. In partnership with the Ministry of Social Development (MSD) the cadetship aims to provide employment opportunities along with NZQA recognised qualifications for youth in the local region. The summer cadetship specifically recruited from Taumarunui and provided five local young people with summer training and employment that focused on hospitality. The programme also provides learning opportunities in budgeting, first aid, self-development, and employment skills. In addition to classroom days and formal qualifications, the cadetship enables us to facilitate cadets gaining their drivers licences. This promotes independence and gives them greater mobility within the region.

The cadetship provides RAL with a unique connection to the local community and develops capability within the region. Our ongoing aim is to continue the programme and link our seasonal employees to ongoing employment. The programme has seen some of the cadets move to supervisor and ongoing roles with RAL, while others have moved into employment with other local employers and permanent positions.

A summer cadetship programme has also been supported for 2020/2021 by MSD and aims to employ up to 10 cadets.

EXPANDING OUR REACH

We have used the past year to share knowledge about what we do with the local community. Through recruitment efforts locally, whether it is with our cadetship or general recruitment, we have found that many people outside of the immediate local areas have never visited the ski areas. Working with Taupō Pathways, we facilitated a familiarisation day for Year 10 students from Tongariro School to visit and see what employment opportunities are on offer at the mountain. This was the second year running and has been well received by the students. In 2020, we attended the Taumarunui High School Careers Expo to meet the students and provide interview experience. We also attended the Taupō Careers Expo to promote employment opportunities for winter.



Our strategies in 2021 align with promoting employment opportunities across our community through similar events as the Tongariro School visit and broadening awareness of what the ski areas have to offer. We are anticipating a significant reduction in the number of Working Holiday makers that historically boost our staff numbers and have countered this by proactively working with Tourism and Hospitality schools to promote available internships.

APPRENTICESHIPS

With funding announced and available for apprenticeships we have reinvigorated this programme to future-proof key positions within the business. This will see apprenticeships offered in carpentry, electrical engineering, and cookery. Staff have already been identified and interviewed for these opportunities to start at the beginning of 2021.

DEVELOPING CAPABILITY

With COVID - 19 impacting the ability to travel around NZ and our focus on operations, internal training has been an ongoing focus. In 2020, we initiated internal leadership learning sessions across the ski areas and leveraged our internal expertise. We further leveraged online learning opportunities in First Line Management, Business Technology and accounting through Skills Active and ServiceIQ for our leadership team.

CELEBRATING SUCCESS

LONG SERVING EMPLOYEES

Our annual Long Service event was held in October, combined with end of season events for both ski areas.

These celebrated the tenure of some of our long serving staff. We recognised several staff for 20, 30 and 40 years of service and one staff member who reached the 10-year milestone. Jono Dean, CEO, presented our longest tenured staff with gifts to acknowledge their service and contribution to RAL over the years.

- Craig Buckingham – 30 years

Tenaya Takitimu – 20 years

Roy Frampton – 20 years
- Helen Leong – 20 years

Colin Budge – 20 years

Mitch Job – 10 years



MEET OUR BOARD OF DIRECTORS



Murray Gribben joined the Board as a Director in May 2010 and was appointed Chair in October 2014. His career started in the military before he moved into the finance sector where his professional career has been in investment banking and investment management. He has held a variety of governance roles within New Zealand and is a member of the Institute of Directors. Murray has had a long association with Mt Ruapehu and has been skiing on the mountain most of his life.



Terry Allen joined the Board as an Advisor in March 2020 and became a Director in May 2020. He is an experienced senior level executive with proven leadership experience in a career that has been focused on technology and innovation. Terry has worked across multi-national corporations, small and medium business, commercialisation IP, investment and government organisations. His skills at an executive level have led him through several engagements assisting organisations on sales and strategy, and implementation of technology. Terry is the Investment Director North America for NZTE, helping New Zealand companies raise capital from the US. He is an active Director of several New Zealand tech companies and Chairs Massey University's Tech Transfer Office commercialisation student innovation. Terry has been skiing on Mt Ruapehu since he was a teenager and is a member of Tongariro Ski Club where his children have spent every winter holiday.



Christopher Swasbrook joined the Board as an Advisor in July 2020 and became a Director in March 2021. He is the founder and managing director of Elevation Capital Management and was previously a Partner of Goldman Sachs JBWere Pty, co-head of institutional equities at Goldman Sachs JBWere (NZ) and a foundation broker of the New Zealand Exchange ("NZX"). He is a board member of the Financial Markets Authority (FMA), a member of the NZX Listing Sub-Committee, a member of the NZ Markets Disciplinary Tribunal and a member of the Advisory Board of the Auckland Art Gallery Toi o Tāmaki. He is also a director of NZX-listed Allied Farmers, Bethunes Investments, NZX-listed New Zealand Rural Land Company and Swimtastic Limited. Christopher and his family have a long association with skiing on Mt Ruapehu.



John Foley joined the Board as an Advisor in April 2019 and became a Director in June 2019. He has an extensive background in communications and advertising. He spent 17 years with the Saatchi & Saatchi network – starting out in Wellington before spending 10 years abroad in CEO and Global Director roles in Asia and Australia. With a passion for the business of sports and recreation, John is now operating his own sports marketing business in Auckland. John has enjoyed a lifelong passion for Mt Ruapehu and the surrounding region and now loves sharing that passion with his young family at every opportunity.



Jamie Tuuta joined the Board as an Advisor in November 2020 and became a Director in March 2021. Jamie is an experienced director and has held governance positions over the past 20 years in the areas of iwi development, agribusiness, fishing, investment, health, housing, tourism, philanthropy and education. Jamie is the chair of Tourism New Zealand, the Māori Television Service, Venture Taranaki, Te Rūnanga o Ngāti Mutunga, Ka Uruora and Te Kahui Maru GP. He is also a director of Taranaki Whānui Limited. Jamie is a recipient of the 2010 Sir Peter Blake Emerging Leadership Award. He was also awarded the Maori Young business Leader of the year award in 2016.



Zoe Dryden joined the Board as an Advisor in September 2020 and became a Director in October 2020. She is an experienced private sector business owner and operator having established and run successful businesses in sports and recreation, tourism, and logistics. In the past 15 years Zoe has specialised in community contribution work and leadership development training. As a community worker, Zoe established a charity in Nepal and led developmental initiatives throughout the indigenous communities in Nepal working with community and women's groups to bring education, schooling and basic facilities to impoverished areas. Zoe brings a leadership development focus with expertise and experience in leadership behaviour, organisational culture change and social contribution. Zoe is currently chair of FACE Nepal Charitable Trust, Co-owner of Abel Tasman Kayaks, owner of Second Base and recent recipient of the Institute of Directors Emerging Governance Leader Award 2020.



Geoff Taylor joined the Board in July 2015. He is a professional Director with experience in corporate finance and investment management. Geoff is a former member of the Institute of Chartered Accountants, a current member of the Institute of Directors, and is a fellow of the Institute of Finance Professionals of NZ. Geoff began skiing on the rope tows of Whakapapa and was a member of Christiana Ski Club.

MEET OUR EXECUTIVE LEADERSHIP TEAM



Jono Dean - joined RAL as General Manager of Whakapapa Ski Area in June of 2018 following a career in the hospitality and tourism sector through New Zealand and Australia. Jono has a bachelor's degree in Tourism Management from Victoria University of Wellington and throughout his time at university, was an avid skier at both Tūroa and Whakapapa and a member of the Victoria Ski and Board Club. Jono assumed the position of CEO of RAL in October 2019 and has led the company through the challenging COVID-19 response and the 2020 Winter, working closely with his team and the Board to ensure the company has been able to continue trading through this difficult period. Jono is passionate about the future of the snow sports industry in New Zealand and takes an active role on the SAANZ executive team driving the industry forward.



Jamie Sutherland - joined RAL as General Manager of Maintenance in February 2019. Jamie has a background in Aviation Maintenance gained through 20 years of service in the Royal New Zealand Air Force and a bachelor's degree in Applied Management. Jamie is a Taupō local where he developed a passion for the outdoors and learned to ski at Whakapapa. Jamie has a passion for continuous improvement and represents RAL on the SAANZ lift technical committee.



Jessie Watling - joined RAL as Finance Manager in November 2013 and in July 2019 was appointed to the role of CFO and Company Secretary. Over the years her role changed as the business changed, moving through periods of licence renewals, reinvestment into infrastructure at the ski areas and more recently navigating the uncertainty around COVID-19 and working towards a sustainable capital structure for the future. In 2017 Jessie was awarded Highly Commended in the Young Finance Manager of the NZ CFO awards and prior to working with RAL she came from a financial auditing background with internationally recognised accountants, PricewaterhouseCoopers.



Sarah Webster - joined RAL as Human Resources Manager in September 2017, moving from Queenstown to the Ruapehu region. Sarah has worked in ski resorts across Australia, Canada, the United States and New Zealand, with a background in guest services, ski and ride school, and administration before moving into Human Resources. As well as working across several ski resorts, she has held HR roles in other tourism businesses including Ziptrek Ecotours Queenstown, The Hermitage Hotel in Aoraki Mount Cook, and Trojan Holdings. Sarah is a chartered member of the Human Resources Institute of New Zealand and sits on the SAANZ workforce committee.



Travis Donoghue - joined RAL as Chief Operating Officer in June 2020, Travis has a history working in the outdoor adventure and tourism industry particularly across remote and logistically complex environments in both New Zealand and Australia. Travis' last role was as Group General Manager at Discover Waitomo for Tourism Holdings Ltd and he is currently completing his final year papers in Applied Management majoring in Project Management. Travis is also a Director of NZOIA (the New Zealand Outdoor Instructors Association) and sits on the SAANZ industry growth committee.



Steve Manunui - first started at Whakapapa in 1988. He was appointed to the Ski Area Manager position in 2020. Prior to that he was the Operations Manager for Whakapapa where he had oversight of maintenance, lift operations, grooming, snowmaking, road services and transport for Whakapapa Ski Area. Steve also has experience working at ski areas in Canada, USA, Japan, Switzerland and Australia. In total he has 40 winter seasons of experience under his belt. He also has a strong iwi affiliation within Ngāti TuWharetoa. Steve is an eight-time Ironman finisher. Steve and his family are based in Taupō where they love and embrace everything the community and area has to offer.



Andy Hoyle - grew up in Canada and moved to NZ with his family in 1994. Studying Geophysics at Victoria University in Wellington, he was a passionate climber and back country skier and started at RAL in 2001 as a ski patroller at Whakapapa. In 2004 he stepped into the role of Whakapapa Safety Services Manager and continued through to 2013 in that capacity. In 2013, the company created a role specifically focused on Safety and Environmental Risk Management and he has worked in this role since then to the present day. Andy represents RAL on the SAANZ Health and Safety Committee and the SAANZ Environmental Sustainability Committee.



Mat Jonsson - joined RAL in 2017 as Commercial Manager at Tūroa, then acting as Ski Area Manager before assuming the role full time for the 2020 season. Mat has a bachelor's degree in Commerce & Administration from Victoria University of Wellington (2001), and prior to RAL, a broad career across marketing, information systems, operations management, and business process improvement. Mat has been snowboarding & skiing at Tūroa for 25 years and remains very passionate about his home ski area.

CORPORATE GOVERNANCE

THE BOARD’S ROLE

The Board is responsible for providing RAL with direction, leadership, strategy, integrity and judgement to ensure the ongoing sustainability of the company and to act in the best interests of the company in a transparent, accountable and responsible manner.

FOCUS AND PERFORMANCE FOR 2020

RAL has been and is still, in a period of organisational change. Our Board meetings over the 18 months have consisted of lengthy, detailed discussions on the impact of COVID-19 and what a sustainable capital structure could look like in the future. Our subcommittees continue to work with management to allow ideas and business cases to be trialled and tested before presenting and seeking decisions from the Board.

