

Apollo Tourism & Leisure Ltd
Appendix 4E
Preliminary final report

1. Company details

| | |
|-------------------|---------------------------------|
| Name of entity: | Apollo Tourism & Leisure Ltd |
| ABN: | 67 614 714 742 |
| Reporting period: | For the year ended 30 June 2022 |
| Previous period: | For the year ended 30 June 2021 |

2. Results for announcement to the market

| | | | \$'000 |
|--|------|----------|---------------|
| Revenues from ordinary activities | down | 9.3% to | 265,968 |
| Loss from ordinary activities after tax attributable to the owners of Apollo Tourism & Leisure Ltd | down | 73.9% to | (4,659) |
| Loss for the year attributable to the owners of Apollo Tourism & Leisure Ltd | down | 73.9% to | (4,659) |

| | 2022 Cents | 2021 Cents |
|------------------------|-----------------------|-----------------------|
| Basic loss per share | (2.50) | (9.59) |
| Diluted loss per share | (2.50) | (9.59) |

Comments

The loss for the Consolidated Entity after providing for income tax amounted to \$4,659,000 (30 June 2021: \$17,853,000).

An explanation of these figures is contained in 'Review of operations' included within the Directors' report in the attached Annual Financial Report.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---------------------------------------|--------------------------------------|
| Net tangible assets per ordinary security | <u>6.21</u> | <u>8.13</u> |

Net tangible assets calculations above include the right-of-use assets and the related lease liability.

4. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

5. Dividend reinvestment plans

The following dividend or distribution plans are not currently in operation with no dividend payments being made:

The Company has a dividend reinvestment plan, a copy of which can be downloaded from the Apollo website at <https://apollotourism.com/>.

The last date(s) for receipt of election notices for the dividend or distribution plans: N/A

6. Details of associates and joint venture entities

| Name of associate / joint venture | Reporting entity's percentage holding | | Contribution to (loss)/profit (where material) | |
|---|---------------------------------------|-------------------|--|------------------------|
| | Reporting period % | Previous period % | Reporting period \$'000 | Previous period \$'000 |
| Camplify Holdings Limited | 17.32% | 17.79% | (1,438) | (524) |
| Caravans Away Pty Ltd | 25.00% | - | 36 | - |
| <i>Group's aggregate share of associates and joint venture entities' (loss)/profit (where material)</i> | | | | |
| (Loss)/profit from ordinary activities before income tax | | | (1,402) | (524) |

7. Foreign entities

Details of origin of accounting standards used in compiling the report:

Results for all international operations have been calculated using International Financial Reporting Standards.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

9. Attachments

Details of attachments (if any):

The Financial Report of Apollo Tourism & Leisure Ltd for the year ended 30 June 2022 is attached.

10. Signed

Signed  _____

Date: 26 August 2022

Tennille Carrier
Company Secretary
Brisbane

Apollo Tourism & Leisure Ltd

ABN 67 614 714 742

Financial Report - 30 June 2022

Apollo Tourism & Leisure Ltd
Corporate directory
30 June 2022

| | |
|--------------------------------|--|
| Directors | Sophia (Sophie) Mitchell, Non-executive Chair. Brett Heading, Non-executive Director. Robert Baker, Non-executive Director. Luke Trouchet, Managing Director and Chief Executive Officer. Karl Trouchet, Executive Director - Strategy and Special Projects. |
| Company secretary | Tennille Carrier. |
| Registered office | 698 Nudgee Rd, Northgate QLD 4013. |
| Principal place of business | 698 Nudgee Rd, Northgate QLD 4013. |
| Share register | Computershare Investor Services Ltd. |
| Auditor | BDO Audit Pty Ltd. |
| Primary Lawyers (Australia) | Hamilton Locke. |
| Primary Bankers (Australia) | National Australia Bank Limited. |
| Stock exchange listing | Apollo Tourism & Leisure Ltd shares are listed on the Australian Securities Exchange (ASX code: ATL). |
| Website | http://www.apollotourism.com/ . |
| Corporate Governance Statement | http://www.apollotourism.com/corporate-governance/ . |

Apollo Tourism & Leisure Ltd
Directors' report
30 June 2022

The Directors present their report, together with the financial statements, on the consolidated entity (referred to as the 'Consolidated Entity', 'Apollo', or 'the Group') consisting of Apollo Tourism & Leisure Ltd (referred to hereafter as the 'Company', or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were Directors of Apollo Tourism & Leisure Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Sophie Mitchell, Non-executive Chair.
Brett Heading, Non-executive Director.
Robert Baker, Non-executive Director.
Luke Trouchet, Managing Director and Chief Executive Officer.
Karl Trouchet, Executive Director - Strategy and Special Projects.

Principal activities

Apollo is an ASX listed, multinational, rental fleet operator, vertically integrated manufacturer, wholesaler and retailer of a broad range of RVs, including motorhomes, campervans and caravans.

During the year, Apollo's rental activities were generated from locations across Australia, New Zealand, North America (Canada) and Europe (United Kingdom, Ireland and Germany). Sales of new and used motorhomes and caravans are made through a combination of established dealer networks and retail shopfronts. The Australian manufacturing entity produces the majority of units used by the rental operations in Australia and New Zealand. All North American and European rental vehicles are purchased direct from third party vehicle manufacturers. In addition, the Australian manufacturing entity produces a range of retail motorhomes and caravans under the Winnebago, Windsor and Coromal brands, which are sold through Apollo's retail sales network.

In June 2020, the USA rental operations were put into hibernation as a result of COVID-19 and the country's entire rental fleet was sold with all associated debt fully repaid. The USA operations have remained in hibernation for the 2022 financial year.

There have been no other significant changes in the nature of these activities during the period.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

On 10 December 2021, the Company announced it had entered into a Scheme Implementation Deed with Tourism Holdings Limited (*thl*) in relation to a proposed merger via a Scheme of Arrangement. As at the date of this report, the Company is continuing to work with the Australian Competition and Consumer Commission and the New Zealand Commerce Commission to obtain clearance for the merger. In agreement with *thl*, the final date of the Scheme Implementation Deed was extended to 15 October 2022 to give sufficient time to receive the respective competition regulators' determination and to ensure all other conditions precedent are satisfied or waived.

The Company's operating and financial performance is closely linked with the general economy and more specifically, the travel and tourism industry. The COVID-19 pandemic continued to significantly impact the Group during the financial year, as a result of, among other things:

- the continuance of government-imposed travel restrictions globally due to the highly contagious Delta and Omicron strains;
- consumer cautiousness associated with travel, particularly isolation requirements as well as airline and airport capacity limits; and
- supply chain issues, particularly for vehicle chassis, which impacted volumes in the Australian manufacturing facility, deferral of planned ex-fleet sales in Canada and the United Kingdom to ensure bookings over the peak northern hemisphere summer period could be satisfied, and extended delivery times for retail sales.

The Company's COVID-19 response plan developed in 2020 remained operational for much of the 2022 financial year, which focused on the health and safety of guests, customers and staff, business continuity planning and liquidity measures. Initiatives under the plan included:

- contactless guest pick up and drop off procedures and social distancing requirements with additional COVID-19 cleaning procedures for all guest fleet, rental branches and retail dealerships;
- flexible working arrangements for staff, where appropriate;
- COVID-19 safe staff training and paid leave for staff to receive vaccinations;
- Government support loans and wage subsidy programs received in all regions, where available. Extension of original payments terms on one Government loan requested and granted due to the ongoing impact of the pandemic;
- rental fleet manufacturing in Australia only recommenced in the second half of the 2022 financial year in response to increasing rental demand as travel restrictions started to ease;
- refining our value proposition to future employees and shortening our recruitment processing timeframe in response to tightening labour markets globally; and
- non-critical IT, marketing and operational projects remained largely on hold during the period.

Group Financial Results

Statutory net loss after tax (NLAT) decreased from the prior year, to a loss of \$4,659,000 (30 June 2021: loss of \$17,853,000). Statutory net loss before tax also decreased from the prior year, to a loss of \$7,175,000 (30 June 2021: loss of \$25,014,000). The Group's operations continued to be significantly impacted by the COVID-19 pandemic.

Operating results by segment

In addition to using NLAT as a measure of the Group and its segments financial performance, Apollo uses EBIT, which is defined as earnings before net interest and tax. This measure is not defined under accounting standards and is, therefore, termed a "Non-IFRS" measure. This non-IFRS measure is commonly used by management, investors and financial analysts to evaluate companies' performance.

Australia

The Australian segment recorded a net loss before tax of \$6,254,000 for the year compared to a net loss before tax of \$18,060,000 for the year ended 30 June 2021, as the constraints of the pandemic remained largely in place for the majority of the financial year.

With Australia's international borders remaining closed until February 2022 and domestic border closures and snap lockdowns, in response to the outbreak of the Delta and Omicron COVID-19 variants, continuing to occur throughout the first half of the financial year and over most of the peak summer season, trading conditions remained suppressed for the Australian rental business. As borders reopened and restrictions lifted, consumer confidence began to strengthen throughout the second half of the financial year and resulted in increased fourth quarter rental revenue in comparison to the prior period. However, with the peak summer season largely missed, rental revenues for the year only improved marginally over the prior year to \$28,162,000 (30 June 2021: \$26,070,000). Forward booking activity for the segment is showing strong signs of recovery to pre-COVID levels, relative to the size of the rental fleet.

The segment's retail operations performed strongly, with record levels of sales orders and a marked increase in gross profit margins on both new and ex-rental fleet vehicle sales being achieved. Overall earnings however, were affected by new vehicle stock constraints as a result of domestic and international supply chain issues, flowing from COVID-19 restrictions. Snap lockdowns and COVID-19 isolation requirements further diminished delivery capacity for the Company's national dealership network. Despite the negative impact of the pandemic on trading conditions, the segment's retail sales revenues increased by 23% over the prior year to \$168,785,000 (30 June 2021: \$137,432,000).

This financial year saw the opening of Apollo's repair and service centre in Brisbane, adjacent to the head office location. This facility performs work for internal customers, such as warranty repairs and sales preparation for ex-rental units, as well as for external customers. This provides a new source of revenue which is expected to grow over the next financial year.

New Zealand

With international guests historically accounting for approximately 95% of segment rental revenues, COVID-19 has had the most detrimental impact on the New Zealand segment. With the country's international borders remaining closed to all countries for the majority of the financial year, the segment reported a net loss before tax of \$3,859,000 for the year, a modest improvement to the loss incurred in the 2021 financial year of \$5,208,000 which operated under the same trading conditions.

Rental revenues decreased from the prior year to \$5,458,000 (30 June 2021: \$8,513,000), due the small domestic market being unable to sustain the strong growth it experienced in the 2021 financial year. International borders were reopened to Australia and a small number of other countries in the final weeks of the financial year, however there was a limited increase in rental activity due to the New Zealand winter months representing the low season for the segment. With international borders being fully reopened on 31 July 2022 forward booking activity, particularly over the upcoming 2022/2023 summer season, is showing strong signs of recovery.

Sale of ex-rental fleet vehicles was accelerated in the region during the year, in response to the lack of rental demand and to capitalise on strong vehicle sales demand, with 172 vehicles being sold. Strong sales margins achieved helped to largely offset the decline in rental revenues over the year and helped constrain the overall segment losses.

North America

The Company's USA operations were placed into hibernation in June 2020 and remained so as at the date of this report. Accordingly, the results of the North American segment (for both the current and prior financial years) are comprised predominately of the Company's Canadian business, CanaDream Corporation.

Canada's international borders were reopened to residents from the United States on 9 August 2021 and fully vaccinated travellers from the Company's key markets on 7 September 2021, allowing for the tail end of the peak 2021 summer season to be captured. This resulted in rental revenues increasing by 65% to \$21,626,000 over the prior year (30 June 2021: \$13,096,000), despite the grounding of a number of vehicles during September 2021 as a result of a manufacturer gearbox issue and record cold temperatures over the winter months, which reduced shoulder and low season earnings.

Segment earnings were further impacted by the hold back of fleet previously scheduled to be sold upon completion of the 2021 summer season, due to concerns surrounding the availability and timing of new fleet deliveries for the 2022 summer season, flowing from COVID-19 supply chain disruptions impacting manufacturer supply. The retention of vehicles on fleet was to ensure sufficient fleet were available to satisfy demand for the 2022 summer season, however this increased holding costs and reduced profits realised on sale of the vehicles in the 2022 financial year.

While these factors constrained overall earnings, the positive impact of being able to operate in a largely COVID-19 restriction free environment for the majority of the financial year was profound and the segment recorded a net profit before tax of \$2,914,000 for the year, representing a significant improvement on the net loss before tax of \$3,282,000 incurred for the 2021 financial year.

Europe

The Company's European segment was able to operate in a largely restriction free environment for the entire financial year and with the segment's guest profile being primarily comprised of intracontinental guests, the segment was able to generate strong rental performance during that time. Segment rental revenues increased by 50% over the prior year to \$8,277,000 (30 June 2021: \$5,515,000).

Overall segment earnings were impacted by the hold back of planned fleet disposals in the United Kingdom, due to similar concerns as that of the Canadian business regarding the ability to obtain new fleet in time for the 2022 summer season. This constraint on earnings was partially offset by the sell down of 31 units held by the German business, to facilitate the full repayment of the finance facility in place over the German fleet, due to its term expiring during the period.

Despite the impact of the reduced fleet sales on overall segment earnings, the strong rental performance and a one off gain of \$822,000 generated upon exiting the Company's Birmingham lease resulted in the segment achieving a net profit before tax of \$2,066,000, up from the net loss before tax of \$938,000 recorded in the 2021 financial year.

Net current liability position

The Consolidated Entity is in a net current liability position as at 30 June 2022 of \$100,907,000. In accordance with AASB 101 *Presentation of Financial Statements*, the rental fleet borrowings payable in the next 12 months, including those repayable on demand, are treated as current liabilities including \$18,870,000 of lease liabilities and \$54,923,000 of loans from financiers, with the assets that are being financed included as non-current assets. Two loans received as support during COVID-19 are also due for repayment in the 2023 financial year and included in current liabilities. This results in current liabilities being in excess of current assets in the statement of financial position as at 30 June 2022.

The Directors consider that the Group will generate sufficient operating cash flows and has sufficient financing facilities in place to finance its ongoing operations and meet its financial obligations. Accordingly, the financial report has been prepared on a going concern basis. Refer to note 1 'Significant accounting policies', located in the financial statements for further information on the Directors' conclusion in relation to the going concern basis of accounting.

Strategy and future performance

The Group is currently working with the Australian Competition and Consumer Commission and the New Zealand Commerce Commission to obtain clearance for the proposed merger with *thl*.

In the fourth quarter of the 2022 financial year, the Group experienced a recovery in rental demand, particularly in Australia and New Zealand which has continued into the new financial year. The Group's business planning is focused on maximising the resurgence in RV rental demand as global tourism and travel markets recover, albeit at different rates in each region.

Rental Operations

- Focusing on increasing the rental fleet as we move towards pre-COVID levels of activity while maintaining our increased focus on domestic tourism markets in all regions.
- Tightly managing fleet utilisation and yield to maintain, and increase, recent gains in these areas.
- Leveraging and improving the technologies implemented during the past two years with a focus on our guest and staff experiences as well as increasing efficiencies.
- Continuing to ensure our guests and staff have a positive experience by implementing improvements as identified through online surveys such as net promoter score, staff surveys and branch key performance targets while maintaining a guest focused culture.

Retail Operations

- Leveraging on improvements seen in the factory over the last two years and further enhance our utilisation of the ERP system functionality to support increased efficiencies, stock levels and a reduction in input costs.
- Further advancing designs of Apollo built products aimed to lift the guest and customer experience as well as improved build efficiencies and overall quality, ultimately resulting in an increase in the profitability of Apollo built products.
- Further promoting the iconic Apollo built brands of Winnebago, Windsor and Coromal through continued product improvement focused on customer feedback.
- Refining the Group's product offering to increase focus on high demand, high margin products with a mandate for improved optionality, finance and insurance uptake.
- Continuing to expand retail offerings in New Zealand and increase retail volumes.
- Growing wholesale partnerships in North America for ex-fleet sales.
- Continuing improvements for new and ex-rental fleet sales processes to ensure earnings are optimised.

Global Operations

- Capitalising on global synergies and leverage logistics, systems and people infrastructure, to generate operational efficiencies.
- Continuing to attract high performing personnel, to further strengthen the Company's existing senior management team.
- Reviewing cost structures and ensure they do not impede business growth expectations.

Risk Management

Apollo's risk management framework is reviewed quarterly by the Audit and Risk Committee to satisfy the Board that the risk management framework continues to be sound and that Apollo is operating with due regard to the risk tolerance set by the Board.

Apollo does not have an internal audit function. On a quarterly basis the Board evaluates and continually improves, where appropriate, the effectiveness of its governance, risk management and internal control processes.

Material business risks

Apollo's business is subject to a range of risk factors, both specific to its business activities and risks of a more general nature. The Board remains focused on monitoring and mitigating, where possible, key risks listed below.

Economic environment

- **Political, Economic and Business Conditions:** Apollo may be exposed to a deterioration in general political, economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to consumer credit, government fiscal, monetary and regulatory policies, oil prices and other disruptions to international travel. Any such deterioration may result in a reduction of leisure travel and retail spending from Apollo's customers, which could have an effect on Apollo's financial performance, position and asset values.
- **Force Majeure Events and Major Disruptions:** Apollo may be adversely impacted by international hostilities or war, acts of terrorism, epidemics/pandemics such as COVID-19, political or social instability (particularly as it relates to personal safety and road infrastructure), industrial disputes, natural disasters, large corporate failures in the travel and tourism industry and weather effects. These events may impact upon travel to specific locations or be of generalised effect. These events may also impact airline and travel sales, which may have a flow on effect on the Company's business and trading price of shares.
- **Vehicle Resale Markets:** Apollo is dependent upon the strength and depth of vehicle resale markets in all regions and change in market sentiment may materially impact on Apollo's capacity to sell its ex-rental fleet successfully in any one year.
- **Foreign Exchange Risk:** Apollo manages its international foreign exchange risk by funding external regional debt in the currency of operation. However, the effect of foreign currency translation on operating results from offshore operations and intercompany funding remains inherent in Apollo's business.
- **Availability and Cost of Funding:** Apollo's business is affected by the availability of funding to Apollo, its dealers and its customers. A decrease in the availability of financing facilities or an increase in the cost of equity or financing could prevent Apollo from carrying adequate levels of inventory, which may limit product offerings and have an adverse impact on Apollo's financial performance.
- **Financing risk:** some of Apollo's fleet financing arrangements include on-demand clauses, whereby the financier can call for full repayment of the debt at their discretion. Should this event occur, it would have an adverse impact on Apollo's liquidity.

Competition

- **Competition and Market Risk:** The Group operates in a competitive market, and current competitors, new competitors or technological disruptions could impact its performance.
- **Brand and Reputation Risk:** The Company relies on, and is committed to maintaining and protecting, its brand and reputation and that of its key suppliers. However, any failure to protect its reputation with customers, suppliers, regulatory authorities and industry bodies could have an adverse effect on the Company's future financial performance and position. The Company also depends upon the reputation of its sales agents, partners and suppliers in various other countries, as well as for such parties to uphold the reputation of the Company. The Company could be subjected to claims and complaints by customers which could be negatively reported on traditional and social media channels.

