
BIL Bethunes Investments Limited

SHAREHOLDER UPDATE

Bethunes Investments Limited (BIL): Shareholder Update as at 14 April 2020

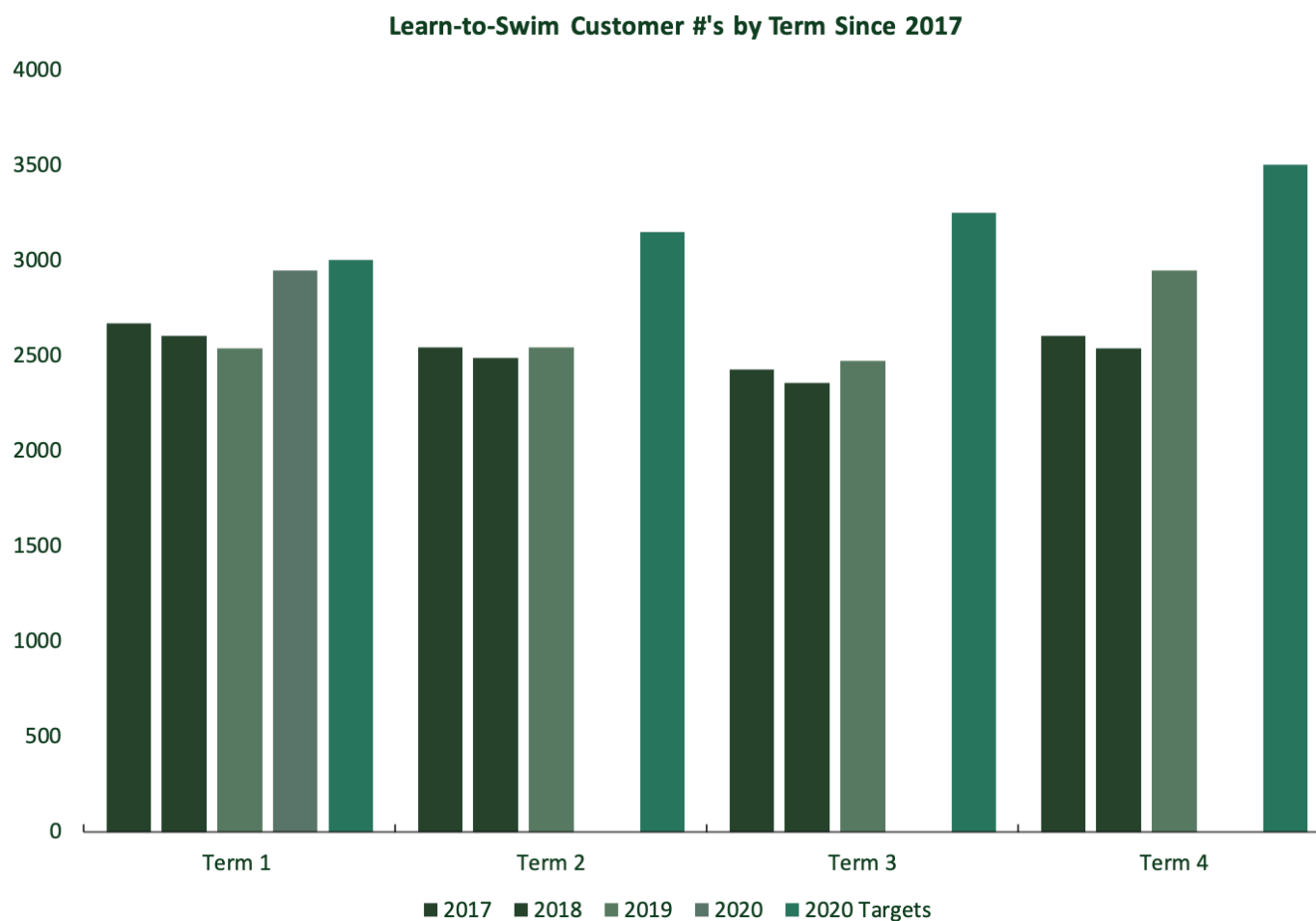


As shareholders are aware BIL's only investment is a 45% shareholding in SwimTastic Limited and this business remains our sole focus for the foreseeable future. The SwimTastic facility has been closed since Monday, 23 March 2020 in line with lockdown protocols. We have received the COVID-19 grant from the NZ Government (\$150,000) - this is being utilised to pay staff as is required. We have received ground rent relief from the landlord (Auckland Tennis) and Mark Bone has worked tirelessly to lower ongoing operating costs across the board. We have agreed with BNZ to a 90-day moratorium on principal loan repayments. At this stage, we continue to pay interest on our entire loan facilities.

