Apollo Tourism & Leisure Ltd
Financial Results for the Full Year Ended 30 June 2021

The Directors of Apollo Tourism & Leisure Ltd (ASX: ATL) ('**Apollo**', '**the Company**', or '**the Group**') today announced the financial results of the Company for the full year ended 30 June 2021, reporting a statutory Net Loss After Tax of $17.9M.

FY21 OPERATING ENVIRONMENT & HIGHLIGHTS

- FY21 revenue $293.3M (FY20: $366.7M)
- FY21 net loss after tax $17.9M (FY20: net loss after tax $61.2M)
- COVID-19 travel restrictions continued to materially impact global rental operations.
- Domestic rental market activity increased in all regions, despite snap lockdowns and border closures.
- Record RV sales demand generated strong gross margins. However, sales volumes were constrained by stock availability due to COVID-19 related supply chain issues.
- Partnership with Qantas Frequent Flyer program announced in May 2021.
- Camplify Holdings Limited (Camplify) successfully listed on ASX on 28 June 2021.
- Liquidity managed through fleet sell down, cost restructuring and Government support loans, ensuring the Company can navigate beyond COVID-19.
- Group debt[1] reduced by $52.8M from 30 June 2020, lowering funding commitments.
- Rapidly rising vaccination rates will enable borders to reopen and drive tourism recovery. Apollo is well-positioned to capture a significant portion of a rebound in travel spend.

CEO and Managing Director, Luke Trouchet, said "COVID-19 has continued to disrupt tourism markets around the world, however, we can now see light at the end of the tunnel as vaccination rates rise. Our European operations have seen the opening of a number of intercontinental borders. Canada will welcome fully vaccinated travellers from our key markets from 7 September 2021. While the recent outbreak of the Delta variant in Australia and New Zealand has significantly disrupted the momentum of our domestic market and forced a temporary halt to the Trans-Tasman bubble, it has encouraged both the Australian and New Zealand Governments to expedite the vaccine rollout and provide a tangible pathway to recovery."

"I believe Apollo is well positioned to capitalise on the recovery in tourism activity. Throughout the year we continued to implement our COVID-19 response plan initiatives by reducing costs and enhancing our technology and service offerings, further strengthening our business as we progress towards the post-COVID-19 recovery phase."

Apollo's rental income reduced by 57% over the prior comparable period (pcp) as international border closures remained in place for the entirety of FY21, in all operating regions (with the exception of the Trans-Tasman bubble, which commenced briefly in April 2021). Despite the absence of international guests, in periods where domestic borders were open, the Company demonstrated its ability to generate strong domestic demand with domestic revenues significantly exceeding pre-COVID-19 levels. Apollo has entered into a partnership with Qantas Frequent Flyer, allowing guests to earn frequent flyer points on their Apollo bookings in Australia and New Zealand. This is an exciting partnership for the Company that will allow for the leveraging of Qantas' strong international brand name and vast customer base.

Revenue from RV sales, and associated servicing and part sales, helped to partly mitigate the loss in rental income during the year, as record levels of RV sales demand were experienced in all regions. The volume of

[1] Excluding lease liabilities recognised in accordance with AASB 16 Leases.

new RV sales in Australia was impacted by the partial closure of RV manufacturers during Victoria's extended lockdown and Apollo's scaled back production in FY21.

Camplify successfully listed on the ASX on 28 June 2021 under the ticker code CHL at $1.42 per share, valuing Camplify at $55.0M. Camplify is a leading peer-to-peer digital RV marketplace, in which Apollo has a 17.79% shareholding[2]. The Initial Public Offering raised $11.5M which will assist in funding Camplify's global growth aspirations.

Liquidity management remained a primary focus for the Company during the year, with cash being preserved through a combination of cost reductions, Government support, accelerated fleet sales and reduced capital expenditure. Capital expenditure on fleet replenishment throughout FY22 will be closely monitored to align acquisitions with the expected increase in rental activity, subject to OEMs meeting vehicle delivery timeframes which have been impacted in recent months due to supply chain issues. Additional fleet will be funded utilising the Group's existing asset financing facilities.