People

- **Key Personnel:** Apollo is reliant on the talent and experience of its people to run its business. The Group's ability to retain and attract key people is critical to its continued success. COVID-19, inflation and wage pressure has presented challenges retaining staff with transferable skills.
- **Other Personnel:** a key to the speed of Apollo's recovery from the pandemic is its ability to attract and retain staff across all areas of the business including critical guest and customer facing roles in the rental and retail operations, and manufacturing staff in the Australian facility. Apollo is facing the impact of low unemployment rates in all regions making recruitment and retention more challenging and adding inflationary pressure to wages.
- **Occupational Health and Safety:** The Company has a number of facilities where potentially hazardous tasks are undertaken by employees. Workplace accidents may occur for various reasons including as a result of non-compliance with safety rules and regulations. The Company may be liable for injuries that occur to its employees or any other persons under relevant occupational health and safety laws. If the Company was found to be liable under such laws, the penalties could be significant and the Company may also be liable for compensation.

Compliance and legal

- Insurance Coverage: Apollo currently has what it considers are adequate levels of insurance for a range of risks to cover Apollo from potential losses and liabilities. The occurrence of events which are not adequately covered by existing insurance policies, or an increase in the cost of insurance to the Group, could restrict the ability of Apollo to conduct its business which could have a negative impact on the financial results of Apollo.
- Road Vehicle Standards Act: The Road Vehicle Standards Act is a new regulation, effective from 1st of July 2021. Manufacturers and importers of recreational vehicles have a 24 month transitional period to comply with the new regulation. The main changes are the inclusion of caravans into the federal government approval scheme and for manufacturers to provide evidence of vehicle compliance through conformity of production audits (CoP). A key element of being eligible to obtain compliance under RVSA 2018 is to demonstrate through CoP audits that Apollo has adequate control over all stages of design, componentry, and manufacture of the RVs. The Company is already RVSA approved for motorhomes and campervans, with caravans to follow in November 2022.
- Intellectual property and innovation: The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights.
- Regulatory Environment: The Company is subject to a variety of laws and regulations in Australia, New Zealand, USA, Canada, Europe and more generally around the world. Specifically, the Company is required to comply with laws and regulations that apply to the manufacture of vehicles, motor vehicle dealerships and vehicle hire operators. The Company must comply with laws and regulations which apply to many other businesses, such as employment, taxation, consumer protection, continuous disclosure and intellectual property, as well as laws focused on electronic commerce and the internet. The Company is focused on ensuring compliance with its regulatory obligations and regularly reviews its operations in light of regulatory developments that may impact its business. However, a breach of, or an unfavourable change to, introduction or interpretation of, laws and regulations may have an adverse effect on the ability of the Company to operate all or parts of its business and may cause reputational damage to the Company, which may have a corresponding effect on its share price and/or financial performance. The Company's customers are obliged to be appropriately licensed to drive the Company's RVs. If there was an unfavourable change to any legislation or interpretation of government policy relating to the relevant licensing regimes in any of the jurisdictions in which the Company operates, it could have a negative impact on the financial results of the Company.
- Risk of litigation, claims and disputes: The Company is exposed to the risk of litigation (both as complainant and defendant). The Company may be exposed to claims or litigation by persons alleging they are owed fees, refunds or other contractual entitlements, employees, regulatory bodies, competitors or other third parties. Even in circumstances where the Company may ultimately prevail on the merits of a dispute, it may face significant costs defending itself against a claim and suffer reputational damage as a result of its involvement. There can be no assurance as to the outcome of any litigation, arbitration or other legal or regulatory proceeding.

Information Technology

- Digital Ecosystem: Apollo is highly dependent upon the performance of its digital ecosystem, which includes both internal systems and third-party systems and services. The reliable performance of this digital ecosystem is critical to Apollo's business operations.
- Cyber-security: Apollo is highly reliant on its digital business systems. There is the risk of exposure or loss of Apollo's critical digital assets and sensitive information, or reputational harm as a result of a cyber-attack or breach within Apollo's network.
- Disruptive technology: Entrance of a disruptive technology or industry that reduces the available market share & impacts Apollo's financial performance.

Operational

- **Scale and Integration risk:** Apollo has undertaken significant growth and change through several acquisitions. Successfully integrating and extracting synergies from acquisitions and managing growth is critical to Apollo's continued performance.
- **Relationships with Manufacturers:** Apollo's right to manufacture and sell certain RVs derive exclusively from the rights granted to it under distribution and licence agreements with key suppliers. A failure by Apollo to renew any of these agreements, or to renew them on favourable terms, could adversely impact on Apollo's financial performance.
- **Dependence on Key Suppliers:** Apollo depends upon certain suppliers providing reliable products and services that compare favourably with competing products in terms of quality, performance, safety and advanced features. Any adverse change in the product quality, production efficiency, product development efforts, technological advancement, marketplace acceptance, reputation, marketing capabilities or financial condition of its key suppliers or any product recall could have an adverse impact on the financial performance of Apollo.
- **Manufacturing Risk:** Apollo manufactures RVs for its rental fleet and retail sales in Australia and New Zealand. There is a risk that this may, from time to time, not be the most competitive way to source the Group's RV requirements. This risk needs to be balanced with the risks of sourcing RVs from third party suppliers.
- **Seasonal Business:** In addition to the ongoing risks related to COVID-19 and supply chain issues, Apollo's business is seasonal in nature, with significant variability in revenue, net income and cash flows in different quarters. Apollo's financial performance may be impacted by severe weather conditions, political and civil unrest, epidemics/pandemics, terrorism and other circumstances, particularly if they occur during peak travel seasons. If Apollo miscalculates the seasonal demand, this would result in higher labour costs as a percentage of sales, lower margins and excess inventory.
- **Climate Change Risk:** Apollo's business is centred around renting, buying/manufacturing and selling RVs. There is a risk that if Apollo does not adapt quickly enough to changing expectations of its guests and customers, which may include increasing demand for low emission RVs or for light weight towable products, then rental revenue and RV sales margins may be affected. There is also a risk that regulations could be introduced mandating low emission vehicles. Apollo will work with its suppliers and adapt its fleet profile as required to mitigate risks.
- **Fuel Availability and Pricing:** Unleaded or diesel fuel is required for the operation of RVs. Shortages of, or increased pricing for, fuel can have an adverse effect on the Company's financial performance. These conditions may also affect air travel volumes, negatively impacting the size of the Company's target market.
- **Product defects and malfunctions:** Specific company product failures, defects or recalls or inadequate maintenance could adversely affect the Company's reputation, earnings and revenue. Product failures and defects or recalls could occur for a number of reasons including, but not limited to, breach of third-party maintenance contracts or non-compliance with maintenance and safety rules, policies and legislation. If any claim or issue arising from a product defect or failure is determined adversely to the Company and the Company's insurance arrangements do not cover the liability, the outcome could be an adverse effect on the financial performance of the Company.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

On 17 August 2022, the Consolidated Entity signed a letter of intent for the sale of the four Canadian mortgaged properties. A sale and leaseback agreement is currently being negotiated.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

With international borders now open in all of its operating markets Apollo expects a strong rebound in tourism activity in the 2023 financial year. Vehicle sales demand is also anticipated to remain high over the coming twelve months. While Apollo is optimistic that the proposed merger with *thl* will proceed, the trading environment in all markets Apollo operates in has significantly improved since the merger was originally announced to the ASX on 10 December 2021. Whilst one of the primary drivers for the Board to recommend the merger was an expected faster COVID-19 recovery as a merged group, in the time since 10 December 2021 Apollo has continued to make decisions to enable it to be a strong, independent company should the merger not proceed. The Board of Apollo is confident the Company is well placed to rebound strongly in the post COVID-19 environment.

Corporate governance

Apollo Tourism & Leisure Ltd is committed to achieving and demonstrating the effective standards of corporate governance. The Group has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The 2022 corporate governance statement is dated 30 June 2022 and reflects the corporate governance practices in place throughout the financial year. The 2022 corporate governance statement was approved by the Board on 26 August 2022. A description of Apollo Tourism & Leisure Ltd's current corporate governance practices is set out in Apollo Tourism & Leisure Ltd's corporate governance statement which can be viewed on the Apollo website at www.apollotourism.com/corporate-governance/.

Environmental Social Governance (ESG)

Apollo engaged Brisbane-based strategic design agency Hatched to assist with some preliminary work on its ESG journey in FY21. In FY22, Apollo commenced a process to obtain a baseline measurement of its current environmental and social initiatives across its global network of locations. Recycling of various materials is in place across all Apollo locations. Several rental locations donate used bedding to homeless shelters or animal shelters depending on the condition. During FY23 Apollo plans to expand existing initiatives further throughout its network.

Environmental regulation

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Inclusion and diversity

Apollo values inclusion and diversity across all sections of its business and strives to ensure that team members feel valued, respected and empowered. Management is working to attract and retain an inclusive, motivated workforce with a positive customer focus by providing a safe, equitable and engaging working environment. Management regularly review Apollo's strategies, goals and values to ensure that they support a culture of inclusion and diversity.

The Board establishes measurable objectives annually for achieving gender diversity, and each year reports the Company's progress toward achieving them.

The Company's measurable objective for gender diversity is set at achieving overall female representation of not less than one third of the organisation.

The Company has strong commitment to gender diversity at all levels, including senior management and the Board.

The current proportion of female representation at various levels within the Company is as follows:

| | 2022 Men % | 2022 Women % | 2021 Men % | 2021 Women % |
|----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| Number of employees | 67% | 33% | 66% | 34% |
| Number of senior managers* | 58% | 42% | 62% | 38% |
| Number of Directors** | 80% | 20% | 80% | 20% |

*Senior managers are defined as executives who influence the management of the Company on a day to day basis.

**Of the five Directors, two Directors are Executive Directors (Managing Director/Chief Executive Officer (CEO) and Executive Director - Strategy and Special Projects). Of the three Non-executive Directors, the percentages are 33% female and 67% male.

Apollo continues to foster an inclusive and diverse workplace, with gender diversity a clear priority.

Information on Directors

Name: Sophie Mitchell.
Title: Independent, Non-executive Chair.
Qualifications: BEc, GAICD.
Experience and expertise: Sophie Mitchell is an experienced financial services professional and a former director of Morgans Corporate Limited. She is a non-executive director of Morgans Holdings (Australia) Limited and is also a member of the Queensland Advisory Board for AustralianSuper, and a board member of Myer Family Investments Pty Ltd.
Other current directorships: Corporate Travel Management Limited (ASX: CTD).
Former directorships (last 3 years): Flagship Investments Limited (ASX: FSI) and Silver Chef Limited (ASX:SIV).
Special responsibilities: Member of Audit and Risk Committee, Member of Governance and Nomination Committee, Chair of Remuneration Committee.
Interests in shares: 234,504 ordinary shares.
Interests in options: None.
Interests in rights: None.
Contractual rights to shares: None.

Name: Brett Heading.
Title: Independent, Non-executive Director.
Qualifications: BCom, LLB (Hons), FAICD.
Experience and expertise: Brett Heading is a company director and corporate lawyer with many years of experience in corporate governance, capital raising, mergers and acquisitions. He is an employee of law firm Hamilton Locke.
Other current directorships: None.
Former directorships (last 3 years): None.
Special responsibilities: Member of Audit and Risk Committee, Chair of Governance and Nomination Committee, Member of Remuneration Committee.
Interests in shares: 250,000 ordinary shares via AMJ (QLD) Holdings Pty Ltd as trustee for A M Jenkins TDT No.1. Brett Heading is a director of AMJ (QLD) Holdings Pty Ltd but is not a beneficiary of the trust.
Interests in options: None.
Interests in rights: None.
Contractual rights to shares: None.

Name: Robert Baker.
Title: Independent, Non-executive Director.
Qualifications: BBus (Accountancy), FCA, GAICD.
Experience and expertise: Robert was formerly an audit partner of PricewaterhouseCoopers, with experience in the retail, travel and hospitality sectors. He is also Chair of Goodman Private Wealth Ltd. Robert also has several pro bono Board or Advisory Board roles with organisations in the not-for-profit sector including Chair of the Audit and Risk Committee of Australian Catholic University Limited.
Other current directorships: Flight Centre Travel Group Limited (ASX: FLT) and RightCrowd Limited (ASX: RCW).
Former directorships (last 3 years): None.
Special responsibilities: Chair of Audit and Risk Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee.
Interests in shares: 130,000 ordinary shares.
Interest in options: None.
Interests in rights: None.
Contractual rights to shares: None.

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Name: Luke Trouchet.
 Title: Managing Director and Chief Executive Officer.
 Qualifications: LLB, IML.
 Experience and expertise: Luke Trouchet was appointed Chief Executive Officer and Managing Director of Apollo in 2001 and since that time has led the organisation through a strong growth period, expanding internationally into New Zealand, USA, Canada, United Kingdom and Europe.
 Other current directorships: None.
 Former directorships (last 3 years): None.
 Special responsibilities: Member of Audit and Risk Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee.
 Interests in shares: 99,412,231 ordinary shares via directorship of Eastglo Pty Ltd and Barmil Enterprises Pty Ltd which holds the shares on trust for Lurk Investment Trust and directorship of KRLG Pty Ltd which holds the shares on trust for KL Trust.
 Interests in options: None.
 Interests in rights: None.
 Contractual rights to shares: None.

Name: Karl Trouchet.
 Title: Executive Director - Strategy and Special Projects.
 Qualifications: BBus, MAICD.
 Experience and expertise: Karl Trouchet was appointed as CFO of Apollo in 2001. In November 2019, Karl was appointed Executive Director – Strategy & Special Projects to allow him to focus on executing Apollo's growth strategy to become the global RV solution.
 Other current directorships: Camplify Holdings Limited (ASX: CHL).
 Former directorships (last 3 years): None.
 Special responsibilities: Member of Audit and Risk Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee.
 Interests in shares: 99,412,231 ordinary shares via directorship of Eastglo Pty Ltd and Barmil Enterprises Pty Ltd which holds the shares on trust for Lurk Investment Trust and directorship of KRLG Pty Ltd which holds the shares on trust for KL Trust.
 Interests in options: None.
 Interests in rights: None.
 Contractual rights to shares: None.

Name: Tennille Carrier.
 Title: Company Secretary.
 Qualifications: BSc, MBA, GAICD.
 Experience and expertise: Tennille Carrier joined Apollo in 2014 and has been responsible for providing analytical and modelling support across all areas of the business.
 Other current directorships: None.
 Former directorships (last 3 years): None.
 Special responsibilities: None.
 Interests in shares: 42,774 ordinary shares.
 Interests in options: None.
 Interests in rights: None.
 Contractual rights to shares: None.

Other current directorships quoted are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years) quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interests in shares' refers to shareholdings as at the date of the directors' report.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

| | Full Board | | Audit and Risk Committee | |
|-----------------|-------------------|-------------|---------------------------------|-------------|
| | Attended | Held | Attended | Held |
| Sophie Mitchell | 25 | 25 | 11 | 11 |
| Brett Heading | 25 | 25 | 11 | 11 |
| Robert Baker | 25 | 25 | 11 | 11 |
| Luke Trouchet | 25 | 25 | 11 | 11 |
| Karl Trouchet | 25 | 25 | 11 | 11 |

| | Governance and Nomination Committee | | Remuneration Committee | |
|-----------------|--|-------------|-------------------------------|-------------|
| | Attended | Held | Attended | Held |
| Sophie Mitchell | 2 | 2 | 4 | 4 |
| Brett Heading | 2 | 2 | 4 | 4 |
| Robert Baker | 2 | 2 | 4 | 4 |
| Luke Trouchet | 2 | 2 | 4 | 4 |
| Karl Trouchet | 2 | 2 | 4 | 4 |

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Remuneration as reflected in 30 June 2022 results

Due to the ongoing impact of COVID-19, and restrictions of the COVID-19 support loans, both the short term and long term incentive programs have been suspended with no amounts being paid under these programs. All Non-executive Directors, Executive Directors and senior executives were provided with a consumer price index increase during the year. This has been a challenging period for staff retention and attracting new staff due to ongoing wage pressure, uncertainty in the tourism sector and the remuneration restrictions under the COVID-19 support loans.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration.
- Details of remuneration.
- Service agreements.
- Share-based compensation.
- Additional disclosures relating to key management personnel.

Principles used to determine the nature and amount of remuneration

The objective of the Consolidated Entity's executive reward framework is to ensure rewards for performance are competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic goals and the creation of value for shareholders.

The Board of Directors ('the Board') ensures that executive rewards satisfy the following key criteria:

- competitiveness and reasonableness;
- performance linkage / alignment of executive compensation;
- transparency; and
- acceptability to shareholders.

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The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and senior executives. The performance of the Consolidated Entity depends on the quality of its Directors and senior executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align senior executive reward to shareholders' interests by:

- having economic profit as a core component of plan design; and
- attracting and retaining high calibre senior executives.

Additionally, the reward framework seeks to enhance senior executives' interests by:

- reflecting competitive rewards for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with established corporate governance principles, the structure of non-executive Director and executive Director remuneration is separate.

In considering the impact of the Group's performance on shareholder wealth, the Directors have regard to various factors including the following metrics:

| Year ended: | Share price NPAT/(NLAT) as at 30 June | | Basic EPS/(LPS) | Total dividend |
|--------------|--|--------|--------------------|--------------------|
| | \$'000 | \$ | Cents per share | Cents per share |
| 30 June 2022 | (4,659) | \$0.38 | (2.50) | - |
| 30 June 2021 | (17,853) | \$0.39 | (9.59) | - |
| 30 June 2020 | (61,234) | \$0.30 | (32.89) | - |
| 30 June 2019 | 4,673 | \$0.37 | 2.54 | 2.00 |
| 30 June 2018 | 19,203 | \$1.65 | 10.63 | 5.00 |

Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration Committee. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of her own remuneration. Non-executive Directors do not receive share options or other incentives.

Non-executive Directors are remunerated for their services in fixed fees drawn from the Directors' fee pool which, in line with the Company's constitution, currently stands at \$450,000. The current non-executive Director fees are \$133,900 per annum for the Chair, \$92,700 for the Chair of the Audit and Risk Committee and \$66,950 per annum for the other non-executive Director (exclusive of superannuation where applicable). Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties.

Fees for non-executive Directors are not linked to the performance of the consolidated entity or the Company and no portion of their remuneration is at risk. However, non-executive Directors are expected to build a meaningful shareholding in Apollo over time.

Senior executive remuneration

The Consolidated Entity generally aims to reward senior executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The senior executive remuneration for the year ended 30 June 2022 was comprised of base pay, non-monetary benefits, superannuation and long service leave, defined as Total Fixed Remuneration (TFR).

As noted above, the short-term incentive program was suspended and did not form part of senior executive remuneration for the financial years ended 30 June 2021 and 2022.

TFR is reviewed annually by the Remuneration Committee based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remuneration.

Senior executives may receive their TFR in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the senior executive.

Short Term Incentive Program (suspended in FY22)

The STI program is designed to align the targets of the business units with the performance hurdles of senior executives in order to deliver short-term growth. STI payments are granted to senior executives based on specific annual targets and both financial and non-financial key performance indicators ('KPIs') being achieved. The STI plan is made up of the following components.

Part 1 – Operational, customer and people KPIs

The amount payable under Part 1 is discretionary and is not contingent on the financial performance of the business. It is determined by the achievement of specific KPIs by the individual executive, including, but not limited, to:

- (a) performance against KPIs specific to their senior executive roles;
- (b) behaviours and key personal business milestones outlined in business plans for which they are responsible; and
- (c) staff performance reviews throughout the year.

