



AMA GROUP

ANNUAL
FINANCIAL
REPORT

For the Year Ended
30 June 2022

AMA Group Limited ABN 50 113 883 560



Enduring Mobility:

Our vision for our customers, our people,
our industry and our shareholders.

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About this report

The FY22 Annual Report is a consolidated summary of AMA Group's operations, performance, and financial position for the year ended 30 June 2022. In this report, unless otherwise stated, references to 'AMA', 'Group', 'company', 'parent entity', 'we', 'us' and 'our' refer to AMA Group Limited and its controlled entities (refer to Note E2 for a list of controlled entities).

References in this report to a 'year' relate to the financial year ended 30 June 2022. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated. The consolidated financial statements included in this report were authorised for issue by the Directors on 23 August 2022. The Directors have the power to amend and reissue the Financial Statements.

All press releases, financial reports and other information are available at our Investor Centre on our website amagroupltd.com

Reporting suite

This annual report forms part of our annual reporting suite, which is available on our website amagroupltd.com. In addition to this annual report, the other documents that form part of the reporting suite are:

- Appendix 4E
- FY22 Results Presentation
- Corporate Governance Statement
- Modern Slavery Statement

AMA Group acknowledges Aboriginal and Torres Strait Islander peoples, the Traditional Owners of the lands and waters of Australia on which we live and work, and pay our respects to their Elders past and present.

FY22 highlights

Cash on hand

\$52_m

following positive operating cash flow in Q4

Group revenue

\$845_m

▼ (8.8%) on pcp

Net debt

\$156_m

▼ (24.3%) on pcp

Normalised Group EBITDAI
(post-AASB 16)

\$21.8_m >10%

Growth in Supply revenues

100% Insurers approached

for repricing of contracts

Launch of

Take The LEAD

cultural health, safety and environment program

Network optimisation

late in FY22 to improve margins

Group safety rating (LTIFR)

4.27

17.0% improvement on pcp

Average repair days
(Drive)

4.0

▲ 11.1% on pcp

Average repair days
(Non-Drive)

10.0

▲ 7.5% on pcp

Average repair days
(Heavy Motor)

11.3

▼ 9.6% on pcp

Rectification (Drive)

2.2%

▼ 0.3% on pcp

Rectification (Non-Drive)

3.3%

▲ 0.4% on pcp

Rectification (Heavy Motor)

0.3%

▲ 0.1% on pcp

Customer satisfaction
(Drive)

8.6/10

▲ 0.1 on pcp

Customer satisfaction
(Non-Drive)

9.3/10

▲ 0.2 on pcp

Customer satisfaction
(Heavy Motor)

9.7/10

▲ 0.4 on pcp

Customer satisfaction
(Supply)

32 NPS

▲ 19 on pcp

Our people

Team members

3,426

Apprentices

317

Frontline leaders
through course

118

Online compliance
training completion rate

93%

AMA Group's code of conduct
'The AMA Way'

100%

rolled out to Team members

Shares issued to
AMA Group Team members

9.22m

through Employee Share Plan

Initiatives launched:

AMA Group's code of conduct: The AMA Way

Employee Share plan

Frontline Leadership Program

Pulse Survey, leading to "Building Better" engagement program

Online training modules



"I really enjoyed the opportunity to attend the Frontline Leadership Program. The program has been awesome for me. It has opened my eyes to things I can do differently and has motivated me to be a better leader. I will be applying everything I have learnt into my workplace, and I am ready to take my shop and team to the next level. I am proud to be a part of AMA Group."

Nazeer Ali – Centre Manager,
Capital S.M.A.R.T Carrum Downs

"Working with AMA Group the past year has been so incredibly rewarding. They have been super supportive with my continued training and preparation for the WorldSkills International Special Edition. Not only that, they have given me the opportunity to complete my qualification as a vehicle spray painter. I joined the company during a rough patch for me, and they have been there for me, allowing me to grow as an individual and become me. Through AMA I have been nominated for TAFE Excellence Awards and won Student e-commerce of the year, Apprentice of the Year and overall Student of the Year. I can't thank the community within the industry enough. With AMA you can go anywhere."

Isabella Turrise – Spray Painter,
ARM Mt Druitt

Letter from the Chair and CEO

On behalf of the Board, we present AMA Group Limited's Annual Report for the year ended 30 June 2022.

Introduction

We commence by acknowledging that the financial year ended 30 June 2022 (FY22) was not the year we had hoped for, or expected. Like many of our stakeholders, we are frustrated by the impact that the external environment has had on the Company's operations. However, we have a clear pathway focused on prioritising delivering margin expansion, rather than absolute site numbers, repair volumes and revenue.

FY22 Financial performance

FY22 was significantly impacted by the continuing effects of COVID-19. The Group reported Normalised EBITDA of \$21.8 million (financial year ended 30 June 2021 (FY21), \$116.4 million) and revenue and other income from continuing operations of \$845.1 million (FY21 \$919.9 million). The Group reported a net loss after tax of \$148.0 million (FY21, net loss after tax of \$99.1 million). The net loss after tax was significantly impacted by the \$80.7 million impairment of goodwill related to both Capital S.M.A.R.T and other Drive sites and \$24.8 million impairment for sites closed or planned to close. The Board has not declared a final FY22 dividend.

The first half of the year (1H22) was characterised by ongoing COVID-19 pandemic related lockdowns, which resulted in low traffic levels and therefore, low repair volume. This was particularly notable in Melbourne and Sydney, the Group's largest network areas.

Board and Management had expected to see more "normal" operating conditions in the second half of the year (2H22). However, the early months of 2H22 saw continuing COVID-19-related low traffic volumes, as its lingering effects, including self-isolation to avoid contracting COVID-19 materialised. This quickly evolved from a scarcity of volume to a scarcity of labour. Although repair volumes began to return, COVID-19 infections and associated isolation requirements combined with the flu season and skilled labour force shortage, led to reduced repair volume throughput. This impacted the Group's ability to absorb overheads, therefore negatively affecting margins.

FY22 also saw significant inflationary pressures due to the global environment and the increasing complexity and cost of repairs, which coupled with historic fixed price models, impacted margins.

The Group reduced net debt by \$60.5 million, mainly through the repayment of \$72.5 million in debt following a successful capital raising in 1H22. The capital raising comprised of an accelerated 1 for 2.80 pro rata non-renounceable entitlement offer which raised approximately \$100 million at an offer price of \$0.375 per new ordinary share and a \$50 million senior unsecured convertible notes offer, convertible into ordinary shares and maturing in March 2027 unless otherwise redeemed, repurchased, or converted earlier in accordance with their terms and conditions.

FY22 Operational Achievements

As AMA Group navigated the impact of COVID-19 and saw the return of volumes into a constrained labour market in 2H22, operational priorities swiftly evolved. The Group completed the establishment of the new management team, recruited an additional Board member, and transitioned the corporate head office to Melbourne from the Gold Coast, delivering a depth of talent and experience, suitable to the execution of the strategy and governance of the company.

Execution of the Group's parts and procurement strategy commenced in earnest, with annualised savings of \$10 million expected from improved terms. ACM Parts opened a new warehouse in Somerton and the supply service model was enhanced to support the expansion of ACM Parts' offering.

In an environment characterised by significant inflationary pressures, a constrained skilled labour force and the increasing cost and complexity of repairs, the Group approached all insurer partners with new rates and charges in late FY22. There was broad recognition by the Group's insurer partners of the need to realign pricing to reflect the current environment and the majority have agreed to new pricing.

AMA Group is no longer willing to accept profitless repair volume to build scale and has chosen to exit some contracts where insurers were unwilling to adjust pricing adequately to reflect the current inflationary environment. As a result, network optimisation activities in FY22 saw the rationalisation of several sites.

The Group's people strategy continued with the "One AMA" commitment. The year saw the development of the "Building Better" employee value proposition and the inaugural employee share plan gift of shares to employees.

Anthony Day
Chair of the Board



Carl Bizon
Group Chief
Executive Officer



In the face of a nationwide skilled labour shortage, AMA Group is committed to building the "workforce of the future" through a record apprentice intake, and a commitment to training and development. Skilled migration also recommenced with the opening of international borders.

The Group is committed to ensuring absolute, best in class, health and safety for our Team. This resulted in a 17% reduction in Lost Time Injury Frequency Rate in FY22. The roll out of Take the LEAD, a cultural Health, Safety and Environment program in late FY22 ensures that this remains a top priority for the business.

FY23 outlook and guidance

FY23 is expected to be a transition year. We will embed the priorities identified and completed to "phase 1" in late FY22/early FY23. This includes network optimisation, ongoing contract pricing discussions, and early engagement for 1 July 2023 repricing of Capital S.M.A.R.T contract.

Further, as the Group corrects historical commercial legacies, the support structure of the business will continue to adjust as the Group maximises cost efficiencies through centralisation of business support functions. An active focus on cost reductions as we continue the centralisation and eliminate some transitional duplication of costs, will align fixed overheads to expected revenues and deliver margin expansion.

Given the significant impact of inflation on the Group's input costs, the focus remains on margin and operating cash flows. Following recent pricing initiatives, the Group will continue to redeploy its scarce direct labour force to maximise the efficiency of the network and focus on profitable repair volumes. This positions the Group to reacquire repair volume under contemporary revenue arrangements that fairly compensates the Company for value delivered.

The key operational priorities for FY23 are:

- Progressing the parts & procurement strategy,
- Revenue growth and diversification, and
- Pursuit of ADAS opportunities.

Further, the Group will embed priorities already completed to Phase 1 status:

- Adjustments to organisational structure,
- Optimising the network, and
- Contract pricing – including the renegotiation of the Capital S.M.A.R.T contract for FY24.

The Group will also continue working toward its strategic priorities of:

- Retention and engagement,
- Operational improvements,
- Organic and acquisition growth, and
- Workforce of the future.

Management has rebased the company to focus on profitable work in the short-term, rather than being measured on absolute repair volumes and site numbers. Following this, the Group expects to embark on acquisitions, and profitable network and capacity growth to pursue the company's strategic objectives.

We affirm FY23 and FY24 post-AASB 16 EBITDA guidance of \$70 million – \$90 million and \$120 million – \$140 million, respectively.

Close

With a network of over 160 sites and approximately 3,500 employees, AMA Group is the leader in the Australian and New Zealand collision repair industry, support by Australia's leading distributor of vehicle parts.

Our workforce comprises highly skilled professionals and operating technicians who drive the Group's performance outcomes and achievement of the Group's strategic goals to deliver shareholder value.

We thank all our employees for their ongoing commitment and hard work. We also thank the Board, our customers, insurance partners, investors, and all stakeholders for their ongoing support of AMA Group.

In FY23, our sights are set on executing our strategic priorities, continuously improving the health and safety of our Team, and delivering shareholder value.

Anthony Day
Non-Executive Director
& Chair of the Board

Carl Bizon
Executive Director
& Group Chief Executive Officer

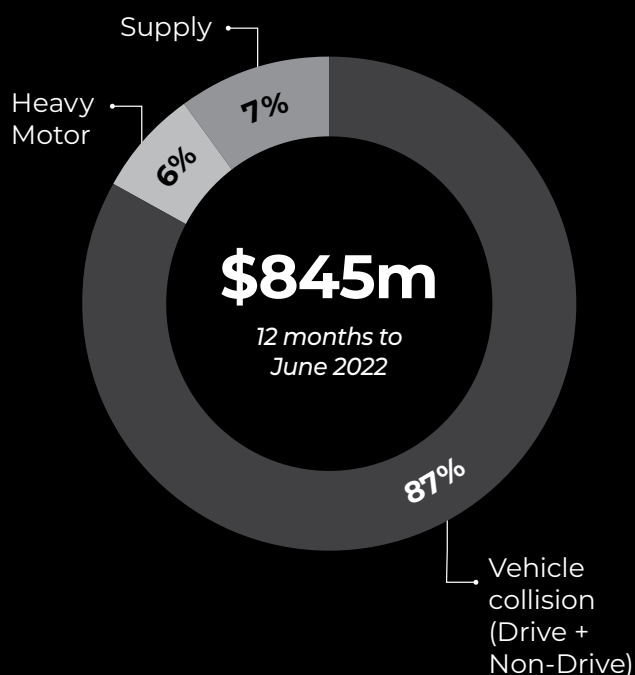
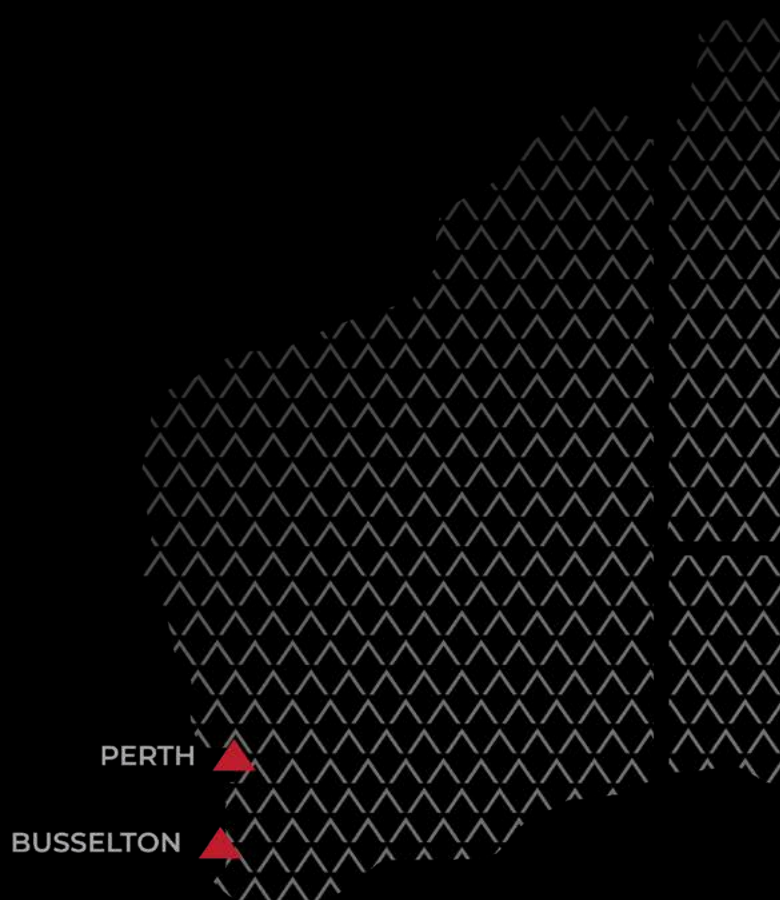
Who is AMA Group?

We are the leader in the Australian and New Zealand collision repair industry.

Founded in 2005 as Allomak Ltd, to acquire automotive aftercare businesses, the Group was listed on the Australian Securities Exchange in 2006. In 2007, we acquired our first collision repair business, Mr Gloss in Victoria, which the company still owns and operates today.

In 2009, we became AMA Group. Since then, through acquisition, AMA Group has become the largest collision repair network across Australia and New Zealand, supported by Australia's leading distributor of vehicle parts and accessories. We are Australia's only publicly listed dedicated collision repair and automotive supply business.

Our people are the foundation of everything we do. Our success is underpinned by our Team of highly skilled and committed technicians, customer service and support staff who are driven to deliver for our customers. Working together, we get more than 300,000 people and businesses back on the road every year.



~3,500
Team members



~220k
Recycled & new parts supplied per year



~280k
Vehicles repaired per year



~7.5k
Vehicles reclaimed per year

Our Australian & New Zealand network

156

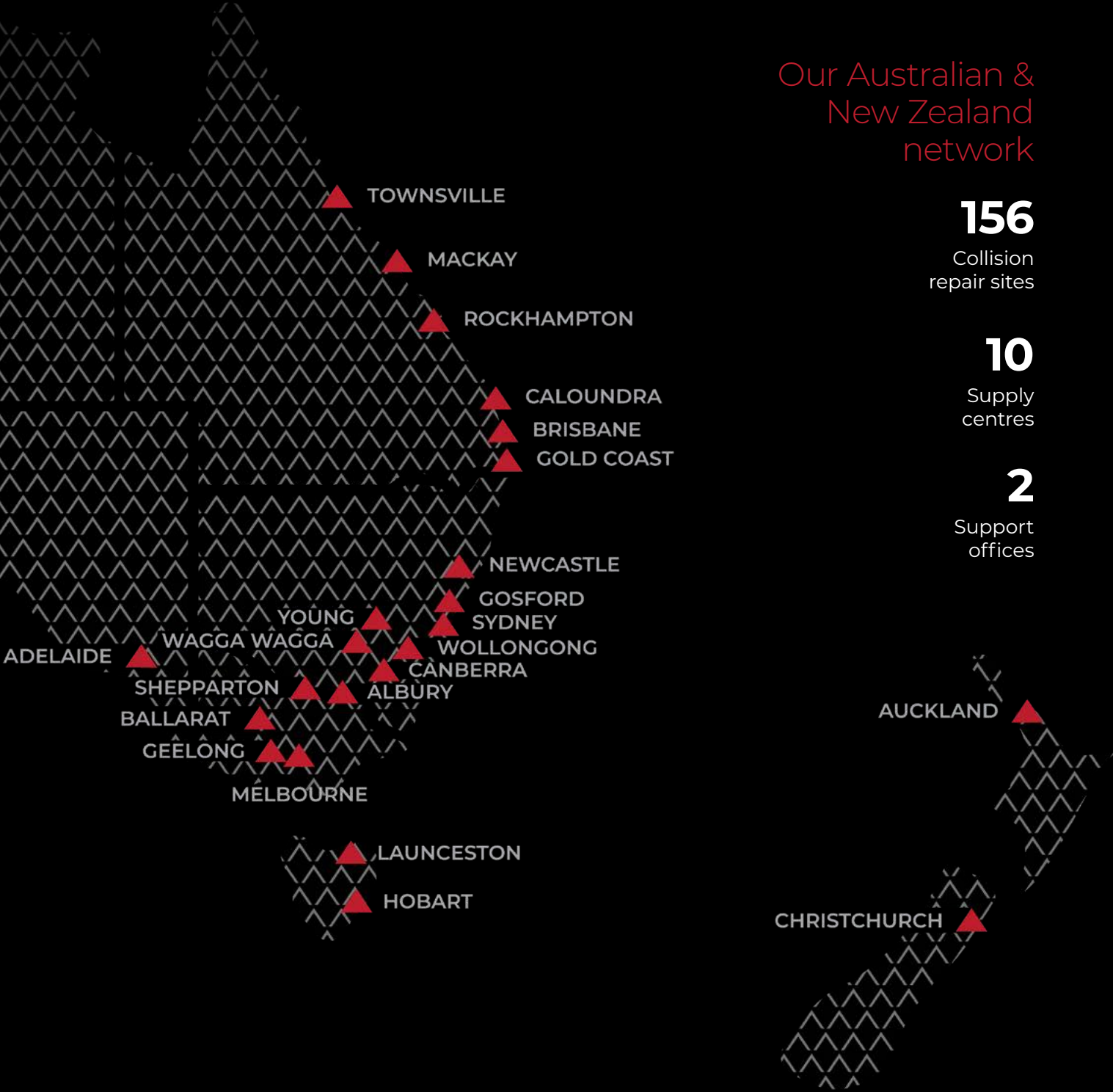
Collision repair sites

10

Supply centres

2

Support offices



Our business

We are an integrated business that creates value for our stakeholders

Vehicle owners

We keep vehicle owners moving and extend the life of their vehicles, while delivering high quality service and workmanship.

Our Team

We support our Team to develop enduring and sustainable careers as One AMA, and care for their health and safety.

Investors & lenders

We are future focused, embracing change and adapting to meet it, targeting sustained growth for our investors and lenders.

Customer partners

We develop enduring relationship with our customer partners - such as insurers, brokers, fleet operators, and Government - through an integrated national network and provide certainty of service, compliance and governance.

Collision repair industry

We contribute to the broader Collision Repair Industry by training 'more than our share' and showing leadership on key industry issues, as well as improving parts and consumables supply options.

Communities

We build enduring and sustainable partnerships with the Communities where our people live and work through grassroots community engagement and we protect the local environment.

Suppliers

We are a trusted partner to our Suppliers, building enduring, collaborative relationships.

Four business units & groupwide functions

Through four business units, our Team provides repairs for light to high-severity collisions – on everything from small private vehicles and prestige cars to commercial trucks and buses.



Rapid repair specialists across Australia and New Zealand for cars that are still drivable, using state-of-the-art technologies and innovative processes. Focused on consistent, high-quality service with fast vehicle turnaround times.



Addressing higher severity collisions, where more complex repairs are required for cars with significant damage using the latest training, methodologies, and technology to deliver a quality and safe repair. The Non-Drive business unit also incorporates specialist prestige repairers for luxury car repairs.



Heavy vehicle repairers, specialising in trucks and buses. Combining specialist expertise and ongoing investment in equipment, technology, and people to deliver outstanding quality of repair and customer service to get our clients' businesses back on the road safely, faster.



Supply works in tandem with our other business units, providing essential support in resourcing and distributing parts to our collision repair sites as well as the broader collision repair and mechanical industries. Our Supply business unit is an integral part of the collision repair supply chain, reclaiming end-of-life vehicles and delivering parts back into the collision repair and mechanical industries as well as providing alternative parts sourcing opportunities to the market. AMA Group's Supply business operates primarily through ACM Parts, offering four product ranges: Genuine, Reclaimed and Aftermarket parts, as well as Collision Repair Consumables.

Our vision and mission

During FY22, following a period of significant change, AMA Group defined our vision, mission, and values to take us into the future.

Our vision

Enduring Mobility



Our mission

AMA Group **extends the life of vehicles** through an integrated network of repairers, dismantlers, and distributors so our customers can **keep moving**.

Our values



The way we run our business is underpinned by the Group's core value that

Together we do it **right**



Care

We treat everyone with empathy and respect

One Team

We are One AMA, working together to a common goal

Ownership

We own our decisions and actions

Resilience

We embrace change and adapt as needed

Performance

We deliver value through performance, innovation, and quality

Strategy

Strategic objectives

Great place to work

Organic growth

Acquisition growth

Cash flow generation

Margin expansion



Strategic pillars – the three Ps

Partnerships

Production

Procurement



Focus areas

Reset the Base Business

Adjustments to organisational structure

Optimise network

Groupwide procurement to leverage benefits of scale

Retention and engagement

Operational improvements

Grow

Accelerate third-party parts and consumables business

ADAS opportunities

Revenue diversification

Organic and acquisition growth

Minimise Disruption

Reset contract pricing

Disintermediation of parts

Workforce of the future

Operating environment

FY22 was a challenging year for the Group. The impact of the COVID-19 pandemic continued throughout the year. The first half of the year was impacted by lockdowns and lack of traffic, reducing repair volumes. This flowed into the early months of the second half, which was then impacted by substantial labour shortages and absenteeism - driven by COVID-19 infections, close contact rules (in the third quarter) and other illnesses - reducing the labour available to deliver volumes.

Significant parts and labour inflation impacted collision repair margins. The Group is committed to increasing margins and ensuring the Group is paid fairly for

the value delivered to our customers through active, regular negotiations on pricing agreements.

The Group, like many other industries has been substantially impacted by the shortage of skilled labour. This has exacerbated the challenges posed by COVID-19 and impacted our businesses' profitability even in the face of returning demand for collision repair.

Site utilisation is expected to improve from that experienced in FY22 as a result of lower levels of COVID-19 absenteeism, opening of international labour markets and other employee related initiatives that the Group has implemented as well as ongoing network optimisation.

The Group has also seen a trend towards lower levels of 'low impact' collisions due to advancements in vehicle technology, resulting in reduced volumes and longer average repair days.

During the current year, the Group did not receive any Government assistance in relation to the COVID-19 Pandemic (2021: \$28.4 million).

The road so far

2005

Allomak Ltd established to acquire automotive aftercare businesses.

2007

Acquired auto parts distributor **Alanco Australia** and our first collision repair business **Mr Gloss**.

2013

Acquired commercial vehicle alloy bull-bar specialist **Custom Alloy**.

'05

'07

'13

'14

'06

'09

2006

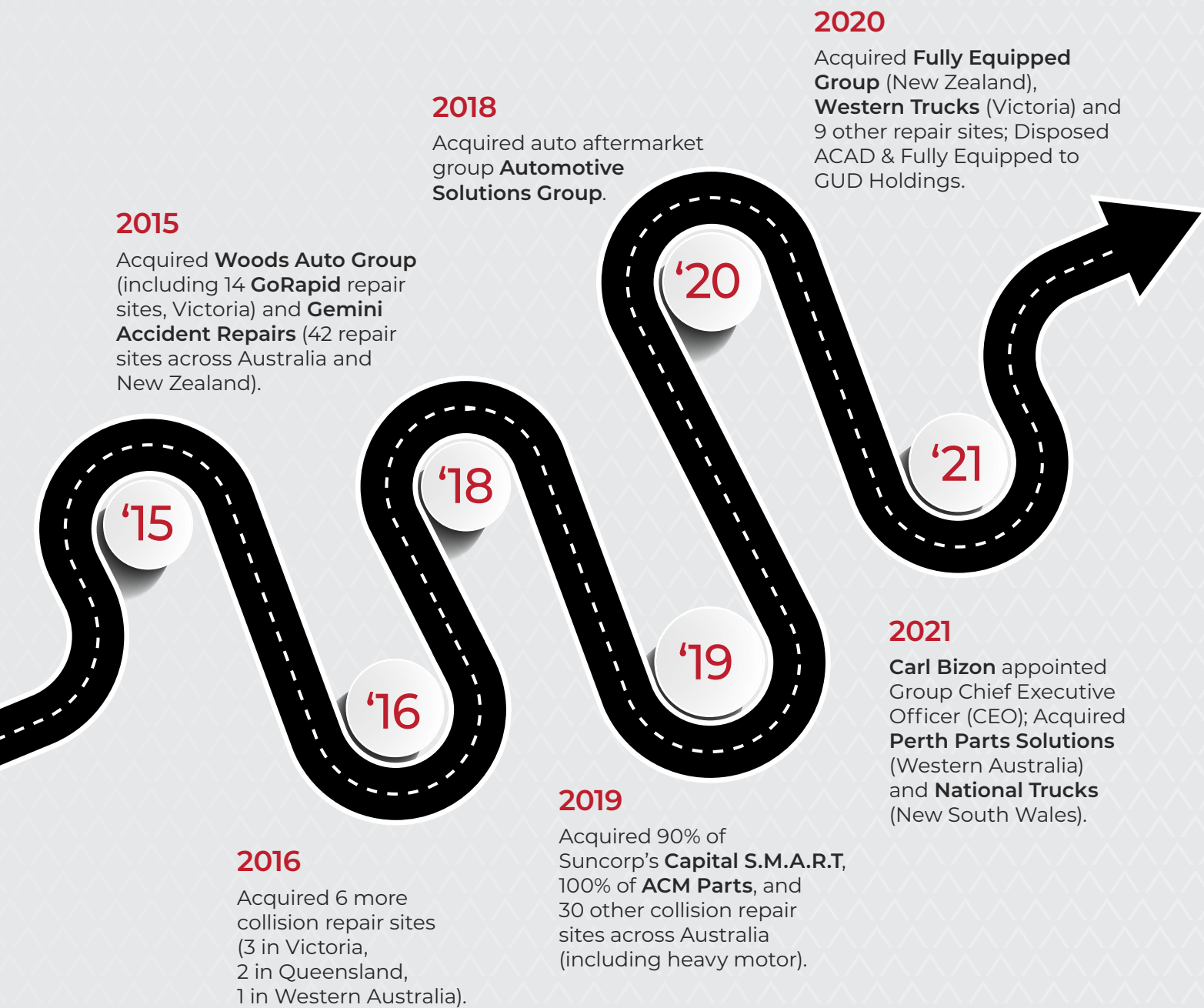
Acquired auto protection accessories company, **ECB**; Allomak listed on **ASX**.

2009

Allomak Ltd changed name to **AMA Group Ltd**.

2014

Acquired **Repair Management Australia** (4 sites in Victoria).



Environment, Social and Governance Report

AMA Group's vision is for Enduring Mobility. This is reflected in three key pillars of Sustainability, Innovation, and Community.

At our core, AMA Group's operations promote socially responsible outcomes in an environmentally sustainable manner.

