Alloggio Group Limited - Aggregated

ABN 64 645 582 225

Pro Forma Special Purpose Financial Statements - 30 June 2020

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30 June 2020

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Alloggio Group Limited - Aggregated
Aggregated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Aggregated 2020 $	Aggregated 2019 $
Revenue	4	7,456,114	5,780,430
Other income	5	641,528	86,103
Interest revenue		20	68
Expenses			
Advertising and marketing		(185,247)	(163,263)
Booking fees		(197,121)	(204,072)
Cleaning		(274,638)	(163,786)
Consulting and professional fees		(201,054)	(143,980)
Depreciation and amortisation expense		(2,402,839)	(1,589,223)
Employee benefits expense		(1,989,244)	(1,665,995)
Information technology		(235,096)	(296,639)
Insurance		(122,961)	(68,507)
Linen		(240,172)	(171,957)
Management fees		(107,833)	(58,226)
Merchant and bartercard fees		(135,655)	(111,991)
Outgoings		(650,027)	(382,366)
Rent - short term leases		(28,825)	(101,849)
Repairs and maintenance		(172,931)	(131,237)
Other expenses		(812,751)	(668,502)
Finance costs		(1,218,379)	(863,736)
Total expenses		(8,974,773)	(6,785,329)
Loss before income tax expense		(877,111)	(918,728)
Income tax expense		(63,614)	-
Loss after income tax expense for the year		(940,725)	(918,728)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(940,725)	(918,728)

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

Alloggio Group Limited - Aggregated
Aggregated statement of financial position
As at 30 June 2020

	Note	Aggregated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	6	645,178	194,030
Trade and other receivables	7	169,465	63,191
Contract assets	8	36,984	-
Other	9	152,930	140,620
Total current assets		1,004,557	397,841
Non-current assets			
Other financial assets		50	50
Property, plant and equipment	10	210,416	193,250
Right-of-use assets	11	15,042,815	12,953,952
Intangibles	12	4,945,176	5,341,384
Other	9	69,312	74,172
Total non-current assets		20,267,769	18,562,808
Total assets		21,272,326	18,960,649
Liabilities			
Current liabilities			
Trade and other payables	13	1,265,875	550,718
Contract liabilities	14	-	75,227
Borrowings	15	494,587	505,504
Lease liabilities	16	1,464,350	1,073,121
Income tax		62,417	156,174
Provisions	17	88,661	78,621
Total current liabilities		3,375,890	2,439,365
Non-current liabilities			
Borrowings	15	4,233,023	4,381,612
Lease liabilities	16	14,773,187	12,315,736
Provisions	17	102,310	80,995
Other	18	-	14,300
Total non-current liabilities		19,108,520	16,792,643
Total liabilities		22,484,410	19,232,008
Net liabilities		(1,212,084)	(271,359)

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

Alloggio Group Limited - Aggregated
Aggregated statement of cash flows
For the year ended 30 June 2020

	Note	Aggregated 2020 $	Aggregated 2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,314,363	6,697,964
Payments to suppliers and employees (inclusive of GST)		(5,490,895)	(4,918,583)
		2,823,468	1,779,381
Interest received		20	68
Government grants and subsidies		411,602	39,006
Interest and other finance costs paid		(1,218,379)	(863,736)
Income taxes paid		(157,371)	(37,902)
Net cash from operating activities	21	1,859,340	916,817
Cash flows from investing activities			
Payments for property, plant and equipment	10	(88,225)	(82,472)
Payments for intangibles		-	(866,362)
Proceeds from release of security deposits		15,294	34,456
Net cash used in investing activities		(72,931)	(914,378)
Cash flows from financing activities			
Repayment of lease liabilities		(1,175,755)	(763,500)
Repayment of/(proceeds from) borrowings - net		(159,506)	450,365
Net cash used in financing activities		(1,335,261)	(313,135)
Net increase/(decrease) in cash and cash equivalents		451,148	(310,696)
Cash and cash equivalents at the beginning of the financial year		194,030	504,726
Cash and cash equivalents at the end of the financial year	6	645,178	194,030

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

Note 1. Introduction

Alloggio Group Limited (AGL) was incorporated on 2 November 2020. AGL was a shell company incorporated to complete a merger transaction and to be the new holding company for the merged group.