Over-achievement incentives do not apply to this component. Payment is capped at the nominal at-risk amount of 10% of TFR, multiplied by the achievement percentage allocated to this component, except for Kelly Shier where the nominal at-risk amount is capped at 15%. The at-risk amount is set by the Remuneration Committee at the commencement of the financial year. The Remuneration Committee subsequently determines what portion of the eligible incentive will be paid. All, none or part of this amount may be awarded at the absolute discretion of the Remuneration Committee. Achievement is assessed and amounts are payable after the end of the financial year under review. Due to the significant impact of COVID-19 on the company operations, as well as restrictions under the COVID-19 support loans, no STI offer was made in FY22 resulting in no payments under part one for the financial years ended 30 June 2022 and 2021.

Managing Director, Luke Trouchet and Executive Director, Karl Trouchet do not participate in Part 1 of the STI plan.

Part 2 – Company financial performance

Financial performance is measured on the achievement of target net profit after tax (NPAT) for the Company. A minimum achievement of greater than 100% of target NPAT must be achieved for the incentive to be payable. Payments increase on a sliding scale designed to encourage superior performance that exceeds the established target. Participants can earn up to 10% of their TFR under Part 2 of the STI program, apart from Kelly Shier, who can earn up to a maximum of 15% of TFR and Luke Trouchet who can earn up to 20% of TFR.

Any amount that may be awarded for Part 2 is self-funding out of the target NPAT. However, there are circumstances where it may not be self-funding out of statutory NPAT. No payment is provided unless the Company achieves above the target NPAT. Eligible amounts will be payable upon finalisation of financial results for the financial year under review.

Participants eligible for Part 1 need to achieve at least 50% of Part 1 of the STI Plan in order to be eligible for any incentive payment under Part 2 of the STI Plan.

Due to the significant impact of COVID-19 on the company operations, as well as restrictions under the COVID-19 support loans no STI offers were made in FY22 resulting in no payments under part two for the financial years ended 30 June 2022 and 2021.

Long Term Incentive Program

The Company will implement a Share Appreciation Rights Plan as a long term incentive ('LTI') program. The program was approved at the 2017 AGM. Whilst the LTI program was intended to be executed before the 2022 financial year, its implementation has been delayed due to the impacts of the COVID-19 pandemic from the 2020 financial year onwards.

Senior management personnel, including executive Directors, will be eligible to participate in the plan. Non-executive Directors are not eligible. The purpose of the plan is to:

- assist in the reward, retention and motivation of eligible senior management personnel;
- link the reward of eligible senior management personnel to shareholder value creation; and
- align the interests of eligible personnel with stakeholders by providing opportunity to receive an equity interest in the Company.

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Participation in the plan will give the right to receive an award from the Company which may be settled by cash or the issue of shares. The LTI will be calculated by reference to an increase in the price of the shares from a base price determined by the Board, or, otherwise, the market value, as at the date of invitation to the participant and the volume-weighted average price per share traded on the ASX over the 30 trading days preceding the time that the performance hurdles and/or other conditions are satisfied. Upon invitation, the Board will determine:

- the number of share appreciation rights for which the person may apply;
- the grant date;
- the amount payable for the grant of each share appreciation right or how such amount is calculated;
- the vesting conditions (if any);
- the performance hurdles (if any);
- if the rights will be equity settled, cash settled or a combination of both, or determined at a later date when performance hurdles have been satisfied and the vesting has occurred;
- disposal restrictions attaching to the shares under the plan (if any); and
- any other supplementary terms and conditions.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel and Directors of the Consolidated Entity are set out in the following tables.

The Directors and key management personnel of the Consolidated Entity consisted of the following Directors and senior executives of Apollo Tourism & Leisure Ltd:

Independent non-executive Directors:

- Sophie Mitchell - Non-executive Chair;
- Brett Heading - Non-executive Director; and
- Robert Baker - Non-executive Director.

Key Management Personnel:

- Luke Trouchet – Chief Executive Officer (CEO) and Managing Director;
- Karl Trouchet – Executive Director - Strategy and Special Projects;
- Kelly Shier - Chief Financial Officer (CFO);
- Scott Fahey – Chief Operating Officer (COO); and
- Paul Truman – Executive General Manager - Manufacturing and Product (ceased 11 August 2021).

All Non-executive Directors, Executive Directors and senior executives accepted a 30% pay reduction from April 2020 to September 2020 (three months in the 2021 financial year) in response to the COVID-19 pandemic. The STI program has been suspended as a result of the significant impact of COVID-19 on the company operations, as well as restrictions under the COVID-19 support loans.

A negative movement in annual leave results where the annual leave taken in the year exceeds the accrual entitlement for the year, with the balance coming from the opening accrual which was expensed in prior periods.

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| | Short-term benefits | | | | Post employment benefits | Long-term benefits | Total |
|--|----------------------|------------------|--------------------------|----------------------|--------------------------|--------------------|------------------|
| | Cash salary and fees | STI part 1 and 2 | Movement in annual leave | Termination payments | Super-annuation | Long service leave | |
| 2022 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Non-Executive Directors:</i> | | | | | | | |
| Sophie Mitchell | 133,575 | - | - | - | 13,358 | - | 146,933 |
| Brett Heading | 66,788 | - | - | - | 6,679 | - | 73,467 |
| Robert Baker | 92,475 | - | - | - | 9,248 | - | 101,723 |
| <i>Executive Directors:</i> | | | | | | | |
| Luke Trouchet* | 584,536 | - | (243) | - | 23,568 | 12,049 | 619,910 |
| Karl Trouchet** | 238,224 | - | (5,874) | - | 22,907 | (1,749) | 253,508 |
| <i>Other Key Management Personnel:</i> | | | | | | | |
| Kelly Shier | 439,928 | - | (5,642) | - | 23,568 | - | 457,854 |
| Scott Fahey | 334,095 | - | 14,385 | - | 23,568 | 8,491 | 380,539 |
| Paul Truman*** | 118,302 | - | (14,107) | - | 3,813 | (87,488) | 20,520 |
| | <u>2,007,923</u> | <u>-</u> | <u>(11,481)</u> | <u>-</u> | <u>126,709</u> | <u>(68,697)</u> | <u>2,054,454</u> |

- * Luke Trouchet's cash salary and fees for the 2022 financial year included a \$41,858 pay out of annual leave accrued.
- ** Karl Trouchet had a negative movement in long service leave for the year due to a reduction in base salary resulting in a decrease to the provision recognised.
- *** Paul Truman ceased employment with the Consolidated Entity on 11 August 2021. The negative movement in long service leave for Paul Truman is attributable to the cash payout of long service leave accrued in previous periods.

| | Short-term benefits | | | | Post employment benefits | Long-term benefits | Total |
|--|----------------------|------------------|--------------------------|----------------------|--------------------------|--------------------|------------------|
| | Cash salary and fees | STI part 1 and 2 | Movement in annual leave | Termination payments | Super-annuation | Long service leave | |
| 2021 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Non-Executive Directors:</i> | | | | | | | |
| Sophie Mitchell | 120,250 | - | - | - | 11,424 | - | 131,674 |
| Brett Heading | 60,125 | - | - | - | 5,712 | - | 65,837 |
| Robert Baker | 83,250 | - | - | - | 7,909 | - | 91,159 |
| <i>Executive Directors:</i> | | | | | | | |
| Luke Trouchet | 488,714 | - | 51,174 | - | 21,694 | 10,278 | 571,860 |
| Karl Trouchet | 267,732 | - | 11,224 | - | 21,103 | 5,677 | 305,736 |
| <i>Other Key Management Personnel:</i> | | | | | | | |
| Kelly Shier | 396,223 | - | 11,370 | - | 21,694 | - | 429,287 |
| Scott Fahey | 302,829 | - | 14,330 | - | 21,682 | 5,778 | 344,619 |
| Paul Truman | 267,568 | - | 2,487 | - | 21,433 | 5,591 | 297,079 |
| | <u>1,986,691</u> | <u>-</u> | <u>90,585</u> | <u>-</u> | <u>132,651</u> | <u>27,324</u> | <u>2,237,251</u> |

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The proportion of remuneration linked to the at risk maximum STI opportunity and the fixed proportion are as follows:

| Name | Fixed remuneration | | Maximum opportunity at risk - STI | |
|--|--------------------|------|-----------------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>Non-Executive Directors:</i> | | | | |
| Sophie Mitchell | 100% | 100% | - | - |
| Brett Heading | 100% | 100% | - | - |
| Robert Baker | 100% | 100% | - | - |
| <i>Executive Directors:</i> | | | | |
| Luke Trouchet | 100% | 100% | - | - |
| Karl Trouchet | 100% | 100% | - | - |
| <i>Other Key Management Personnel:</i> | | | | |
| Kelly Shier | 100% | 100% | - | - |
| Scott Fahey | 100% | 100% | - | - |
| Paul Truman* | 100% | 100% | - | - |

* Paul Truman ceased employment with the Consolidated Entity on 11 August 2021.

The Remuneration Committee determined that despite the hard work and commitment of the team, as a result of the impact of COVID-19 on results and restrictions under the COVID-19 support loans, Part 1 and Part 2 of the STI program would not be offered to senior executives during the financial years ended 30 June 2021 and 2022.

Accordingly, there were no cash bonuses payable/paid in FY22 and FY21 nor were any amounts forfeited.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Luke Trouchet.
 Title: Managing Director and Chief Executive Officer.
 Agreement commenced: 28 September 2016.
 Term of agreement: No fixed term.
 Details: Base salary for the year ending 30 June 2022 of \$568,000, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Six (6) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 2 of the short-term incentive plan (company financial performance) only, at a rate of 20% of base salary.

Name: Karl Trouchet.
 Title: Executive Director - Strategy and Special Projects.
 Agreement commenced: 23 September 2016.
 Term of agreement: No fixed term.
 Details: Base salary for the year ending 30 June 2022 of \$250,000, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Six (6) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 2 of the short-term incentive plan (company financial performance) only, at a rate of 10% of base salary.

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Name: Kelly Shier.
Title: Chief Financial Officer.
Agreement commenced: 11 November 2019.
Term of agreement: No fixed term.
Details: Base salary for the year ending 30 June 2022 of \$465,000, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Six (6) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 1 and Part 2 of the short-term incentive plan at a combined maximum rate of 15% of base salary, at the discretion of the Board. Eligible to participate in the long-term incentive program, once implemented, at a maximum rate of 50% of base salary, at the discretion of the Board.

Name: Scott Fahey.
Title: Chief Operating Officer.
Agreement commenced: 19 September 2016.
Term of agreement: No fixed term.
Details: Base salary for the year ending 30 June 2022 of \$358,000, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three (3) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 1 and Part 2 of the short-term incentive plan at a combined maximum rate of 20% of base salary, at the discretion of the Board.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct. Termination payment is an amount of salary in lieu of all or part of the notice period (plus any superannuation).

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

There were no options over ordinary shares granted to or vested with Directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out in the following table.

Negative other movements relate to shareholdings for previous key management personnel that are no longer in executive positions as at 30 June 2022.

| | Balance at the start of the year | Other movements | Shares acquired on market | Balance at the end of the year |
|----------------------------------|---|----------------------------|--|---|
| <i>Ordinary shares</i> | | | | |
| Sophie Mitchell* | 234,504 | - | - | 234,504 |
| Brett Heading** | 250,000 | - | - | 250,000 |
| Robert Baker | 130,000 | - | - | 130,000 |
| Karl Trouchet & Luke Trouchet*** | 99,412,231 | - | - | 99,412,231 |
| Kelly Shier | 163,300 | - | - | 163,300 |
| Scott Fahey | 22,995 | - | - | 22,995 |
| Paul Truman | 30,294 | (30,294) | - | - |
| | <u>100,243,324</u> | <u>(30,294)</u> | <u>-</u> | <u>100,213,030</u> |

* Held as director of Mitchelldangar Pty Ltd.

** Held via AMJ Holdings (QLD) Pty Ltd as trustee for A M Jenkins TDT No 1. Brett Heading is a director of AMJ Holdings (QLD) Pty Ltd but is not a beneficiary of the trust.

*** Held as directors of Eastglo Pty Ltd and Barmil Pty Ltd holding shares on trust for Lurk Investment Trust and as directors of KRLG Pty Ltd holding shares on trust for KL Trust.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those terms and conditions that the Group would have adopted if dealing at arm's length.

Sales of goods and services to key management personnel and their related parties

Caravans Away Pty Ltd

During the year, the Group sold motorhomes to Caravans Away Pty Ltd, a Director-related entity of Luke Trouchet. Total revenue received for the year was \$2,051,000 (2021: \$nil) and is included in revenue from contracts with customers. All payments were received prior to 30 June 2022 and there is no amount outstanding within current trade receivables.

During the year, the Group also charged administration fees to Caravans Away Pty Ltd. Total fees of \$2,000 (2021: \$nil) were invoiced during the year. These fees are outstanding at 30 June 2022 and are included within trade receivables. These balances have been fully paid subsequent to year end.

RV Boss Pty Ltd

During the year, the Group charged administration fees to RV Boss Pty Ltd, a Director-related entity of Luke Trouchet. Total fees of \$2,000 (2021: \$4,000) were invoiced during the year. These fees are outstanding at 30 June 2022 and are included within trade receivables. These balances have been fully paid subsequent to year end.

Camplify Holdings Limited

During the year, the Group received directors fees from Camplify Holdings Limited, a Director-related entity of Karl Trouchet, of \$13,000 (2021 \$nil). All payments were received prior to 30 June 2022 and there is no amount outstanding within current trade receivables.

Employee vehicle servicing

During the year, the Group charged \$6,000 (2021: \$nil), at market prices, to key management personnel for vehicle servicing in relation to personal vehicles. These fees are outstanding at 30 June 2022 and included within trade receivables. These balances have been fully paid subsequent to year end.

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Payment for goods and services to key management personnel and their related parties

Eastglo Pty Ltd

During the year, rental payments totalling \$191,000 (2021: \$140,000), at market prices, have been made for the rental of business premises by Group companies to Eastglo Pty Ltd, of which Luke Trouchet and Karl Trouchet are Directors and controlling shareholders. Due to the circumstances around COVID-19, a rent-free period was granted in the 2021 financial year with a value of \$45,000. All payments were made prior to 30 June 2022 and there is no amount outstanding within current trade payables. The lease expires on 5 October 2022 and contains one further option period of three years.

KL One Trust

During the year, rental payments totalling \$112,000 (2021: \$82,000), at market prices, have been made for rental of business premises by Group companies to KL One Trust, a trust associated with Luke Trouchet and Karl Trouchet. Due to the circumstances around COVID-19, a rent-free period was granted during the 2021 financial year with a value of \$27,000. All payments were made prior to 30 June 2022 and there is no amount outstanding within current trade payables. The lease expires on 30 April 2025 and contains two further option periods of three years.

Hamilton Locke

During the year, the Group engaged Hamilton Locke, a Director-related entity of Brett Heading. Hamilton Locke are the primary lawyers for the Group and performed services during the year in that capacity. Total fees of \$426,000 were paid during the year, representing market fees. \$11,000 was outstanding at 30 June 2022 and is included in current trade payables.

Morgans Corporate Limited

During the year, the Group has paid advisory fees to Morgans Corporate Limited, a Director-related entity of Sophie Mitchell. Total fees of \$150,000 (2021: \$nil) were paid during the year, representing market prices. All payments were made prior to 30 June 2022 and there is no amount outstanding within current trade payables.

RV Boss Pty Ltd

During the year, the Group paid advertising expenses of \$94,000, at market prices, (2021: \$nil) to RV Boss Pty Ltd, a Director-related entity of Luke Trouchet. All payments were made prior to 30 June 2022 and there is no amount outstanding within current trade payables.

Jones Day

During the year, the Group engaged Jones Day (which was a Director-related entity of Brett Heading until December 2021). Jones Day were the primary lawyers for the Group and performed services during the year in that capacity. Total fees of \$79,000 (2021: \$295,000) were paid during the year, representing market fees. All payments were made prior to 30 June 2022 and there is no amount outstanding within current trade payables.

Related employees and contractors

The Group employs Angie Trouchet (a related party of Luke Trouchet) on an annual salary, \$44,000 (inclusive of superannuation) was paid in FY22 (\$43,000 inclusive of superannuation in FY21). The group paid to Sydney Shier (a related party of Kelly Shier) \$23,000 in fees for services performed on a contractor basis in FY22 (2021: \$22,000).

Other transactions with key management personnel and their related parties

Caravans Away Pty Ltd

The Group invested \$100,000 for a 25% equity share in Caravans Away Pty Ltd, a Director-related entity of Luke Trouchet, this is included in investments accounted for using the equity method.

Motorhome sale

During the prior financial year, Apollo purchased a motorhome from Angie Trouchet (a related party of Luke Trouchet) on an informal consignment basis for \$247,000 (GST inclusive) which was then sold to an independent third party. The Group did not make a profit or loss on this transaction.

This point marks the conclusion of the Remuneration Report, which has been audited.

Shares under option

There were no unissued ordinary shares of Apollo Tourism & Leisure Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Apollo Tourism & Leisure Ltd issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Other information reported to the market

The Board maintains a system of obtaining (and retaining) verifiable support documentation and material where it is reporting or disclosing to the market any information that is not, in itself, audited. This may include, but is not limited to, any non-IFRS financial information such as EBIT, EBITDA (earnings before interest, tax, depreciation and amortisation), and underlying earnings, or forecast/forward looking comments.

Indemnity and insurance of officers

The Company's constitution provides that, to the extent permitted by law, the Company must indemnify each Director and officer against all losses, liabilities, costs, charges and expenses incurred in performance of their duties for the Company and its related bodies corporate. The indemnity continues post-employment and operates without the officer having to incur any expense or make payment.

During the financial year and at the start of the following year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The Directors have not disclosed details of the nature of the liabilities covered or the amount of the premiums paid in respect of the insurance contracts as such disclosure is prohibited under the terms of the contract.

Indemnity and insurance of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The indemnity does not apply to any loss in respect of matters which are determined to be a result from the auditor's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify BDO Audit Pty Ltd during or since the end of the financial year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Directors are of the opinion, in accordance with advice provided by the Audit and Risk Committee, that the additional services, as disclosed in note 31 of the financial statements, do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of BDO Audit Pty Ltd

There are no officers of the Company who are former partners of BDO Audit Pty Ltd.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Apollo Tourism & Leisure Ltd
Directors' report
30 June 2022

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'L. Trouchet', written over a horizontal line.

Luke Trouchet
Director

26 August 2022
Brisbane



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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF APOLLO TOURISM & LEISURE LTD

As lead auditor of Apollo Tourism & Leisure Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Apollo Tourism & Leisure Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'T R Mann', with a long horizontal stroke extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 26 August 2022

Apollo Tourism & Leisure Ltd

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30 June 2022

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General information

The financial statements cover Apollo Tourism & Leisure Ltd as a Consolidated Entity consisting of Apollo Tourism & Leisure Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Apollo Tourism & Leisure Ltd's functional and presentation currency.

Apollo Tourism & Leisure Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 698 Nudgee Rd, Northgate QLD 4013, Australia.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 August 2022. The Directors have the power to amend and reissue the financial statements.