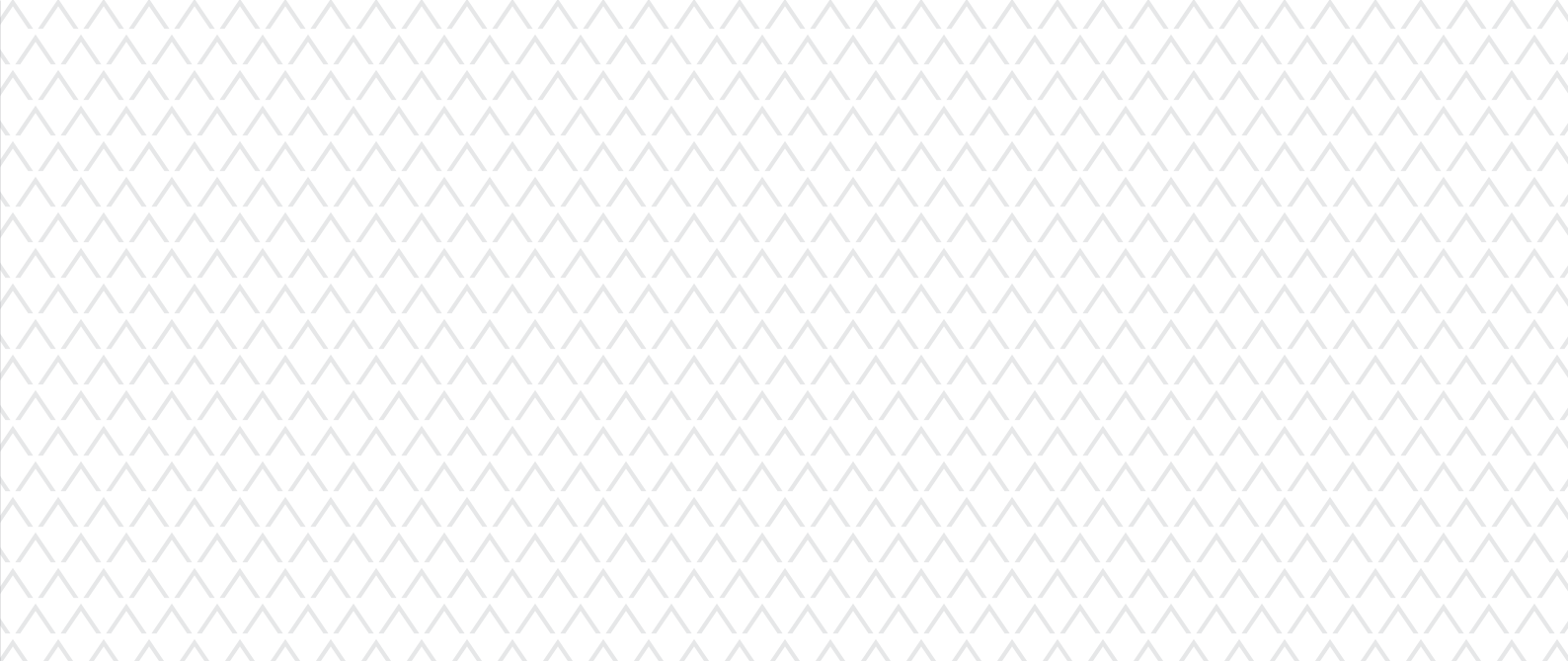
Through our collision repair, end-of-life vehicle dismantling and parts distribution businesses, we repair to extend vehicle life, reuse and renew components, and reduce waste.

Through our employment and training of our culturally diverse, geographically dispersed teams we promote economic advancement in the communities in which we operate.

This is AMA Group's first Sustainability Report. While we are at the beginning of our environmental, social and governance (ESG) program formalisation and reporting journey, our operations already support positive environmental and social outcomes as detailed later.

This report is organised in three sections:

- > Environment
- > Social
- > Governance





Environment

Extending the life of vehicles



 **268k**
Repairs completed

Through vehicle repair, AMA Group contributes to limiting new vehicle production and to waste reduction, as vehicles stay on the road longer instead of being replaced. We contribute by extending the vehicle's useful life, even after significant collision damage, through manufacturer approved repair techniques.

AMA Group is committed to careful consideration and increase in "repairing" instead of "replacing" a greater proportion of components as part of its longer-term production systems. A part repaired is a part that is not required to be produced.

Reclaiming and refurbishing parts from end-of-life vehicles

 **7,593**
Vehicles dismantled  At target based on current capacity – Plan to increase targets line with capacity increases

 **+35%**
over FY22
Total number of components we reclaim and refurbish from a vehicle  **+60%**
target over FY23

Through our ACM Parts business, we are actively involved in the return of components from end-of-life (written off) vehicles to the collision and mechanical repair industries. Key components reclaimed by ACM Parts in FY22 were engines, transmissions, doors, panels, and headlamps.

The reclamation of components for sale back into collision and mechanical repair lifecycles, and the refurbishment of select parts, reduces waste directed to landfill and reduces the demand for new parts production, saving materials and energy used in the manufacturing process.

ACM Parts has increased the proportion of parts reclaimed from end-of-life vehicles by 112% over FY22, with a target of 150% increase over FY23.

Our ACM Parts dismantling operations also include separation of recyclable materials from true "scrap" in end-of-life vehicles, and focuses on safe, environmentally conscious reclamation and disposal of end-of-life vehicle products including fuel, oils, coolant, batteries, and air conditioner gas.

In FY22, ACM Parts also introduced parts refurbishment, where partially damaged parts are returned to replacement quality condition for resale. This program has commenced with a focus on headlamps, and we plan to expand into plastic bumper bars and metal panel products in FY23.



Production environmental efficiency

Through production techniques and facilities-based initiatives, AMA Group seeks to minimise the impact of our operations on the environment. We have identified three key areas of focus which we can influence, and which will make a difference to our environmental impact.

- **Waste reduction and recycling:** we have recycling in place across 119 sites, as well as metal and cardboard programs in 96 and 154 sites, respectively to facilitate recycling efforts. The Group plans to expand these initiatives across the network.
- **Energy reduction (LED lighting):** Since 2020, 11 sites across the network have transitioned to LED lighting options, instead of fluorescent or incandescent lighting sources. We plan to investigate and develop business cases to transition additional sites across the network to LED lighting each year.
- **Green energy (solar):** In FY22, the Group leased a Somerton warehouse for ACM Parts, which is equipped with solar panels. Due consideration will be given to future leases and the availability of sites with solar options. In the medium-term the Group plans to explore additional solar options across the network.

Water-based paint

AMA Group, partnering with our paint supplier, uses water-based paint technology throughout our whole repair network. The water-based product releases less volatile organic solvents (<10%) into the atmosphere compared to solvent-based paint, which is a significant environmental benefit, as well as supporting the safety and wellbeing of our employees.

The product also provides optimal colour accuracy and ease of application, improving our efficiency, resulting in less overall product needed per job whilst delivering a high-end result.

Environmental compliance

AMA Group is dedicated to good corporate citizenship and is committed to ensuring compliance with all statutory and government requirements pertaining to environment and sustainability.

Wash bays were the main environmental focus for the Group in FY22, with 30 sites originally identified as targets for upgrades. Upgrades varied from new oil separators, to physical bunding and drain guards across these sites.

28 sites have completed works and are fully compliant with two sites in progress, requiring more extensive work, which is targeted for completion in 1Q23.

Environmental Awareness training was also delivered to every site manager to begin the education of all managers regarding the Group's potential environmental impacts. The training focused on our three greatest environmental risks; wastewater, chemical spills, and air emissions. Site managers gained a strong understanding of the correct processes and equipment required to protect stormwater drains from pollution, how to safely clean up chemical spills and how to contain any emissions released by ensuring air extraction units remain in good working condition.

Supporting new technologies

AMA Group is committed to supporting new technologies for the betterment of our environment, by ensuring our network is equipped for the repair of these new technologies. While electronic vehicles currently only account for a very small number of the total cars on Australian and New Zealand roads, AMA Group's Porsche, Mercedes-Benz and Tesla facilities, as well as our Eagle Farm facility are already equipped with electric vehicle charging units. Our Mercedes-Benz and Tesla accredited repair facilities are equipped with the required isolation bays and technicians at these sites have undertaken specialised training for electric vehicle disconnection and reconnection by our OEM partners. We will continue to ensure our technicians and facilities are equipped to support the ongoing evolution of cars on Australian and New Zealand roads to increasingly sustainable solutions and will continue to scale capacity in our operations to meet demand.

Environment & Sustainability Policy

We recently confirmed our commitment to meeting our high standard of business excellence in an environmentally responsible and sustainable way through a formalised Environment & Sustainability Policy.

Social

AMA Group's Social strategy is founded on Community, one of the three pillars of our vision of Enduring Mobility. We are committed to helping communities be more mobile, more resilient, and more sustainable.

When referring to community, we mean the communities in which we operate, the communities we serve and the community of people who make up the AMA Group Team.

Our Social Sustainability Strategy, while in its infancy, is founded on four core tenets:

- Reflecting the Community
- Enhancing the Community
- Protecting the Community
- Supporting the Community

Reflecting the community

Diversity, equity and inclusion

We are committed to building a diverse workforce that recognises and embraces differences, and provides a safe, respectful, and inclusive environment for all our people. We recognise the benefits gained from having a workforce that reflects the communities that we work in; including attraction and retention of talent, improved engagement, increased productivity and access to broader perspectives and ideas.

AMA Group operates in a traditionally male-dominated industry. We currently have 15% female participation across the company. AMA Group is focusing on building female participation in the industry by identifying and promoting female role models such as our 2022 Women in Collision winners, Isabella Turrisse and Sheridan Gibson.

AMA Group also has 266 Team members who are skilled migrants, and we have partnerships to better attract and include Indigenous staff and people with disabilities.

We are an equal opportunity employer and are committed to ensuring our processes and policies are inclusive for all, regardless of age, religion, national origin, disability, sexual orientation, or gender identity. This includes ensuring we follow best practice recruitment processes which base key selection criteria on experience, merit, and competency for each role with a focus on gender equality.

Recruitment practices

AMA Group is continually reviewing and updating our recruitment practices to attract a broader talent pool. We have expanded our advertising to print and radio in targeted areas, attended career expos in regions where we have higher apprentice vacancies, and expanded our employee referral program.

We recognise that there are people from a wide variety of backgrounds with the desire and talents to contribute to our business. To that end, we have developed partnerships with groups and industry bodies to attract candidates from diverse backgrounds including people with disabilities, ex-prisoners, Aboriginal and Torres Strait Islander peoples and refugees.

Age diversity

Age diversity brings a wealth of experience and knowledge and enables skills to be taught organically. Our experienced tradespeople act as mentors to apprentices and new Team members. Our Team members represent all age groups with most being aged 20-49 years old. 4% are aged 15-19 years old and 25% over 50 years. While apprentices are typically school leavers, 9.6% are mature age i.e., over 25 years old.

Gender diversity

We are committed to improving the gender balance at all levels of the organisation and particularly in traditionally male-dominated roles. We will continue to review our policies and practices to ensure these are inclusive. There has been a focus on flexible rostering and working arrangements at sites through FY22 as a key part of attracting greater diversity.

Of 13 AMA Group employees nominated for the 2022 Paint and Panel Women in Collision Awards, two won their categories, highlighting the important roles that women play in our business and industry.

The following table represents the current gender breakdown of our workforce:

Level	Proportion of women %	Proportion of men %
Non-Executive Directors (Board)	33%	67%
Senior Executives ¹	29%	71%
Other Levels	15%	85%
Total	15%	85%

¹ Senior Executives are defined as the Group CEO and direct reports to the Group CEO.



Enhancing the community

Workforce of the future

AMA Group is focussed on building our future workforce by growing our apprentice program, building leadership capability, and ensuring our people are at the forefront of their trade.

Apprentices

We are committed to developing the next generation of tradespeople for our business and the industry, and aim to hire an additional 300 apprentices in FY23. This is in addition to the 317 apprentices that we currently have. In FY22 we appointed an Apprentice Program Manager to oversee the apprentice program and provide end-to-end support for apprentices and their managers with a focus on attraction, progression, and retention.

Skilled migration

Skilled migrants currently make up 8% of our workforce. There has been a strong focus on international recruitment following the reopening of borders in H2 FY22, with activity across over 16 countries. We support new team members through their arrival in Australia with assistance provided to settle them into their new country and AMA Group.

Technical training

We will continue to invest in technical skills training to ensure our people remain future ready.

As our industry advances, so must our technical skills and we continue to provide dedicated training to upskill our workforce. Our tradespeople participate in a variety of training delivered through I-CAR, OEM providers and industry training alliance partners such as BASF and Car-O-Liner. Training courses are conducted online, virtually and face to face. We will continue to expand the training offering across AMA Group.

Leadership training

We will continue to build leadership capability across all levels of the company. The focus for FY22 has been on building the capability of our frontline leaders.

Frontline Leadership Training

The Frontline Leaders Program has been designed to build leadership foundations and ensure that leaders understand their responsibilities beyond the technical aspects of their roles.

In addition to building leadership capability, participants are able to develop their internal networks and leverage broad experience and knowledge from across the organisation.



Protecting the community



Employment standards

AMA Group is committed to meeting employment standards for our employees. We meet and regularly review our employer obligations towards our employees.

Remuneration practices

We meet our employer obligations by:

- providing fair remuneration for employees' skills and experience. This is reviewed upon commencement of employment and through the newly introduced annual remuneration review across the entirety of AMA Group
- regularly reviewing remuneration practices to ensure we meet our obligations, including but not limited to minimum wage and award compliance reviews
- upskilling and training our people on employment standards and obligations.

Remuneration equality

In FY22, for the first time, AMA Group provided a group-combined report to the Workplace Gender Equality Agency (WGEA). This has given us the opportunity to review and identify gender pay equity anomalies across the whole Group and spectrum of roles.

As a result, we have implemented two immediate actions; firstly awareness training on gender pay equity for the Talent Acquisition team to ensure that gender pay equity forms part of every hiring consideration, and secondly an elevation to internal benchmarking and relativity reviews by the Chief People Officer upon any appointment of a woman into senior

management roles. As a result, we have seen an uplift in remuneration for internal appointment of women into senior roles to ensure their remuneration is commensurate with those of externally hired men.

This is the start to a broader focus for the Group on gender equity reviews. Together with our desire to increase female participation in our workforce, this will set AMA Group up as an attractive employer for women.

Workplace health and safety

Take the LEAD is a behavioural change program, specifically designed by and for AMA Group. The key focus of the program is to empower all Team members to take the lead on their health and safety.

The program aims to improve overall safety culture from being reactive and dependent, to independent where all employees lead by example, lead with care and lead by choice.

LEAD is an acronym for:

- **LOOK** out for hazards and unsafe practices to create a safe working environment
- **ENGAGE** with Team members so everyone is aware of risks and can recognise safe behaviours
- **ACT** quickly to manage incidents and injuries and
- **DEBRIEF** and share learnings from incidents by consulting all Team members.

New collateral has been developed and received by every site including new Safety boards, a Take the LEAD Leader's Guide, and posters targeted

at AMA Group's highest risk activities to ensure safety messaging is clearly visible and front of mind throughout each of our sites.

The program is accompanied by a monthly Toolbox Talk that targets key themes affecting sites across our network. The Health, Safety and Environment team will continue to develop monthly campaigns to ensure focus and risk mitigation is being completed at all sites.

Responsible Repair Standards – repairing to manufacturer requirements

The design and construction of motor vehicles is continually evolving, and it is critical that all repairs are carried out in accordance with the latest applicable industry standards and codes of practice to ensure the safety of our Team and the vehicle owner.

Due to the complexity of different types of substrates used in the construction of vehicles, OEM repair methods must be followed as the vehicles are designed to react in a specific way in an accident. Once repaired, the vehicle must react the same way if involved in another accident. Even windscreens are part of the overall makeup of the vehicle strength. Further, the explosion of Automated Driver Assistance Systems (ADAS) has added another dimension to repair requirements. Following repair methods and standards take the guesswork out of the repair process and ensures that we return our vehicles in a safe, pre-accident condition.

Following repair methods also ensures the safety of our Team. For example, disengagement / reengagement of electric vehicles must be completed by trained technicians before and after repair, following specific steps. Another example is the use of mixed materials. When repairing mixed materials, the repair methods specify dust and fume exhaust requirements. Failure to do this can result in the ignition of the dust.

We are also encouraging insurers to adopt world best practice standards and scan all vehicles pre and post repairs to ensure any fault codes are identified and were consistent with the accident repaired. Where fault codes are not consistent with the accident, the vehicle owner is advised to ensure full safety of the vehicle. Many of our insurance partners have now adopted this practice with our centres equipped to complete the scanning service.

Supporting the community

AMA Group Welfare Fund

Through the AMA Group Welfare Fund, we support the welfare of our employees and their families. The Welfare Fund delivers a tangible benefit to our employees who are facing financial hardship or unforeseen circumstances.

Supported by employee and AMA Group contributions, the Welfare Fund is accessible by all employees of the Group and their families in emergencies such as, but not limited to, natural disasters, medical emergencies, severe illnesses or death.

In FY22, the Fund continued to support our Team members and their families through bereavement, illness, and natural disasters.

Sponsorships and partnerships

A key pillar in AMA Group's vision is community. Our goal is to be a positive force in every community in which our Team lives and works, by helping those communities to be more mobile, more resilient, and more sustainable. We will empower individuals and teams all over our network to give back to their local communities. Our Team members will identify local causes that are meaningful to them and will play an active role in forging partnerships between those causes and AMA Group.

While at an early stage in this journey, the Group has a well-established partnership with the Cowboys Foundation in Queensland, which embodies the spirit of grassroots community partnerships we aim to replicate throughout. In FY22, AMA Group also rolled out a group-wide defibrillator partnership, with a number of these life-saving devices donated to community groups as nominated by our Team.

Governance

Governance

AMA Group's governance framework plays an important role in helping our business deliver on its strategy. AMA Group's governance framework, including our statement of compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, is detailed in our 2022 Corporate Governance Statement, which is available on our website together with key governance documents, including charters and policies.

Modern slavery

AMA Group's Modern Slavery Statement details the policies and practices in place to reduce the risk of modern slavery and other unethical behaviour in both our operations and supply chain. AMA Group respects ethical labour practices and has a zero-tolerance for any form of human rights abuses, including in our operations and supply chains.

Whistleblower

AMA Group recognises the importance of identifying wrongdoing or conduct that is not consistent with the Group's corporate culture and values. Our Whistleblower Policy encourages Directors, employees, contractors and suppliers who have witnessed, or know about, any misconduct or suspected misconduct to raise such matters without fear of intimidation, disadvantage or reprisal.

The AMA Way

The AMA Way is AMA Group's Code of Conduct and articulates the behaviours expected of our Directors and Team Members. All Directors and employees are expected to align their actions with our Code of Conduct and AMA Group's values whenever they are representing the Group.



Directors' Report

Introduction

Your Directors present their report on the consolidated entity (referred to hereafter as the “Group”) consisting of AMA Group Limited (“AMA” or the “Company”) and its controlled entities for the Financial Year (FY) ended 30 June 2022.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Board of Directors

The Directors of AMA Group Limited during the year and up to the date of this report were (full financial year unless specified):

- Anthony Day (Chair of the Board)
- Carl Bizon (Chief Executive Officer)
- Nicole Cook
- Kyle Loades
- Simon Moore
- Paul Ruiz
- Caroline Waldron (from 1 March 2022)
- Leath Nicholson (until 18 November 2021)

Principal activities

The principal activity of the Group is the operation and development of complementary businesses in the automotive aftercare market. The Group is a leader in the Australian and New Zealand collision repair industry and a national supplier in the vehicle accessories market.

Review and results of operations

The following table shows the year-on-year performance of the relative segments of the Group:

Segment	Revenue \$'000			EBITDAI (pre AASB-16) \$'000		
	FY22	FY21	Change	FY22	FY21	Change
Vehicle collision repairs	734,011	799,685	(65,674)	(17,779)	50,846	(68,625)
Heavy motor	53,956	54,088	(132)	6,572	9,283	(2,711)
Supply	96,849	87,194	9,655	(3,181)	(1,485)	(1,696)
Corporate / Eliminations	(39,689)	(21,047)	(18,642)	(17,361)	(4,239)	(13,122)
Total Group	845,127	919,920	(74,793)	(31,749)	54,405	(86,154)

Vehicle collision repairs – revenue decrease of \$65.7 million is reflective of a 14% volume reduction. This revenue reduction, along with the removal of COVID-19 Government support and higher operating expenses, resulted in a \$68.6 million reduction in EBITDAI for this segment.

Heavy motor – revenue and volumes were consistent with FY21, while EBITDAI was impacted by the mix of work and cost increases.

Supply – increased internal sales resulted in an over 10% revenue increase for this segment. EBITDAI was impacted by the consolidation and establishment of new warehousing space in Victoria.

Corporate – centralisation of key support functions such as People and IT as well as establishment of a number of people retention initiatives including a company-wide employee share scheme increased corporate costs.

Refer to the "Operating Environment" section of the Annual Report for further information in relation to operational outcomes in FY22.

Financial results

The Group's results for the year are as follows.

	FY22 \$'000	FY21 \$'000	Change \$'000
Revenue	845,127	919,920	(74,793)
Operating expenses	(826,076)	(813,648)	(12,428)
Fair value adjustments on contingent vendor consideration	13,729	(5,977)	19,706
Depreciation & amortisation	(78,754)	(81,289)	2,535
Impairment expense	(105,513)	(102,465)	(3,048)
Operating loss before interest and tax	(151,487)	(83,459)	(68,028)
Finance costs	(31,339)	(30,054)	(1,285)
Income tax benefit	34,818	2,283	32,535
Discontinued operations	-	12,151	(12,151)
Net loss after tax	(148,008)	(99,079)	(48,929)

Revenue decreased 8% for FY22 reflecting 13.5% lower repair volumes driven by a combination of first half lockdowns and second half labour/parts availability. Refer to note B2 for disaggregation of revenue and other income by reporting segment.

Operating expenses – The Group is focused on the procurement of paint, parts and consumables and securing the quality products needed to execute operations on industry leading terms. The Group finished FY22 with approximately 3,500 employees (FY21: 3,700), with lower numbers due to a number of vehicle repair site closures in FY22. Gross employee benefits expense (before the benefit of wage subsidies) decreased 1% from FY21, with the 5% decrease in employee numbers partly offset by wage growth and other employee costs such as the Employee Share Scheme. In the prior year, the Group benefited from the Australian Federal Government's JobKeeper Assistance Program and the New Zealand Wage Subsidy, which contributed a \$28.4 million reduction to operating expenses. The Group continues to manage its operating expenses by working continuously to identify costs savings. Other expenses include items such as occupancy costs, professional services (compliance, legal, audit, tax, and recruitment costs), information technology, operational expenditure, insurance, replacement tools, registrations and subscriptions.

Fair value adjustments on contingent vendor consideration – For the year ending 30 June 2022, the Group recognised a \$13.7 million gain on fair value adjustment on contingent vendor consideration for continuing operations (2021: \$6.0 million expense). Acquisition earn-outs are generally contingent on profit measures such as EBITDAI or EBIT. The net gain primarily represents earn outs that either underperformed against the earn out expectation or were earn outs settled by a fixed number of AMA shares, with the AMA share price declining during the earn out period resulting in a gain for the group as the earn out settlement was a lower value of shares.

Depreciation and amortisation – Depreciation of right-of-use assets represents 55% of the total depreciation and amortisation expense. Amortisation of intangibles, specifically the customer contract between Capital S.M.A.R.T and Suncorp represents 22% of the total depreciation and amortisation expense (see note B3(A)).

Impairment expense – FY22 impairment relates to impairment of goodwill of \$80.7 million and right-of-use assets and property, plant & equipment for sites that have been closed during the year or are hibernated and expected to permanently close. Prior year included a \$102.5 million impairment (\$95.8 million goodwill, \$4.9 million non-current assets such as property, plant, and equipment and \$1.4 million right-of-use assets). Further details of impairment expense is set out in note B3(C).

Finance costs – \$18.3 million of finance costs relate to interest expense on lease liabilities (2021: \$19.5 million). Interest and finance charges on the senior debt and convertible notes increased compared to the prior comparative period. This was caused by the effective interest rate on borrowings increasing to 4.3% (FY21: 3.1%) as a result of the 4% fixed rate convertible note issuance during the year as well as base rate increases on working capital facilities. Fixed rate swaps on senior debt facilities were in place during both current and prior year. This rate increase more than offset the impact of lower average debt levels in FY22 arising from the repayment of debt following the October 2021 rights issue.

Income tax benefit – Income tax benefit represents approximately 30% of the loss before tax (after adjusting for impairment of goodwill). In the prior year, the Group had several permanent differences and items which are not assessable or deductible, including impairment expense, fair value adjustments on contingent vendor consideration and the divestment of ACAD and Fully Equipped group of businesses.

The Group has revenue losses of \$31.9 million and capital losses of \$12.3 million.

Discontinued operations – In prior year, \$12.2 million of profit arose from the operations and gain on sale (net of transaction costs) of ACAD and Fully Equipped businesses (excluding ACM Parts and FluidDrive) to GUD Holdings Limited, which was completed on 31 December 2020.

Normalised EBITDAI

Normalised EBITDAI is used by the Group to define the underlying results, adjusted for abnormal and non-recurring costs which are determined as not in the ordinary course of business.

Non-IFRS measures, including Normalised EBITDAI, are financial measures used by management and the Directors as the primary measures of assessing the financial performance of the Group and individual segments. The Directors also believe that these non-IFRS measures assist in providing additional meaningful information for stakeholders and provide them with the ability to compare against prior periods in a consistent manner.

The table below provides a reconciliation to Normalised EBITDAI for the Group and is unaudited, non-IFRS financial information. There are no normalisations for the impact of the COVID-19 pandemic.

Reconciliation to normalised EBITDAI	FY22 \$'000	FY21 \$'000
Operating loss before interest and tax	(151,487)	(83,459)
Adjustments:		
Depreciation, amortisation & impairment	184,267	183,754
Fair value adjustments on contingent vendor consideration	(13,729)	5,977
ACAD and Fully Equipped businesses sold	-	6,971
Post-AASB 16 Earnings before interest, tax, depreciation, amortisation, impairment and fair value adjustments ("Post-AASB 16 EBITDAI", unaudited, non-IFRS term)	19,051	113,243
Normalisations:		
Occupancy costs and obsolete inventory on hibernated sites	1,938	-
Professional services costs on investigations and earn outs	836	737
Supplier termination fee	-	9,437
Normalised Post-AASB 16 EBITDAI (unaudited, non-IFRS term)	21,825	123,417

Capital management

The Group has maintained a sustainable balance sheet and cashflow liquidity has been effectively managed across the business.

The financial position of the Group is strong with net assets of \$219.8 million. As at 30 June 2022, the Group had \$52.2 million in cash and cash equivalents.

During the year, the Group raised \$150 million through a rights issue and a convertible note issuance and repaid \$72.5 million of borrowings.

The Group paid earn-outs in respect of existing acquisitions totalling \$10.8 million.

In response to the slower COVID-19 recovery, the Group's financiers agreed to waive covenant testing until 30 September 2022 and provide a revised covenant testing regime in FY23 to reflect the projected volume recovery and commercial re-pricing activities. No restrictions were imposed by the financiers during the reporting period and the Group was compliant with all covenants during the period or waivers were received, including as at 30 June 2022.

The net debt calculation, which is presented consistently to the calculation requirements of the Group's Syndicated Facility Agreement is set out in the table below.

Net debt	Jun 2022 \$'000	Dec 2021 \$'000	Jun 2021 \$'000
Financial liabilities – drawn cash facilities	165,000	165,000	237,500
Cash and cash equivalents	(52,189)	(81,302)	(64,203)
Net Debt	112,811	83,698	173,297
Contingent vendor consideration – 50% of cash portion	1,220	3,460	7,010
Net debt used in covenant calculations	114,031	87,158	180,307

Dividends

As a result of the prolonged and continuing impact of the COVID-19 pandemic, and the Group's targeted capital structure, a final dividend has not been declared. This also allows the business to focus on capital management and other investment, growth and expansion plans.

Key risks

The Board is responsible for setting the overall risk culture of the business. The Group has a risk management framework in place to identify, understand and manage key strategic, financial and operational risks.

The Board reviews and guides the Group's system of risk management, compliance and internal controls, including the setting of risk appetite. The Audit and Risk Committee (ARC) assists the Board in discharging these responsibilities. The ARC oversees the adequacy and effectiveness of AMA Group's internal audit program, risk management processes and internal control systems. This includes the monitoring of material business risks and corporate compliance activities.

The Board is cognisant of the following principal risks that may materially impact the execution and achievement of our business strategy and financial performance and position:

- **Growth** – Failure to deliver on AMA Group's strategic plan including market opportunities and maintaining a positive brand / reputation.
- **Macroeconomic pressures** – Elevated levels of cost inflation impacting parts and labour costs and ability to pass on increases to customers.
- **Capital management and funding costs** – Inability to gain and maintain access to cost effective capital for growth and development opportunities. Short term liquidity constraints limiting availability of, or ability to deploy growth funding. Higher costs of funding with rising interest rates and potential movements in margins as the Group navigates the recovery period.
- **Insurance pricing/relationships** – Exposure to contractual risks which are not appropriately identified and/or priced.
- **People management** – Inability to hire and retain the necessary level of skills and experience within the Group.

These risks are managed and mitigated through various controls and programs including the bolstering of corporate commercial, financial and people teams, who are responsible for actively managing these risks. In addition, the Company continues to monitor government policies, regulatory changes and industry trends, and undertakes regular risk register reviews and updates.

Outlook

The business environment remains challenging and repair volume remains variable throughout the various states in which the Group operates.

The Company will continue to work to mitigate the effect of the current economic downturn on its operations. It is difficult to predict the severity and duration and when trading volumes will return to normal run rates.

The Board remains confident in the executive team, systems and experience and is committed to use of best practices, economies of scale and infrastructure and systems to enhance profitability and achieve operational excellence. The Company remains vigilant when considering the impact on team members, customers, suppliers, and the communities we serve.

