Apollo Tourism & Leisure Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Apollo Tourism & Leisure Ltd
ABN:	67 614 714 742
Reporting period:	For the period ended 31 December 2021
Previous period:	For the period ended 31 December 2020

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	down	11.7%	to	141,579
Loss from ordinary activities after tax attributable to the owners of Apollo Tourism & Leisure Ltd	down	71.1%	to	(2,176)
Loss for the period attributable to the owners of Apollo Tourism & Leisure Ltd	down	71.1%	to	(2,176)

	December 2021 Cents	December 2020 Cents
Basic loss per share	(1.17)	(4.05)
Diluted loss per share	(1.17)	(4.05)

Comments
The loss for the Consolidated Entity after providing for income tax amounted to $2,176,000 (31 December 2020: $7,539,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.90	8.13

Net tangible assets calculations above include the right-of-use assets.

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. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to (loss)/profit (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
Camplify Holdings Limited (previously Camplify Co (Australia) Pty Ltd)	17.79%	24.95%	(499)	7
Group's aggregate share of associates and joint venture entities' (loss)/profit (where material)				
(Loss)/profit from ordinary activities before income tax			(499)	7

6. 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.

7. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

Details of attachments (if any):

The Interim Report of Apollo Tourism & Leisure Ltd for the period ended 31 December 2021 is attached.

9. Signed

Signed ____________________ Date: 25 February 2022

Garry Gill
Company Secretary
Brisbane

Apollo Tourism & Leisure Ltd

ABN 67 614 714 742

Interim Report - 31 December 2021

Apollo Tourism & Leisure Ltd
Corporate directory
31 December 2021

Directors	Sophia (Sophie) Mitchell, Non-executive Chairman. 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 and Garry Gill (Joint Company Secretary).
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)	Jones Day and 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
31 December 2021

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 as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2021.

Directors

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

Sophie Mitchell, Non-executive Chairman.
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 continue to be in hibernation.

There have been no 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 period.

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to $2,176,000 (31 December 2020: $7,539,000).

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 continues to significantly impact the Group as a result of, among other things:

- unprecedented government-imposed travel restrictions globally,
- “shut down” requirements imposed by governments, which impact travel-related businesses, and
- consumer cautiousness associated with travel, and particularly isolation requirements.

During the period the Company continued to execute its COVID-19 response plan, focusing on the health and safety of guests, customers and staff, business continuity planning and liquidity measures.

<u>Group financial results</u>
Statutory net loss after tax (NLAT) decreased from the prior period, to a loss of $2,176,000 (31 December 2020: loss of $7,539,000). Statutory net loss before tax also decreased from the prior year, to a loss of $3,930,000 (31 December 2020: loss of $10,228,000). The Group's operations continued to be significantly impacted by the COVID-19 pandemic.

<u>Operating results by segment</u>
In addition to using NLAT as a measure of the Group and its segments' financial performance, Apollo uses EBIT. This measure is not defined under accounting standards and is, therefore, termed a "Non-IFRS" measure. EBIT is defined as earnings before net interest and tax. This non-IFRS measure is commonly used by management, investors and financial analysts to evaluate a company's performance. Statutory EBIT for the Group was $980,000 compared to a loss of $4,931,000 in the prior period. EBIT for the Group excluding merger costs of $874,000 was $1,854,000.

Australia
The Australian segment recorded a net loss before tax of $4,384,000 for the period, compared to a net loss before tax of $9,585,000 for the half year ended 31 December 2020.

Despite the improvement in net loss before tax over the prior period, COVID-19 continued to disrupt the region's rental business performance. With Australia's international borders remaining closed for the entirety of the period and the outbreak of the Delta and Omicron variants of the virus, rental revenue for the period of $11,945,000 remained significantly down on pre-COVID-19 revenues. The Australian Government's opening of international borders to fully vaccinated visa holders, including tourists, on 21 February 2022, was an important moment for the region in its COVID-19 recovery journey and is expected to help generate increased rental activity in the coming months.

The segment's retail operations performed strongly, with record levels of consumer demand contributing to a record level of sales orders and a marked increase in gross profit margins on both new and ex-rental fleet vehicle sales. The increased demand for retail vehicles has driven an increase in revenue from contracts with customers to $96,015,000, compared to $78,321,000 in the prior period. Overall earnings, however, were affected by extended lockdowns at several of the Company's retail dealerships during the first quarter of the period, in response to the Delta variant outbreak.