Apollo Tourism & Leisure Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

| | Note | Consolidated 2022 \$'000 | 2021 \$'000 |
|--|------|--------------------------------|------------------------|
| Revenue from contracts with customers | 4 | 201,310 | 238,854 |
| Rental income | | 63,523 | 53,194 |
| Other income | | 1,135 | 1,303 |
| Total revenue and other income | | <u>265,968</u> | <u>293,351</u> |
| Expenses | | | |
| Gain on dilution of investment in an associate | 5 | 550 | 2,189 |
| Cost of goods sold | | (165,456) | (212,664) |
| Motor vehicle running expenses | | (18,347) | (21,845) |
| Advertising, promotions and commissions paid | | (4,779) | (4,102) |
| Transaction costs relating to proposed merger | | (1,613) | - |
| Employee benefits expense | 6 | (34,727) | (28,208) |
| Depreciation and amortisation expense | 6 | (22,748) | (27,523) |
| Share of loss in associates | 13 | (1,402) | (524) |
| Other expenses | | <u>(14,789)</u> | <u>(15,441)</u> |
| Profit/(loss) before tax and finance costs | | 2,657 | (14,767) |
| Finance costs | 6 | <u>(9,832)</u> | <u>(10,247)</u> |
| Loss before income tax benefit | | (7,175) | (25,014) |
| Income tax benefit | 7 | <u>2,516</u> | <u>7,161</u> |
| Loss after income tax benefit for the year attributable to the owners of Apollo Tourism & Leisure Ltd | | (4,659) | (17,853) |
| Other comprehensive income/(loss) | | | |
| <i>Items that will be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | <u>810</u> | <u>(417)</u> |
| Other comprehensive income/(loss) for the year, net of tax | | <u>810</u> | <u>(417)</u> |
| Total comprehensive loss for the year attributable to the owners of Apollo Tourism & Leisure Ltd | | <u><u>(3,849)</u></u> | <u><u>(18,270)</u></u> |
| | | Cents | Cents |
| Basic loss per share | 8 | (2.50) | (9.59) |
| Diluted loss per share | 8 | (2.50) | (9.59) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Apollo Tourism & Leisure Ltd
Statement of financial position
As at 30 June 2022

| | Note | Consolidated 2022 \$'000 | 2021 \$'000 |
|---|------|--------------------------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 36,392 | 45,507 |
| Trade and other receivables | 10 | 3,009 | 3,875 |
| Inventories | 11 | 53,799 | 53,191 |
| Income tax refund receivable | 7 | 237 | - |
| Prepayments and other assets | 12 | 9,336 | 7,780 |
| Total current assets | | <u>102,773</u> | <u>110,353</u> |
| Non-current assets | | | |
| Investments accounted for using the equity method | 13 | 2,488 | 3,252 |
| Property, plant and equipment | 14 | 211,402 | 209,402 |
| Intangibles | 15 | 23,012 | 23,280 |
| Deferred tax asset | 7 | 9,603 | 8,452 |
| Prepayments and other assets | 12 | 2,046 | 1,977 |
| Total non-current assets | | <u>248,551</u> | <u>246,363</u> |
| Total assets | | <u>351,324</u> | <u>356,716</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 17,147 | 22,324 |
| Contract liabilities | 17 | 10,645 | 11,016 |
| Borrowings | 18 | 145,354 | 108,902 |
| Income tax payable | 7 | 297 | 77 |
| Provisions | 19 | 5,728 | 4,589 |
| Unearned rental income | 20 | 24,420 | 15,836 |
| Other liabilities | | 89 | 212 |
| Total current liabilities | | <u>203,680</u> | <u>162,956</u> |
| Non-current liabilities | | | |
| Borrowings | 18 | 97,726 | 138,874 |
| Deferred tax liability | 7 | 15,060 | 15,814 |
| Provisions | 19 | 189 | 234 |
| Unearned rental income | 20 | 119 | 288 |
| Other liabilities | | (23) | 128 |
| Total non-current liabilities | | <u>113,071</u> | <u>155,338</u> |
| Total liabilities | | <u>316,751</u> | <u>318,294</u> |
| Net assets | | <u>34,573</u> | <u>38,422</u> |
| Equity | | | |
| Issued capital | 21 | 83,709 | 83,709 |
| Reserves | 22 | (11,104) | (11,914) |
| Retained losses | | (38,032) | (33,373) |
| Total equity | | <u>34,573</u> | <u>38,422</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Apollo Tourism & Leisure Ltd
Statement of changes in equity
For the year ended 30 June 2022

| Consolidated | Issued capital \$'000 | Common Control Reserve \$'000 | Foreign Currency Translation Reserve \$'000 | Retained losses \$'000 | Total equity \$'000 |
|---|----------------------------------|--|--|-----------------------------------|--------------------------------|
| Balance at 1 July 2020 | 83,709 | (13,821) | 2,324 | (15,520) | 56,692 |
| Loss after income tax benefit for the year | - | - | - | (17,853) | (17,853) |
| Other comprehensive loss for the year, net of tax | - | - | (417) | - | (417) |
| Total comprehensive loss for the year | - | - | (417) | (17,853) | (18,270) |
| Balance at 30 June 2021 | <u>83,709</u> | <u>(13,821)</u> | <u>1,907</u> | <u>(33,373)</u> | <u>38,422</u> |
| | | | | | |
| Consolidated | Issued capital \$'000 | Common Control Reserve \$'000 | Foreign Currency Translation Reserve \$'000 | Retained losses \$'000 | Total equity \$'000 |
| Balance at 1 July 2021 | 83,709 | (13,821) | 1,907 | (33,373) | 38,422 |
| Loss after income tax benefit for the year | - | - | - | (4,659) | (4,659) |
| Other comprehensive income for the year, net of tax | - | - | 810 | - | 810 |
| Total comprehensive income/(loss) for the year | - | - | 810 | (4,659) | (3,849) |
| Balance at 30 June 2022 | <u>83,709</u> | <u>(13,821)</u> | <u>2,717</u> | <u>(38,032)</u> | <u>34,573</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Apollo Tourism & Leisure Ltd
Statement of cash flows
For the year ended 30 June 2022

| | Note | Consolidated 2022 \$'000 | 2021 \$'000 |
|--|------|--------------------------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 281,925 | 225,897 |
| Payments to suppliers and employees (inclusive of GST) | | (273,500) | (226,259) |
| Interest paid | | (10,427) | (10,875) |
| Proceeds from sale of rental fleet | | 32,425 | 114,382 |
| Interest received | | 83 | 188 |
| Income taxes paid | | 72 | 871 |
| | | <hr/> | <hr/> |
| Net cash from operating activities | 26 | 30,578 | 104,204 |
| Cash flows from investing activities | | | |
| Payments for investments accounted for using the equity method | 13 | (100) | - |
| Payments for property, plant and equipment | 14 | (1,082) | (1,205) |
| Payments for intangibles | 15 | (896) | (603) |
| Proceeds from disposal of property, plant and equipment | | 441 | 147 |
| Payment for purchase of rental fleet | | (30,764) | (21,794) |
| | | <hr/> | <hr/> |
| Net cash used in investing activities | | (32,401) | (23,455) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 179,017 | 120,318 |
| Repayment of borrowings | | (153,834) | (137,659) |
| Repayment of lease liabilities | | (33,508) | (42,012) |
| | | <hr/> | <hr/> |
| Net cash used in financing activities | | (8,325) | (59,353) |
| Net (decrease)/increase in cash and cash equivalents | | (10,148) | 21,396 |
| Cash and cash equivalents at the beginning of the financial year | | 45,507 | 23,529 |
| Effects of exchange rate changes on cash and cash equivalents | | 1,033 | 582 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the financial year | 9 | <u>36,392</u> | <u>45,507</u> |

The above statement of cash flows should be read in conjunction with the accompanying notes

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or in the following section. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation and going concern assumption

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The accompanying consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

The Consolidated Entity is in a consolidated net current liability position as at 30 June 2022 of \$100,907,000 (30 June 2021: \$52,603,000) with current assets of \$102,773,000 and current liabilities of \$203,680,000. Included in current liabilities are:

- \$73,793,000 related to the rental fleet, secured against non-current assets (motor vehicles recorded as PPE or ROU assets);
- \$26,064,000 COVID support loans repayable in the next 12 months. This includes a \$10,000,000 COVID support loan, subject to a clause whereby Apollo can request a 12-month extension to the payment term which may be granted at the lender's discretion; and
- \$23,710,000 of unearned income and \$10,645,000 contract liabilities related to non-refundable deposits that are not expected to be refunded.

The Consolidated Entity is subject to lending covenants in New Zealand (borrowings of \$3,360,000) and Canada (borrowings of \$50,714,000). Due to the impact of COVID-19 on the Group's rental activities, some of these covenants are currently forecast to be at risk of breach during the 2023 financial year. The New Zealand lender has waived their covenants up to and including 30 June 2024. The Canadian lenders have changed their debt service covenant and the date of measurement. The next measurement date for the Canadian lenders is 30 September 2022, with the covenants forecast to be satisfied.

Notwithstanding these conditions, the Directors believe that the preparation of the financial statements using the going concern basis of accounting is appropriate based on cash flow forecasts prepared, which show the Consolidated Entity is expected to be able to pay its debts as and when they fall due for the next 12 months and to realise the value of its assets and discharge its liabilities in the ordinary course of business.

Key factors in those forecasts include:

- an increase in fleet towards pre COVID-19 levels consistent with latest tourism market conditions and travel industry forecasts using existing financing facilities (refer to note 18 for details on unused facilities). This increase will also result in an increase in ex-fleet sales which are forecast to generate significant cash proceeds in excess of the related fleet debt outstanding.
- cost reduction and efficiency improvements which have continued and are expected to provide positive results.
- continued support from the Consolidated Entity's financiers.
- continued government support including extension of original payments terms.
- monetising assets such as existing equity in the global fleet and real estate holdings. The land and buildings currently have a net book value of \$36,382,000 in excess of the outstanding debt of \$26,619,000 by \$9,763,000. The market value of these properties is significantly higher than book value, and a letter of intent to sell, which includes leaseback arrangements, has been signed subsequent to year end based on an offer for the portfolio of approximately \$57,400,000.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 32.

1. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Apollo Tourism & Leisure Ltd ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Apollo Tourism & Leisure Ltd and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity' or 'Group'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary, together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Apollo Tourism & Leisure Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

From 1 July 2020, the Consolidated Entity determined that loans receivable from subsidiaries located in the United States of America (within the North American segment) meet the criteria to be considered part of the net investment in a foreign operation under AASB 121 '*The Effects of Changes in Foreign Exchange Rates*' and therefore the exchange differences (resulting from fluctuations in exchange rates) have been recorded in other comprehensive income on consolidation from the date of the determination. This arises from the Consolidated Entity's assessment that the loans receivable are of a long term nature with settlement of the balance neither planned nor likely to occur in the foreseeable future.

1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either in the principal market, or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers in the current year.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Interest

Interest income is recognised as interest accrues using the effective interest method. This method calculates the amortised cost of a financial asset and the allocation of the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Consolidated Entity's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Associates

Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

1. Significant accounting policies (continued)

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Consolidated Entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Consolidated Entity discontinues the use of the equity method upon obtaining control over the associate and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon gaining control and the fair value of the retained investment is recognised in profit or loss. From the date that control has been gained, the entity becomes a subsidiary, is included in the Consolidated Entity and becomes subject to the principles of consolidation.

Leases

The Consolidated Entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Consolidated Entity as a lessee

The Consolidated Entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Consolidated Entity recognises lease liabilities for future lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Consolidated Entity applies the short-term recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases as a lessor. Rental income arising is accounted for on a straight-line basis over the lease term and is shown on the profit or loss due to its operating nature.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a reduction in the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

1. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2022. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, being the most relevant to the Consolidated Entity, are set out below.

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

These changes are applicable from annual periods beginning on or after 1 January 2023. There are four main changes to classification requirements.

- (1) The requirement for an unconditional right has been deleted because covenants in banking agreements would rarely result in unconditional rights.
- (2) The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
- (3) Classification is based on the right to defer settlement, and not the intention.
- (4) If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity.

As these amendments only apply for the first time to the 30 June 2024 balances (and 30 June 2023 comparative balances), the Consolidated Entity is not yet able to make an assessment of the impacts regarding the right to defer settlement, compliance with bank covenants, and intention to settle.

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

These amendments introduce a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables. Accounting estimates are developed using measurement techniques and inputs. The amendments clarify that a change in an estimate occurs when there is either a change in a measurement technique or a change in an input. The amendments also indicate that only material accounting policy information must be disclosed in the financial statements.

There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, which is annual periods beginning on or after 1 July 2023.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management considers to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results, especially in the current environment with the additional uncertainty that COVID-19 has introduced regarding future events. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impact of COVID-19 pandemic

The speed of recovery from the COVID-19 pandemic is uncertain and difficult to predict. The pandemic continues to impede global economic activity, particularly in the travel industry and consumer cautiousness. Combined with world events and inflationary pressures, it is difficult to predict the long-term effects on economic factors such as disposable income, unemployment and consumer confidence, all of which could significantly reduce discretionary spending by consumers on travel.

Application of the going concern assumption

The global COVID-19 pandemic has had a substantial impact on the business in the year ended 30 June 2022. In assessing the appropriateness of the going concern assumption, the directors have considered the Consolidated Entity's expected future trading performance, its compliance with financing obligations, and cost containment actions implemented. Due to the nature of the pandemic's impact, considerable judgement has been applied in assessing the above factors as part of the assessment of the going concern assumption in preparing the financial report, refer to note 1 for further details.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carry forward tax losses only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. In most cases, the unused tax losses have no expiry date. Although there is uncertainty in the market assumptions, the Consolidated Entity is forecast to utilise carry forward tax losses over a reasonable period of time. The judgements and assumptions used to support the recoverability of the tax losses may change in future periods and the impact on the utilisation of tax losses is known. Refer to note 7 for further details.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Consolidated Entity is considered to be the point of delivery of the goods to the customer, which is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access. In applying this to the sale of motor vehicles, control is transferred at the time of formal delivery, at which point title transfers.

2. Critical accounting judgements, estimates and assumptions (continued)

Principal versus agent considerations

The Consolidated Entity has determined that it is an agent in the following contracts, and as such the revenue is included in commissions and royalty (refer to note 4 for further information).

- (a) After-market sales - The Consolidated Entity arranges multiple after-market sales with differing third-party providers. The Consolidated Entity is not responsible for fulfilling the promise to the customer. The Consolidated Entity does not take on any inventory or credit risk associated with the contract. The Consolidated Entity does not have discretion to set the price for the sale, the consideration in these contracts is the commission agreed with the third-party. The Consolidated Entity concluded that it transfers control over its services (i.e. arranging for the provision of the good or service), at a point in time, upon delivery of the vehicle to the customer, because this is when the customer benefits from the Consolidated Entity's agency service.
- (b) Vehicles sold on consignment - The Consolidated Entity will organise a sale on the consignors behalf. The Consolidated Entity is not responsible for fulfilling the promise to the customer. The Consolidated Entity does not take any inventory or credit risk associated with the contract. The Consolidated Entity does not have discretion to set the price for the sale, the consideration in these contracts is the difference between selling price stipulated by the consignor and the final selling price negotiated by the Consolidated Entity with the customer. The Consolidated Entity concluded that it transfers control of its services (i.e. arranging for the sale of the vehicle), at a point in time, upon delivery to the customer, because this is when the customer benefits from the Consolidated Entity's agency service.
- (c) Associate dealers - The Consolidated Entity has an associate dealer that operates using one of the Consolidated Entity's trading names, systems and software. The associate is responsible for fulfilling rental contracts with the customer. The Consolidated Entity does not take any inventory or credit risk. The Consolidated Entity does not have discretion to set the price of the sale, the consideration in these contracts is a set royalty percentage. This transaction has been deemed a licensing transaction, which is a right to access the intellectual property as it exists throughout the licence period. Therefore, the performance obligation is satisfied over time because the associate simultaneously receives and consumes the benefit from the access to the intellectual property as the performance occurs. Variable consideration is received in the form of sales-based royalty and is recognised when the subsequent sale occurs i.e. initiation of the rental between the associate and the customer.

Net realisable value (NRV) assessment of inventory

The Consolidated Entity is required to measure inventory at the lower of cost and net realisable value.

An analysis was performed at year end to compare the cost of all retail and used rental vehicles to net realisable value, with reference to recently achieved selling prices, less associated selling costs. No adjustment was made as a result of this analysis. Raw materials, work in progress, stock in transit and spare parts have been recognised at cost less any provision for obsolescence. For further detail refer to note 11.

Investments accounted for using the equity method - Camplify Holdings Ltd

Judgement is required in assessing the level of control or influence over another entity in which the group holds an interest. For the Consolidated Entity, the judgement that the Consolidated Entity has significant influence over Camplify Holdings Limited ("CHL"), a peer-to-peer RV and caravan sharing company is significant. The Consolidated Entity has exercised judgment in the use of the equity method of accounting for its investment in CHL. If significant influence was not present, the investment would be accounted for as a financial asset at fair value through profit or loss as allowed by AASB 9 *Financial Instruments* and no share of Camplify losses (or profit) would be reported in the profit or loss.

Significant influence is defined in AASB128 *Investments in Associates and Joint Ventures* as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is presumed when an entity owns 20% or more of the voting power of the investee, unless it can be clearly demonstrated that this is not the case. Significant influence is presumed not to exist when the entity owns less than 20% of the voting power of the investee, unless such influence can be clearly demonstrated.

The Consolidated Entity owns 17.32% of the voting shares of CHL. AASB128 identifies several indicators that may provide evidence of significant influence, including representation on the board of directors of the investee and participation in policy making processes. The Consolidated Entity's Executive Director – Strategy and Special Projects, Karl Trouchet, has been a member of the board of directors of CHL since 2017 and is also a member of the Audit and Risk Committee. The Consolidated Entity holds voting rights at general meetings of shareholders conferred by its 17.32% stake in CHL and is currently the largest shareholder in CHL. Management therefore consider, that the Consolidated Entity has significant influence over CHL. Refer to note 13 for further information.

2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful life is determined when the asset is purchased however the useful life could change significantly as a result of technical innovations or some other event which would impact future depreciation charged. Management have monitored the useful lives of assets in light of the COVID-19 pandemic and have not identified the need to change the useful life calculations.

Fleet depreciation rates

In accordance with the Consolidated Entity's depreciation policy, residual values of fleet are estimated in order to depreciate motorhome assets using the straight-line method. The Consolidated Entity has considered the appropriateness of the residual values that have been used by reviewing the gains/losses made on recent sales of similar motorhomes and have not identified the need to change fleet depreciation rates.

Fleet classification

The Consolidated Entity is engaged in the business of both the rental of motorhomes and sale of new and used motorhomes. The rental fleet, recognised as property, plant and equipment or right-of-use assets, are transferred to inventory on a regular basis to meet forecasted sales demand. The Consolidated Entity classifies fleet motorhomes as property, plant and equipment or right-of-use assets until the point in time that the motorhome comes off fleet and is no longer available for rent. Once the motorhome is off fleet and has been prepared for sale the vehicle is transferred to inventory as a used rental vehicle for retail sale. Refer to note 14 for details of transfer to inventory.

Cost of internally manufactured vehicles

The Consolidated Entity is engaged in the manufacturing of motorhomes in Australia, for use in its rental operations or for retail sale. The Consolidated Entity reviews the manufacturing costs for all internally manufactured vehicles, judgement is used to determine which costs are added to the cost of the vehicles and any abnormal production costs have been excluded.

For vehicles manufactured for the rental fleet, the transaction is treated as a financing arrangement, these costs form part of the vehicle cost and are depreciated over the useful life of the vehicle.

For vehicles manufactured for the retail network, these costs are added to the cost of the vehicle and included in inventory. Once the vehicle is sold the costs are released to cost of goods sold expense.

Goodwill and brand names

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and brand names have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units (CGU's) have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. The key assumptions used to determine the recoverable amount for each CGU, including sensitivity analysis, are disclosed and further explained in note 15.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset (or group of assets) that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset (or group of assets) is determined by calculating the fair value less costs of disposal or value-in-use, which incorporate a number of key estimates and assumptions. The key assumptions used to determine the recoverable amount for each CGU, including sensitivity analysis, are disclosed and further explained in note 15.