On 2 November 2020, AGL acquired the shares of Esplanade Holdings Pty Ltd (EHPL) which is the holding company for the entities listed below, through the issue of shares in AGL:
- Esplanade Unit Trust Pty Ltd and its wholly-owned subsidiary Alloggio Pty Ltd
- Alloggio Hotels Unit Trust
- Alloggio Management Unit Trust
- Trova Unit Trust

To facilitate the merger transaction, the following restructure occurred prior to the merger:
- Esplanade Unit Trust Pty Ltd (EUTPL) acquired Alloggio Pty Ltd on 27 October 2020 from Alloggio Holdings Pty Ltd.
- EHPL was incorporated on 30 October 2020 and previously operated as an unincorporated entity - Esplanade Projects Unit Trust (EPUT). EPUT was the beneficial owner of all the units in the 3 trusts: Alloggio Hotels Unit Trust, Alloggio Management Unit Trust and Trova Unit Trust. The units in 3 trusts were transferred to EHPL on 31 October 2020.
- The shares in EUTPL were sold to EHPL on 31 October 2020.

The Directors determined that the merger transaction did not represent a business combination as defined by AASB 3 'Business combinations' since the transaction was considered to be a combination of entities under common control, hence outside the scope of AASB 3. EHPL has been identified as the 'acquirer' for accounting purposes.

These financial statements are an aggregation of the assets and liabilities of all businesses identified below (the “Aggregated Group”) as at 30 June 2019 and 30 June 2020 and the results of the Aggregated Group for the years ended 30 June 2019 and 30 June 2020. These aggregated financial statements have been prepared for the purpose of presenting historical financial information in the prospectus to be issued by Alloggio Group Limited for a proposed listing on the Australian Securities Exchange and comprise the Aggregated Group. As such, these aggregated financial statements have been prepared as special purpose financial statements. The aggregated financial statements do not include Alloggio Group Limited as it was incorporated subsequent to 30 June 2020.

Businesses included in the aggregation:
- Esplanade Unit Trust
- Alloggio Pty Ltd
- Alloggio Hotels Unit Trust
- Alloggio Management Unit Trust
- Trova Unit Trust

Operations and principal activities
The principal activities of the Aggregated Group during the year consisted of the management of short term accommodation through hotels, motels and rent rolls.

Currency
The financial report is presented in Australian dollars, rounded to the nearest dollar.

Authorisation of financial report
The financial report was authorised for issue on 4 June 2021.

Note 2. Significant accounting policies

Going concern
For the year ended 30 June 2020, the Aggregated Group incurred a net loss after tax of $940,725 (2019: $918,728). At 30 June 2020, the group had net current liabilities of $2,371,333 (2019: $2,041,524) and total net liabilities of $1,212,084 (2019: $271,359).

Note 2. Significant accounting policies (continued)

The adoption of AASB 16 *Leases*, has resulted in rental expense being replaced by a depreciation and interest charge. Whilst the overall net impact to profit or loss over the life of the lease will not be different, AASB 16 has introduced more volatility in both the statement of financial position and statement of profit or loss. As the interest component of the expense is front-loaded, this has resulted in an increase in expenses of approximately $665,406 (2019: $476,369). Additionally, the Group has recognised a current lease liability of $1,464,350 (2019: $1,073,121) which has contributed to the working capital deficiency. The adoption of AASB 16 has not changed the Group's cash flows.

The loss after tax also includes amortisation of the rent roll intangible asset of $396,208 (2019: $352,918) which is a non-cash expense. The Directors have determined, after taking into account input from external valuers, that the recoverable value from sale of the rent rolls is at least their recorded cost. The potential uplift in value is not recorded in the financial statements.

The Directors have concluded that the going concern basis of preparation of the financial statements is appropriate and any uncertainty regarding going concern is mitigated by the following:

- For the financial year ended 30 June 2020, the Group achieved net cash inflows from operating activities of $1,859,340 (2019: $916,817).
- The Group raised equity of $2,233,000 in November 2020.
- The Group has funded the acquisition of rent rolls primarily with bank borrowings which are short to medium term. The Directors are confident that these borrowings will be renewed on maturity.
- The Group negotiated COVID-19 rental waivers post 30 June 2020 for rental paid in the period April - June 2020. The impact of these waivers will be accounted for in the 2021 financial year and are expected to result in a credit to profit or loss in the 2021 financial year.

