

**AMA**GROUP

**World Class**  
**Automotive Solutions**

# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

---

AMA GROUP LIMITED | ABN 50 113 883 560

For personal use only

## SHAREHOLDERS INFORMATION

### AMA GROUP LIMITED

ABN 50 113 883 560

Level 4, 130 Bundall Road  
BUNDALL, QUEENSLAND, 4217  
AUSTRALIA

Telephone: +61 7 5628 3272

Website: [amagroupltd.com](http://amagroupltd.com)

Email: [info@amagroupltd.com](mailto:info@amagroupltd.com)

### Shareholder information and enquiries

All enquiries and correspondence regarding shareholdings should be directed to AMA Group's share registry provider:

Computershare Investor Services Pty Limited  
GPO Box 2975  
MELBOURNE, VICTORIA, 3001  
AUSTRALIA

Telephone: +61 3 9415 4000

Telephone: 1300 787 272  
(Within Australia)

Website: [computershare.com.au](http://computershare.com.au)

Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

### Stock Exchange Listing

AMA Group Limited shares are listed on the Australian Securities Exchange, code AMA.



# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

## TABLE OF CONTENTS

### BUSINESS REVIEW

Chair of the Board and Chief Executive Officer's Review	4
---	---

### DIRECTORS' REPORT

Introduction	8
Review and Results of Operations	9
Directors and Officers	13
Annual Statement by the People, Culture, Remuneration and Nomination Chair	18
Remuneration Report	19
Auditor's Independence Declaration	38


### FINANCIAL REPORT

Consolidated Financial Statements	39
Notes to the Consolidated Financial Statements	45
Directors' Declaration	105
Independent Auditor's Report	106

### OTHER INFORMATION

ASX Additional Information	114
----------------------------	-----



This is an interactive PDF designed to enhance your experience. The best way to view this report is with Adobe Reader. Click on the links on the contents pages to navigate the report. Click the  AMA logo in the footer to return to this contents page.



# CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER'S REVIEW

On behalf of the Board, it is our pleasure to present AMA Group Limited's Annual Report for the year ended 30 June 2021.



**Carl Bizon**  
Group Chief Executive Officer

**Anthony Day**  
Chair of the Board





### FY21 Financial performance

The Group started the financial year ended 30 June 2021 (FY21) with challenging economic conditions as Government restrictions relating to the COVID-19 pandemic remained in place in certain Australian States and New Zealand. While Victoria remained in lockdown for most of the first quarter of FY21 and further “snap” lockdowns continued across Australia, the Group took prudent and proactive actions to protect our employees and ensure we continued to safely deliver our services to customers.

The Group reported Normalised EBITDAI of \$71.5 million and revenue and other income from continuing operations of \$919.9 million, an increase of 35% and 11% on the prior year respectively. This result is largely attributable to a full 12 months of trading in respect of the Capital S.M.A.R.T and ACM Parts acquisitions and the turnaround in the latter. The Group reported a net loss after tax of \$99.1 million for FY21. Net loss after tax was significantly impacted by the \$90.6 million non-cash impairment of goodwill related to the Capital S.M.A.R.T acquisition. This impairment reflects risk and uncertainty associated with COVID-19 and related allowances in respect of revenue projections.

Extended periods of lockdown due to the COVID-19 pandemic and associated decreased repair volumes led to the temporary stand down of staff and hibernation of some of the most impacted sites. The Group received and passed on wage subsidies from the Australian and New Zealand Governments, which rolled off in the first quarter of FY21. The Group also provided additional support to our employees during this time. These actions supported employee retention, enabling a return to normal trading as quickly as possible once restrictions and lockdowns lifted and volumes returned.

Synergies from the Capital S.M.A.R.T acquisition in October 2019 were realised on a full year run rate and normal volume basis in line with expectations, despite the challenges associated with the integration rollout during COVID-19 lockdowns.

The Group reduced net debt by \$53.8 million mainly out of the proceeds of the sale of the ACAD and Fully Equipped businesses, closing FY21 with net debt of \$173.3 million (excluding any contingent vendor consideration) and \$57.7 million in undrawn debt facilities.

### FY21 operational achievements

During the first half of FY21, the Group successfully divested the ACAD and Fully Equipped businesses to GUD Holdings. This strategic divestment provided the opportunity for AMA Group to focus on the collision repair industry and associated parts supply businesses.

The Heavy Motor division continues to be a strong contributor to and growth area for our business. During FY21, the Group completed the acquisition of Western Trucks in Williamstown, Victoria and National Trucks in Newcastle, New South Wales. These businesses complement and expand the AMA Group network of well-established heavy motor repair operations.

In line with our strategy to realise the benefits of the parts supply business, AMA Group acquired Perth Parts Solutions during the first half of FY21. This strategic investment expands our geographic reach for the supply of recycled auto parts into Western Australia.

The health and safety of our employees is paramount and through a continued focus, the business delivered a 50% reduction in Lost Time Injury Frequency Rate (LTIFR) in the year to 30 June 2021. We remain steadfast in our commitment to the safety of our employees and ensuring they have a safe place to work.

The business has adopted and continues to maintain stringent health and safety measures for our employees and customers during the COVID-19 pandemic. The business has implemented a comprehensive COVID-19 management plan, which has seen zero transmission of COVID-19 at our sites.





## FY22 - a year of transition and transformation

The appointment of Carl Bizon as Group CEO in February 2021 marked the beginning of a significant transformation for the business, which is well underway and continues into the 2022 financial year (FY22), with the move towards "One AMA".

During FY21, the Board appointed two new Independent Non-Executive Directors, Paul Ruiz and Kyle Loades. Their combined experience, expertise and industry knowledge adds significant value to the Board. The Group also recently announced that Leath Nicholson will step down as a Non-Executive Director of the Company at the November 2021 AGM and will assume the role of outsourced General Counsel. The search for a new Independent Non-Executive Director is underway. The continued enhancement of the Board positions the Company to meet the longer-term strategic objectives of the Group.

Consistent with the Group's direction to enhance governance, diversity of management skill, leadership, and industry experience, several senior executive appointments were announced on 2 July 2021. These included a Group Chief Operating Officer, Group Chief Commercial Officer, Group Chief People Officer and Director Investor Relations and Corporate Affairs. The strengthened leadership team brings a wealth of experience, commensurate to AMA Group's current size and future potential and consolidates individual roles which were held within the various divisions.

Reflecting the significant growth and evolution of the AMA Group since listing in 2006, new management reporting segments were announced in July 2021. This new structure will maximise the value in each business unit, paving the way to unlock the value of AMA's unique position in the Australian and New Zealand collision repair industry:

- **Drive** - Rapid repairs on cars that are still driveable, includes Capital S.M.A.R.T and rapid repair businesses previously part of AMA Panel
- **Non-Drive** - Larger, more complex repairs of cars with more significant damage that are undrivable
- **Heavy Motor** - Truck and bus repairs
- **Supply** - Parts, paint, and consumables.

Leveraging the existing depth of experience and expertise in the senior team and to lead growth and development of the business, several internal promotions were made to support the new structure. David Marino's portfolio was expanded with his promotion to CEO of Capital S.M.A.R.T and Executive General Manager - Drive. Campbell Jones stepped into the role of Executive General Manager - Non-Drive, having demonstrated his leadership capability as Interim CEO of AMA Panel Division and CEO of ACM Parts, and Darren Wales' proven track record of excellence in heavy vehicle repairs sees him continue management of this segment of the business, with his promotion to Executive General Manager - Heavy Motor.

The core of the business is our people. Our commitment to creating "One AMA" is reflected in a renewed focus during this time of transformation on:

- Defining and consolidating the culture
- Investing, developing, and retaining key industry skills
- Building the workforce of the future through apprenticeships and other initiatives
- Using scale and culture to attract talent in an industry with skills shortages.