Income tax

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax and related deferred tax amounts.

Classification of financing arrangements as lease or debt

The Consolidated Entity enters into financing arrangements with banks, specialist vehicle financing companies and suppliers of motorhome chassis to finance its guest fleet and retail inventory. Judgement is required to determine whether these arrangements are in substance leases (including hire purchase arrangements), or debt financing. Each agreement is reviewed and the terms and conditions assessed to determine which treatment is most appropriate.

2. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. When ascertaining the periods to be included in the lease term, judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Consolidated Entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Consolidated Entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstance that is within the control of the entity.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

3. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into geographical operating segments: Australia, New Zealand, North America and Europe. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (which is identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Given the manufacturing entity in Australia operates on a cost recovery basis in order to break even and manufacture only to order for the Australia and New Zealand operating entities, the Directors do not consider the manufacturing entity to be a separate operating segment as it is not monitored standalone, but rather within the geographic segment operation.

The CODM monitor the operating results of the geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The operating segments are as follows:

- the Australian segment provides short term hire of motorhomes, manufactures replacement vehicles for the rental fleet, manufactures motorhomes and caravans for sale direct to the public and operates vehicle sales activities for the sale of new units direct to the public and through a dealer network, as well as the sale of ex-rental fleet vehicles direct to the public and through a dealer network;
- the New Zealand segment provides short term hire of motorhomes and operates vehicle sales activities for the sale of new and ex-rental fleet vehicles direct to the public and through a dealer network;
- the North America segment provides short term hire of motorhomes and operates vehicle sales activities for the sale of new and ex-rental fleet vehicles through a dealer network and direct to the public;
- the Europe segment provides short term hire of motorhomes and operates vehicles sales activities for the sale of ex-rental fleet units direct to the public; and
- Others and Eliminations represents intersegment eliminations.

3. Operating segments (continued)

Operating segment information

| Consolidated - 2022 | Australia \$'000 | New Zealand \$'000 | North America \$'000 | Europe \$'000 | Others and Eliminations \$'000 | Total \$'000 |
|--|-----------------------------|-------------------------------|-------------------------------------|--------------------------|---|-------------------------|
| Revenue | | | | | | |
| Revenue from contracts with customers | 177,380 | 10,956 | 7,769 | 5,205 | - | 201,310 |
| Rental income | 28,162 | 5,458 | 21,626 | 8,277 | - | 63,523 |
| Total sales revenue | 205,542 | 16,414 | 29,395 | 13,482 | - | 264,833 |
| Other income | (123) | 4 | (17) | 636 | 635 | 1,135 |
| Total revenue | 205,419 | 16,418 | 29,378 | 14,118 | 635 | 265,968 |
| EBIT (Earnings before interest and tax) | | | | | | |
| Finance costs | (5,619) | (725) | (2,087) | (766) | (635) | (9,832) |
| (Loss)/profit before income tax benefit | (6,254) | (3,859) | 2,914 | 2,066 | (2,042) | (7,175) |
| Income tax benefit | | | | | | 2,516 |
| Loss after income tax benefit | | | | | | (4,659) |
| <i>Material items include:</i> | | | | | | |
| Gain on dilution of associate investment | 550 | - | - | - | - | 550 |
| Cost of goods sold | (148,656) | (8,116) | (4,442) | (4,242) | - | (165,456) |
| Motor vehicle running expenses | (9,460) | (3,491) | (3,240) | (2,156) | - | (18,347) |
| Net employee benefits expenses | (23,428) | (1,148) | (7,490) | (2,661) | - | (34,727) |
| Depreciation and amortisation | (12,967) | (4,392) | (4,401) | (988) | - | (22,748) |
| Other Expenses | (12,093) | (2,407) | (4,803) | (1,238) | (2,042) | (22,583) |
| Assets | | | | | | |
| Segment assets | 210,302 | 45,811 | 118,663 | 6,057 | (39,349) | 341,484 |
| <i>Unallocated assets:</i> | | | | | | |
| Income tax refund due | | | | | | 237 |
| Deferred tax asset | | | | | | 9,603 |
| Total assets | | | | | | 351,324 |
| <i>Total assets includes:</i> | | | | | | |
| Investments in associates | 2,488 | - | - | - | - | 2,488 |
| Acquisition of non-current assets | 15,238 | 388 | 24,709 | 3,252 | - | 43,587 |
| Liabilities | | | | | | |
| Segment liabilities | 163,689 | 27,797 | 98,259 | 11,709 | (60) | 301,394 |
| <i>Unallocated liabilities:</i> | | | | | | |
| Provision for income tax | | | | | | 297 |
| Deferred tax liability | | | | | | 15,060 |
| Total liabilities | | | | | | 316,751 |

3. Operating segments (continued)

| Consolidated - 2021 | Australia \$'000 | New Zealand \$'000 | North America \$'000 | Europe \$'000 | Others and Eliminations \$'000 | Total \$'000 |
|--|-----------------------------|-------------------------------|-------------------------------------|--------------------------|---|-------------------------|
| Revenue | | | | | | |
| Revenue from contracts with customers | 144,411 | 14,234 | 72,886 | 7,323 | - | 238,854 |
| Rental income | 26,070 | 8,513 | 13,096 | 5,515 | - | 53,194 |
| Total sales revenue | 170,481 | 22,747 | 85,982 | 12,838 | - | 292,048 |
| Other income | 512 | 2 | 591 | 404 | (206) | 1,303 |
| Total revenue | 170,993 | 22,749 | 86,573 | 13,242 | (206) | 293,351 |
| EBIT (Earnings before interest and tax) | | | | | | |
| Finance costs | (12,679) | (4,053) | (216) | (87) | 2,268 | (14,767) |
| | (5,381) | (1,155) | (3,066) | (851) | 206 | (10,247) |
| (Loss)/profit before income tax benefit | (18,060) | (5,208) | (3,282) | (938) | 2,474 | (25,014) |
| Income tax benefit | | | | | | 7,161 |
| Loss after income tax benefit | | | | | | (17,853) |
| <i>Material items include:</i> | | | | | | |
| Gain on dilution of associate investment | 2,189 | - | - | - | - | 2,189 |
| Cost of goods sold | (127,878) | (12,059) | (66,138) | (6,589) | - | (212,664) |
| Motor vehicle running expenses | (12,508) | (4,175) | (3,369) | (1,793) | - | (21,845) |
| Net employee benefits expenses | (19,126) | (1,560) | (5,283) | (2,239) | - | (28,208) |
| Depreciation and amortisation | (15,866) | (5,881) | (4,592) | (1,184) | - | (27,523) |
| Other Expenses | (10,468) | (3,127) | (7,407) | (1,524) | 2,474 | (20,052) |
| Assets | | | | | | |
| Segment assets | 218,278 | 63,994 | 98,010 | 11,046 | (43,064) | 348,264 |
| <i>Unallocated assets:</i> | | | | | | |
| Deferred tax asset | | | | | | 8,452 |
| Total assets | | | | | | 356,716 |
| <i>Total assets includes:</i> | | | | | | |
| Investments in associates | 3,251 | - | - | - | - | 3,251 |
| Acquisition of non-current assets | 4,068 | 147 | 19,350 | 2,181 | - | 25,746 |
| Liabilities | | | | | | |
| Segment liabilities | 165,428 | 41,517 | 76,674 | 18,784 | - | 302,403 |
| <i>Unallocated liabilities:</i> | | | | | | |
| Provision for income tax | | | | | | 77 |
| Deferred tax liability | | | | | | 15,814 |
| Total liabilities | | | | | | 318,294 |

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

4. Revenue from contracts with customers

| | Consolidated | |
|--------------------------------------|---------------------|----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Revenue by type</i> | | |
| Vehicle sales | 190,540 | 229,596 |
| Repairs and servicing | 6,209 | 4,567 |
| Commissions and royalty | 2,782 | 3,110 |
| Other revenue | 1,779 | 1,581 |
| | <u>201,310</u> | <u>238,854</u> |
| <i>Timing of revenue recognition</i> | | |
| Goods transferred at a point in time | 195,101 | 234,287 |
| Services transferred over time | 6,209 | 4,567 |
| | <u>201,310</u> | <u>238,854</u> |

Accounting policy for revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled in exchange for transferring goods or services to a customer.

Vehicle sales

Revenue from the sale of vehicles is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. The performance obligation is satisfied upon delivery of the vehicle and payment is generally received on settlement.

Generally, the Consolidated Entity receives short term advances from its customers as a deposit for the purchase of a vehicle. Using the practical expedient in AASB 15 *Revenue from Contracts with Customers*, the Consolidated Entity does not adjust the promised amount of consideration for the effects of a financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The sale of vehicles is subject to a statutory warranty, which has been deemed to be an assurance type warranty and is, therefore, accounted for under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Repairs and servicing

Revenue from a contract to provide repairs and servicing is recognised over-time as the service is rendered, based on the percentage complete. The performance obligation is satisfied over-time and payment is generally due upon completion.

Commissions and royalty

Where the Consolidated Entity is acting as an agent, arranging for another party to provide the good or service, revenue from the contract with the principal will be recognised at a point in time. The performance obligation is satisfied when the sale to the customer is complete and payment is generally received upon completion.

Costs to obtain a contract

The Consolidated Entity pays sales commissions to employees for vehicle sales and incurs costs to register the vehicle. The Consolidated Entity has elected to apply the optional practical expedient for costs to obtain a contract, which allows the Consolidated Entity to immediately expense these costs as the amortisation period of the asset that the Consolidated Entity otherwise would have used is one year or less.

5. Gain on dilution of investment in an associate

The Consolidated Entity's shareholding in Camplify Holdings Limited, an associate accounted for using the equity method, was diluted. This dilution resulted in a gain of \$550,000 (2021: \$2,189,000) on the 'deemed disposal' of the foregone shareholding. Refer to note 13 for further details on Camplify Holdings Limited issuance of new shares resulting in dilution to the Consolidated Entity's shareholding.

6. Expenses

| | Consolidated | |
|--|---------------------|-----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Loss before income tax includes the following specific expenses: | | |
| <i>Depreciation expense</i> | | |
| Property, plant and equipment | (7,964) | (10,189) |
| Land and buildings right-of-use assets | (5,230) | (5,228) |
| Motor vehicles right-of-use assets | (7,800) | (10,619) |
| | <u>(20,994)</u> | <u>(26,036)</u> |
| <i>Amortisation expense</i> | | |
| Customer relationships | (273) | (260) |
| Software | (1,481) | (1,227) |
| | <u>(1,754)</u> | <u>(1,487)</u> |
| Total depreciation and amortisation | <u>(22,748)</u> | <u>(27,523)</u> |
| <i>Finance costs</i> | | |
| Lease liabilities - rental fleet | (2,169) | (3,989) |
| Lease liabilities - land and buildings | (1,265) | (1,441) |
| Other finance costs | (6,398) | (4,817) |
| | <u>(9,832)</u> | <u>(10,247)</u> |
| <i>Net foreign exchange (loss)/gain - included in other expenses</i> | | |
| Net foreign exchange (loss)/gain | (161) | (821) |
| <i>Leases - included in other expenses</i> | | |
| Variable lease payments | 1,204 | 1,344 |
| Short-term lease payments | (762) | (632) |
| | <u>442</u> | <u>712</u> |
| <i>Employee benefits expense:</i> | | |
| Employee benefits expense excluding superannuation and government grants | (33,631) | (31,858) |
| Defined contribution superannuation expense | (2,106) | (1,824) |
| Government grants | 1,010 | 5,474 |
| | <u>(34,727)</u> | <u>(28,208)</u> |

Variable lease payments relate to rental concessions received from landlords due to COVID-19 and early termination of the Birmingham lease (2021: USA leases) with no termination fees, these are one off in nature and are not expected to reoccur in future periods beyond the impact in the 2022 and 2021 financial year.

Government grants have been received in the form of wage subsidies in Australia, New Zealand, Canada, United Kingdom and Germany, to assist with the impact of COVID-19. There are no unfulfilled conditions or contingencies attached to these grants.

7. Income tax

The major components of income tax expense are:

| | Consolidated | |
|--|---------------------|-----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Income tax benefit</i> | | |
| Current tax | (13) | (282) |
| Deferred tax - origination and reversal of temporary differences | (2,503) | (3,816) |
| Deferred tax - tax losses recognised | - | (3,063) |
| | <u>(2,516)</u> | <u>(7,161)</u> |
| Aggregate income tax benefit | <u>(2,516)</u> | <u>(7,161)</u> |
| Deferred tax included in income tax benefit comprises: | | |
| Decrease/(increase) in deferred tax assets | (215) | 7,687 |
| Decrease in deferred tax liabilities | (2,288) | (11,503) |
| | <u>(2,503)</u> | <u>(3,816)</u> |
| Deferred tax - origination and reversal of temporary differences | <u>(2,503)</u> | <u>(3,816)</u> |
| <i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i> | | |
| Loss before income tax benefit | <u>(7,175)</u> | <u>(25,014)</u> |
| Tax at the statutory tax rate of 30% | (2,153) | (7,504) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Non-assessable gain on dilution of associate investment | (165) | (656) |
| Non-deductible share of loss from associates | 421 | 157 |
| Variance due to differing corporate tax rates in offshore entities | (235) | 300 |
| Deferred tax asset on losses not recognised | (468) | 542 |
| Write-off for non-recoverable withholding in respect of current and prior years | 81 | 402 |
| Prior year tax adjustment | 472 | (97) |
| Non-assessable income | (12) | (510) |
| Other non-deductible expenses | (169) | - |
| Other | (288) | 205 |
| | <u>(2,516)</u> | <u>(7,161)</u> |
| Income tax benefit | <u>(2,516)</u> | <u>(7,161)</u> |

7. Income tax (continued)

| | Consolidated | |
|---|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Deferred tax asset</i> | | |
| Deferred tax asset comprises temporary differences attributable to: | | |
| Tax losses | 15,182 | 12,932 |
| Unearned income | 8 | 249 |
| Provisions | 1,614 | 1,311 |
| Transaction costs | 327 | 13 |
| Unearned profits | - | 97 |
| Other | 1,055 | 1,291 |
| Property, plant and equipment | 533 | 786 |
| Lease liability | 11,974 | 13,962 |
| Inventories | 204 | - |
| Set off against deferred tax liability based on jurisdiction | (21,294) | (22,189) |
| | <u>9,603</u> | <u>8,452</u> |
| Deferred tax asset | | |
| | <u>9,603</u> | <u>8,452</u> |
| Movements: | | |
| Opening balance | 8,452 | 2,529 |
| Credited/(charged) to profit or loss | 98 | (8,826) |
| Charged to equity | - | (97) |
| Tax losses recognised / (utilised) | - | 3,063 |
| Prior year adjustment | 116 | 1,140 |
| Movements in foreign exchange | 42 | (303) |
| Set off against deferred tax liability based on jurisdiction | 895 | 10,946 |
| | <u>9,603</u> | <u>8,452</u> |
| Closing balance | | |
| | <u>9,603</u> | <u>8,452</u> |
| | | |
| | Consolidated | |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Deferred tax liability</i> | | |
| Deferred tax liability comprises temporary differences attributable to: | | |
| Property, plant and equipment | 25,279 | 24,754 |
| Right-of-use assets | 6,042 | 7,548 |
| Inventories | 194 | 121 |
| Prepayments | 124 | 82 |
| Intangible assets | 4,368 | 4,202 |
| Other | 347 | 1,296 |
| Set off deferred tax asset based on jurisdiction | (21,294) | (22,189) |
| | <u>15,060</u> | <u>15,814</u> |
| Deferred tax liability | | |
| | <u>15,060</u> | <u>15,814</u> |
| Movements: | | |
| Opening balance | 15,814 | 16,583 |
| Credited to profit or loss | (2,877) | (12,546) |
| Prior year adjustment | 588 | 1,043 |
| Movements in foreign exchange | 640 | (212) |
| Set off deferred tax asset based on jurisdiction | 895 | 10,946 |
| | <u>15,060</u> | <u>15,814</u> |
| Closing balance | | |
| | <u>15,060</u> | <u>15,814</u> |

7. Income tax (continued)

Note: deferred tax assets and deferred tax liabilities have been offset in each tax jurisdiction on the statement of financial position.

| | Consolidated | |
|-----------------------|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Income tax refund due | 237 | - |
| | Consolidated | |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Income tax payable | 297 | 77 |

Deferred tax assets are recognised in relation to carried forward tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has elected to recognise deferred tax assets on tax losses as it expects to generate future taxable profits to utilise the deferred tax assets. The Group has losses where deferred tax assets have been recognised in Australia of \$10,060,000, New Zealand \$1,578,000 and Canada of \$3,138,000. The tax losses in Australia and New Zealand can carry forward indefinitely and the tax losses in Canada must be utilised in 20 years. Tax losses (gross) that arose during the current and prior years in the USA of \$16,687,000 USD have not been recognised as deferred tax assets in the current year on the basis they are not probable of recoupment.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Apollo Tourism & Leisure Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Australian Tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

7. Income tax (continued)

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

8. Earnings per share

| | Consolidated | |
|---|---------------------|--------------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Loss after income tax attributable to the owners of Apollo Tourism & Leisure Ltd | <u>(4,659)</u> | <u>(17,853)</u> |
| | Cents | Cents |
| Basic loss per share | (2.50) | (9.59) |
| Diluted loss per share | (2.50) | (9.59) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>186,150,908</u> | <u>186,150,908</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>186,150,908</u> | <u>186,150,908</u> |

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Apollo Tourism & Leisure Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

9. Cash and cash equivalents

| | Consolidated | |
|--------------------------|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Current assets</i> | | |
| Cash at bank and in hand | <u>36,392</u> | <u>45,507</u> |

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Trade and other receivables

| | Consolidated | |
|--|---------------------|---------------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Current assets</i> | | |
| Trade receivables | 2,812 | 3,663 |
| Less: allowance for expected credit losses | (14) | (10) |
| | <u>2,798</u> | <u>3,653</u> |
| Other receivables | <u>211</u> | <u>222</u> |
| | <u><u>3,009</u></u> | <u><u>3,875</u></u> |

Allowance for expected credit losses

The Consolidated Entity has recognised a loss of \$19,000 (2021: \$10,000) in profit or loss in respect of the expected credit losses.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure expected credit losses, trade receivables have been grouped based on days overdue, refer to note 24 for further details.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

11. Inventories

| | Consolidated | |
|----------------------------------|----------------------|----------------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Current assets</i> | | |
| Raw materials | 8,249 | 10,185 |
| Work in progress | 2,137 | 2,057 |
| Retail vehicles for sale | 28,701 | 27,764 |
| Used rental vehicles for sale | 4,074 | 6,390 |
| Stock in transit and spare parts | <u>10,638</u> | <u>6,795</u> |
| | <u><u>53,799</u></u> | <u><u>53,191</u></u> |

Retail and used rental vehicles for retail sale are pledged as security under floor plan financing arrangements, refer to note 18.

Accounting policy for inventories

Raw materials, work in progress and retail vehicles for sale are stated at the lower of cost or net realisable value on a 'first in first out' basis. Cost comprises direct materials, purchase and delivery costs, direct labour, import duties and other taxes, and, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Used rental fleet vehicles for sale are stated at the lower of their depreciated value or net realisable value.

Stock in transit and spare parts are stated at the lower of cost or net realisable value. Cost is comprised of purchase and delivery costs, net of rebates and discounts received or receivable.

11. Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

12. Prepayments and other assets

| | Consolidated | |
|---------------------------|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Current assets</i> | | |
| Prepayments | 6,128 | 4,213 |
| Security deposits | 3,208 | 3,567 |
| | 9,336 | 7,780 |
| <i>Non-current assets</i> | | |
| Security deposits | 1,990 | 1,977 |
| Other non-current assets | 56 | - |
| | 2,046 | 1,977 |

Security deposits relate to bonds for floor plan financing and property leases, and earn market interest rates.

