

Ruapehu Alpine Lifts Shareholder & Stakeholder Update

26 November 2021



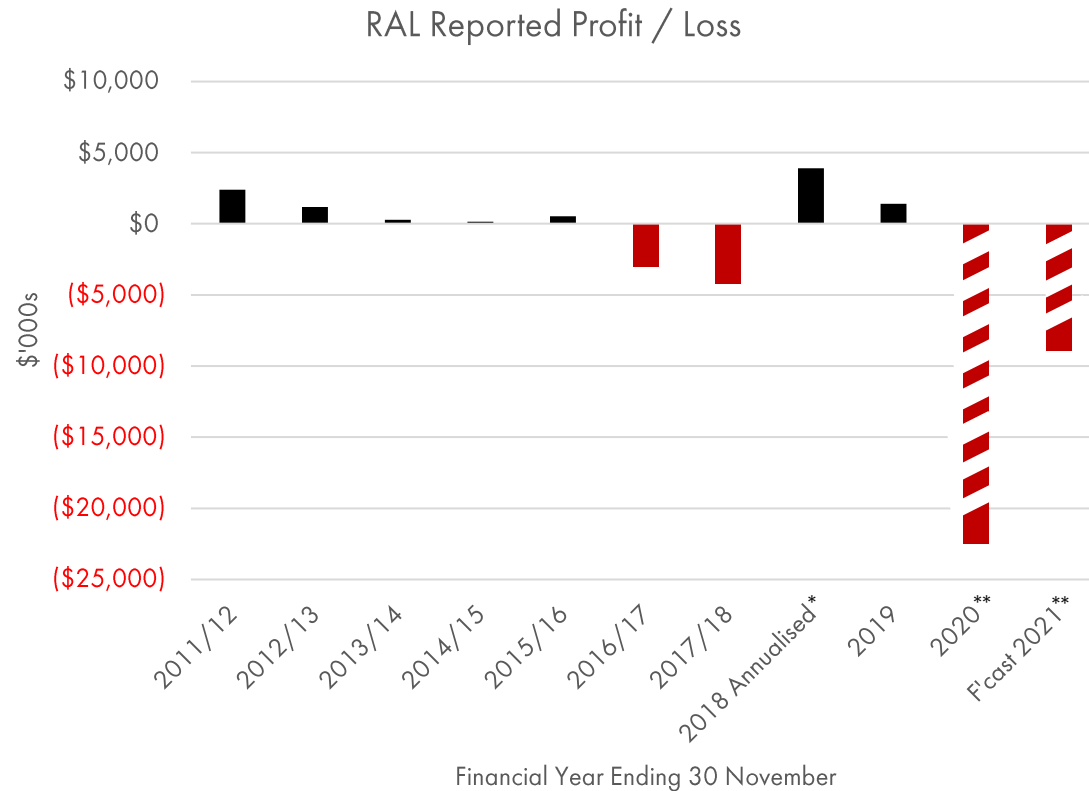
RAL: Contents of Update Presentation

- * Current Financial Position & Historical Financials
- * Visitation
- * Life Pass & Season Pass Holders
- * Shareholders
- * Where to from Here ?

RAL: Current Financial Position...

- ❄ Debt has increased materially since 2015 when we began an investment plan of \$100m across ten years;
- ❄ That investment programme was undertaken with an expectation that EBITDA would reach a range of between \$8m - \$10m on an annual basis;
- ❄ The last two COVID-19 disrupted years have resulted in much lower profitability, with the 2020 accounts being qualified by our auditors concerned about our “going concern” status; 2020 actually saw:
 - our Bank (ANZ) and MBIE provided emergency financing;
 - other lenders deferred interest payments;
 - taxpayers supported RAL with wage subsidies and a DOC license fee waiver.
- ❄ The year just ending (30 November 2021) is also Covid-19 affected with another loss, and an increase in debt by a further \$8m, to \$35m in total;
- ❄ We have previously flagged that the Tūroa assets are in a poor state and require between \$20 - \$40m of new investment to continue to operate adequately;
- ❄ Both the debt position (now and before) + the Tūroa asset/s position are unsustainable;
- ❄ Accordingly, during 2021 the Directors undertook a global search for new investors. An investment of +\$30m was sought as an indicative starting point as this is what RAL realistically requires. There were a number of expressions of interest but no investors were forthcoming;
- ❄ One impediment to new investors is that RAL’s Constitution only allows profits to be invested back into our current operations; i.e. RAL Shareholders cannot receive any financial benefit. It is now a condition of our lenders that we remove that barrier to new capital by restructuring RAL’s corporate form.
- ❄ There are now a combination of factors that Directors and the Management Team are focused on:
 - achieving a “normalised” 2022 EBITDA in the \$7m region; and,
 - sourcing new capital to reduce debt and rebuild our working capital position within the business.