Our expectation is that market conditions are likely to remain uncertain and therefore challenging into FY22. As at the time of writing, several Australian States are in, or have recently ended lockdown. Our business leaders continue to monitor the situation closely, responding on a case-by-case basis and supporting our employees. A continued focus on operational efficiencies and cost management programs positions the business to navigate the ongoing impacts of COVID-19. During periods of no or limited lockdown, the business has demonstrated its ability to resume operations very quickly as repair volumes increase.

To provide sustained revenue generation and profitability for the Group, we continue to work closely with our major customers to mitigate any impact connected with disruptions to labour or parts available to the Group, including any abnormal costs rises. We are also proactively managing the current skilled labour shortage being experienced at this time, an issue exacerbated by international border closures.



*"The core of the business is our people. Our commitment to creating 'One AMA' is reflected in a renewed focus, during this time of transformation..."*



In FY22 our operational priorities are:

- Development of mutually beneficial customer contracting arrangements, reflecting the post COVID-19 market environment
- Realisation of the benefits of the new business structure by identifying and further enhancing best practice operations
- Continued growth of the Supply business unit to expand margins and secure supply
- Pursuit of organic and acquisition growth opportunities
- Capitalisation on industry technology advancements through innovation
- Ongoing effort to position AMA Group as 'A Great Place to Work' through recruitment, development and advancement of employees at every level of the business.

The Board is committed to delivering shareholder value, maintaining both adequate working capital and the ability to invest in the growth of the business.

To ensure the Group is adequately capitalised and able to realise investment opportunities, management continues to explore a range of funding options. The Board has not declared a final FY21 dividend.

With a network of almost 180 sites and over 3,700 employees, AMA Group is the leading collision repairer in Australia and New Zealand, offering extensive service capability and geographical reach to our customers. Our workforce comprises highly skilled professionals and operating technicians who drive the Group's performance outcomes. With steps already taken to restructure the business and populate the senior leadership team, we have laid the foundations for the acceleration of the strategic direction and future growth of the Group to deliver shareholder value.

We thank all our employees for the way in which they have responded to the challenging circumstances experienced over the last 18 months, and for the way they have adapted to ensure the delivery of a quality service to our customers.

We also thank the Board, our customers, insurance partners, investors, and all stakeholders for their ongoing support of AMA Group throughout FY21.

In FY22, our sights are set on transforming the business, capitalising on growth opportunities, being a great place to work for our employees, and delivering shareholder value.

**Anthony Day**  
Chair of the Board

**Carl Bizon**  
Group Chief Executive Officer



# 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 2021.

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:

Name	Position	Dates
<b>Anthony Day</b>	Chair of the Board and Non-Executive Director	Full Financial Year
<b>Leath Nicholson</b>	Non-Executive Director	Full Financial Year
<b>Simon Moore</b>	Non-Executive Director	Full Financial Year
<b>Nicole Cook</b>	Non-Executive Director	Full Financial Year
<b>Carl Bizon</b>	Non-Executive Director Executive Director and Group Chief Executive Officer	Until 31 January 2021 From 1 February 2021
<b>Paul Ruiz</b>	Non-Executive Director	From 17 May 2021
<b>Kyle Loades</b>	Non-Executive Director	From 24 May 2021

Andrew Hopkins resigned from the role of Executive Director and Group CEO on 31 January 2021. His directorship was from the beginning of the financial year and ceased on 1 February 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 vehicle parts.







## REVIEW AND RESULTS OF OPERATIONS

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 19 November 2020, following a strategic review of the Group's business operations, the Board announced its intention to divest of the ACAD and Fully Equipped businesses (excluding ACM Parts and FluidDrive). The sale to GUD Holdings Limited was completed on 31 December 2020 for a gross purchase consideration of \$70 million. The proceeds from the transaction were principally used to repay debt and set the Group up for continued growth in its core operation of collision repairs (see note E5).

The COVID-19 pandemic and restrictions imposed by the Government continued to impact the trading performance of the Group for the period ended 30 June 2021. These restrictions affected one of the key external drivers of our business, kilometres travelled, resulting in challenging operating conditions.

### KEY ACHIEVEMENTS

As noted above, on 31 December 2020, the Group completed the sale of the ACAD and Fully Equipped businesses to GUD Holdings Limited. The divestment provides AMA with the opportunity to focus on the collision repairs segment providing greater opportunities for investment and growth.

On 1 February 2021, the Group announced the appointment of Carl Bizon as Executive Director and Group Chief Executive Officer. Since his appointment, Carl, a former Non-Executive Director of the Company, has reshaped and strengthened the leadership team and enhanced processes around risk management, governance, reporting systems and people and culture strategies.

The Group announced the appointment of two new, experienced, and Independent Non-Executive Directors on 17 May 2021. The appointments of Paul Ruiz and Kyle Loades align with the Board's ongoing commitment to ensure the Board has the appropriate experience, skills, and expertise to meet the current and longer-term strategic objectives of the AMA Group.

The renewal and strengthening of Group leadership continued, with a number of senior appointments, adding a diversity of industrial and corporate experience and ensuring the Group has the appropriate governance and depth of skills to deliver the Board's vision for the future of AMA.

During the year, the Group acquired the business and operating assets of Western Trucks and National Trucks. The Heavy Motor business continues to be an area of investment, growth, and expansion for the Group.

The Group also focussed on realising the benefits of ACM Parts, an important part of the supply chain in the collision repairs segment. During the period, ACM Parts acquired Perth Parts Solutions, a strategic investment to expand the geographic presence of the parts business.



## FINANCIAL RESULTS

The Group reported a statutory net loss after tax of \$99,079,000 for the period ended 30 June 2021 compared to a net loss after tax of \$71,468,000 reported for the period ended 30 June 2020.

### Revenue from external customers (excluding other income)

Revenue from external customers (continuing operations) increased from \$824,127,000 for FY20 to \$916,508,000 for FY21 representing an increase of 11% and attributable to a full twelve months trading for acquisitions such as Capital S.M.A.R.T and ACM Parts. Refer to note B2 for disaggregation of revenue and other income by reporting segment.

### Raw materials and consumables used

Raw materials and consumables used in continuing operations increased from \$388,390,000 in FY20 to \$436,609,000 in FY21 representing an increase of 12% and similar to the increase in revenue, largely attributable to a full twelve months trading for acquisitions such as Capital S.M.A.R.T and ACM Parts.

Raw materials and consumables used represents 48% of revenue from external customers. Despite the impact of COVID-19 on the supply chain and an increase in parts prices, this was only a marginal increase on the prior year (FY20: 47%).

The Group is committed to the procurement of paint, parts and consumables and securing the quality products needed to execute operations on industry leading terms.

### Employee benefits

The Group finished FY21 with approximately 3,700 employees (FY20: 4,000). The decrease is primarily due to the divestment of ACAD and Fully Equipped businesses. During the period, there have been several internal promotions and new appointments to senior leadership which will support operations and strategy delivery.

Gross employee benefits expense (before the benefit of wage subsidies) for continuing operations increased 4% from FY20. Gross employee benefits expense represents 37% of revenue from external customers (FY20: 40%). The Group proactively managed the headwinds of the skilled labour shortage primarily driven by international border closures.

Similar to FY20, the Group benefited from the Australian Federal Government's JobKeeper Assistance Program and the New Zealand Wage Subsidy. Participation in these programs contributed \$30,736,000 to the business to support our workforce through this difficult trading period. The assistance enabled the business to safeguard the jobs of our employees and retain key skills during the COVID-19 period of uncertainty (see note B3(C)).

### Operating expenses

The Group manages its operating expenses by continuously identifying appropriate cost savings.

Occupancy costs remain the largest fixed cost and consist of items such as rates and taxes, electricity and gas, cleaning and repairs and maintenance. Occupancy costs presented in the Statement of Profit or Loss is after the impact of AASB 16 Leases and therefore does not include the rent of premises on the majority of the Group's leases. Occupancy costs have decreased by 11% compared to FY20, reflective of a decrease in number of sites and the benefit of indirect procurement strategies.