We have a diverse Board, and our Directors all have a wide range of skills and experience, providing us the appropriate individuals to chair our subcommittees.

CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES

The Financial Markets Authority (FMA) Corporate Governance Principles and Guidelines are used to measure RAL and provide an overview of our corporate governance.

ETHICAL STANDARDS

The Board must adhere to high standards of ethical and corporate behaviour, acting in accordance with commonly accepted good business practice and professional ethics.

BOARD COMPOSITION AND PERFORMANCE

The Board consists of six directors – all appointed by the Board and approved by our shareholders at the annual meeting.

Board appointments should provide proficient Directors who add value and have independent judgement.

BOARD COMMITTEES

The Board has established three standing subcommittees:

- **The Audit and Finance Committee** - consists of a minimum of three Board members and is chaired by Geoff Taylor. The purpose is to assist the Board to fulfil its responsibilities in relation to the integrity of the company's financial statements, the external audit and reporting, legal and regulatory compliance.
- **The Health, Safety and Environmental Risk Committee** - consists of all Board members and is chaired by Terry Allen. The purpose is to assist the board to fulfil its responsibilities in relation to Health, Safety, Environmental Risk related matters arising out of the activities of RAL's operations and those activities that affect employees, contractors, clients, communities and the environment in which RAL operates.
- **The Remuneration and Nomination Committee** - consists of a minimum of three Board members and is chaired by John Foley. The purpose of the Remuneration and Nomination Committee is to support and advise the Board on matters relating to remuneration including RAL's remuneration strategy; remuneration for the Chief Executive Officer, senior leadership team and Directors; support the appointment and performance of the CEO; and the composition and performance of the Board.

CURRENT MEMBERS OF THE SUBCOMMITTEES INCLUDE:

- Audit and Finance** - Geoff Taylor (chair), Murray Gribben & Christopher Swasbrook
- Health, Safety and Environmental Risk** - All directors, Terry Allen (chair)
- Remuneration and Nomination Committee** - John Foley (chair), Murray Gribben & Zoe Dryden

REPORTING AND DISCLOSURE

During the 2020 financial period the Board held fifteen meetings over the 12 months covered by this reporting period. Attendance records have been included in the below table:

| Name | Attendance Record | Comments |
|-----------------------|-----------------------------|--|
| Murray Gribben | 14/15 | |
| Duncan Fraser | 6/6 | Resigned from the board as a Director in April 2020 |
| Geoff Taylor | 15/15 | |
| Michelle Trapski | 6/6 | Resigned from the board as a Director in April 2020 |
| Debbie Birch | 6/6 | Resigned from the board as a Director in April 2020 |
| John Foley | 15/15 | |
| Terry Allen | 6/6 Advisor 9/9 Director | Joined the Board as an advisor in November 2019, appointed to Board as a Director in May 2020 |
| Zoe Dryden | 1/1 Advisor 2/2 Director | Joined the Board as an advisor in September 2020, appointed to Board as a Director in May 2020 |
| Christopher Swasbrook | 5/5 Advisor | Joined the Board as an advisor in July 2020, appointed to Board as a Director in March 2021 |
| Jamie Tuuta | 1/1 Advisor | Joined Board as an Advisor in November 2020. Appointed to Board as a Director in April 2021. |

The Board meeting agenda includes, but is not limited to, strategic issues, CEO updates, financials, health, safety and environment, capital expenditure proposals, departmental reports.

In addition to the above Board meetings, Te Pae Maunga and Te Pae Toka governance meetings were held with representatives of RAL and local iwi.

REMUNERATION

Board remuneration is subject to shareholder approval. Once approved by shareholders, the Board may allocate the remuneration between its members as it sees fit.

RISK MANAGEMENT

The Board is required to understand and identify key risk areas and key performance indicators of the company and monitor them and define limits of acceptable risk and ensure that appropriate risk management and regulatory compliance procedures are in place.

AUDITORS

The Audit and Finance Committee is required to review the independent auditor's qualifications and the annual appointment of the auditor is approved at the Annual General Meeting.

SHAREHOLDER RELATIONS

The Board has been elected by the company shareholders to govern the company. The Board needs to continually monitor economic, environmental, political, social, cultural and legal issues and other external factors that may influence the development of the business or the interest of shareholders and obtain external expert advice where it is considered necessary.

STAKEHOLDER RELATIONS

A key function of the Board is to identify the company's internal and external stakeholders and agree policies of how the company will relate to them; and ensure the company communicates effectively with shareholders and other stakeholders, particularly local iwi.

NOTICE OF ANNUAL GENERAL MEETING

The sixty-eighth Annual General Meeting (AGM) of Ruapehu Alpine Lifts Limited will be held on Friday 28 May 2021 at 3:00pm (NZT) at the Wellington Club, Level 4, 88 The Terrace, Wellington, New Zealand and online via the Link Market Services online meeting portal at www.virtualmeeting.co.nz/ral21. For those attending in person registration will be open from 2:30pm.

Ordinary Business

1. Apologies
2. Chair review and presentation of the Annual Report for period ended 30th November 2020
3. Appointment of directors

In accordance with the Constitution the following directors retire by rotation, and being eligible, offer themselves for reappointment:

- a. Terry Allen by rotation and, being eligible, offers himself for reappointment.
- b. Zoe Dryden by rotation and, being eligible, offers herself for reappointment.
- c. Christopher Swasbrook has been nominated by the board of directors to become a Ruapehu Alpine Lifts Ltd director and offers himself for appointment
- d. Jamie Tuuta has been nominated by the board of directors to become a Ruapehu Alpine Lifts Ltd director and offers himself for appointment

The directors support these appointments

4. To confirm the reappointment of Deloitte as auditor and authorise the directors to determine their remuneration for the ensuing year.
5. General

Voting and Proxies

Your right to vote may be exercised by:

- a. attending the meeting and voting in person or participating virtually and voting via the online platform; or
- b. appointing a proxy (or representative in the case of a corporate shareholder) to attend and vote in your place.

A proxy need not be a shareholder of the company.

Further details of how to direct your proxy to vote or give your proxy discretion to vote are set out in the proxy form/admission card available on the Mt Ruapehu website <https://www.mtruapehu.com/ral/annual-reports>. Alternatively, you appoint a proxy online at: <https://investorcentre.linkmarketservices.co.nz/voting/RALL>.

You will require your Holder Number and PIN to complete your proxy appointment. Your completed copy of the proxy form must be received by Link Market Services Limited, or your online appointment completed, no later than 3:00pm on Wednesday 26 May 2021, 48 hours before the Annual General Meeting. Proxy forms received after this time will not be valid for the Annual General Meeting. If attending in person, please bring the enclosed form to the meeting. The barcode is required for registration.

Questions

Shareholders attending the Annual General Meeting or participating virtually will have the opportunity to ask questions during the meeting. If you cannot attend the meeting but would like to ask a question, you may submit a question online at <https://investorcentre.linkmarketservices.co.nz/voting/RALL> or by completing the question section on the proxy form/admission card and returning it to Link Market Services. Questions must be submitted by 3.00pm on Wednesday 26 May 2021.

The main themes will be aggregated and responded to at the meeting. The company reserves the right not to address questions that, in the Chair's opinion, are not reasonable in the context of an annual general meeting.

Jessie L Watling
 CFO & Company Secretary

Dated at Mt Ruapehu, New Zealand this 30 April 2021

DIRECTORS REVIEW

Your directors have the pleasure in presenting to Shareholders the Annual Report for the period ending 30th November 2020.

PRINCIPAL ACTIVITIES

The company's principal activity during the year was the operation of Whakapapa and Tūroa Ski Areas.

| RESULTS | \$ '000s |
|------------------------------------|------------|
| Comprehensive Loss for the period | (\$21,006) |
| Total Equity at 1st December 2019 | \$38,941 |
| Total Equity at 30th November 2020 | \$17,835 |

DIVIDENDS

Pursuant to the constitution the company is precluded from paying dividends.

REMUNERATION OF EMPLOYEES – in bands of \$10,000 greater than \$100,000

The following discloses the number of employees (including former employees) of the company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, to the value of which was or exceeded \$100,000:

| | No of Employees | | No of Employees |
|-----------------------|-----------------|-----------------------|-----------------|
| \$110,000 - \$120,000 | 3 | \$150,000 - \$160,000 | 1 |
| \$120,000 - \$130,000 | 1 | \$170,000 - \$180,000 | 1 |
| \$130,000 - \$140,000 | 1 | \$230,000 - \$240,000 | 1 |
| \$140,000 - \$150,000 | 1 | \$370,000 - \$380,000 | 1 |

DIRECTORS' INTERESTS

The following transactions were entered into by Directors of the Company during the period:

- Professional Services have previously been received from Theta Systems, a company in which Terry Allen, a Director, is a Director.

The details of these transactions are in Note 10 to the Financial Statements – “Transactions with Related Parties”. In each case the full extent of any interest was disclosed to the Board and the Directors concerned took no part in the decision.

DIRECTORS' SHARE DEALINGS

Nil

REMUNERATION OF DIRECTORS

The remuneration paid to directors totalled \$183k.

During the year director's fees were paid to the following:

| | \$'000s | | \$'000s |
|----------------|---------|------------------|---------|
| Murray Gribben | \$ 59 | Zoe Dryden | \$ 5 |
| Geoff Taylor | \$ 34 | Duncan J Fraser | \$ 13 |
| John Foley | \$ 29 | Michelle Trapski | \$ 13 |
| Terry Allen | \$ 17 | Debbie Birch | \$ 13 |
| TOTAL | | | \$ 183 |

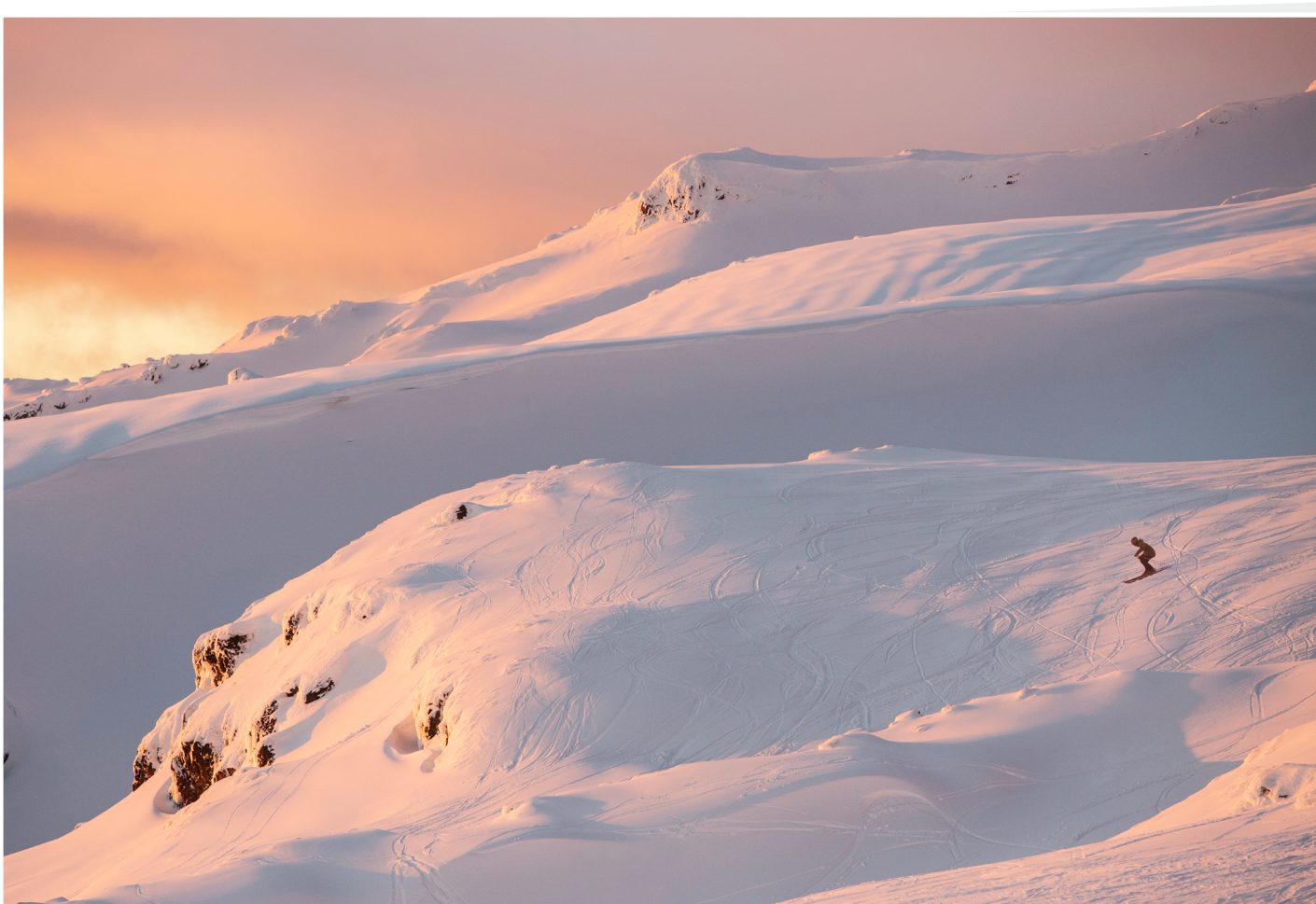
Duncan Fraser, Michelle Trapski and Debbie Birch resigned as Directors in April 2020 and Terry Allen and Zoe Dryden were appointed as Directors in May 2020 and October 2020 respectively. The remainder of the above-named directors held office during and since the end of the financial year.