Accretive growth will remain the Company's long-term focus, whether it is through organic growth from the Company's existing operations or business acquisitions.

The Directors are confident that AMA Group is well positioned for success into the future.

Matters subsequent to the end of the Financial Year

Subsequent to year end, as a result of the prolonged financial recovery from COVID-19 and to align with the pathway to implement commercial outcomes and other measures to improve profitability, the Group further renegotiated its financial covenants and net senior debt limit. The revision simplifies the covenants with existing net senior leverage and fixed charge cover ratio covenants replaced by a minimum EBITDA requirement, which will be first tested in December 2022, followed by March 2023 and June 2023 testing before reverting back to original covenant requirements in September 2023. The net senior debt limit that is currently in place also extends through to September 2023. As a result of these revisions, margin increases and payment-in-kind interest has been added to Facility B and D (\$165,000,000 drawn) over the period that the covenants are revised (from 19 August 2022 until 30 September 2023).

No other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Directors and Officers



Anthony Day

Non-Executive Chair of the Board
since 1 September 2019

Non-Executive Director
since 28 November 2018

With over 40 years in the insurance industry, Anthony has a breadth of experience in all areas of the insurance industry.

His most recent role, until October 2017, was as the Chief Executive Officer of Suncorp Group's Insurance Business. He brings to the Board leadership capability, business judgement and an intimate understanding of our key customers, Australasia's auto insurance companies.

Anthony has a 20-year track record of producing market-leading results in both growth and profitability, whilst delivering continuous improvement in operations. Anthony founded advisory business Elevate CEOs, which focusses on developing leadership and strategic skills of senior executives.

Board Committees:

Member of Audit and Risk Committee and
Member of People Committee



Carl Bizon

Executive Director and Group Chief Executive Officer
since 1 February 2021

Non-Executive Director
3 February 2020 to 31 January 2021

Carl's career in the manufacturing and automotive industries spans more than 25 years. Carl has held senior executive roles with world-leading manufacturing and distribution businesses in various sectors of the automotive industry.

Carl most recently served as President and CEO of Horizon Global and prior to that was CEO of Jayco Corporation and President and Managing Director of TriMas Corporation's Cequent subsidiaries in Asia Pacific, Europe and Africa.

Carl's expertise and experience extends to mergers and acquisitions, manufacturing, operations, sales, large scale project management and IT. He has successfully led global businesses, improving profitability and operational performance, delivering efficiencies and increasing margins.

Directors and Officers



Simon Moore

LLB (Hons), BCom (Hons)

Non-Executive Director
since 28 November 2018

Simon founded Colinton Capital Partners in 2017. He is an experienced private equity investor with significant public company Board experience. Prior to founding Colinton Capital Partners, he was a Managing Director and Global Partner of The Carlyle Group for 12 years.

He brings to the Board strong corporate finance skills and experience having held senior roles in investment, financial, private equity, investment banking and academic sectors. Simon has extensive experience in successfully developing and implementing plans to assist the growth potential of businesses.

Board Committees:

Member of Audit and Risk Committee (Chair of Audit and Risk Committee until 19 November 2021)

Other directorships (current and recent):

Simon is currently a Non-Executive Director of Alexium International Group Limited and has previously served as Non-Executive Director of Palla Pharma Limited (resigned 23 May 2022), Firstwave Cloud Technology Limited (resigned 30 August 2019) and Megaport Limited (resigned 23 September 2019).



Nicole Cook

BA, MBA

Non-Executive Director
since 1 December 2019

Nicole is an experienced executive and management consultant, having spent most of her career in professional services roles in both established and start-up businesses, with a particular focus on the Human Resources sector.

Nicole is currently CEO of SBE Australia. Prior to that, as CEO of Jobs for NSW, Nicole focussed on driving innovation through growing Australian businesses in order to create jobs and skills of the the future. In her role as Managing Director of innovative global outsourced recruitment and HR firm PeopleScout, she oversaw the delivery and growth of their solutions in the APAC region.

Nicole has over 20 years' experience growing, scaling and transforming businesses. She is a trusted management consultant, focuses on driving innovation through technology and has deep domain expertise in Human Resources, energy efficiency, supply chain and more.

Board Committees:

Chair of People Committee

Other directorships (current and recent):

Nicole has served as a Non-Executive Director of Intellihr Limited (resigned 29 October 2020).



Paul Ruiz

BSc (Economics), FCA, GAICD

Non-Executive Director
since 17 May 2021

Paul is a highly regarded professional with a 30 year career at KPMG, including as a Senior Partner specialising in the insurance and financial services sectors. During his career at KPMG, Paul held senior roles at KPMG Australia and Asia Pacific and was Risk Management Partner for NSW.

Paul's experience in the financial services sector extends to private sector insurers, banks, fund managers and superannuation as well as Government and NGOs. His industry experience also includes the manufacturing and motor industries.

Board Committees:

Chair of Audit and Risk Committee (from 19 November 2021, previously Member of Audit and Risk Committee)

Other directorships (current and recent):

Paul also serves as a Non-Executive Director of Dai-ichi Life Australia/TAL Life and is a member of NSW Government Audit and Risk Committees. He also held previous directorships with the Fred Hollows Foundation and its controlled entity Alina Vision.



Kyle Loades

MBA, FAICD

Non-Executive Director
since 24 May 2021

Kyle is a seasoned Non-Executive Director and Advisory Board Member with over two decades of Board experience in a broad range of industry sectors including financial services, the automotive, mobility and transport sectors, infrastructure, emergency services and technology.

Kyle has deep experience in developing and implementing transformational growth strategies. Most notably he was recently Chairman of the NRMA, where he led a significant and successful operational and cultural transformation of the business.

Board Committees:

Member of People Committee

Other directorships (current and recent):

Kyle also serves as Independent Chair of Active Super, Non-Executive Director of Great Southern Bank, and Non-Executive Chair of Hunter Medical Research Institute.

Directors and Officers



Caroline Waldron

LLB (Hons), GAICD, FGIA

Non-Executive Director
since 1 March 2022

Caroline is a Non-Executive Director and cross-border advisor with over 30 years' experience in regulated consumer sectors such as technology, retail, and health.

Her executive experience includes leadership roles in law, human resources, marketing, risk and internal audit gained from ASX100 and bluechip organisations. Caroline's formal training is in law, and she has been admitted to the Bar of England and Wales, and the courts of various jurisdictions including in Australia and New Zealand.

Board Committees:

Member of Audit and Risk Committee

Other directorships (current and recent):

Caroline currently serves on the Boards of Resimac Group Limited (since 2020), Genetic Signatures Limited (since 2022) and Southern Cross Care (NSW and ACT).

Former Directors

Leath Nicholson, former Non-Executive Director, resigned from the Board on 18 November 2021. He had served as a Non-Executive Director since 23 December 2015.

Mark Licciardo

BBus (Accounting), FAICD, FGIA

Company Secretary
since 30 August 2021

Mark joined AMA Group Limited as Company Secretary in August 2021. Mark was the founder and Managing Director of Mertons Corporate Services, and is now Managing Director, Listed Company Services for Acclime. Acclime provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

He is also a former Company Secretary of ASX listed companies Transurban Group and Australian Foundation Investment Company Limited.

Directors interests

Directors' interest in shares of AMA Group Limited as at the date of this report are set out in the table below.

Director	Ordinary Shares Number
Anthony Day	704,797
Caroline Waldron	-
Simon Moore	41,555,153
Nicole Cook	135,128
Carl Bizon	842,858
Paul Ruiz	531,778
Kyle Loades	172,668

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2022, and the number of meetings attended by each Director are as follows:

	Board meetings		Audit & Risk Committee meetings		People Committee meetings	
	A	B	A	B	A	B
Anthony Day	14	14	6	6	6	6
Simon Moore	14	14	6	6	-	-
Nicole Cook	14	14	-	-	6	6
Carl Bizon	14	14	-	-	-	-
Paul Ruiz	14	14	6	6	-	-
Kyle Loades	14	14	-	-	6	6
Caroline Waldron ¹	4	4	1	1	-	-
Leath Nicholson ²	7	7	4	4	-	-

Key:

A Number of meetings attended.

B Number of meetings held during the time the Director held office or was a member of the committee during the period.

- Not a member of the relevant committee

1 Caroline Waldron was appointed as a Non-Executive Director on 1 March 2022, and a member of the Audit & Risk Committee effective 26 May 2022.

2 Leath Nicholson resigned as a Non-Executive Director on 18 November 2021.

Annual statement by the People Committee Chair

On behalf of the Board, we are pleased to present the AMA Group FY22 Remuneration Report. This report focuses on our remuneration approach and outcomes, and our people highlights for the financial year ended 30 June 2022.

Operating conditions

Entering the FY22 financial year, the Board and Management were optimistic about setting goals aligned to a post-pandemic recovery. With the recruitment of new Board members expanding our diversity and skills profile and the recruitment of a new management team, we were ready to return the business to pre-pandemic levels.

However, the FY22 year was characterised by ongoing challenges presented by the COVID-19 pandemic. The first half of the year was impacted by lockdowns and reduced traffic movement, driving substantially reduced repair volumes in the first half and into the early months of the second half.

As traffic volumes and repair demand increased, the impact of the pandemic on our workforce was significant. Our workforce was affected by absenteeism and labour shortages driven by shrinking talent pools, increased competition for local and global talent, and reduced migration of skilled trades.

The highly competitive labour market, resulting wage pressures, and parts supply chain disruptions continue to present capacity constraints as repair demand continues to increase.

New Board and Management

Following a thorough recruitment process, Caroline Waldron, a Non-Executive Director and cross-border advisor with over 30 years' experience joined the Board in March 2022 as an independent Non-Executive Director, demonstrating the Board's long-term strategy of growing the capability, diversity, and independence of its members.

The Group appointed Geoff Trumbull as Group Chief Financial Officer. Previously at Transurban, Geoff will ensure the Group's financial structures are well set up to support our growth ambitions. Mathew Cooper was appointed as Group Chief Operating Officer. He joined us from Bapcor and has extensive experience in branch networks and the automotive parts industry to support and facilitate the acceleration of the Group's operational strategy. Information regarding the remuneration structure for the CFO and COO is provided in the Executive Remuneration section of this report.

During the year, the Board reviewed the executive remuneration framework including the short and long-term variable pay plans to ensure focus on key deliverables in the areas of growth, quality, and people.

We reweighted STI and LTI opportunities to concentrate the new Executive team on priority objectives of the Group. For the STI, we refined financial and non-financial measures and added a deferral into equity to further align executives with the shareholder interests. For the LTI, it means a complete focus on Shareholder Value by changing the EPS measure to an absolute TSR measure and extending the comparator group for the relative TSR. For FY22, no STI was awarded to the Group CEO, COO and CFO as the EBITDA gateway was not met.

As we look to FY23, we will continue to set incentive measures that align all stakeholders including management, employees and shareholders, driving outcomes that further stabilise the business post-pandemic.

Attracting & retaining the workforce

AMA Group is committed to addressing labour shortage issues through focused initiatives targeting attraction and retention of our workforce, as we seek to create the workforce of the future.

Recognising the reduced overall domestic and global talent pool, AMA Group is leading the charge in building the next generation of talent for the entire collision repair industry, starting with the apprenticeships and international hiring programs. As of June 30 2022, we had 317 apprentices and 266 international hires across our network. In addition to attracting and building new talent pools, we aim to retain the talent we bring into the organisation. The launch of the Employee Share Plan is directly linked to ensuring our workforce are both rewarded for their hard work and invested in the Group's success. Finally, we are refining our Employee Value Proposition at all levels of the organisation to ensure we are an employer of choice for the industry.

One AMA

Throughout the FY22 year, we continued our focus on People and Culture, and the delivery of One AMA, a behavioural and cultural change that seeks to realise the benefits of belonging to a large organisation such as AMA Group.

Our commitment to an accountable culture

In FY22 we were committed to improving the safety of our workplaces, reducing our LTIFR to 4.27 from 5.14 in FY21. Exceeding our safety targets was one of the most significant achievements of the entire team. We also increased our training and compliance programs, and streamlined policies and internal processes.

Close

During the year, the People, Culture, Remuneration and Nominations Committee simplified its name to the People Committee while maintaining a comprehensive remit on all things related to the workforce and in recognition of the significance human capital has in the overall success of the AMA Group business. Through this lens, progress was also made in the areas of Diversity & Inclusion in an industry that is not traditionally characterised by its diverse nature. Achieving 33% and 29% female representation of Non-Executive Directors and senior executives respectively is demonstrative of our commitment to progress in this area now and into the future.

We trust this Remuneration Report provides insight into the high priority the Board places on listening and responding to our stakeholders, including shareholders, employees, and the broader community.



Nicole Cook
Chair of the People Committee



Directors' Report

Remuneration Report

Introduction

This Remuneration Report provides shareholders with an understanding of our remuneration strategy and outcomes for our KMP for the year ended 30 June 2022.

This report is presented in accordance with the requirements of the *Corporations Act 2001* and its regulations. Information has been audited as required by Section 308 (3C) of the *Corporations Act 2001*.

Key Management Personnel

The KMP of the Group comprise all Directors (Executive and Non-executive) and other members of AMA Group's Executive Management who have authority and responsibility for planning, directing and controlling the activities of the Group.

The table below sets out the details of those persons who were KMP during FY22.

Name	Position	Dates	People Committee	ARC
Non-Executive Directors				
Anthony Day	Chair of the Board and Non-Executive Director	Full Financial Year	✓	✓
Simon Moore	Non-Executive Director	Full Financial Year	-	✓
Nicole Cook	Non-Executive Director	Full Financial Year	Chair	-
Paul Ruiz	Non-Executive Director	Full Financial Year	-	Chair
Kyle Loades	Non-Executive Director	Full Financial Year	✓	-
Caroline Waldron ¹	Non-Executive Director	From 1 March 2022	-	✓
Former Non-Executive Directors				
Leath Nicholson	Non-Executive Director	Until 18 November 2021	-	-
Executive Directors				
Carl Bizon	Group CEO and Executive Director	Full Financial Year	-	-
Executive Management				
Geoff Trumbull ²	Group CFO	From 1 February 2022	-	-
Mathew Cooper ³	Group COO	From 1 September 2021	-	-
Former Executive Management				
David Marino ⁴	EGM Drive	Until 31 August 2021	-	-
Campbell Jones ⁴	EGM Non-Drive	Until 31 August 2021	-	-
Steven Becker ⁵	Group CFO	Until 3 August 2021	-	-
Darren Basford ⁶	Interim Group CFO	From 3 August 2021 until 1 February 2022	-	-

1 Caroline Waldron was appointed as Independent Non-Executive Director on 1 March 2022.

2 Geoff Trumbull was appointed Group CFO on 1 February 2022.

3 Mathew Cooper was appointed Group COO on 1 September 2021.

4 David Marino and Campbell Jones were no longer considered KMP upon the appointment of Mathew Cooper.

5 Steven Becker resigned on 2 July 2021 was no longer considered KMP upon the appointment of Darren Basford.

6 Darren Basford was appointed interim Group CFO on 3 August 2021 and left the Company on 1 March 2022 following the appointment of Geoff Trumbull.

Our remuneration approach

The Board is committed to clear and transparent communication of remuneration arrangements. Our remuneration approach is focused on appropriately motivating and retaining Executives while ensuring alignment with shareholder outcomes and delivery against Group strategy.

Remuneration is competitive with Executives in comparable companies and roles and is reviewed against a mix of financial and non-financial measures designed to reward the achievement of both short and long-term objectives. Our performance metrics are aligned with the growth and development of all areas of the business including operational performance, customer satisfaction and our longer-term people strategy.

Remuneration framework

Our strategic priorities








Our remuneration framework is designed to support the Group's strategic priorities, attract, retain and motivate appropriately skilled and talented Executives to drive the business forward, instill a strong performance and governance culture, and provide a link between executive remuneration, group performance and shareholder return. The Group has a clear set of principles which guide our remuneration decisions and design.

The Group reviews its remuneration framework regularly to ensure it continues to evolve and be fit-for-purpose ensuring alignment to market expectations and the businesses' strategic priorities.

Our remuneration principles



Our remuneration framework for FY22

	TFR 	STI  	LTI  
Purpose	Attract and retain Executives with the capability and experience to deliver our strategic objectives and contribute to the Group's financial and operational performance.	Reward Executives for performance against agreed annual objectives aimed at achieving the financial and strategic objectives of the Group.	Align performance with the long-term business strategy to drive sustained earnings and long-term shareholder returns.
Link to performance	Appropriately compensate Executives for driving a performance and governance culture and delivering on the business strategy.	Strategic annual objectives are embedded in the Executive STI Plan.	Performance hurdles are set by the Board and tested at the end of the three-year period to deliver sustained shareholder value.
Performance measures	Considerations <ul style="list-style-type: none"> Skills and experience Accountability Role complexity Market competitive 	Financial Gateway A minimum Group normalised EBITDAI of at least 80% of target must be achieved before any STIs are payable. Financial criteria Group EBITDAI: 70% Non-Financial criteria Customer satisfaction: 10% People initiatives: 10% Safety: 5% Operational excellence: 5% STI at risk Group CEO and CFO: up to 100% of TFR Group COO: up to 50% TFR	Performance measures are independently tested. Absolute TSR 50% of LTI allocation Relative TSR 50% of LTI allocation LTI at risk Group CEO and COO: up to 100% of TFR Group CFO: up to 50% of TFR
Alignment	Attract and retain the best people based upon the competitive landscape among relevant peers.	Reward year-on-year performance in a balanced and sustainable manner.	Performance conditions must be satisfied before the conditional rights vest. Encourages sustainable, long-term value creation through equity ownership.
Delivery	Competitive, market-based fixed remuneration. (Base salary, statutory superannuation, long service leave and other minor fringe benefits)	Performance based incentives delivered in 50% cash and 50% deferred into equity vesting after 12 and 24 months.	Performance Rights with allocation calculated at Face Value.

Executive remuneration in detail

Remuneration mix and composition

The level and mix of remuneration is designed to reward the achievement of both short and long-term objectives of the business. This provides strong alignment between Executive outcomes and performance.

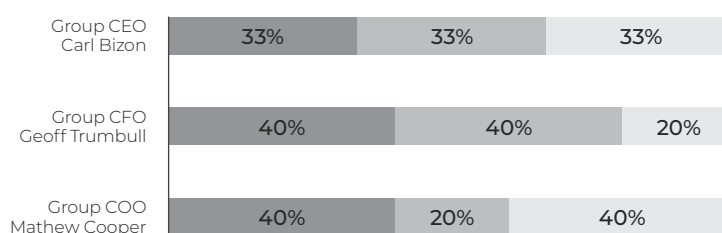
During the year the Board reviewed the Executive Remuneration Framework to ensure it drives the right outcomes for the Group. As a result of this review, variable pay opportunities were reweighted in favour of short-term outcomes, however delivery of entitlements arising under the STI has been stretched over a two-year period, including deferral of 50% of any entitlements into equity.

	Year 1	Year 2	Year 3	Year 4
Total Fixed Remuneration (cash)	Includes Base Salary and Superannuation			
STI (cash & rights)	50% paid in cash at end of performance year	25% deferred in rights for 1 year ○	25% deferred in rights for 2 years △	△
LTI (Performance Rights)	50% subject to relative TSR and 50% subject to absolute TSR ○			△

Key: ○ Grant / Award date △ Vesting date ■ Performance period ■ Deferral period

The graph to the right represents the target remuneration mix for Executive KMP for FY22. The FY22 STI and LTI represent maximum opportunities available for Executives assuming the performance requirements are satisfied.

Key: ■ TFR ■ STI ■ LTI



Executive employment agreements

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements and are summarised in the table below.

Executive KMP	Base salary inclusive of statutory superannuation	Term of agreement	Notice period and termination entitlement	Review period ¹
Carl Bizon	\$900,000	Ongoing contract	6 months	Annual
Geoff Trumbull	\$470,000	Ongoing contract	6 months	Annual
Mathew Cooper	\$650,000	Ongoing contract	6 months	Annual

¹ This review will have regard to such matters as the responsibilities, performance, and remuneration of the employee.

Total fixed remuneration

Total Fixed Remuneration considers the complexity and expertise required of individual roles. To assess the competitiveness of fixed remuneration, the People Committee considers market data by reference to appropriate independent and externally sourced comparable benchmark information, as required.

Total Fixed Remuneration comprises cash salary, superannuation and long service leave. Additional annual benefits may include minor fringe benefits.

Short-term incentives

STI's are based on the Group's business and growth strategies and are set annually by the Board at the beginning of the performance period. Executive KMP and other eligible senior management are entitled to participate in the STI Plan. STI entitlements are assessed after the end of each financial year and in conjunction with the completion of the external audit of the Group's Financial Statements.

Any cash entitlements will be paid at a date determined by the Board following the release of the Group's financial results to the ASX and performance rights issued for any deferral into equity.

The below table summarises the objectives of the Group's STI plan and identifies the performance measures and relevant weightings for FY22.

Purpose	Motivate and reward employees for contributing to the delivery of annual business performance.			
Participation	Executive KMP and other eligible senior management.			
Performance period	The performance period is for the 12 months ended 30 June.			
Opportunity	<p>The target STI opportunity for executive KMP is 100% of fixed remuneration with the exception of the COO (please refer to the Performance and Remuneration Outcomes section of this report).</p> <p>Where significant outperformance is achieved the Board has discretion to pay above target amounts. A sliding scale element is incorporated into the relevant performance measures to motivate Executives to outperform base targets set by the Board.</p>			
Financial gateway	A minimum Group budgeted EBITDAI of at least 80% of target must be achieved before any STIs are payable.			
Performance targets	The achievement of individual performance targets (once the financial gateway has been achieved) shall determine the proportion of the potential incentive that will be awarded. Set out below are the performance goals and weightings that were applied in respect of FY22.			
	Measure	Category	Weighting	Goals
	Financial	Financial	70%	Achieve budgeted EBITDAI ¹ , Revenue and Cash flow targets improvement.
	Non-financial	Customer satisfaction	10%	Represents how well the Group is meeting the expectations of our customers and key external stakeholders. Key strategic measures include execution of business strategy and delivery of key business priorities.
		People	10%	Ensures a focus on delivering on key people activities such as retention, engagement and compliance.
		Safety	5%	Ensures focus on delivering on our safety and wellbeing initiatives, keeping our employees safe.
		Operational excellence	5%	Drives focus on continued process improvement and the delivery of strong operational and environmental discipline aligned to the Group's business strategy to create sustainable value for shareholders.
Deferral	50% of any entitlement will be deferred into equity using performance rights. 50% of the deferred portion will vest after 12 months and the other 50% will vest after 24 months subject to the recipient being still employed by the Group.			

¹ Budgeted EBITDAI is measured considering the financial impact of any acquisition, and any other significant restructuring cost or normalisations within the Group, or changes in accounting standards, in order that the target is measured on a comparable basis.

Directors' Report

Remuneration Report

Long term incentives

During the year the Group introduced a new Performance Rights Plan under which the FY21 and FY22 grants have been made. The key aspects of the plan are summarised in the table below.

Purpose	Assist in attracting, motivating, and retaining Executive talent; focus Executives attention on driving sustainable long-term growth; and align the interest of Executives with those of shareholders.			
Eligibility	LTI grants are generally restricted to Executive KMPs and senior management who are most able to influence shareholder value. Non-executive Directors are not eligible to participate in the LTI plan.			
Instrument	Awards under this plan are made in the form of performance rights which are granted by the Company for nil consideration. A performance right is a right to acquire one fully paid AMA share provided specified performance hurdles are met. No dividends/distributions are paid on unvested LTI awards.			
Allocation methodology	The number of performance rights allocated to each participant is set by the Board. Accounting standards require the estimated valuation of the grants be recognised over the performance period. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.			
Opportunity	The maximum LTI opportunity is equivalent to 100% of fixed remuneration for the Group CEO and Group COO and up to 50% of fixed remuneration for the CFO.			
Performance period	Performance measures are tested at the end of the three-year period.			
Performance hurdles	The People Committee review the performance conditions annually to determine appropriate hurdles based on the Group's strategy and prevailing market practice. The following performance measures apply to the LTI grants:			
	Relative TSR (50% of LTI Allocation)	TSR is an objective measure of shareholder value creation and is widely understood and accepted by various key stakeholders. The Company's TSR over the performance period must be equal to or greater than the median TSR performance of the Comparator Group. The Comparator Group consists of ASX201-300 companies, excluding non-comparable companies from the Materials, Energy, Information Technology, Financial and Real Estate sectors.		
	Absolute TSR (50% of LTI allocation)	Absolute TSR measures the growth in the price of shares (modified to account for capital adjustments where appropriate) together with the value of the dividends over the Performance Period, assuming that all those dividends are re-invested into new shares. The absolute TSR growth calculation is a three-year compound annual growth rate (CAGR).		
Vesting schedule	Relative TSR		Absolute TSR	
	Relative TSR (percentile)	Percentage of TSR-tested rights to vest	TSR CAGR	Percentage of absolute TSR-tested rights to vest
	<50th	Nil	<8%	Nil
	50th	50%	8%	50%
	75th and above	100%	12%	75%
			15% and above	100%
	Straight line pro-rate vesting form 50%-100%		Straight line pro-rate vesting between each point	
Vesting/delivery	Vesting of LTI grants is dependent on achieving relative and absolute TSR performance targets which are tested at the end of the three-year period. The performance rights will automatically vest and be exercised if, and when, the Board determines the performance conditions are achieved. If the performance rights vest, entitlements may be satisfied by either an allotment of new shares to participants or by the purchase of existing shares on-market. The Board retains a discretion to pay a cash amount, equivalent in value to the Shares that would have been issued, acquired or transferred. Any performance rights that do not vest at the end of the performance period will lapse. The terms of the performance rights do not include re-testing provisions.			
Termination/forfeiture	Executive KMP must be employed at the time of vesting to receive an entitlement to shares. The Board has discretion on vesting of unvested performance rights where an employee leaves due to retirement, retrenchment or redundancy, or termination by mutual consent. Where an employee leaves due to resignation or termination all unvested performance rights will lapse.			

Employee share plan

The company introduced and made a maiden grant under the new General Employee Share Plan in March 2022.

Eligible employees can receive up to \$1,000 worth of AMA Group Shares each year for no cash payment under the General Employee Share Plan. The number of Shares received is calculated by dividing \$1,000 by the Volume Weighted Average Price (VWAP) of AMA Shares five trading days before the Allocation Date.

The Shares carry all the same rights as fully owned Shares, however, they cannot be sold, transferred, or otherwise disposed of or dealt with for a period of three years after the Allocation Date (Restriction Period). Following the expiry of the Restriction Period, participants will be free to sell their Shares (subject to the terms of the AMA Group Securities Trading Policy).

If a participant ceases employment with the Company the restriction will no longer apply, and the Shares may be sold or transferred at the participant's discretion.

Performance and remuneration outcomes for FY22

Company performance

The Group has operated under a challenging environment over the past three years as a result of COVID-19 lockdowns and ongoing labour availability and supply chain issues. During FY22 there has been a number of vehicle collision repair site closures and commercial reviews undertaken to improve financial performance.

The table below shows historical Company performance across a range of key measures. Performance across earnings and individual measures is reflected directly in STI awards. LTI outcomes are aligned with shareholder returns over the last three years.

	FY18	FY19	FY20	FY21	FY22
Company Performance					
Revenue and other income (\$M)	509.8	606.7	825.4	919.9	845.1
Net Profit/(loss) (\$M)	15.4	21.7	(71.5)	(99.1)	(148.0)
Normalised EBITDAI pre AASB 16 (\$M)	52.2	58.2	53.2	71.5	(29.0)
Total Shareholder Return					
Basic EPS (cents)	2.9	3.4	(9.7)	(14.8)	(15.1)
Annual TSR (%)	10.8	38.8	(58.0)	(4.2)	(70.4)
Dividends (cents)	2.50	2.75	-	-	-
Share price at 30 June (\$)	1.05	1.43	0.60	0.58	0.17

Fixed remuneration outcomes

Both the CFO and COO were newly appointed this year on 1 February 2022 and 1 September 2021 respectively.

CFO	The remuneration structure for the CFO includes a fixed remuneration component of \$470,000 (inclusive of superannuation); a maximum STI opportunity of 100% of fixed remuneration; and a maximum LTI opportunity of 50% of fixed remuneration
COO	<p>The remuneration structure for the COO includes a fixed remuneration component of \$650,000 (inclusive of superannuation), a maximum STI opportunity of 50% and a maximum LTI opportunity of 100%.</p> <p>The COO's remuneration structure differs from the CFO's and other senior executives due to contractual agreements entered prior to changes made to the Executive Remuneration Framework.</p> <p>Furthermore, under the contractual agreements, the Group acknowledged the COO's unvested LTI opportunities from his prior employment that were to be forfeited upon joining the Group.</p> <p>The COO's LTI opportunity vests over two tranches. Tranche 1 will vest if the Group meets its STI gateway for the year. Should the STI gateway not be met, Tranche 1 will be retested under the performance conditions and timings of Tranche 2.</p> <p>Tranche 2 is aligned to the Executive LTI structure as outlined above.</p>

There have been no adjustments to Executive KMP fixed remuneration in FY22. The People Committee considers that the current fixed remuneration for Executive KMP appropriately reflects their skills and experience at this time.