13. Investments accounted for using the equity method

| | Consolidated | |
|---|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Non-current assets</i> | | |
| Investment in Camplify Holdings Limited | 2,352 | 3,252 |
| Investment in Caravans Away Pty Ltd | 136 | - |
| | 2,488 | 3,252 |

Interests in associates

Investment in Caravans Away Pty Ltd

In the 2022 financial year, the Group subscribed to a 25% shareholding in Caravans Away Pty Ltd, an online motorhome and caravan dealership, for \$100,000. Financial results for Caravans Away Pty Ltd have not been disclosed in this financial year as it is not deemed significant. The Group's share of profit from Caravans Away Pty Ltd in the 2022 financial year was \$36,000. Given that Caravans Away Pty Ltd is not a listed entity, there is no quoted value.

13. Investments accounted for using the equity method (continued)

Investment in Camplify Holdings Limited (CHL)

On 8 February 2017, the Group acquired a 24.95% shareholding in Camplify Co (Australia) Pty Ltd ("Camplify"), a peer-to-peer RV and caravan sharing company, for cash consideration of \$1,750,000. The Group participated in an additional capital raising on 10 April 2019 for \$1,297,000 to maintain a 24.95% shareholding.

During the 2021 financial year, Camplify Co (Australia) Pty Ltd was restructured adding a parent entity, Camplify Holdings Ltd (CHL). Additional capital raising was also performed, which the Group did not participate in. CHL listed on the Australia Stock Exchange (ASX) on 28 June 2021. In May 2022, CHL issued an additional 1,059,162 shares as consideration for the acquisition of Mighway and SHAREaCAMPER. This transaction further diluted the Group's shareholding.

At 30 June 2022, the Group owned 6,895,620 shares or 17.32% of CHL. Although the Group holds less than 20% of the ownership interest and voting control of CHL, the Group has the ability to exercise significant influence through both its shareholding and its nominated director's active participation in the CHL Board of Directors.

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|-----------------------|---|--------------------|-----------|
| | | 2022 % | 2021 % |
| Camplify Holdings Ltd | Australia | 17.32% | 17.79% |
| Caravans Away Pty Ltd | Australia | 25.00% | - |

13. Investments accounted for using the equity method (continued)

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Consolidated Entity are set out as follows:

| | Camplify Holdings Ltd | |
|--|------------------------------|----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Summarised statement of financial position</i> | | |
| Current assets | 26,748 | 29,643 |
| Non-current assets | 9,572 | 934 |
| Total assets | 36,320 | 30,577 |
| Current liabilities | 26,122 | 16,090 |
| Non-current liabilities | 806 | 404 |
| Total liabilities | 26,928 | 16,494 |
| Net assets | 9,392 | 14,083 |
| <i>Summarised statement of profit or loss and other comprehensive income</i> | | |
| Revenue | 17,093 | 9,143 |
| Cost of sales | (8,780) | (3,218) |
| Expenses | (16,608) | (8,173) |
| Loss before income tax | (8,295) | (2,248) |
| Income tax benefit | 130 | 184 |
| Loss after income tax | (8,165) | (2,064) |
| Other comprehensive loss | (63) | - |
| Total comprehensive loss | (8,228) | (2,064) |
| <i>Reconciliation of the Consolidated Entity's carrying amount</i> | | |
| Opening carrying value | 3,252 | 1,587 |
| Share of loss after income tax | (1,438) | (524) |
| Share of other comprehensive loss | (12) | - |
| Gain on dilution | 550 | 2,189 |
| Closing carrying value | 2,352 | 3,252 |
| Quoted fair value | 11,792 | 9,102 |

The Consolidated Entity's share of losses after income tax was 17.79% until it was diluted to 17.32% during the year (30 June 2021: 24.95% until it was diluted to 17.79%).

The results of CHL are presented in Australian Dollars. The quoted price on the ASX for CHL as at 30 June 2022 was \$1.71 per share (30 June 2021: \$1.32 per share).

13. Investments accounted for using the equity method (continued)

| | Consolidated | |
|---|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Reconciliation to associate net assets</i> | | |
| Consolidated Entity's share of net assets | 1,627 | 2,505 |
| Goodwill | 725 | 727 |
| | <u>2,352</u> | <u>3,232</u> |

Contingent liabilities

The associates had no contingent liabilities as at 30 June 2022 or 2021.

Commitments

| | Consolidated | |
|---|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Capital commitments - company motor vehicles | - | 91 |

14. Property, plant and equipment

| | Consolidated | |
|--|---------------------|----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Non-current assets</i> | | |
| Land and buildings - at cost | 41,160 | 39,226 |
| Less: accumulated depreciation | (4,778) | (3,767) |
| | <u>36,382</u> | <u>35,459</u> |
| Plant and equipment - at cost | 21,257 | 31,043 |
| Less: accumulated depreciation | (16,389) | (22,209) |
| Less: accumulated impairment | (183) | (3,157) |
| | <u>4,685</u> | <u>5,677</u> |
| Motor vehicles - at cost | 103,020 | 80,470 |
| Less: accumulated depreciation | (11,166) | (14,366) |
| | <u>91,854</u> | <u>66,104</u> |
| Motor vehicles - right-of-use assets | 85,009 | 105,388 |
| Less: accumulated depreciation | (27,242) | (28,736) |
| | <u>57,767</u> | <u>76,652</u> |
| Land and buildings - right-of-use assets | 64,094 | 63,966 |
| Less: accumulated depreciation | (25,963) | (21,039) |
| Less: accumulated impairment | (17,417) | (17,417) |
| | <u>20,714</u> | <u>25,510</u> |
| | <u>211,402</u> | <u>209,402</u> |

14. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out in the following table:

| Consolidated | Land and buildings \$'000 | Plant and equipment \$'000 | Motor vehicles \$'000 | Motor vehicles right-of-use assets \$'000 | Land and buildings right-of-use assets \$'000 | Total \$'000 |
|-----------------------------|--------------------------------------|---------------------------------------|----------------------------------|--|--|-------------------------|
| Balance at 1 July 2020 | 35,972 | 6,996 | 91,942 | 109,161 | 28,557 | 272,628 |
| Additions | 24 | 1,181 | 22,838 | 1,029 | 27 | 25,099 |
| Disposals | - | (223) | (40,094) | (1,584) | - | (41,901) |
| Modification to lease terms | - | - | - | - | 4,899 | 4,899 |
| Lease termination | - | - | - | - | (2,527) | (2,527) |
| Exchange differences | 244 | (6) | (99) | 46 | (218) | (33) |
| Transfers in/(out)* | - | (81) | (1,175) | (21,381) | - | (22,637) |
| Depreciation expense** | (781) | (2,190) | (7,308) | (10,619) | (5,228) | (26,126) |
| Balance at 30 June 2021 | 35,459 | 5,677 | 66,104 | 76,652 | 25,510 | 209,402 |
| Additions | 21 | 1,061 | 38,281 | 3,030 | 298 | 42,691 |
| Disposals | - | (460) | (6,755) | (2,050) | - | (9,265) |
| Modification to lease terms | - | - | - | - | 264 | 264 |
| Exchange differences | 1,704 | 72 | 2,346 | (1,026) | (128) | 2,968 |
| Transfers in/(out)* | - | - | (2,530) | (11,039) | - | (13,569) |
| Depreciation expense** | (802) | (1,665) | (5,592) | (7,800) | (5,230) | (21,089) |
| Balance at 30 June 2022 | <u>36,382</u> | <u>4,685</u> | <u>91,854</u> | <u>57,767</u> | <u>20,714</u> | <u>211,402</u> |

* Net transfers out represent assets transferred to inventory.

** Depreciation charged to profit or loss for the year comprises depreciation expense of \$20,994,000 (2021: \$26,171,000) and \$95,000 (2021: \$90,000) capitalised as part of the cost of motor vehicle manufacture.

Additions to the right-of-use assets during the year were \$3,328,000 (2021: \$1,070,000).

The Consolidated Entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between 1 to 12 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Consolidated Entity also leases motor vehicles and other equipment under agreements of between 1 to 5 years.

Accounting policy for depreciation

Prime cost and diminishing value rates, where applicable, for each class of asset are as follows:

| | |
|------------------------|--------------|
| Buildings | 2.5% |
| Leasehold improvements | 2.5% - 25.0% |
| Plant and equipment | 5.0% - 33.0% |
| Motor vehicles | 5.0% - 35.0% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each reporting date.

Accounting policy for motor vehicles

Motor vehicles are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is primarily calculated on a straight-line basis to write off the net cost less the estimated residual value (if applicable) over their expected useful lives.

Accounting policy for plant and equipment

Land has an unlimited useful life and is, therefore, not depreciated.

14. Property, plant and equipment (continued)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease (i.e. the date the underlying asset is available for use). The right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

15. Intangibles

| | Consolidated | |
|-----------------------------------|----------------------|----------------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Goodwill - at cost | 20,374 | 20,535 |
| Less: accumulated impairment | (16,256) | (16,608) |
| | <u>4,118</u> | <u>3,927</u> |
| Customer relationships - at cost | 4,657 | 4,433 |
| Less: accumulated amortisation | (1,813) | (1,285) |
| Less: accumulated impairment | (1,793) | (1,872) |
| | <u>1,051</u> | <u>1,276</u> |
| Software - at cost | 10,778 | 9,877 |
| Less: accumulated amortisation | (4,861) | (3,259) |
| Less: accumulated impairment | (27) | (27) |
| | <u>5,890</u> | <u>6,591</u> |
| Brand names - at cost | 16,396 | 16,030 |
| Less: Accumulated amortisation | (1) | 4 |
| Less: Accumulated impairment | (4,442) | (4,548) |
| | <u>11,953</u> | <u>11,486</u> |
| Other intangible assets - at cost | 1,191 | 1,196 |
| Less: accumulated amortisation | (662) | (667) |
| Less: accumulated impairment | (529) | (529) |
| | <u>-</u> | <u>-</u> |
| | <u><u>23,012</u></u> | <u><u>23,280</u></u> |

15. Intangibles (continued)

Reconciliations

Reconciliations of the written down values of intangibles at the beginning and end of the current and previous financial year are set out in the following table:

| Consolidated | Goodwill \$'000 | Customer relationships \$'000 | Software \$'000 | Brand names \$'000 | Other intangible assets \$'000 | Total \$'000 |
|-------------------------|----------------------------|--|----------------------------|-------------------------------|---|-------------------------|
| Balance at 1 July 2020 | 3,898 | 1,531 | 7,218 | 11,421 | - | 24,068 |
| Additions | - | - | 603 | - | - | 603 |
| Disposals | - | - | - | (4) | - | (4) |
| Exchange differences | 29 | 5 | 24 | 69 | - | 127 |
| Transfers in/(out) | - | - | (27) | - | - | (27) |
| Amortisation expense | - | (260) | (1,227) | - | - | (1,487) |
| Balance at 30 June 2021 | 3,927 | 1,276 | 6,591 | 11,486 | - | 23,280 |
| Additions | - | - | 896 | - | - | 896 |
| Disposals | - | - | (69) | - | - | (69) |
| Exchange differences | 191 | 48 | (47) | 467 | - | 659 |
| Amortisation expense | - | (273) | (1,481) | - | - | (1,754) |
| Balance at 30 June 2022 | <u>4,118</u> | <u>1,051</u> | <u>5,890</u> | <u>11,953</u> | <u>-</u> | <u>23,012</u> |

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Deferred tax liabilities are recognised in relation to indefinite life intangible assets where the carrying value will be recovered through use. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer relationships

Customer relationships are identified and primarily recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Customer relationships are amortised over the expected life of the customer relationship.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-10 years. Any costs associated with software as a service arrangements, including configuration and customisation costs, have been included in other expenses when access to the software has been provided or when the configuration or customisation has been performed.

Brand names

Brand names are identified and primarily recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Brand names are not amortised on the basis that they have an indefinite life and are reviewed annually. Brand names are carried at costs less accumulated impairment losses. Expenditure incurred in maintaining brand names is expensed in the period in which it is incurred.

15. Intangibles (continued)

Other intangibles

Other intangible assets relate to intellectual property and customer deposits. Intellectual property is recognised at the time of a business combination and recorded at fair value, if their fair value can be measured reliably. Intellectual property is amortised over the expected life of the intellectual property. Customer deposits acquired in a business combination represent outstanding forward orders at the date of acquisition. Customer deposits are amortised on a straight-line basis over the period of their expected benefit of 3-6 months.

Goodwill and intangible assets with indefinite lives

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the Consolidated Entity's cash generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combinations. Each unit or groups of units to which goodwill is allocated represents the lowest level at which assets are monitored for internal management purposes which is also an operating segment. Therefore, goodwill has been allocated to the Australia, North America and Europe groups of CGUs. Goodwill allocated to the Australia and Europe group of CGUs has been fully impaired in prior years.

Brand names are allocated to the CGUs that use the brand names. Brand names for CamperCo Limited and Sydney RV Group Pty Ltd were fully impaired in the prior years.

The carrying amount of goodwill and brand names allocated to each of the CGUs or groups of CGUs is shown below:

| | Goodwill | Brand | Goodwill | Brand |
|----------------------------|-----------------|---------------|-----------------|---------------|
| | 2022 | Names | 2021 | Names |
| | \$'000 | 2022 | \$'000 | 2021 |
| | | \$'000 | | \$'000 |
| Apollo Investments Pty Ltd | - | 1,508 | - | 1,508 |
| Apollo RV West Pty Ltd | - | 474 | - | 474 |
| CanaDream Corporation* | 4,118 | 9,971 | 3,927 | 9,504 |
| | <u>4,118</u> | <u>11,953</u> | <u>3,927</u> | <u>11,486</u> |

*Movement due to foreign currency fluctuations.

Impairment testing

The Consolidated Entity performed its annual impairment test in June 2022 and 2021. As a result of the assessment, management did not identify impairment for the CGU's tested.

The recoverable amount of the CGU's is determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board covering one year and further forecasts of four years with growth rates that reflect the business recovery from COVID-19. The budgeted earnings before interest, tax, depreciation and amortisation (EBITDA) is based on past performance and expectations for the future. Capital expenditures are estimated based on current costs of manufacture or purchase cost. Capital disposal proceeds are estimated based on realisable recoverable value. The discount rates used reflect specific risks relating to the relevant CGU and the countries in which they operate.

As disclosed in note 2, the Directors have made judgements and estimates in respect to impairment testing. Should these judgements and estimates not occur the resulting CGU carrying amount may decrease.

Key assumptions used in value in use calculations for CGUs with goodwill

The North America CGU and CanaDream Corporation CGU are the same for the 2022 and 2021 financial year due to the hibernation of the USA business. CanaDream Corporation is a motorhome rental fleet operator and wholesale and direct retailer of new and ex-fleet sales in Canada.

15. Intangibles (continued)

Significant assumptions used for the purposes of assessing the CanaDream CGU for impairment include:

| | 2022 | 2021 |
|--|-------------|-------------|
| | % | % |
| Average revenue growth and variable cost growth rate FY25-FY27 | 7.0% | 4.0% |
| Fixed cost growth rate | 3.0% | 4.0% |
| Pre-tax discount rate | 13.2% | 12.5% |
| Terminal value growth | 2.5% | 2.5% |

Revenue and variable cost growth rates in the CanaDream CGU for the 2023 and 2024 financial years reflect forecasted recovery in the rental business from the impacts of COVID-19 and normalising ex-fleet sales. The growth rates beyond these years return to pre COVID-19 rates. Fixed cost growth has been calculated based on historical actuals plus an allowance for expected future cost increases.

A reasonably possible change in the most sensitive assumptions would result in the recoverable amount of the CanaDream CGU to equal its carrying amount as follows:

- A decrease of 2.9% in forecast average fleet utilisation.
- A decrease of 3.5% in the forecast average yield growth per annum.
- A increase in the discount rate from 13.2% to 14.1%.
- A decrease in the terminal growth rate from 2.5% to 1.0%.

Key assumptions used in value in use calculations for CGUs with brand name intangibles

The below CGUs undertake the following operations:

- Apollo RV West Pty Ltd - new and used caravan and motorhome retailer in Western Australia, trading as George Day Caravans and Motorhomes.
- Apollo Investments Pty Ltd - new and used caravan and motorhome retailer in Queensland, trading as Kratzmann Caravans and Motorhomes.

Significant assumptions used for the purposes of assessing the CGUs with brand name intangibles for impairment include:

| | Apollo RV West Pty Ltd | Apollo Investments Pty Ltd |
|---|-----------------------------------|---|
| | % | % |
| Average revenue and variable cost growth rate FY25-FY27 | 5.0% | 6.0% |
| Fixed cost growth rate | 4.0% | 4.0% |
| Pre-tax discount rate | 13.9% | 13.8% |
| Terminal value growth | 2.5% | 2.5% |

Revenue and variable cost growth rates for the 2023 and 2024 financial years reflect recovery from the impacts of COVID-19 due to lockdowns and supply constraints. The growth rates beyond these years return to pre COVID-19 rates. Fixed cost growth has been calculated based on historical actuals plus an allowance for expected future cost increases.

There is no reasonably possible change in the assumptions listed for the Apollo RV West Pty Ltd CGU or the Apollo Investments Pty Ltd CGU that would result in an impairment.

Key assumptions used in value in used calculations for all other CGUs

As a result of the continued impact of COVID-19 on border closures, supply chain and travel restrictions, impairment indicators were identified and impairment testing was performed on the Australian Rental CGU and New Zealand CGU.

The below CGUs undertake the following operations:

- Australia Rental - motorhome rental fleet operator and supplier of ex-rental fleet vehicles to Apollo's dealership network.
- New Zealand - motorhome rental fleet operator and wholesale and direct retailer of new and ex-fleet sales in New Zealand.

15. Intangibles (continued)

Significant assumptions used for the purposes of assessing impairment include:

| | Australia Rental % | New Zealand % |
|---|-----------------------------------|--------------------------|
| Average revenue and variable cost growth rate FY25-FY27 | 10.0% | 9.0% |
| Fixed cost growth rate | 4.0% | 4.0% |
| Pre-tax discount rate | 13.5% | 13.3% |
| Terminal value growth | 2.5% | 2.5% |

Revenue and variable cost growth rates for the 2023 and 2024 financial years include recovery in the rental business from the impacts of COVID-19. The growth rates beyond these years return to pre COVID-19 rates. Fixed cost growth has been calculated based on historical actuals plus an allowance for expected future cost increases.

A reasonably possible change in the most sensitive assumptions would result in the recoverable amount of the Australian Rental CGU to equal its carrying amount as follows:

- A decrease of 6.3% in forecast average fleet utilisation.
- A decrease of 2.5% in the forecast average yield growth per annum.
- A increase in the discount rate from 13.5% to 16.3%.
- A decrease in the terminal growth rate from 2.5% to less than 0.0%.

There is no reasonably possible change in the fleet utilisation or forecast yield growth for the New Zealand CGU that would result in an impairment. There is no reasonably possible change in the discount rate or terminal growth rate for the New Zealand CGU that would result in an impairment.