USE OF COMPANY INFORMATION

During the period, the board received no notices from directors of the company, requesting to use company information received in their capacity as directors, which would not otherwise have been available to them.

Murray Gribben chair Date: Friday 30 April 2021

Geoff Taylor director Date: Friday 30 April 2021



SHAREHOLDING INFORMATION

Number of Shares Number of Shareholders*

5 or less 2,084

Between 6 & 10 148

Between 11 & 100 123

101 and over 2

In addition, the Ruapehu Alpine Lifts Limited Trust also holds 10,000 “D” shares.

As at the time of publishing this report there are 2,357 shareholders on the register.

Shares do frequently become available for purchase, normally from the estate of deceased shareholders. Purchase price is the face value of the shares – i.e. \$1 for “A” shares, \$20 for “B” and “C” shares. The company secretary facilitates sale and purchase of shares. Contact the Secretary at Private Bag 71902, Mt Ruapehu, 3951 (Email: companysecretary@mtruapehu.com) if there is interest in purchase of available shares. Note that the RAL Board of Directors have put a hold on all share purchases and transfers due to the work that is underway on RAL’s capital structure.

Since the 26th September 1998 the company constitution precludes any shareholder holding, in aggregate, more than 100 shares, notwithstanding that the aggregate holding may be more than one class of shares.

**At the time of publishing this report*

DIRECTORY

Auditor: Deloitte

Secretary: J Watling, Private Bag 71902, Mt Ruapehu 395
 companysecretary@mtruapehu.com

Banker: ANZ Bank New Zealand

Share Register: Private Bag 71902, Mt Ruapehu 3951

Solicitor: Chapman Tripp

Company & Registered Address: Top of Bruce Road, Whakapapa Ski Area, Mt Ruapehu 3951

Directors and Executive Leadership team: Refer page 20 and 22

RUAPEHU ALPINE LIFTS
 LIMITED TRUST

The Trust was created in 1983 to protect the interests of the company and its shareholders, and to preserve the company's integrity for future generations. The original trustees who invested in the company were issued 10,000 “D” shares, which represent 55.16% of shares on issue. The Trust shareholding, and its stated aim of “preserving RAL in its current form”, is intended to prevent any individual, group of individuals or organisation being able to action a hostile takeover of the company.

The original trustees were Sir Bryan Todd, Sir Roy McKenzie and Peter Scott. Sir John Ingram was appointed as a trustee in 1984.

Trustees during the reporting year were Tomas Huppert, John Parker, Phil Royal and Jo Bouchier.

FINANCIAL STATEMENTS

RUAPEHU ALPINE LIFTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For year ended 30 November 2020

| | Note | 2020 | 2019 |
|--|-------|---------------------------|--------------------------|
| | | \$'000s | \$'000s |
| Operating Activities | | | |
| Revenue | | | |
| Lift Pass Sales | | 22,197 | 21,643 |
| Sale of Goods and Services | | 7,727 | 12,356 |
| Rent | | 185 | 251 |
| Insurance Proceeds | 18 | - | 2,585 |
| Total Revenue | | 30,109 | 36,835 |
| | | | |
| Cost of Sales | | 1,893 | 2,558 |
| | | | |
| Gross Profit | | 28,216 | 34,277 |
| | | | |
| Expenses | | | |
| Auditor's Remuneration – Audit | | 54 | 33 |
| Auditor's Remuneration - Other Fees | | - | 35 |
| Finance Costs | | 1,486 | 1,303 |
| Depreciation | 5 | 9,953 | 5,457 |
| Amortisation | 6 | 335 | 133 |
| Directors' Fees | 12 | 183 | 210 |
| Insurance | | 1,652 | 1,459 |
| Electricity Usage and Line Charges | | 1,897 | 2,608 |
| Wages and Salaries | | 9,389 | 13,606 |
| ACC | | 175 | 146 |
| License Fees, Rates and Ski Area Levies | 13 | 716 | 1,600 |
| Marketing | | 430 | 730 |
| Lift Maintenance and Services | | 958 | 1,001 |
| Grooming Maintenance and Services | | 231 | 295 |
| Other Supplies and Services | 15 | 5,191 | 6,694 |
| Total Expenses | | 32,650 | 35,310 |
| | | | |
| (Loss) from Operations | | (4,434) | (1,033) |
| | | | |
| Other Items | | | |
| Other Income | | | |
| COVID-19 Government Wage Subsidy | 19 | 1,715 | - |
| Interest Received | | 34 | 57 |
| (Loss) / Gain on Sale / Disposal of Property, Plant and Equipment | | (64) | 75 |
| Grant Income on Loans | 9 | 475 | 2,371 |
| Fair Value (Loss) / Gain of Derivatives & Foreign Exchange Losses | 9 | (5) | 93 |
| Total Other Income | | 2,155 | 2,596 |
| Other Expenses | | | |
| Impairment of Property, Plant and Equipment & Intangible Assets | 5 & 6 | 20,204 | 166 |
| Total Other Expenses | | 20,204 | 166 |
| | | | |
| (Loss) / Gain from Other items | | (18,049) | 2,430 |
| | | | |
| Total Comprehensive (Loss) / Surplus for the Period | 17 | (22,483) | 1,397 |

The accompanying notes on pages 35 to 49 form part of these financial statements

RUAPEHU ALPINE LIFTS LIMITED

STATEMENT OF FINANCIAL POSITION

as at 30 November 2020

| | Note | 2020 | 2019 |
|--|------|-------------------------|-------------------------|
| | | \$'000s | \$'000s |
| CURRENT ASSETS | | | |
| Cash at Bank and on Hand | 9 | 4,966 | 1,564 |
| Restricted Funds in Trust | 9 | 512 | 3,705 |
| Trade and Other Receivables | 3 | 1,102 | 2,243 |
| Life Pass Finance Plan | | 148 | 226 |
| Inventories | 4 | 750 | 1,020 |
| Prepayments | 5 | 353 | 1,139 |
| Total Current Assets | | 7,831 | 9,897 |
| | | | |
| NON CURRENT ASSETS | | | |
| Life Pass Finance Plan | | 113 | 290 |
| Property, Plant and Equipment | 5 | 62,164 | 86,799 |
| Intangible Assets | 6 | 745 | 1,423 |
| Total Non Current Assets | | 63,022 | 88,512 |
| | | | |
| TOTAL ASSETS | | 70,853 | 98,409 |
| | | | |
| CURRENT LIABILITIES | | | |
| Lease Liabilities | 11 | 559 | 573 |
| Trade and Other Payables | 7 | 4,609 | 4,974 |
| Deferred Grant Income on Loans | 9 | 9 | 484 |
| Bank Borrowings | 9 | 5,900 | 6,900 |
| Fair Value of Derivatives | 9 | 9 | 29 |
| Revenue in Advance | 8 | 6,423 | 6,546 |
| Life Pass Deferred Revenue | | 1,960 | 2,172 |
| Total Current Liabilities | | 19,469 | 21,678 |
| | | | |
| NON CURRENT LIABILITIES | | | |
| Lease Liabilities | 11 | 20 | 515 |
| Bank Borrowings | 9 | - | - |
| Ministry of Business, Innovation and Employment Loan | 9 | 6,244 | 5,731 |
| Ruapehu District Council Loan | 9 | 304 | 279 |
| Tourism Infrastructure Bonds | 9 | 13,500 | 13,500 |
| Life Pass Deferred Revenue | | 14,858 | 17,765 |
| Total Non Current Liabilities | | 34,926 | 37,790 |
| | | | |
| TOTAL LIABILITIES | | 54,395 | 59,468 |
| | | | |
| NET ASSETS | | 16,458 | 38,941 |
| | | | |
| EQUITY | | | |
| Share Capital | 2 | 98 | 93 |
| Retained Earnings | | 16,360 | 38,848 |
| TOTAL EQUITY | | 16,458 | 38,941 |

The accompanying notes on pages 35 to 49 form part of these financial statements

RUAPEHU ALPINE LIFTS LIMITED

STATEMENT OF CHANGES IN EQUITY

For year ended 30 November 2020

| | Note | Share Capital \$'000s | Retained Earnings \$'000s | Total \$'000s |
|---------------------------------------|------|-----------------------------|---------------------------------|------------------|
| Balance at 1 December 2019 | | 93 | 38,848 | 38,941 |
| Comprehensive Loss for the Period | | - | (22,483) | (22,483) |
| Movement in Share Capital | | 5 | (5) | - |
| Balance at 30 November 2020 | 2 | <u>98</u> | <u>16,360</u> | <u>16,458</u> |
| Balance at 1 December 2018 | | 138 | 37,406 | 37,544 |
| Comprehensive Loss for the Period | | - | 1,397 | 1,397 |
| Movement in Share Capital | | (45) | 45 | - |
| Balance at 30 November 2019 | 2 | <u>93</u> | <u>38,848</u> | <u>38,941</u> |

For and on behalf of the Board who authorised the issue of these financial statements on:

Murray Gribben, Chair



Date: 30 April 2021

Geoff Taylor, Director



Date: 30 April 2021

The accompanying notes on pages 35 to 49 form part of these financial statements

RUAPEHU ALPINE LIFTS LIMITED

CASH FLOW STATEMENT

For year ended 30 November 2020

| | Note | 2020 \$'000s | 2019 \$'000s |
|--|-------|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Receipts from Customers | | 21,587 | 26,273 |
| Revenue Received in Advance | 8 | 6,423 | 6,546 |
| Receipts from Life Pass Sales | 16 | 253 | 4,419 |
| Interest Received | | 34 | 57 |
| COVID-19 Government Wage Subsidy | 19 | 1,715 | - |
| Cash was applied to: | | | |
| Payments to Suppliers and Employees | | (22,452) | (33,084) |
| Interest Paid | | (948) | (810) |
| Net Cash Flows from Operating Activities | | <u>6,612</u> | <u>3,401</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Sale of Property, Plant and Equipment | | - | 258 |
| Cash was applied to: | | | |
| Purchase of Property, Plant and Equipment | 5 & 6 | (5,403) | (17,815) |
| Net Cash Flows from Investing Activities | | <u>(5,403)</u> | <u>(17,557)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Tourism Infrastructure Bonds | | - | 4,000 |
| Cash was applied to: | | | |
| Current Portion of Term Loans | | (1,000) | (600) |
| Net Cash Flows from Financing Activities | | <u>(1,000)</u> | <u>3,400</u> |
| NET INCREASE/(DECREASE) IN CASH | | 209 | (10,756) |
| Opening Cash | | 5,269 | 16,025 |
| Closing Cash | | <u>5,478</u> | <u>5,269</u> |
| COMPOSITION OF CASH AND CASH EQUIVALENTS: | | | |
| Cash on Hand | 9 | 36 | 131 |
| Restricted Funds in Trust | 9 | 512 | 3,705 |
| Cash at Bank | 9 | 4,930 | 1,433 |
| Closing Cash Carried Forward | | <u>5,478</u> | <u>5,269</u> |