Long term incentive outcomes

Under the new PRP, grants were made during the year to the Group CEO, Carl Bizon relating to FY21 and FY22. Performance rights for both years were granted on 9 December 2021 following the resolution that passed at the Company's AGM.

Furthermore, grants were made to the Group CFO and COO, reflecting their time in role from 1 February 2022 and 1 September 2021 respectively.

Performance rights under the PRP were granted on 10 March 2022 to the CFO and on 27 June 2022 to the COO.

All grants were awarded at no cost to the participants and are subject to performance conditions which will be tested at the end of the three-year performance period except as outlined below.

Accounting standards require the grant date fair value be recognised over the performance period.

For further details on the number of performance rights awarded to Executive KMP during the year refer to the Executive Remuneration Disclosure section of this report.

Tranche 1 of the COO's LTI was tested following the end of the financial year. As the STI gateway was not met, no rights vested. The unvested rights will be attached to Tranche 2 of his LTI which is due to be performance tested at the end of FY24 along with the unvested performance rights granted in FY22.

The first grant under the LTI made to the CEO will be tested at the end of FY23.

Directors' Report

Remuneration Report

STI outcomes

During the year the Board reviewed the appropriateness of the performance measures linked to the STI's for Executives.

A main area of the review focused on identifying performance metrics that were measurable, understood and appropriate, aligned with the growth and development of the business, and to the interests of our shareholders.

In addition to financial performance targets, including a financial performance gateway of achieving 80% of budgeted EBITDAI, the Board introduced the following clear and measurable non-financial performance metrics for Executives to achieve their target STI:

- Customer satisfaction;
- Operational excellence;
- Safety, and
- People initiatives aimed at attracting, developing, motivating and retaining key talent required for the current and future growth of the business

Further information on the performance goals attached to these non-financial performance metrics can be found in the Executive Remuneration in Detail section of this report.

STI outcomes for Group executives including the Group CEO, CFO and COO are determined based on performance against the Group STI scorecard. The table below outlines the Group STI performance measures that applied to the FY22 STI, and the performance achieved.

Group scorecard category and performance measures	Weighting (at target)	Overall FY22 outcome	Performance assessment
80% of Group normalised EBITDAI		EBITDAI gateway performance was not met	
Financial			
Group normalised EBITDAI	70%	●	Group normalised pre-AASB 16 EBITDAI was \$(29.0m), revenue was \$845.1m and operating cashflow (pre-AASB16) was \$(21.4m), all below threshold performance.
Revenue			
Operating cashflow			
Customer			
Customer Satisfaction Metric	10%	●	Customer satisfaction metrics target were achieved in all while rework improved in only one of the Business Units.
Rework improvement			
Operational excellence			
Environmental Plan and Targets established	5%	●	Environmental Plans were established focussing on Stormwater protection and Environmental Awareness training across the entire Group.
Safety			
Group LTIFR	5%	●	Group LTIFR targets were exceeded in FY22 with an LTIFR of 4.27
People			
Engagement survey participation	10%	●	Compliance training module completion was ahead of targets, however the engagement survey and retention targets were not met.
Compliance training module completion			
Increasing retention by stabilising voluntary attrition			
Key: FY22 outcome ● Above target ● At target ● Between threshold and target ● Not achieved			

The following table outlines the FY22 STI outcomes for executive KMP. In line with the STI outcomes for executive KMP, no STI payments were made to other Executives of the Group.

Executive KMP	Target STI as a % of fixed remuneration	Total STI awarded (\$)	Payable in cash (50%)	Deferred into equity, vesting after 12 months	Deferred into equity, vesting after 24 months	% of target STI awarded	% of target STI forfeited
Carl Bizon	100%	-	-	-	-	0%	100%
Geoff Trumbull	100%	-	-	-	-	0%	100%
Mathew Cooper	50%	-	-	-	-	0%	100%

Executive remuneration disclosures

FY22 Executive remuneration

The table below sets out the executive remuneration for FY22. Amounts represent the payments relating to the period during which the individuals were KMP.

		Salary ¹	Bonus ²	Non-Monetary Benefits ³	Long-Term Benefits ⁴	Post-Employment Benefits ⁵	Performance Rights ⁶	Total	Performance related
Executive Director									
Carl Bizon	2022	876,432	-	5,437	14,579	23,568	135,135	1,055,151	12.8%
	2021	386,836	165,816	-	-	9,039	-	561,691	29.5%
Former Executive Directors									
Andrew Hopkins	2022	-	-	-	-	-	-	-	-
	2021	740,218	-	-	-	12,655	(430,412)	322,461	(133.5%)
Executive Management									
Geoff Trumbull ⁷	2022	186,013	-	3,135	3,088	9,820	11,633	213,689	5.4%
	2021	-	-	-	-	-	-	-	-
Mathew Cooper ⁸	2022	522,026	-	3,135	8,701	19,640	9,154	562,656	1.6%
	2021	-	-	-	-	-	-	-	-
Former Executive Management									
Steven Becker ⁹	2022	53,166	-	-	709	2,266	-	56,141	-
	2021	598,905	239,877	641	(557)	20,607	(170,140)	689,333	10.1%
Steven Bubulj	2022	-	-	-	-	-	-	-	-
	2021	263,846	-	41,624	(333)	18,058	(70,745)	252,450	(28.0%)
David Marino ¹⁰	2022	92,917	-	-	1,579	4,583	(21,795)	77,284	(28.2%)
	2021	573,796	241,384	-	6,296	25,000	(26,547)	819,929	26.2%
Campbell Jones ¹⁰	2022	93,352	-	-	9,359	4,532	(10,278)	96,965	(10.6%)
	2021	428,564	196,115	-	580	21,977	(16,397)	630,839	28.5%
Darren Basford ¹¹	2022	233,746	-	939	3,190	11,784	-	249,659	-
	2021	-	-	-	-	-	-	-	-
Consolidated Remuneration									
	2022	2,057,652	-	12,646	41,205	76,193	123,849	2,311,545	
	2021	2,992,165	843,192	42,265	5,986	107,336	(714,241)	3,276,703	

1 Salary includes short-term absences.

2 Bonuses represent the cash component of the STI awarded.

3 Non-monetary benefits represent the effective net cost to the Group, consisting of the taxable value of fringe benefits aggregated with the associated fringe benefit tax payable of those benefits.

4 Long-term benefits represents the movement in the provision for long service leave for amounts accrued and paid.

5 Post-employment benefits represent amounts paid for pension and superannuation benefits.

6 Performance Rights represents the accounting expense recognised in relation to performance rights granted in the year. For details on the valuation of the performance rights including models and assumptions used, please refer to Note F1(A)(iii) in the Consolidated Financial Statements.

These values may not represent the future value that the Executive KMP will receive, as the vesting of the Rights is subject to the achievement of performance conditions. The probability of the performance conditions being satisfied is assessed at the end of each reporting period to reflect the most current expectation of vesting. The FY22 amount includes the write-back of the accounting expense recognised in FY20. This is as a result of either the service condition not being met or a re-assessment that the EPS hurdle will not be achieved.

The Performance Rights granted to Andrew Hopkins, Steven Bubulj, Steven Becker, David Marino and Campbell Jones were forfeited on cessation of employment. Any share-based payment expense previously recognised under AASB 2 *Share-based Payments* in respect of the Performance Rights has been reversed.

7 Geoff Trumbull was appointed KMP on 1 February 2022.

8 Mathew Cooper was appointed KMP on 1 September 2021.

9 Steven Becker resigned from the Group CFO position on 2 July 2021.

10 David Marino and Campbell Jones were deemed KMP for the period 1 July 2021 to the appointment of the Group COO on 1 September 2021.

11 Darren Basford served as interim CFO and was not eligible to participate in the Group's variable pay plans.

Directors' Report

Remuneration Report

Executive KMP shareholdings

The table below summarises the movements in holdings of interests in shares of AMA Group Limited relating to the period during which individuals were KMP.

KMP	Opening Balance	Balance on appointment	Other changes (net) ¹	Balance on resignation	Closing Balance
Executive Directors					
Carl Bizon	400,000	-	442,858	-	842,858
Executive Management					
Geoff Trumbull	-	-	-	-	-
Mathew Cooper	-	-	350,000	-	350,000
Former Executive Management					
Steven Becker	61,112	-	-	(61,112)	-
Campbell Jones	33,266	-	-	(33,266)	-
Total	494,378	-	792,858	(94,378)	1,192,858

¹ Other changes (net) represent shares that were purchased or sold during the year.

Executive KMP performance rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are set out in the table below:

Executive KMP	Grant	Grant date ¹	Performance period start date	Performance period end date	Vesting date ²	Performance rights as at 30 June	Fair value per instrument ³			FY22 expense / (write-back) (\$)
							RTSR	ATSR	EPS	
Carl Bizon	FY22	9/12/21	1/7/21	30/6/24	31/8/24	2,004,900	0.18	0.21	-	130,319
	FY21 ⁴	9/12/21	1/7/20	30/6/23	31/8/23	903,034	0.04	-	0.42	4,816
Geoff Trumbull	FY22	18/2/22	1/7/21	30/6/24	31/8/24	218,125	0.14	0.18	-	11,633
	FY22	14/6/22	1/7/21	30/6/22	31/8/22	394,753	0.03	0.01	-	2,995
Mathew Cooper	FY22	14/6/22	1/7/21	30/6/24	31/8/24	811,900	0.03	0.01	-	6,159

¹ Grant date is the date on which there is a shared understanding of the terms and conditions of the share-based payment arrangement.

² Vesting date refers to the date at which the performance conditions are met.

³ The fair value of the performance rights at grant date is determined using appropriate models including a Monte-Carlo simulation for the relative TSR component and Black Scholes Model for the EPS and ATSR component, and dependent on the vesting conditions. The value of each performance rights is recognised evenly over the service period ending at the vesting date. For details on the valuation of the performance rights including models and assumptions used, please refer to Note F1(A)(iii) in the Consolidated Financial Statements.

⁴ Issued under the previous vesting conditions of EPS (80%) and relative TSR (20%).

The table below summarises the movements during the reporting period in the number of performance rights over ordinary shares in AMA Group Limited held by each Executive KMP.

Executive KMP	Opening Balance	Granted as compensation	Lapsed or forfeited	Closing Balance	Vested and exercisable
Executive Directors					
Carl Bizon	-	2,907,934	-	2,907,934	-
Executive Management					
Geoff Trumbull	-	218,125	-	218,125	-
Mathew Cooper	-	1,206,653	-	1,206,653	-
Former Executive Management					
Steven Becker ¹	2,129,137	-	(2,129,137)	-	-
David Marino ¹	1,225,935	-	(1,225,935)	-	-
Campbell Jones ¹	890,637	584,762	(1,475,399)	-	-
Total	4,245,709	4,917,474	(4,830,471)	4,332,712	-

¹ David Marino, Steven Becker and Campbell Jones ceased employment during the year and forfeited performance rights granted to them in prior years upon cessation of their employment.

Options over unissued shares

No options were granted as remuneration during FY22. As at 30 June 2022 there are no unvested or unexercised options held by Executive KMP.

Non-Executive Directors' arrangements

Policy and approach to setting fees

The remuneration policy for Non-executive Directors aims to ensure the Group can attract and retain suitably skilled, experienced and committed individuals to serve on the Board and remunerate them appropriately for their time and expertise.

The remuneration policy is reviewed annually by the People Committee taking into consideration the size and scope of the Group's activities, the responsibilities and liabilities of Directors, and demands placed upon them.

Non-Executive Director fees were reviewed in FY21 and adjusted effective 1 June 2021. No changes have been made during FY22.

Changes to Board composition

Following a thorough recruitment process aimed at enhancing the diversity of skills and expertise of the Board, and to demonstrate the Board's long-term strategy of growing the composition, capability and independence of its members, Caroline Waldron was appointed as an independent Non-Executive Director with effect from 1 March 2022.

Current fee structure

Fees paid to Non-executive Directors are inclusive of superannuation and reflect the commitment, demands and responsibilities of the position. Fees are benchmarked against an appropriate group of comparator companies and determined within the aggregate Directors' fee pool limit of \$1,100,000, approved by shareholders at the 2019 AGM.

Non-Executive Directors do not receive variable remuneration.

Non-Executive directors are entitled to reimbursement for reasonable business-related expenses and are covered by the Group's Directors and Officers liability insurance policy.

Under the Group's 'Conflicts of Interest and Related Party Transaction Policy', Directors are prohibited from earning success and other incentive fees from the provision of professional advisory services.

The table set out below provides a summary of the FY22 Board and Committee fees (inclusive of superannuation). Fees for being a Committee member are included in the Non-Executive Director fee.

Position	Fee from 1 June 2021 \$
Chair of the Board	275,000
Non-Executive Director	120,000
Committee Chair	15,000

Non-Executive Directors' remuneration disclosures

FY22 Non-Executive Directors' remuneration

The table below sets out the remuneration of Non-Executive Directors of the Group. Amounts represent the payments relating to the period during which the individuals were KMP.

	2022 \$	2021 \$
Non-Executive Directors		
Anthony Day	275,000	275,000
Simon Moore	126,250	52,917
Nicole Cook	135,000	102,917
Carl Bizon ¹	-	58,333
Paul Ruiz	129,202	15,077
Kyle Loades	120,000	12,500
Caroline Waldron ²	40,000	-
Former Non-Executive Directors		
Leath Nicholson ³	46,000	101,667
Consolidated remuneration	871,452	618,411

1 Carl Bizon transitioned from Non-Executive Director to Group CEO and Executive Director on 1 February 2021. Remuneration included above is up to 31 January 2021.

2 Caroline Waldron was appointed Non-Executive Director on 1 March 2022.

3 Leath Nicholson resigned as Non-Executive Director on 18 November 2021.

Non-Executive Directors' shareholdings

The table below summarises the movements of interests in shares of AMA Group Limited relating to the period during which individuals were KMP.

	Opening Balance	Balance on appointment	Balance on retirement / resignation	Other changes (net) ¹	Closing Balance
Non-Executive Directors					
Anthony Day	519,324	-	-	185,473	704,797
Simon Moore	30,577,186	-	-	10,977,967	41,555,153
Nicole Cook	55,000	-	-	80,128	135,128
Paul Ruiz	271,739	-	-	260,039	531,778
Kyle Loades	43,297	-	-	129,371	172,668
Caroline Waldron ²	-	-	-	-	-
Former Non-Executive Directors					
Leath Nicholson	1,616,873	-	(1,616,873)	-	-
Total	33,083,419	-	(1,616,873)	11,632,978	43,099,524

1 Other changes (net) represent shares that were purchased or sold during the year or removal of balances for former NED.

2 Caroline Waldron was appointed Non-Executive Director on 1 March 2022.

Remuneration governance

The role of the People Committee

The role of the Committee is to assist the Board in fulfilling its governance and oversight responsibilities relating to:

- People:** management programs to optimise the contributions of AMA Group employees and further corporate objectives including succession and leadership development, talent management, diversity, organisational culture, employee engagement and wellbeing;
- Remuneration:** AMA Group's remuneration framework, practices and disclosures for the Chair and other Non-Executive Directors, plus the remuneration, incentives and performance of the Group Chief Executive Officer (CEO); and
- Nomination:** Board and Board Committee composition and succession planning, diversity, perform

Governance framework

The Group has a robust remuneration governance framework overseen by the Board. This ensures that remuneration arrangements are appropriately managed and that the agreed frameworks and policies are applied across the Group.

The Board is supported by the People Committee and Audit and Risk Committee. Each committee has its own Charter setting out its role and responsibilities, composition and how it operates. Further information on these committees is available on the Company's website: amagroupltd.com/corporate-governance

The diagram below provides an overview of the remuneration governance framework that has been established by the Group.

Group	Role
Board	<p>The Board maintains overall accountability for oversight of remuneration policies.</p> <p>The Board reviews, challenges, applies judgement and, as appropriate, approves the recommendations made by the People Committee.</p> <p>It approves remuneration of Executive KMP and Non-Executive Directors and the policies and frameworks that govern both.</p>
People Committee	<p>The People Committee is the main governing body for key people and remuneration strategies across the Group.</p> <p>The role of the People Committee is to provide advice and assistance to the Board in relation to people management and remuneration policies, so that remuneration outcomes for Executives are appropriate and aligned to Company performance and shareholder expectations.</p>
Management	<p>Provides recommendations on remuneration design and outcomes to the People Committee.</p> <p>Implements remuneration policies.</p>
Independent external remuneration advisors	<p>The People Committee may seek advice from independent remuneration consultants in determining appropriate remuneration policies for the Group.</p> <p>EY is the Board's current independent remuneration advisor.</p>



Other governance practices

Category	Detail
Use of external advisors	<p>To assist in performing its duties and making recommendation to the Board, the People Committee has access to independent external consultants to seek advice on various remuneration related matters as required.</p> <p>Any recommendations made by consultants in relation to remuneration arrangements for KMP must be made directly to the Board without any influence from management to ensure any advice is independent of management. No remuneration recommendations as defined in the <i>Corporations Act 2001</i> (Cth) were provided to the People Committee during FY22.</p>
Clawback policy and discretion	<p>The Group's new LTI plan include claw-back provisions. This enables the Board to claw back remuneration outcomes in the event of material non-compliance with any financial reporting requirement, misconduct, or breach of obligations. The Board retains discretion to adjust remuneration outcomes upwards or downwards to ensure incentives are not provided where it would be inappropriate or would provide unintended outcomes. The Board balances judgement on remuneration outcomes with consideration to all stakeholders.</p>
Securities trading policy	<p>AMA has adopted a Securities Trading Policy that applies to all employees of the Group including Non-Executive Directors, Executive KMP and their associated persons. The policy ensures compliance with insider trading laws, to protect the reputation of the Group and maintain confidence in trading in AMA Group Limited securities. The policy also prohibits specific types of transactions being made which are not in accordance with market expectations or may otherwise give rise to reputational risk.</p>
Remuneration Report approval	<p>The People Committee will continue to encourage an open and constructive dialogue with shareholders and their representative bodies and will consult with major stakeholders on any material changes to the remuneration policy or how it is implemented. Of the eligible votes cast at the Company's 2021 AGM, 91.17% were in favour of the FY21 Remuneration Report. The Company did not receive specific feedback at the AGM on its remuneration practices.</p>

Other transactions and balances with KMP

In addition to specific disclosure requirements, the Group continuously re-assesses judgmental matters surrounding relationships with KMP and completeness of its related party disclosures.

Loans provided to KMP

There were no loans provided or outstanding to KMP at the end of the financial year.

Amounts recognised as expenses

A number of KMP hold directorships or are associated with other entities. During the year the Group transacted with entities that were controlled or significantly influenced by members of the KMP.

The table below summarises the details of other transactions which occurred between members of the KMP and the Group and are recognised in the Consolidated Statement of Profit or Loss.

Service, entity and nature of transaction	KMP	2022 \$	2021 \$
Legal and advisory services			
The Group utilises Nicholson Ryan Lawyers for ongoing legal and advisory services.	Leath Nicholson ¹	544,192	930,697
Property rental fees and outgoings			
The Group has incurred rental fees and outgoing expenses, and made payments to AV Ventures Pty Ltd, A&R Property Developments Pty Ltd, A&R Development Holdings Pty Ltd and Bundall Road Pty Ltd.	Andrew Hopkins ²	-	1,357,234
Claims management			
The Group transacts with A & R Insurance Management (t/a Unity Specialised Services), a claims management business which handles and allocates insurance claims from a number of major insurers into vehicle accident repair facilities around Australia.	Andrew Hopkins ²	-	437,983
Training and recruitment			
The Group has incurred expenses and made payments to I-CAR Australia, an industry based not-for-profit organisation that provides training to the collision repair industry and entities within the AMA Group.	Steven Bubulj ³	-	141,599
Total expenses		544,192	2,867,513

1 Amounts disclosed are for the period 1 July 2020 to 18 November 2021, which is the date Leath Nicholson ceased being a KMP.

2 Amounts disclosed are for the period 1 July 2020 to 31 January 2021, which is the date Andrew Hopkins ceased being a KMP.

3 Amounts disclosed are for the period 1 July 2020 to 26 March 2021, which is the date Steven Bubulj ceased being a KMP.

Amounts recognised as assets and liabilities

No balances are outstanding in relation to entities controlled by current KMP at 30 June 2022 (2021: \$114,328).

Directors' Report

Other items

Corporate governance statement

The Board believes that genuine commitment to good corporate governance is essential to the performance and sustainability of the Company's business.

The Board has given due consideration to the ASX 'Corporate Governance Principles and Recommendations', which offer a framework for good corporate governance.

The Board has approved the Corporate Governance Statement for the year ended 30 June 2022 which can be viewed on the Company's website at amagrouppltd.com/corporate-governance/

Environmental regulation

Management continues to work with local regulatory authorities to achieve, where practical, best practice environmental management so as to minimise risk to the environment, reduce waste and ensure compliance with regulatory requirements. The Group had no adverse environmental issues during the year.

Insurance of officers and indemnities

Insurance of officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors, the company secretaries, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability, costs and charges, as such disclosure is prohibited under the terms of the contract.

Indemnity of auditors

The Company has not during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor (KPMG) for audit and non-audit services provided during the year are set out in note F3 to the Consolidated Financial Statements.

The Board of Directors has considered the position and, in accordance with advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 56.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.



Carl Bizon
Executive Director
& Group Chief Executive Officer

23 August 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of AMA Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of AMA Group Limited for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow
Partner

Bundall
23 August 2022

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Financial Report

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These Financial Statements are Consolidated Financial Statements for the Group consisting of AMA Group Limited and its controlled entities. A list of controlled entities is included in note E2. The Financial Statements are presented in the Australian currency. The Financial Statements were authorised for issue by the Directors on 23 August 2022. The Directors have the power to amend and reissue the Financial Statements.

AMA Group Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Level 13, 484 St Kilda Road, Melbourne Victoria 3004

All press releases, financial reports and other information are available at our Investor Centre on our website: <https://amagroupltd.com/>

Consolidated Statement of Profit or Loss

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Revenue and other income	B2	845,127	919,920
Raw materials and consumables used		(424,365)	(436,609)
Employee benefits expense		(340,161)	(314,189)
Occupancy expense		(25,792)	(22,207)
Supplier termination fee		-	(9,437)
Professional services expense		(10,777)	(8,198)
Other expense		(24,981)	(23,008)
Fair value adjustment on contingent vendor consideration		13,729	(5,977)
Depreciation and amortisation expense	B3(A)	(78,754)	(81,289)
Impairment expense	B3(C)	(105,513)	(102,465)
Operating loss before interest and tax		(151,487)	(83,459)
Finance costs	B3(B)	(31,339)	(30,054)
Loss before income tax		(182,826)	(113,513)
Income tax benefit	B4(A)	34,818	2,283
Loss after income tax		(148,008)	(111,230)
Profit after income tax from discontinued operations		-	12,151
Loss for the year		(148,008)	(99,079)
Loss is attributable to:			
Members of AMA Group		(144,214)	(96,950)
Non-controlling interests		(3,794)	(2,129)
		(148,008)	(99,079)

	Notes	2022 Cents	2021 Cents
Earnings / (loss) per share			
From continuing operations			
Basic and diluted earnings / (loss) per share	D2(C)	(15.10)	(14.32)
From continuing and discontinued operations			
Basic and diluted earnings / (loss) per share	D2(C)	(15.10)	(12.72)

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Loss for the period		(148,008)	(99,079)
Other comprehensive income / (expense)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(76)	442
Changes in fair value of cash flow hedges		4,575	475
Other comprehensive income / (expense), net of tax		4,499	917
Total comprehensive loss, net of tax		(143,509)	(98,162)
Total comprehensive loss is attributable to:			
Members of AMA Group Limited		(139,714)	(96,035)
Non-controlling interests	E3(B)	(3,795)	(2,127)
		(143,509)	(98,162)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	D6	52,189	64,203
Receivables and contract assets	C1	67,428	72,912
Inventories	C2	39,565	32,354
Other financial assets	C3	3,067	1,555
Current tax receivable	B4(C)	14,405	-
Other assets	C4	7,820	6,019
Total current assets		184,474	177,043
Non-current assets			
Property, plant and equipment	C5	53,013	72,729
Right-of-use assets	C7	266,889	306,877
Intangible assets	C6	454,162	551,912
Other financial assets	C3	5,212	712
Deferred tax assets	B4(E)	20,942	17,879
Total non-current assets		800,218	950,109
Total assets		984,692	1,127,152
LIABILITIES			
Current liabilities			
Trade and other payables	C8	102,164	119,169
Other financial liabilities	D7	2,940	32,547
Lease liabilities	C7	34,076	33,784
Provisions	C10	42,593	32,773
Other liabilities	C9	29,058	14,007
Tax payable	B4(C)	-	1,456
Total current liabilities		210,831	233,736
Non-current liabilities			
Other financial liabilities	D7	205,088	237,691
Lease liabilities	C7	255,227	293,134
Provisions	C10	25,292	12,853
Other liabilities	C9	33,841	47,550
Deferred tax liabilities	B4(E)	34,630	51,270
Total non-current liabilities		554,078	642,498
Total liabilities		764,909	876,234
Net assets		219,783	250,918
EQUITY			
Contributed equity	D4(A)	531,504	424,404
Convertible notes	D7(B)	5,197	-
Other reserves	D5	5,145	568
Retained deficit		(332,482)	(188,268)
Total Group interest		209,364	236,704
Non-controlling interests	E3(A)	10,419	14,214
Total equity		219,783	250,918

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Attributable to owners of AMA Group Limited							Total equity \$'000
	Notes	Share capital \$'000	Convertible notes \$'000	Other reserves \$'000	Retained deficit \$'000	Total \$'000	Non-controlling interests \$'000	
Balance at 1 July 2020		417,117	-	880	(91,318)	326,679	16,341	343,020
Loss for the year		-	-	-	(96,950)	(96,950)	(2,129)	(99,079)
Other comprehensive expense		-	-	915	-	915	2	917
Total comprehensive expense for the year		-	-	915	(96,950)	(96,035)	(2,127)	(98,162)
Transactions with owners in their capacity as owners:								
Shares issued, net of transaction costs	D4	8,537	-	-	-	8,537	-	8,537
Employee equity plan	F1(C)	-	-	(1,227)	-	(1,227)	-	(1,227)
Share buy-back and fair value adjustment on contingent vendor consideration		(1,250)	-	-	-	(1,250)	-	(1,250)
		7,287	-	(1,227)	-	6,060	-	6,060
Balance at 30 June 2021		424,404	-	568	(188,268)	236,704	14,214	250,918

	Attributable to owners of AMA Group Limited							Total equity \$'000
	Notes	Share capital \$'000	Convertible notes \$'000	Other reserves \$'000	Retained deficit \$'000	Total \$'000	Non-controlling interests \$'000	
Balance at 1 July 2021		424,404	-	568	(188,268)	236,704	14,214	250,918
Loss for the year		-	-	-	(144,214)	(144,214)	(3,794)	(148,008)
Other comprehensive expense		-	-	4,500	-	4,500	(1)	4,499
Total comprehensive expense for the year		-	-	4,500	(144,214)	(139,714)	(3,795)	(143,509)
Transactions with owners in their capacity as owners:								
Shares issued, net of transaction costs	D4	103,662	-	-	-	103,662	-	103,662
Equity component of convertible bond, net of transaction costs	D7	-	5,197	-	-	5,197	-	5,197
Employee equity plan	F1(C)	3,184	-	331	-	3,515	-	3,515
Service rights vesting	F1(B)	254	-	(254)	-	-	-	-
		107,100	5,197	77	-	112,374	-	112,374
Balance at 30 June 2022		531,504	5,197	5,145	(332,482)	209,364	10,419	219,783

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		946,798	1,042,324
Payments to suppliers and employees (inclusive of GST)		(948,183)	(1,000,166)
Interest received		198	267
Interest and other costs of finance paid		(26,387)	(26,969)
Income taxes paid	B4(C)	(1,158)	(7,243)
Government grants received		501	43,891
Net cash (outflows) / inflows from operating activities	D6(B)	(28,231)	52,104
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		229	670
Proceeds from disposal of business (net of costs and cash disposed)		-	63,184
Payments for purchases of property, plant and equipment		(6,793)	(12,514)
Payments for intangible assets		(546)	(191)
Payments for businesses acquired (including earn-outs)		(10,840)	(17,885)
Net cash inflows / (outflows) from investing activities		(17,950)	33,264
Cash flows from financing activities			
Repayment of borrowings	D6(C)	(72,500)	(102,500)
Principal elements of lease payments	D6(C)	(32,531)	(31,560)
Payment of new borrowings transaction costs	D6(C)	(6,006)	-
Equity raised, net of costs		95,285	-
Proceeds from convertible notes	D7(B)	50,000	-
Net cash (outflows) / inflows from financing activities		34,248	(134,060)
Net (decrease) / increase in cash and cash equivalents		(11,933)	(48,692)
Cash and cash equivalents, at the beginning of the financial year		64,203	112,916
Effects of exchange changes on the balances held in foreign currencies		(81)	(21)
Cash and cash equivalents, at end of the financial year	D6(A)	52,189	64,203

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

A BASIS OF PREPARATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements but is not directly related to individual line items in the financial statements.