Professional services expense largely relates to compliance, legal, audit, tax, and recruitment costs. In FY21, additional professional services expenses were incurred in relation to the legal fees and investigation costs associated with whistleblower disclosures. In FY20, additional professional services expenses were incurred relating to the acquisition of Capital S.M.A.R.T and ACM Parts.

Other expenses include items such as information technology, operational expenditure, insurance, replacement tools, registrations and subscriptions. Other expenses are approximately 3% of revenue from external customers in both FY21 and FY20.

### Fair value adjustments on contingent vendor consideration

In FY21, the Group recognised fair value adjustments on contingent vendor consideration (continuing operations) of \$5,977,000.

Acquisition earn-outs are generally contingent on profit measures such as EBITDA or EBIT. The net expense represents the combination of businesses that have performed better than originally anticipated at acquisition date or the last reporting date. Any increase to contingent vendor consideration results in a corresponding expense recognised in fair value adjustments within the profit or loss.

### Depreciation and amortisation

Depreciation and amortisation of \$81,289,000 increased by 17% compared to prior comparative period, largely due to a full twelve months of trading for acquisitions such as Capital S.M.A.R.T and ACM Parts. Depreciation expense on right-of-use assets represents approximately half of the total depreciation and amortisation expense. Amortisation of intangibles, specifically the customer contract between Capital S.M.A.R.T and Suncorp is 22% of the total depreciation and amortisation expense (see note B3(A)).

### Impairment expense

The Group has recognised a total impairment expense of \$102,465,000, of which \$95,783,000 was recognised against goodwill, \$4,923,000 against non-current assets such as property, plant, and equipment and \$1,428,000 against right-of-use assets. Of the total impairment charge during the year, \$90,580,000 (88%) relates to the impairment of goodwill allocated to Capital S.M.A.R.T. Further details of impairment expense and intangible assets are set out in notes B3(D) and C6.

### Finance costs

Finance costs increased from \$26,294,000 in FY20 to \$30,054,000 in FY21. The significant increase is due to a full twelve months of trading for acquisitions such as Capital S.M.A.R.T and ACM Parts. The majority of finance costs relate to interest expense on lease liabilities which has arisen upon adoption of AASB 16 Leases (see note B3(B)). Interest and finance charges on the senior debt decreased compared to the prior comparative period and the effective interest rate on borrowings was 3% (FY20: 4%).

### Income tax benefit

Income tax benefit for continuing operations was \$2,283,000 for the period. The Group has 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 \$9,688,000 and capital losses of \$10,154,000 (see note B4(F)).

### Discontinued operations

The sale of ACAD and Fully Equipped businesses (excluding ACM Parts and FluidDrive) to GUD Holdings Limited was completed on 31 December 2020. The profit after tax from discontinued operations of \$12,151,000 includes the operations of the divested businesses to 31 December 2020 and the gain on sale, net of transaction costs (see note E5).





## 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 Unaudited, non-IFRS Financial Information	2021 \$'000	2020 \$'000
<b>Operating loss before interest and tax</b>	<b>(83,459)</b>	<b>(48,788)</b>
<b>Adjustments:</b>		
Depreciation, amortisation and impairment expense	183,754	120,921
Fair value adjustments on contingent vendor consideration	5,977	4,487
Occupancy costs and other income impacted by AASB 16 Leases	(51,868)	(44,195)
ACAD and Fully Equipped businesses sold on 31 December 2020	6,971	7,257
Pre-AASB 16 Earnings before interest, tax, depreciation, amortisation, impairment, and fair value adjustments ("Pre-AASB 16 EBITDAI", <i>unaudited, non-IFRS term</i> )	61,375	39,682
<b>Normalisations:</b>		
Supplier termination fee	9,437	-
Whistleblower investigation costs	737	-
Acquisition costs	-	9,849
Restructuring and reorganisation costs	-	2,366
Integration costs	-	726
Other costs	-	546
<b>Total Normalisations</b>	<b>10,174</b>	<b>13,487</b>
<b>Normalised EBITDAI (<i>unaudited, non-IFRS term</i>)</b>	<b>71,549</b>	<b>53,169</b>

Normalised EBITDAI has increased by \$18,380,000 or 35%. The increase can be largely attributed to a full twelve months trading for acquisitions such as Capital S.M.A.R.T and ACM Parts. In addition, the financial performance of the Group in the prior comparative period was impacted by challenging market conditions with decline in repair volumes and pressure on pricing.

Normalisations for the period included \$9,437,000 in respect of the PPG paint supplier termination fee. The supplier termination fee was incurred as a result of Capital S.M.A.R.T's paint transition. The integration was completed during FY21 and Capital S.M.A.R.T is well positioned to realise its synergy benefits. The Group has also normalised the costs incurred (legal and investigative) relating to the whistleblower disclosures (see section 6.4 of Remuneration Report).

Normalised EBITDAI includes the contribution of \$6,971,000 from the disposed businesses (ACAD and Fully Equipped) but does not include the accounting gain on disposal (\$7,397,000). Normalisations have been significantly reduced compared to previous periods.



## 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 \$250,918,000. As at 30 June 2021, the Group had \$64,203,000 in cash and cash equivalents.

During the year, the Group received sale proceeds from the disposal of businesses (net of costs and cash disposed) of \$63,184,000. The Group repaid \$102,500,000 of borrowings, using those sale proceeds and excess cash.

The Group purchased new businesses and paid earn-outs in respect of existing acquisitions totalling \$17,885,000.

In response to COVID-19, the Group's financiers agreed to waive covenant testing until 31 December 2020 and provided a more favourable covenant testing regime for the balance of FY21. No restrictions were imposed by the financiers during the reporting period and the Group was compliant with all covenants during the period, including as at 30 June 2021.

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.

	Jun 2021 \$'000	Dec 2020 \$'000	Jun 2020 \$'000
<b>Net debt</b>			
Financial liabilities - drawn cash facilities	237,500	237,500	340,000
Cash and cash equivalents	(64,203)	(86,397)	(112,916)
<b>Net Debt</b>	<b>173,297</b>	<b>151,103</b>	<b>227,084</b>
Contingent vendor consideration - 50% of cash portion	7,010	10,984	12,611
<b>Net debt used in covenant calculations</b>	<b>180,307</b>	<b>162,087</b>	<b>239,695</b>

The Group's liquidity remains strong, with a net debt position as at 30 June 2021 of \$173,297,000 and a further \$57,720,000 of undrawn debt facilities.

## DIVIDENDS

As a result of the prolonged and continuing impact of the COVID-19 pandemic, and the Group's target optimal capital structure, a final dividend has not been declared. This decision 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 breadth of broader impacts as a result of the COVID-19 pandemic continues to unfold and increase the risk landscape. The Company continues to monitor government policies, regulatory changes and industry trends.

## OUTLOOK

The business environment remains challenging with continued disruptions due to the prolonged impact of COVID-19. Additional outbreaks have resulted in business and mobility restrictions during Q1 FY22, with mixed views on the timing and extent of market recovery.

Volume rates continue to experience variability throughout the various States in which the Group operates, primarily resulting from different levels of COVID-19 restrictions imposed by each State.

The Company will continue to work to mitigate the effect of the current economic disruptions on its operations, which primarily impact repair volumes and supply chain inputs. It is difficult to predict the severity and duration of these impacts.

The Board is confident in the capability and experience of the executive team and remains committed to implementing best practices and system infrastructure to enhance profitability and achieve operational excellence.

Accretive growth will remain the Company's long-term focus, through both organic growth from the Group's existing operations and business acquisitions.

The Directors are confident that once normal trading conditions return, AMA Group will be well positioned for success into the future.

## EVENTS OCCURING AFTER THE REPORTING PERIOD

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

#### Background and experience:

With over 35 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.