New Zealand
With international guests historically accounting for approximately 95% of segment rental revenues, COVID-19 continues to significantly impact the region's rental performance.

The country's international borders remained closed to all countries for the entire half year period (other than a brief period in July 2021 in which a Trans-Tasman bubble was opened with Australia) and accordingly the segment reported a net loss before tax of $3,427,000 for the period, a comparable result to the net loss before tax of $3,315,000 recorded in the six months ended 31 December 2020.

Country wide lockdowns were imposed in response to the Delta outbreak during August 2021 and Auckland remained in lockdown for most of the financial period. With the country's small population, limited opportunities for unrestricted travel and closure of the short-lived Trans-Tasman bubble in late July 2021, rental activity for the region remained suppressed.

Sale of ex-rental fleet vehicles was accelerated in the region during the period, in response to the downturn in rental demand and strong vehicle sales demand, with 100 vehicles being sold.

North America
The Company's USA operations remained in hibernation for all of the financial period, and accordingly, the results of the North American segment are comprised predominately of the Company's Canadian business, CanaDream Corporation.

Canada opened its borders to fully vaccinated Americans on 9 August 2021 and fully vaccinated travellers from all key international markets on 7 September 2021. This helped contribute to a $1,560,000 increase in rental revenues over the prior period, to $12,577,000 (six months ended 31 December 2020: $11,017,000). Despite the increase in revenues, earnings from key international markets over the peak summer months of July and August were missed. Rental performance was also impacted by the grounding of some of the Company's newly acquired fleet vehicles during September 2021 in response to a power steering issue that required the vehicles to be recalled for repair.

With concerns surrounding the ability of manufacturers to supply new vehicles in readiness for the 2022 summer season, a large portion of the Canadian vehicles have been retained on fleet following the 2021 summer season, which were previously scheduled for sale.

Despite overall earnings being impacted by reduced fleet sales and restricted rental activity, the segment achieved a net profit before tax for the period of $2,947,000, up $3,338,000 over the prior period (31 December 2020: loss of $391,000).

Europe
The peak summer 2021 period remained largely restriction free throughout Europe and with the segment's guest profile being primarily comprised of intracontinental guests, the segment was able to generate strong rental performance during the period.

Rental income increased to $5,034,000 (31 December 2020: $4,083,000) and net profit before tax increased to $1,628,000 (31 December 2020: $495,000). The improved performance was underpinned by cost controls implemented in response to COVID-19 and consolidation of rental locations which generated operating efficiencies.

The European segment has similar concerns to Canada surrounding the ability of manufacturers to supply new vehicles in readiness for the 2022 summer season, and consequently a large portion of its vehicles have also been retained on fleet following completion of the 2021 summer season.

Net current liability position
The Consolidated Entity is in a consolidated net current liability position as at 31 December 2021 of $73,495,000. 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 $20,123,000 of lease liabilities on rental fleet, $47,473,000 of loans from financiers and $11,980,000 of COVID-19 support loans, with the assets that are being financed included as non-current assets. This results in current liabilities being in excess of current assets in the statement of financial position as at 31 December 2021.

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 meets 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 of the Directors' conclusion in relation to the going concern basis for accounting.

The financing arrangements for retail and rental vehicles of the Consolidated Entity are shown below by combining the total current and non-current liability and aligning this with the related asset value:

Borrowings	Related asset	Asset Dec 2021 $'000	Liability Dec 2021 $'000	Difference Dec 2021 $'000
Vehicle financing				
Floorplan and loans from other financiers	New and used vehicles for retail sale and motor vehicle PPE	114,830	97,326	17,504
Lease liability - rental fleet	Motor vehicles: ROU asset	65,236	44,908	20,328
		180,066	142,234	37,832

Significant changes in the state of affairs
On 10 December 2021 the Company announced that it had entered into a Scheme Implementation Deed with Tourism Holdings Limited (NZX: THL) ("*thl*") in relation to a proposed merger via a Scheme of Arrangement ("Scheme").