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the Aggregated Group will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Basis of preparation

The Aggregated Financial Statements of the Aggregated Group have been drawn up as a special purpose financial report for the purpose of presenting historical financial information in the prospectus to be issued by Alloggio Group Limited for a proposed listing on the Australian Securities Exchange and does not comply with the Corporations Act 2001.

The special purpose Aggregated Financial Statements have been prepared in accordance with the recognition and measurement aspects of all applicable Australian Accounting Standards (‘AASBs’) adopted by the Australian Accounting Standard Board (‘AASB’), except for:

- AASB 101 'Presentation of Financial Statements' as the Aggregated Statement of Profit or Loss does not include Other Comprehensive Income disclosures, the Aggregated Statement of Financial Position does not present Equity, and the Aggregated Statement of Changes in Equity is not presented.
- AASB 10 'Consolidated Financial Statements' as there is no single parent entity, the combination of the Aggregated Group is not a consolidation and therefore, the Aggregated Financial Statements have not been prepared on a consolidated basis.

The Aggregated Group has early adopted the recognition and measurement aspects the following accounting standards from 1 July 2018:

AASB 9 *Financial instruments*
AASB 15 *Revenue from contracts with customers*
AASB 16 *Leases*
Retrospective adjustments following the adoption of AASB 9, AASB 15 and AASB16 have been made to opening retained earnings.

The Aggregated Financials Statements do not include the disclosure requirements of all AASBs.

The financial statements of the Aggregated Group do not comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Aggregated Group is a for-profit entity for the purpose of preparing the financial statements.

Note 2. Significant accounting policies (continued)

The financial statements of the Aggregated Group have been prepared by management of Alloggio Group Limited and they have determined that the accounting policies and disclosures adopted are appropriate for the purpose of the users of the Aggregated Group's financial statements.

Consistent accounting policies are employed in the preparation and presentation of the Aggregated financial statements for each business included in the aggregation.

Historical cost convention
The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of aggregation
These financial statements are an aggregation of the book values of assets and liabilities of all businesses in the Aggregated Group as identified in note 1 as at 30 June 2019 and 2020, and the results of the Aggregated Group for the years ended 30 June 2019 and 2020 (the "Aggregated Financial Statements"). No business combination accounting adjustments have been made to the aggregated financial information. Consistent accounting policies have been applied in the preparation and presentation of the financial information.

Intercompany transactions, distributions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on aggregation.

Income tax
The entities forming part of the Group are not part of a tax consolidated group under Australian taxation law. As a result, 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, for each entity and this has been aggregated for the purposes of this pro forma aggregated financial information.

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 Group'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 Group'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.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Note 2. Significant accounting policies (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
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.

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.

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.

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 Group for the annual reporting period ended 30 June 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. 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 believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease make good provision
The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. The make good provision is the present value of the anticipated costs to make good the premises on expiry of the lease. The calculation of this provision requires assumptions such as application of closure dates and cost estimates.

Right-of-use assets and lease liabilities
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group has several hotel lease contracts which include extension options exercisable only by the Group. These options are negotiated by Group's management to provide flexibility in managing the leased asset portfolio and to align with business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised. In determining the lease liability, the Group's management has assessed that none of the options will be exercised. If there is a significant event or change in circumstances where it is reasonably certain the Group will exercise the options, the Group will remeasure the right-of-use asset and lease liability.

Impairment of rent rolls
The recoverable amounts of rent rolls are derived from market transactional evidence in relation to their fair value. The fair value of the rent roll is calculated by multiplying the annual rent roll income by a multiple that is based on either independent expert opinion or using subsequent sales transactions. There were no impairments of the rent rolls at 30 June 2020 and 30 June 2019.

Amortisation of rent rolls
Rent rolls have a finite life and are therefore amortised over their useful lives. Amortisation is calculated using the straight-line method to allocate the cost of the rent rolls over their estimated useful lives.