He 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  
since 1 February 2021

Member of People, Culture, Remuneration and Nomination Committee  
since 28 November 2018

Chair of People, Culture, Remuneration and Nomination Committee  
28 November 2018 to 17 December 2020



### CARL BIZON

**Executive Director and Group Chief Executive Officer**  
since 1 February 2021

**Non-Executive Director**  
3 February 2020 to 31 January 2021

#### Background and experience:

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. Carl has successfully led global businesses, improving profitability and operational performance, delivering efficiencies and increasing margins.

#### Board Committees:

Member of Audit and Risk Committee  
3 February 2020 to 31 January 2021

## DIRECTORS AND OFFICERS



### LEATH NICHOLSON

BEcon (Hons), LLB (Hons), LLM (Commercial Law)

**Non-Executive Director**  
since 23 December 2015

#### Background and experience:

Leath was a Corporate Partner at a leading Melbourne law firm, gaining experience with a breadth of ASX listed entities, before co-founding Foster Nicholson Jones in 2008. Leath's principal clients include ASX listed companies and high net worth individuals.

Leath has an in-depth knowledge of the automotive repair industry. Leath also has particular expertise in mergers and acquisitions, IT based transactions, and corporate governance.

#### Board Committees:

Member of People, Culture, Remuneration and Nomination Committee  
23 December 2015 to 16 August 2021

Member of Audit and Risk Committee  
since 23 December 2015

#### Other listed company directorships in the past three years Leath has served as:

Non-Executive Chairman of Constellations Technologies Limited

Non-Executive Director of Money3 Corporation Limited (until 15 November 2019)

#### Additional comments:

As announced on 11 August 2021, Leath will step off the Board of Directors at the 2021 AGM to assume the role of outsourced General Counsel to the Group.



### SIMON MOORE

BCom (Hons), LLB (Hons)

**Non-Executive Director**  
since 28 November 2018

#### Background and experience:

Simon founded Colinton Capital Partners in 2017. He is an experienced private equity investor with significant public company Board experience.

Simon 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.

Prior to founding Colinton Capital Partners, he was a Managing Director and Global Partner of The Carlyle Group for 12 years.

#### Board Committees:

Chair of Audit and Risk Committee  
since 28 November 2018

#### Other listed company directorships in the past three years Simon has served as:

Non-Executive Director of Palla Pharma Limited

Non-Executive Director of Alexium International Group Limited

Non-Executive director of Firstwave Cloud Technology Limited (until 30 August 2019)

Non-Executive Director of Megaport Limited (until 23 September 2019)





### NICOLE COOK

BA (Hons), MBA

**Non-Executive Director**  
since 1 December 2019

#### Background and experience:

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 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 SaaS based technology businesses, is a trusted management consultant, focuses on driving innovation through technology and has deep domain expertise in Human Resources, energy efficiency, supply chain, FinTech and more.

#### Board Committees:

Chair of People, Culture, Remuneration and Nomination Committee  
since 18 December 2020

Member of People, Culture, Remuneration and Nomination Committee  
since 1 December 2019

#### Other listed company directorships in the past three years Nicole has served as:

Non-Executive Director of Intellihir Limited  
(until 29 October 2020)



### PAUL RUIZ

BSc (Economics), Fellow of the Institute of Chartered Accountants in England and Wales.

**Non-Executive Director**  
since 17 May 2021

#### Background and experience:

Paul is a highly regarded and well-respected 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 breadth of experience in the financial services sector extends to Government, NGO's and the health and insurance sectors and his industry experience includes manufacturing and motor industries.

Paul also serves as a Non-Executive Director of Dai-ichi Life Australia/TAL Life and is Chair of the Audit Committee, Fred Hollows Foundation and its controlled entity Alina Vision. He also serves on the Audit & Risk Committee of two NSW Government Organisations.

#### Board Committees:

Member of Audit and Risk Committee  
since 17 May 2021

## DIRECTORS AND OFFICERS



### KYLE LOADES

MBA

**Non-Executive Director**  
since 24 May 2021

#### Background and experience:

Kyle is a seasoned Non-Executive Director and Advisory Board Member with over 2 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 a depth of 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.

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.

#### Board Committees:

Member of People, Culture, Remuneration and Nomination Committee  
since 16 August 2021

### FORMER DIRECTORS

Andrew Hopkins resigned from the role of Executive Director and Group CEO on 31 January 2021. His directorship ceased on 1 February 2021. He had served as an Executive Director since 17 December 2015.

### FIONA VAN WYK

**Company Secretary**  
since 25 November 2019

#### Background and experience:

Fiona has over 25 years company secretarial, corporate governance and corporate compliance experience, most notably as Company Secretary of the Mantra Group (ASX 200) for over 11 years. Fiona was integral to the listing of Mantra Group on the ASX in 2014 and the sale of the business to AccorHotels in 2018.

Fiona worked for KPMG in South Africa, where she headed the Company Secretarial Department within the Private Business Services Division. Fiona has also worked in a variety of consultancy roles where she provided advice to both private and public listed companies.

Fiona is a Member of Governance Institute of Australia and the Australian Institute of Company Directors.





## 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	519,324
Leath Nicholson	1,616,873
Simon Moore	30,577,186
Nicole Cook	55,000
Carl Bizon	400,000
Paul Ruiz	271,739
Kyle Loades	43,297

## 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 2021, and the number of meetings attended by each Director are as follows:

	Board meetings		Audit & Risk Committee meetings		People, Culture, Remuneration and Nomination Committee meetings	
	A	B	A	B	A	B
Anthony Day	10	10	3	3	4	4
Leath Nicholson	10	10	5	5	4	4
Simon Moore	10	10	5	5	-	-
Nicole Cook <sup>1</sup>	10	10	-	-	4	4
Carl Bizon <sup>2</sup>	10	10	2	2	-	-
Paul Ruiz <sup>3</sup>	2	2	2	2	-	-
Kyle Loades <sup>4</sup>	2	2	-	-	-	-
Andrew Hopkins <sup>5</sup>	4	5	-	-	-	-

### 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

<sup>1</sup> Nicole Cook replaced Anthony Day as Chair of the PCRNC effective 18 December 2020.

<sup>2</sup> Carl Bizon transitioned from Non-Executive to Executive Director on 1 February 2021.

<sup>3</sup> Paul Ruiz was appointed as a Non-Executive Director and a member of the Audit and Risk Committee on 17 May 2021.

<sup>4</sup> Kyle Loades was appointed as a Non-Executive Director on 24 May 2021.

<sup>5</sup> Andrew Hopkins ceased to be a Executive Director on 1 February 2021.



## REMUNERATION REPORT

# ANNUAL STATEMENT BY THE PEOPLE, CULTURE, REMUNERATION AND NOMINATION CHAIR

On behalf of the Board, we are pleased to present the remuneration report which focuses on our remuneration approach and outcomes, in addition to our people and culture highlights, for the financial year ended 30 June 2021.

The Board acknowledges the importance of embedding a culture of leadership, inclusiveness, respect, high performance, accountability and strong governance throughout the organisation. It has taken significant steps to reshape the executive team aimed at improving the culture and conduct of our people.

## PEOPLE AND CULTURE

The core of our business is our people and the increased focus on People and Culture is key to driving superior performance in our organisation and our commitment to creating "One AMA". As part of this commitment the following initiatives were implemented during the year:

- a newly created role and appointment of a Chief People Officer in June 2021 reporting to the Group CEO
- an improved OH&S focus across the group with a decrease in Lost Time Injury Frequency Rates (LTIFR) from 10.6 in July 2020 to 5.7 in June 2021
- a coordinated approach to resolving COVID-19 pandemic impacts on our workforce with a focus on keeping our workforce safe physically and psychosocially
- implementation of The Workplace Diversity Project, Workwell Mental Health, which aims to develop, implement and evaluate workplace projects to increase diversity and inclusion within the Automotive Industry
- a focussed effort on building capability, employing 340 apprentices with 2 apprentices selected to participate in the World Skills Program
- revision and adoption of governance policies to better align with current best practice, including the Board Charter, PCRNC Charter, Securities Trading Policy and Continuous Disclosure Policy.