The proposed transaction will be implemented under a Scheme of Arrangement, pursuant to which Apollo shareholders will receive 1 *thl* share for every ~3.68 Apollo shares held as at the Scheme record date.

The transaction is expected to complete in May 2022, subject to the approval of the Supreme Court of Queensland, Apollo shareholders, Australian and New Zealand consumer competition authorities and various other conditions precedent.

Accordingly, the financial statements for the half year ended 31 December 2021 have been prepared independent of the transaction.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2021 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.

Rounding of amounts

The Company is of a kind referred to in Corporations 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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Luke Trouchet
Director

25 February 2022
Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor for the review of Apollo Tourism & Leisure Ltd for the half-year ended 31 December 2021, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 25 February 2022

Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	23
Independent auditor's review report to the members of Apollo Tourism & Leisure Ltd	24

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 period. 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 25 February 2022.

Apollo Tourism & Leisure Ltd
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2021

	Note	Consolidated December 2021 $'000	Consolidated December 2020 $'000
Revenue from contracts with customers	4	109,139	129,618
Rental income		31,674	30,088
Other income		766	544
Total revenue and other income		141,579	160,250
Expenses			
Cost of goods sold		(91,304)	(116,538)
Motor vehicle running expenses		(9,078)	(11,480)
Advertising, promotions and commissions paid		(1,985)	(1,772)
Employee benefits expense	5	(17,309)	(12,462)
Depreciation and amortisation expense		(11,814)	(14,847)
Share of (loss)/profit in associates		(499)	7
Impairment reversal		-	137
Other expenses		(8,610)	(8,226)
Profit/(loss) before tax and finance costs		980	(4,931)
Finance costs		(4,910)	(5,297)
Loss before income tax benefit		(3,930)	(10,228)
Income tax benefit		1,754	2,689
Loss after income tax benefit for the period attributable to the owners of Apollo Tourism & Leisure Ltd		(2,176)	(7,539)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(3)	(1,683)
Other comprehensive loss for the period, net of tax		(3)	(1,683)
Total comprehensive loss for the period attributable to the owners of Apollo Tourism & Leisure Ltd		(2,179)	(9,222)
		Cents	**Cents**
Basic loss per share	6	(1.17)	(4.05)
Diluted loss per share	6	(1.17)	(4.05)

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 31 December 2021

	Note	Consolidated December 2021 $'000	June 2021 $'000
Assets			
Current assets			
Cash and cash equivalents		26,151	45,507
Trade and other receivables		3,337	3,875
Inventories		51,314	53,191
Income tax refund receivable		25	-
Prepayments and other assets		6,714	7,780
Total current assets		87,541	110,353
Non-current assets			
Investments accounted for using the equity method		2,853	3,252
Property, plant and equipment	7	210,248	209,402
Intangibles		23,392	23,280
Deferred tax asset		9,347	8,452
Prepayments and other assets		2,030	1,977
Total non-current assets		247,870	246,363
Total assets		335,411	356,716
Liabilities			
Current liabilities			
Trade and other payables		16,137	22,324
Contract liabilities		8,749	11,016
Borrowings	8	121,908	108,902
Income tax payable		28	77
Provisions		5,238	4,589
Unearned rental income	9	8,826	15,836
Other liabilities		150	212
Total current liabilities		161,036	162,956
Non-current liabilities			
Borrowings	8	122,741	138,874
Deferred tax liability		15,098	15,814
Provisions		207	234
Unearned rental income	9	3	288
Other liabilities		83	128
Total non-current liabilities		138,132	155,338
Total liabilities		299,168	318,294
Net assets		36,243	38,422
Equity			
Issued capital		83,709	83,709
Reserves		(11,917)	(11,914)
Retained losses		(35,549)	(33,373)
Total equity		36,243	38,422

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 period ended 31 December 2021

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 period	-	-	-	(7,539)	(7,539)
Other comprehensive loss for the period, net of tax	-	-	(1,683)	-	(1,683)
Total comprehensive loss for the period	-	-	(1,683)	(7,539)	(9,222)
Balance at 31 December 2020	83,709	(13,821)	641	(23,059)	47,470