Note 4. Revenue

	Aggregated 2020 $	Aggregated 2019 $
Revenue from contracts with customers		
Rent rolls - Management fees	1,260,574	1,328,599
Rent rolls - Booking fees	377,602	401,033
Rent rolls - Other	514,164	301,989
Hotels and motels - Rooms	4,894,177	3,570,158
Hotels and motels - Food and beverage	91,359	6,438
Hotels and motels - Other	109,675	105,410
Sundry	69,392	18,891
	7,316,943	5,732,518
Other revenue		
Rent	135,221	40,467
Other revenue	3,950	7,445
	139,171	47,912
Revenue	7,456,114	5,780,430

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

	Aggregated 2020 $	Aggregated 2019 $
Geographical regions		
Australia	7,316,943	5,732,518
Timing of revenue recognition		
Goods and services transferred at a point in time	1,162,192	833,761
Services transferred over time	6,154,751	4,898,757
	7,316,943	5,732,518

Accounting policy for revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Note 4. Revenue (continued)

Rent rolls - Booking fees and management fees
The Group enters into contracts with its customers to manage short-term rental properties on their behalf. The Group receives a booking fee upon successful letting of a property and a fee to manage the property. Booking fees are fixed fees that are billed on completion of the performance obligation at a point-in-time on commencement of the rental agreement. Management fees which are based on a percentage of rental collected on behalf of the landlords and is recognised over the period the performance obligation for managing the property is performed.

Hotels and motels - Rooms
Rooms revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer.

Hotels and motels - Food and beverage
Food and beverage revenue is recognised at a point in time.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating 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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 5. Other income

	Aggregated	
	2020	**2019**
	$	**$**
Government grants - COVID-19	381,038	-
Subsidies and grants	30,564	39,006
Insurance recoveries	229,926	47,097
Other income	641,528	86,103

Note 6. Cash and cash equivalents

	Aggregated	
	2020	**2019**
	$	**$**
Current assets		
Cash on hand	4,600	4,000
Cash at bank	640,578	190,030
	645,178	194,030

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes 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.

Note 7. Trade and other receivables

	Aggregated 2020 $	Aggregated 2019 $
Current assets		
Trade receivables	100,465	63,191
Other receivables	69,000	-
	169,465	63,191

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 the expected credit losses, trade receivables have been grouped based on days overdue.

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

Note 8. Contract assets

	Aggregated 2020 $	Aggregated 2019 $
Current assets		
Contract assets	36,984	-

Accounting policy for contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 9. Other

	Aggregated 2020 $	Aggregated 2019 $
Current assets		
Prepayments	37,892	57,780
Bartercard assets (a)	115,038	82,840
	152,930	140,620
Non-current assets		
Security deposits	30,205	45,499
Other non-current assets	39,107	28,673
	69,312	74,172
	222,242	214,792

Note 9. Other (continued)

(a) Bartercard assets
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Aggregated 2020 $	2019 $
Opening balance	82,840	55,451
Trade Dollars earned	82,466	31,735
Trade Dollars spent	(50,268)	(4,346)
Closing balance	115,038	82,840

Accounting policy for Bartercard assets
The Bartercard Trade Dollars are recorded at cost less accumulated impairment losses. The trade dollars are acquired as earned and consumed as utilised and are tested at least annually for impairment or when indicators of impairment exist. Significant reduction in the ability to trade with other bartercard holders and the probability that the Group would not be able to utilise all the trade dollars it holds are considered indicators that the bartercard asset is impaired. Bartercard assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. An impairment loss is recognised whenever the carrying amount of a bartercard exceeds its recoverable amount. The estimated recoverable amount of bartercard assets are the greater of their fair value less costs to sell and value in use.

Trade debits arising from income from guests and trade credits from purchases of goods and services are recognised in the statement of profit or loss in the period in which the transaction occurs. Where trade credits are used to purchase an asset, the asset is capitalised and recognised in the statement of financial position.