The accompanying notes on pages 35 to 49 form part of these financial statements

RUAPEHU ALPINE LIFTS LIMITED

RECONCILIATION OF TOTAL COMPREHENSIVE (LOSS)/SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES

For year ended 30 November 2020

| | | 2020 | 2019 |
|---|-------|----------|---------|
| | | \$'000s | \$'000s |
| Reported Net (Loss)/Surplus for the period | | (22,483) | 1,397 |
| | | | |
| Add / (Less) Non Cash Items: | | | |
| Depreciation | 5 | 9,953 | 5,457 |
| Amortisation of Intangible Assets | 6 | 335 | 133 |
| Impairment of Property, Plant and Equipment & Intangible Assets | 5 & 6 | 20,204 | 166 |
| Fair Value Movement in Derivatives & Foreign Exchange Loss / (Gain) | 9 | 5 | (93) |
| Effective Interest on MBIE and RDC loans | 9 | 538 | 493 |
| | | | |
| Movements in Working Capital: | | | |
| Movement in Trade and Other Payables | | (739) | (947) |
| Movement in Inventories | | 270 | (597) |
| Movement in Trade and Other Receivables | | 1,141 | (135) |
| Movement in Life Pass Finance Plan | | 255 | (386) |
| Movement in Prepayments | | 786 | (564) |
| Movement in Season Pass Revenue & Revenue in Advance | | (123) | (1,215) |
| Movement in Life Pass Deferred Revenue | | (3,119) | 2,138 |
| | | | |
| Items Classified as Investing Activities | | | |
| Loss / (Gain) on Disposal of Assets | | 64 | (75) |
| (Gain) / Loss on loans | | (475) | (2,371) |
| | | | |
| Net Cash Flow from Operating Activities | | 6,612 | 3,401 |

The accompanying notes on pages 35 to 49 form part of these financial statements

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

1. SUMMARY OF KEY ACCOUNTING POLICIES

1.1 Statement of Compliance

Ruapehu Alpine Lifts Limited (the ‘Company’) is a company registered under the Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The Company is a public benefit entity all profits are reinvested into the maintenance and further development of facilities at the ski areas for the benefit of the public to promote snow sports on Mt Ruapehu.

These financial statements have been prepared in accordance with Public Benefit Entity (PBE) IPSAS Standards and comply with those standards.

1.2 Basis of Preparation

The financial statements have been prepared on the basis of historical cost except for the valuation of certain financial instruments.

Cost is based on the fair value of the consideration given in exchange for the transaction.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transactions or other events as reported.

These financial statements are presented in New Zealand Dollars, rounded to the nearest thousand.

The outbreak of COVID-19 and the subsequent travel restrictions and quarantine measures imposed under the Government Alert levels in March 2020 and their ongoing impacts have caused disruption to businesses and economic activity. The Directors have been focused on navigating through the period of uncertainty caused by COVID-19 during the year. This involved working with management to oversee operations and evaluating funding needs and opportunities. Despite the disruptions caused by travel restrictions, the Company traded better than projected during the reporting period due to a higher level of skiing activity than was initially predicted. The Company was also able to better manage staff and general costs.

As at 30 November 2020 the Company is in a negative net working capital position of \$11.6m. This is calculated by taking Current Liabilities away from Current Assets. It is acknowledged that this negative working capital position is driven by \$6.4m of non-refundable revenue collected in advance of the 2021 season, \$1.9m of non-refundable life pass deferred revenue that will be allocated to the 2021 season and \$5.9m of term borrowings with ANZ. As at 30 November 2020 the Company has \$4.9m of cash at bank with ANZ, external borrowings with ANZ of \$5.9m and other external borrowings of \$20m (comprising Bonds issued and loans obtained from the Ministry of Innovation and employment (MBIE) and Ruapehu District Council (RDC) for the Sky Waka Gondola). The Company has no financial covenants but there are operational and reporting covenants, including a capital restructure with delivery date milestones which were not met, and therefore the loan with ANZ could technically be called at any time. A new milestone completion date of 1 December 2021 is planned for the review of the capital restructure.

At the time of signing the financial statements the Company’s facility agreement with ANZ is in place to 30 November 2021 and the bank has the ability to call the loan at any time as described above.

In the meantime, the Company entered into a loan agreement with the Ministry for Business, Innovation and Employment to the value of \$5m to be used as part of the Company’s 2020/21 capital expenditure programme (refer note 20).

While the Directors believe in the Company’s ability to continue as a going concern, should the ANZ loan be called upon before the expiry date or not be extended beyond 30 November 2021, or should an appropriate source of capital funding not be secured, there is a uncertainty that may cast doubt on the Company’s ability to continue as a going concern and, therefore, whether it will continue its normal business activities and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. These financial statements do not include adjustments to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

1.3 Changes in Accounting Policies

There have been no changes in accounting policies throughout the year.

1.4 Prior Year Comparatives

Prior year comparatives have been reclassified, where appropriate, to facilitate comparison with the current year. There has been no material impact on the Statement of Comprehensive Income or Statement of Financial Position.

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

1. SUMMARY OF KEY ACCOUNTING POLICIES (continued)

1.5 Key Sources of Judgment or Estimation

Life Pass Revenue

A key area of estimation is in relation to the revenue recorded for life passes where the revenue is released from deferred revenue based the yearly season pass yield. Prior to the financial year ended 30 November 2020 this was based on an estimated usage of the life for the relevant passes. A standard life pass had an estimated life of 20 years and the life plus pass had an estimated life of 25 years (due to these being transferable after 10 years) and are non-refundable. In recent years the Company has conducted a review of actual usage of life pass and life plus passes compared to estimated usage and it was found that the number of days that both life pass and life plus pass holders were using their passes were less than previously assumed over the 20 and 25 year respective lives. The Company's view is that life passes are longer term season passes and acknowledges that life pass holders behave similarly to season pass holders. The Company also views the annual drawdown of life pass revenue as foregone season pass revenue. The Company has therefore changed the drawdown method to relate to the annual season pass yield (i.e. annual revenue for an individual life pass and life plus pass is based off the annual season pass yield that the company achieved in that year). This change in judgement has resulted in an acceleration of the draw down of life pass deferred revenue of \$1.164m in the financial period ended 30 November 2020. As at 30 November 2020 there were 14k life passes in the Company's database.

Concessionary Loans

A key area of estimation is in relation to determining the Fair Value of the Ministry of Business, Innovation and Employment and Ruapehu District Council concessionary loans. The repayment and interest accrual profiles have been modelled using market value interest rates and forecast visitor forecasts for the Whakapapa Sky Waka Gondola.

Useful Lives of Property, Plant and Equipment and Intangible Assets

Depreciation and amortisation rates approximate the reasonable expectation of the useful life of each asset group based on the environment the Company operates in and from historical outcomes. A review of depreciation and amortisation against expected remaining economic useful life and residual value of items of property, plant and equipment and intangible assets was conducted during the year ended 30 November 2020. This resulted in an increase to the annual depreciation charge of \$3.9m and annual amortisation charge of \$112k. There was no impact on retained earnings as it is a prospective adjustment. The judgements and inputs into the assessment are described in Notes 1.11 and 1.12.

Impairment of Property, Plant and Equipment and Intangible Assets

A key area of judgement is in relation to the impairment assessment of the carrying amounts of property, plant and equipment and intangible assets. The Company has prepared a discounted cash flow model to estimate the recoverable amount of the cash-generating units (i.e. the Whakapapa and Turoa ski areas) to which the individual assets belong. The outcome of this assessment has resulted in impairment losses of \$20.2m being recognised in the Statement of Comprehensive Income attributable to the Turoa assets. The impairment exists due to the age of the Turoa assets, the required future investment and future estimated cashflows associated with Turoa's current asset base. The Directors have made a judgement over the realisable value for some of the Turoa assets such as vehicles, groomers, rental fleet, snowmaking equipment and other items of property plant and equipment. Further information on the impairment assessment are described in Notes 1.11, 1.12, 5 and 6.

1.6 Adoption of New and Revised Standards and Interpretations

All mandatory standards, amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

1.7 Revenue

Sale of Goods

Revenue earned by the Company from the supply of goods is measured at the fair value of consideration received. Revenue received from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Sale of Services

Revenue from the supply of season passes is recognised from the first day of the ski season and is drawn down as they are used throughout the season. Revenue from life passes is recognised by reference to the stage of completion (usage) of the life pass. All other revenue, including revenue from day passes and multi-day passes, is recognised on day of use.

Interest Received

Revenue is recognised on a time proportionate basis that takes into account the effective yield on financial assets.

Operating Rent

Operating Rent is recognised in the Statement of Comprehensive Income when received for the provision of staff accommodation.

1.8 Goods and Services Tax (GST)

Revenue, expenses assets and liabilities are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST.

1.9 Taxation

The Company is exempt from income tax under section CW40 (1) of the Income Tax Act 2007.

1.10 Inventories

Inventories are valued at the lower of cost (calculated using weighted average method) and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

1.11 Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at cost. When an asset is acquired for no, or nominal consideration the asset will be recognised initially at fair value, where fair value can be reliably determined, with the fair value of the asset received, less costs incurred to acquire the asset, also recognised as revenue in the Statement of Comprehensive Income.

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

1. SUMMARY OF KEY ACCOUNTING POLICIES (continued)

1.11 Property, Plant and Equipment (continued)

Capital works in progress are recognised as costs incurred. Capital works in progress are carried in the property, plant and equipment schedule as assets under construction. The total cost of this work is transferred to the relevant asset category on its completion and then depreciation commences.

Realised gains and losses arising from disposal of property, plant and equipment are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (i.e. the Whakapapa and Turoa ski areas) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units. Losses resulting from impairment are reported in the Statement of Comprehensive Income in the period in which they arise.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight-line basis so as to write off the cost of each asset over its useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

During the financial year ended 30 November 2020 the Company reviewed their depreciation rates against expected remaining economic useful life and residual value. The Company performed an assessment to determine whether the company's existing useful lives were aligned with the remaining useful lives. The key inputs into the assessment of residual useful lives were asset condition, usage expectations and the type of asset. This resulted in an increase to the annual depreciation charge of \$3.9m. There was no impact on retained earnings as it is a prospective adjustment.

| | | | |
|------------------------|--------------|---------------------|--------------|
| Buildings and fixtures | 5 - 33 years | Motor Vehicles | 2 - 10 years |
| Car Parks and Roads | 33 years | Plant and Equipment | 2 - 33 years |
| Ski Lifts & Components | 5 - 33 years | | |

1.12 Intangible Assets

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Intangible assets with finite lives are reviewed at least annually to determine if there is any indication of impairment. If any such indication exists, the recoverable amount of the intangible asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (i.e. the Whakapapa and Turoa ski areas) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units. Losses resulting from impairment are reported in the Statement of Comprehensive Income in the period in which they arise.