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 period	-	-	-	(2,176)	(2,176)
Other comprehensive loss for the period, net of tax	-	-	(3)	-	(3)
Total comprehensive loss for the period	-	-	(3)	(2,176)	(2,179)
Balance at 31 December 2021	83,709	(13,821)	1,904	(35,549)	36,243

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 period ended 31 December 2021

	Note	Consolidated December 2021 $'000	Consolidated December 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		137,089	116,219
Payments to suppliers and employees (inclusive of GST)		(144,364)	(104,309)
Interest paid		(5,214)	(5,618)
Proceeds from sale of rental fleet		16,770	61,351
Interest received		79	149
Income taxes paid		42	(42)
Net cash from operating activities		4,402	67,750
Cash flows from investing activities			
Payments for investments		(100)	-
Payments for property, plant and equipment	7	(403)	(461)
Payments for intangibles		(912)	(492)
Payments for purchase of rental fleet		(18,446)	(6,206)
Proceeds from disposal of property, plant and equipment		232	9
Net cash used in investing activities		(19,629)	(7,150)
Cash flows from financing activities			
Proceeds from borrowings		93,299	48,367
Repayment of borrowings		(78,299)	(72,050)
Repayment of lease liabilities		(19,375)	(21,912)
Net cash used in financing activities		(4,375)	(45,595)
Net (decrease)/increase in cash and cash equivalents		(19,602)	15,005
Cash and cash equivalents at the beginning of the financial period		45,507	23,529
Effects of exchange rate changes on cash and cash equivalents		246	(734)
Cash and cash equivalents at the end of the financial period		26,151	37,800

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 supports compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those policies of the previous financial year and corresponding interim reporting period.

Basis of preparation and going concern assumption

The accompanying consolidated half-year 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 31 December 2021 of $73,495,000 (30 June 2021: $52,603,000) whereby current assets are $87,541,000 and current liabilities are $161,036,000. This outcome is primarily as a result of lease liabilities on rental fleet of $20,123,000, loans from other financiers of $47,473,000 and COVID-19 support loans of $11,980,000 being classified as current liabilities, including liabilities repayable on demand. Due to the terms associated with certain finance facilities and, in accordance with AASB 101 *Presentation of Financial Statements*, these facilities are treated as current liabilities, with the assets that are being financed included as non-current assets. This results in current liabilities being in excess of current assets in the statement of financial position as at 31 December 2021.The consolidated entity also incurred a loss of $2,176,000 for the period ended 31 December 2021 as a result of the adverse economic impacts caused by the COVID-19 pandemic.

The Consolidated Entity is subject to lending covenants in New Zealand and Canada. 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 2022 financial year. The Group has obtained waivers from the New Zealand and Canadian lenders in respect to the covenants at risk. The New Zealand lender has waived their covenants up to and including 30 June 2023. The Canadian lenders have changed their debt service covenant and the date of measurement. Both Canadian lenders have a first measurement date of 30 September 2022. Forecasts indicate that these covenants will be satisfied.

The Directors believe that the preparation of the financial statements using the going concern basis of accounting is appropriate based on cash flow forecasts 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 to realise the value of its assets and discharge its liabilities in the ordinary course of business. Key factors in those forecasts include:

- recovery from the effects of the COVID-19 pandemic at varying speeds over the next two years consistent with latest tourism market conditions and travel industry forecasts.
- cost reduction and efficiency improvements which have continued from 2020 and are expected to provide positive results.
- continued lender support in respect of loan terms.

Other options available to the Company, should additional liquidity be required, include monetising assets such as real estate holdings and existing equity in the global fleet.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Impairment testing

All cash generating units (CGUs) were reviewed for indicators of impairment as at 31 December 2021. 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, New Zealand CGU and North American CGU. The recoverable amount of the CGU's was determined based on value-in-use calculations, consistent with the methods used for 30 June 2021. Projected cash flows were updated from the models used at 30 June 2021 to reflect current and forecast market conditions. The calculations use cash flow projections based on financial scenarios covering five years with growth rates that reflect the business recovery from COVID-19. As a result of the assessment, management did not identify impairment for the CGU's tested. There were no impairment indicators for any of the other CGU's and therefore updated impairment calculations were not performed.