The Company has drawn down Government support funding totalling $31.1M. Revised terms have been granted by Export Finance Australia on the $15.0M COVID-19 support facility, with the repayment timeframe being increased from 15 to 21 months, reducing the Company's cash commitments by $6.5M in the next 12 months.

Mr Trouchet said, "We are thankful for the ongoing support we have received from the Governments in our operating regions. These facilities, coupled with careful liquidity management, have allowed us to trade through the worst of the COVID-19 pandemic. With borders beginning to reopen in Europe and Canada and high vaccination targets set for Australia and New Zealand in the coming months, we expect tourism markets to rebound and we are well placed to capitalise on the recovery."

AUSTRALIA

With Australia's international borders remaining closed for the whole of the financial year rental operations were pivoted towards domestic guests, which historically have only accounted for approximately 25% of rental activity. Targeted marketing campaigns and reduced fleet numbers boosted utilisation and yields, resulting in domestic revenues increasing by 69% over the pre-COVID-19 levels achieved in FY19. Despite this strong growth in domestic revenues, the absence of international guests for the entire 12 months of the year (only 5 months in FY20), coupled with recurring snap lockdowns and continually changing interstate travel restrictions, significantly hampered Australia's rental business performance with rental revenues declining by $18.0M over the pcp.

Australia's retail operations performed strongly during the year with record levels of consumer demand and strong gross profit margins were achieved on both new and ex-rental fleet RV sales. The potential of this strong demand was tempered by dealership closures during lockdowns, and cancellation of RV consumer shows. Overall earnings were affected by new vehicle stock constraints and delivery delays caused by domestic and international supply chain issues flowing from COVID-19 restrictions. Forward orders not yet delivered as at 1 August 2021 totalled $89.2M, an increase of 376% on August 2020, which is expected to underpin an improved retail result in FY22.

The Company's Brisbane manufacturing facility was impacted by operating at less than a five-day week until October 2020, snap lockdowns and supply chain constraints. During FY21, the Company engaged Deloitte to undertake a detailed review of the factory's operations. Several cost savings and efficiency initiatives were identified and are currently being implemented. The benefits of these initiatives are expected to crystallise in FY22 and beyond.

2 The Company's shares in Camplify are held in escrow until 28 June 2023.

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In June 2021 the Company opened a new RV service centre at its Brisbane retail location creating an end-to-end sales, service and repair solution for RV owners.

The Company received $2.0M under the Australian Government's JobKeeper subsidy. However, as a result of consistent retail sales revenues year-on-year, a number of the Company's Australian entities, which also operate the rental business, became ineligible for the subsidy from October 2020.

NEW ZEALAND

New Zealand's international borders remained closed to all countries, other than Australia, for the entire financial year. With international guests historically accounting for approximately 95% of segment rental revenues, COVID-19 has significantly impacted segment earnings. The segment reported a net loss before tax of $5.2M for the year, down from a $4.7M profit before tax in FY20.

Despite a 477% increase in domestic rental revenues over FY19, New Zealand's total rental revenue declined by 64% from the pcp. The small size of the domestic market, and the short-lived Trans-Tasman bubble could not mitigate the lost revenue from international guests. The segment's performance will be negatively impacted again in FY22, if the Trans-Tasman bubble remains closed for the 2021-2022 summer holiday season.

Sale of ex-rental fleet vehicles was accelerated during the year in response to the downturn in rental demand and strong RV sales demand, with 181 vehicles being sold, up from the 104 sold in pcp.

Similar to Australia, drastically increasing the country's vaccination rates is now a key focus of the New Zealand Government, which has committed to offering all citizens a vaccine by the end of 2021.

NORTH AMERICA

Canada's international borders were closed for the entire financial year with rental revenues being generated from its domestic market only. Additionally, Canadian citizens were subject to longer and stricter provincial lockdown restrictions compared to Australia and New Zealand, with the peak 2020 summer rental period largely eliminated. Consequently, rental revenue for the year decreased by 74% from pcp (with FY20 including $19.6M rental income from the USA operations, which were hibernated for FY21).

RV sales demand reached record highs during the year and the sale of Canadian ex-rental fleet vehicles was accelerated to reduce fleet holding costs and capitalise on the strong gross profit margins on offer. Despite the strong sales values and higher than anticipated domestic travel, the loss of earnings from international guests over the peak summer periods was unable to be materially offset.