Important steps were also taken to articulate expected behaviours and embed them within our management teams, business processes, remuneration and employee recognition systems.

## GROUP CHIEF EXECUTIVE OFFICER APPOINTMENT

The appointment of Carl Bizon, as Group Chief Executive Officer is an important element of the Company's transformation. Carl transitioned from Non-Executive Director to Executive Director on 1 February 2021. He was appointed following the resignation of Andrew Hopkins on 31 January 2021 following a forensic investigation. Further information is provided in the remuneration report in section 6.4.

In determining the remuneration structure for the new CEO, the Board took into consideration his skills, experience and industry knowledge and the remuneration of CEOs of other ASX listed companies of similar size, complexity and market capitalisation. Further information is provided in the remuneration report in section 4.2.

## NON-EXECUTIVE DIRECTORS

Following a thorough recruitment process, Paul Ruiz and Kyle Loades joined the Board in May 2021 as Independent Non-Executive Directors demonstrating the Board's long-term strategy of growing the composition, capability and independence of its members.

To ensure the organisation positions itself to retain and attract Non-Executive Directors with the appropriate skills and expertise to meet the longer-term objectives of the Company, the PCRNC reviewed and benchmarked its Non-Executive Directors fees against companies of a similar size, complexity and market capitalisation. Considering the results of the benchmark and the goals of the transformation strategy, the Board approved a 20% increase to member fees and introduced additional Committee Chair fees in order to be more aligned with market practice from 1 June 2021.

## EXECUTIVE STI AND LTI

During the year, the Board enhanced key elements of the STI Plan for Executives with the introduction of performance metrics focussing on growth opportunities and mastering the fundamentals for long-term sustainability of the business. These include key financial measures and a range of people and customer-centric metrics focussed on cementing a purpose-led organisation. For FY21, the STI awarded to the Group CEO was 88% of target STI, noting that the STI for Carl Bizon is based on Carl being in the role as Group CEO and Executive Director from 1 February 2021.

The average awarded STI for other Executive KMP was 87.15% of target. We have worked to improve the transparency of our STI disclosures in section 4.3 of this year's report.

The LTI Plan implemented in 2019 has been in place for 2 full years in its current form. The first grant under the LTI plan will be performance tested at the end of FY22. As such, no performance rights were tested or vested during the year.

The Company is undertaking a review of its current remuneration structure for FY22 in order to ensure that it is appropriate for the new executive team and aligns with the renewed strategic direction of the Company. Further details will be disclosed in the FY22 Remuneration Report.

We trust this Remuneration Report provides insight into the high priority the Board places on listening and responding to our stakeholders as we work to ensure that our framework and outcomes consistently deliver on our commitment to responsible and effective remuneration practices.

**Nicole Cook**  
Chair of the People,  
Culture, Remuneration  
and Nomination Committee



# REMUNERATION REPORT 2021

## TABLE OF CONTENTS

<b>1</b>	<b>INTRODUCTION</b>	
1.1	Key management personnel	20
1.2	Our remuneration approach	21
1.3	Our priorities for FY21	21
1.4	Looking forward to FY22	21
<b>2</b>	<b>REMUNERATION GOVERNANCE</b>	
2.1	The role of the People, Culture, Remuneration and Nomination Committee	22
2.2	Governance framework	23
2.3	Remuneration framework	24
<b>3</b>	<b>EXECUTIVE REMUNERATION IN DETAIL</b>	
3.1	Remuneration mix and composition	25
3.2	Executive employment agreements	25
3.3	Total fixed remuneration	25
3.4	Short-term incentives	26
3.5	Long-term incentives	27
<b>4</b>	<b>PERFORMANCE AND REMUNERATION OUTCOMES FOR FY21</b>	
4.1	Company performance	28
4.2	Fixed remuneration outcomes	28
4.3	STI Outcomes	28
4.4	LTI Outcomes	30
4.5	Executive remuneration disclosures	30
<b>5</b>	<b>NON-EXECUTIVE DIRECTORS' ARRANGEMENTS</b>	
5.1	Policy and approach to setting fees	32
5.2	Changes to Board composition	32
5.3	Current fee structure	32
5.4	Non-Executive Directors' remuneration disclosures	33
<b>6</b>	<b>OTHER TRANSACTIONS AND BALANCES WITH KMP</b>	
6.1	Loans provided to KMP	34
6.2	Amounts recognised as expenses	34
6.3	Amounts recognised as assets and liabilities	35
6.4	Former CEO and Executive Director	35

## Remuneration Report Glossary

<b>AGM</b>	Annual General Meeting	<b>LTI</b>	Long-term Incentive
<b>ARC</b>	Audit and Risk Committee	<b>PCRNC</b>	People, Culture, Remuneration and Nomination Committee
<b>CEO</b>	Chief Executive Officer	<b>PRP</b>	Performance Rights Program
<b>CFO</b>	Chief Financial Officer	<b>STI</b>	Short-term Incentive
<b>EPS</b>	Earnings Per Share	<b>TFR</b>	Total Fixed Remuneration
<b>KMP</b>	Key Management Personnel	<b>TSR</b>	Total Shareholder Return



## REMUNERATION REPORT



**Board - Left to right:**  
Leath Nicholson, Carl Bizon,  
Anthony Day, Paul Ruiz,  
Kyle Loades, Nicole Cook,  
Simon Moore.

### 1 INTRODUCTION

This Remuneration Report provides shareholders with an understanding of our remuneration strategy and outcomes for our KMP for the year ended 30 June 2021.

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*.

#### 1.1 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 FY21.

Name	Position	Dates	PCRNC	ARC
<b>Non-Executive Directors</b>				
Anthony Day <sup>1</sup>	Chair of the Board and Non-Executive Director	Full Financial Year	✓	✓
Leath Nicholson	Non-Executive Director	Full Financial Year	✓	✓
Simon Moore	Non-Executive Director	Full Financial Year	-	Chair
Nicole Cook <sup>2</sup>	Non-Executive Director	Full Financial Year	Chair	-
Carl Bizon <sup>3</sup>	Non-Executive Director	Until 31 January 2021	-	✓
Paul Ruiz <sup>4</sup>	Non-Executive Director	From 17 May 2021	-	✓
Kyle Loades <sup>4</sup>	Non-Executive Director	From 24 May 2021	-	-
<b>Executive Directors</b>				
Carl Bizon	Group CEO and Executive Director	From 1 February 2021	-	-
Andrew Hopkins	Group CEO and Executive Director	Until 31 January 2021	-	-
<b>Executive Management</b>				
Steven Becker <sup>5</sup>	Group CFO	Full Financial Year	-	-
David Marino	CEO Capital Smart	Full Financial Year	-	-
Campbell Jones <sup>6</sup>	CEO APAS	Full Financial Year	-	-
Steven Bubulj	CEO AMA Panel	Until 26 March 2021	-	-

1 Anthony Day was appointed a member of the ARC on 1 February 2021.

2 Nicole Cook was appointed Chair of the PCRNC on 18 December 2020.

3 Carl Bizon was a member of the ARC until his appointment as Group CEO and Executive Director on 1 February 2021.

4 Paul Ruiz and Kyle Loades were appointed as Independent Non-Executive Directors on 17 May 2021 and 24 May 2021 respectively.

5 Steven Becker resigned on 2 July 2021, after the reporting date and before the date the Annual Report was authorised for issue.

6 Campbell Jones was appointed interim CEO AMA Panel on 26 March 2021.





## REMUNERATION REPORT



### 1.2 OUR REMUNERATION APPROACH

The Board is committed to clear and transparent communication of remuneration arrangements. Our remuneration approach is focussed 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 and culture strategy.

### 1.3 OUR PRIORITIES FOR FY21

The Board recognises the importance of embedding a culture of inclusiveness, respect, high performance, accountability, and an appropriate governance culture and has taken important steps during the year to reshape the executive team with the aim of improving the conduct and culture throughout the business.