Revenue forecasts are based on historical rental volumes, adjusted for known and anticipated factors such as the impacts of COVID-19 by CGU and the estimated potential date of return for domestic and international travel. Costs are calculated taking into account COVID-19 cost reductions achieved, forecast cost increases and estimated inflation rates over the period, consistent with the locations in which the CGU's operate. Capital expenditure and disposal proceeds are estimated based on current costs of manufacture or purchase cost and realisable recoverable value.

COVID-19 has had a significant impact on the business. Assumptions around border restrictions lifting and travel returning (international and domestic) are key assumptions in the impairment models. Any significant delay to return dates for domestic and international travel would have a further impact on the business and potentially give rise to future impairment.

	Australian Rental	New Zealand	North America
	%	%	%
Key assumptions used in value in use calculations			
Fixed cost growth rate	3.00%	2.00%	1.00%
Pre-tax discount rate	12.70%	12.40%	12.80%
Terminal value growth	2.50%	2.50%	2.50%

Impact of possible changes in key assumptions used in value in use calculations
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.

A reasonable possible change in the most sensitive assumptions have the following impact:
- Australian Rental – an increase in the discount rate of greater than 0.6% would result in an impairment. A decrease in the terminal growth rate to less than 1.8% would result in an impairment.
- New Zealand – an increase in the discount rate of greater than 1.6% would result in an impairment. There is no reasonably possible change in the terminal growth rate for the New Zealand CGU that would result in an impairment.
- North America consisting of CanaDream Corporation – an increase in the discount rate of greater than 2.1% would result in an impairment. There is no reasonably possible change in the terminal growth rate for the North American CGU that would result in an impairment.

Note 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 separate operating segment as it is not monitored standalone, but rather within the geographic segment operation.

Note 3. Operating segments (continued)

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 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 American 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. In June 2020, the USA rental operation was put into hibernation as a result of COVID-19 and has remained in hibernation throughout the reporting period.
- The European segment provides short term hire of motorhomes and operates vehicle sales activities for the sale of new and ex-rental fleet units through a dealer network and direct to the public.
- The Other / Elimination segment represents intersegment eliminations.

Seasonality

The tourism industry is subject to seasonal fluctuations, with peak demand over tourism attractions and transportation over the summer months. New Zealand and Australia's rental profits are typically generated over the southern hemisphere summer months and North American and European operations experience stronger profits over the northern hemisphere summer.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - December 2021	Australia $'000	New Zealand $'000	North America $'000	Europe $'000	Others and Eliminations $'000	Total $'000
Revenue						
Revenue from contracts with customers	96,015	6,250	4,553	2,321	-	109,139
Rental income	11,945	2,118	12,577	5,034	-	31,674
Total sales revenue	107,960	8,368	17,130	7,355	-	140,813
Other income	(58)	-	(22)	462	384	766
Total revenue	107,902	8,368	17,108	7,817	384	141,579
EBIT (Earnings before interest and tax)	(1,501)	(3,016)	3,847	1,960	(310)	980
Finance costs	(2,883)	(411)	(900)	(332)	(384)	(4,910)
(Loss)/profit before income tax benefit	(4,384)	(3,427)	2,947	1,628	(694)	(3,930)
Income tax benefit						1,754
Loss after income tax benefit						(2,176)
Material items include:						
Cost of goods sold	(81,404)	(4,879)	(3,128)	(1,893)	-	(91,304)
Motor vehicle running expenses	(4,786)	(1,642)	(1,510)	(1,140)	-	(9,078)
Net employee benefits expenses	(11,790)	(530)	(3,672)	(1,317)	-	(17,309)
Depreciation and amortisation expense	(6,705)	(2,410)	(2,175)	(524)	-	(11,814)
Other expenses	(4,719)	(1,923)	(2,776)	(983)	(693)	(11,094)
Assets						
Segment assets	206,610	53,591	99,163	7,216	(40,541)	326,039
Unallocated assets:						
Income tax refund receivable						25
Deferred tax asset						9,347
Total assets						335,411
Total assets includes:						
Investments in associates	2,853	-	-	-	-	2,853
Acquisition of non-current assets	7,363	322	15,808	862	-	24,355
Liabilities						
Segment liabilities	158,188	34,302	78,054	13,498	-	284,042
Unallocated liabilities:						
Provision for income tax						28
Deferred tax liability						15,098
Total liabilities						299,168