During the year the Company received $3.1M in wage subsidies and $3.5 in support loans from the Canadian Government and an existing lender. These funds, coupled with CanaDream's already strong balance sheet, ensures the Company is positioned to benefit from the recovery in tourism activity expected to occur once international borders are opened to fully vaccinated guests from all countries on 7 September 2021.

Canada's strict lockdown restrictions were eased in early July 2021 allowing for a return of domestic travel. However, the international restrictions remaining in place until September 2021 will limit the performance of the North American segment over its traditionally busy summer season.

The USA remained in hibernation in FY21 and the Company continues to explore avenues for re-entry into the USA market at the appropriate time.

EUROPE

The peak summer 2020 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 that time. Performance was significantly impacted following the tightening of restrictions in late CY2020, however, the segment's overall performance improved on the prior year, with a net loss before tax of $0.9M being recorded, against a loss of $3.4M (excluding non-cash impairments) for the pcp.

With international borders already beginning to open in the region, it is anticipated that segment performance will return to pre-COVID-19 levels in FY22.

OUTLOOK

Apollo anticipates tourism in its regions to commence recovery in CY22 as vaccination programs are executed. European and Canadian markets are close to a full reopening of international borders and the ramp up of vaccine rollouts is now front-of-mind in Australia and New Zealand, providing a clear recovery pathway towards the ending of lockdowns and travel restrictions.

Mr Trouchet said "Apollo is ideally placed to service international and domestic guests looking for "COVID-19 safe" ways to explore the great outdoors with family and friends. The reopening of many borders in Europe and Canada is extremely pleasing and while the outbreak of the Delta variant in Australia and New Zealand has proven to be a setback for domestic travel, it has highlighted the need for our Federal and State Governments to ramp up the vaccine rollout and allow the country to return to normal, as we are seeing in other parts of the world."

Global RV supply chain issues constrained new RV sales deliveries during FY21 and the Company is proactively working with existing and alternative suppliers to alleviate the impact of these constraints in H1 FY22 to increase volume output.

Mr Trouchet said "With retail forward orders currently at an all-time high, we anticipate the record levels of retail RV demand to continue throughout FY22 as people seek more freedom and control over their holiday choices. With limited options for travel related discretionary spend, new customer segments are opening up, as many people find themselves with more spare time than previously. This presents an RV holiday as an increasingly attractive option."

"With record RV sales demand, a growing forward rental book, a lower permanent cost base, and strengthened technological, people and financial infrastructure, Apollo is well placed to benefit from the reopening of domestic and international borders and return to profitability."

Due to the ongoing uncertainty of the current trading environment, Apollo is not in a position to provide earnings guidance for FY22, noting that:

- Vaccination rates around the world are accelerating and the reopening of domestic and international travel is expected during FY22.
- Fleet sizes in all regions, other than Europe, are significantly lower than pre-COVID-19 levels.
- Despite Canadian domestic restrictions being eased in early July 2021, international restrictions remain in place until September 2021 and will limit the performance of the North American segment over its traditionally busy summer season.
- Trading and traveller confidence in H1 FY22 continues to be significantly impacted by COVID-19 related restrictions in Australia and New Zealand, with a significant portion of Australia in extended lockdown during Q1 FY22 and possibly most of H1 FY22.

DIVIDEND

Given the significant current and ongoing impact of COVID-19 on the business, the Board has determined there will be no dividend declared for FY21.

INVESTOR CONFERENCE CALL

A presentation of the FY21 results will be hosted by Luke Trouchet (CEO and Managing Director) and Kelly Shier (CFO) at **2:00pm (AEST)** on **Tuesday 24 August 2021**. Investors may join the call via the following phone numbers:

- Australia: (08) 9460 0818
- Overseas: (+61) 2 8038 5271
- Conference ID: 8509947

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About Apollo Tourism & Leisure Ltd

Apollo Tourism & Leisure Ltd is listed on the Australian Securities Exchange (ASX code: ATL). Apollo is a multi-national, vertically integrated manufacturer, rental fleet operator, wholesaler and retailer of a broad range of RVs including motorhomes, campervans and caravans.

Important notices

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements.

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