RAL: Historical Financials – Reported Profit / Loss

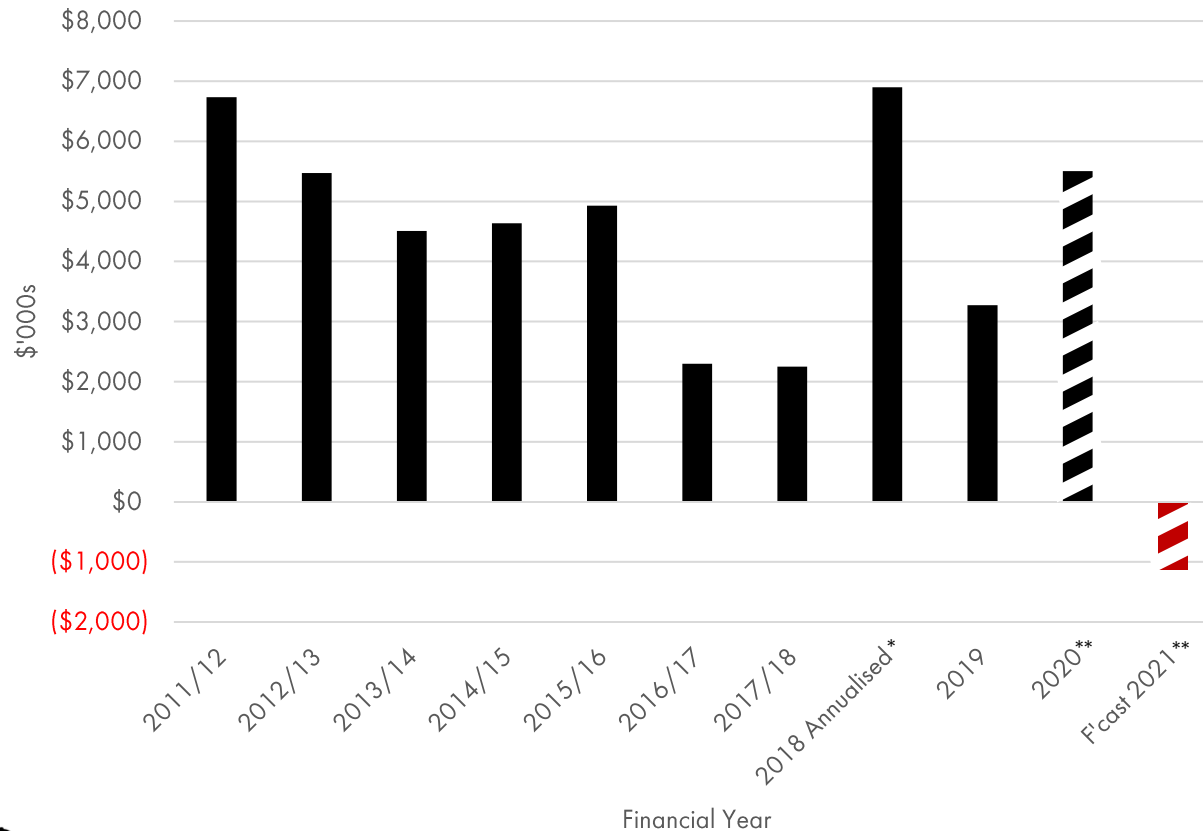


*2018 Annualised - The annualised EBITDA number has been determined by taking revenue and costs incurred from the period from 1 December 2017 - 30 April 2018 which fell in the previous financial period) and adding them onto the 7 months ending 30 November 2018.

** Covid-19 affected year.

RAL: Historical Financials – Profitability (Normalised EBITDA)

RAL Normalised EBITDA

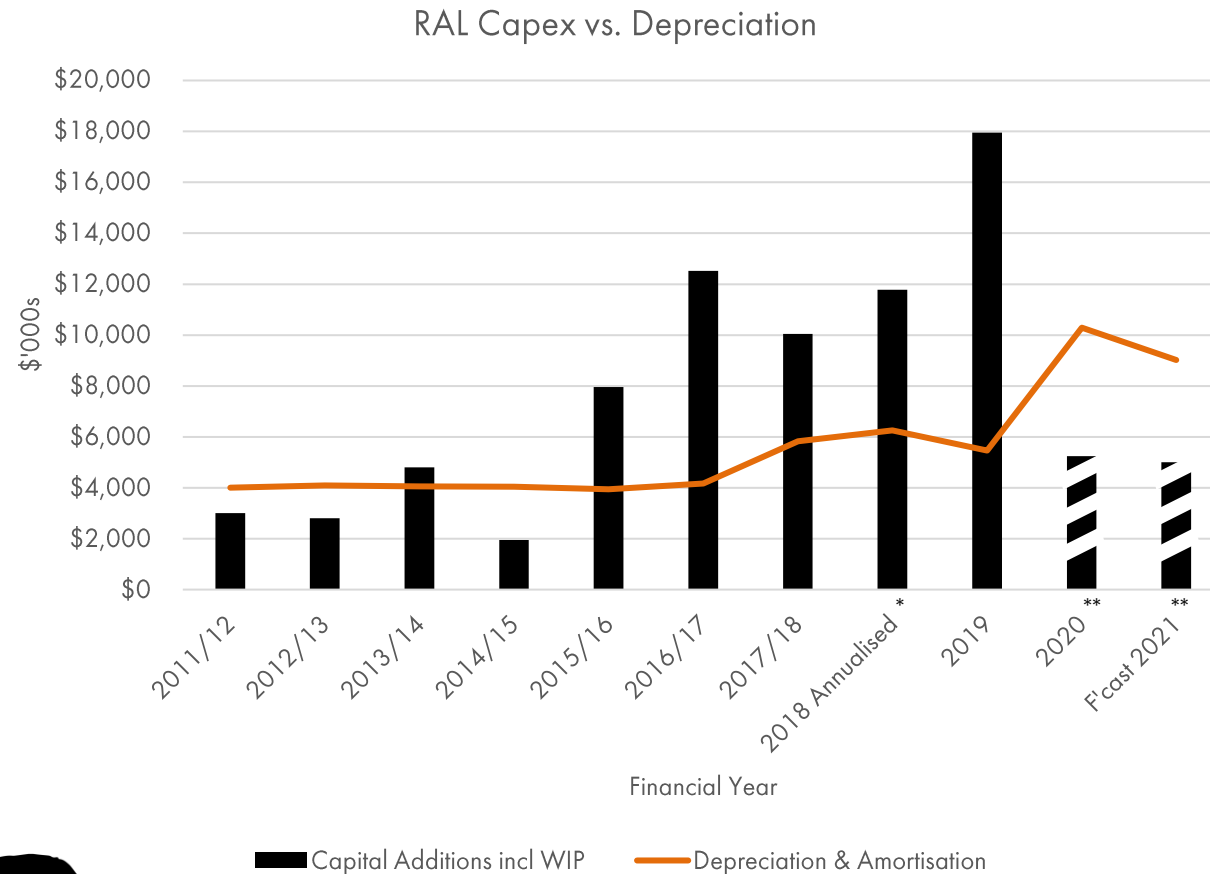


- * RAL operates the business on a cashflow basis and looks at a normalised EBITDA as a key measure of sustainable operations.
- * RAL's normalised EBITDA has been determined by making adjustments for items such as insurance proceeds, acceleration of Life Pass revenue and the approximate 2020 and 2021 waived DOC licence fees (as part of the Governments COVID-19 support package) to allow for relative comparisons to be made to prior year adjusted normalised EBITDA results.
- * The forecast results for FY2021 were materially impacted by the COVID-19 Alert Level 4 lockdown in our key revenue generating period (August). Although operations recommenced in early September results were still impacted by restricted capacity for the balance of the season due to operational requirements under COVID-19 Alert Level 2.

*2018 Annualised - The annualised EBITDA number has been determined by taking revenue and costs incurred from the period from 1 December 2017 - 30 April 2018 which fell in the previous financial period) and adding them onto the 7 months ending 30 November 2018.