16. Trade and other payables

| | Consolidated | |
|----------------------------|------------------------|------------------------|
| | 2022 \$'000 | 2021 \$'000 |
| <i>Current liabilities</i> | | |
| Trade payables | 12,489 | 10,410 |
| Sundry accruals | 4,658 | 11,914 |
| | <u>17,147</u> | <u>22,324</u> |

Refer to note 24 for further information on financial risk management objectives and policies.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year, which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

17. Contract liabilities

| | Consolidated | |
|----------------------------|------------------------|------------------------|
| | 2022 \$'000 | 2021 \$'000 |
| <i>Current liabilities</i> | | |
| Customer vehicle deposits | <u>10,645</u> | <u>11,016</u> |

These balances relate to deposits received in advance for pending vehicle sales for which the customer has not yet taken delivery.

17. Contract liabilities (continued)

Recognised as revenue in the financial year is \$11,016,000 (2021: \$5,977,000), which was included in the contract liability balance at the beginning of the period.

Unsatisfied performance obligations

The full balance of contract liabilities is expected to be recognised in revenue in the next 12 months (2021: within the next 12 months).

Accounting policy for contract liabilities

A contract liability is an obligation to transfer goods or services to a customer for which the Consolidated Entity has received consideration, or an amount of consideration is due, from the customer. If a customer pays consideration before the Consolidated Entity transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the Consolidated Entity performs under the contract.

18. Borrowings

| | Consolidated | |
|--------------------------------------|---------------------|----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Current liabilities</i> | | |
| Bank loans | 1,208 | 3,771 |
| Floor plan | 35,824 | 27,477 |
| Loans from other financiers | 54,923 | 36,636 |
| COVID-19 support loans | 26,064 | 5,465 |
| Lease liability - rental fleet | 18,870 | 27,035 |
| Lease liability - land and buildings | 8,465 | 8,518 |
| | <u>145,354</u> | <u>108,902</u> |
| <i>Non-current liabilities</i> | | |
| Bank loans | 25,411 | 25,382 |
| Loans from other financiers | 23,210 | 14,692 |
| COVID-19 support loans | 1,374 | 25,609 |
| Lease liability - rental fleet | 15,490 | 33,374 |
| Lease liability - land and buildings | 32,241 | 39,817 |
| | <u>97,726</u> | <u>138,874</u> |

Refer to note 24 for further information on financial risk management objectives and policies.

Bank loans

Bank loans include mortgages over land and buildings. Interest rates applicable at 30 June 2022 range from 4.05% to 5.10% p.a. (2021: 2.45% to 5.20% p.a.).

Floor plan

Floor plan facilities are maintained to fund the inventory of new motorhomes and caravans held for resale at Apollo's retail sales outlets. Terms are interest only for the first six months and then interest plus principal of between 6.10% to 9.60% p.a. (2021: 5.20% to 9.60% p.a.). For some lenders, balances are secured through retention of title until point of sale.

Loans from other financiers

Loans from other financiers are fully secured debt in relation to fleet assets and may only be used for the purchase of fleet assets. Interest rates applicable at 30 June 2022 on loans from other financiers range from 3.64% to 5.46% p.a. (2021: 2.20% to 5.46% p.a.).

18. Borrowings (continued)

COVID-19 support loans

COVID-19 support loans have been received in Australia, Canada and the United Kingdom. Interest rates applicable to 30 June 2022 on COVID-19 support loans range from 3.65% to 4.70% p.a. (2021: 2.45% to 4.10% p.a.).

Lease liability - rental fleet

Lease liabilities for the rental fleet are fully secured by the lessor's title to the leased assets and may only be used for the purchase of fleet assets. Interest rates applicable at 30 June 2022 range from 3.65% to 5.46% p.a. (2021: 3.30% to 5.46% p.a.).

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

| | Consolidated | |
|--------------------------------|---------------------|----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Total facilities | | |
| Bank overdraft | 3,011 | 2,991 |
| Bank loans | 26,619 | 29,153 |
| Floor plan | 47,804 | 48,666 |
| Loans from other financiers | 168,021 | 153,491 |
| COVID-19 support loans | 27,438 | 31,074 |
| Lease liability - rental fleet | 39,021 | 60,409 |
| | <u>311,914</u> | <u>325,784</u> |
| Used at the reporting date | | |
| Bank overdraft | 334 | - |
| Bank loans | 26,619 | 29,153 |
| Floor plan | 35,824 | 27,477 |
| Loans from other financiers | 78,133 | 51,328 |
| COVID-19 support loans | 27,438 | 31,074 |
| Lease liability - rental fleet | 34,360 | 60,409 |
| | <u>202,708</u> | <u>199,441</u> |
| Unused at the reporting date | | |
| Bank overdraft | 2,677 | 2,991 |
| Bank loans | - | - |
| Floor plan | 11,980 | 21,189 |
| Loans from other financiers | 89,888 | 102,163 |
| COVID-19 support loans | - | - |
| Lease liability - rental fleet | 4,661 | - |
| | <u>109,206</u> | <u>126,343</u> |

Accounting policy for borrowings including bank loans, floor plan and loans from other financiers

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right at balance date to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Any change in terms to an existing financial liability is assessed to determine if the changes are substantial. A substantial change will arise if the discounted present value of the cash flows under the new terms is at least 10 per cent different from the original discounted present value of the remaining cash flows of the original financial liability. Where the change is substantial, the original financial liability is extinguished and the new financial liability is recognised. The Consolidated Entity received a number of concessions in relation to COVID-19, all of the changes to terms were assessed and none of the changes were substantial.

18. Borrowings (continued)

Accounting policy for lease liabilities

At the commencement date of the lease, the Consolidated Entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. These lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Consolidated Entity and payments of penalties for terminating the lease, if the lease term reflects the Consolidated Entity exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Consolidated Entity uses the interest rate implicit in the lease or if that rate is not readily determinable the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying value of lease liabilities is remeasured if there is a change in the following: future lease payments arising from a change in an index or rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit and loss if the carrying amount of the right-of-use asset is fully written down.

Accounting policy for COVID-19 rent concessions

The Consolidated Entity has applied the practical expedient in relation to COVID-19 related rent concessions. The practical expedient was applied for all eligible contracts where the concession was agreed in writing before the end of the financial year. These concessions have not been accounted for as a lease modification where:

- the concession was a direct consequence of the COVID-19 pandemic;
- the change in the lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately prior to the change;
- any reduction in lease payments only affects payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

19. Provisions

| | Consolidated | |
|--------------------------------|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Current liabilities</i> | | |
| Long service leave | 958 | 674 |
| Employee benefits | 2,763 | 2,743 |
| Warranties | 2,007 | 1,172 |
| | <u>5,728</u> | <u>4,589</u> |
| <i>Non-current liabilities</i> | | |
| Long service leave | 189 | 234 |
| | <u>189</u> | <u>234</u> |

Warranties

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Accounting policy for provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

19. Provisions (continued)

Accounting policy for employee benefits and long service leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

20. Unearned rental income

| | Consolidated | |
|--------------------------------|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Current liabilities</i> | | |
| Rental income in advance | 23,710 | 15,337 |
| Customer bonds held | <u>710</u> | <u>499</u> |
| | <u>24,420</u> | <u>15,836</u> |
| <i>Non-current liabilities</i> | | |
| Rental income in advance | <u>119</u> | <u>288</u> |

Rental income in advance relates to payments made by customers for future rental reservations in advance of service delivery.

Customer bonds are security deposits held by the Consolidated Entity during rental reservations to compensate the Consolidated Entity in the case of damage or other charges.

21. Issued capital

| | Consolidated | | | |
|------------------------------|---------------------|--------------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Shares | Shares | \$'000 | \$'000 |
| Ordinary shares - fully paid | <u>186,150,908</u> | <u>186,150,908</u> | <u>83,709</u> | <u>83,709</u> |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Dividend reinvestment plan

The legal parent company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount to the market price, as the Directors may determine.

Share buy-back

There is no current on-market share buy-back.

21. Issued capital (continued)

Capital risk management

The Consolidated Entity's goal, when managing capital, is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity is subject to certain financing conditions (covenants) and meeting these covenants is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

22. Reserves

| | Consolidated | |
|--------------------------------------|------------------------|------------------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Foreign currency translation reserve | 2,717 | 1,907 |
| Common control reserve | <u>(13,821)</u> | <u>(13,821)</u> |
| | <u><u>(11,104)</u></u> | <u><u>(11,914)</u></u> |

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Common control reserve

On 30 September 2016, affiliated entities, Apollo Motorhome Holidays LLC ("LLC") and Apollo Finance Pty Ltd ("Finance") were acquired by the Apollo Tourism & Leisure Ltd Group. The purchase consideration, which represented fair value of the net assets, was determined by the Directors of Apollo Tourism & Leisure Ltd at \$16,464,000. The consideration was paid through the issue of shares in Apollo Tourism & Leisure Ltd. As this transaction involved entities under common control, the Directors elected for the respective assets and liabilities of each of Apollo Motorhome Holidays LLC and Apollo Finance Pty Ltd to be recognised at book value as at 30 September 2016 in the accounts of Apollo Tourism & Leisure Ltd. This approach did not give rise to any goodwill on consolidation within the Apollo Tourism & Leisure Ltd Group or a gain/loss on the transaction, rather this approach resulted in the recognition of a Common Control Reserve within equity of the Apollo Tourism & Leisure Ltd consolidated financial statements.

23. Dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

| | Consolidated | |
|---|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Franking credits available at the reporting date based on a tax rate of 30% (2021: 30%) | 73 | 73 |
| Franking credits available for subsequent financial years based on a tax rate of 30% | 73 | 73 |

24. Financial risk management objectives and policies

The Consolidated Entity's activities expose it to a variety of financial risks including market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is performed by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Consolidated Entity has investments in foreign operations in New Zealand, United States of America, Canada, United Kingdom and Europe whose net assets are exposed to foreign currency translation risk. This risk is managed primarily through borrowings denominated in the relevant foreign currencies.

The following tables demonstrate the sensitivity to a reasonably possible change in New Zealand Dollar, Canadian Dollar, British Pound and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

24. Financial risk management objectives and policies (continued)

| Consolidated - 2022 | % change | AUD strengthened | | % change | AUD weakened | |
|---------------------|----------|------------------------------------|---------------------------------|----------|------------------------------------|---------------------------------|
| | | Effect on profit before tax \$'000 | Effect on pre-tax equity \$'000 | | Effect on profit before tax \$'000 | Effect on pre-tax equity \$'000 |
| New Zealand Dollar | 5% | (1,210) | (1,210) | 5% | 1,338 | 1,338 |
| Canadian Dollar | 5% | (2,842) | (2,842) | 5% | 3,141 | 3,141 |
| British Pound | 5% | (415) | (415) | 5% | 459 | 459 |
| Euro | 5% | 10 | 10 | 5% | (11) | (11) |
| | | <u>(4,457)</u> | <u>(4,457)</u> | | <u>4,927</u> | <u>4,927</u> |

| Consolidated - 2021 | % change | AUD strengthened | | % change | AUD weakened | |
|---------------------|----------|------------------------------------|---------------------------------|----------|------------------------------------|---------------------------------|
| | | Effect on profit before tax \$'000 | Effect on pre-tax equity \$'000 | | Effect on profit before tax \$'000 | Effect on pre-tax equity \$'000 |
| New Zealand Dollar | 5% | (1,808) | (1,808) | 5% | 1,998 | 1,998 |
| Canadian Dollar | 5% | (2,117) | (2,117) | 5% | 2,340 | 2,340 |
| British Pound | 5% | (513) | (513) | 5% | 567 | 567 |
| Euro | 5% | (102) | (102) | 5% | 112 | 112 |
| | | <u>(4,540)</u> | <u>(4,540)</u> | | <u>5,017</u> | <u>5,017</u> |

Price risk

The Consolidated Entity does not have any financial instruments subject to any significant price risk.

Interest rate risk

The Consolidated Entity's main interest rate risk arises from long-term borrowings, cash and cash equivalents and advances to subsidiaries. Borrowings obtained at variable rates expose the Consolidated Entity to interest rate risk. Borrowings obtained at fixed rates expose the Consolidated Entity to fair value interest rate risk. Approximately 46% (2021: 67%) of the Group's borrowings are at fixed rates, which minimises any short-term downside impact of interest rate increases but limits any benefit from interest rate reductions.

The following table shows the impact of a one percent interest rate movement up or down in long-term borrowings, cash and cash equivalents and the impact that this interest rate change would have on reported net profit before tax. A one percent change is considered a reasonably possible change based on prior year movements.

| Consolidated - 2022 | Basis points change | Basis points increase | | Basis points change | Basis points decrease | |
|--------------------------|---------------------|------------------------------------|-------------------------|---------------------|------------------------------------|-------------------------|
| | | Effect on profit before tax \$'000 | Effect on equity \$'000 | | Effect on profit before tax \$'000 | Effect on equity \$'000 |
| Variable rate borrowings | 100 | <u>(926)</u> | <u>(648)</u> | 100 | <u>926</u> | <u>648</u> |

| Consolidated - 2021 | Basis points change | Basis points increase | | Basis points change | Basis points decrease | |
|--------------------------|---------------------|------------------------------------|-------------------------|---------------------|------------------------------------|-------------------------|
| | | Effect on profit before tax \$'000 | Effect on equity \$'000 | | Effect on profit before tax \$'000 | Effect on equity \$'000 |
| Variable rate borrowings | 100 | <u>(807)</u> | <u>(565)</u> | 100 | <u>807</u> | <u>565</u> |

24. Financial risk management objectives and policies (continued)

Credit risk

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

The Group has no significant concentrations of credit risk. Policies are in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or through major credit cards.

The Group has numerous credit terms for various customers. The terms vary from pre-payment, cash, monthly terms and longer depending on the service and goods provided and the customer relationship. Collateral is not normally required beyond credit card imprints for rental bonds. All trade receivables are individually reviewed regularly for impairment as part of normal operating procedures.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

| | Consolidated | |
|--------------------------------|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Bank overdraft | 2,677 | 2,991 |
| Floor plan | 11,980 | 21,189 |
| Loans from other financiers | 89,888 | 102,163 |
| Lease liability - rental fleet | 4,661 | - |
| | 109,206 | 126,343 |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Remaining contractual maturities

The Group's capital management aims to ensure that it meets any financial covenants that may be attached to the interest-bearing loans and borrowings that define the capital structure requirements. Where covenants do apply, they are calculated and monitored monthly and reported to banks quarterly or annually. Depending on jurisdiction, the most significant covenants relating to capital management are net interest-bearing debt to EBITDA ratio, an equity to total assets ratio (net of intangible assets), interest cover ratio, current ratio and minimum shareholders' equity. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period, for which a waiver was not in place.

No changes were made in the objectives, policies or procedures for managing capital during the years ended 30 June 2022 and 2021.

24. Financial risk management objectives and policies (continued)

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and, therefore, these totals may differ from their carrying amount in the statement of financial position.

| Consolidated - 2022 | On demand \$'000 | Less than 3 months \$'000 | 3 to 12 months \$'000 | 1 to 5 years \$'000 | More than 5 years \$'000 | Remaining contractual maturities \$'000 |
|--------------------------------------|-----------------------------|--|--------------------------------------|--------------------------------|---|--|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and other payables | - | 17,147 | - | - | - | 17,147 |
| <i>Interest-bearing</i> | | | | | | |
| Bank loans | - | 202 | 1,006 | 4,831 | 20,580 | 26,619 |
| Floor plan | 35,824 | - | - | - | - | 35,824 |
| Loans from other financiers* | 47,706 | 1,113 | 6,104 | 23,210 | - | 78,133 |
| COVID-19 support loans | - | 2,177 | 23,887 | 1,374 | - | 27,438 |
| Lease liability - rental fleet* | 1,473 | 2,788 | 14,609 | 15,490 | - | 34,360 |
| Lease liability - land and buildings | - | 1,180 | 5,867 | 18,147 | 15,512 | 40,706 |
| Total non-derivatives | 85,003 | 24,607 | 51,473 | 63,052 | 36,092 | 260,227 |

* Whilst there are balances in loans from other financiers and lease liabilities - rental fleet that are repayable on demand at the lenders discretion of \$49,179,000, the actual scheduled repayments, as per the terms of the agreements, on these borrowings for the next 12 months are \$13,636,000.

| Consolidated - 2021 | On demand \$'000 | Less than 3 months \$'000 | 3 to 12 months \$'000 | 1 to 5 years \$'000 | More than 5 years \$'000 | Remaining contractual maturities \$'000 |
|--------------------------------------|-----------------------------|--|--------------------------------------|--------------------------------|---|--|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and other payables | - | 22,324 | - | - | - | 22,324 |
| <i>Interest-bearing</i> | | | | | | |
| Bank loans | - | 630 | 3,142 | 4,606 | 20,775 | 29,153 |
| Floor plan | 27,477 | - | - | - | - | 27,477 |
| Loans from other financiers* | 31,936 | 1,065 | 3,635 | 14,692 | - | 51,328 |
| COVID-19 support loans | - | 911 | 4,554 | 25,609 | - | 31,074 |
| Lease liability - rental fleet* | 5,805 | 3,641 | 17,589 | 33,374 | - | 60,409 |
| Lease liability - land and buildings | - | 1,043 | 6,047 | 22,230 | 19,015 | 48,335 |
| Total non-derivatives | 65,218 | 29,614 | 34,967 | 100,511 | 39,790 | 270,100 |

* Whilst there are balances in loans from other financiers and lease liabilities - rental fleet that are repayable on demand at the lenders discretion of \$37,741,000, the actual scheduled repayments, as per the terms of the agreements, on these borrowings for the next 12 months are \$10,096,000.

The cash flows in this maturity analysis are not expected to occur significantly earlier than contractually disclosed.

24. Financial risk management objectives and policies (continued)

Changes in liabilities arising from financing activities:

| | 1 July 2021 | Cash flows | Foreign | Other non- | 30 June 2022 |
|--------------------------------------|--------------------|-------------------|------------------|-------------------|---------------------|
| | \$'000 | \$'000 | exchange | cash | \$'000 |
| | | | movements | movements | |
| | | | \$'000 | \$'000 | \$'000 |
| Bank loans | 29,153 | (3,741) | 1,207 | - | 26,619 |
| Floorplan | 27,477 | 8,396 | (49) | - | 35,824 |
| Loans from other financiers | 51,328 | 24,301 | 2,504 | - | 78,133 |
| COVID-19 support loans | 31,074 | (3,723) | 87 | - | 27,438 |
| Lease liability - rental fleet | 60,409 | (25,409) | (640) | - | 34,360 |
| Lease liability - land and buildings | 48,336 | (8,149) | (93) | 612 | 40,706 |
| | <u>247,777</u> | <u>(8,325)</u> | <u>3,016</u> | <u>612</u> | <u>243,080</u> |
| | | | | | |
| | 1 July 2020 | Cash flows | Foreign | Other non- | 30 June 2021 |
| | \$'000 | \$'000 | exchange | cash | \$'000 |
| | | | movements | movements | |
| | | | \$'000 | \$'000 | \$'000 |
| Bank loans | 27,291 | 1,735 | 127 | - | 29,153 |
| Floorplan | 31,349 | (3,880) | 8 | - | 27,477 |
| Loans from other financiers | 93,826 | (42,377) | (121) | - | 51,328 |
| COVID-19 support loans | 3,598 | 27,325 | 151 | - | 31,074 |
| Lease liability - rental fleet | 96,159 | (35,893) | 143 | - | 60,409 |
| Lease liability - land and buildings | 53,822 | (6,263) | (285) | 1,061 | 48,335 |
| | <u>306,045</u> | <u>(59,353)</u> | <u>23</u> | <u>1,061</u> | <u>247,776</u> |

Seasonality

The tourism industry is subject to seasonal fluctuations, with peak demand over tourism attractions and transportation over the summer months. The operating revenue and profits of the Group's segments are disclosed in note 3. New Zealand and Australia's profits are typically generated over the southern hemisphere summer months with the North American and European operations experiencing stronger profits over the northern hemisphere summer.