Intangible Assets are initially recorded at cost. Intangible Assets with finite lives are subsequently recorded at cost less any amortisation and any impairment losses. The estimated useful life of finite life intangibles are reviewed annually. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. Software is regarded as an intangible asset. The estimated useful lives, residual values and amortisation methods are reviewed at the end of each annual reporting period.

During the financial year ended 30 November 2020 the Company reviewed their amortisation rates and performed an assessment to determine whether the company's amortisation rates needed to be revised. This resulted in an increase to the annual amortisation charge of \$112k. There was no impact on retained earnings as it is a prospective adjustment.

| | |
|-------------------|--------------------------------|
| Software | 2 - 5 years |
| Whakapapa Licence | 60 years (term of the licence) |
| Turoa License | 60 years (term of the license) |

1.13 Leases

The Company leases certain office equipment, motor vehicles, software, land and buildings. Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1.14 Financial Instruments

Financial Instruments include financial assets and financial liabilities, but excludes season and life pass deferred revenue for which only a constructive obligation exists. Financial instruments are initially recorded at fair value plus any transaction costs. Subsequent to initial recognition, the measurement of financial instruments is dependent upon the classification determined by the Company.

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

1. SUMMARY OF KEY ACCOUNTING POLICIES (continued)

1.14 Financial Instruments (continued)

Cash and Equivalents

Cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

Trade and Other Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less any impairment.

Life Pass Finance Plan

Loans to customers to finance the purchase of life passes are recorded at amortised cost.

Financial Liabilities and Financial Assets at fair value through the profit or loss

Financial liabilities consist of foreign exchange derivative contracts held for trading, and are valued at fair value through the profit or loss.

Financial Liabilities

Financial liabilities such as Trade Payables and Borrowings are recorded at amortised cost.

Other Financial Liabilities

Financial liabilities such as concessionary loans (the Ministry of Business, Innovation and Employment and Ruapehu District Council Loans) are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense of the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding

1.15 Foreign Currency

All foreign currency transactions are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provisions can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. The carrying amount is the present value of those cash flows.

1.17 Cash Flow Statement

Cash and cash equivalents comprise cash on hand and cash in banks net of outstanding bank overdrafts. Operating activities include cash received from all income sources of the Company and cash payments for the supply of goods and services. Investing activities are activities relating to the acquisition and disposal of non-current assets. Financing activities comprises the change in equity and debt capital structure of the Company.

1.18 Borrowing Costs

All borrowing costs are expensed in the Statement of Comprehensive Income in the period in which they occurred.

1.19 Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave. These provisions are expected to be settled within 12 months and have been measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

2 SHARE CAPITAL

All shares have equal voting rights attached. No share has any right to receive dividends or other pecuniary benefit, or to participate (in excess of the amount of consideration paid on issue of the share) in the distribution of any surplus assets on liquidation of the Company. Surplus assets on wind-up shall be divided among those organisations, societies or other persons nominated by shareholders under special resolution.

| Fully Paid Ordinary Shares | A Shares | B Shares | C Shares | D Shares | Total |
|--|----------|-----------|-----------|-----------|-----------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Balance at the beginning of the period 1 December 2019 | 4 | 14 | 65 | 10 | 93 |
| Shares issued during the period | - | 2 | 3 | - | 5 |
| Shares forfeited during the period | - | - | - | - | - |
| Balance at the end of the period 30 November 2020 | 4 | 16 | 68 | 10 | 98 |

Number of Shares

| | | | | | |
|--|--------------|------------|--------------|---------------|---------------|
| Balance at the beginning of the period 1 December 2019 | 3,851 | 711 | 3,271 | 10,000 | 17,833 |
| Shares issued during the period | 167 | 82 | 159 | - | 408 |
| Shares forfeited during the period | - | - | - | - | - |
| Balance at the end of the period 30 November 2020 | 4,018 | 793 | 3,430 | 10,000 | 18,241 |

| Fully Paid Ordinary Shares | A Shares | B Shares | C Shares | D Shares | Total |
|--|----------|-----------|-----------|-----------|-----------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Balance at the beginning of the period 1 December 2018 | 6 | 28 | 94 | 10 | 138 |
| Shares issued during the period | - | - | - | - | - |
| Shares forfeited during the period | (2) | (14) | (29) | - | (45) |
| Balance at the end of the period 30 November 2019 | 4 | 14 | 65 | 10 | 93 |

Number of Shares

| | | | | | |
|--|--------------|------------|--------------|---------------|---------------|
| Balance at the beginning of the period 1 December 2018 | 6,000 | 1,400 | 4,710 | 10,000 | 22,110 |
| Shares issued during the period | - | - | - | - | - |
| Shares forfeited during the period | (2,149) | (689) | (1,439) | - | (4,277) |
| Balance at the end of the period 30 November 2019 | 3,851 | 711 | 3,271 | 10,000 | 17,833 |

Pursuant to section 87 of the Companies Act 1993, RAL is required to maintain a share register which includes the names and latest know address of each shareholder. Clause 11.11 of RAL's Constitution enables the Board to forfeit any shareholders shares who in the reasonable opinion of the Board is no longer able to be contacted by the Company in writing. Pursuant to this clause, the Board passed a resolution to forfeit the shares of those shareholders who the Board has not been able to contact. This took place on the 31st July 2019.

Clause 11.12 of RAL's Constitution enables the Board to re-issue the forfeited shares within 12 months of forfeiture should any shareholder make themselves known to the Company and provides sufficient contact details for future correspondence and communications. The above shares that have been forfeited reflect the balance at the 30th November. Shareholders had until the 31st July 2020 to make themselves known to the company. The shares reissued during the year ended 30 November 2020 relate to those missing shareholders who made contact with the company.

| 3 TRADE AND OTHER RECEIVABLES | 2020 | 2019 |
|-------------------------------|--------------|--------------|
| | \$'000s | \$'000s |
| Trade & Other Receivables | 15 | 2,054 |
| GST Receivable | 1,087 | 189 |
| | 1,102 | 2,243 |

For the year ended 30 November 2019 Trade and Other Receivables included a receivable for \$1.825m as a settlement of the Turoa avalanche insurance claim (refer note 18 for additional information relating to the avalanche insurance claim).

| 4 INVENTORIES | 2020 | 2019 |
|-------------------|------------|--------------|
| | \$'000s | \$'000s |
| Retail | 450 | 590 |
| Food and Beverage | 116 | 213 |
| Fuel | 20 | 31 |
| Sundry | 164 | 186 |
| | 750 | 1,020 |

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

5 PROPERTY, PLANT AND EQUIPMENT

| 30 November 2020 | Opening Cost | Additions | Disposals | Impairment | Transfers | Closing Cost |
|--|----------------|--------------|----------------|--------------|--------------|----------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Ski Lifts | 46,819 | - | (245) | - | 3,972 | 50,546 |
| Buildings and Fixtures | 39,271 | - | (170) | - | 944 | 40,045 |
| Car Parks and Roads | 6,901 | - | - | - | (2,056) | 4,845 |
| Motor Vehicles | 10,180 | - | (250) | - | (579) | 9,351 |
| Service Concession Assets | 527 | - | - | - | 579 | 1,106 |
| Plant and Equipment | 29,792 | - | (3,084) | - | 2,457 | 29,165 |
| | 133,490 | - | (3,749) | - | 5,317 | 135,058 |
| Assets Under Development | 422 | 5,240 | - | (182) | (5,317) | 163 |
| Total Property, Plant and Equipment | 133,912 | 5,240 | (3,749) | (182) | - | 135,221 |

| 30 November 2019 | Opening Cost | Additions | Disposals | Impairment | Transfers | Closing Cost |
|--|----------------|---------------|----------------|-------------|---------------|----------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Ski Lifts | 34,371 | - | (3,271) | (44) | 15,763 | 46,819 |
| Buildings and Fixtures | 31,459 | - | - | - | 7,812 | 39,271 |
| Car Parks and Roads | 6,894 | 7 | - | - | - | 6,901 |
| Motor Vehicles | 9,833 | 1,292 | (808) | - | (137) | 10,180 |
| Service Concession Assets | - | - | - | - | 527 | 527 |
| Plant and Equipment | 27,065 | 846 | - | - | 1,881 | 29,792 |
| | 109,622 | 2,145 | (4,079) | (44) | 25,846 | 133,490 |
| Assets Under Development | 10,355 | 15,808 | (183) | - | (25,558) | 422 |
| Total Property, Plant and Equipment | 119,977 | 17,953 | (4,262) | (44) | 288 | 133,912 |

| 30 November 2020 | Opening Accumulated Depreciation & Impairment | Transfers | Depreciation | Disposals | Impairment | Closing Balance |
|--|---|-----------|--------------|----------------|---------------|-----------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Ski Lifts | 10,393 | - | 2,866 | (237) | 10,837 | 23,859 |
| Buildings and Fixtures | 13,072 | - | 1,413 | (158) | 5,603 | 19,930 |
| Car Parks and Roads | 3,204 | (976) | 145 | - | 1,765 | 4,138 |
| Motor Vehicles | 6,399 | - | 1,035 | (250) | - | 7,184 |
| Service Concession Assets | 59 | - | 116 | - | - | 175 |
| Plant and Equipment | 13,986 | 976 | 4,378 | (3,045) | 1,476 | 17,771 |
| Total Accumulated Depreciation & Impairment | 47,113 | - | 9,953 | (3,690) | 19,681 | 73,057 |

| 30 November 2019 | Opening Accumulated Depreciation & Impairment | Transfers | Depreciation | Disposals | Impairment | Closing Balance |
|--|---|-----------|--------------|----------------|------------|-----------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Ski Lifts | 12,475 | - | 1,220 | (3,271) | (31) | 10,393 |
| Buildings and Fixtures | 11,897 | - | 1,022 | - | 153 | 13,072 |
| Car Parks and Roads | 2,997 | - | 207 | - | - | 3,204 |
| Motor Vehicles | 6,083 | (208) | 1,148 | (624) | - | 6,399 |
| Service Concession Assets | - | - | 59 | - | - | 59 |
| Plant and Equipment | 11,977 | 208 | 1,801 | - | - | 13,986 |
| Total Accumulated Depreciation & Impairment | 45,429 | - | 5,457 | (3,895) | 122 | 47,113 |

| | |
|--|----------------|
| Balance as at 30 November: | \$'000s |
| Net Carrying Value as at 30 November 2020: | 62,164 |
| Net Carrying Value as at 30 November 2019: | 86,799 |

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

5 PROPERTY, PLANT AND EQUIPMENT (continued)

During the year the Company performed a review of depreciation against expected remaining economic useful life and residual value of items of property, plant and equipment and intangible assets was conducted during the year ended 30 November 2020. This resulted in an increase to the annual depreciation charge of \$3.9m. There was no impact on retained earnings as it is a prospective adjustment. The judgements and inputs into the assessment are described in Notes 1.11.

During the year the Company carried out a review of the recoverable amounts of the cash-generating units (i.e. the ski areas) to determine if an indication of impairment exists. The review led to the recognition of an impairment loss of \$19.86m associated with the Turoa property, plant and equipment. The impairment exists due to the age of the Turoa assets, the required future investment and future estimated cashflows associated with Turoa's current asset base. The impairment loss has been recognised in the statement of comprehensive income. The discounted cashflow model to determine the recoverable amounts of the cash-generating units has a weighted average cost of capital rate of 8.19% and a terminal growth rate of 1.5%.

In June 2019 RAL entered into a 5-year exclusive agreement with an entity to provide transportation services for paid public transport during the winter season, paid charter services all year round and subsidised staff transport for the winter season. This agreement provided the Contractor with an exclusive right to conduct public transport services and operations for and on behalf of Mt Ruapehu, Whakapapa and Turoa ski fields. Due to the nature of this agreement the buses that RAL own have been reclassified as service concession assets align with IPSAS 32.