Value of Bartercard Trade Dollars:
Bartercard uses an electronic currency called a trade dollar. The Group earns trade dollars from guests (trade debits) and uses these trade dollars to make purchases (trade credits) from other Bartercard holders. One trade dollar is equivalent to one Australian Dollar for accounting and tax purposes. Impairment testing of the Bartercard trade dollar is performed on an annual basis. The Group has determined there has been no impairment to the Bartercard trade dollar at 30 June 2020 (30 June 2019: $nil), taking into consideration the usage subsequent to year-end and the expected accumulation of new trade dollars' usage over the next 2-3 years.

Note 10. Property, plant and equipment

	Aggregated 2020 $	2019 $
Non-current assets		
Leasehold improvements - at cost	84,924	52,390
Less: Accumulated depreciation	(3,341)	(1,532)
	81,583	50,858
Plant and equipment - at cost	259,313	203,622
Less: Accumulated depreciation	(130,480)	(61,230)
	128,833	142,392
	210,416	193,250

Note 10. 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 below:

Aggregated	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2018	52,168	103,127	155,295
Additions	-	82,472	82,472
Depreciation expense	(1,310)	(43,207)	(44,517)
Balance at 30 June 2019	50,858	142,392	193,250
Additions	32,534	55,691	88,225
Depreciation expense	(1,809)	(69,250)	(71,059)
Balance at 30 June 2020	81,583	128,833	210,416

Accounting policy for property, plant and equipment
Plant and equipment is 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 calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	30% - 100%
Motor vehicles	30% - 100%

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

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 Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 11. Right-of-use assets

	Aggregated	
	2020 $	**2019 $**
Non-current assets		
Land and buildings - right-of-use	18,049,851	14,091,916
Less: Accumulated depreciation	(3,026,884)	(1,166,319)
	15,022,967	12,925,597
Motor vehicles - right-of-use	74,260	60,903
Less: Accumulated depreciation	(54,412)	(32,548)
	19,848	28,355
	15,042,815	12,953,952

Note 11. Right-of-use assets (continued)

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

Aggregated	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2018	-	40,507	40,507
Adoption of AASB 16 *Leases*	6,890,448	-	6,890,448
Additions	7,201,468	13,317	7,214,785
Depreciation expense	(1,166,319)	(25,469)	(1,191,788)
Balance at 30 June 2019	12,925,597	28,355	12,953,952
Additions	4,011,078	13,357	4,024,435
Depreciation expense	(1,913,708)	(21,864)	(1,935,572)
Balance at 30 June 2020	15,022,967	19,848	15,042,815

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group 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.

Note 12. Intangibles

	Aggregated	
	2020 $	**2019 $**
Non-current assets		
Rent roll - at cost	5,943,116	5,943,116
Less: Accumulated amortisation	(997,940)	(601,732)
	4,945,176	5,341,384

Note 12. Intangibles (continued)

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

Aggregated	Rent roll $	Total $
Balance at 1 July 2018	4,722,940	4,722,940
Additions	971,362	971,362
Amortisation expense	(352,918)	(352,918)
Balance at 30 June 2019	5,341,384	5,341,384
Amortisation expense	(396,208)	(396,208)
Balance at 30 June 2020	4,945,176	4,945,176

Accounting policy for intangible assets
Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The 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.

Rent roll
Rent rolls are accounted for as an intangible asset with a finite life in accordance with AASB 138 *Intangible assets*. They are measured at cost less amortisation and any impairment. Rent rolls are amortised over 15 years.

Note 13. Trade and other payables

	Aggregated	
	2020 $	**2019 $**
Current liabilities		
Trade payables	816,392	344,114
Accruals	57,823	3,200
BAS payable	378,225	136,980
Other payables	13,435	66,424
	1,265,875	550,718

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and 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.