** Covid-19 affected year.

RAL: Historical Financials – Capex vs Depreciation



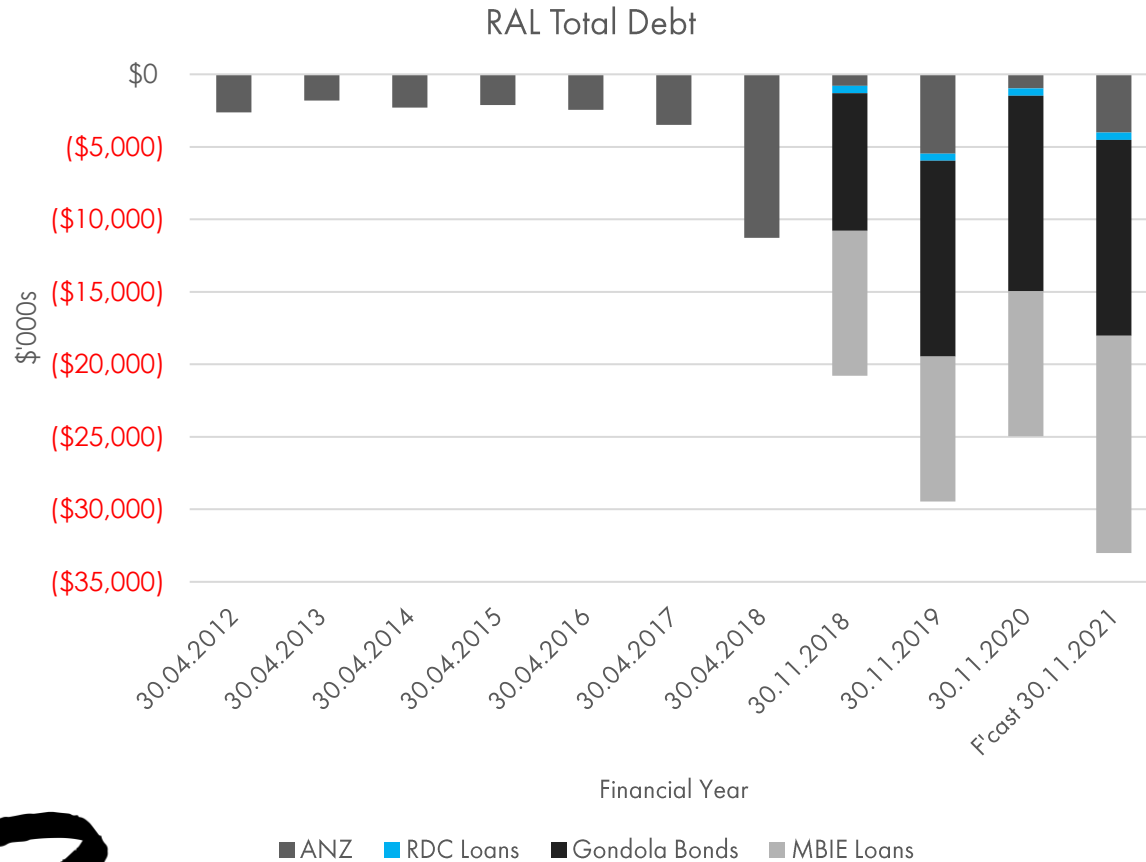
*2018 Annualised - The annualised depreciation and additions number has been determined by taking depreciation incurred from the period from 1 December 2017 - 30 April 2018 which fell in the previous financial period) and adding it onto the 7 months ending 30 November 2018.

** Covid-19 affected year.

This graph demonstrates the significant investment that has occurred since the period before the Whakapapa and Tūroa DOC license renewals (2015 and prior).

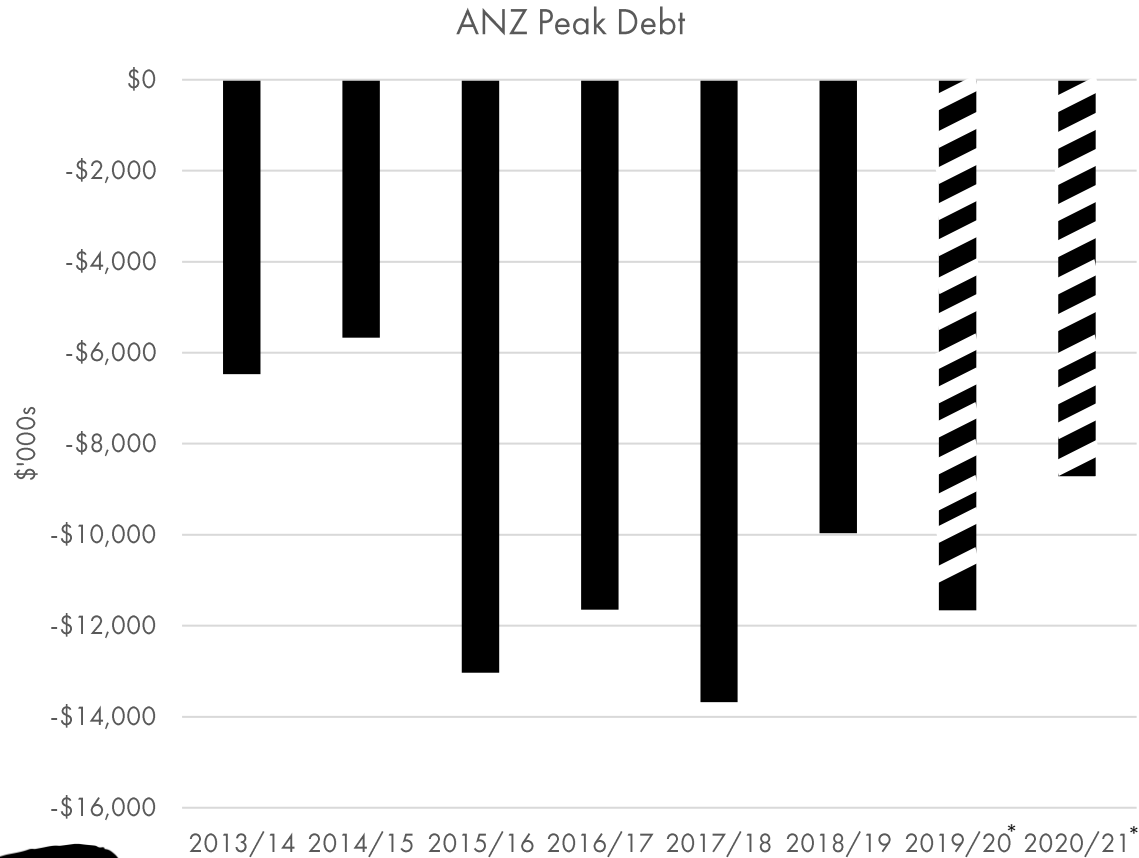
- * RAL needs to spend approx. \$3m-\$5m per year on standard maintenance/replacement capex and forecasts this to be funded out of operational results (i.e. EBITDA) each year.
- * In 2021, MBIE provided emergency funding of \$5m for our summer maintenance programme to ensure we could operate safely for the 2021 season.

