

AMA GROUP

ASX Announcement

31 January 2022

2Q22 Quarterly Cash Flow and Activities Report

AMA Group Limited (ASX: AMA) (AMA Group) today provides its Appendix 4C Quarterly Cash Flow and Activities Report for the quarter ended 31 December 2021 (2Q22) (unaudited).

Highlights

- Ongoing impacts of COVID-19 related restrictions leading to reduced repair volumes in New South Wales and Victoria
- Total cash used in operating activities over the quarter of \$9.8 million
- \$46 million received in October in relation to the Retail Entitlement Offer undertaken in the quarter ended 30 September 2021 (1Q22)
- Total available funding of \$89 million at 31 December 2021

Business update

The business remained significantly COVID-19 affected through much of 2Q22. Monthly repair volumes were at their lowest level for the 6 months ended 31 December 2021 (1H22) in October. As the impacts of the Delta variant subsided and COVID-19 related restrictions began to ease in November 2021 in New South Wales and Victoria, the AMA Group prepared for an exceptionally busy summer season. Repair volumes increased across the quarter, trending broadly with increases in mobility; however, absolute repair volumes in December were impacted by the shortened work month due to the summer holiday period. The strength of the rebound in repair volumes was also impacted as the population quickly transitioned from government mandated restrictions to self-imposed isolation and caution, as the Omicron variant arrived in Australia in late November 2021.

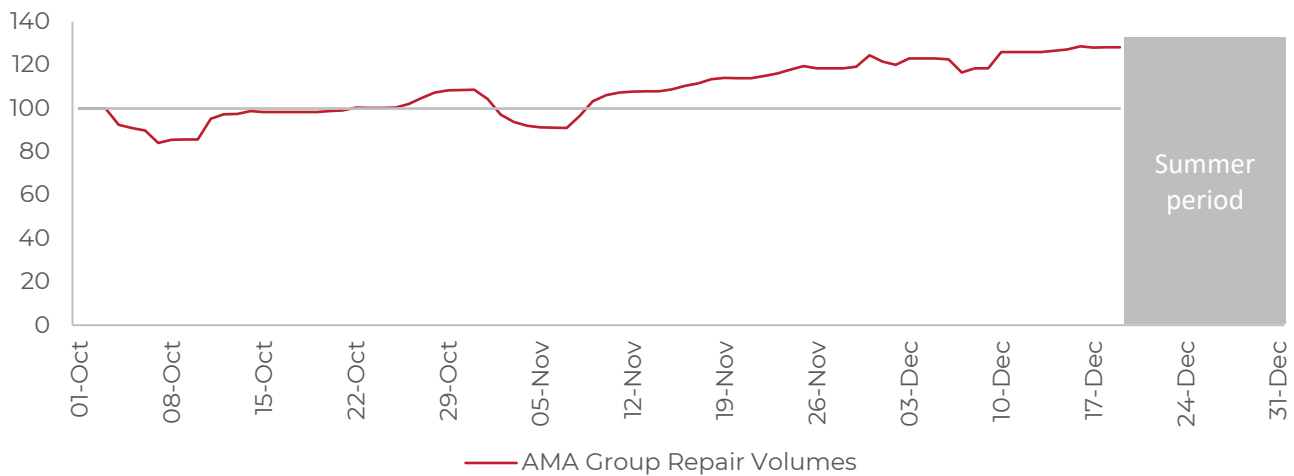
The AMA Group carefully managed staffing levels across the period, making the difficult decision to hibernate staff throughout 1H22, reflective of the depressed repair volumes. These prudent actions are reflected in lower staff costs in 2Q22 compared to 1Q22. In support of our people and to ensure the retention of our workforce heading into the summer season, the AMA Group brought hibernated staff back to work in advance of anticipated higher repair volumes. While this was an important business and people decision, it marginally increased the cash used for operating activities.

