Thunderbird Resorts 2019 Half-Year/ Semi-Annual Report Filed

Monday, September 30, 2019

ZURICH / ACCESSWIRE / September 30, 2019 / Thunderbird Resorts, Inc. ("Thunderbird") (Euronext: TBIRD) is pleased to announce that its 2019 Half-year and Unaudited Consolidated Financial Statements have been filed with the Euronext ("Euronext Amsterdam") and the Netherlands Authority for Financial Markets ("AFM"). As a Designated Foreign Issuer with respect to Canadian securities regulations, the Half-year Report is intended to comply with the rules and regulations set forth by the AFM and the Euronext Amsterdam.

Copies of 2019 Half-year and Unaudited Consolidated Financial Statements Report in the English language will be available at no cost at the Group's website at www.thunderbirdresorts.com. Copies in the English language are available at no cost at the Group's operational office in Panama and at the offices of our local paying agent ING Commercial Banking, Paying Agency Services, Location Code TRC 01.013, Foppingadreef 7, 1102 BD Amsterdam, the Netherlands (tel: +31 20 563 6619, fax: +31 20 563 6959, email: iss.pas@ing.nl). Copies are also available on SEDAR at www.SEDAR.com.

Below are certain material excerpts from full 2019 Semi-Annual Report, the entirety of which can be found on our website at www.thunderbirdresorts.com.

Dear Shareholders and Investors:

The below summarizes the Group's performance[1] through June 30, 2019.

A. **EBITDA[2]**: Peru property EBITDA improved by $2 thousand for the six months ending June 30, 2019 as compared to the same period in 2018. During the same period, Nicaragua property EBITDA improved by $354 thousand. Corporate expense decreased by $330 thousand. After netting out Corporate expense and expenses from our proportional ownership in a Costa Rican real estate holding company, Adjusted EBITDA increased by $686 thousand as compared to through half-year 2018.

B. **Profit / (Loss):** Based on continuing operations, our Loss improved by $874 thousand for the period as compared to the same period in 2018. The improvement would have been even more significant, but was partially offset by: (i) the adoption of IFRS – Leases, where by interest and depreciation expenses increased in Nicaragua; and Foreign Exchange losses due to the weakening of our local currencies as compared to the US dollar.

C. **Net Debt[3]:** In 2019 the Group adopted IFRS 16 – Leases as required of all companies that report under IFRS. The standard specifies how an IFRS reporter must recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases. In practical terms, in our Nicaragua operations in which we have series of real estate leases, we are now required to recognize a liability for the present value of those leases at our incremental borrowing rate. The adoption of IFRS 16, resulted in the recognition of $5.4 million in Obligations under leases and hire purchase contracts. Net debt increased by $6.5 million in total as compared to year-end December 31, 2018. The increase was comprised of net additions in borrowing of approximately $672 thousand that were related to refinancing and added working capital debt, amortized addition of leases of approximately $5.2 million, and a decrease in cash and cash equivalents of $632 thousand.

We will continue to pursue decisions that will support the best interest of shareholders according to the shareholder mandate set forth in the September 21, 2016, Special Resolutions.

[1.] *Unless otherwise stated, all figures reported herein are in USD and report the results of those businesses that were continuing as of June 30, 2019 as compared to those same businesses through the six months ended June 30, 2018.*

[2.] *"EBITDA" is not an accounting term under IFRS, and refers to earnings before net interest expense, income taxes, depreciation and amortization, equity in earnings of affiliates, minority interests, development costs, other gains and losses, and discontinued operations. "Property EBITDA" is equal to EBITDA at the country level(s). "Adjusted EBITDA" is equal to property EBITDA less "Corporate expenses", which are the expenses of operating the parent company and its non-operating subsidiaries and affiliates.*

[3..] *Net debt equals total borrowings and finance lease obligations less cash, cash equivalents and other liquid assets*

GROUP OVERVIEW: The Group's consolidated profit/ (loss) summary for the six months ended June 30, 2019, as compared with the same period of 2018 is contained in the Group's 2019 Half-year Report located at www.thunderbirdresorts.com. In summary, Group revenue decreased by $1.6 million or -18.2%, while adjusted EBITDA increased by $686 thousand or 101.9%.

RISK MANAGEMENT: For more detail on Risk Factors, see Chapter 5 of the Group's 2019 Half-year Report.

MANAGEMENT STATEMENT ON "GOING CONCERN": Management routinely plans future activities including forecasting future cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Group has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months from the filing of this 2019 Half-year Report. In arriving at this judgment, Management has prepared the cash flow projections of the Group. Directors have reviewed this information provided by Management and have considered the information in relation to the financing uncertainties in the current economic climate, the Group's existing commitments and the financial resources available to the Group. The expected cash flows have been modeled based on anticipated revenue and profit streams with debt funding programmed into the model and reducing over time. The model assumes no new construction projects during the forecast period. The model assumes a stable regulatory environment in all countries with existing operations. Sensitivities have been applied to this model in relation to revenues not achieving anticipated levels.

The Directors have considered the: (i) base of investors and debt lenders historically available to Thunderbird Resorts, Inc.; (ii) global capital markets; (iii) limited trading exposures to our local suppliers and retail customers; (iv) other risks to which the Group is exposed, the most significant of which is considered to be regulatory risk; (v) sources of Group income, including management fees charged to and income distributed from its various operations; (vi) cash generation, debt amortization levels and key debt service coverage ratios; (vii) fundamental trends of the Group's businesses; (viii) extraordinary cash inflows and outflows from one-time events forecasted to occur in the 12-month period following the filing date of this 2019 Half-year Report; (ix) ability to re-amortize various unsecured lenders; (x) level of probability of refinancing of secured debt; (xi) liquidation of undeveloped and therefore non-performing real estate assets that have been held for sale; and (xii) level of interest of third parties in the acquisition of certain operating assets, and status of genuine progress and probability of closing within the Going Concern period.