RAL: Historical Financials – Total Debt



- ✳ This graph illustrates the growth in RAL's total debt that has occurred since the period before the licence renewals (2015 and prior).
- ✳ Since 2018, we have changed our sources of long-term finance. It was clear to continue with the programme of \$100m of new investment in the ski areas we would have to access new forms of finance rather than only relying on Life Passes and bank debt.
- ✳ Debt providers range from MBIE, Ruapehu District Council (RDC) through to bonds owned by Impact and Iwi investors. These liabilities are all similar in nature: sharing risk with RAL in the early stages of investment for a potential larger payoff when asset returns are higher. In the case of Skywaka, this has resulted in low funding costs until visitor milestones are met.
- ✳ RAL has an established internal guideline to limit our borrowings to a multiple of annual EBITDA. Based on winter profitability (pre-COVID), borrowings are capped in the region of \$30m. With the decline in EBITDA and increase in borrowings beyond this internal cap, we need to look at sourcing new capital into the business which is now a requirement of the ANZ and MBIE funding arrangements.

RAL: Historical Financials – ANZ Debt



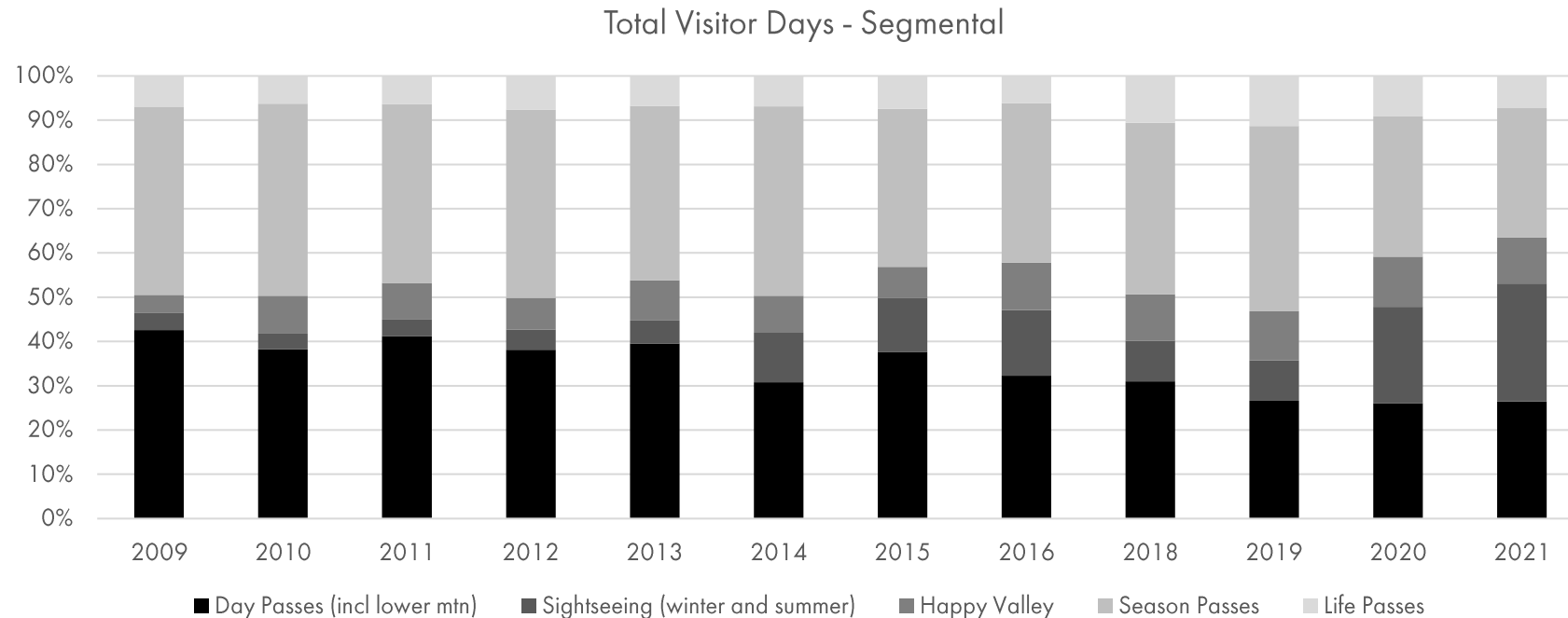
* Covid-19 affected year.

- ✿ RAL has a long-standing relationship with ANZ (previously The National Bank).
- ✿ ANZ continue to support RAL and currently provide this financial support via a seasonal working capital facility. ANZ have no appetite in funding any large-scale investment projects in the future and have a desire to reduce exposure to RAL overtime.
- ✿ RAL's cashflows are extremely seasonal with significant spend occurring in advance of the winter season on items such as maintenance, capex and pre-seasonal marketing, etc.
- ✿ ANZ's facilities are based off expected peak debt exposures which usually occur in the months of May/June. Their expectation is that from the months of July – October that RAL will trade out of the peak debt position to allow funding to then be rolled into the following financial year.
- ✿ In recent years slow starts to the winter seasons and disruptions due to COVID-19 have meant ANZ has had to provide additional emergency funding. A continuation of this funding is now conditional on RAL restructuring to allow new capital to flow into the business via a traditional corporate form.