These steps include articulating our values, the expectations on living those values, and embedding them within our management teams, business processes, remuneration and employee recognition systems. These behaviours are reinforced by our employee Code of Conduct policy. The Board has been deliberate in ensuring the conduct and culture of the organisation, including risk outcomes, are considered in our future remuneration outcomes.

The appointment of Carl Bizon, as Group CEO and Executive Director, has been an important element of the Company's transformation. Since his appointment, Carl has reshaped and streamlined the leadership team and addressed legacy issues by establishing robust processes around risk management, governance, reporting systems and people and culture strategies. Together these systems are intended to build a culture which reflects the Company's underlying principles and purpose, with its core focus on meeting our customers' needs.

During the year the Board enhanced key elements of the STI Plan for Executives with the introduction of performance metrics focussing on smart growth opportunities and mastering the fundamentals for long-term sustainability of the business. These include a range of people and customer-centric metrics focussed on cementing a purpose-led organisation.

### 1.4 LOOKING FORWARD TO FY22

The delivery of strategic goals and alignment with our people and culture strategies will remain the focus in FY22. The Board acknowledges the correlation between highly engaged employees, a positive governance culture, and the growth and development of the business, all of which are aimed at increasing shareholder value.

The Board recognises that the key to our success lies in retaining and attracting high performing people. A key focus for FY22 is to build AMA's leadership capability by identifying and retaining key talent and promoting diversity across the business. The business will maintain its investment in leadership development, creating pathways for high-potential employees and fostering a pool of succession candidates.

On 2 July 2021, the Group announced several internal promotions and appointments to senior leadership roles bringing a diversity of industrial and corporate experience to the Company and ensuring the Group has the appropriate governance and depth of skills to deliver the Board's vision for the future of AMA.

The appointment of Matthew Cooper as Group Chief Operating Officer was announced on 2 July 2021. Matthew's extensive experience in branch networks and the automotive parts industry will facilitate the acceleration of the Group's operational strategy. Matthew Cooper will be recognised as a KMP in FY22.

On 2 July 2021, the Group announced the resignation of Steven Becker as Group CFO. Steven will depart following the release of the FY21 results. As announced on 2 August 2021, Darren Basford joined the Group as Interim Group CFO on 3 August 2021.

The executive remuneration framework is being reviewed for FY22 to ensure that the go-forward structure is fit-for-purpose taking into account the new executive team, AMA's people strategy and the overarching strategic direction of the Company.

The PCRNC will play an active governance role through remuneration alignment as the business continues its journey of transformation.

## 2 REMUNERATION GOVERNANCE

### 2.1 THE ROLE OF THE PEOPLE, CULTURE, REMUNERATION AND NOMINATION COMMITTEE

The role of the PCRNC is to assist the Board in fulfilling its responsibilities in relation to the people, culture, remuneration and nomination practices of the Company and its subsidiaries.

The PCRNC is responsible for reviewing, overseeing and making recommendations to the Board on all aspects of people metrics of the business, which are not limited to, but include:

- the review and oversight of the Group's key people and organisational culture strategies and their alignment with the Group's business strategy, values and vision;
- the review of principles and policies in relation to the attraction, development and retention, performance management and succession planning of Executives;
- assisting the Chair of the Board in the annual performance review of the CEO and Executive Directors;
- reviewing the Company's objectives, policies and measurable outcomes to assess the effectiveness of policies and compliance in relation to equal opportunity, sexual harassment, diversity and disclosures in the Company's Corporate Governance Statement;
- the review and oversight of the Group's remuneration framework and policies to provide alignment with AMA's strategic objectives, culture, values and risk appetite;
- reviewing and making recommendations on remuneration arrangements, including the fixed remuneration and short-term and long-term incentives of Executives and the broader Group as applicable;
- reviewing and making recommendations to the Board regarding its composition, competencies and diversity, including assessing the skill requirement for the current and future requirements of the business; and
- the evaluation of the performance of the Board and Board Committees.



## REMUNERATION REPORT

### 2.2 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 PCRNC and ARC. 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](https://amagroupltd.com/corporate-governance)

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

#### BOARD

The Board maintains overall accountability for oversight of the Group's remuneration policies. The Board reviews, challenges, applies judgement and, as appropriate, approves the recommendations made by the PCRNC. It approves the remuneration of Executive KMP and Non-Executive Directors and the policies and frameworks that govern both.

#### PEOPLE, CULTURE, REMUNERATION AND NOMINATION COMMITTEE

Is the main governing body for key people and remuneration strategies across the Group.

The role of the PCRNC 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.

#### SENIOR MANAGEMENT

Provides recommendations on remuneration design and outcomes to the PCRNC.  
Implements remuneration policies.

#### INDEPENDENT EXTERNAL REMUNERATION ADVISORS

The PCRNC may seek advice from independent remuneration consultants in determining appropriate remuneration policies for the Group.

### OTHER GOVERNANCE PRACTICES

<b>Use of external advisors</b>	To assist in performing its duties and making recommendations to the Board, the PCRNC has access to independent external consultants to seek advice on various remuneration related matters as required. 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 PCRNC during FY21.
<b>Clawback policy and discretion</b>	The Group's LTI plans are subject to clawback. 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.
<b>Securities trading policy</b>	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.
<b>Remuneration Report approval</b>	The PCRNC 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 2020 AGM, 98.68% were in favour of the FY20 Remuneration Report. The Company did not receive specific feedback at the AGM on its remuneration practices.





## REMUNERATION REPORT

### 2.3 REMUNERATION FRAMEWORK

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 STRATEGIC PRIORITIES



#### OUR REMUNERATION PRINCIPLES



#### OUR REMUNERATION FRAMEWORK FOR FY21

	TFR	STI	LTI
<b>Purpose</b>	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.
<b>Link to performance</b>	Appropriately compensate Executives for driving a performance and governance culture and delivering on the business strategy.	Strategic annual objectives are embedded in each Executive's personalised performance measures.	Performance hurdles are set by the Board and tested at the end of the three-year period to deliver sustained shareholder value.
<b>Performance measures</b>	<b>Considerations</b> <ul style="list-style-type: none"> <li>Skills and experience</li> <li>Accountability</li> <li>Role complexity</li> <li>Market competitive</li> </ul>	<b>Financial gateway</b> A minimum Group Normalised EBITDA of at least 75% of target must be achieved before any STIs are payable.  <b>Financial criteria</b> Group and Divisional EBITDA: 59 - 75%  <b>Non-financial criteria</b> Customer satisfaction: 10 - 14% Operational excellence: 5 - 12% People & culture initiatives: 10 - 17%  <b>STI at risk</b> Up to 50% of fixed remuneration	Performance measures are independently tested.  <b>Relative TSR</b> 20% of LTI allocation  <b>EPS</b> 80% of LTI allocation  <b>LTI at risk</b> Group CEO and Group CFO - up to 150% of TFR  Divisional CEOs - up to 100% of TFR
<b>Alignment</b>	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.
<b>Delivery</b>	Competitive, market-based fixed remuneration. (Base salary, statutory superannuation, long service leave and other minor fringe benefits)	Performance based incentives delivered in cash.	Performance Rights with allocation calculated at Face Value.





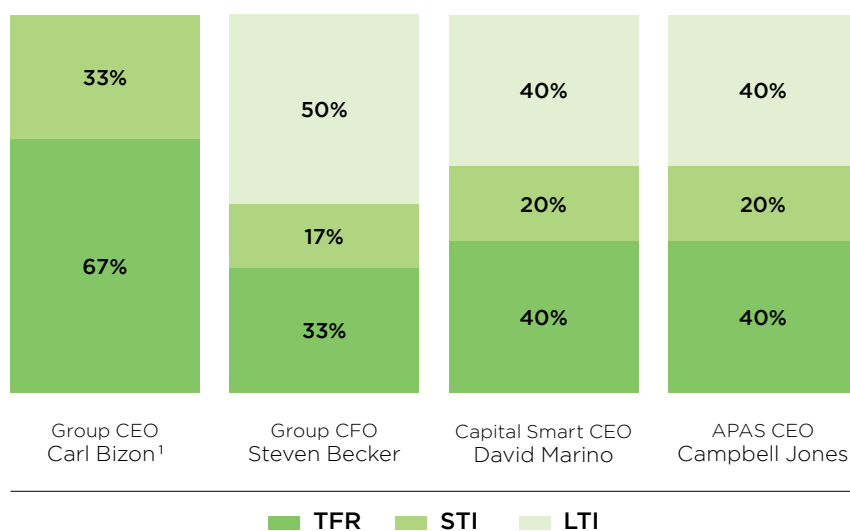
## REMUNERATION REPORT

## 3 EXECUTIVE REMUNERATION IN DETAIL

## 3.1 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.

The graph below represents the target remuneration mix for Executive KMP for FY21. The STI is provided at target levels, and the LTI represents the maximum opportunity available for Executives assuming the performance requirements are satisfied.