A1 Basis of preparation



This section describes the financial reporting framework within which the Consolidated Financial Statements are prepared and a statement of compliance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations.

The Group is a for-profit entity which is incorporated and domiciled in Australia. The Consolidated Financial Report of the Group for the year ended 30 June 2022 (FY22) was authorised for issue in accordance with a resolution of directors on 23 August 2022.

The Consolidated Financial Statements have been prepared on the historical cost basis except for derivative financial instruments and contingent vendor consideration which have been measured at fair value.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year presentation. Note B1 Segment Information has been re-presented to be consistent with current year presentation following changes to the operating model and reporting in FY22.

The Consolidated Financial Statements are presented in Australian dollars and amounts have been rounded to the nearest thousand dollars unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

The Consolidated Financial Statements of the Group are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations.

Compliance with Australian Accounting Standards ensures that the Consolidated Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report has been prepared in accordance with and complies with IFRS as issued by the IASB.

(A) Going concern

This general purpose Consolidated Financial Report has been prepared on a going concern basis, which assumes that the Group will be able to meet its debts as and when they become due and payable.

The rebound from the COVID-19 pandemic has been slower than expected and while traffic volumes in major cities continues to increase, AMA continues to see negative effects on costs inputs such as labour (staff absenteeism, labour shortages and fewer skilled migrant workers), and supply chain (parts and consumables inflation). These factors have substantially reduced the Group's revenue and profitability in FY22. As a result, continuing adverse cost inputs may cast significant doubt on the Group's ability to continue as a going concern in the event that they cannot be adequately recovered from customers.

Management has prepared cash flow forecasts for the next twelve months that support the ability of the Group to continue as a going concern. The cash flow forecasts assume that the adverse impacts experienced in FY22 will ease, and AMA will continue to work closely and constructively with its major customers. The Board approved budget for FY23 is based on the last two months of FY22, which reflects current experience, and considered a range of scenarios and management actions available to remain cash flow positive.

The Group's liquidity remains strong, with a net senior debt position as at 30 June 2022 of \$114,031,000. As at 30 June 2022, the Group had \$52,189,000 in cash and cash equivalents.

As at 30 June 2022, the Group has current liabilities exceeding current assets by \$26,357,000. This is impacted by the:

- market incentive that will be amortised against future purchases from a key supplier that is included in other current liabilities (\$14,119,000, refer note C9(A));
- AASB 16 *Leases* (refer note C7) which requires of the right-of-use asset to be entirely classified in non-current, whilst future lease payments are split between current (\$34,076,000) and non-current, resulting in a mismatch.

Management expects any working capital deficiency will be met out of operating cash flows.

The Group is required to comply with financial covenants under the terms of its borrowing facilities including a net leverage ratio and a fixed charge cover ratio. In response to COVID-19, the Group's financiers agreed to waive covenant testing until 30 September 2022. Subsequent to year end, the Group's financiers agreed to a revised covenant testing regime until 30 September 2023, which involves a minimum EBITDA covenant (first tested at 31 December 2022) and a maximum net debt reporting obligation (which is reported monthly until 31 December 2023). The Group has prepared both EBITDA and cash forecasts for the testing period and based on these forecasts, including under a risk adjusted scenario, expects to be able to meet these revised covenants.

The Group acknowledges the inherent uncertainty in any earnings forecast, which includes assumptions around labour and parts availability, cost inflation, repair pricing agreed with customers, as well as insurers providing expected volumes and other economic factors. These assumptions are predicated on no further material adverse COVID-19 impacts that would impact level of driving activity. In the event that severe volume impacts occur due to unforeseen circumstances, the Group would need to undertake further network consolidation and cost optimisation activities in order to achieve revised covenants.

(Continues next page)

A1 Basis of preparation (Cont.)

(A) Going concern (Cont.)

Management is also potentially able to undertake alternative actions such as raising equity, securing additional financing, restructuring operations or the sale of assets to assist in meeting of revised covenants if required.

Whilst the Group's path to expected profitability and ongoing compliance with covenant requirements is inherently uncertain and so may cast significant doubt upon the Group's ability to continue as a going concern, Management believes that the range of actions available to it means that the uncertainty is being managed. In the event the Group does not achieve the above outlined initiatives, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the Consolidated Financial Report.

Despite the current year results, the factors impacting the recovery from the COVID-19 pandemic on the Group and continued uncertainty as to future impacts, the Directors' are of the opinion that, as at the date of approving this report, the cash flow forecasts support the Group's ability to continue as a going concern including ongoing compliance with requirements of the Group's finance facilities.

A2 Significant accounting policies



This section sets out the significant accounting policies upon which the Consolidated Financial Statements are prepared as a whole. Where a significant accounting policy is specific to a note to the Consolidated Financial Statements, the policy is described within that note. This section also shows information on new accounting standards, amendments, and interpretations not yet adopted and the impact they will have on the Consolidated Financial Statements.

(A) Basis of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all controlled entities in the Group as at 30 June 2022 and the results of all controlled entities for the year then ended. A list of the controlled entities is provided in note E2 to these financial statements.

The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are shown separately in the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity.

(B) Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the Consolidated 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 taxation authority, are presented as operating cash flows.

(C) New and amended standards adopted by the Group

The accounting policies applied in these Consolidated Financial Statements are the same as those applied in the Group's Consolidated Financial Statements for the annual reporting period ended 30 June 2021. A number of new standards are effective from 1 July 2021 but they do not have a material effect on the Group's Financial Statements.

(D) New and amended standards not yet adopted by the Group

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods commencing 1 July 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

A3 Critical accounting estimates and judgements



This section describes the critical accounting estimates and judgements that have been applied and may have a material impact on the Consolidated Financial Statements.

In applying the Group's policies, the Directors are required to make estimates, judgements, and assumptions that affect amounts reported in this Consolidated Financial Report. The estimates, judgements, and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are included in the following notes:

- Note A1(A) - Going concern
- Note B4(F)(i) - Recoverability of deferred tax assets
- Note C6(B)(iv) - Estimation of recoverable amounts of assets and CGUs
- Note C7(H) - Estimation of lease term contracts with renewal options
- Note C10(C) - Estimation of make good provisions
- Note D7(C) - Estimation of fair values of contingent vendor consideration

Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item.

B PERFORMANCE FOR THE YEAR

This section provides information that is most relevant to explaining the Group's performance during the year and where relevant, the accounting policies that have been applied.

B1 Segment information



The Group identifies different business divisions that are regularly reviewed by the Board and executive management in order to allocate resources and assess performance. These divisions offer different products and services and are managed separately. The segment disclosures present the financial performance of each division and other material items.

(A) Description of segments

The Group's operating segments are organised and managed separately according to the nature of the products and services provided. Geographically, the Group operates in Australia and New Zealand.

The Board and Executive Management Team, the Chief Operating Decision Maker (CODM), monitor the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

On 2 July 2021, following a change in the management reporting structure, the Group announced the realignment of its operating segments. This new structure reflects the Group's significant growth and provides a platform for the Group to execute its strategic and operational objectives. The new segment presentation provides improved visibility into the Group's underlying performance and results, and aligns to the internal reports that are regularly reviewed and used by the CODM.

The Group identifies and presents three new reportable segments - Vehicle Collision Repairs, Heavy Motors and Supply. Reportable segments are based on aggregating operating segments where the segments are considered to have similar economic characteristics with respect to the products sold and/or services provided by the segment.

A description of the operations in each of the Group's reportable segments is outlined below.

Vehicle Collision Repairs

Drive Business Unit

Specialises in performing rapid repairs on cars that have sustained low-to-medium collision damage and are still driveable. Includes Capital S.M.A.R.T and rapid repair business previously part of AMA Panel.

Non-Drive Business Unit

Provides larger, more complex repairs of cars that have sustained high severity collision damage and are both drivable and undriveable.

Heavy Motor

Provides dedicated and highly specialised facilities for all commercial vehicle repairs, from light commercial to prime movers, B-doubles, buses and earthmoving equipment.

Supply

Provides a large range of recycled and new automotive parts and accessory solutions to a wide range of customer segments, including panel repair sites, wholesale and retail. Includes ACM Parts previously part of APAS.

The Group excludes certain corporate costs from its segment profitability measures which consist largely of general and administrative expenses not allocated to an operating segment. The Group reports these costs within Unallocated Other, which is designed to provide increased transparency and comparability of our operating segment performance.

The change in Group operating structure and subsequent realignment of operating segments solely impacts the Group's segment reporting and there is no change to previously reported consolidated results. Comparative information has been re-presented to reflect the above changes.

Unless stated otherwise, all amounts reported are determined in accordance with the Group's accounting policies. All inter-segment transactions are eliminated on consolidation for the Consolidated Financial Statements.

B Performance for the year

B1 Segment information (Cont.)

(B) Adjusted EBITDAI from reportable segments

In addition to using profit as a measure of the Group, the Board and CODM use adjusted EBITDAI (Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment) as a measure to assess the performance of the segments.

Adjusted EBITDAI excludes discontinued operations and the effects of significant items which may have an impact on the quality of earnings such as fair value adjustments or items that are the result of an isolated, non-recurring event.

A reconciliation of adjusted EBITDAI to loss before income tax from continuing operations is provided below:

	Vehicle Collision Repairs		Heavy Motor		Supply		Corporate / Eliminations		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue and other income										
Revenue from external customers	727,573	796,597	53,873	54,061	96,467	87,075	(39,836)	(21,226)	838,077	916,507
Other income	6,438	3,088	83	27	382	119	147	179	7,050	3,413
Total group revenue from external customers and other income	734,011	799,685	53,956	54,088	96,849	87,194	(39,689)	(21,047)	845,127	919,920
EBITDAI	24,364	95,699	10,781	12,598	1,191	2,214	(17,285)	(4,239)	19,051	106,273
AASB 16 Leases impact to occupancy costs and other income	(42,143)	(44,853)	(4,209)	(3,315)	(4,371)	(3,700)	(77)	-	(50,800)	(51,868)
Adjusted segment EBITDAI (excluding impact of AASB 16 Leases)	(17,779)	50,846	6,572	9,283	(3,180)	(1,485)	(17,361)	(4,239)	(31,749)	54,405
AASB 16 Leases impact to occupancy costs and other income									50,800	51,868
Depreciation and amortisation									(78,754)	(81,289)
Impairment expense									(105,513)	(102,465)
Finance costs									(31,339)	(30,054)
Fair value adjustments on contingent vendor consideration									13,729	(5,977)
Loss before income tax from continuing operations									(182,826)	(113,513)

(C) Segment assets and liabilities

Segment assets and liabilities are not directly reported to the CODM when assessing the performance of the operating segments and are therefore not disclosed.

(D) Geographical information

The Group operates in two geographic locations, being Australia and New Zealand. The table below provides information on the geographical location of revenue from external customers which is allocated to a geography based on the location of the operation it was derived. Revenue related to discontinued operations has been excluded. All revenue in New Zealand relates to the vehicle collision repair segment.

	Australia		New Zealand		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue from external customers	815,668	895,023	22,409	21,485	838,077	916,508
Other income	6,869	3,407	181	5	7,050	3,412
Total Group revenue from external customers and other income					845,127	919,920

B2 Revenue and other income



The Group is Australia's largest vehicle accident repairer and generates revenue primarily from its panel repair services. Other revenue is derived from the sale of automotive parts.

Set out below is the disaggregation of the Group's revenue and other income. The Group derives revenue from the transfer of goods and services over time and at a point in time.

From continuing operations	Vehicle Collision Repairs		Heavy Motor		Supply		Corporate / Eliminations		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue										
Vehicle panel repair services	727,573	796,597	-	-	-	-	(39,836)	(21,226)	687,737	775,371
Truck and bus repairs	-	-	53,873	54,061	-	-	-	-	53,873	54,061
Sale of goods	-	-	-	-	96,201	86,746	-	-	96,201	86,746
Other services	-	-	-	-	266	330	-	-	266	330
Total revenue	727,573	796,597	53,873	54,061	96,467	87,075	(39,836)	(21,226)	838,077	916,507
Other income										
Interest income	97	139	2	2	2	8	97	181	198	330
Other income	6,341	2,950	81	25	380	111	50	(2)	6,852	3,083
Total other income	6,438	3,088	83	27	382	119	147	179	7,050	3,413
Revenue and other income	734,011	799,685	53,956	54,088	96,849	87,194	(39,689)	(21,047)	845,127	919,920
Timing of revenue recognition										
Over time	727,573	796,597	53,873	54,061	266	330	(39,836)	(21,226)	741,876	829,762
At a point in time	-	-	-	-	96,201	86,746	-	-	96,201	86,746
Revenue	727,573	796,597	53,873	54,061	96,467	87,075	(39,836)	(21,226)	838,077	916,507
Geographical markets										
Australia	705,164	775,112	53,873	54,061	96,467	87,075	(39,836)	(21,226)	815,668	895,022
New Zealand	22,409	21,485	-	-	-	-	-	-	22,409	21,485
Revenue	727,573	796,597	53,873	54,061	96,467	87,075	(39,836)	(21,226)	838,077	916,507

In respect of vehicle collisions repairs and heavy motor segments:

- approximately 88% of revenue is derived from insurers (2021: approximately 80%);
- approximately 60% of revenue is derived from the top two customers (2021: approximately 68%).

B2 Revenue and other income (Cont.)



Significant accounting policies

Revenue

Revenue from contracts with customers is recognised to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised for the major business activities as follows:

Vehicle Collision Repair Services

Revenue arising from these services relate to performance obligations satisfied over time and in future periods. The output method, based on completed vehicle repairs, is used to recognise revenue from such contracts for the services rendered during the period. All vehicle repairs are invoiced upon completion, with payment terms between 1 and 7 days for insurers, cash on delivery for private work and up to 30 days payment terms for fleet and other commercial customers.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Jobs completed not invoiced are reflected as a contract asset including jobs still in progress within other receivables until billed.

Sale of goods

The Group manufactures and sells automotive parts and accessories online, in the wholesale market and through retail premises. Sales are recognised when control of the goods has transferred, that is, when the goods are delivered to the wholesaler or sold to the end customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Interest income

Interest income is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets. It includes amortisation of any discount or premium.

Other income

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

B3 Other expense items



The Group has identified a number of items which are material due to the significance of their nature and/or amount. They are listed separately below to provide a better understanding of the financial performance of the Group.

(A) Depreciation and amortisation expense

	2022 \$'000	2021 \$'000
Depreciation expense on property, plant and equipment	17,413	22,276
Depreciation expense on right-of-use assets	43,618	41,064
Amortisation on intangibles	17,723	17,949
Total depreciation and amortisation expense	78,754	81,289
Depreciation and amortisation expense from discontinued operations	-	2,018

(B) Finance costs

	2022 \$'000	2021 \$'000
Interest and finance charges	9,577	8,943
Interest expense on lease liabilities	18,269	19,521
Unwind of discount on make good provision	309	280
Amortisation of borrowing costs	3,184	1,310
Total finance costs	31,339	30,054
Interest expense on lease liabilities from discontinued operations	-	613



Significant accounting policy

Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs comprise interest on borrowings calculated using the effective interest method, interest expense on lease liabilities, and amortisation of capitalised borrowing costs over the term of the borrowings.

(C) Impairment expense

The Group recognised the following non-cash impairment expense:

	Notes	2022 \$'000	2021 \$'000
Impairment of goodwill – Drive – Capital Smart	C6(B)(ii)	41,400	90,580
Impairment of goodwill – Drive – Non-Capital Smart	C6(B)(ii)	39,300	-
Impairment of goodwill – Non-Drive		-	4,190
Impairment of goodwill – Heavy		-	1,013
Impairment of non-current assets	C5	8,315	4,923
Impairment of right-of-use assets	C7(E)	16,498	1,428
Impairment of financial assets		-	331
Total impairment expense		105,513	102,465

During FY22, the Group has recognised impairment charges in respect of goodwill against two operating segments. The carrying value of the CGUs has been reduced to the recoverable amount. Refer to note C6 for further details.

B4 Taxes



This section presents the total income tax expense charged to the Group in respect of amounts currently owing/receivable for taxable profits/losses and future income taxes recoverable or payable in respect of temporary differences. The Group presents a reconciliation of accounting profit or loss to income tax and a summary of changes in future income tax recoverable or payable by major category.

(A) Income tax benefit

	2022 \$'000	2021 \$'000
Current tax		
Current tax (benefit)/expense	(14,270)	9,914
Adjustments for current tax of prior periods	400	467
Total current tax (benefit)/expense	(13,870)	10,381
Deferred tax		
Increase/(decrease) in deferred tax assets	(5,552)	6,480
Decrease in deferred tax liabilities	(15,396)	(17,648)
Total deferred tax benefit	(20,948)	(11,168)
Income tax benefit	(34,818)	(787)
Income tax benefit is attributable to:		
Continuing operations	(34,818)	(2,283)
Discontinued operations	-	1,496
	(34,818)	(787)

(B) Reconciliation of accounting profit/(loss) to income tax benefit

	2022 \$'000	2021 \$'000
Loss before tax from continuing operations	(182,826)	(113,513)
Profit / (loss) before tax from discontinued operations	-	13,647
	(182,826)	(99,866)
Tax at the Australian tax rate of 30% (30 June 2021: 30%)	(54,848)	(29,960)
Tax effect of amounts which are not (assessable) / deductible in calculating taxable income:		
Non-deductible impairment expense	24,210	28,735
Non-deductible expenses	49	188
Fair value adjustments on contingent vendor consideration	(4,119)	1,688
Employee equity plan expense	99	(368)
Non-assessable income (gain on sale of discontinued operations)	(495)	(2,219)
Adjustments for current tax of prior periods	400	467
Recognition of previously unrecognised tax losses	80	(205)
Derecognition of previously recognised deductible temporary differences	(202)	853
Effect of tax rates in foreign jurisdictions	10	15
Other	(2)	19
Income tax benefit	(34,818)	(787)

B4 Taxes (Cont.)

(C) Reconciliation of income tax payable / (receivable)

	2022 \$'000	2021 \$'000
Balance at 1 July	1,456	(3,338)
Movement:		
Income taxes payable/(receivable) for the period	(14,270)	9,914
Adjustments for current tax of prior periods	(332)	2,154
Income tax paid	(1,158)	(7,243)
(Disposed) / acquired through business combinations	(101)	(31)
Balance at 30 June	(14,405)	1,456

(D) Amounts recognised directly through equity

	2022 \$'000	2021 \$'000
Hedging reserve	(1,930)	(194)
Share Capital (equity raising costs)	1,408	-
Total recognised directly through equity	(522)	(194)

(E) Deferred tax assets and deferred tax liabilities

	Deferred tax assets		Deferred tax liabilities	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Receivables and contract assets	334	263	-	-
Inventories	-	-	(816)	(696)
Property, plant and equipment	1,293	1,662	(1,687)	(1,324)
Right-of-use assets	-	-	(79,930)	(91,841)
Intangible assets	38	-	(54,500)	(60,027)
Trade and other payables	2,455	1,775	-	-
Lease liabilities	86,650	97,901	-	-
Provisions - employee benefits	11,295	11,309	-	-
Provisions - other	9,323	3,034	-	-
Deferred income	2,314	-	-	(60)
Capitalised expenditure	2,380	2,134	-	-
Tax losses	8,961	2,269	-	-
Other items	250	325	(2,048)	(115)
Deferred tax assets / (liabilities) - before set-off	125,293	120,672	(138,981)	(154,063)
Set-off of tax	(104,351)	(102,793)	104,351	102,793
Net deferred tax assets / (liabilities) - after set-off	20,942	17,879	(34,630)	(51,270)
Balance at 1 July	120,672	127,685	(154,063)	(172,992)
Movement:				
Adjustments for tax of prior periods	(409)	3,646	(314)	(1,980)
To profit or loss	5,552	(6,480)	15,396	17,648
Through equity	(522)	(194)	-	-
Acquired through business combinations	-	3,090	-	(2,893)
Discontinued operations	-	(7,075)	-	6,154
Balance at 30 June	125,293	120,672	(138,981)	(154,063)

B Performance for the year

B4 Taxes (Cont.)

(F) Tax losses

	2022 \$'000	2021 \$'000
Unused tax losses for which a deferred tax asset has been recognised		
Unused revenue losses	29,869	7,562
Tax benefit @ 30%	8,961	2,269
Unused tax losses for which no deferred tax asset has been recognised		
Unused revenue losses	2,032	2,126
Unused capital losses	12,264	10,154
Total unused tax losses	14,296	12,280
Potential tax benefit @ 30%	4,289	3,684

(i) Critical accounting estimates and judgements

All unused tax losses can be carried forward indefinitely subject to the loss utilisation tests and have no expiry date. The unused losses for which a deferred tax asset has been recognised represent revenue losses for the Company's partially-owned subsidiary, Capital Smart Group Holdings Pty Ltd (refer to (G)). Management considers it probable that future taxable profits would be available against which these tax losses can be recovered and, therefore, the related deferred tax asset can be recognised.

The unused revenue losses for which no deferred tax asset has been recognised represent transferred revenue losses of the Company and its wholly-owned Australian resident entities. Management has determined that a deferred tax asset should not be recognised for these losses as they have restricted rates of utilisation.

The unused capital losses for which no deferred tax asset has been recognised represent capital losses of the Company and its wholly-owned Australian resident entities. Management has determined a deferred tax asset on unused capital losses should not be recognised on the basis that it is not probable that future capital gains would be available against which the capital losses can be utilised.

B4 Taxes (Cont.)

(G) Tax consolidation

The Company and its wholly-owned Australian resident entities formed a tax consolidated group with effect from 1 September 2006. AMA Group Limited is the head entity of the tax consolidated group and has assumed the current tax liabilities of the members in its tax consolidated group.

The Australian resident entities of the Capital Smart Group of companies formed a separate tax consolidated group with effect from 31 October 2019. Capital Smart Group Holdings Pty Ltd is the head entity of the tax consolidated group and has assumed the current tax liabilities of the members in its tax consolidated group. The consolidated financial statements incorporate the tax balances of both tax consolidated groups.

Income tax expense or benefit, deferred tax assets, and deferred tax liabilities arising from temporary differences of the members of the tax consolidated groups are recognised by each subsidiary where the subsidiary would have been able to recognise the deferred tax asset or deferred tax liability on a standalone basis.

The members of the tax consolidated groups have entered into tax funding agreements with each head entity which sets out the funding obligations in respect of income tax amounts. The agreements require payments by the subsidiaries to the head entity equal to the income tax liability assumed by the head entity. The head entity is required to make payments to the subsidiaries equal to the current tax asset assumed by the head entity.

In respect of carried forward tax losses brought into the tax consolidated groups on consolidation by subsidiary members, the head entity will pay the subsidiary member for such losses when these losses are transferred to the tax consolidated groups, where the subsidiary member would have been entitled to recognise the benefit of these losses on a standalone basis.



Significant accounting policies

Income tax

Income tax expense in the Consolidated Statement of Profit or Loss for the period presented comprises current and deferred tax.

Income tax is recognised in the Consolidated Statement of Profit or Loss except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax is also recognised in other comprehensive income, or directly in equity, respectively.

Current tax

Current tax payable represents the amount expected to be paid to taxation authorities on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods.

Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled, or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The benefit of intangible assets with an indefinite useful life will flow to the Group on an annual basis, therefore the carrying amount will be recovered through use.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same taxation authority and the same taxable entity.

C ASSETS AND LIABILITIES

This section provides information about the working capital of the Group and major balance sheet items including the accounting policies, judgements and estimates relevant in understanding these items.

C1 Receivables and contract assets



Receivables and contract assets predominantly consist of amounts owed to the Group by customers for sales of goods and services in the ordinary course of business.

	2022 \$'000	2021 \$'000
Trade receivables	34,133	37,285
Allowance for expected credit losses	(526)	(304)
	33,607	36,981
Other receivables	1,491	5,627
Contract assets	32,330	30,304
	33,821	35,931
Total receivables and contract assets	67,428	72,912

(A) Allowance for expected credit losses on trade receivables

Current trade receivables of the Group were assessed for impairment at each reporting date. Movements in the allowance for expected credit losses of receivables are set out below:

	2022 \$'000	2021 \$'000
Balance at 1 July	304	394
Movement:		
Additional expected credit losses recognised / (released)	307	(68)
Receivables written off / (written back) during the year as uncollectible	(85)	(1)
Disposals - discontinued operations	-	(21)
Balance at 30 June	526	304

(B) Trade receivables past due but not impaired

As at 30 June 2022, trade receivables of \$4,167,000 (30 June 2021: \$13,337,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default and for which full payment is expected.

An ageing analysis of trade and other receivables past due but not impaired is set out below:


	2022 \$'000	2021 \$'000
Up to 3 months	3,044	10,131
Greater than 3 months	1,123	3,206
Total	4,167	13,337

(C) Fair value disclosure

Due to the short-term nature of these receivables, their carrying amount is considered to approximate their fair value. For information about the methods and assumptions used in determining the fair value of the Groups receivables refer to note D8(D)(i).

C1 Receivables and contract assets (Cont.)**(D) Risk exposure**

Information concerning the credit risk of receivables is set out in note D8(B)(ii).

 **Significant accounting policies**
Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss. They generally have credit terms ranging up to 30 days.

Allowance for expected credit losses on trade and other receivables

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

Contract assets

The Group presents any unconditional rights to consideration separately as a receivable while those rights arising from satisfaction of performance obligations in a contract are presented as contract assets. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Contract assets are measured at the actual amount of transaction price.


C2 Inventories

	2022 \$'000	2021 \$'000
Raw materials and consumables	21,614	17,777
Finished goods	17,951	14,577
Total inventories	39,565	32,354

Finished goods

The Group periodically reviews the value of items in inventory and records write-downs or write-offs based on its assessment of slow moving or obsolete inventory. Allowances are recorded against finished goods for any such declines. As at 30 June 2022, the Group has recognised an allowance for inventory obsolescence of \$3,702,000 (30 June 2021: \$2,428,000).

	2022 \$'000	2021 \$'000
Finished goods - gross	21,653	17,005
Provision for inventory obsolescence	(3,702)	(2,428)
Finished goods - net	17,951	14,577

 **Significant accounting policies**
Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion necessary to make the sale.

Reviews are made periodically by management for excess inventories, obsolescence and decline in net realisable value below cost. Allowances are recorded against inventories for any such declines based on historical experience on obsolescence and slow-moving inventory.

Costs incurred in bringing each product to its present location and condition are determined after deducting rebates and discounts received or receivable and are accounted for, as follows:

- Raw materials - purchase cost on a first-in / first-out basis
- Finished goods - cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure.

C3 Other financial assets



Other financial assets consist of loans provided to a former related party and other employees and derivative financial instruments.

	2022 \$'000	2021 \$'000
Other financial assets		
Current		
Loans provided to a former related party and other employees	1,460	1,555
Derivative - financial instrument	1,607	-
Total current	3,067	1,555
Non-current		
Derivative - financial instrument	5,212	712
Total non-current	5,212	712
Total other financial assets	8,279	2,267

(A) Loans provided to a former related party and other employees

Employee loans outstanding at the end of the current and prior year include a loan to the former Group CEO and Executive Director, Andrew Hopkins. For further information refer to note F2(E).

(B) Derivatives

The Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in interest rates. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes.

The Group entered into interest rate swap contracts to fix the interest rate at 0.43% (excluding margin and line fees) on \$193,500,000 of borrowings (which represented approximately 80% of floating rate borrowings at the time of entering into the derivatives). Interest is payable based on a margin over bank bill swap rate. The swap contract matures on 30 October 2024 (with a step-down to 60% on 30 October 2022). During the year the notional value of this swap was reduced to \$147,500,000 to align with the amount of floating rate debt in the Group.

(i) Fair value disclosures

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. For information about the methods and assumptions used in determining the fair value of derivatives refer to note D8(D)(iii).

(ii) Risk exposure

For information about the Groups net exposure to cash flow interest rate risks refer to note D8(A)(ii).



Significant accounting policies

Loans provided to related parties

Loans provided to related parties are recognised initially at fair value plus transaction costs and, in subsequent period are stated at amortised cost. The Group assess the expected credit losses associated with loans provided to related parties on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the loan. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates its interest rate swap as a cash flow hedge. The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transaction have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

C4 Other assets

	2022 \$'000	2021 \$'000
Acquisition deposits	300	600
Prepayments and other assets	7,520	5,419
Total other assets	7,820	6,019

C5 Property, plant and equipment



Property, plant and equipment represents the investment by the Group in tangible assets.