Note 3. Operating segments (continued)

Consolidated - December 2020	Australia $'000	New Zealand $'000	North America $'000	Europe $'000	Others and Eliminations $'000	Total $'000
Revenue						
Revenue from contracts with customers	78,321	6,994	39,741	4,562	-	129,618
Rental income	10,881	4,107	11,017	4,083	-	30,088
Total sales revenue	89,202	11,101	50,758	8,645	-	159,706
Other income	634	3	369	(6)	(456)	544
Total revenue	89,836	11,104	51,127	8,639	(456)	160,250
EBIT (Earnings before interest and tax)	(7,018)	(2,623)	1,730	868	2,112	(4,931)
Finance costs	(2,567)	(692)	(2,121)	(373)	456	(5,297)
(Loss)/profit before income tax benefit	(9,585)	(3,315)	(391)	495	2,568	(10,228)
Income tax benefit						2,689
Loss after income tax benefit						(7,539)
Material items include:						
Cost of goods sold	(68,927)	(6,088)	(37,257)	(4,266)	-	(116,538)
Motor vehicle running expenses	(6,215)	(2,165)	(2,183)	(917)	-	(11,480)
Net employee benefits expenses	(7,912)	(731)	(2,582)	(1,237)	-	(12,462)
Depreciation and amortisation expense	(8,443)	(3,169)	(2,455)	(602)	(178)	(14,847)
Other expenses	(5,357)	(1,574)	(4,920)	(749)	2,746	(9,854)
Consolidated - June 2021						
Assets						
Segment assets	218,278	63,994	98,010	11,046	(43,064)	348,264
Unallocated assets:						
Deferred tax asset						8,452
Total assets						356,716
Total assets includes:						
Investments in associates	3,252	-	-	-	-	3,252
Acquisition of non-current assets	4,068	147	19,250	2,181	-	25,646
Liabilities						
Segment liabilities	165,428	41,517	76,674	18,784	-	302,403
Unallocated liabilities:						
Provision for income tax						77
Deferred tax liability						15,814
Total liabilities						318,294

Note 4. Revenue from contracts with customers

	Consolidated December 2021 $'000	Consolidated December 2020 $'000
Vehicle sales	104,057	124,939
Repairs and servicing	2,807	2,664
Commissions and royalty	1,451	1,374
Other revenue	824	641
Revenue from contracts with customers	109,139	129,618

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated December 2021 $'000	Consolidated December 2020 $'000
Timing of revenue recognition		
Goods transferred at a point in time	106,332	126,954
Services transferred over time	2,807	2,664
	109,139	129,618

Note 5. Expenses

Government grants have been received in the form of wage subsidies to assist with the impact of COVID-19. Employee benefits expense is offset by $1,000,000 of government grants (2020: $4,021,000).

Note 6. Earnings per share

	Consolidated December 2021 $'000	Consolidated December 2020 $'000
Loss after income tax attributable to the owners of Apollo Tourism & Leisure Ltd	(2,176)	(7,539)
	Cents	**Cents**
Basic loss per share	(1.17)	(4.05)
Diluted loss per share	(1.17)	(4.05)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	186,150,908	186,150,908
Weighted average number of ordinary shares used in calculating diluted loss per share	186,150,908	186,150,908

Note 7. Property, plant and equipment

	Consolidated	
	December 2021 $'000	**June 2021 $'000**
Non-current assets		
Land and buildings - at cost	39,557	39,226
Less: Accumulated depreciation	(4,199)	(3,767)
	35,358	35,459
Plant and equipment - at cost	30,643	31,043
Less: Accumulated depreciation	(22,547)	(22,209)
Less: Accumulated impairment	(3,157)	(3,157)
	4,939	5,677
Motor vehicles - at cost	94,220	80,470
Less: Accumulated depreciation	(12,515)	(14,366)
	81,705	66,104
Motor vehicles - right-of-use assets	92,565	105,388
Less: Accumulated depreciation	(27,329)	(28,736)
	65,236	76,652
Land and buildings - right-of-use assets	64,099	63,966
Less: Accumulated depreciation	(23,672)	(21,039)
Less: Accumulated impairment	(17,417)	(17,417)
	23,010	25,510
	210,248	209,402

