

MEETING HELD JANUARY 6, 2020

Larry Lancaster, chairman of the board, presided over the first meeting of the year, beginning at 3 P.M. The meeting was conducted in the boardroom of Apollo's new global headquarters. All members were present:

Larry Lancaster

Josephine Mandeville**

Ivan Gorr*

Harry Baker*

Fritz Brenner**

Theodore Horstmann**

Eric Unum

* Outside director ** Outside director and member of the audit committee.

The minutes of the December 16, 2019 meeting were reviewed and approved.

Reporting on the annual meeting of shareholders, Mr. Lancaster welcomed the new or reelected board members: Josephine C. Mandeville, Professor of Accountancy and Typing at the Graduate School of Business and Clerical Skills; Ivan W. Gorr, President and CEO of Far More Drugs; Harry R. Baker, Executive Vice President and Treasurer of the Iguana Growers of America Inc., Theodore Horstmann, Minister of Commerce of Anglonesia; and Fritz Brenner, President of The Widget Corporation

Mr. Unum presented the forecast for the year, attached. Sales are expected to increase 10 percent, with costs of goods sold and general expenses bearing about the same relationships as experienced last year. Mr. Lancaster stated, "Well, they better increase by that much, or heads will roll!" Mr. Lancaster's plan to move production to within the company was discussed. Over Mr. Horstmann's vehement disagreement, the board authorized purchase of equipment totaling \$1.3 million to facilitate internal production of Apollo products by a vote of 6-1.

Mr. Unum reported that the Company's short-term line of credit was refinanced as of February 2, 2020 and rolled into a note payable with the Twenty-First National Bank of Maine, due January 1, 2021.

Mr. Brenner moved a declaration of dividends for the year ended the previous December 31. The motion died for lack of a second.

Mr. Unum moved, and Mr. Lancaster seconded, officers' salary increases of 10 percent for 2020 as well as stipends for outside Board Members of \$90,000 each. The board approved these salaries and stipends by a 6-1 vote:

2020 Salary

President and CEO, Larry Lancaster	\$466,000
Exec Sr. VP and CFO, Joe Bootwell	246,000
VP Marketing, Fred Durkin	322,000
VP Finance, Eric Unum	367,000
VP Information Systems, Sue Fultz	167,000
VP Operations, Daisy Gardner	320,000
Internal Audit Director, Karina Ramirez	167,400
Treasurer, Mary Costain	187,400
Controller, Samuel Carboy	209,600

Mr. Lancaster encouraged everyone to watch the 2020 Super Bowl to watch for Apollo's 15- second commercial. He noted that the cost of the commercial time rose approximately 10% from last year. The cost of production and airing the ad is now approaching \$1,000,000.

Meeting ended 5:30 P.M.

/s/ Jeff Chesnut, Secretary

MEETING HELD JUNE 30, 2020

Larry Lancaster, chairman of the board, presided over the second meeting of the year, beginning at 3 P.M. All members were present:

Larry Lancaster

Josephine Mandeville**

Ivan Gorr*

Harry Baker*

Fritz Brenner**

Theodore Horstmann**

Eric Unum

* Outside director ** Outside director and member of the audit committee.

The minutes of the January 6 meeting were reviewed and approved.

Mr. Lancaster reported on damage caused by a “Nor’easter” storm that hit Shoetown in April. Damages amounted to approximately \$50,000, just under the insurance deductible.

Mr. Unum reported that sales revenues are not meeting expectations, primarily because of parents’ growing disenchantment with spoiling their children; parents were no longer willing to buy \$300 premium shoes for their kids as they did in previous years. Mr. Gorr concurred and mentioned something about “not sparing the rod.” In order to compensate for decreased sales, the Company has raised prices by about 10% with respect to product costs.