Visitation

RAL: Visitors – Overall

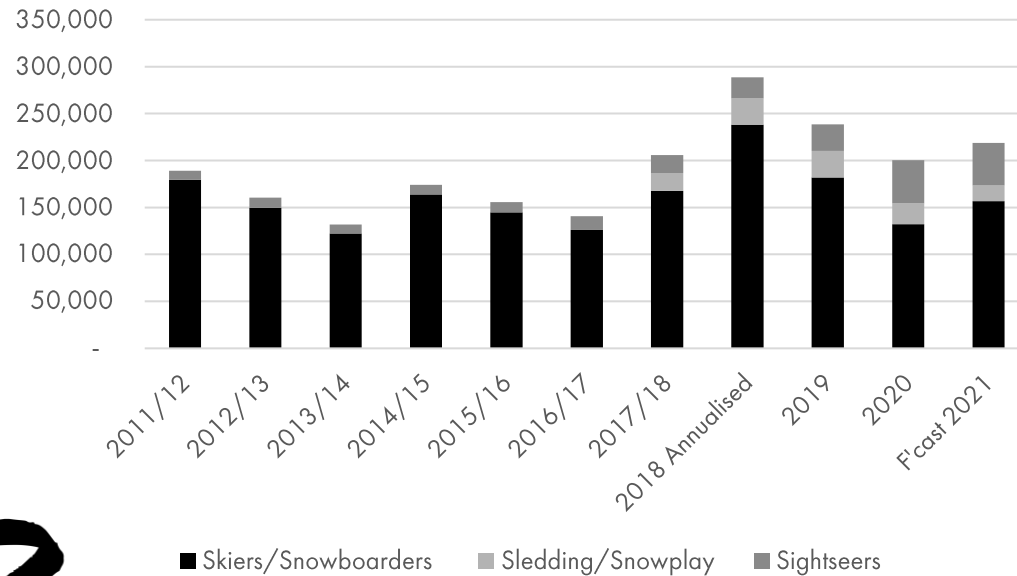
❄ The graph below illustrates the annual mix of RAL visitor days. Since we began our “\$100m investment plan” and invested approximately \$55m into the Whakapapa Ski Area, there has been growth in the portion of ‘non-ski’ visitors (sightseeing and snow-play/sledding guests) that have visited the Whakapapa Ski Area.



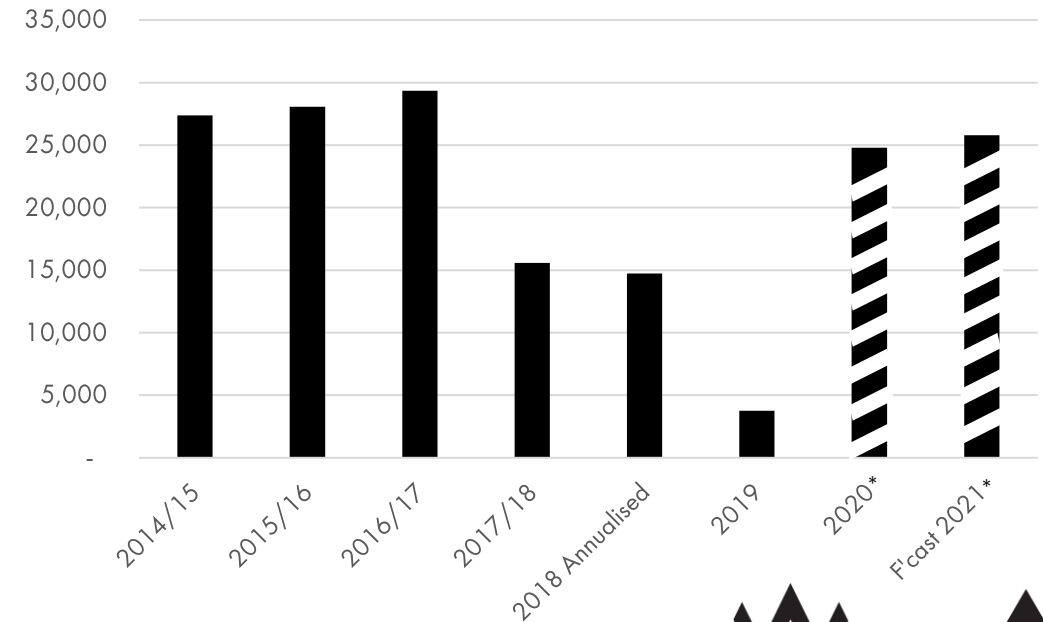
RAL: Visitors – Whakapapa

- * Growth in Whakapapa visitors since investment programme commenced following the licence renewal in 2015;
- * Main area for growth has been in non-ski guests (sledding/snowplay and sightseeing);
- * Growth in winter sightseers has helped to mitigate the slower and warmer starts to the winter season experienced in recent years;
- * Summer Sky Waka offering hasn't yet seen growth due to disruption from COVID-19 and closure of international borders (and therefore only guests being domestic tourists) which is clearly a smaller pool.

Whakapapa Winter Visitors (June - October)

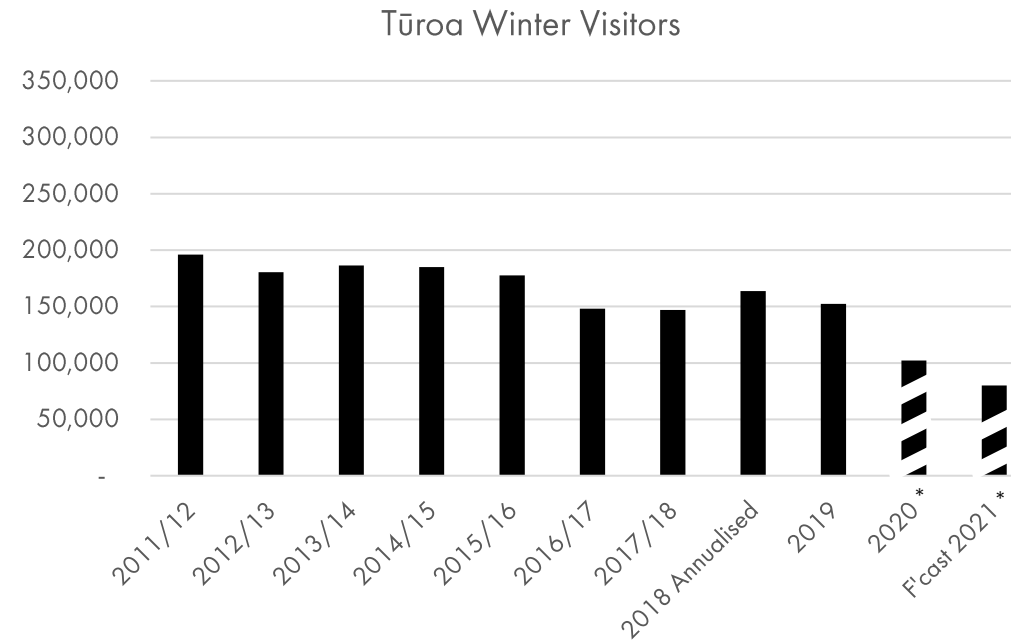


Whakapapa Summer Sightseers



RAL: Visitors – Tūroa

- * Turoa winter visitors align with prior years and are reflective of no major upgrades to facilities. Both 2020 and 2021 were materially impacted by COVID-19 disruptions (lockdowns and reduced capacity due to operations under COVID-19 Alert level 2).