Reconciliations
Reconciliations of the written down values at the beginning and end of the current 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 asset $'000	Land and buildings right-of-use asset $'000	Total $'000
Balance at 1 July 2021	35,459	5,677	66,104	76,652	25,510	209,402
Additions	21	382	22,180	857	3	23,443
Disposals	-	(262)	(4,321)	(875)	-	(5,458)
Modification to lease terms	-	-	-	-	42	42
Exchange differences	282	18	356	279	75	1,010
Transfers in/(out)*	-	-	315	(7,520)	-	(7,205)
Depreciation expense**	(404)	(876)	(2,929)	(4,157)	(2,620)	(10,986)
Balance at 31 December 2021	35,358	4,939	81,705	65,236	23,010	210,248

* Net transfers out represent assets transferred to inventory.

** Depreciation charged to profit or loss for the year comprises depreciation expense of $10,939,000 and $47,000 capitalised as part of the cost of motor vehicle manufacture.

Note 8. Borrowings

	Consolidated December 2021 $'000	June 2021 $'000
Current liabilities		
Bank loans	3,183	3,771
Floor Plan	30,323	27,477
Loans from other financiers	47,473	36,636
COVID-19 support loans	11,980	5,465
Lease liability - rental fleet	20,123	27,035
Lease liability - land and buildings	8,826	8,518
	121,908	108,902
Non-current liabilities		
Bank loans	25,002	25,382
Loans from other financiers	19,530	14,692
COVID-19 support loans	17,281	25,609
Lease liability - rental fleet	24,785	33,374
Lease liability - land and building	36,143	39,817
	122,741	138,874
	244,649	247,776

Note 9. Unearned rental income

	Consolidated December 2021 $'000	June 2021 $'000
Current liabilities		
Rental income in advance	8,181	15,337
Customer bonds held	645	499
	8,826	15,836
Non-current liabilities		
Rental income in advance	3	288
	8,829	16,124

Note 10. 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. For other financial instruments, the fair values are not materially different from their carrying values because they are short-term in nature.

Note 11. Related party disclosures

Parent entity
Apollo Tourism & Leisure Ltd is the parent entity.

Transactions with related parties
The Group has paid the $100,000 commitment for a 25% equity share in Caravans Away Pty Ltd, a Director-related entity of L Trouchet. This is included in investments accounted for using the equity method.

Jones Day ceased to be a related party subsequent to 24 December 2021.
The following transactions occurred with related parties:

	Consolidated	
	December 2021 $	December 2020 $
Sale of goods and services (GST exclusive):		
Motorhomes sold to Caravans Away Pty Ltd (Director-related entity of L Trouchet)	645,000	-
Payment for other expenses (GST exclusive):		
Rental expenses paid to KL One Trust (Director-related entity of L Trouchet and K Trouchet)	56,000	27,000
Rental expenses paid to Eastglo Pty Ltd (Director-related entity of L Trouchet and K Trouchet)	95,000	47,000
Advertising expenses paid to RV Boss Pty Ltd (Director-related entity of L Trouchet)	42,000	-
Advisory fees paid to Jones Day (Director-related entity of B Heading)	79,000	203,000
Advisory fees paid to Morgans Financial Limited (Director-related entity of S Mitchell)	75,000	-
Annual salary paid to A Trouchet (a related party of L Trouchet)	22,000	21,000
Contractor fees for services performed paid to S Shier (a related party of K Shier)	14,000	9,000

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

	Consolidated	
	December 2021 $	June 2021 $
Current payables (GST inclusive):		
Trade payables (advisory) Morgans Financial Limited (Director-related entity of S Mitchell)	82,500	-

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.

Note 12. Commitments

	Consolidated	
	December 2021 $'000	June 2021 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	56,738	14,280

The December 2021 balance represents North American motor vehicle fleet commitments, which were made since 30 June 2021 commensurate with the timing of vehicle ordering for the Northern hemisphere summer.

Note 13. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 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
31 December 2021

In the Directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

- The attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and

- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Luke Trouchet
Director

25 February 2022
Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Apollo Tourism & Leisure Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Apollo Tourism & Leisure Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO
TMann

T R Mann
Director

Brisbane, 25 February 2022