In August 2018 an avalanche damaged part of the High Noon Chairlift. An impairment of \$166k was recognised for the period ended 30 November 2019 against this asset whilst it was being repaired.

Within the 30 November 2019 prepayments amount of \$1.139m on the face of the Statement of Financial Position there was a prepayment of \$960k which was the prepaid portion at the end of the financial period for the deposit of the Giant refurbishment project. There is no remaining prepaid portion in relation to this deposit in the prepayments balance at 30 November 2020.

6 INTANGIBLE ASSETS

| 30 November 2020 | Opening Cost | Additions | Disposals | Impairment | Transfers | Closing Cost |
|--------------------------------|--------------|-----------|-------------|------------|------------|--------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Intangible Assets | 1,908 | - | (82) | - | 382 | 2,208 |
| | 1,908 | - | (82) | - | 382 | 2,208 |
| Assets Under Development | 382 | - | - | - | (382) | - |
| Total Intangible Assets | 2,290 | - | (82) | - | - | 2,208 |

| 30 November 2019 | Opening Cost | Additions | Disposals | Impairment | Transfers | Closing Cost |
|--------------------------------|--------------|------------|-------------|-------------|-----------|--------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Intangible Assets | 1,863 | - | - | - | 45 | 1,908 |
| | 1,863 | - | - | - | 45 | 1,908 |
| Assets Under Development | 1 | 443 | (17) | - | (45) | 382 |
| Total Intangible Assets | 1,864 | 443 | (17) | (17) | - | 2,290 |

| 30 November 2020 | Opening Accumulated Amortisation & Impairment | Amortisation | Disposals | Impairment | Transfers | Closing Balance |
|--|---|--------------|-------------|------------|-----------|-----------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Intangible Assets | 867 | 335 | (82) | 343 | - | 1,463 |
| Total Amortisation & Impairment | 867 | 335 | (82) | 343 | - | 1,463 |

| 30 November 2019 | Opening Accumulated Amortisation & Impairment | Amortisation | Disposals | Impairment | Transfers | Closing Balance |
|--|---|--------------|-----------|------------|-----------|-----------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Intangible Assets | 734 | 133 | - | - | - | 867 |
| Total Amortisation & Impairment | 734 | 133 | - | - | - | 867 |

| | |
|--|----------------|
| Balance as at 30 November: | \$'000s |
| Net Carrying Value as at 30 November 2020: | 745 |
| Net Carrying Value as at 30 November 2019: | 1,423 |

During the year the Company performed a review of depreciation against expected remaining economic useful life and residual value of intangible assets was conducted during the year ended 30 November 2020. This resulted in an increase to the annual depreciation charge of \$112k. There was no impact on retained earnings as it is a prospective adjustment. The judgements and inputs into the assessment are described in Note 1.12.

During the year the Company carried out a review of the recoverable amounts of the cash-generating units (i.e. the ski areas) to determine if an indication of impairment exists. The review led to the recognition of an impairment loss of \$343k associated with the Turoa intangible assets. The impairment exists due to the age of the Turoa assets, the required future investment and future estimated cashflows associated with Turoa's current asset base. The impairment loss has been recognised in the statement of comprehensive income. The discounted cashflow model to determine the recoverable amounts of the cash-generating units has a weighted average cost of capital rate of 8.19% and a terminal growth rate of 1.5%.

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

| 7 TRADE AND OTHER PAYABLES | 2020 | 2019 |
|---|--------------|--------------|
| | \$'000s | \$'000s |
| Trade Creditors | 400 | 772 |
| Tourism Infrastructure Bond Coupons | 171 | 98 |
| Short Term Employee Entitlements | 947 | 650 |
| Other Accruals and Sundry Creditors | 3,091 | 3,454 |
| | 4,609 | 4,974 |
| | | |
| Of the total value of trade and other payables, \$12k relates to capital purchases (2019: \$644k). Other accruals and sundry creditors include DOC licence fee accruals, purchase order and other accruals. | | |

| 8 REVENUE IN ADVANCE | 2020 | 2019 |
|--|--------------|--------------|
| | \$'000s | \$'000s |
| Deferred Revenue Season Passes | 6,074 | 6,125 |
| Other Revenue in Advance | 349 | 421 |
| | 6,423 | 6,546 |
| | | |
| The deferred revenue relates to season pass sales between October 2020 and November 2020 for the 2021 winter season. These passes cannot be utilised until the opening of the 2021 ski season, as such, the revenue is recognised as deferred revenue and will be drawn down throughout the 2021 season. | | |

9 FINANCIAL INSTRUMENTS

| |
|--|
| Interest Rate Risk |
| The Company has exposure to interest rate risk to the extent that it borrows for a fixed term at fixed rates and has an overdraft facility with interest rates that vary quarterly. The Company manages its interest rate risk by securing short and medium term fixed interest rates. The effective interest rates (including a 1.53% margin (2019: 1.9%)) on the term borrowings are between 5.02% and 5.52% (2019: 4.16% and 4.83%). |
| |
| Credit Risk |
| Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligation. Financial instruments that potentially subject the Company to credit risk principally consist of cash, accounts receivable and the life pass finance plan. The Company has established credit policies that are used to manage the exposure to credit risk. The maximum exposures to credit risk are considered the carrying value of these financial assets. No collateral is held in relation to any financial asset. The Company is not exposed to any concentrations of credit risk. The Material Damage Policy is placed with one insurer with the following rating in accordance with the Insurance Companies (Rating and Inspections) Act 1994: Lloyds of London A+. |
| |
| Currency Risk |
| The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, as well as foreign exchange forward contracts, arising from normal trading activities. Where exposures are uncertain it is the Company's policy to hedge these risks. At balance date the contracted amount of forward exchange contracts outstanding was NZD \$192k (2019: NZD \$1.277m). |

The following tables detail the forward foreign currency contracts as at 30th November:

| 30 November 2020 | Average | Foreign | Contract Value | Fair Value |
|-----------------------------------|---------------|----------|----------------|------------|
| | Exchange Rate | Currency | NZ | NZ |
| | | 000s | \$'000s | \$'000s |
| Forward Exchange Contracts | | | | |
| Buy EUR | | | | |
| Greater than 3 months | \$0.55 | EUR €65 | 118 | 6 |
| Buy EUR | | | | |
| Less than 3 months | \$0.56 | EUR €42 | 74 | 3 |
| | | | 192 | 9 |

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

| 9 FINANCIAL INSTRUMENTS (continued) | | | | |
|-------------------------------------|--------------------------|---------------------|----------------|---------------|
| 30 November 2019 | Average Exchange Rate | Foreign Currency | Contract Value | Fair Value |
| | | | NZ \$'000s | NZ \$'000s |
| Forward Exchange Contracts | | | | |
| Buy EUR | | | | |
| Greater than 3 months | \$0.57 | EUR €369,056 | 652 | 18 |
| Buy EUR | | | | |
| Less than 3 months | \$0.57 | EUR €358,000 | 625 | 11 |
| | | | 1,277 | 29 |

The net movements in the Fair Value of Derivatives and Foreign Exchange (Losses)/Gains were (\$5k) (2019: \$93k) and are included in Other Income on the Statement of Comprehensive Income.

Liquidity Risk

Liquidity risk arises from a mismatch in the final maturity of Statement of Financial Position Assets and Liabilities. Guidelines have been set to ensure that all obligations of the Company are met in a timely and cost effective manner. The Company has an overdraft facility of \$50k (2019: \$50k) available and a flexible facility of \$8.6m (2019 \$5m) with the banker to assist the Company in meeting its obligations. As at balance date the cash at bank position was \$4.966m (2019: \$1.564m), the \$50,000 overdraft facility was not being utilised and the flexible facility was not drawn down. The maturity analysis of the Company is as follows and represents the future cashflows to the Company (and therefore does not reconcile to the Statement of Financial Position):

Financial Position):

30 November 2020

| Financial Assets | < 1 Year | 1 – 5 Years | 5 + Years | Total |
|-----------------------------|----------|-------------|-----------|---------|
| | \$'000s | \$'000s | \$'000s | \$'000s |
| Cash at Bank | 4,966 | - | - | 4,966 |
| Restricted Funds in Trust | 512 | - | - | 512 |
| Trade and Other Receivables | 15 | - | - | 15 |
| Life Pass Finance Plan | 148 | 113 | - | 261 |
| Total Financial Assets | 5,641 | 113 | - | 5,754 |

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Financial Liabilities | \$'000s | \$'000s | \$'000s | \$'000s |
| Trade and Other Payables | 4,609 | - | - | 4,609 |
| Finance Lease | 587 | 20 | - | 607 |
| Bank Borrowings | 6,202 | - | - | 6,202 |
| Ministry of Business, Innovation and Employment Loan | - | 1,647 | 9,959 | 11,606 |
| Ruapehu District Council Loan | - | 34 | 553 | 587 |
| Tourism Infrastructure Bonds | 481 | 11,007 | 23,110 | 34,598 |
| Fair Value of Derivatives | 9 | - | - | 9 |
| Total Financial Liabilities | 11,888 | 12,708 | 33,622 | 58,218 |

| | | | | |
|-------------------------------|--------------------|--------------------|------------------|----------------|
| 30 November 2019 | < 1 Year | 1 – 5 Years | 5 + Years | Total |
| Financial Assets | \$'000s | \$'000s | \$'000s | \$'000s |
| Cash at Bank | 1,564 | - | - | 1,564 |
| Restricted Funds in Trust | 3,705 | - | - | 3,705 |
| Trade and Other Receivables | 2,054 | - | - | 2,054 |
| Life Pass Finance Plan | 226 | 290 | - | 516 |
| Total Financial Assets | 7,549 | 290 | - | 7,839 |

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

9 FINANCIAL INSTRUMENTS (continued)

| <u>Financial Liabilities</u> | < 1 Year | 1 – 5 Years | 5 + Years | Total |
|--|--------------|---------------|---------------|---------------|
| | \$'000s | \$'000s | \$'000s | \$'000s |
| Trade and Other Payables | 4,974 | - | - | 4,974 |
| Finance Lease | 606 | 513 | 20 | 1,139 |
| Bank Borrowings | 1,259 | 5,939 | - | 7,198 |
| Ministry of Business, Innovation and Employment Loan | - | 894 | 10,712 | 11,606 |
| Ruapehu District Council Loan | - | 20 | 567 | 587 |
| Tourism Infrastructure Bonds | 345 | 9,352 | 25,843 | 35,540 |
| Fair Value of Derivatives | 29 | - | - | 29 |
| Total Financial Liabilities | 7,213 | 16,718 | 37,142 | 61,073 |

Categories of Financial Instruments

The Company's financial instruments are classified into the following categories:

30 November 2020

| <u>Financial Assets</u> | Cash and equivalents | Fair Value Through Profit or Loss | Loans and Receivables | Financial Liabilities at Amortised Cost | Other Financial Liabilities | Total |
|-------------------------------|----------------------|-----------------------------------|-----------------------|---|-----------------------------|--------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Cash at Bank | 4,966 | - | - | - | - | 4,966 |
| Restricted Funds in Trust | 512 | - | - | - | - | 512 |
| Trade and Other Receivables | - | - | 15 | - | - | 15 |
| Life Pass Finance Plan | - | - | 261 | - | - | 261 |
| Total Financial Assets | 5,478 | - | 276 | - | - | 5,754 |

| <u>Financial Liabilities</u> | Cash and equivalents | Fair Value Through Profit or Loss | Loans and Receivables | Financial Liabilities at Amortised Cost | Other Financial Liabilities | Total |
|--|----------------------|-----------------------------------|-----------------------|---|-----------------------------|---------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Accounts Payable | - | - | - | 4,609 | - | 4,609 |
| Finance Lease | - | - | - | 579 | - | 579 |
| Bank Borrowings | - | - | - | 5,900 | - | 5,900 |
| Ministry of Business, Innovation and Employment Loan | - | - | - | - | 6,244 | 6,244 |
| Ruapehu District Council Loan | - | - | - | - | 304 | 304 |
| Tourism Infrastructure Bonds | - | - | - | 13,500 | - | 13,500 |
| Fair Value of Derivatives | - | 9 | - | - | - | 9 |
| Total Financial Liabilities | - | 9 | - | 24,588 | 6,548 | 31,145 |