*Covid-19 affected year.

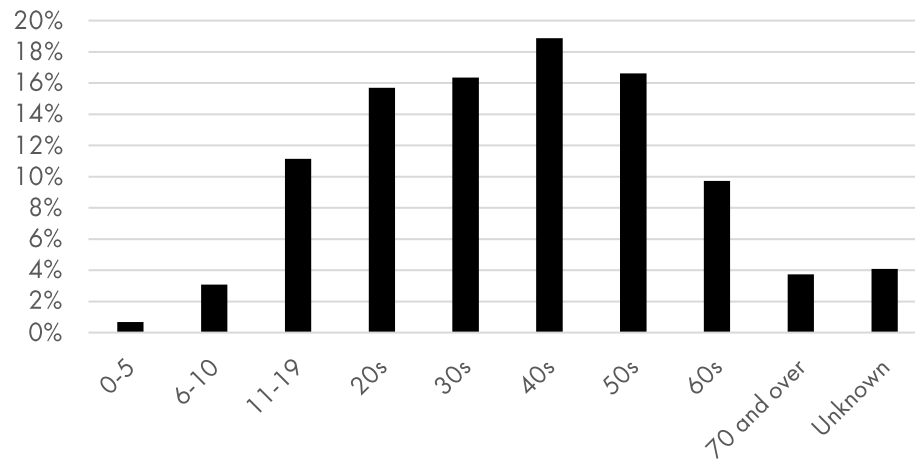
Life Pass & Season Pass Holders



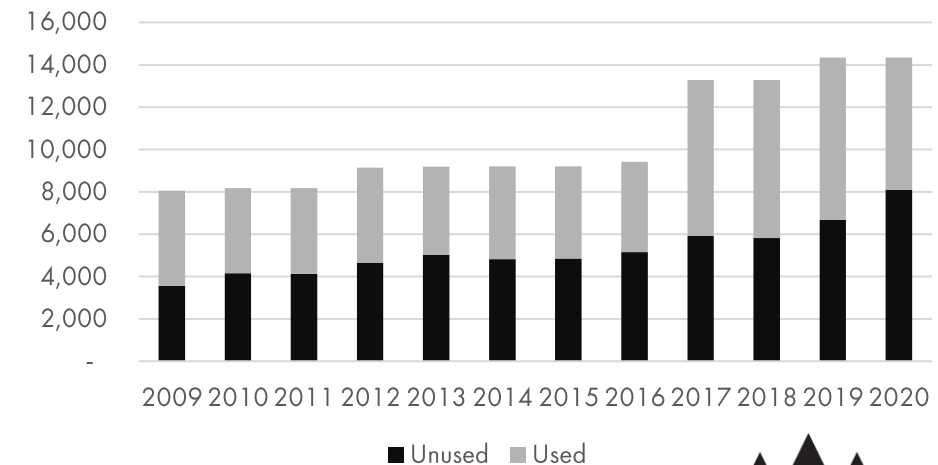
RAL: Life Pass Holders

- ❄ As at 26 November 2021, RAL had a total of 14,339 Life Pass holders.
- ❄ The following graphs illustrate the age profile of our Life Pass holders. The youngest Life Pass holders are under 1 (during the 2019 campaign some passes were purchased for unborn children) and the oldest is 110. Any over the age of 70 (approx. 4%) passes are essentially worthless (at present) as these individuals would also qualify for the 'Super Super' passes which entitles them to free skiing.