AMA Group Limited

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AMA Group Repair Volumes (7 day rolling average) rebased to 100: 1 October – 19 December 2021



Note: Data from 20 December 2021 excluded due to wind down into summer period

Source: AMA Group data

On 7 December 2021, AMA Group announced the appointment of Geoff Trumbull as Group Chief Financial Officer (CFO), joining the business in February 2021. Geoff is a senior business leader with over 15 years' experience in corporate advisory and finance leadership roles across the infrastructure, industrial and consumer sectors. He joins AMA Group from ASX listed, Transurban Group (Transurban) where he was General Manager Finance / Regional CFO for Transurban's NSW operations.

Darren Basford, Interim Group CFO will remain with AMA Group throughout the Half Year 2022 results period to ensure an orderly transition. Group Chief Executive Officer (CEO), Carl Bizon said, "I would like to take this opportunity to thank Darren Basford, who has been in the role of Interim Group CFO since August 2021. His commitment during the capital raising process in September and his subsequent contribution to the business are very much appreciated and we wish him all the best."

2021 Annual General Meeting

AMA Group's 2021 Annual General Meeting (AGM) was held virtually on 18 November 2021. The results of all resolutions were in line with the Board's recommendations, with all resolutions carried except the election of a non-Board Endorsed Director.

Payments to related parties

As previously disclosed, AMA Group has engaged Leath Nicholson's firm, Nicholson Ryan Lawyers, to retain his services as the outsourced General Counsel for AMA Group. Given this appointment, Leath stepped off the Board and relinquished his role as a Non-Executive Director of the AMA Group Board at the 2021 AGM on 18 November 2021.

During the period 1 October – 18 November 2021 (prior to Leath's retirement from the Board), approximately \$225,550 of legal and advisory fees were paid to Nicholson Ryan Lawyers, a significant portion of which related to the September capital raising.

Summary of cash position

\$44 million net proceeds related to the Retail Entitlement Offer undertaken in 1Q22 was received in October. AMA Group ended 2Q22 with a cash balance of approximately \$81 million and unused available finance facilities of approximately \$8 million. Based on the approximately \$9.8 million net cash used in operating activities in 2Q22, the total available funding of \$89 million provides an

estimated 9 (nine) quarters of funding available at the December period end. We note that this estimate of available funding is based on continued operation in the COVID-19 affected conditions experienced during 2Q22, and not the expected improved longer term operating conditions of a post COVID-19 environment.

COVID-19

The AMA Group had hoped the six months ending 30 June 2022 would bring a more “normal” set of operating conditions. However, the impacts of COVID-19 on the Australian and New Zealand economies continue to challenge all labour dependent businesses, including AMA Group. COVID-19 related absenteeism is further affecting an already constrained labour market and AMA Group continues to work to minimise the effects of these shortages through careful labour force management.

The difficulties resulting from a reduced labour force have been further compounded by increased incidence of repair booking cancellations and no-shows for booked repair drop-offs and pick-ups. Despite these challenges, the AMA Group remains well placed for the future, with a strong cash position following prudent management actions undertaken since the capital raising in 1Q22. With substantial cash reserves, the business is well positioned to manage the ongoing uncertainty created by the ongoing impacts of COVID-19.

AMA Group CEO, Carl Bizon said, “This is an incredibly difficult time for so many on our AMA Group Team and more broadly in our communities. I thank each member of our team for their hard work and dedication, in what is a very difficult set of circumstances, from those unwell or isolating at home to their teammates working on the floor with reduced staffing levels. Everyone’s commitment to ensuring we are there for our customers has been second to none and I am incredibly grateful for the Team’s efforts.”

2022 half year results

AMA Group’s results for the six months to 31 December 2021 (1H22) are scheduled for release on 22 February 2022. The results teleconference and webcast will be held at 11:00am AEDT (Melbourne/Sydney time) on the same day. Participants can register for the teleconference and webcast via the button on the landing page at amagroupltd.com.

It is expected that AMA Group will deliver a normalised post-AASB 16 EBITDA range of \$3-7m for 1H22.

Other than these matters there were no other material developments or material changes in business activities during the 2Q22

This announcement has been authorised by the Board of AMA Group Limited.

ENDS.