<sup>1</sup> The remuneration mix for the Group CEO reflects actual remuneration arrangements for FY21. Had Carl Bizon held the role of Group CEO for the full year, Carl's target remuneration mix would have been 33% TFR, 17% STI and 50% LTI.

## 3.2 EXECUTIVE EMPLOYMENT AGREEMENTS

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

KMP	Base salary inclusive of statutory superannuation	Term of agreement	Notice period and termination entitlement	Review period <sup>1</sup>
Carl Bizon	\$900,000	Ongoing contract	6 months	Annual
Steven Becker	\$575,000	Ongoing contract	3 months	Annual
David Marino	\$585,000	Ongoing contract	12 months <sup>2</sup>	Annual
Campbell Jones	\$425,000	Ongoing contract	6 months	Annual

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

<sup>2</sup> David Marino's notice period is on the same terms as David's previous employment contract prior to the acquisition of Capital Smart.

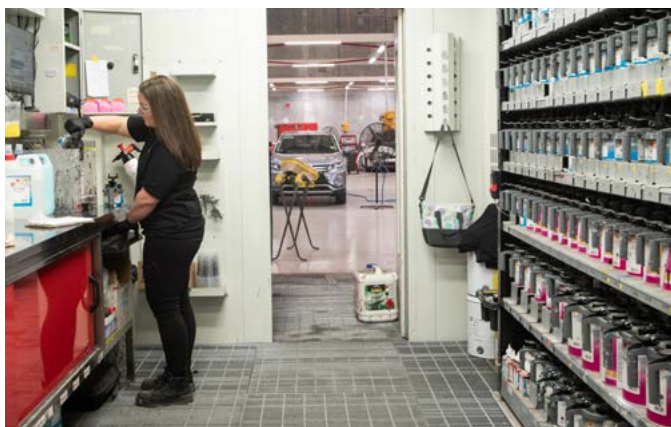
Andrew Hopkins resigned from the role of Group CEO on 31 January 2021. Andrew Hopkins was on a base salary inclusive of statutory superannuation of \$1,200,000 with a notice period and termination entitlement of 3 months.

Steven Bubulj resigned from the role of CEO AMA Panel on 26 March 2021. Steven Bubulj was on a base salary inclusive of statutory superannuation and other benefits of \$400,000 with a notice period and termination entitlement of 3 months.

## 3.3 TOTAL FIXED REMUNERATION

Total Fixed Remuneration considers the complexity and expertise required of individual roles. To assess the competitiveness of fixed remuneration, the PCRNC 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.



## REMUNERATION REPORT

### 3.4 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. The calculation of 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 entitlements will be paid at a date determined by the Board following the release of the Group's financial results to the ASX.

The below table summarises the objectives of the Group's STI plan and identifies the performance measures and relevant weightings for FY21.



<b>Purpose</b>	Motivate and reward employees for contributing to the delivery of annual business performance.		
<b>Participation</b>	Executive KMP and other eligible senior management.		
<b>Performance period</b>	The performance period is for the 12 months ended 30 June.		
<b>Opportunity</b>	The target STI opportunity for Executive KMP is 50% of fixed remuneration. 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.		
<b>Financial gateway</b>	A minimum Group budgeted EBITDA of at least 75% of target must be achieved before any STIs are payable.		
<b>Performance targets</b>	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 FY21. A weighting range has been provided due to the different STI performance measure weightings for Group and divisional Executives.		
	<b>Measures</b>	<b>Category</b>	<b>Weighting of STI</b>
	<b>Financial</b>	Financial and business improvement	59% - 75%
	The weighting of financial outcomes at a minimum 50% maintains a strong link between actual financial performance of the business and incentives awarded.		
	<b>Non-financial</b>	Customer satisfaction	10% - 14%
		Operational excellence	5% - 12%
		People and culture initiatives	10% - 17%
			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.
			Drives focus on continued process improvement and the delivery of strong operational discipline aligned to the Group's business strategy to create sustainable value for shareholders.
			Recognises that organisations with a diverse, inclusive, and engaged workforce deliver improved performance and superior returns for shareholders.

<sup>1</sup> Budgeted EBITDA is measured taking into account 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.



## REMUNERATION REPORT

## 3.5 LONG-TERM INCENTIVES

The PRP is the long-term incentive component of remuneration for Executives. The key aspects of the plan are summarised in the table below.

<b>Purpose</b>	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.			
<b>Eligibility</b>	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.			
<b>Instrument</b>	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.			
<b>Allocation methodology</b>	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.			
<b>Opportunity</b>	The maximum LTI opportunity is equivalent to 150% of fixed remuneration for the Group CEO and Group CFO and up to 100% of fixed remuneration for Divisional CEO's.			
<b>Performance period</b>	Performance measures are tested at the end of the three-year period.			
<b>Performance hurdles</b>	The PCRNC 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:			
	<b>Relative TSR (20% of LTI Allocation)</b>	Relative TSR is an objective measure of shareholder value creation and is widely understood and accepted by various key stakeholders. Given AMA is a unique business and there are limited directly comparable companies, the Group's relative TSR is measured relative to companies which operate in a similar industry to AMA. The comparator group includes AP Eagers Limited, ARB Corporation Limited, Bapcor Limited, GUD Holdings Limited and Super Retail Group Limited. The relative TSR comparator group will be reviewed as part of the FY22 executive remuneration framework review.		
	<b>EPS (80% of LTI allocation)</b>	Growth in EPS is a direct measure of Group performance and provides a strong correlation with long-term shareholder return. The current EPS growth calculation is a three-year compound annual growth rate (CAGR).		
<b>Vesting schedule</b>	<b>Relative TSR</b>		<b>EPS</b>	
	<b>Relative TSR (percentile)</b>	Percentage of relative TSR-tested rights to vest	<b>EPS CAGR</b>	Percentage of EPS-tested rights to vest
	<b>&lt;50th</b>	Nil	<b>&lt; 10%</b>	Nil
	<b>50th</b>	50%	<b>10%</b>	50%
	<b>&gt;50 to 75th</b>	Straight line pro-rata vesting from 50% to 100%	<b>&gt; 10% and up to 20%</b>	Straight line pro rata vesting from 50% to 100%
<b>Vesting/delivery</b>	Vesting of LTI grants is dependent on achieving relative TSR performance and EPS targets which are tested at the end of the three-year period. The performance rights will automatically vest and exercise 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. 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.			
<b>Termination/forfeiture</b>	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.			



## 4 PERFORMANCE AND REMUNERATION OUTCOMES FOR FY21

### 4.1 COMPANY PERFORMANCE

The Group has demonstrated increased Normalised EBITDAI over the past five years, with the exception of FY20 predominantly due to COVID-19.

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.