30 November 2019

| <u>Financial Assets</u> | Cash and equivalents | Fair Value Through Profit or Loss | Loans and Receivables | Financial Liabilities at Amortised Cost | Other Financial Liabilities | Total |
|-------------------------------|----------------------|-----------------------------------|-----------------------|---|-----------------------------|--------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Cash at Bank | 1,564 | - | - | - | - | 1,564 |
| Restricted Funds in Trust | 3,705 | - | - | - | - | 3,705 |
| Trade and Other Receivables | - | - | 2,054 | - | - | 2,054 |
| Life Pass Finance Plan | - | - | 516 | - | - | 516 |
| Total Financial Assets | 5,269 | - | 2,570 | - | - | 7,839 |

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

9 FINANCIAL INSTRUMENTS (continued)

| <u>Financial Liabilities</u> | Cash and equivalents | Fair Value Through Profit or Loss | Loans and Receivables | Financial Liabilities at Amortised Cost | Other Financial Liabilities | Total |
|--|----------------------|-----------------------------------|-----------------------|---|-----------------------------|---------------|
| | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Accounts Payable | - | - | - | 4,974 | - | 4,974 |
| Finance Lease | - | - | - | 1,088 | - | 1,088 |
| Bank Borrowings | - | - | - | 6,900 | - | 6,900 |
| Ministry of Business, Innovation and Employment Loan | - | - | - | - | 5,731 | 5,731 |
| Ruapehu District Council Loan | - | - | - | - | 279 | 279 |
| Tourism Infrastructure Bonds | - | - | - | 13,500 | - | 13,500 |
| Fair Value of Derivatives | - | 29 | - | - | - | 29 |
| Total Financial Liabilities | - | 29 | - | 26,462 | 6,010 | 32,501 |

Fair Value Measurements Recognised in the Statement of Financial Position

Financial instruments subsequent to initial recognition are grouped into Levels 1 to 3 based on degrees to which the fair value is observable:

| | | |
|---|---------|---|
| · | Level 1 | Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities. |
| · | Level 2 | Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Company has derivatives in place at balance date and these are valued at Level 2 on the hierarchy. |
| · | Level 3 | Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Financial instruments that fall into level 3 for the Company include the Ruapehu District Council and Ministry of Business, Innovation and Employment loans. |

Security

ANZ Bank New Zealand Limited has a security agreement over all present and after acquired property of the Company with the exception of the Sky Waka Gondola. The Tourism Infrastructure Bond holders have security over the Sky Waka Gondola.

Borrowings and Finance Costs

During the year ended 30 November 2020 the Company was subject to an event of review under the terms of its loan agreement with the ANZ Bank New Zealand Limited. This event of review was triggered as a result of the global pandemic, COVID-19. Analysis was performed by the Company modelling a number of scenarios including the worst case which was presented to ANZ reflecting expected cashflows should the Company not be able to operate for winter 2020. During lockdown ANZ moved their support for the Company on a month by month basis. Once the Company had some certainty around a winter 2020 operation ANZ provided facilities through to 30 November 2020. The Company has since renewed both their seasonal facility and term borrowings through to 30 November 2021. The effective interest rates (including a 1.53% margin (2019: 1.9%)) on the term borrowings are between 5.02% and 5.52% (2019: 4.16% and 4.83%). These facilities are conditional on the Company completing a capital restructure. The Company commenced this process in late 2020 with delivery date milestones which were not met and therefore the loan with ANZ could technically be called at any time. This has been further detailed within Note 1.2.

Security over Finance Leases assets exists until repayment in full.

The effective interest calculations for the period were \$513k and \$25k for the MBIE and RDC loans respectively (2019: \$471k and \$23k). The interest accrual on the Tourism Infrastructure bonds were \$96k (2019: \$98k).

| | 2020 | 2019 |
|--|---------|---------|
| | \$'000s | \$'000s |
| Interest Component Term Borrowings | 217 | 201 |
| Interest Charges on Finance Leases and Lease Liabilities | 17 | 50 |

Restricted Funds Held In Trust

The Restricted Funds Held In Trust is an account held in Trust with Macalister Mazengarb (Wellington legal firm) as the funds are specific to the construction of the Sky Waka Gondola at Whakapapa. The MBIE and RDC loan facilities were paid into this account along with the funds from the Tourism Infrastructure Bonds. Payments are released from this account by Macalister Mazengarb once the payments have been verified by the independent engineer to the contract. The remaining funds held in trust relate to the final milestones yet to be met for the construction of the Sky Waka.

Ministry of Business, Innovation and Employment Loan

The Ministry of Business, Innovation and Employment (MBIE) entered into a loan agreement with the Company as part of their Provincial Growth Fund (PGF) to the value of \$10m. The funds of this loan were specific to building the Sky Waka Gondola at the Whakapapa Ski Area. The term of the loan is 10 years (due to be repaid in 2028) and the repayment for principal and the accrual for interest is triggered when a 'repayment event' occurs. In the agreement a 'repayment event has been specified when the number of non-ski passengers exceeds 300k in any given financial year. The interest rate in the agreement is 2.78% based off the 10-year government bond rate at the date of signing the agreement. The repayment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding. This loan is a 'concessionary loan' as the terms are below standard market conditions. When assessing the market value of similar funding arrangements we used a rate of 8.95% as that at commencement of the instrument is what is currently offered for asset/equipment financing. The face value of the loan was \$10m and the Fair Value at initial recognition amounted to \$5.145m. A gain of \$434k (2019: \$2.331m) has been recognised in the financial period as Grant Income on Loans in the Statement of Comprehensive Income and nil (2019: \$434k) has been deferred in the Statement of Financial Position as Deferred Grant Income on Loans. The gain recognised in the Statement of Comprehensive Income is a non-monetary gain. The values disclosed in the maturity analysis is reflective of the expected cashflows associated with this agreement. The non-ski passengers for the year ended 30 November 2020 did not exceed the level to trigger a repayment event.

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

9 FINANCIAL INSTRUMENTS (continued)

| |
|---|
| Ruapehu District Council Loan |
| <p>The Ruapehu District Council (RDC) entered into a loan agreement with the Company to the value of \$500k. The funds of this loan were specific to building the Sky Waka Gondola at the Whakapapa Ski Area. The term of the loan is 10 years (due to be repaid in 2028) with interest accruals and payments of interest triggered when a 'repayment event' occurs. In the agreement a 'repayment event' has been specified when the number of non-ski passengers exceeds 300k in any given financial year. The interest rate in the agreement is 2.81% based off the 10-year government bond rate at the date of signing the agreement. The interest accrual and payment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding. This loan is a 'concessionary loan' as the terms are below standard market conditions. When assessing the market value of similar funding arrangements we used a rate of 8.95% as that is what is at commencement of the instrument currently offered for asset/equipment financing. The face value of the loan was \$500k and the Fair Value at initial recognition amounted to \$249k. A gain of \$41k (2019: \$40k) has been recognised in the financial period as Grant Income on Loans in the Statement of Comprehensive Income and \$9k (2019: \$50k) has been deferred in the Statement of Financial Position as Deferred Grant Income on Loans. The gain recognised in the Statement of Comprehensive Income is a non-monetary gain. The values disclosed in the maturity analysis is reflective of the expected cashflows associated with this agreement. The non-ski passengers for the year ended 30 November 2020 did not exceed the level to trigger a repayment event.</p> |

Tourism Infrastructure Bonds

The company established 'Tourism Infrastructure Bonds' to fund of the Sky Waka Gondola at the Whakapapa Ski Area. At the end of the financial year \$13.5m (2019: \$13.5m) had been subscribed and committed to. The bond holders include Taupo District Council, Tuwharetoa Gondola Partnership Limited, Bay Trust, and two private entities. These bonds attract a minimum quarterly coupon of 3% and uncapped upside depending on the non-ski passenger tickets sold once its operational. The upside is determined by calculating an inflation-adjusted toll of NZD\$0.50 for every sightseeing ticket sold per bond held in multiples of \$1m. The payment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding with the assumption that the bonds are repaid at the end of year 10 (with \$9.5m due to be repaid in 2028 and \$4m due to be repaid in 2029).

Sensitivity Analysis

The Company is exposed to market risks such as interest rate risk and foreign exchange risk during the course of the Company's normal trading activities.

As interest rates are fixed the only sensitivity for the Company's borrowings is around the payment profile for MBIE Loan and Tourism Infrastructure Bonds and movements in foreign exchange rates.

The below sensitivity analysis has been performed for the cashflows of the MBIE and Tourism Infrastructure Bond facilities as payments are triggered off non-ski gondola passenger tickets.

| 30 November 2020 Sensitivity Analysis | MBIE | Bonds |
|--|---------|---------|
| | \$'000s | \$'000s |
| Increase in maturity profile + 10% Visitor Numbers | (347) | (2,062) |
| Decrease in maturity profile - 10% Visitor Numbers | 380 | 2,062 |
| | | |
| 30 November 2019 Sensitivity Analysis | MBIE | Bonds |
| | \$'000s | \$'000s |
| Increase in maturity profile + 10% Visitor Numbers | (347) | (2,170) |
| Decrease in maturity profile - 10% Visitor Numbers | 380 | 2,170 |

The below sensitivity analysis has been performed for the foreign exchange risk on the derivatives open as at 30 November 2020. The following table details the Company's sensitivity to a 100 basis point increase and decrease in EUR Exchange rates:

| 30 November 2020 Sensitivity Analysis | EUR |
|--|--------|
| | €'000s |
| Total Comprehensive Loss for the period + 100 basis points | (3) |
| Total Comprehensive Loss for the period - 100 basis points | 4 |
| | |
| Total Equity for the period + 100 basis points | (3) |
| Total Equity for the period - 100 basis points | 4 |
| | |
| 30 November 2019 Sensitivity Analysis | EUR |
| | €'000s |
| Total Comprehensive Loss for the period + 100 basis points | (22) |
| Total Comprehensive Loss for the period - 100 basis points | 23 |
| | |
| Total Equity for the period + 100 basis points | (22) |
| Total Equity for the period - 100 basis points | 23 |

10 TRANSACTIONS WITH RELATED PARTIES

During the period the Company received services from and sold to companies in which current Directors have an interest:

| | |
|--------------|--|
| Terry Allen: | Professional Services have previously been received from Theta Systems, a company in which Terry Allen, a Director, is a Director. Services to the value of \$19k were received from this company during the period (2019: nil). |
|--------------|--|

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

| 11 COMMITMENTS | 2020 | 2019 |
|---|------------|--------------|
| Capital Commitments | \$'000s | \$'000s |
| Estimated capital expenditure contracted for at balance date but not provided for, was for the completion of the Whakapapa Gondola (2019: Whakapapa Gondola and Giant Chairlift Project). | 403 | 4,362 |
| | | |
| Operating Lease Commitments | | |
| Lease commitments under non-cancellable operating leases: | | |
| Not later than one year | 405 | 420 |
| Later than one year and not later than five years | 317 | 576 |
| Later than five years and not later than ten years | - | 121 |
| | 722 | 1,117 |

These operating leases are for staff accommodation, workshop facilities, and a sales and information offices. Total expenditure for 2020 amounted to \$461k (2019: \$438k).