	Leasehold improvements \$'000	Plant and equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
1 July 2020					
Cost	34,903	155,949	8,421	9,197	208,470
Accumulated depreciation and impairment	(20,134)	(85,541)	(4,857)	(4,848)	(115,380)
Net book amount	14,769	70,408	3,564	4,349	93,090
Movement:					
Additions	2,268	8,509	707	922	12,406
Acquired through business combinations	-	1,064	-	44	1,108
Disposals	(5)	(222)	-	(313)	(540)
Disposals – discounted operations	(1,153)	(3,795)	(339)	(373)	(5,660)
Depreciation	(3,873)	(15,731)	(1,154)	(1,518)	(22,276)
Impairment	(828)	(3,490)	(187)	(399)	(4,904)
Effect of foreign exchange	(4)	(16)	-	(1)	(21)
Asset reclassification	-	(686)	(14)	700	-
Reclass to intangible assets	-	(414)	(55)	(5)	(474)
Closing net book amount	11,174	55,627	2,522	3,406	72,729
1 July 2021					
Cost	33,995	143,568	5,495	6,628	189,686
Accumulated depreciation and impairment	(22,821)	(87,941)	(2,973)	(3,222)	(116,957)
Net book amount	11,174	55,627	2,522	3,406	72,729
Movement:					
Additions	1,533	3,578	413	551	6,075
Depreciation	(2,758)	(12,934)	(904)	(817)	(17,413)
Impairment	(3,327)	(4,315)	(420)	(253)	(8,315)
Effect of foreign exchange	(14)	(48)	(1)	-	(63)
Closing net book amount	6,608	41,908	1,610	2,887	53,013
2022					
Cost	29,256	127,589	4,369	6,574	167,789
Accumulated depreciation	(22,648)	(85,681)	(2,759)	(3,687)	(114,776)
Net book amount	6,608	41,908	1,610	2,887	53,013

Property, plant and equipment are reviewed for impairment in accordance with AASB 136 *Impairment of Assets*. During the year, the Group recognised an impairment charge of \$8,315,000 (2021: \$4,904,000) relating to the carrying amount of property, plant and equipment. The impairment charge is on assets which are no longer expected to generate future economic benefits primarily due to closure of sites.

C5 Property, plant and equipment (Cont.)



Significant accounting policies

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation

Assets are depreciated from the date the asset is brought to use, or in business combinations, the date of acquisition. Depreciation is calculated on either a straight line or diminishing value basis as considered appropriate to write off the net cost of each item of plant and equipment over its expected useful life to the Group. The expected useful lives are as follows:

- Plant and equipment: 2 to 15 years
- Motor vehicles: 4 to 8 years
- Furniture and fittings: 2 to 10 years
- Leasehold improvements: 5 to 15 years

The cost of improvements to or on leasehold properties is amortised over the unexpired life of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter.

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they now relate.

The depreciation and amortisation rates are reviewed annually and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the profit or loss.

Impairment

The carrying amounts of the Group's property, plant and equipment are reviewed for impairment where there is an indication that the asset may be impaired (assessed at least each reporting date) or when there is an indication that a previously recognised impairment may need to be reversed.

C6 Intangible assets



Intangible assets represent goodwill, customer contracts, other intangibles and software. Goodwill arises when the Group acquires a business where consideration exceeds the fair value of net assets acquired and represents the future benefits expected to arise from the purchase.

(A) Net book amounts and movements in intangible assets

	Goodwill \$'000	Customer contracts \$'000	Other intangibles \$'000	Software \$'000	Total \$'000
1 July 2020					
Cost	537,260	240,043	2,517	7,721	787,541
Accumulated amortisation and impairment	(63,398)	(24,736)	(275)	(5,045)	(93,454)
Net book amount	473,862	215,307	2,242	2,676	694,087
Movement:					
Additions and adjustments	(608)	-	-	-	(608)
Acquired through business combinations	8,733	-	-	-	8,733
Amortisation	-	(16,707)	(241)	(1,001)	(17,949)
Impairment	(95,783)	-	-	(19)	(95,802)
Effect of foreign exchange	47	-	-	-	47
Reclass from property, plant and equipment	-	-	-	474	474
Disposals - discontinued operations	(37,042)	-	(9)	(19)	(37,070)
Closing net book amount	349,209	198,600	1,992	2,111	551,912
1 July 2021					
Cost	499,456	240,043	2,400	7,874	749,773
Accumulated amortisation and impairment	(150,247)	(41,443)	(408)	(5,763)	(197,861)
Net book amount	349,209	198,600	1,992	2,111	551,912
Movement:					
Additions and adjustments	(136)	-	10	799	673
Amortisation	-	(16,707)	(241)	(775)	(17,723)
Impairment	(80,700)	-	-	-	(80,700)
Closing net book amount	268,373	181,893	1,761	2,135	454,162
2022					
Cost	500,333	240,043	2,410	6,949	749,735
Accumulated amortisation and impairment	(231,960)	(58,150)	(649)	(4,814)	(295,573)
Net book amount	268,373	181,893	1,761	2,135	454,162

C Assets and liabilities

C6 Intangible assets (Cont.)

(B) Goodwill and indefinite life intangibles

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the Group's CGUs (or group of CGUs) and represents the lowest level within the Group at which management monitors goodwill.

(i) Allocation of goodwill to groups of cash-generating units

Goodwill has been allocated to the Group's CGU's as follows:

Reporting segment	Business unit	CGU (where not the reporting segment or business unit)	2022 \$'000	2021 \$'000
Vehicle Collision Repairs	Drive	Capital Smart	57,970	99,472
		Non-Capital Smart	30,649	69,949
	Non-Drive		135,114	135,114
Heavy Motor			43,180	43,214
Supply		Fluid Drive	1,460	1,460
Total goodwill			268,373	349,209

(ii) Impairment of goodwill

Goodwill is assessed for impairment on an annual basis, or more frequently when there is an indication that the CGU to which it belongs may be impaired. Where indicators exist, impairment testing is undertaken by comparing the carrying and recoverable amounts of goodwill. Impairment losses are recognised in the profit or loss when carrying amounts are higher than recoverable amounts.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

In FY22, the Group has impaired two CGUs as follows:

The Drive – Capital Smart CGU goodwill was impaired by \$44,000,000 (2021: \$96,806,000). The Group has taken its proportionate share of the impairment charge, with a net impact to the Group accounts of \$41,400,000. The Capital Smart business continues to see lower than expected completed volumes, due to labour and parts constraints impacting ability to complete repairs. Capital Smart also has a fixed price contract with its major customer, which in a higher inflation environment as is currently being experienced has resulted in reduced operating margins for Capital Smart. The uncertainty surrounding labour availability given ongoing COVID-19 waves and supply chain issues have prompted the Group to revise down annual repair volumes (in line with recent experience), which impacts future cash inflows and has resulted in this impairment.

The Drive (Non-Capital Smart) CGU goodwill was impaired by \$39,300,000. Due to site closures in the current year, this CGU now has reduced capacity. The impairment reflects approximately 40% of the goodwill value.

The Group has completed a number of acquisitions in previous years. In most instances, the consideration is made up of an upfront amount and a deferred amount based on profitability over a period. The deferred consideration is generally contingent on profit measures such as EBITDAI or EBIT. For any acquisition (business, share, individual site or group of sites) where contingent vendor consideration is still outstanding, the measurement of that liability is an indication that management monitors the goodwill at the acquisition level. Therefore, for any acquisition with contingent vendor consideration outstanding, the Group has considered the recoverability of goodwill recorded in the acquisition accounting. Any impairment loss recognised is a direct result of the contingent vendor consideration decreasing and offsets any gain in the profit or loss recorded within fair value adjustments. Once the contingent vendor consideration period has ended, goodwill in relation to the acquisition is aggregated with the remaining goodwill in the CGU.

C6 Intangible assets (Cont.)

(B) Goodwill and indefinite life intangibles (Cont.)

(iii) Key assumptions used in the calculation of the recoverable amount

The Group's annual impairment testing is performed using the fair value less costs of disposal methodology. The recoverable amount was determined using a discounted cash flow (DCF) model. This was based on the present value of cash flow projections over a five-year period with the period extending beyond five years extrapolated using an estimated growth rate. Management has considered probability weighted cash flow scenarios and market evidence to help corroborate the resulting value by comparing to relevant market multiples.

The value assigned to key assumptions represent management's assessment of future trends in the industry and are based on historical data from both external and internal sources. The approach and key assumptions used in the calculation of the recoverable amount are summarised in the following table:

Assumption	Approach used to determine values
Pre-tax discount rates	The discount rate is a pre-tax measure estimated based on past experience, industry average weighted average cost of capital and adjusted to incorporate risks associated with each CGU. The cash flows are discounted using the pre-tax discount rate at the beginning of the budget period.
FY23 (Year 1) EBITDAI growth rate	FY23 EBITDAI is based on a risk-adjusted scenario of the Board approved budget which is expected to be consistent with a market participant's perspective. This has been based on past and current experience, with adjustments where future activities are expected to differ materially from past performance or market participant's perspective.
FY24 to FY27 EBITDAI	FY24 to FY27 EBITDAI is calculated using an EBITDAI growth rate based on past experience, industry trends and adjusted to reflect assumptions reasonably expected to be available to a market participant.
Terminal growth rate	The terminal growth rate is used to extrapolate cash flows beyond the forecast period. The terminal value is calculated using a perpetual growth model.
Costs of disposal	The costs of disposal are estimated based on the Group's experience with disposal of assets and on industry benchmarks.
AASB 16 Leases impact	EBITDAI used in the discounted cashflow model is based on a pre-AASB 16 basis, such that rental payments are included in the cashflows. Right-of-use assets and lease liabilities have been included in the carrying value of the CGU as it is assumed that a potential buyer or market participant would assume both the right-of-use assets and lease liabilities.

The goodwill allocated to the CGU's, and the values assigned to a number of key assumptions are as follows:

CGU	Goodwill \$'000	Terminal growth rate (%)		Pre-tax discount rate (%)		Year 1 volume growth rate (%) ¹	
		2022	2021	2022	2021	2022	2021
Non-Drive	135,114	2.5	2.5	11.6	10.9	11	10
Heavy Motor	43,180	2.5	N/A	11.6	N/A	22 ¹	N/A
Capital Smart	57,970	2.5	2.5	11.6	10.9	13	10
Non-Capital Smart	30,649	2.5	N/A	11.6	N/A	(15) ²	N/A
Fluid Drive	1,460	2.5	2.5	12.9	12.4	10 ¹	(25)

1 EBITDAI growth rates used for Heavy Motor and Fluid Drive CGUs as volumes are not a key assumption for these CGUs.

2 Reduced volume assumption due to closing sites.

(iv) Critical accounting estimates and judgements

Determining whether goodwill is impaired requires an estimation of the value in use or fair value less cost of disposal of the cash-generating units to which goodwill has been allocated. The Group's impairment testing estimates the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value of those cash flows.

C Assets and liabilities

C6 Intangible assets (Cont.)

(B) Goodwill and indefinite life intangibles (Cont.)

(v) Significant estimate: impact of possible changes in key assumptions

Management assessed whether any CGU could be impaired as a result of a possible change in a key assumption and the following table provides quantitative information illustrating the impact of possible changes in key assumptions (with all other inputs remaining the same). The Heavy Motor and Fluid Drive CGUs have sufficient headroom that there was no impairment from the assessment undertaken. However, given impairment has been recognised in the current year for the Capital Smart and Non-Capital Smart Drive CGUs and minimal (approximately \$10m) headroom exists for Non-Drive CGU, any adverse change in assumptions would lead to further impairment. The following table shows the further impairment that would be recognised by a change in key assumption:

CGU	Carrying value of goodwill allocated to the CGU \$'000	Change in key assumption	Additional Impairment that would be recognised under change in key assumption \$'000
Capital Smart	57,970	Pre-tax discount rate increase of 1%	26,992
		Terminal growth rate decline of 1%	22,058
		FY23 to FY27 volume decline of 5%	34,371
Non-Capital Smart	30,649	Pre-tax discount rate increase of 1%	4,145
		Terminal growth rate decline of 1%	3,363
		FY23 to FY27 volume decline of 5%	8,330
Non-Drive	135,114	Pre-tax discount rate increase of 1%	7,360
		Terminal growth rate decline of 1%	3,888
		FY23 to FY27 volume decline of 5%	17,239



Significant accounting policies

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and subsequently measured at cost less accumulated amortisation and impairment losses. Where acquired in a business combination, cost represents the fair value at the date of acquisition.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at each financial year-end. Intangible assets with indefinite lives are tested for impairment in the same way as goodwill.

Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination less the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group recognises the gain in the profit or loss.

Customer contracts

Customer contracts are recognised at cost, being fair value at the date of acquisition. Customer contracts have a finite life and are carried at cost less accumulated amortisation and any impairment losses. Customer contracts are amortised over the lesser of the remainder of the contract or their estimated useful life relevant to each specific contract. The Group amortises customer contracts using the straight-line method over a period of 4 to 15 years.

Other intangibles

Other intangibles consist of customer relationships, brands, patents and trademarks and are recognised at cost, being fair value at the date of acquisition. These intangibles have a finite life and are carried at cost less accumulated amortisation and any impairment losses. The Group amortises other intangibles using the straight-line method over 10 years.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(Continues next page)

C6 Intangible assets (Cont.)

(B) Goodwill and indefinite life intangibles (Cont.)

(v) Significant estimate: impact of possible changes in key assumptions (Cont.)



Significant accounting policies (Cont.)

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

C7 Right-of-use assets and lease liabilities



The Group leases various offices, warehouses, site premises, equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions including extension options. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

(A) The Group's leasing activities

Property leases are generally non-cancellable with rent payable monthly in advance. Contingent rental provisions within lease agreements generally require minimum lease payments be increased by CPI or a percentage factor. Certain agreements have option arrangements to renew the lease for additional terms.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(B) Amounts recognised in the Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position includes the following amounts relating to leases:

	2022 \$'000	2021 \$'000
Right-of-use assets		
Leased properties	266,810	306,691
Leased equipment	79	153
Leased motor vehicles	-	33
Total right-of-use assets	266,889	306,877
Lease liabilities		
Current	34,076	33,784
Non-current	255,227	293,134
Total lease liabilities	289,303	326,918

The total additions to right-of-use assets for the year ended 30 June 2022 were \$54,981,000 (30 June 2021: \$20,198,000). Refer to Note C7(E) on the following page.

(C) Amounts recognised in the Consolidated Statement of Profit or Loss

The Consolidated Statement of Profit or Loss shows the following amounts relating to leases:

	2022 \$'000	2021 \$'000
Depreciation charge on right-of-use assets		
Leased properties	38,388	40,532
Leased equipment	74	217
Leased motor vehicles	29	46
Make good	5,127	269
Total	43,618	41,064
Impairment expense	16,498	1,428
Interest expense (included in finance costs)	18,269	19,521
COVID-19 rent concession (included as a benefit in occupancy expenses) ¹	(525)	(1,536)
Expense relating to short-term leases (included in occupancy expenses)	885	922
Expense relating to leases of low-value assets (included in occupancy expenses)	53	156
Total	35,180	20,491
Depreciation, impairment and interest expense from discontinued operations	-	1,850

¹ The Group has elected to apply the practical expedient to assess whether a COVID-19-related rent concession is a lease modification.

(D) Amounts recognised in the Consolidated Statement of Cash Flows

The total cash outflow for leases for the year ended 30 June 2022 was \$50,800,000 (30 June 2021: \$51,694,000).

C7 Right-of-use assets and lease liabilities (Cont.)

(E) Net book amounts and movements in right-of-use assets

	Leased properties \$'000	Leased equipment \$'000	Leased motor vehicles \$'000	Total \$'000
1 July 2020				
Cost	390,719	510	123	391,352
Accumulated depreciation and impairment	(45,776)	(141)	(26)	(45,943)
Net book amount	344,943	369	97	345,409
Movement:				
Acquired through business combinations	9,642	-	-	9,642
Additions	20,198	-	-	20,198
Disposals	(5,800)	-	(15)	(5,815)
Disposals - discontinued operations	(20,603)	-	-	(20,603)
Depreciation	(40,801)	(217)	(46)	(41,064)
Modification to lease terms	13,499	1	-	13,500
Variable lease payments reassessment	(12,931)	-	(3)	(12,934)
Impairment	(1,428)	-	-	(1,428)
Effect of foreign exchange	(28)	-	-	(28)
Net book amount	306,691	153	33	306,877
1 July 2021				
Cost	384,570	455	98	385,123
Accumulated depreciation and impairment	(77,879)	(302)	(65)	(78,246)
Net book amount	306,691	153	33	306,877
Movement:				
Additions	54,981	-	-	54,981
Disposals	-	-	(2)	(2)
Depreciation	(43,515)	(74)	(29)	(43,618)
Modification to lease terms	(37,429)	-	(2)	(37,431)
Variable lease payments reassessment	2,869	-	-	2,869
Impairment	(16,498)	-	-	(16,498)
Effect of foreign exchange	(289)	-	-	(289)
Net book amount	266,810	79	-	266,889
2022				
Cost	385,645	220	-	385,865
Accumulated depreciation and impairment	(118,835)	(141)	-	(118,976)
Net book amount	266,810	79	-	266,889

C Assets and liabilities

C7 Right-of-use assets and lease liabilities (Cont.)

(F) Short-term leases and leases of low-value assets

The Group applies the recognition exemptions to its short-term and low-value leases of property, equipment and motor vehicles. Short-term leases are leases with a lease term of 12 months or less. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(G) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(H) Critical accounting estimates and judgements

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In determining the lease term, the Group applies judgement and 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).

At the end of each lease term, the Group assumes the lease arrangements will be automatically renewed regardless of whether the lease is no longer enforceable. The lease will remain in effect until one of the parties gives notice to terminate with no more than an insignificant penalty.

The initial lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.



Significant accounting policies

Lease liabilities

At commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of useful life and the lease term.

Right-of-use assets are tested for impairment which replaces the previous requirement to recognise a provision of onerous lease contracts. Any identified impairment loss is accounted for in line with the Group's accounting policy for property, plant and equipment which is set out in note C5.

C8 Trade and other payables



Trade and other payables mainly consist of amounts owing to the Group's suppliers that have been invoiced or accrued.

	2022 \$'000	2021 \$'000
Trade payables	74,631	86,939
Accrued expenses	16,440	17,880
Payroll and statutory liabilities	8,736	10,101
Other payables	2,357	4,249
Total trade and other payables	102,164	119,169

(A) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other payables is considered to approximate their fair value. For information about the methods and assumptions used in determining the fair value of the Group's payables refer to note D8(D)(i).



Significant accounting policies

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. The amounts are unsecured and are usually paid within 30-45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. Other payables not due within a year are measured less cumulative amortisation calculated using the effective interest method. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

C9 Other liabilities

	2022 \$'000	2021 \$'000
Current		
Market incentive	14,119	14,000
Deferred revenue	14,939	7
Total current	29,058	14,007
Non-current		
Market incentive	33,841	46,800
Deferred revenue	-	750
Total non-current	33,841	47,550
Total other liabilities	62,899	61,557

(A) Market incentive

In a previous financial year, the Group entered into an agreement with a key supplier to purchase the supplier's products on an exclusive basis over an agreed period of time. In exchange for this exclusive arrangement, and subject to certain conditions, the Group receives preferential benefits including the upfront payment of the market incentive and the ongoing competitive price of the products.

The incentive is being amortised based on a percentage of the purchased product. Termination of the arrangement by the Company, or the occurrence of an event of default requires the Company to repay all unamortised balances.

As at 30 June 2022, an amount of \$14,119,000 (30 June 2021: \$14,000,000) has been classified as current representing the anticipated reduction in this incentive over the next twelve months.

A reconciliation of the movement of the market incentive liability is set out below:

	2022 \$'000	2021 \$'000
Balance at 1 July	60,800	74,431
Movement:		
Offset against inventory	(20)	(340)
Charged to profit or loss - raw materials and consumables used	(12,820)	(13,291)
Balance at 30 June	47,960	60,800

C10 Provisions



Provisions are a liability recorded when there is uncertainty over the timing or amount that will be paid but the expected settlement amount can be reliably estimated by the Group. The main provisions held are in relation to employee benefits and make good onsite premises.

	2022 \$'000	2021 \$'000
Current		
Annual leave	21,364	21,516
Long service leave	13,471	10,030
Make good	7,091	939
Other	667	288
Total current	42,593	32,773
Non-current		
Long service leave	2,843	6,177
Make good	22,449	6,676
Total non-current	25,292	12,853
Total provisions	67,885	45,626

(A) Carrying amounts and movements in provisions

Movements in make good and other provisions during the financial year are set out below:

	Other \$'000	Make good \$'000	Total \$'000
Balance at 1 July 2020	288	8,988	9,276
Movement:			
Additional provisions recognised	-	527	527
Unused amounts reversed	-	(109)	(109)
Unwind of discount	-	280	280
Amounts used during the year	-	(1,005)	(1,005)
Disposal – discontinued operations	-	(1,066)	(1,066)
Balance at 30 June 2021	288	7,615	7,903
Movement:			
Additional provisions recognised	379	22,388	22,767
Unused amounts reversed	-	(85)	(85)
Unwind of discount	-	309	309
Amounts used during the year	-	(687)	(687)
Balance at 30 June 2022	667	29,540	30,207

C10 Provisions (Cont.)

(B) Amounts not expected to be settled within the next 12 months

The following amounts reflect employee benefits that are classified as a current liability, since the Group does not have an unconditional right to defer settlement for this obligation, but are not expected to be taken within the next 12 months:

	2022 \$'000	2021 \$'000
Annual leave obligation expected to be settled after 12 months	5,794	5,619
Long service leave obligation expected to be settled after 12 months	10,136	6,872
Total	15,930	12,491

**Significant accounting policies****Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable the Group will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Employee benefits*Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave and leave loading that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The short-term employee benefit obligations are recognised in the provision for employee benefits.

The current provision for employee benefits includes accrued annual leave and long service leave. Long service leave includes all unconditional entitlements where employees have completed the required period of service. Employee benefits are presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months.

Other long-term employee benefit obligations

The liability for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

The non-current employee benefit represents a long-service leave provision which covers conditional entitlements where employees have not completed their required period of service, adjusted for the probability of likely realisation.

(C) Critical accounting estimates and judgements**Make good**

The Group is required to restore the leased premises of its sites to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are depreciated over the shorter of the term of the lease and the useful life of the assets.

D CAPITAL STRUCTURE, FINANCING AND FINANCIAL RISK MANAGEMENT

Capital and financial risk management provides information about the capital management practices of the Group, shareholder returns for the year and discusses the Group's exposure and management to various financial risks.

D1 Capital management



This section provides a summary of the capital management activities of the Group during the period. The Group manages its capital structure with the objective of enhancing long-term shareholder value through funding its business at an optimised weighted average cost of capital.

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so as to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio has been calculated with reference to net senior debt which is presented in accordance with the requirements of the syndicated facility agreement.

The Group's capital includes ordinary share capital, financial liabilities at amortised cost (drawn facilities), cash and cash equivalents and 50% of the cash portion of contingent vendor consideration (consistent with the calculation for debt covenants under the syndicated facility agreement).

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, secure additional financing, restructure operations or sell assets to reduce debt. This is decided on the basis of maximising shareholder returns over the long term.

	Notes	2022 \$'000	2021 \$'000
Net debt			
Financial liabilities - drawn cash facilities	D7(A)	165,000	237,500
Contingent vendor consideration - 50% of cash portion	D7(C)	1,220	7,010
Cash and cash equivalents	D6	(52,189)	(64,203)
Net senior debt used in covenant calculations		114,031	180,307
Convertible notes (face value)		50,000	-
Net debt		164,031	180,307
Fully paid ordinary shares			
Quoted (at market price) ¹		182,072	427,262
Unquoted (at issue price)	D4(A)	1,611	5,000
Total fully paid ordinary shares		183,683	432,262
Total capital		347,714	612,569
Gearing Ratio		47.2%	29.4%
Gearing Ratio (net senior debt)		32.8%	29.4%

¹ Fully Paid Ordinary Shares Quoted value has been calculated using the closing share prices as at 30 June each year.

D2 Earnings / (loss) per share



Earnings / (loss) per share presents the amount of profit / (loss) generated for the reporting period attributable to shareholders divided by the weighted average number of shares on issue. The potential for any share rights issued by the Group to dilute existing shareholders' ownership when the share rights are exercised are also presented. The convertible notes have no dilution effect on earnings per share.

(A) Reconciliations of earnings used in calculating earnings / (loss) per share

	2022 \$'000	2021 \$'000
Profit / (loss) attributable to the ordinary equity holders of the Company:		
Continuing operations	(144,214)	(109,101)
Discontinued operations	-	12,151
	(144,214)	(96,950)

(B) Weighted average number of shares used as the denominator

In October 2021, AMA completed a placement and a rights issue. Under the entitlement offer for the rights issue, eligible shareholders were invited to subscribe for 1 new AMA share for every 2.8 existing AMA shares. All new shares were offered at 37.5 cents per share, which represented a 9.2% discount to the last close price on 6 September 2021. As the rights issue contained a bonus element and the rights issue was offered to all existing shareholders, basic and diluted EPS have been adjusted retrospectively for the bonus element for all periods presented.

	2022 Shares	2021 Shares
Weighted average number of shares used as denominator in calculating both basic and diluted earnings / (loss) per share	955,285,449	762,000,853

(C) Earnings / (loss) per share

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and performance rights is based on quoted market prices for the period that the options and performance rights were outstanding.

	2022 Cents	2021 Cents
Continuing operations	(15.10)	(14.32)
Discontinued operations	-	1.59
Earnings / (loss) per share	(15.10)	(12.72)

D3 Dividends



Dividends are distributions of the Group's profit after tax to shareholders and represent one of the ways the Group distributes returns to its shareholders.

No dividends have been declared or paid in the current and previous year.

	2022 \$'000	2021 \$'000
Franking credit balance		
Franking credits available for subsequent reporting period based on tax rate of 30%	32,462	33,511

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The Group expects the franking credit balance to decrease during FY23 due to the receipt of a refund of tax receivable (refer to Note B4(C)) which will generate a franking debit resulting in a new balance of approximately \$18 million.

D4 Contributed equity



Contributed equity represents the number of ordinary shares on issue. A reconciliation is presented to show the movement in ordinary shares on issue.

(A) Ordinary share capital

Fully paid ordinary shares	2022 Shares	2022 \$'000	2021 Shares	2021 \$'000
Quoted	1,071,009,343	529,893	743,063,799	419,404
Unquoted	1,642,329	1,611	6,139,929	5,000
Total share capital	1,072,651,672	531,504	749,203,728	424,404

(B) Movements in ordinary shares

	2022 Shares	2022 \$'000	2021 Shares	2021 \$'000
Quoted				
Opening balance	743,063,799	419,404	733,903,518	410,117
Equity raising ¹	266,616,996	99,981	-	-
Employee share issue	9,710,433	3,438	-	-
Vendor share issue	48,573,966	6,768 ²	8,711,730	8,537
Convert from unquoted shares	4,497,600	3,389	1,039,501	1,000
Share buy-back	(1,453,451)	-	(590,950)	(250)
Transaction costs, net of tax	-	(3,087)	-	-
Total quoted	1,071,009,343	529,893	743,063,799	419,404
Unquoted				
Opening balance	6,139,929	5,000	7,179,430	7,000
Fair value adjustment on contingent shares	-	-	-	(1,000)
Convert to quoted shares	(4,497,600)	(3,389)	(1,039,501)	(1,000)
Total unquoted	1,642,329	1,611	6,139,929	5,000
Total share capital	1,072,651,672	531,504	749,203,728	424,404

¹ In FY22, AMA Group Limited completed a fully underwritten institutional placement which raised approximately \$53,000,000 at an issue price of \$0.375 per share and a non-underwritten retail entitlement offer which raised approximately \$47,000,000.

² The value represents share price at grant date of 17c less amount of vendor grant that relates to future service periods



Significant accounting policies

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Quoted Fully Paid Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and, upon a poll, each share is entitled to one vote.

Unquoted Fully Paid Ordinary shares entitle the holder to all the same benefits and responsibilities of holders of Quoted Fully Paid Ordinary shares with exception that they do not entitle the holder to participate in dividends or vote at general meetings of the Company. As such they are not listed for trade on the ASX. They have been issued as part consideration for the acquisition of various entities and are subject to a restriction period. In the event that the business has met its earnings target at the completion of this restriction period, the shares are then eligible to be converted to quoted fully paid ordinary shares.

D5 Other reserves



Other reserves represents the cumulative gains or losses that have been recognised in the Consolidated Statement of Other Comprehensive Income.

	2022 \$'000	2021 \$'000
Share-based payments	290	214
Foreign currency translation	(10)	64
Hedging	4,865	290
Total other reserves	5,145	568

The nature and purpose of each reserve is as follows:

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of equity-settled share-based payments issued to employees, including key management personnel, as part of their remuneration. Equity instrument disclosures relating to key management personnel can be found in note F1 and within the Remuneration Report.

(ii) Foreign currency translation reserve

The foreign currency translation reserve is used to recognise foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into Australian Dollars.

(iii) Hedging reserve

Records fair value movements in cash flow hedges to the extent the cash flow hedges are deemed effective. The balance is reclassified to net profit when the hedged expense is recognised. Ineffective portions of cash flow hedges are recognised in net profit immediately.



Significant accounting policies

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the Consolidated Statement of Comprehensive Income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is immediately charged to the profit or loss within finance costs.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is recognised in the profit or loss.

D6 Cash and cash equivalents



This section presents cash and cash equivalents in the Consolidated Statement of Financial Position and a reconciliation of the Group's profit for the period to net cash flows provided by operating activities.