Investors and Media:

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Appendix 4C
Quarterly cash flow report for entities
subject to Listing Rule 4.7B

Name of entity	AMA GROUP LIMITED
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ABN	50 113 883 560	Quarter ended ("current quarter")	31-Dec-21
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Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers (inclusive of GST)	250,109	502,486
1.2 Payments for to suppliers and employees (inclusive of GST)	(254,419)	(510,458)
(a) research and development	0	0
(b) product manufacturing and operating costs	(200,072)	(389,115)
(c) advertising and marketing	(77)	(132)
(d) leased assets	(25,919)	(47,705)
(e) staff costs	(24,045)	(59,388)
(f) administration and corporate costs	(4,306)	(14,118)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	50	78
1.5 Interest and other costs of finance paid	(4,925)	(13,708)
1.6 Income taxes paid	(756)	(1,491)
1.7 Government grants and tax incentives	148	501
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	(9,793)	(22,591)
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(4,000)	(6,476)
(c) property, plant and equipment	(2,375)	(4,103)
(d) investments		0
(e) intellectual property		0
(f) other non-current assets		0
2.2 Proceeds from disposal of:		
(a) entities		0
(b) businesses		0
(c) property, plant and equipment	70	167
(d) investments		0
(e) intellectual property		0
(f) other non-current assets		0
2.3 Cash flows from loans to other entities		0
2.4 Dividends received (see note 3)		0
2.5 Other (provide details if material)		0
2.6 Net cash from / (used in) investing activities	(6,305)	(10,412)
3 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	44,167	95,285
3.2 Proceeds from issue of convertible debt securities	0	50,000
3.3 Proceeds from exercise of options		0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(1,347)	(5,993)
3.5 Proceeds from borrowings		0
3.6 Repayment of borrowings	0	(72,500)
3.7 Transaction costs related to loans and borrowings		0
3.8 Dividends paid		0
3.9 Other (provide details if material)	Principal elements of lease payments (8,350)	(16,715)
3.1 Net cash from / (used in) financing activities	34,471	50,078
4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	62,970	64,203
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(9,793)	(22,591)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(6,305)	(10,412)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	34,471	50,078
4.5 Effect of movement in exchange rates on cash held	(42)	23
4.6 Cash and cash equivalents at end of period	81,302	81,302
5 Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1 Bank balances	81,302	81,302
5.2 Call deposits	0	
5.3 Bank overdrafts	0	
5.4 Other (provide details)	0	
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	81,302	81,302

6 Payments to related parties of the entity and their associates

**Current quarter
\$A'000**

Aggregate amount of payments to related parties and their associates included in item 1 (Ongoing
6.1 legal and advisory services with Nicholson Ryan Lawyers, a Director related entity)

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6.2 Aggregate amount of payments to related parties and their associates included in item 2

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7 Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify) CONVERTIBLE NOTES

7.4 Total financing facilities

7.5 Unused financing facilities available at quarter end

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Facility	Lender	Interest rate	Maturity Date	Secured
182,500	Australia and New Zealand Banking Group Limited National Australia Bank Limited ABN 12 004 044 937 Bank of China Limited Bendigo and Adelaide Bank Limited First Commercial Bank Perpetual Corporate Trust Limited ACF The Metrics Credit Partners Diversified Australian Senior Loan Fund Westpac Banking Corporation	BBSY+365bps*	5 years (Oct 2024)	Secured
50,000	Various - Notes listed on SGX-ST	4%pa Coupon	5.5 years (Mar 2027)	Unsecured

*Margin to be determined pursuant to a sliding scale with reference to Net Senior Leverage Ratio first tested in Jun-22. (Max Margin: 365bps; Min Margin 225bps)

8 Estimated cash available for future operating activities

8.1 Net cash from / (used in) operating activities (item 1.9)

8.2 Cash and cash equivalents at quarter end (item 4.6)

8.3 Unused finance facilities available at quarter end (item 7.5)

8.4 Total available funding (item 8.2 + item 8.3)

8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date:

Authorise:

(Name of body or officer authorising release – see note 4)

Notes

1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
182,500	174,664
50,000	50,000
232,500	224,664

7,836

\$A'000
(9,793)
81,302
7,836
89,138

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