Mr. Lancaster lamented that the quality of Apollo products was too high—the shoes were just not wearing out fast enough. Mr. Lancaster also stated that because of the strength of current product lines and as a cost-cutting measure, he decided to stop research and development efforts on the Phoneshoe, thereby eliminating Research and Development expense for the current year. The development lab will be modified in 2021 to house a personal gym for corporate executives. Scientists working in the lab have been reassigned to maintenance duties elsewhere in the company. The Company has also saved postage and telephone expense through increased use of e-mail.

In other business, the board authorized the write-off of one account receivable for \$23,810.13 for an account that had been outstanding for over a year. Mr. Lancaster noted that he did not anticipate any other write-offs during the year, or that “heads would roll!”

Mr. Unum moved that Apollo advance \$1,250,000 to Mr. Lancaster’s personal secretary as a personal loan to cover personal legal expenses related to her previous employer. Mr. Unum further suggested that the promissory note plus accrued interest of 1% per year be due on June 30, 2057. Mr. Lancaster suggested that it be recorded in “other receivables,” rather than “employee advances” so as to not trouble shareholders with needless details. After general agreement among the board that similar options be made available to other board members in the future on an as needed basis, the advance was approved unanimously. Mr. Lancaster asked Mr. Unum to have the check drawn to him immediately at the conclusion of the board meeting; he would cash it and give it to his secretary.

The board unanimously supported Ernst Hathaway’s promotion from Director of MIS to VP-Information Systems. He reported on the plans for the purchase and installation of a new information system. The board authorized up to \$1.2 million for the purchase of the new computer system. Ms. Mandeville offered to consult on the purchase and installation. To fund the purchase and pay other expenses, Mr. Unum requested that the board authorize a draw of \$44,403,000 on the Company’s line of credit on July 1. This proposal was unanimously approved.

Meeting ended 7:30 P.M.

/s/ Jeff Chesnut, Secretary

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MEETING HELD JANUARY 6, 2021

Larry Lancaster, chairman of the board, presided over the regular meeting, beginning at 2 P.M. All members were present:

Larry Lancaster

Josephine Mandeville**

Ivan Gorr*

Harry Baker*

Fritz Brenner**

Theodore Horstmann**

Eric Unum

* Outside director ** Outside director and member of the audit committee.

The minutes of the June 30 meeting were reviewed and approved.

The selection by the audit committee of Anderson, Olds & Watershed as auditors was ratified. The \$750,000 fee was approved for the 2020 audit.

Ms. Mandeville moved, and Mr. Gorr seconded, a proposal to declare retroactively a cash dividend of \$860,000 payable March 1, 2021, to stockholders of record on December 31, 2020. Approved by a vote of 5–2.

Ms. Fultz, VP-Legal affairs, stated that on January 5, 2021 (yesterday), a class action suit alleging gross negligence and violation of warranty of merchantability was brought against Apollo for \$12,000,000. The action stems from the use of one of the Company's products in an aquatic environment, which may have caused severe electrical shock to the wearer(s). She is working closely with Apollo's legal counsel, Perley Stebbins, to vigorously defend Apollo's good name. Ms.Fultz stated that the company's current insurance does not cover these types of actions.

Mr. Baker inquired as to the status of the machinery purchased in early 2020. Mr. Lancaster replied that the machinery would be set up "soon."

Mr. Lancaster moved and Mr. Unum seconded the approval of officers' bonuses for the year just ended December 31, 2020. Approved by a 4–3 vote.

President, Larry Lancaster	\$200,000
VP Marketing, Fred Durkin	50,000
VP Finance, Eric Unum	50,000
VP Information Systems, Ernst Hathaway	50,000
VP Legal Affairs, Sue Fultz	50,000
VP Operations, Daisy Gardner	50,000

The Board approved the Company's contribution to the Employee Benefits program. Mr. Unum stated that the contribution was increased by \$300,000 for 2020, up 10% over the past several years to appease growing employee dissatisfaction. Given the company's plans to automate the distribution process, Mr. Unum stated that employee benefits will decrease significantly in future years.