The Directors have also considered certain critical factors that might affect its continuing operations, as follows:

- Special Resolution: On September 21, 2016, the Group's shareholders approved a special resolution that, among other items, authorized the Board of Directors of the Corporate to sell "any or all remaining assets of the Corporation in such amounts and at such times as determined by the Board of Directors." This resolution facilitates the sale of any one or any combination of assets required to support maintaining of a going concern by the Group.
- Sellable Pricing of Assets; Asset Sale Schedules and Re-financing Scenarios: The Group now has sufficient market feedback, including offers for certain key assets, which have enabled the Group to incorporate market-determined pricing into its models; The Group has evaluated the progress of each transaction that it is working on and has looked at all reasonable scenarios for the combination and timing of different transactions in conjunction with sellable pricing.
- Secured debt Refinancing and Cash Flow: Debt service obligations continue to be a significant part of the Group's outflow.
- Corporate Expense and Cash Flow: Corporate expense has decreased materially in recent years, and continues to decrease, but still must accommodate for compliance as a public company.
- Liquidity and Working Capital: As of the date of publication of this 2019 Half-year Report, the Group forecasts operating with higher levels of reserves and working capital through the end of 2020 as compared to the previous year. Certain scenarios in relation to asset sales will not create working capital, while others will. Selling all or virtually all Group real estate and reverting cash flow will be critical to creating a healthy level of working capital reserves for periods beyond the Going Concern period.

Considering the above, Management and Directors are satisfied that the consolidated Group has adequate resources to continue as a going concern for at least the 12 months following the filing date of this report. For these reasons, Management and Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

THUNDERBIRD RESORTS, INC. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Expressed in thousands of United States dollars) for the half-year ended June 30, 2019, were approved by the Board of Directors on September 29, 2019, and are contained in the Half-year Report for 2019 posted at www.thunderbirdresorts.com. The consolidated financial statements and the accompanying notes are an integral part of these consolidated financial statements.

SUBSEQUENT EVENTS: During the half-year ended June 30, 2019, the Group engaged in the following listed material events:

- Peru Escrow Settlement: In April 2018, the Group sold all of its Peruvian gaming operations to Sun Dreams S.A. of Chile for a sale price of USD $26 million. As part of that transaction there was a $2 million escrow to protect Sun Dreams from pre-closing contingencies. In August 2019, the Parties executed agreements to settle the escrow agreement, in which the Group retained approximately $960 thousand and the remaining sums were transferred to Sun Dreams to cover real estate deficiencies and labor contingencies. The parties agreed to hold each other harmless from any and all pre-closing contingencies as a condition of the settlement.

Note 22 in the Group´s financial statements for the year ended December 31, 2018, provides a discussion of all of the Group’s commitments. There are no material changes in that disclosure such that the contents of Note 22 are incorporated herein by reference as though fully set forth at length.

ABOUT THE COMPANY: *We are an international provider of branded casino and hospitality services, focused on markets in Latin America. Our mission is to "create extraordinary experiences for our guests." Additional information about the Group is available at www.thunderbirdresorts.com*. Contact: Peter Lesar, Chief Financial Officer · Email: plesar@thunderbirdresorts.com.

Cautionary Notice: The Half-year Report referred to in this release contains certain forward-looking statements within the meaning of the securities laws and regulations of various international, federal, and state jurisdictions. All statements, other than statements of historical fact, included in the Half-year Report, including without limitation, statements regarding potential revenue and future plans and objectives of Thunderbird are forward-looking statements that involve risk and uncertainties. There can be no assurances that such statements will prove to be accurate and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Thunderbird's forward-looking statements include competitive pressures, unfavorable changes in regulatory structures, and general risks associated with business, all of which are disclosed under the heading "Risk Factors" and elsewhere in Thunderbird's documents filed from time to time with the Euronext Amsterdam and other regulatory authorities. Included in the Half-year Report are certain "non-IFRS financial measures," which are measures of Thunderbird's historical or estimated future performance that are different from measures calculated and presented in accordance with IFRS, within the meaning of applicable Euronext Amsterdam rules, that are useful to investors. These measures include (i) Property EBITDA consists of income from operations before depreciation and amortization, write-downs, reserves and recoveries, project development costs, corporate expenses, corporate management fees, merger and integration costs, income/(losses) on interests in non-consolidated affiliates and amortization of intangible assets. Property EBITDA is a supplemental financial measure we use to evaluate our country-level operations. (ii) Adjusted EBITDA represents net earnings before interest expense, income taxes, depreciation and amortization, equity in earnings of affiliates, minority interests, development costs, and gain on refinancing and discontinued operations. Adjusted EBITDA is a supplemental financial measure we use to evaluate our overall operations. Property EBITDA and Adjusted EBITDA are supplemental financial measures used by management, as well as industry analysts, to evaluate our operations. However, Property and Adjusted EBITDA should not be construed as an alternative to income from operations (as an indicator of our operating performance) or to cash flows from operating activities (as a measure of liquidity) as determined in accordance with generally accepted accounting principles.