Note 14. Contract liabilities

	Aggregated	
	2020 $	**2019 $**
Current liabilities		
Contract liabilities	-	75,227

Accounting policy for contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 15. Borrowings

	Aggregated 2020 $	Aggregated 2019 $
Current liabilities		
Secured:		
Bank loans	333,336	333,336
Vendor finance - rent roll	-	87,500
Loan - Chattel mortgages and equipment loans	46,480	21,821
Loan - Prospa Advance Pty Ltd	36,084	-
Loan - Related party	14,955	17,482
Unsecured:		
Insurance premium funding	9,282	3,357
Loan - Related party	54,450	42,008
	494,587	505,504
Non-current liabilities		
Secured:		
Bank loans	3,923,324	4,173,326
Loan - Chattel mortgages and equipment loans	75,418	76,405
Loan - Prospa Advance Pty Ltd	176,473	-
Loan - Related party	53,409	73,032
Unsecured:		
Loan - Related party	-	54,450
Loan - Unitholders	4,399	4,399
	4,233,023	4,381,612
	4,727,610	4,887,116

Secured liabilities and assets pledged as security

(a) Bank
The bank facilities comprise a market-rate loan, an overdraft facility, and a bank guarantee facility. The facilities are secured as follows:

- Guarantees provided by William Creedon and Karen Howard of $5,373,330 each.
- A first ranking charge over all present and acquired property of: all the businesses included in the aggregation, Alloggio Holdings Pty Ltd and the Bandon Trust. Alloggio Holdings Pty Ltd owns 100% of the shares in Alloggio Pty Ltd (business included in the aggregation) and the Bandon Trust is the majority shareholder in Alloggio Holdings Pty Ltd. William Creedon is the principal beneficiary of the Bandon Trust.
- First registered mortgages over certain leases held by Alloggio Hotels Unit Trust and Alloggio Management Unit Trust (businesses included in the aggregation).

(b) Vendor loan
The loan was secured over the rent roll that was acquired.

(c) Loan - Prospa Advance Pty Ltd
Alloggio Hotels Unit Trust and William Creedon have provided a security interest over all their respective assets.

(d) Loans - Chattel mortgages and equipment loans, and related party
The loans are secured over the equipment that the loans relate to.

Note 15. Borrowings (continued)

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

	Aggregated 2020 $	Aggregated 2019 $
Total facilities		
Bank overdraft	200,000	200,000
Bank loans	4,256,660	4,506,662
Bank guarantee	500,000	500,000
Vendor finance	-	87,500
Insurance premium funding	9,282	3,357
Loan - Chattel mortgages and equipment loans	121,898	98,226
Loan - Prospa Advance Pty Ltd	212,557	-
Loan - Related party	122,814	186,972
Loan - Unitholders	4,399	4,399
Lease liabilities (hire purchase and finance leases)	53,451	51,046
	5,481,061	5,638,162
Used at the reporting date		
Bank overdraft	-	-
Bank loans	4,256,660	4,506,662
Bank guarantee	500,000	500,000
Vendor finance	-	87,500
Insurance premium funding	9,282	3,357
Loan - Chattel mortgages and equipment loans	121,898	98,226
Loan - Prospa Advance Pty Ltd	212,557	-
Loan - Related party	122,814	186,972
Loan - Unitholders	4,399	4,399
Lease liabilities (hire purchase and finance leases)	53,451	51,046
	5,281,061	5,438,162
Unused at the reporting date		
Bank overdraft	200,000	200,000
Bank loans	-	-
Bank guarantee	-	-
Vendor finance	-	-
Insurance premium funding	-	-
Loan - Chattel mortgages and equipment loans	-	-
Loan - Prospa Advance Pty Ltd	-	-
Loan - Related party	-	-
Loan - Unitholders	-	-
Lease liabilities (hire purchase and finance leases)	-	-
	200,000	200,000

Accounting policy for borrowings
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.

Note 16. Lease liabilities

	Aggregated 2020 $	Aggregated 2019 $
Current liabilities		
Lease liability - land and buildings	1,428,338	1,058,924
Lease liability - motor vehicles	36,012	14,197
	1,464,350	1,073,121
Non-current liabilities		
Lease liability - land and buildings	14,755,748	12,278,887
Lease liability - motor vehicles	17,439	36,849
	14,773,187	12,315,736
	16,237,537	13,388,857

Land and buildings
The Aggregated Group has leases for hotels and offices. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Aggregated Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Motor vehicles
The Aggregated Group leases motor vehicles under finance lease and hire purchase. The leases are secured over the equipment and individual motor vehicles that the lease relates to. The Aggregated Group classifies its right-of-use assets for the respective assets within property, plant and equipment.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a 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 or loss if the carrying amount of the right-of-use asset is fully written down.