Mr. Unum noted also that the company decided not to air a Super Bowl ad this year.

Meeting ended 8:30 P.M.

/s/ Jeff Chesnut, Secretary

Minutes of the Audit Committee, Apollo Shoes
October 17, 2020

Present at Meeting: Arnold Anderson, CPA (partner in charge of the audit); Darlene Wardlaw, CPA (auditor manager); Eric Unum (Apollo's vice president of finance); Mary Costain (Apollo's treasurer); Samuel Carboy (Apollo's controller); and Karina Ramirez (Apollo's director of internal audit). The three members of the audit committee of the board and the corporate secretary also were present, but they did not enter into the conversation.

Mr. Unum (VP finance): Well, I want to welcome the auditing firm of Anderson, Olds, and Watershed, CPAs to what we call the "Apollo Shoes Experience." After our old auditors, Smith & Smith, CPAs, unexpectedly withdrew from the engagement, we were very happy to have a firm of your quality to come aboard.

Mr. Anderson (partner on the audit): Well, we are always looking for high quality clients. By the way, why did your previous auditors resign?

Mr. Unum (VP finance): I'd rather not talk about it. Arnold, will Darlene be in charge?

Mr. Anderson (partner on the audit): Yes, and she will be assisted by several of our best staff, including an income tax specialist and an information technology auditor. We need to keep up to date on your computer information systems. Back to your previous auditors, with your permission, we would like to contact them.

Mr. Unum (VP finance): Well, we'd rather you didn't. There may be some litigation since they withdrew from the engagement with so little notice. Is it necessary for you to speak with them to accept the engagement?

Mr. Anderson (partner on the audit): No, not really, but it does raise some concerns for our firm.

Ms. Costain (treasurer): In the past, we have never had any unpleasant discoveries of embezzlement or theft, but we always want to be vigilant. Will you plan enough in-depth auditing to give us assurances about errors and frauds in the accounts?

Ms. Wardlaw (manager on the audit): We will follow audit standards and base our audit work on samples of transactions. We plan the work to look for major errors and frauds in the accounts, but cleverly hidden schemes might not be discovered.

Ms. Ramirez (internal auditor): Darlene, I agree, it's hard to uncover clever schemes. While I am new to Apollo, none of the projects that I have undertaken this year shows anything amiss, other than normal human error types of mistakes.

Ms. Costain (treasurer): This year, we want to add some work to the audit. I am short on staff time and need to have you prepare the state franchise tax return as well as the federal tax returns.

Ms. Wardlaw (manager on the audit): Our tax staff person can do the state and federal returns, and I will have them reviewed by Maria Olds, our tax partner. In order to perform the tax work, Sarbanes-Oxley requires that we get prior approval from the audit committee to perform both the tax work as well as the audit.

Mr. Anderson (partner on the audit): I assume you also want us to review the 10-K filing material?

Mr. Unum (VP finance): Yes. Will you need any staff help from us?

Ms. Ramirez (internal auditor): Last year, Apollo was able to save on audit fees when my staff prepared a stack of schedules and analyses that our previous auditors needed.

Ms. Wardlaw (manager on the audit): Yes, Karina, I will give you a list of schedules for various accounts. I will appreciate your having them ready when we start fieldwork near the beginning of January.

Mr. Carboy (controller): Speaking of being ready, we will be able to give you a trial balance the day after December 31, on New Year's Day!

Mr. Unum (VP finance): How much is this going to cost us?

Mr. Anderson (partner on the audit): It is difficult to give you a fixed fee deal, but my estimate, considering the additional work, is \$750,000. Darlene will let you know immediately if problems arise to cause the work to be more extensive.

Mr. Unum (VP finance): Thank you. This has been a productive meeting of the minds. We look forward to your getting started next month.

Meeting ended 5:30 P.M.

/s/ Jeff Chesnut, Secretary