(A) Cash and cash equivalents as presented in the Consolidated Statement of Financial Position

	2022 \$'000	2021 \$'000
Cash at bank and cash equivalents	52,189	64,203

(B) Reconciliation of loss before income tax to net cash (outflows)/inflows from operating activities

	2022 \$'000	2021 \$'000
Loss for the period	(148,008)	(99,079)
Adjustment for:		
Non-cash market incentive	(12,820)	(13,291)
Non-cash employee remuneration	3,515	(1,227)
Fair value adjustments (including discontinued operations)	(13,729)	5,602
Amortised borrowing costs	3,184	1,310
Depreciation and amortisation (including discontinued operations)	78,754	83,307
Impairment (including discontinued operations)	105,513	102,465
(Gain) / loss on disposal of property, plant, equipment and leases	-	(1,982)
Gain on sale of discontinued operations, net of tax	-	(7,397)
Other	(1,406)	(315)
Income tax benefit (including discontinued operations)	(34,818)	(787)
Income tax paid	(1,158)	(7,243)
Total adjustments	127,035	160,442
(Increase) / decrease in assets:		
Receivables and contract assets	5,484	(614)
Inventories	(7,212)	6,816
Other assets	(1,801)	1,766
Total decrease in assets	(3,529)	7,968
Increase / (decrease) in liabilities:		
Trade and other payables	(17,005)	1,574
Provisions	(236)	(1,614)
Other liabilities	13,512	(17,187)
Total (decrease) / increase in liabilities	(3,729)	(17,227)
Net cash (outflows)/inflows from operating activities	(28,231)	52,104

D6 Cash and cash equivalents (Cont.)

(C) Changes in liabilities arising from financing activities

The following table provides a reconciliation between opening and closing balances on the face of the Consolidated Statement of Financial Position arising from financing activities.

	Lease liabilities		Long-term borrowings		Total liabilities from financing activities	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at 1 July	326,918	355,512	234,751	335,941	561,669	691,453
Movement:						
Cash inflows	-	-	50,000	-	50,000	-
Apportionment of convertible note to equity	-	-	(5,197)	-	(5,197)	-
Cash outflows – principal	(32,531)	(31,560)	(72,500)	(102,500)	(105,031)	(134,060)
Cash outflows – borrowing costs	-	-	(6,006)	-	(6,006)	-
Non-cash additions/(disposals)	(5,084)	2,966	4,040	1,310	(1,044)	4,276
Balance at 30 June	289,303	326,918	205,088	234,751	494,391	561,669

**Significant accounting policies****Cash and cash equivalents**

Cash and cash equivalents include 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.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

D7 Borrowings and contingent vendor consideration



This section provides a summary of the capital management activity of the Group during the period, including the Group's borrowings. The Group manages its liquidity requirements with a bank loan and interest rate swap.

	2022 \$'000	2021 \$'000
Current		
Contingent vendor consideration	2,940	32,220
Derivative - financial instrument	-	327
Total current	2,940	32,547
Non-current		
Bank loan, net of capitalised borrowing costs	161,047	234,751
Contingent vendor consideration	-	2,940
Convertible notes	44,041	-
Total non-current	205,088	237,691
Total	208,028	270,238

(A) Borrowings

(i) Syndicated Facility Agreement

During the year the Group Syndicated Facility Agreement decreased to \$165,000,000 (2021: \$305,000,000) and \$72,500,000 of borrowings repaid using proceeds from issuance of shares and convertible notes.

As at 30 June 2022, the Syndicated Facility was drawn exclusive of bank guarantees at \$165,000,000 (2021: \$237,500,000).

Facility	Limit \$'000	Cash drawn \$'000	Guarantees drawn \$'000	Available to be drawn \$'000	Maturity	Purpose
Facility B	147,500	147,500	-	-	Oct 2024	For general corporate purposes, including permitted acquisitions, growth capital expenditure and associated fees, costs and expenses and working capital advances up to a sublimit of \$35,000,000. Interest rate is BBSY + 3.65% margin.
Facility D	35,000	17,500	12,037	5,463	Oct 2024	For working capital, general corporate purposes, bank guarantees and letters of credit. At reporting date \$12 million of bank guarantees had been issued under Facility D. This is not included in the Consolidated Statement of Financial Position (refer note F5). Interest rate is BBSY + 3.65% margin.
Total	182,500	165,000	12,037	5,463		

The Group is required to make interest payments on the drawn debt. The repayment of principal is at maturity date. The effective interest rate on borrowings for the year ended 30 June 2022 was 4.32% (30 June 2021: 3.10%).

The Group is required to comply with financial covenants under the terms of its borrowing facilities including a net senior leverage ratio and a fixed charge cover ratio. In response to COVID-19, the Group's financiers agreed to waive covenant testing until 30 September 2022. Subsequent to year end, the Group's financiers agreed to a revised covenant testing regime until 30 September 2023, refer to Note F6 for further details.

While expecting to comply with revised covenants, in the event that this is not possible, the Group may need to request further waivers or deferrals from its financiers in relation to covenant testing. Management is able to undertake alternative actions such as raising equity, securing additional financing, restructuring operations or the sale of assets.

(ii) Security and fair value disclosures

The Syndicated Facility is secured by a fixed and floating charge over all of the assets of the Company and its wholly owned subsidiaries.

The carrying amount of the Group's borrowings approximates their fair values, as commercial rates of interest are paid, and the impact of discounting is not significant. For information about the methods and assumptions used in determining the fair value of the Groups borrowings refer to note D8(D)(i).

(iii) Risk exposures

Details of the Group's exposure to risks arising from borrowings are set out in note D8(A)(ii).

D7 Borrowings and contingent vendor consideration (Cont.)

(A) Borrowings (Cont.)

**Significant accounting policies****Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Interest is accrued over the period it becomes due and unpaid interest is recorded as part of current payables.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Profit or Loss as other income or finance costs.

(B) Convertible notes

On 21 September 2021, the Group completed the issuance of \$50,000,000 Senior Unsecured Convertible Notes ("Notes") to strengthen its balance sheet and liquidity position as part of its response to the financial impacts resulting from COVID-19. The net proceeds from the offer of the Notes and \$100,000,000 equity raising were used in part to repay \$72,500,000 of the Company's existing term debt, enabling the Company to extend remaining term debt maturity.

The Notes are convertible at the option of the Noteholders into ordinary shares of AMA Group Limited based on an initial conversion price of \$0.4688 per share at any time on or after 21 September 2021 up to (but excluding) the date falling 5 business days prior to the maturity date. The Noteholder has the option to require the Company to redeem all or some of the Noteholder's Notes on 22 March 2025 for an amount equal to 100% of the principal amount of the Notes plus any accrued but unpaid interest. Any Notes not converted will be redeemed on 21 March 2027, being the maturity date, at the principal amount of the Notes plus any accrued but unpaid interest. The Notes carry an interest rate of 4.0% per annum which is paid semi-annually in arrears on 22 March and 22 September.

The Convertible Notes are presented in the Condensed Consolidated Statement of Financial Position as follows:

	Debt \$'000	Equity \$'000	Total \$'000
Balance at 1 July 2021	-	-	-
Movement:			
Proceeds from issue of convertible notes	44,597	5,403	50,000
Transaction costs	(1,875)	(206)	(2,081)
Net proceeds	42,722	5,197	47,919
Accrued interest	2,063	-	2,063
Interest paid	(1,000)	-	(1,000)
Amortisation of transaction costs - debt component	256	-	256
Balance at 30 June 2022	44,041	5,197	49,238

**Significant accounting policies**

Convertible notes are compound financial instruments, which require separation of debt and equity components at inception as follows:

Debt component

The fair value of the debt component of the Notes was estimated at the issuance date using an equivalent market interest rate of a similar instrument. The Notes are initially recognised at a discounted amount of \$44,596,820. The discount is amortised as interest expense using the effective interest method over the terms of the Notes at an effective interest rate of 6.10%.

Equity component - Conversion feature

The conversion feature of the Notes is required to be separated from the Notes and is recognised in shareholders equity, net of income tax, and not subsequently remeasured. The conversion feature represents the Group's obligation to issue AMA Group Limited shares at a fixed price should Noteholders exercise their conversion option.

Settlement of Convertible Notes

Where Notes are settled by issue of shares, the related financial liabilities are derecognised at their carrying value with the corresponding increase to share capital. Any costs incurred are recognised in profit or loss.

Capitalised transaction costs

AMA Group Limited incurred \$2,081,000 of transaction costs upon issuance of the Notes. Transaction costs relating to the Notes have been allocated between the debt component and the equity component using the relative proportions of these on initial measurement of the instruments. Costs attributed to the debt component are amortised to finance expense over the term of the Notes using the effective interest method.

D Capital structure, financing and financial risk management

D7 Borrowings and contingent vendor consideration (Cont.)

(C) Contingent vendor consideration



Contingent vendor consideration represents the fair value of amounts which may become payable in connection with business combinations. Payment is dependent on achieving predetermined targets based on future performance and profitability.

The Group has recorded contingent vendor consideration to business vendors in accordance with relevant business and share purchase agreements. The amounts are performance based and can be paid in a mixture of shares and/or cash, depending on the agreement. An analysis of this liability by type of consideration is set out below:

	2022 \$'000	2021 \$'000
Current		
Cash settlement ¹	2,440	11,080
Share settlement	500	21,140
Total current	2,940	32,220
Non-current		
Cash settlement	-	2,440
Share Settlement	-	500
Total non-current	-	2,940
Total contingent vendor consideration	2,940	35,160

¹ The cash settlement amount disclosed above represents arrangements where some or all of the consideration may be paid in cash and/or shares. Such contingent payment arrangements depend on the specific terms and conditions of the agreement and are only agreed when the earn out period has finished.

(i) Movement in contingent vendor consideration

A reconciliation of the fair value of the contingent vendor consideration is provided below. Refer to note D8(D)(ii) for further information on how the fair value has been determined.

	2022 \$'000	2021 \$'000
Balance at 1 July	35,160	49,462
Movement:		
Arising during the year	-	5,163
Cash settlements	(10,840)	(9,866)
Share settlements	(5,914)	(8,537)
Offset against other current assets	-	(5,000)
Charged to profit or loss - fair value adjustments	(15,466)	6,977
Total continuing operations	(32,220)	(11,263)
Cash settlements	-	(2,674)
Charged to profit or loss - fair value adjustments and realised foreign currency	-	(365)
Total discontinued operations	-	(3,039)
Balance at 30 June	2,940	35,160

(ii) Critical accounting estimates and judgements

The carrying value of the contingent vendor consideration, payable as a result of the acquisition of businesses and entities, incorporate a number of assumptions. In determining this value, management have applied a discount factor and forecasted future profitability. The interest expense and the fair value adjustment have been taken to the Consolidated Statement of Profit or Loss.



Significant accounting policies

Contingent vendor consideration

Contingent vendor consideration is classified as a financial liability and is recognised at fair value at the acquisition date. Amounts classified as a financial liability that are subsequently not required to be paid at the end of the earn out period or are re-estimated during the period are recognised in the Consolidated Statement of Profit or Loss.

D8 Financial risk management



This section provides a summary of the Group's exposure to market, liquidity, and credit risks, along with the Group's policies and strategies in place to mitigate these risks.

Exposure to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk arises in the normal course of the Group's business.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The risk management of the Group is carried out by executive management and conducted in a manner consistent with policies approved by the Board. Executive management identifies, evaluates and mitigates financial risks within the Group's operating units.

The Group holds the following financial instruments:

	Notes	2022 \$'000	2021 \$'000
Financial assets at amortised cost			
Cash and cash equivalents	D6	52,189	64,203
Receivables and contract assets	C1	67,428	72,912
Loans to a former related party and other employees	C3	1,460	1,555
Acquisition deposits	C4	300	600
Financial assets at fair value			
Derivative - financial instrument	C3	6,819	712
Total financial assets		128,196	139,982
Financial liabilities at amortised cost			
Trade and other payables	C8	102,164	119,169
Lease liabilities	C7	289,303	326,918
Borrowings (including convertible notes)	D7	205,088	234,751
Financial liabilities at fair value			
Derivative - financial instrument	D7	-	327
Contingent vendor consideration	D7	2,940	35,160
Total financial liabilities		599,495	716,325

D Capital structure, financing and financial risk management

D8 Financial risk management (Cont.)

(A) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and price risk.

The Group's exposure to market risk arises from adverse movements in foreign exchange and interest rates which affect the Group's financial performance. The Group is not exposed to any significant price risk.

(i) Foreign exchange risk

Foreign exchange risk is the risk that a change in foreign exchange rates may negatively impact the Group's cash flow or profitability because the Group has an exposure to a foreign currency or has foreign currency denominated obligations.

The Group's exposure to foreign exchange risk arises from its future commercial transactions, and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group has a US dollar bank account and US dollar payables at 30 June 2022, with a net US dollar denominated liability of \$424,000. The impact of a 10% movement in exchange rate has a minimal impact on net profit after tax.

The Group does not employ foreign currency hedges. If the transactional value, net asset position and overall exposure were to increase it is likely that a policy will be adopted to mitigate risk.

The aggregate net foreign exchange gains / losses recognised in profit or loss were a net loss of \$4,000 (2021: \$173,000 loss).



Significant accounting policies

Functional presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in Australian dollars (AUD).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Profit or Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit or Loss on a net basis within other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated in the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each consolidated statement of profit and loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All relating exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

(ii) Interest rate risk

The Group holds both interest-bearing assets and interest bearing-liabilities, and therefore the Group's income and cash flows are subject to changes in market interest rates.

The Group's main interest rate risk arises from long-term borrowings which expose the Group to interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value risk.

The Group uses derivative financial instruments to hedge its exposure to fluctuations in interest rates and manages its cash flow interest rate risk by using floating to fixed interest rate swaps. The Group agrees to exchange, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed notional principal amount. These swaps are designated to hedge interest costs associated with underlying debt obligations. The interest swap contract is designated as a cash flow hedging instrument.

D8 Financial risk management (Cont.)

(A) Market risk (Cont.)

(ii) Interest rate risk (Cont.)

The Group entered into an interest rate swap contract in June 2020 to fix the interest rate at 0.43% rather than being exposed to changes in BBSY on \$193,500,000 of borrowings. In January 2022, an amendment was made to align with drawn senior debt (excluding bank guarantee facility).

The swap will reduce to \$88,500,000 in October 2022. Interest payments are net settled every 6 months.

At reporting date, the Group has exposure to the following variable rate borrowings and interest rate swap contracts:

	Interest rate		Interest rate	
	2022 %	2022 \$'000	2021 %	2021 \$'000
Syndicated facility agreement ¹	3.07	165,000	0.13	237,500
Interest rate swaps - syndicated loans ²	0.43	(147,500)	0.43	(193,500)
Net exposure to cash flow interest rate risk		17,500		44,000

1 Interest rate for Syndicated facility agreement is BBSY at latest rate setting notice (19 July 2022 and 22 March 2021 respectively). The rate presented does not include any margin and line fees applicable under the loan agreement.

2 The rate presented does not include any margin and line fees applicable under the loan agreement.

An analysis by maturities is provided in note D8(C)(i). This maturity analysis assumes Noteholders do exercise their put option on 21 March 2025 and are repaid the principal amount in full. In the event that AMA's share price increases above the conversion price, the Group would expect that the conversion option would be taken up by some or all Noteholders and the cash outflow to repay Noteholders would not be required.

The following table summarises the impact of interest rate changes, relating to existing borrowings and financial instruments, on net profit before tax and equity, net of tax. For the purpose of this disclosure, sensitivity analysis is isolated to a 100 basis points increase / decrease in interest rates assuming all other variables remain constant.

	(Increase) / decrease on profit before tax		(Increase) / decrease on equity, net of tax	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Floating rate				
Increase of 100 bps	548	294	(1,630)	(3,990)
Decrease of 100 bps	(548)	(289)	1,654	4,052

(B) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount, net of any provisions for impairment for each class of the following financial assets:

(i) Cash and cash equivalents

Credit risk from cash arises from balances held with counterparty financial institutions. Credit risk is managed by the Group's finance department which restrict the Group's exposure to financial institutions by credit rating band. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

(ii) Receivables and contract assets

Customer credit risk is managed by each division's established policies, procedures and controls relating to customer credit risk management. Credit risk arising on trade and other receivables is monitored on an ongoing basis, mitigating exposure to impairment of trade and other receivables.

The Group applies the AASB 9 *Financial instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Historically, there has been no significant change in customers' credit risk and the lifetime expected loss assessment of the Group remains unchanged.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses based on historical credit loss experience, adjusted for forward looking factors specific to the debtor and the economic environment. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include failure to make contractual payments for a period of greater than 60 days past due. The Group does not hold any collateral in relation to these receivables.

The Group is exposed to material concentrations of credit risk with its top two customers representing approximately 31% of total trade receivables (30 June 2021: 27%). The Group's receivables are largely due from Australian regulated insurers who have strong long-term credit ratings. The Group focuses largely on experienced payment history and does not expect that these customers will fail to meet their obligations.

For the year ended 30 June 2022, the Group recognised an expected credit loss of \$526,000 (30 June 2021: \$304,000).

D Capital structure, financing and financial risk management

D8 Financial risk management (Cont.)

(C) Liquidity risk

Liquidity risk is the risk the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, sufficient liquidity is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. This is generally carried out at an operational level on a weekly basis in accordance with practice and limits set by the Group. This is to ensure ongoing liquidity, prompt decision making, and allow proactive communication with its financiers.

Details of financing arrangements are disclosed in note D7(A). At the reporting date, the Group has \$5,463,000 of undrawn committed facilities available for bank guarantees subject to approval from financiers (30 June 2021: \$57,720,000).

(i) Maturities of financial instruments

The tables below provide an analysis of the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period between the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial instruments	Within 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
2022				
Non-derivatives				
Financial assets realisable cash flows				
Cash and cash equivalents	52,189	-	-	52,189
Receivables and contract assets	67,428	-	-	67,428
Financial assets	1,460	-	-	1,460
Acquisition deposits	300	-	-	300
Total inflow on financial assets	121,377	-	-	121,377
Financial liabilities due for payment				
Trade and other payables	(102,164)	-	-	(102,164)
Lease liabilities	(50,835)	(177,362)	(183,113)	(411,310)
Borrowings	(9,156)	(227,333)	-	(236,489)
Contingent vendor consideration - cash settlement	(2,440)	-	-	(2,440)
Total outflow on financial liabilities	(164,595)	(404,695)	(183,113)	(752,403)
Derivatives				
Interest rate swaps (net settled)	1,607	5,212	-	6,819
Total (outflow) / inflow on derivatives	1,607	5,212	-	6,819
Total outflow on financial instruments	(41,611)	(399,483)	(183,113)	(624,207)
2021				
Financial assets realisable cash flows				
Cash and cash equivalents	64,203	-	-	64,203
Receivables and contract assets	72,912	-	-	72,912
Loans to a former related party and other employees	1,555	-	-	1,555
Acquisition deposits	600	-	-	600
Total inflow on financial assets	139,270	-	-	139,270
Financial liabilities due for payment				
Trade and other payables	(119,169)	-	-	(119,169)
Lease liabilities	(51,405)	(182,554)	(195,329)	(429,288)
Borrowings	(5,384)	(246,326)	-	(251,710)
Contingent vendor consideration - cash settlement	(11,080)	(2,940)	-	(14,020)
Total outflow on financial liabilities	(187,038)	(431,820)	(195,329)	(814,187)
Derivatives				
Interest rate swaps (net settled)	(327)	712	-	385
Total (outflow)/inflow on derivatives	(327)	712	-	385
Total outflow on financial instruments	(48,095)	(431,108)	(195,329)	(674,532)

D8 Financial risk management (Cont.)

(D) Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group measures certain financial instruments at fair value at each reporting date using a hierarchy based on the lowest level of input that is significant to the fair value measurement.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset / liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset / liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between levels during the financial year.

(i) Carrying amount approximate fair values

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments. The carrying amount of the Group's borrowings approximates their fair values, as commercial rates of interest are paid, and the impact of discounting is not significant. However, convertible notes are fixed price with conversion options at a fixed price per AMA Group share. These convertible notes are tradeable on the Singapore Stock Exchange, however given low levels of trading activity in AMA convertible notes, a fair value is not readily obtainable at 30 June 2022. In the event of interest rates increasing or AMA share price falling, it would be expected the fair value of convertible notes would decline.

(ii) Fair value of contingent vendor consideration

The Group has acquired various entities and businesses. In undertaking these acquisitions, the Group has incurred contingent vendor consideration which consists of an obligation to settle purchase consideration either by shares or cash in the future.

The carrying value of the contingent vendor consideration reflects its fair value and is classified as Level 3 of the fair value hierarchy. The fair value of the financial liabilities included in Level 3 of the hierarchy has been determined using valuation techniques incorporating observable direct and indirect market data relevant to the Group.

The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition.

(iii) Fair value of derivative financial instruments

The fair value of the interest rate swap is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates, forward interest yield curves and the current creditworthiness of the swap counterparties. The fair value of the interest rate swap is calculated as the present value of the estimated future cash flows and is classified as Level 2 under the fair value hierarchy. Refer to D8(A)(ii) for sensitivity on floating interest rates.

E GROUP STRUCTURE

Group structure provides information about subsidiaries and how changes have affected the financial position and performance of the Company, AMA Group Limited.

E1 Parent entity information



This section presents the stand-alone financial information of AMA Group Limited.

(A) Summary financial information

	2022 \$'000	2021 \$'000
Assets		
Current assets	27,968	30,694
Non-current receivables from related entities	194,409	119,598
Total assets	478,112	436,623
Liabilities		
Current liabilities	21,342	20,787
Total liabilities	258,329	301,746
Net assets	219,783	134,877
Equity		
Contributed equity	531,504	424,404
Convertible notes	5,197	-
Other reserves	64,704	60,054
Retained deficit	(381,622)	(349,581)
Total equity	219,783	134,877
Profit / (Loss) for the year	(32,041)	(104,484)
Total comprehensive loss	(36,613)	(104,959)

(B) Guarantees entered into by the parent entity

The Parent entity has given unsecured guarantees in respect of financial trade arrangements entered into by its subsidiaries. It is not practical to ascertain or estimate the maximum amount for which the Company may become liable. As at 30 June 2022, no subsidiary was in default in respect of any arrangement guaranteed by the Company and all amounts owed have been brought to account as liabilities in the financial statements.



Significant accounting policies

Parent entity

Financial information for the parent entity has been prepared on the same basis as the Consolidated Financial Statements with the exception of investments in controlled entities which are accounted for at cost less any impairment.

E2 Investments in controlled entities



The following section sets out the list of the Group's significant investments in controlled entities.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

(A) Significant investments in controlled entities

The Consolidated Financial Statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note A2(A):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2022 %	2021 %
A.C.N. 107 954 610 Pty Ltd ^{1,2}	Australia	Ordinary	100	100
A.C.N. 124 414 455 Pty Ltd ^{1,2}	Australia	Ordinary	100	100
A.C.N. 624 750 045 Pty Ltd ^{1,2}	Australia	Ordinary	100	100
A.C.N. 624 895 772 Pty Ltd ^{1,2}	Australia	Ordinary	100	100
A.C.N. 624 896 000 Pty Ltd ^{1,2}	Australia	Ordinary	100	100
A.C.N. 624 747 646 Pty Ltd ^{1,2}	Australia	Ordinary	100	100
A.C.N. 073 318 519 Pty Ltd ^{1,2}	Australia	Ordinary	100	100
Accident Management Australia Pty Ltd ^{1,2}	Australia	Ordinary	100	100
Accident Repair Management Pty Ltd ¹	Australia	Ordinary	100	100
Accident Repair Management No. 2 Pty Ltd ¹	Australia	Ordinary	100	100
Accident Repair Management No. 3 Pty Ltd ¹	Australia	Ordinary	100	100
ACM Parts Pty Ltd ¹	Australia	Ordinary	100	100
AMA1 Pty Ltd ^{1,2}	Australia	Ordinary	100	100
AMA Group Solutions Pty Ltd ¹	Australia	Ordinary	100	100
AMA Procurement Pty Ltd ¹	Australia	Ordinary	100	100
Automotive Solutions Group Pty Ltd ^{1,2}	Australia	Ordinary	100	100
BMB Collision Repairs Pty Ltd ¹	Australia	Ordinary	100	100
Capital Smart Group Holdings Pty Ltd	Australia	Ordinary	90	90
Capital S.M.A.R.T. Repairs Australia Pty Ltd	Australia	Ordinary	90	90
Capital S.M.A.R.T. Repairs New Zealand Pty Ltd	New Zealand	Ordinary	90	90
Carmax Australia Pty Ltd ^{1,2}	Australia	Ordinary	100	100
Carmax New Zealand Limited ²	New Zealand	Ordinary	100	100
Deering Autronics Australia Pty Ltd ^{1,2}	Australia	Ordinary	100	100
Direct One Accident Repair Centre Pty Ltd ¹	Australia	Ordinary	100	100
Fleet Alliance Pty Ltd ^{1,2}	Australia	Ordinary	100	100
FluidDrive Holdings Pty Ltd ¹	Australia	Ordinary	100	100
Geelong Consolidated Repairs Pty Ltd ¹	Australia	Ordinary	100	100
Gemini Accident Repair Centres NZ Limited ²	New Zealand	Ordinary	100	100
Micra Accident Repair Centre Pty Ltd ¹	Australia	Ordinary	100	100
Mr Gloss Holdings Pty Ltd ¹	Australia	Ordinary	100	100
Mt Druitt Autobody Repairs Pty Ltd ¹	Australia	Ordinary	100	100
Phil Munday's Panel Works Pty Ltd ¹	Australia	Ordinary	100	100
QPlus Production Pty Ltd ²	Australia	Ordinary	90	90
Rapid Accident Management Services Pty Ltd ^{1,2}	Australia	Ordinary	100	100
Repair Management Australia Pty Ltd ¹	Australia	Ordinary	100	100
Repair Management Australia Bayswater Pty Ltd ¹	Australia	Ordinary	100	100
Repair Management Australia Dandenong Pty Ltd ¹	Australia	Ordinary	100	100
Repair Management New Zealand Limited	New Zealand	Ordinary	100	100
Ripoll Pty Ltd ^{1,2}	Australia	Ordinary	100	100
Shipstone Holdings Pty Ltd ¹	Australia	Ordinary	100	100
Smash Repair Canberra Pty Ltd ¹	Australia	Ordinary	100	100
Woods Auto Shops (Cheltenham) Pty Ltd ^{1,2}	Australia	Ordinary	100	100
Woods Auto Shops (Dandenong) Pty Ltd ¹	Australia	Ordinary	100	100
Woods Auto Shops (Holdings) Pty Ltd ¹	Australia	Ordinary	100	100

1 These companies are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 June 2022 (refer note E4).

2 These companies are dormant.



Significant accounting policies

Unless otherwise stated, the Group's controlled entities have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

E3 Non-controlling interests

On 25 October 2019, the Group incorporated Capital Smart Group Holdings Pty Ltd with 90% of the issued capital held by the Company. Capital Smart Group Holdings Pty Ltd is the head company of the Capital Smart group of entities.

Set out below is summarised financial information for this entity. The amounts disclosed are before intercompany eliminations.

(A) Summarised Statement of Financial Position

	2022 \$'000	2021 \$'000
Current assets	33,158	41,279
Current liabilities	(66,165)	(61,489)
Current net assets	(33,007)	(20,210)
Non-current assets	405,146	433,668
Non-current liabilities	(250,983)	(254,278)
Non-current assets	154,163	179,390
Net assets	121,156	159,180
Accumulated non-controlling interests	10,419	14,214

(B) Summarised Statement of Comprehensive Income

	2022 \$'000	2021 \$'000
Revenue	313,222	334,445
Loss for the year	(79,338)	(118,091)
Other comprehensive income	12	15
Total comprehensive loss	(79,326)	(118,076)
Loss allocated to non-controlling interests (excludes goodwill impairment)	(3,795)	(2,127)

(C) Summarised Statement of Cash Flows

	2022 \$'000	2021 \$'000
Net cash inflows provided by operating activities	3,673	8,491
Net cash outflows used in investing activities	(3,234)	(6,344)
Net cash (outflows) / inflows from financing activities	(1,092)	(9,987)
Net (decrease) / increase in cash and cash equivalents	(653)	(7,840)
Balance at 1 July	14,214	16,341
Movement:		
Share of result for the year	(3,795)	(2,127)
Balance at 30 June	10,419	14,214

The Group elected to recognise the non-controlling interests in respect of Capital Smart Group Holdings Pty Ltd as the proportionate share of the acquired entity's net identifiable assets. As part of the annual impairment test, Capital Smart Group Holdings Pty Ltd recognised an impairment charge of \$44,000,000 (2021: \$96,806,000) against the carrying value of goodwill. The Group has taken its proportionate share of the impairment expense, with a net impact to Group's accounts of \$41,400,000 (2021: \$90,580,000). The non-controlling interest share of the result for the period excludes the impairment charge recognised on goodwill.

E3 Non-controlling interests (Cont.)

(C) Summarised Statement of Cash Flows (Cont.)

**Significant accounting policies****Non-controlling interest**

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. The decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Capital Smart Group Holdings Pty Ltd the Group elected to recognise the non-controlling interest as its proportionate share of the acquired net identifiable assets.