Life Pass Holder Age Categories



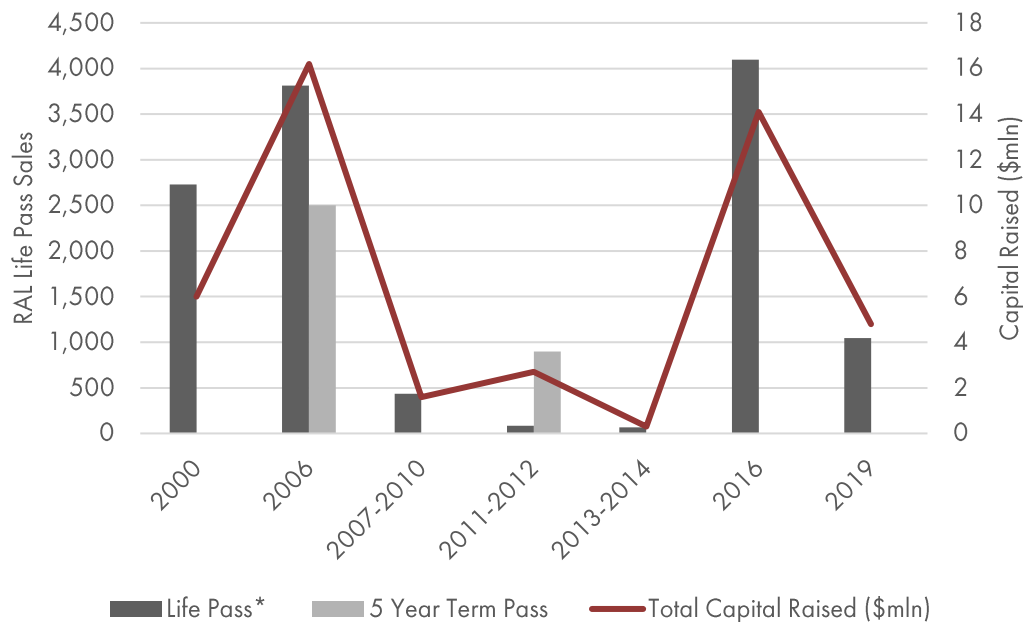
Life Pass Annual Utilisation



RAL: Life Pass Sales History – Principal Equity Contributor over Life of Company

14

RAL Life Pass Sales History & Capital Raised
2000 - 2019

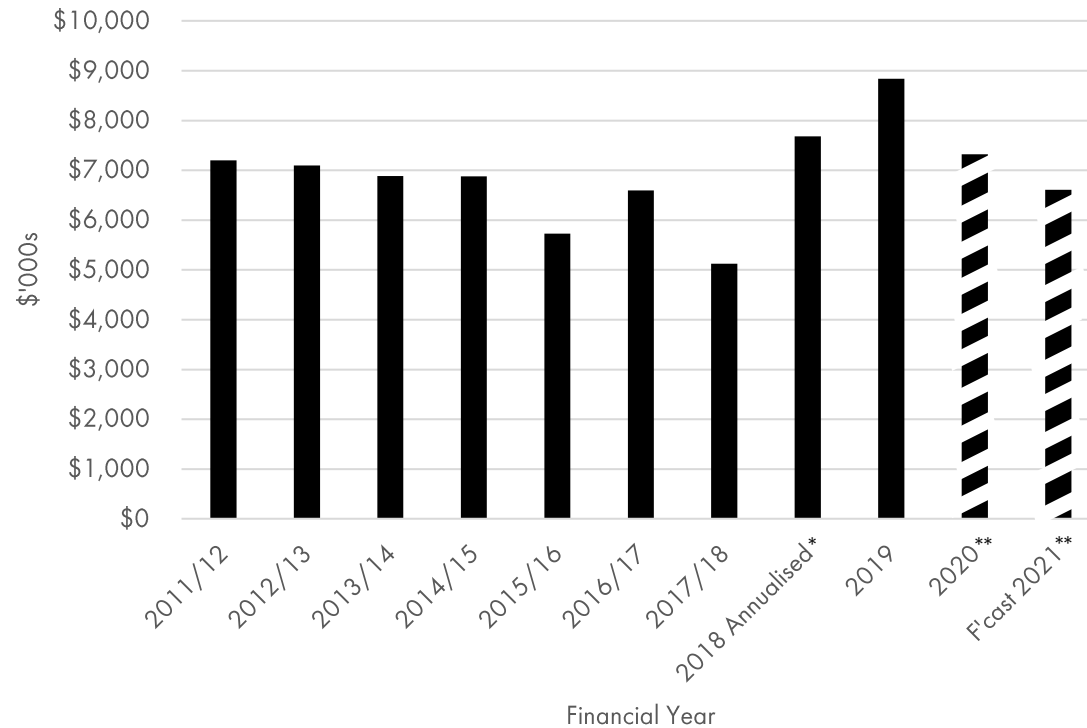


Total Capital Raised since 2000: \$45.60mln

- Historically, Life Pass sales were a traditional RAL capital raising mechanism and were utilised regularly from 1953 through to 1976.
- In 2000, for the first time since 1976, a Life Pass sales campaign was launched to fund the purchase of Tūroa. This campaign raised \$6.0m.
- In 2006, a further Life Pass sales campaign was implemented to fund the Tūroa investments of High Noon Express, Alpine Café and Snowmaking. This raised \$12.9m plus \$3.3m in 5-Season Term Passes. In 2012, a portion of the 5-Season Term Passes were upgraded to Life Passes raising \$2.3m.
- From 2013 – 2014, RAL continued to sell Life Passes to those who requested them but did not actively run a campaign. On the renewal of the Whakapapa license RAL ran a specific celebratory Life Pass campaign which generated \$14.1m. In March/April 2019, RAL ran another Life Pass campaign with the purpose of raising funds for future Tūroa developments. RAL set a target of \$12-\$14m but only generated \$4.8m of Life Pass sales.
- RAL has calculated the annual “cost of capital” by determining the revenue foregone each year. This has been calculated by multiplying skier days on Life Passes by the average revenue/day skied from that year’s season passes. The cost of capital for Life Passes to RAL is between 3% - 5% per annum since 2007.

RAL: Season Pass Sales History – a Vital Working Capital Source

RAL Season Pass Sales History



- * Each year RAL runs an early bird season pass campaign in the months of October/November. The purpose of this early bird campaign is to source pre-committed cashflows into the business to enhance of RAL's working capital in the lead up to the upcoming winter.

Shareholders



RAL: Shareholders

- ✿ RAL's capital currently comprises 18,241 ordinary shares held in 4 classes (A, B, C & D shares) by 2,356 shareholders. The share class categorisation is of an administrative nature only identifying the dates of the issue of the class as opposed to a distinction between the terms and conditions on which they were issued (as all share classes have the same rights, privileges and restrictions).
- ✿ RAL's shareholders are constitutionally prohibited from receiving any form of pecuniary benefit (section 4.3 RAL Constitution) and the Company's principal objective (section 4.2 RAL Construction) is to promote and develop amateur mountain sports activities for the general public and the promotion and development of the Tongariro National Park area.
- ✿ RAL's was granted tax free status by IRD in the 1970s due to RAL's philanthropic activities (principal objective per Constitution) and the fact that RAL shareholders are excluded from receiving any financial benefit whatsoever.

RAL: Shareholders

- ❄ The table below details the current shares on issue (and share capital) of RAL:

	A Shares	B shares	C Shares	D Shares	Total
Total Shares on Issue by Class	4,018	793	3,430	10,000	18,241
Value Per Share	\$1	\$20	\$20	\$1	
Total Share Capital	\$4,018	\$15,860	\$68,600	\$10,000	\$98,478

- ❄ Each A, B, C or D share has one vote. The RAL Trust is the major shareholder with 10,062 shares (55.13%) out of a total of 18,241 shares currently on issue.
- ❄ A breakdown of shareholders by parcel size is as follows:

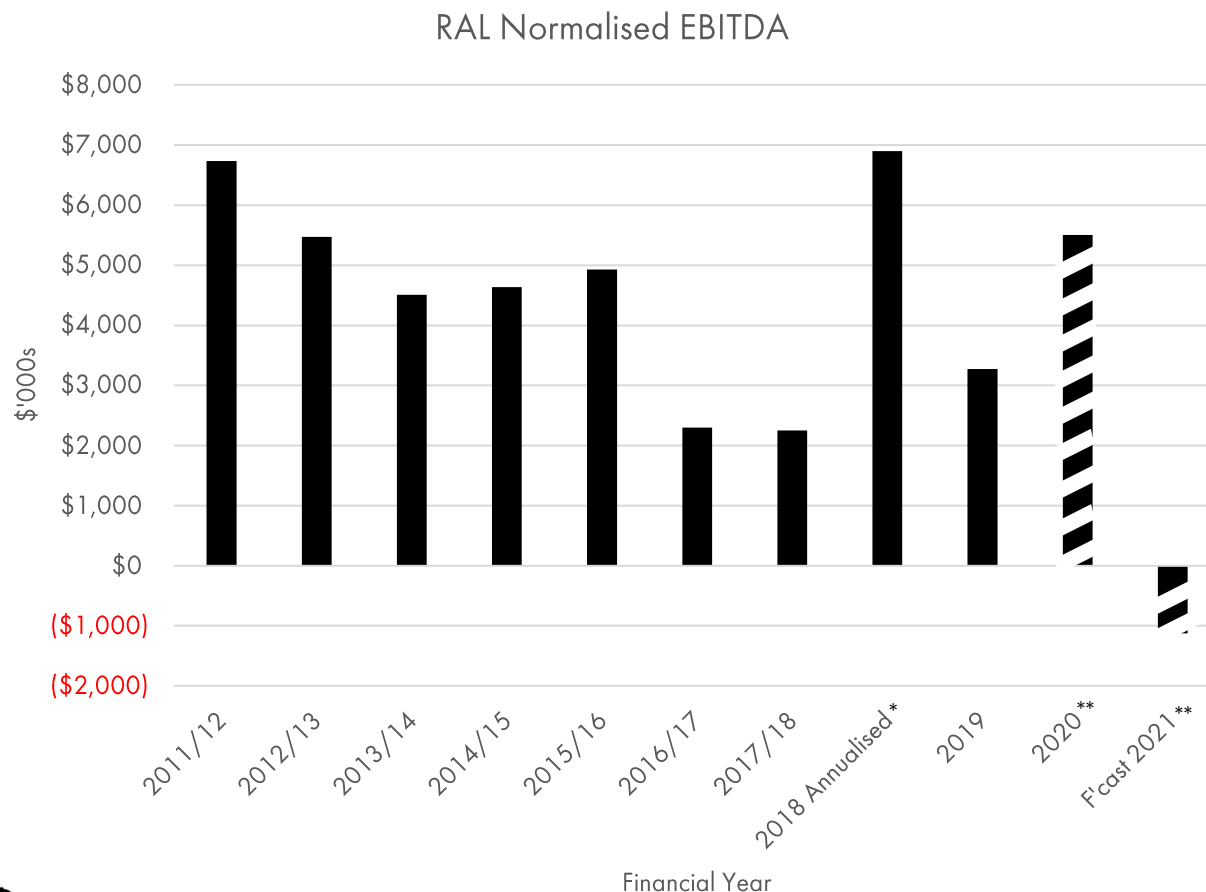
Number of Shares	Number of Shareholders
5 Shares or less	2,083
Between 6 and 10 Shares	148
Between 11 and 100 Shares	123
101 Shares and over*	2

*The Ruapehu Alpine Lifts Trust (one of those 2 shareholders holding in excess of 101 shares) holds 10,062 shares.

Where to from here ?

RAL: Where to from here ?

20



- * We went into this investment period in 2015 estimating a maintainable EBITDA of \$8 - \$10m per range.
- * Our bankers have laid out their expectations & commitments.
- * It is now clear we need to restore our financial position by:
 - generating EBITDA of +\$7m; and,
 - sourcing new capital to reduce debt levels.
- * The most obvious plan is to start with existing Life Pass holders, historical 5 Year Term Pass Holders (that have not converted) and potential new Life Pass candidates. We will release further details on our plans in February 2022.
- * Post this initiative we also need to amend/change the corporate form as RAL is a business which now requires new investors alongside Life Pass holders & current Shareholders.

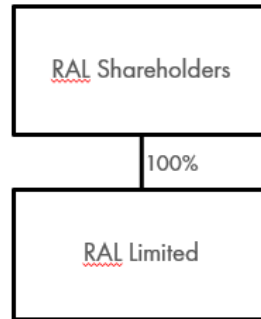
*2018 Annualised - The annualised EBITDA number has been determined by taking revenue and costs incurred from the period from 1 December 2017 - 30 April 2018 which fell in the previous financial period) and adding them onto the 7 months ending 30 November 2018.

**Covid-19 affected year.

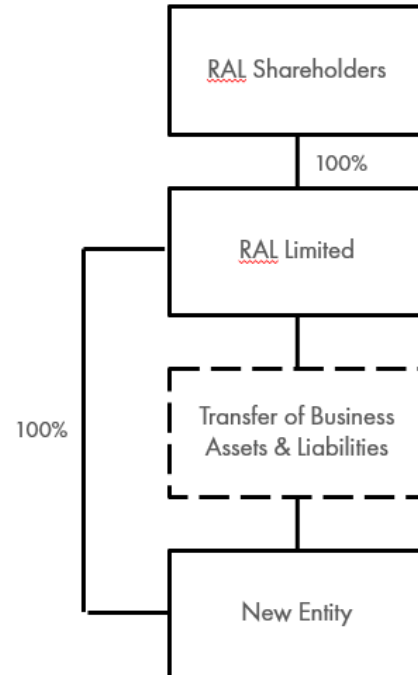
RAL: Proposed Company Restructure to enable Potential Future Investment via New Equity

- ❄ A condition of our funding with both ANZ and MBIE is to restructure RAL to allow new equity (capital) to flow into the business.
- ❄ The diagrams below illustrate what the Directors will be recommending RAL Shareholders support at the May 2022 ASM, after thorough consultation with shareholders/stakeholders:

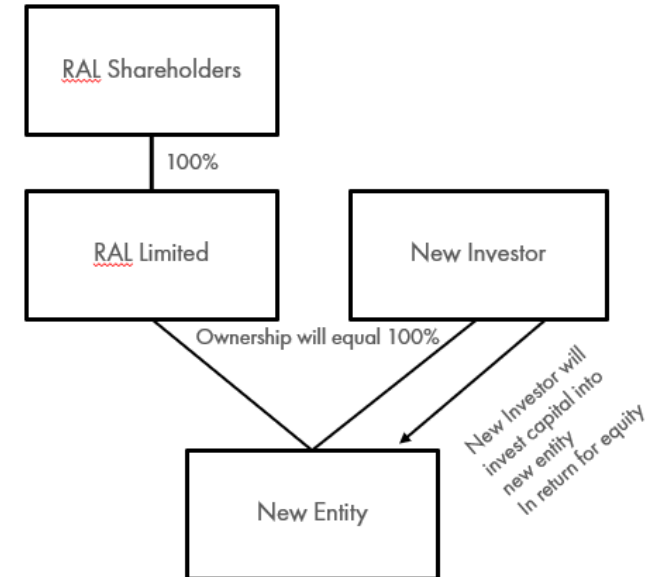
Current Company Structure



Restructure / Transaction



New Structure



Questions...