25. Fair value measurement

The fair values of borrowings are estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. The estimated fair values are not materially different from their carrying values. The fair value of the investment in Camplify Holdings Limited is disclosed in note 13. For other financial instruments, the fair values are not materially different from their carrying values because they are short-term in nature.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or, in the absence of a principal market, in the most advantageous market.

25. Fair value measurement (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers in the current year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

26. Reconciliation of loss after income tax to net cash from operating activities

| | Consolidated | |
|---|---------------------|----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Loss after income tax benefit for the year | (4,659) | (17,853) |
| Adjustments for: | | |
| Depreciation and amortisation | 22,843 | 27,613 |
| Net loss on disposal of property, plant and equipment | 14 | 76 |
| Share of loss - associates | 1,402 | 524 |
| Foreign exchange differences | (86) | (736) |
| Gain on dilution of associate investment | (550) | (2,189) |
| Rebate adjustments | - | 14 |
| Transfer of ex-fleet vehicles to inventory | 5,775 | 75,787 |
| Variable lease adjustment | (76) | (568) |
| Manufacturing costs eliminating through intercompany transactions | (4,939) | (3,701) |
| Write-off for non-recoverable withholding tax in respect of current and prior years | (220) | 182 |
| Change in operating assets and liabilities: | | |
| Decrease in trade and other receivables | 942 | 1,053 |
| Decrease in inventories | 10,237 | 25,849 |
| Increase in deferred tax assets | (1,064) | (5,949) |
| (Increase)/decrease in income tax refund due | (237) | 354 |
| (Increase)/decrease in prepayments | (1,305) | 676 |
| Decrease in trade and other payables | (5,301) | (5,169) |
| Increase/(decrease) in provision for income tax | 201 | (18) |
| Decrease in deferred tax liabilities | (1,122) | (859) |
| Increase in unearned income | 7,641 | 8,360 |
| Increase in provisions | 1,082 | 758 |
| Net cash from operating activities | <u>30,578</u> | <u>104,204</u> |

27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 1:

| Name | Principal place of business / Country of incorporation | Principal activities | Parent Ownership | |
|--|--|-----------------------------------|------------------|-----------------|
| | | | interest 2022 % | interest 2021 % |
| Apollo Motorhome Ultimate Holdings Pty Ltd | Australia | Holding company | 100.00% | 100.00% |
| Apollo Motorhome Holdings (Aus) Pty Ltd | Australia | Holding company | 100.00% | 100.00% |
| Cheapa Campa Pty Ltd | Australia | Name holding company, non-trading | 100.00% | 100.00% |
| GRL Enterprises Pty Ltd | Australia | Labour hire | 100.00% | 100.00% |
| Talvor Motorhomes Pty Ltd | Australia | IP holding company | 100.00% | 100.00% |
| Apollo Motorhome Holidays Pty Ltd | Australia | RV rentals and sales | 100.00% | 100.00% |
| Apollo Motorhome Industries Pty Ltd | Australia | RV manufacturing | 100.00% | 100.00% |
| Hippie Camper Pty Ltd | Australia | Name holding company, non-trading | 100.00% | 100.00% |
| Sydney RV Group Pty Ltd | Australia | RV sales | 100.00% | 100.00% |
| Apollo Motorhome Holdings (NZ) Pty Ltd | Australia | Holding company | 100.00% | 100.00% |
| Apollo Motorhome Holidays Ltd | New Zealand | RV rentals and sales | 100.00% | 100.00% |
| Talvor Motorhomes Ltd | New Zealand | RV manufacturing | 100.00% | 100.00% |
| Hippie Camper Ltd | New Zealand | Name holding company, non-trading | 100.00% | 100.00% |
| Cheapa Campa Ltd | New Zealand | Name holding company, non-trading | 100.00% | 100.00% |
| Apollo Car Hire Ltd | New Zealand | Name holding company, non-trading | 100.00% | 100.00% |
| Apollo Finance Pty Ltd | Australia | Investment company, non-trading | 100.00% | 100.00% |
| Winnebago RV Pty Ltd | Australia | Name holding company, non-trading | 100.00% | 100.00% |
| Apollo Motorhome Holidays LLC (USA) | USA | RV rentals and sales | 100.00% | 100.00% |
| Apollo Investments Pty Ltd | Australia | RV sales | 100.00% | 100.00% |
| ATL Canada Ltd | Canada | Holding company | 100.00% | 100.00% |
| CanaDream Corporation | Canada | Holding company | 100.00% | 100.00% |
| Apollo RV West Pty Ltd | Australia | RV sales | 100.00% | 100.00% |
| Apollo Tourism & Leisure UK Ltd | United Kingdom | Holding company | 100.00% | 100.00% |
| Camperco Group Ltd | United Kingdom | Holding company | 100.00% | 100.00% |
| Bunk Campers Ltd | United Kingdom | RV rentals and sales | 100.00% | 100.00% |
| Nomad Campervans Ltd | United Kingdom | RV manufacturing | 100.00% | 100.00% |
| Camperco Ltd | United Kingdom | RV sales | 100.00% | 100.00% |
| Camperworks Ltd | United Kingdom | Online accessories sales | 100.00% | 100.00% |
| Blue Quadrant Leisure Ltd | United Kingdom | RV rentals and sales | 100.00% | 100.00% |
| 1032779 BC Ltd | Canada | Property holding company | 100.00% | 100.00% |
| Apollo Tourism & Leisure (EU) Limited | Ireland | Holding company | 100.00% | 100.00% |
| Apollo Motorhome Holidays GMBH | Germany | RV rentals | 100.00% | 100.00% |
| Apollo Motorhome Holidays SARL | France | RV rentals | 100.00% | 100.00% |
| CanaDream Inc. | Canada | RV rentals and sales | 100.00% | 100.00% |
| AMH Products Pty Ltd | Australia | RV sales | 100.00% | 100.00% |
| Apollo RV Service & Repair Centre Pty Ltd | Australia | RV service and repairs | 100.00% | 100.00% |
| AmeriDream Inc. | Canada | Holding company | 100.00% | 100.00% |

28. Commitments

| | Consolidated | |
|--|---------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| <i>Capital commitments</i> | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Motor vehicles | 41,670 | 14,280 |
| | <u>41,670</u> | <u>14,280</u> |
| <i>Commitments - motor vehicles and other</i> | | |
| The Group has entered into operating lease agreements for motor vehicles with financiers in the current year. Other commitments relate to IT services and short-term leases. | | |
| Within one year | 984 | 735 |
| | <u>984</u> | <u>735</u> |

Included in other commitments is \$504,000 (2021: \$299,000) for short term leases.

29. Related party transactions

Parent entity

Apollo Tourism & Leisure Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Associates

Interests in associates are set out in note 13.

Key management personnel

Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

| | Consolidated | |
|---|---------------------|-------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Sale of goods and services: | | |
| Sale of motorhomes to Caravans Away Pty Ltd (Director-related entity of L Trouchet) | 2,051,000 | - |
| Vehicle servicing fees received from key management personnel | 6,000 | - |
| Administration fees received from Caravans Away Pty Ltd (Director-related entity of L Trouchet) | 2,000 | - |
| Administration fees received from RV Boss Pty Ltd (Director-related entity of L Trouchet) | 2,000 | 4,000 |
| Directors fees received from Camplify Holdings Limited (Director-related entity of K Trouchet) | 13,000 | - |
| Payment for other expenses: | | |
| Rental expenses paid to KL One Trust (Director-related entity of L Trouchet and K Trouchet) | 112,000 | 82,000 |
| Rental expenses paid to Eastglo Pty Ltd (Director-related entity of L Trouchet and K Trouchet) | 191,000 | 140,000 |
| Advisory fees paid to Morgans Corporate Limited (Director-related entity of S Mitchell) | 150,000 | - |
| Advisory fees paid to Hamilton Locke (Director-related entity of B Heading) | 426,000 | - |
| Advertising fees paid to RV Boss Pty Ltd (Director-related entity of L Trouchet) | 94,000 | - |
| Advisory fees paid to Jones Day (Director-related entity of B Heading) | 79,000 | 295,000 |
| Annual salary paid to A Trouchet (a related party of L Trouchet) | 44,000 | 43,000 |
| Contractor fees for services performed paid to S Shier (a related party of K Shier) | 23,000 | 22,000 |

29. Related party transactions (continued)

Other transactions

The Consolidated Entity also paid \$100,000 for a 25% equity share in Caravans Away Pty Ltd, a Director-related entity of L Trouchet.

In the 2021 financial year the Consolidated Entity purchased a motorhome from A Trouchet (a related party of L Trouchet) on an informal consignment basis for \$247,000 (GST inclusive) which was then sold to an independent third party. Apollo did not make a profit or loss on this transaction.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | Consolidated | |
|--|---------------------|-------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Current receivables: | | |
| Trade receivables from Caravans Away Pty Ltd (Director-related entity of L Trouchet) | 2,000 | - |
| Trade receivables from RV Boss Pty Ltd (Director-related entity of L Trouchet) | 2,000 | 4,000 |
| Trade receivables from key management personnel for vehicle servicing | 6,000 | - |
| Current payables: | | |
| Trade payables to Hamilton Locke (Director-related entity of B Heading) | 11,000 | - |

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

30. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out in the following table:

| | Consolidated | |
|------------------------------|---------------------|------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Short-term employee benefits | 1,996,442 | 2,077,276 |
| Post-employment benefits | 126,709 | 132,651 |
| Long-term benefits | (68,697) | 27,324 |
| | <u>2,054,454</u> | <u>2,237,251</u> |

The negative amount for long-term benefits is largely attributable to a cash payout of long service leave to an employee that ceased employment during the financial year.

Further details regarding key management personnel remuneration are set out in the Directors' Report.

31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, and its network firms:

| | Consolidated | |
|---|---------------------|----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| <i>Audit services - BDO Audit Pty Ltd</i> | | |
| Audit or review of the financial statements | 402,000 | 390,000 |
| <i>Other services - BDO Audit Pty Ltd</i> | | |
| Assurance report - proposed merger | 85,000 | - |
| Total fees to BDO Audit Pty Ltd | <u>487,000</u> | <u>390,000</u> |
| <i>Audit services - Ernst & Young (Australia)</i> | | |
| Audit or review of the financial statements | - | 116,000 |
| <i>Audit services - network firms</i> | | |
| Fees for auditing the financial report of any controlled entities | 187,000 | 188,000 |
| Total fees to overseas member firms of BDO Audit Pty Ltd | <u>187,000</u> | <u>304,000</u> |

32. Parent entity information - supplementary information

Statement of profit or loss and other comprehensive income

| | Parent | |
|--------------------------|----------------|-----------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Loss after income tax | (3,860) | (28,781) |
| Total comprehensive loss | <u>(3,860)</u> | <u>(28,781)</u> |

Statement of financial position

| | Parent | |
|---------------------------|---------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Total current assets | - | - |
| Total assets | 34,563 | 38,423 |
| Total current liabilities | - | - |
| Total liabilities | - | - |
| Equity | | |
| Issued capital | 67,204 | 67,204 |
| Accumulated losses | (32,641) | (28,781) |
| Total equity | <u>34,563</u> | <u>38,423</u> |

32. Parent entity information - supplementary information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity entered into a deed of cross guarantee on 16 June 2017. Please refer to note 33 for further information regarding the deed of cross guarantee. The parent also has guarantees in place for its subsidiary's financiers in New Zealand and Canada. The amounts outstanding at 30 June 2022 on these debts were \$3,360,000 (2021: \$7,933,000) in New Zealand and \$64,366,000 (2021: \$53,571,000) in Canada. The parent has no other guarantees in relation to the debts of its subsidiaries as at 30 June 2022 (2021: \$nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 1, except for the following:

- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- dividends received from subsidiaries are recognised as other income by the parent.

33. Deed of cross guarantee

The following entities are party to a deed of cross guarantee, originally entered into on 16 June 2017, with new entities added as required, under which each company guarantees the debts of the others:

- Apollo Tourism & Leisure Ltd.
- Apollo Motorhome Ultimate Holdings Pty Ltd.
- Apollo Motorhome Holdings (Aus) Pty Ltd.
- Apollo Motorhome Holdings (NZ) Pty Ltd.
- GRL Enterprises Pty Ltd.
- Talvor Motorhomes Pty Ltd.
- Apollo Motorhome Holidays Pty Ltd.
- Apollo Motorhome Industries Pty Ltd.
- Hippie Camper Pty Ltd.
- Sydney RV Group Pty Limited.
- Apollo Finance Pty Ltd.
- Winnebago RV Pty Ltd.
- Apollo Investments Pty Ltd.
- Apollo RV West Pty Ltd.
- AMH Products Pty Ltd.
- Apollo RV Service & Repair Centre Pty Ltd.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' reports under the *Corporations (Wholly-owned Companies) Instrument 2016/785* issued by the Australian Securities and Investments Commission.

These companies represent a 'Closed Group' for the purposes of the Corporations Instrument.

33. Deed of cross guarantee (continued)

A consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group' is set out in the following table:

| | 2022 | 2021 |
|---|------------------------|------------------------|
| | \$'000 | \$'000 |
| Statement of profit or loss and other comprehensive income | | |
| Rental income | 28,162 | 26,070 |
| Revenue from contracts with customers | 177,380 | 144,411 |
| Other income | (123) | 512 |
| Gain on dilution of investment in an associate | 550 | 2,189 |
| Cost of goods sold | (148,656) | (127,878) |
| Motor vehicle running expenses | (9,460) | (12,508) |
| Advertising, promotions and commissions paid | (3,884) | (3,612) |
| Transaction costs relating to proposed merger | (1,613) | - |
| Employee benefits expense | (23,428) | (19,126) |
| Depreciation and amortisation expense | (12,967) | (15,866) |
| Share of loss in associates | (1,402) | (524) |
| Other expenses | (5,194) | (6,347) |
| Finance costs | (5,619) | (5,381) |
| | <u>(6,254)</u> | <u>(18,060)</u> |
| Loss before income tax benefit | (6,254) | (18,060) |
| Income tax benefit | 1,115 | 6,509 |
| | <u>(5,139)</u> | <u>(11,551)</u> |
| Loss after income tax benefit | (5,139) | (11,551) |
| Other comprehensive income for the year, net of tax | - | - |
| | <u>-</u> | <u>-</u> |
| Total comprehensive loss for the year | <u>(5,139)</u> | <u>(11,551)</u> |
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Equity - accumulated losses | | |
| Accumulated losses at the beginning of the financial year | (25,939) | (14,388) |
| Loss after income tax benefit | (5,139) | (11,551) |
| | <u>(31,078)</u> | <u>(25,939)</u> |
| Accumulated losses at the end of the financial year | <u>(31,078)</u> | <u>(25,939)</u> |

33. Deed of cross guarantee (continued)

| Statement of financial position | 2022 \$'000 | 2021 \$'000 |
|---|------------------------------|------------------------------|
| Current assets | | |
| Cash and cash equivalents | 12,354 | 17,923 |
| Trade and other receivables | 919 | 1,711 |
| Inventories | 49,326 | 49,023 |
| Prepayments and other assets | 5,584 | 5,127 |
| | <u>68,183</u> | <u>73,784</u> |
| Non-current assets | | |
| Investments accounted for using the equity method | 2,489 | 3,251 |
| Property, plant and equipment | 68,154 | 73,612 |
| Intangibles | 6,651 | 7,304 |
| Deferred tax asset | 9,447 | 9,565 |
| Prepayments and other assets | 1,965 | 2,121 |
| | <u>88,706</u> | <u>95,853</u> |
| Total assets | <u>156,889</u> | <u>169,637</u> |
| Current liabilities | | |
| Trade and other payables | 12,159 | 14,988 |
| Contract liabilities | 10,463 | 10,645 |
| Borrowings | 80,582 | 53,185 |
| Income tax payable | 30 | - |
| Employee benefits | 3,143 | 2,853 |
| Provisions | 2,007 | 1,172 |
| Unearned rental income | 7,213 | 5,493 |
| | <u>115,597</u> | <u>88,336</u> |
| Non-current liabilities | | |
| Borrowings | 48,274 | 77,487 |
| Employee benefits | 189 | 234 |
| | <u>48,463</u> | <u>77,721</u> |
| Total liabilities | <u>164,060</u> | <u>166,057</u> |
| Net (liabilities)/assets | <u>(7,171)</u> | <u>3,580</u> |

34. Events after the reporting period

On 17 August 2022, the Consolidated Entity signed a letter of intent for the sale of the four Canadian mortgaged properties. A sale and leaseback agreement is currently being negotiated.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Apollo Tourism & Leisure Ltd
Directors' declaration
30 June 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 33 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Luke Trouchet
Director

26 August 2022
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the members of Apollo Tourism & Leisure Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Apollo Tourism & Leisure Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going Concern basis of preparation of financial statements

| <i>Key audit matter</i> | <i>How the matter was addressed in our audit</i> |
|---|---|
| <p>The Group’s disclosures around the basis of preparation and the going concern assumption are included in Note 1, which details the facts leading to the net current liability position, net loss and the impact that COVID-19 had on the Group.</p> <p>As detailed in Note 1 the financial statements have been prepared by the Group on a going concern basis.</p> <p>Given the above factors going concern was considered a key audit matter due to there being significant judgement involved in assessing the Group’s forecast cashflows (for a period of at least 12 months from the audit report date) and this matter requiring significant auditor effort.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining and evaluating management’s assessment of the Group’s ability to continue as a going concern for at least 12 months from the date of our auditor’s report. • Evaluating management’s cash-flow forecasts and challenging management’s assumptions applied around future sales, gross margin, operating costs and resulting cash flows. • Obtaining and reading the terms associated with the Group’s financing arrangements, including covenant waivers obtained by the Group and assessing the amount of facilities available for drawdown over the forecast period. • Assessing management’s assumptions in the cash flow forecasts to assess whether current cash levels along with expected cash inflows and expenditure can sustain the operations of the Group for a period of at least 12 months from the date of this audit report. • Assessing the appropriateness of the Group’s going concern basis of preparation disclosures in the financial statements for consistency with Australian accounting Standards. |

Impairment of goodwill, intangible assets and non-current assets

| <i>Key audit matter</i> | <i>How the matter was addressed in our audit</i> |
|---|---|
| <p>The Group’s disclosures on goodwill, intangible assets and non-current assets impairment are included in Note 15, detailing the allocation of assets to the Group’s various Cash Generating Units (‘CGUs’), setting out the key assumptions for value-in-use calculations and the impact possible changes in these assumptions would have.</p> <p>This annual impairment test is significant to our audit given the material balance of goodwill, intangible assets and non-current assets as of 30 June 2022, and its importance to the financial statements.</p> <p>In addition, management’s assessment process is complex and highly judgemental, based on assumptions, specifically forecast future cash flows, growth rates and discount rates, which are affected by expected future market and economic conditions which required significant auditor attention.</p> | <p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the ‘value-in-use’ models, and critically evaluating management’s methodologies and their key assumptions. • Assessing management’s allocation of goodwill and assets and liabilities, including corporate assets to Cash Generating Units (“CGU’s”). • Evaluating the inputs used in the value in use calculation including the growth rates, discount rates and underlying cash flows applied by management. • Assessing the sensitivity of the assumptions used by management on the value-in-use calculation. • Involving our internal specialists to assess the discount rates against comparable market information. • Assessing the disclosures related to the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards. |

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors’ report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 20 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Apollo Tourism & Leisure Ltd, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'T R Mann', is written over a faint, light-colored BDO logo watermark.

T R Mann
Director

Brisbane, 26 August 2022