Finance Lease Commitments

The Company leases sixteen motor vehicles which have a net carrying value of \$960k (2019: 18 vehicles and \$1.345m). In addition during the 2019 year the Company entered into a finance agreement to purchase 25 Click and Collect Machines which have a net carrying value of \$235k (2019: \$423k). These assets are classified as finance leases as the ownership of the vehicles and terminals transfers to the Company at the end of the minimum lease terms. Future lease payments are due as follows:

| 30 November 2020 | Minimum Lease Payments | Interest | Principal | Present Value |
|--|------------------------|-----------|--------------|---------------|
| | \$'000s | \$'000s | \$'000s | \$'000s |
| Not later than one year | 587 | 28 | 559 | 587 |
| Later than one year and not later than five years | 20 | - | 20 | 20 |
| Later than five years and not later than ten years | - | - | - | - |
| | 607 | 28 | 579 | 607 |
| | | | | |
| 30 November 2019 | Minimum Lease Payments | Interest | Principal | Present Value |
| | \$'000s | \$'000s | \$'000s | \$'000s |
| Not later than one year | 606 | 33 | 573 | 553 |
| Later than one year and not later than five years | 512 | 17 | 495 | 501 |
| Later than five years and not later than ten years | 20 | - | 20 | 20 |
| | 1,138 | 50 | 1,088 | 1,074 |

12 DIRECTORS FEES

| Directors | 2020 | 2019 |
|---|------------|------------|
| | \$'000s | \$'000s |
| During the period Directors' fees were paid to the following: | | |
| Murray I Gribben | 59 | 58 |
| Geoff Taylor | 34 | 31 |
| John Foley | 29 | 12 |
| Duncan J Fraser | 13 | 31 |
| Michelle Trapski | 13 | 31 |
| Debbie Birch | 13 | 30 |
| Terry Allen | 17 | 17 |
| Zoe Dryden | 5 | - |
| | 183 | 210 |

13 LICENSE FEES, RATES AND SKI AREA LEVIES

| | 2020 | 2019 |
|---|------------|--------------|
| | \$'000s | \$'000s |
| License fees, rates and ski area levies are split as per below: | | |
| DOC License Fees | 33 | 760 |
| Rates and Ski Area Levies | 683 | 840 |
| | 716 | 1,600 |

As part of the COVID-19 government relief DOC waived concession/licence fees for the period of 1 March 2020 to the end of June 2021. The licence fees above reflect the summer operation from December 2019 - February 2020.

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

| 14 KEY MANAGEMENT PERSONNEL | 2020 | 2019 |
|---|----------------|----------------|
| Key management personnel of the Company include the Directors and Senior Leadership team. | \$'000s | \$'000s |
| Board Members | | |
| Remuneration | \$183 | \$210 |
| Full-Time Equivalent members | 5.0 | 6.0 |
| Senior Leadership Team | | |
| Remuneration | \$1,307 | \$1,498 |
| Full-Time Equivalent members | 6.9 | 7.5 |
| | | |
| Total Key Management personnel remuneration | \$1,490 | \$1,708 |
| Total Full Time equivalent personnel | 11.9 | 13.5 |

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel. Related party disclosures have been included in Note 10 to the financial statements.

The Company provided compensation to close family members of key management personnel during the period to the value of \$28k (2019: \$48k). The Company did not provide any loans to key management personnel or their close family members.

| 15 OTHER SUPPLIES AND SERVICES | 2020 | 2019 |
|--|--------------|--------------|
| The Company's Other Supplies and Services are classified into the following categories based on key functions: | \$'000s | \$'000s |
| Accommodation Leases & Supplies and Services | 330 | 354 |
| Bank Fees | 230 | 37 |
| Board and Governance Expenditure | 109 | 198 |
| Cadetship | (2) | (119) |
| Consumable and Cleaning Supplies | 120 | 310 |
| Corporate Support and Services | 496 | 606 |
| Credit Card Commission Paid | 342 | 365 |
| FBT | 69 | 78 |
| Field Operations Supplies and Services | 24 | 81 |
| Food and Beverage Supplies and Services | 24 | 40 |
| Fuel Expenditure (Vehicles, Groomers and Transport) | 173 | 346 |
| Kiwisaver | 222 | 259 |
| Maintenance and Service of Buildings and Equipment | 380 | 814 |
| Medical Centre Supplies and Services | 34 | 60 |
| Motor Vehicle Expenditure and Maintenance | 185 | 290 |
| Ohakune & Taupo Office Lease, Supplies and Services | 150 | 139 |
| Postage, Courier, Printing and Stationary | 21 | 49 |
| Professional Fees | 235 | 82 |
| Rentals Supplies and Services | 11 | 61 |
| Retail Supplies and Services | 1 | 2 |
| Road and Carpark Maintenance | 84 | 172 |
| Safety & Environmental Risk | 60 | 85 |
| Ski Patrol Supplies and Services | 86 | 114 |
| Snow School Supplies and Services | 97 | 209 |
| Snowmaking Supplies | 25 | 35 |
| Software Fees & IT Services and Supplies | 633 | 718 |
| Staff Training Expenditure | 30 | 105 |
| Staff Uniform | 226 | 182 |
| Strategic Planning | 117 | 136 |
| Telephone Rental | 70 | 88 |
| Ticket Stock Consumed | 199 | 152 |
| Transport Expenditure (excl. Fuel) | 282 | 250 |
| Travel & Entertainment | 73 | 158 |
| Turoa Avalanche | 55 | 238 |
| | 5,191 | 6,694 |

RUAPEHU ALPINE LIFTS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For year ended 30 November 2020

| 16 RECEIPTS FROM LIFE PASS SALES |
|--|
| For the year ended 30 November 2020, these figures represent money received from payments for the Life Pass Finance Plan and also sales of new passes. |

| 17 RECONCILIATION OF COMPREHENSIVE (LOSS) / SURPLUS FOR THE PERIOD TO ADJUSTED NORMALISED EBITDA | 2020 | 2019 |
|---|-----------------|----------------|
| The Company operates the business on a cashflow basis and looks at an adjusted normalised EBITDA as a key measure of sustaining operations. The below reconciliation demonstrates what the Company's adjusted normalised EBTIDA would have been by adjusting for one-off items such as insurance proceeds, acceleration of life pass revenue and the approximate 2020 DOC licence fees to allow for relative comparisons to be made to the prior year adjusted normalised EBITDA results. | \$'000s | \$'000s |
| Total Comprehensive (Loss) / Surplus for the Period | (22,483) | 1,397 |
| <i>Less Other Income</i> | | |
| COVID-19 Government Wage Subsidy | 1,715 | - |
| Interest Received | 34 | 57 |
| (Loss) / Gain on Sale / Disposal of Property, Plant and Equipment | (64) | 75 |
| Grant Income on Loans | 475 | 2,371 |
| Fair Value (Loss) / Gain of Derivatives & Foreign Exchange Losses | (5) | 93 |
| <i>Add back Other Expenses</i> | | |
| Impairment of Property, Plant and Equipment & Intangible Assets | 20,204 | 166 |
| (Loss) from Operations | (4,434) | (1,033) |
| <i>Add back:</i> | | |
| Finance Costs | 1,486 | 1,303 |
| Depreciation | 9,953 | 5,457 |
| Amortisation | 335 | 133 |
| <i>Less</i> | | |
| Approximate 2020 DOC licence fees (waived due to COVID-19) | 673 | - |
| Insurance Proceeds | - | 2,585 |
| Acceleration of life pass revenue draw down | 1,164 | 535 |
| ADJUSTED NORMALISED EBITDA | 5,503 | 2,740 |

During the period the Company concluded a review of actual usage of Life Passes (refer note 1.5). This resulted in an accelerated draw down of life pass revenue of \$1.164m (2019: \$535k). For the purpose of the above reconciliation this has been taken off the Profit/(Loss) from operations as it has a change in accounting estimate and not attributable to life pass usage during the year ended 30 November 2020.

| 18 INSURANCE CLAIM |
|--|
| On the 6th August 2018 during routine avalanche control operations, an avalanche at the Turoa ski area was triggered and as a result caused damage to the Highnoon Chairlift (towers, haul rope, and sheeve assemblies) and wrote off a groomer. RAL lodged a material damage and business interruption insurance claim. The total settlement recognised in the 2019 financial period was \$2.585m. \$1.825m was outstanding as at the end of the 2019 financial period and was settled in April 2020. |

| 19 COVID-19 GOVERNMENT WAGE SUBSIDY |
|--|
| The Company qualified for the initial COVID-19 wage subsidy and received \$632k in April 2020. The Company also qualified for the wage subsidy extension in both July and August 2020 and received \$651k and \$432k respectively. The Company met the relevant criteria for the wage subsidy extension including experiencing a 40% decline in revenue for a continuous 30 day period compared to the closest period in the prior year. |

| 20 SUBSEQUENT EVENTS |
|---|
| The Company has entered into a loan agreement with the Ministry of Business, Innovation and Employment (MBIE) to the value of \$5m. This loan is to go towards the Company's 2020/2021 capex programme. At the date of signing the accounts the facility had been drawn down and held in Trust with Macalister Mazengarb (Wellington legal firm). |
| The Company has entered into a lease agreement to lease office and retail space in Taupo. The Company is exiting one lease in Taupo to move into a new facility. |

AUDIT REPORT



Independent Auditor’s Report

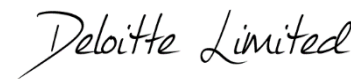
To the Shareholders of Ruapehu Alpine Lifts Limited

| | |
|--|--|
| Disclaimer Opinion | <p>We have audited the financial statements of Ruapehu Alpine Lifts Limited (the ‘Company’), which comprise the statement of financial position as at 30 November 2020, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>We do not express an opinion on the accompanying financial statements of the Company, on pages 30 to 49. Because of the significance of the matters described in the <i>Basis for Disclaimer of Opinion</i> section in our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.</p> |
| Basis for disclaimer of opinion | <p>As disclosed in Note 1.2 to the financial statements, the validity of the going concern basis depends on a number of assumptions. These assumptions indicate that the Company will have sufficient cash because current external debt will not be called before the expiry date of 30 November 2021, financing facilities will be secured beyond 30 November 2021, or the Company will undergo a successful capital restructure. We were unable to obtain sufficient appropriate audit evidence to support the viability of the assumptions used. Consequently we were unable to confirm or dispel whether it is appropriate to prepare the financial statements using the going concern basis of accounting.</p> |
| Other information | <p>The directors are responsible on behalf of the Company for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.</p> <p>Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p> |
| Directors’ responsibilities for the financial statements | <p>The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, the directors are responsible on behalf of the Company for assessing the Company’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 Company or to cease operations, or have no realistic alternative but to do so.</p> |
| Auditor’s responsibilities for the audit of the financial statements | <p>Our responsibility is to conduct an audit of the Company’s financial statements in accordance with International Standards on Auditing (‘ISAs’) and International Standards on Auditing (New Zealand) (‘ISAs (NZ)’) and to issue an auditor’s report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.</p> <p>We are independent of the Company in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants’ <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Other than in our capacity as auditor, we have no relationship with or interests in the Company, except that partners and employees of our firm deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.</p> |

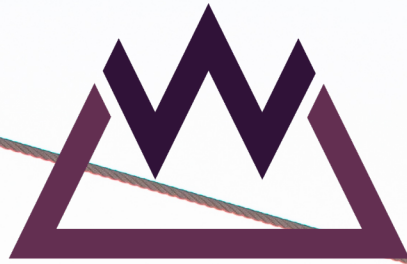
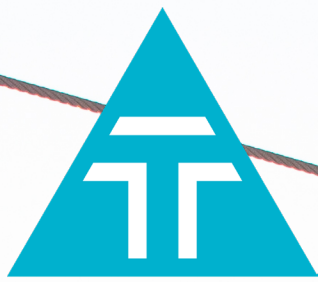


Restriction on use

This report is made solely to the Company’s shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company’s shareholders those matters 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’s shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Wellington, New Zealand
30 April 2021



Tūroa WHAKAPAPA

SKY WAKA