The Group has early adopted AASB 2020-4 "Covid-19-Related Rent Concessions". The practical expedient in paragraph 46A has been applied to each relevant lease where a rental concession was agreed prior to 30 June 2020.

Note 17. Provisions

	Aggregated 2020 $	Aggregated 2019 $
Current liabilities		
Annual leave	88,661	78,621
Non-current liabilities		
Long service leave	16,840	16,840
Lease make good	85,470	64,155
	102,310	80,995
	190,971	159,616

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Accounting policy for provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group 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.

Accounting policy for employee benefits

Short-term employee benefits
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.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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.

Note 18. Other

	Aggregated 2020 $	Aggregated 2019 $
Non-current liabilities		
Rental bond received	-	14,300

Note 19. Key management personnel disclosures

As disclosed in Note 1 to the financial statements, the Aggregated Financial Report is an aggregation and not a consolidation of all businesses in the Aggregated Group for the 2019 and 2020 financial years. Accordingly, there is no Parent Entity for the purposes of the Aggregated Financial Statements.

Note 19. Key management personnel disclosures (continued)

Key Management Personnel for the Aggregated Financial Statements have been determined based on review of the Group's operational and strategic framework and analysis as to which personnel are responsible for these functions.

Compensation
Details of remuneration of key management personnel are disclosed below:

	Aggregated 2020 $	Aggregated 2019 $
Short-term employee benefits	155,000	153,000
Post-employment benefits	14,250	14,250
	169,250	167,250

Note 20. Related party transactions

Parent entity
Alloggio Group Limited is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties
The following transactions occurred with related parties:

	Aggregated 2020 $	Aggregated 2019 $
Payment for other expenses:		
Interest paid to entity associated with Will Creedon	6,531	1,804

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
2020

Related party entity	KMP related to	Balance at beginning of year $	Loans advanced $	Loans repaid $	Interest charged $	Balance at end of year $
Related party loan liabilities						
Secured:						
Willger Pty Ltd	William Creedon	90,514	-	(28,681)	6,531	68,364
Unsecured:						
Willger Pty Ltd	William Creedon	96,458	29,776	(71,784)	-	54,450
Christopher Sneddon Family Trust	Christopher Sneddon	4,399	-	-	-	4,399
		191,371	29,776	(100,465)	6,531	127,213

Note 20. Related party transactions (continued)

2019

Related party entity	KMP related to	Balance at beginning of year $	Loans advanced $	Loans repaid $	Interest charged $	Balance at end of year $
Related party loan liabilities						
Secured:						
Willger Pty Ltd	William Creedon	-	95,501	(6,791)	1,804	90,514
Unsecured:						
Willger Pty Ltd	William Creedon	72,373	40,281	(16,196)	-	96,458
Christopher Sneddon Family Trust	Christopher Sneddon	4,374	25	-	-	4,399
		76,747	135,807	(22,987)	1,804	191,371

The secured loans bear interest and have fixed repayment terms. The unsecured loans are non-interest bearing and repayable on demand.

Note 21. Cash flow information

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

	Aggregated 2020 $	Aggregated 2019 $
Loss after income tax expense for the year	(940,725)	(918,728)
Adjustments for:		
Depreciation and amortisation	2,402,839	1,589,223
Change in operating assets and liabilities:		
Increase in trade and other receivables	(23,808)	(7,482)
Increase in contract assets	(36,984)	-
Decrease/(increase) in prepayments	19,888	(57,780)
Increase in other operating assets	(125,098)	(55,910)
Increase in trade and other payables	715,157	242,799
Increase/(decrease) in contract liabilities	(75,227)	74,425
Decrease in provision for income tax	(93,757)	(37,902)
Increase in employee benefits	10,040	9,717
Increase in other provisions	21,315	64,155
Increase/(decrease) in other operating liabilities	(14,300)	14,300
Net cash from operating activities	1,859,340	916,817

Note 21. Cash flow information (continued)