Assuming we remain closed until the end of June and continue to meet all our outgoings (including interest and staff costs) we will consume our cash on hand (including the COVID-19 grant) and end-up with an approximate \$38,000 overdraft. We clearly remain in wait and see mode like everyone else.

We are yet to finalise the accounts for the period ending 31 March 2020 - but some initial highlights (subject to accounting adjustments) are detailed below.

SwimTastic achieved a record number of learn-to-swim (LTS) attendees in Term 4, 2019 of 2,948 and followed it up with 2,947 attendees in Term 1, 2020 (this was with some withdrawals for COVID-19 in Term 1). We have left our forecasts in the chart below, so you can see our ultimate target remains 3,500 LTS customers in the spring/summer terms.



Net Profit Before Tax for the year ending 31 March 2020 from trading was (\$13,639) excluding \$150,000 received for COVID-19 in March 2020. While some of you may be disappointed to see a loss, please note, this is in line with our guidance at the ASM after spending approximately \$300,000 on “making good” the old facility in Morrin Road and approximately \$200,000 in costs associated with exiting former shareholders and other one-off’s during the course of the year, including cutting Term 1 short. At this preliminary stage, we estimate the reported Net Profit Before Tax figure will be a loss of approximately (\$300,000) for SwimTastic after we fully impair the former Morrin Road facility.

A huge amount has been thrown at Mark Bone and his wonderful team at SwimTastic since opening and they deserve our collective thanks, we are lucky to have them, and be invested alongside Mark and Richard Lockhart in this business. Here are just a couple of direct quotes we wanted share with you all.

From a Customer:

Dear Swimtastic,

I have recently paid this invoice but I just wanted to say, should Term 2 not go ahead I do not want a refund. I am fully aware of the current situation and there is a very high possibility that Term 2 will be cancelled. It is my choice to continue to support Swimstatic, so please make a note on X's file that no refund is necessary. I will also take this opportunity to say what a fantastic team Swimtastic is. We have been going to swimtastic for 8 years and will continue to support you for many years to come. X has formed a very special bond with Nik and Tom and they are two amazing teachers that have helped X to overcome injury and continue to swim. Swimtastic is an amazing place and we will continue to support you through this tough time.

From One of the Team:

Hey Mark,

I understand that with Covid-19, you and the rest of the company will be going through some tough times. I wanted to offer myself to work for no pay from next term as I understand you'll be facing financial hardship. I have really enjoyed working for SwimTastic over the past year, and I believe the work environment and all the opportunities to make me a better instructor are fantastic.

Note: we of course did not take the individual up on their kind offer!

As you can see, SwimTastic has tremendous support from customers and those that work within the business. It is rare to find this and feedback like this is what provides Ian and I as directors of BIL comfort that we will still have a very sound business post COVID-19. Profitability will of course be impacted for another year, but a modern, clean facility, with state of the art water purification has arguably never been a better asset to own when teaching a life skill like swimming.

Take care and we look forward to seeing you all in person (if possible) at the ASM later in the year.

Ian Halsted & Christopher Swasbrook

Total Number of BIL shareholders = 33

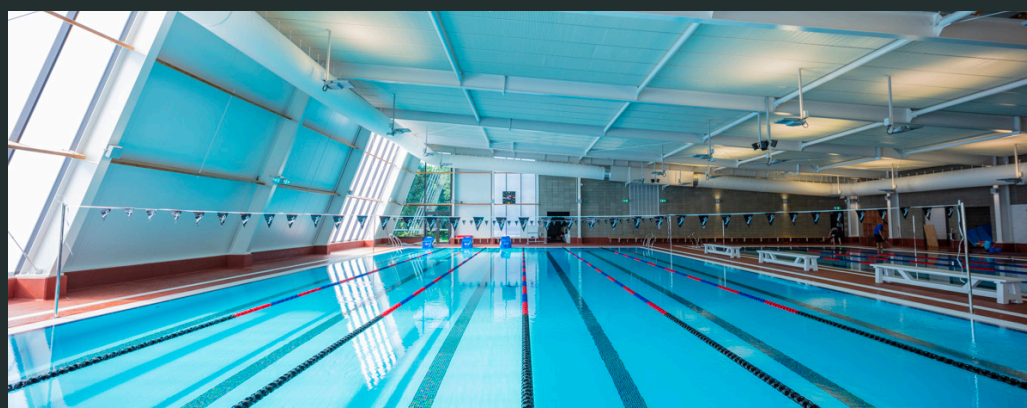
Total Number of BIL shares on issue = 1,547,439

Net Tangible Assets (NTA) per BIL share = TBA

Dividend per BIL share = NIL

BIL Bethunes
Investments
Limited

SwimTastic
Building Enduring Life Skills



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