Where the non-controlling interests are acquired or sold without loss of control, any excess or deficit of consideration paid over the carrying amount is recognised in equity transactions. The Group has elected to recognise this effect in retained earnings.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

E4 Deed of cross guarantee



The following section presents the Consolidated Statement of Profit or Loss and the Consolidated Statement of Financial Position of the Company and certain wholly-owned companies that are parties to a deed of cross guarantee.

The Company and each of the Australian wholly-owned subsidiaries identified in note E2 (together referred to as the Closed Group) has entered into a Deed of Cross Guarantee (the Deed), as defined in *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* (the Instrument). The effect of the Deed is that each entity in the Closed Group guarantees the payment in full of all debts of the other entities in the Closed Group in the event of their winding up. The Closed Group has also given a similar guarantee in the event that the Company is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases, or other liabilities subject to the guarantee.

Pursuant to the Instrument, the wholly-owned subsidiaries within the Closed Group are relieved from the requirement to prepare, audit, and lodge separate financial reports. The Trustee to this deed of cross guarantee is Ripoll Pty Ltd, a member of the consolidated group. The Alternate Trustee to this deed of cross guarantee is Woods Auto Shops (Cheltenham) Pty Ltd, which is also a member of the consolidated group.

(A) Consolidated Statement of Profit or Loss and movement in retained deficit of the closed group

	2022 \$'000	2021 \$'000
Revenue and other income from continuing operations	528,524	572,096
Raw materials and consumables used	(248,079)	(248,305)
Employee benefits expense	(219,750)	(204,464)
Occupancy expense	(16,657)	(15,257)
Professional services expense	(9,071)	(6,400)
Other expense	(13,404)	(10,457)
Fair value adjustments on contingent vendor consideration	13,729	(6,352)
Depreciation and amortisation expense	(41,920)	(42,866)
Impairment expense	(105,119)	(158,369)
Operating loss before interest and tax	(111,747)	(120,374)
Finance costs	(21,585)	(20,619)
Loss before income tax from continuing operations	(133,332)	(140,993)
Profit / (loss) before tax from discontinued operations	-	13,315
Loss before income tax	(133,332)	(127,678)
Income tax (expense) / benefit	18,630	(6,345)
Loss for the year	(114,702)	(134,023)
	2022 \$'000	2021 \$'000
Retained deficit at the beginning of the financial year	(207,370)	(73,347)
Loss for the year	(114,702)	(134,023)
Retained deficit at the end of the financial year	(322,072)	(207,370)

E Group structure

E4 Deed of cross guarantee (Cont.)

(B) Consolidated Statement of Financial Position of the closed group

	2022 \$'000	2021 \$'000
Current assets		
Cash and cash equivalents	31,617	43,217
Receivables and contract assets	47,190	56,950
Inventories	36,693	29,580
Other financial assets	5,475	1,555
Other assets	3,067	3,762
Current tax receivable	14,604	-
Receivables from related entities	-	1,641
Total current assets	138,646	136,705
Non-current assets		
Property, plant and equipment	34,806	46,845
Right-of-use assets	170,455	204,750
Intangible assets	209,184	249,907
Other financial assets	5,212	712
Deferred tax assets	20,919	17,868
Receivables from related entities	69,548	101,581
Investments in controlled entities	118,706	118,706
Total non-current assets	628,830	740,369
Total assets	767,476	877,074
Current liabilities		
Trade and other payables	64,346	75,924
Other financial liabilities	2,940	32,547
Lease liabilities	24,607	24,830
Tax payable	-	1,511
Provisions	29,946	23,162
Other liabilities	8,910	14,007
Total current liabilities	130,749	171,981
Non-current liabilities		
Other financial liabilities	205,088	237,691
Lease liabilities	161,227	193,480
Provisions	16,788	9,598
Other liabilities	33,841	46,800
Total non-current liabilities	416,944	487,569
Total liabilities	547,693	659,550
Net assets	219,783	217,524
Equity		
Contributed equity	531,504	424,404
Other reserves	5,154	490
Retained deficit	(322,072)	(207,370)
Convertible notes	5,197	-
Total equity	219,783	217,524

E5 Discontinued operations

During the prior year, the Group completed the divestment of the ACAD and Fully Equipped businesses (excluding ACM Parts and FluidDrive) to GUD Holdings Limited. The sale was completed on 31 December 2020 for a gross purchase consideration of \$70,000,000.

E6 Business combinations



The following section provides a summary of the businesses acquired by the Group during the year including details of the purchase consideration, net assets acquired and goodwill of each acquisition.

The Group did not enter into any new acquisitions during FY22. The Group has finalised the acquisition accounting for the following prior year acquisitions:

- National Trucks (acquired 5 February 2021)
- Perth Parts Solutions (acquired 30 October 2020)
- Western Trucks (acquired 25 September 2020)

There were no significant adjustments to acquisition accounting of these entities in FY22.

F OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

F1 Share-based payments



This section presents the Group's benefits provided to employees through share-based incentives. Eligible employees are remunerated for their services or incentivised for their performance in part through shares or rights to shares.

The Employee Equity Plan (the "Plan") was approved by shareholders at the Annual General Meeting on 22 November 2018. The Plan is designed to align employee and shareholder interests through share ownership. The Plan is for the benefit of all employees (including Executive Directors) of the Company. Awards under the Plan are issued to eligible participants by way of:

- a Right;
- a Share;
- a Performance Share.

(A) Performance rights program

The Performance Rights Program (PRP) was implemented in FY20 (in accordance with the Plan) and acts as the Group's long-term incentive scheme to reward participants through variable remuneration. Under the PRP, executives and other eligible senior employees are invited to receive performance rights in the Company. Detailed remuneration disclosures including the link between the PRP and shareholder wealth are provided in the Remuneration Report.

Under the PRP, each performance right enables the participant to acquire a share in the Company, at a future date, subject to agreed vesting conditions. The number of performance rights allocated to each participant is set by the Board and based on individual circumstances and performance.

(i) Movements during the year

Allocation of performance rights under the PRP were granted during FY22. The grants were awarded at no cost to the participants and are subject to performance conditions over a three-year period ending 30 June 2024.

Set out in the table below is a summary of movements in the number of performance rights under the PRP at the end of the financial year.

Grant date	Balance at the start of the year	Granted during the year	Forfeited during the year	Balance at the end of the year	Unvested at the end of the year
FY20	2,045,088	-	(2,045,088)	-	-
FY21	6,208,300	-	(5,534,034)	674,266	674,266
9 December 2021	-	2,907,934	-	2,907,934	2,907,934
20 December 2021	-	2,821,382	(951,525)	1,869,857	1,869,857
18 February 2022	-	396,802	-	396,802	396,802
14 June 2022	-	1,206,653	-	1,206,653	1,206,653
Total	8,253,388	7,332,771	(8,530,647)	7,055,512	7,055,512

(ii) Vesting conditions of rights

Vesting of the performance rights is subject to continued employment with the Group and achievement of performance hurdles. These performance hurdles for grants relating to performance periods up until the end of June 2023 were based on the Group's Total Shareholder Return (TSR) (20%) and EPS (80%) performance over a three-year period. For grants relating to the three-year performance period to June 2024, these conditions are based on the Group's relative TSR (50%) and absolute TSR (50%). Further details regarding these performance measures and how they are calculated can be found in the Remuneration Report on page 46.

F1 Share-based payments (Cont.)

(A) Performance rights program (Cont.)

(iii) Fair value of rights granted

The fair value of the EPS rights has been determined based on a Black Scholes Model as they are subject to non-market performance conditions. Under this method the fair value is based on the share price at the valuation date with an adjustment for the dividends foregone during the vesting period.

To reflect the impact of the market-based performance conditions, the fair value of the rights subject to the TSR have been calculated using Monte-Carlo simulation techniques. The variables in the table below are used as inputs into the model to determine the fair value of performance rights.

Grant date ¹	Performance period	Share price on grant date	Share price volatility ²	Risk free rate	Annual dividend yield	Fair value per relative TSR right	Fair value per absolute TSR right	Fair value per EPS right	Vesting date
23 November 2020	Jul 2020 - Jun 2023	\$0.75	40%	0.91%	1.0%	\$0.34	N/A	\$0.72	31 August 2023
23 November 2020	Jul 2020 - Jun 2023	\$0.75	40%	0.91%	1.0%	\$0.34	N/A	\$0.72	31 August 2023
9 December 2021	Jul 2020 - Jun 2023	\$0.43	42.5%	0.47%	0.8%	\$0.04	N/A	\$0.42	31 August 2023
9 December 2021	Jul 2021 - Jun 2024	\$0.43	42.5%	0.83%	0.8%	\$0.18	\$0.21	N/A	31 August 2024
20 December 2021	Jul 2021 - Jun 2024	\$0.43	42.5%	0.78%	0.8%	\$0.22	\$0.20	N/A	31 August 2024
18 February 2022	Jul 2021 - Jun 2024	\$0.36	42.5%	1.31%	0.8%	\$0.14	\$0.18	N/A	31 August 2024
14 June 2022	Jul 2021 - Jun 2024	\$0.17	50%	3.87%	0.8%	\$0.034	\$0.01	N/A	31 August 2024

1 For the purposes of valuation, the grant date is determined in accordance with AASB 2 *Share Based Payments*.

2 The Company share price volatility is based on the Company's average historical share price volatility at the grant date.

(B) Service rights granted under the Employee Equity Plan

In June 2021, 909,090 Service Rights were granted to a senior Executive of the Group in lieu of fixed remuneration. Each Service Right enables the participant to acquire a share in the Company at a future date and exercise price subject to vesting conditions. The Service Rights were issued under two tranches.

(i) Movements during the year

Set out in the table below is a summary of movements in the number of Service Rights under the Employee Equity Plan at the end of the financial year.

Grant date	Balance at the start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Unvested at the end of the year
28 June 2021	909,090	-	(454,545)	-	454,545	454,545

(ii) Vesting conditions of Service Rights

For both tranches, the service condition requires the participant to be continuously contracted/engaged to/by the Company or a Group Company from 13 May 2021 to the Vesting Date. The Service Rights will expire if vesting conditions are not satisfied. Service Rights that vest are subject to the Company's Securities Trading Policy.

Should the participant cease to be contracted to or engaged by the Company or a Group Company prior to the vesting dates, the Service Rights will vest in relation to the number of days contracted to the Company on a straight-line basis.

In November 2021, 454,545 Service Rights vested with a fair value of \$254,000 upon vesting.

(iii) Fair value of rights granted

The Group uses the Black Scholes pricing methodology to measure the fair value of the Service Rights at grant date. Key assumptions and judgements are set out in the table below.

Grant date	Service rights granted	Share price on grant date	Risk free rate	Annual dividend yield	Fair value per right	Vesting date
28 June 2021	454,545	\$0.56	0.021%	0.00%	\$0.56	1 July 2022

F Other information

F1 Share-based payments (Cont.)

(C) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2022 \$'000	2021 \$'000
Share-based payments (write-back) / expense	331	(1,227)
Employee share acquisition plan (including transaction costs)	3,184	-
Total Share-based payments (write-back) / expense	3,515	(1,227)

(D) Critical accounting estimates and judgements

The cost of share-based payments plans is determined on the basis of the fair value of the equity instrument at grant date. Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. The input into the valuation model includes relevant judgments such as the estimated probability of vesting and the volatility of the underlying share.



Significant accounting policies

Share-based payments

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions (TSR) is calculated at the date of grant using a Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions (EPS) and service conditions and retention rights are calculated using a Black-Scholes option pricing model.

At each statement of financial position date, the entity revises its estimate of the number of options and performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

(E) General Employee Share Plan (GESP)

Eligible Australian employees were offered the opportunity to receive part of their salary in the form of shares. All permanent employees who were an employee at the date the offer was made were eligible to participate in the scheme. Employees may elect not to participate in the scheme.

GESP is administered by the Board. Shares granted to the employees by the Board were acquired on-market via a third party trustee plan company.

Under the plan, participating employees were allocated an aggregate market value up to \$1,000 worth of fully paid ordinary shares in AMA Group limited. Subsequent offers under GESP are at the Board's discretion.

Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment. In all other respects shares rank equally with other fully-paid ordinary shares on issues.

	2022 Shares
Number of shares purchased on-market under the plan to participating employees	9,255,888

The shares were allocated on 28 March 2022 at the 5-day volume weighted average price (VWAP) of \$0.3439 of calculated up to and including 24 March 2022.

F2 Related party transactions



This section highlights the Group's transactions with its related parties and the extent these transactions impacted the Group's financial performance and position.

(A) Parent entity

The ultimate holding entity is AMA Group Limited. Information about the Group's structure, including details of the controlled entities and holding company are set out in note E2.

(B) Key management personnel compensation

The total remuneration for KMP of the Group is set out below:

	2022 \$	2021 \$
Short-term employee benefits	2,929,104	3,849,732
Post-employment benefits	76,193	107,336
Long-term benefits	41,205	5,986
Other benefits	12,646	42,265
Equity settled benefits	123,849	(714,241)
Total KMP compensation	3,182,997	3,291,078

Detailed remuneration disclosures and information regarding compensation of individual Key Management Personnel are provided in the Remuneration Report on pages 49 to 52.

(C) Amounts recognised as expenses

A number of KMP hold directorships or are associated with other entities. During the year the Group transacted with entities that were controlled or significantly influenced by members of the KMP.

The table below summarises the details of other transactions which occurred between members of the KMP and the Group and are recognised in the Consolidated Statement of Profit or Loss.

Service, entity and nature of transaction	KMP	2022 \$	2021 \$
Legal and advisory services			
The Group utilises Nicholson Ryan Lawyers for ongoing legal and advisory services.	Leath Nicholson ¹	544,192	930,697
Property rental fees and outgoings			
The Group has incurred rental fees and outgoing expenses and made payments to AV Ventures Pty Ltd, A&R Property Developments Pty Ltd, A&R Development Holdings Pty Ltd and Bundall Road Pty Ltd.	Andrew Hopkins ²	-	1,357,234
Claims management			
The Group transacts with A & R Insurance Management (t/a Unity Specialised Services), a claims management business which handles and allocates insurance claims from a number of major insurers into vehicle accident repair facilities around Australia.	Andrew Hopkins ²	-	437,983
Training and recruitment			
The Group has incurred expenses and made payments to I-CAR Australia, an industry based not-for-profit organisation that provides training to the collision repair industry and entities within the AMA Group.	Steven Bubulj ³	-	141,599
Total other transactions with KMP		544,192	2,867,513

1 Amounts disclosed in relation to Leath Nicholson are for the period to 18 November 2021, which is the date Mr Nicholson ceased being a KMP.

2 Amounts disclosed in relation to Andrew Hopkins are for the period to 31 January 2021, which is the date Mr Hopkins ceased being a KMP.

3 Amounts disclosed in relation to Steven Bubulj are for the period to 26 March 2021, which is the date Mr Bubulj ceased being a KMP.

(D) Balances outstanding to entities controlled by Key Management Personnel

No balances are outstanding in relation to entities controlled by current KMP at 30 June 2022 (2021: \$114,328).

F Other information

F2 Related party transactions (Cont.)

(E) Loans provided to a former related party

Loans outstanding at the end of the current and prior year include a loan to the former Group Chief Executive Officer and Executive Director, Andrew Hopkins.

Mr Hopkins' loan accrues interest at a rate consistent to the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia. Mr Hopkins has defaulted on his loan and as at 30 June 2022, the balance outstanding on his loan is \$1,460,000 (30 June 2021: \$1,399,493).

The Group has assessed recoverability and has not impaired the value of the loan largely due to the existence of a signed loan deed and litigation on foot.

There are no other loans with related parties outstanding as at the date of this report.

F3 Auditor's remuneration



This section presents the total remuneration of the Group's external auditors for audit, assurance, and other services.

During the year the following fees were paid or payable for services provided by KPMG:

	2022 \$	2021 \$
Audit and other assurance services		
Audit and review of financial statements - Group	723,651	679,972
Audit and review of financial statements - controlled entities	222,525	216,315
Total remuneration for audit and other assurance services	946,176	896,287
Other non-audit services		
Transactional services	218,684	888,160
Tax compliance services	-	39,093
Other services	-	-
Total remuneration for audit and other assurance services	218,684	927,253
Total auditor's remuneration	1,164,860	1,823,540

It is the Group's policy to employ KPMG on assignments additional to their statutory audit duties where KPMG's expertise and experience with the Group are important. These assignments are principally tax advice and transactional services (e.g. due diligence on acquisitions or services relating to sale of business). It is the Group's policy to seek competitive quotes for all major consulting projects.

F4 Commitments



This section presents the Group's contractual obligation to make a payment in the future in relation to purchases of property, plant and equipment, and lease commitments.

	2022 \$'000	2021 \$'000
Capital expenditure commitments		
<i>Committed at the end of the reporting period but not recognised as liabilities, payable:</i>		
Within one year	367	21
Later than one year but not later than five years	-	-
Later than five years	-	-
Total capital expenditure commitments	367	21
Operating lease commitments		
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	241	161
Later than one year but not later than five years	542	341
Later than five years	-	-
Total operating lease commitments	783	502
Total commitments for expenditure	1,150	523

F5 Contingent liabilities



Contingent liabilities are potential future cash payments where the likelihood of payment is not considered probable or cannot be measured reliably.

(A) Legal claims

During FY21, a business vendor issued a Notice of Dispute against the Group in relation to their earn-out calculation. The parties agreed to mediate which at the date of this report is still ongoing. Management considers the claims brought to be unjustified, and the probability that the settlement will exceed the amount already provisioned for, to be less than probable. The Directors are of the view that no material losses will arise in respect of the legal claim at the date of these Financial Statements. Further information on this contingency is omitted so as not to prejudice the Group's position in the related dispute.

In May 2021, the Company filed proceedings in the Federal Court of Australia against the former Group CEO and Executive Director, Andrew Hopkins. The litigation remains on foot at the date of this report and is not considered a contingent liability as the Group is the plaintiff.

F6 Events occurring after the reporting period



This section outlines events which have occurred between the reporting date and the date the Financial Report is authorised for issue.

Subsequent to year end, as a result of the prolonged financial recovery from COVID-19 and to align with the pathway to implement commercial outcomes and other measures to improve profitability, the Group further renegotiated its financial covenants and net senior debt limit. The revision simplifies the covenants with existing net senior leverage and fixed charge cover ratio covenants replaced by a minimum EBITDA requirement, which will be first tested in December 2022, followed by March 2023 and June 2023 testing before reverting back to original covenant requirements in September 2023. The net senior debt limit that is currently in place also extends through to September 2023. As a result of these revisions, margin increases and payment-in-kind interest has been added to Facility B and D (\$165,000,000 drawn) over the period that the covenants are revised (from 19 August 2022 until 30 September 2023).

No other matters or circumstances have occurred subsequent to 30 June 2022 that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Directors' Declaration

In the opinion of the Directors of AMA Group Limited (the Company):

- (a) the Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note E4.

Note A1 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Carl Bizon
Executive Director
& Group Chief Executive Officer

23 August 2022



Independent Auditor's Report

To the shareholders of AMA Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of AMA Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note A1, “Going Concern” in the financial report. The conditions disclosed in Note A1, indicate a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group’s assessment of going concern. This included:

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group’s intentions, and past results and practices;
 - Assessing the planned levels of operating cash inflows and outflows, including capital expenditures, for feasibility, timing, consistency of relationships and trends to the Group’s historical results, particularly in light of recent loss making operations, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty;
- Reading correspondence with existing financiers to understand the post year end renegotiation of existing debt facilities and amendments to loan covenant requirements; and
- Evaluating the Group’s going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group’s plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the **Key Audit Matters**:

- Goodwill and intangible assets; and
- Revenue.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Goodwill and intangible assets (Goodwill - \$268.4m, Impairment - \$80.7m)

Refer to Note C6 Intangible assets to the financial report

The key audit matter

A key audit matter for us was the Group’s annual testing of goodwill assets for impairment, given the size of the balance (being 27% of total assets) and the significantly higher estimation uncertainty continuing from the business disruption impact resulting from the ongoing COVID-19 global pandemic and turnover in senior members of management. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focussed on the significant forward-looking assumptions the Group applied in their fair value less costs of disposal models including:

- Forecast cash flows, growth rates and terminal growth rates – the Group has experienced significant business disruption and incurred continuing losses during the year as a result of COVID-19 and other market forces. This impacted the Group through the hibernation/closure of selected businesses, labour difficulties, increase in parts costs and a reduction in the demand for certain products and services. These conditions and the uncertainty of their continuation increase the possibility of goodwill and intangible assets being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. We focused on the expected rate of recovery for the Group and what the Group considers as their future business model as a result of expected cost savings and pricing negotiations when assessing the feasibility of the Group’s forecast cash flows. Assumptions included in the Group’s forecast cash flows are also sensitive to market changes;
- Forecast growth rates and terminal growth rates – In addition to the uncertainties described above, the Group’s models are highly sensitive to small changes in these assumptions, reducing available headroom. This drives additional audit effort specific to

How the matter was addressed in our audit

Working with our valuation specialists, our procedures included:

- We considered the appropriateness of the fair value less costs of disposal method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards;
- We assessed the integrity of the fair value less costs of disposal models used, including the accuracy of the underlying calculation formulas;
- We considered the Group’s determination of their CGUs in light of the segment re-alignment that occurred during the year, based on our understanding of the operations of the Group’s business and how independent cash inflows were generated, against the requirements of the accounting standards;
- We made enquiries of management to understand the continuing impacts of COVID-19 to the Group and other operating condition challenges;
- We compared the forecast cash flows contained in the fair value less costs of disposal models to forecasts approved by the Board;
- We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. We applied increased scepticism to current period forecasts in areas where previous forecasts were not achieved and/or where future uncertainty is greater or volatility is expected;
- We considered the sensitivity of the models by varying key assumptions, such as expected rate of recovery for the Group, forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did



<p>their feasibility and consistency of application to the Group's strategy; and</p> <ul style="list-style-type: none"> Discount rates - these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to incorporating risks into the cash flows or discount rates. The Group's modelling is highly sensitive to small changes in the discount rate. <p>The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed and use a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.</p> <p>The Group has a large number of operating businesses necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p> <p>In addition to the above, the Group recorded an impairment charge of \$41.4m against goodwill in relation to Drive – Capital Smart and \$39.3m in relation to Drive – Non Capital Smart, increasing the sensitivity of the models to small changes. This further increased our audit effort in this key audit area.</p>	<p>this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures;</p> <ul style="list-style-type: none"> We challenged the Group's forecast cash flow and growth assumptions in light of the expected continuation of unprecedented uncertainty of business disruption from the COVID-19 pandemic and other uncertain economic conditions. We compared forecast growth rates and terminal growth rates to authoritative published studies of industry trends and expectations, and considered differences for the Group's operations. We assessed key assumptions such as expected rate of recovery for the group and what the group considers as their future business model. We used our knowledge of the Group, business and customers, and our industry experience. We sourced authoritative and credible inputs from our specialists and market advisors; We checked the consistency of the growth rates to the Group's plans and our experience regarding the feasibility of these in the industry in which they operate; We assessed the impact of market changes on the Group's key assumptions, specifically forecast EBIT growth expected to be achieved through identified synergies, growth initiatives, capital spend requirements and head office costs, for indicators of bias and inconsistent application, using our industry knowledge; We independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in; We recalculated the impairment charge against the recorded amount disclosed; and We assessed the disclosures in the financial report using our understanding of the issues obtained from our testing and against the requirements of the accounting standards.
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Revenue Recognition (Revenue \$845.1m)	
Refer to Note B2 of the financial report	
The key audit matter	How the matter was addressed in our audit
<p>The Group has revenue streams across each of its different operating segments. The Group's significant revenue streams include:</p> <ul style="list-style-type: none"> - Vehicle panel repair services; and - Sale of automotive parts and accessories. <p>Revenue recognition was a key audit matter due to the value of the balance, significant audit effort and judgment we have applied in assessing the Group's recognition and measurement of revenue.</p> <p>This was driven from the:</p> <ul style="list-style-type: none"> ● High volume of revenue transactions; ● Complexity involved in applying the requirements of AASB15, including consideration of the timing of revenue recognition based on underlying arrangements with customers; and ● Opportunity for manual intervention and the interfaces of multiple systems with the general ledger presenting conditions for transactions to be recorded incorrectly. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> ● Evaluating the appropriateness of the Group's accounting policies for revenue recognition for each significant revenue stream against the requirements of AASB 15 and our understanding of the business; ● Reading a sample of customer contracts to understand the key terms of the arrangements and the performance obligations; ● On a sample basis, we tested the existence, accuracy and timing of revenue recognised by the Group. This involved agreeing transactions to underlying documentation such as signed customer collection notes, photographs of vehicles in stages of repair, invoices and customer prepared remittance statements. We also checked customer receipts to bank statements; and ● Evaluating the adequacy of the disclosures made in Note B2 in light of the requirements by the Australian Accounting Standards.



Other Information

Other Information is financial and non-financial information in AMA Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of AMA Group Limited for the year ended 30 June 2022, complies with *Section 300A of the Corporations Act 2001*.

KPMG

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 40 to 54 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

Adam Twemlow
Partner

Bundall
23 August 2022



Additional Information

In accordance with ASX Listing Rules the shareholder information set out below is current as of 4 August 2022.

Distribution of shareholdings

The total number of shareholders in AMA Group Limited (ASX: AMA) was 3,959. The voting rights are one vote per fully paid ordinary share. There were 1,066,368,183 shares on issue. The distribution of shareholders was as follows:

Share grouping	Total holders	Number of shares	Percentage of issued shares
1 - 1,000	473	206,237	0.02
1,001 - 5,000	1,111	3,062,280	0.29
5,001 - 10,000	596	4,593,869	0.43
10,001 - 100,000	1,416	48,249,594	4.52
100,001 Over	363	1,010,256,203	94.74
Total	3,959	1,066,368,183	100.00

There were 1,198 shareholders holding less than a marketable parcel of \$500 worth of shares, based on the closing market price on 4 August 2022 of \$0.16 per share.

Twenty largest shareholders

Name	Number of shares	Percentage of issued shares
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	179,645,909	16.85
CITICORP NOMINEES PTY LIMITED	141,283,974	13.25
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	91,515,985	8.58
NATIONAL NOMINEES LIMITED	81,675,421	7.66
BNP PARIBAS NOMS PTY LTD <DRP>	75,060,766	7.04
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	64,597,908	6.06
ACN 162 128 501 PTY LTD <WALES BUS & BODY REPAIRS AC>	43,478,261	4.08
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	41,735,687	3.91
UBS NOMINEES PTY LTD	32,349,929	3.03
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	27,500,000	2.58
SANDMAN 1 NOMINEES PTY LTD	13,269,843	1.24
BNP PARIBAS NOMS(NZ) LTD <DRP>	13,237,345	1.24
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	12,711,080	1.19
THORNEY OPPORTUNITIES LTD	12,000,000	1.13
DDH GRAHAM LIMITED <THE LUGARNO FUND A/C>	11,050,624	1.04
COLINTON CAPITAL PARTNERS PTY LTD <COLINTON CP FUND 1 (A) A/C>	6,847,351	0.64
VENN MILNER SUPERANNUATION PTY LTD	5,000,000	0.47
MISSY NOMINEES PTY LTD <FRANK CRISPO FAMILY A/C>	4,544,555	0.43
WINTER & TAYLOR PTY LTD	4,070,772	0.38
AUSTIN SUPERANNUATION PTY LTD <THE BRIAN AUSTIN S/F A/C>	3,762,065	0.35
Total	865,337,475	81.15

Substantial shareholders

Substantial holders in AMA Group Limited as detailed in the most recent public filings of Form 604 - Notice of change of interests of substantial holder are set out below.

Name	Number of shares	Percentage of issued shares
Mittleman Investment Management, LLC and its associates	117,470,917	11.59
AustralianSuper Pty Ltd	102,121,099	11.50
IBV Capital Ltd	74,581,418	7.29

Securities subject to escrow

Name	Number of shares	Date escrow period ends
Fully Paid Ordinary Quoted	530,634	*

* Subject to non-date escrow terms.

Glossary

Abbreviation	Meaning
ADAS	Advanced Driver Automation System
AGM	Annual General Meeting
APAS	Automotive Parts and Services (previously a division of AMA Group)
ARC	Audit and Risk Committee
ASX	Australian Stock Exchange
ATSR	Absolute Total Shareholder Return
AUD	Australian dollar
BBSY	Bank Bill Swap Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
COO	Chief Operating Officer
CODM	Chief Operating Decision Maker
CPI	Consumer Price Index
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDAI	Earnings before interest, tax, depreciation, amortisation and impairment
EPS	Earnings Per Share

Abbreviation	Meaning
ESG	Environmental, Social & Governance
GESP	General Employee Share Plan
GST	Goods and Services Tax
KMP	Key Management Personnel
LTI	Long-term incentive
NPS	Net Promoter Score
NZ	New Zealand
OEM	Original equipment manufacturer
PC	People Committee
PCP	Prior comparative period
PRP	Performance Rights Plan
RIFR	Relative Injury Frequency Rate
RTRS	Relative Total Shareholder Return
STI	Short-term Incentive
TFR	Total Fixed Remuneration
TSR	Total Shareholder Return
USD	US Dollar
VWAP	Volume Weighted Average Price
WGEA	Workplace Gender Equality Agency

AMA GROUP

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