Changes in liabilities arising from financing activities

Aggregated	Bank loans $	Vendor finance $	Loan - Other $	Loan - Willger Pty Ltd $	Loan - Unitholders $	Lease liabilities $	Insurance premium funding $	Total $
Balance at 1 July 2018	4,104,998	150,006	-	72,373	4,374	6,937,572	-	11,269,323
Net cash from/(used in) financing activities	401,664	(167,506)	98,226	114,599	25	(763,500)	3,357	(313,135)
Acquisition of right-of-use assets	-	-	-	-	-	7,214,785	-	7,214,785
Acquisition of rent roll	-	105,000	-	-	-	-	-	105,000
Balance at 30 June 2019	4,506,662	87,500	98,226	186,972	4,399	13,388,857	3,357	18,275,973
Net cash from/(used in) financing activities	(250,002)	(87,500)	236,229	(64,158)	-	(1,175,755)	5,925	(1,335,261)
Acquisition of right-of-use assets	-	-	-	-	-	4,024,435	-	4,024,435
Balance at 30 June 2020	4,256,660	-	334,455	122,814	4,399	16,237,537	9,282	20,965,147

Alloggio Group Limited - Aggregated
Directors' declaration
30 June 2020

In the directors' opinion:

- The Aggregated Group comprising the businesses as set out in note 3 to the Aggregated Financial Statements is not a reporting entity;

- The Aggregated Group's Aggregated Financial Statements and notes as set out on pages 1 to 23:

(a) Present fairly the aggregated financial position of the Aggregated Group as at 30 June 2019 and 30 June 2020 and its performance, as represented by the results of its operations for the financial years ended on that date in accordance with the basis of preparation described in note 2;
(b) Comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in note 2; and

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

This declaration is made in accordance with a resolution of the Board of Directors.

William B Creedon
Director - Alloggio Group Limited

4 June 2021
Newcastle

Independent Auditor's Report to the Directors of Alloggio Group Limited

Opinion

We have audited the Aggregated Financial Information (the "Aggregated Financial Information) of Alloggio Group Limited (the "Company") as defined in Note 1 (the "Aggregated Group"), which comprises the Aggregated Statement of Net Assets as at 30 June 2019 and 30 June 2020, the Aggregated Statement of Profit or Loss and the Aggregated Statement of Cash Flows for the years then ended, and notes to the Aggregated Financial Information including a summary of significant accounting policies and a declaration by directors.

In our opinion, the accompanying Aggregated Financial Information presents fairly, in all material respects, the Aggregated Net Assets of the Aggregated Group as at 30 June 2019 and 30 June 2020 and of the Aggregated Group's, Aggregated Profit or Loss and Aggregated Cash Flows for the years ended in accordance with the basis of preparation described in Note 2 to the Aggregated Financial Information.

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 Aggregated Financial Information section of our report. We are independent of the Aggregated Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of Accounting

We draw attention to Note 2 to the Aggregated Financial Information, which describes the basis of accounting. The Aggregated Financial Information has been prepared to assist the Company to meet its financial reporting requirements relating to a proposed initial public offering. As a result, the Aggregated Financial Information may not be suitable for another purpose. Our report is intended solely for the Directors and should not be distributed to or used by parties other than the Directors. Our opinion is not modified in respect of this matter.

Independent Auditor's Report to the Directors of Alloggio Group Limited

Responsibilities of Management for the Aggregated Financial Information

Management of the Company is responsible for the preparation of the Aggregated Financial Information in accordance with the basis of preparation described in Note 2 and for such internal control as management determine is necessary to enable the preparation of the Aggregated Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Aggregated Financial Information, management is responsible for assessing the ability of the Aggregated Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Aggregated Group or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Aggregated Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Aggregated Financial Information

Our objectives are to obtain reasonable assurance about whether the Aggregated Financial Information 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 Aggregated Financial Information.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Aggregated Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aggregated Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Aggregated Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Aggregated Financial Information or, if such disclosures

Independent Auditor's Report to the Directors of Alloggio Group Limited

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entities in the Aggregated Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Aggregated Financial Information, including the disclosures, and whether the Aggregated Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Aggregated Group to express an opinion on the Aggregated Financial Information. We are responsible for the direction, supervision and performance of the Aggregated Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Regards,

ESV

ESV Accounting and Business Advisors

Tim Valtwies
Partner