	FY17	FY18	FY19	FY20	FY21
<b>Company Performance</b>					
Revenue and other income (\$'000)	382.2	509.8	606.7	825.4	919.9
Net profit / (loss) (\$'000)	17.4	15.4	21.7	(71.5)	(99.1)
Normalised EBITDAI (\$'000)	41.1	52.2	58.2	53.2	71.5
<b>Total Shareholder Return</b>					
Basic EPS (cents)	3.3	2.9	3.4	(9.7)	(14.8)
Annual TSR (%)	22.8	10.8	38.8	(58.0)	(4.2)
Dividends (cents)	2.50	2.50	2.75	-	-
Share price at 30 June (\$)	0.97	1.05	1.43	0.60	0.58

### 4.2 FIXED REMUNERATION OUTCOMES

Carl Bizon was appointed Group CEO on 1 February 2021. Carl's skills and experience, including his previous Non-Executive Directorship with the Company, align with the priority to reset our business and unlock value for shareholders. In determining the remuneration structure for Carl, the Board took into consideration his skills, experience and industry knowledge and the remuneration of CEOs of other ASX listed companies of similar size, complexity and market capitalisation.

The remuneration structure for Carl Bizon includes a fixed remuneration component of \$900,000 (inclusive of superannuation); a maximum STI opportunity of up to 50% of fixed remuneration; and a maximum LTI opportunity of up to 150% of fixed remuneration. Carl Bizon's fixed remuneration is \$300,000 (25%) less than his predecessor, as a result, target total remuneration has also reduced by 25%. Changes to the CEO's remuneration arrangements have been made to more closely align remuneration quantum with the market.

A market-based increase of 28% in the remuneration of Group CFO, Steven Becker, was the only adjustment to Executive KMP fixed remuneration in FY21. The increase was awarded in recognition for high performance, increased responsibilities and delivery of business strategy.

The PCRNC considers that the current fixed remuneration for other Executive KMP appropriately reflects their skills and experience at the time.

### 4.3 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 focussed 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 75% of budgeted EBITDA, the Board introduced the following clear and measurable non-financial performance metrics in order for Executives to achieve their target STI:

- Customer satisfaction;
- Operational excellence; and
- People and culture 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 section 3.4.

STI outcomes for Group Executives including the Group CEO and Group CFO are determined based on performance against the Group STI scorecard. The following table outlines the Group STI performance measures that applied to the FY21 STI, and the performance achieved.





## REMUNERATION REPORT

## 4.3 STI OUTCOMES (CONT.)

Group scorecard category and performance measures	Weighting (at target)	Overall FY21 outcome	Weighted outcome (% of target)	Performance assessment
Gateway				
75% of Group Normalised EBITDAI		The financial gateway was exceeded in FY21.		
Financial				
<ul style="list-style-type: none"><li>Group Normalised EBITDAI</li><li>Leverage</li><li>Revenue</li></ul>	75%	<div></div>	73.20%	<ul style="list-style-type: none"><li>Group Normalised EBITDAI was \$71.55m which was between threshold and target performance.</li><li>Group leverage improved and performance was better than target for FY21.</li><li>Revenue was below target for FY21.</li></ul>
Customer				
<ul style="list-style-type: none"><li>Delivery of projects</li><li>Cost recovery / management</li><li>Growth in external sales</li></ul>	10%	<div></div>	0%	<ul style="list-style-type: none"><li>Business was interrupted due to COVID-19 restrictions and Management focussed on navigating the business through the impacts.</li></ul>
Operational excellence				
<ul style="list-style-type: none"><li>Synergy realisation</li><li>Safety (Group LTIFR)</li></ul>	5%	<div></div>	5.25%	<ul style="list-style-type: none"><li>The synergy realisation targets in relation to the acquisition of Capital Smart were achieved in full during the year.</li><li>Group LTIFR targets were exceeded in FY21.</li></ul>
People				
<ul style="list-style-type: none"><li>Behaviour, conduct and adherence to AMA's Company values</li></ul>	10%	<div></div>	8.70%	<ul style="list-style-type: none"><li>The management team reinforced strong code of conduct compliance, particularly in the transition of the executive team.</li></ul>
Group STI scorecard outcome			87.15%	
Key: FY21 outcome <div></div> Above target <div></div> At target <div></div> Between threshold and target <div></div> Not achieved				

STI outcomes for divisional Executives, including the CEO Capital Smart and CEO APAS, are determined based on a combination of Group performance (55% weighting) and divisional performance (45% weighting).

For FY21, the CEO Capital Smart's divisional STI performance measures included financial (40%), customer (20%), process improvement (20%) and people (20%) measures. David Marino delivered strong performance across several performance measures including divisional financial performance (divisional EBITDAI, cash flow and margin), customer (customer infrastructure and integration), process and risk/governance improvements and people and culture measures including safety and employee training and engagement. David Marino's performance resulted in a divisional STI scorecard outcome of 75.3% for FY21.

For the CEO APAS, divisional STI performance measures included financial (40%), strategy, customer and product (20%), people learning & growth (25%) and performance improvement (15%) measures. Campbell Jones performed strongly across a range of measures including achieving target performance across all divisional financial measures, developing and improving APAS's growth pipeline, building customer value and improving market penetration of APAS product offerings. Recognising the importance of our people, during the year Campbell Jones built a strong and capable leadership team, worked to enhance employee engagement, diversity & inclusion initiatives and ensured a safety culture was embedded across APAS. In addition, Campbell Jones implemented a number of operational improvements to reduce costs and improve margins, whilst ensuring risks were effectively managed. Campbell Jones' additional responsibilities and performance whilst acting as the CEO AMA Panel have also been considered when determining the STI outcome. Campbell Jones's performance resulted in a divisional STI scorecard outcome of 97% for FY21.

The following table outlines the FY21 STI outcomes for Executive KMP.

Executive KMP	Target STI as a % of fixed remuneration	STI award (\$)	% of target STI awarded	% of target STI forfeited
Carl Bizon <sup>1</sup>	50%	\$165,816	88%	12%
Steven Becker	50%	\$239,877	83%	17%
David Marino	50%	\$241,384	83%	17%
Campbell Jones	50%	\$196,115	92%	8%

<sup>1</sup> The STI award for Carl Bizon reflects his time and performance in the role of Group CEO and Executive Director from 1 February 2021.



## REMUNERATION REPORT

### 4.4 LTI OUTCOMES

#### PERFORMANCE RIGHTS

The second allocation of performance rights under the PRP were granted on 23 November 2020. The 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 ending 30 June 2023.

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.

The first grant under the LTI plan will be performance tested at the end of FY22. No performance rights were tested or vested during the current year.

For further details on the number of performance rights awarded to Executive KMP during the year refer to section 4.5.

### 4.5 EXECUTIVE REMUNERATION DISCLOSURES

#### FY21 EXECUTIVE REMUNERATION

The table below sets out the executive remuneration for FY21. Amounts represent the payments relating to the period during which the individuals were KMP.

		Salary <sup>1</sup>	Bonus <sup>2</sup>	Non-Monetary benefits <sup>3</sup>	Long-term benefit <sup>4</sup>	Post-employment benefits <sup>5</sup>	Equity settled benefits <sup>6</sup>	Performance rights <sup>7</sup>	Termination benefits	Total \$	Performance related %
<b>Executive Director</b>											
Carl Bizon <sup>8</sup>	2021	386,836	165,816	-	-	9,039	-	-	-	561,691	29.5%
	2020	-	-	-	-	-	-	-	-	-	-
<b>Former Executive Directors</b>											
Andrew Hopkins <sup>9</sup>	2021	740,218	-	-	-	12,655	-	(430,412)	-	322,461	(133.5%)
	2020	1,146,698	-	32,192	-	14,002	-	430,412	-	1,623,304	26.5%
Raymond Malone <sup>10</sup>	2021	-	-	-	-	-	-	-	-	-	-
	2020	169,875	-	-	1,886	5,251	-	-	650,000	827,012	-
Raymond Smith-Roberts <sup>10</sup>	2021	-	-	-	-	-	-	-	-	-	-
	2020	113,082	92,431	-	13,715	25,000	250,000	-	195,989	690,217	49.6%
<b>Executive Management</b>											
Steven Becker	2021	598,905	239,877	641	(557)	20,607	-	(170,140)	-	689,333	10.1%
	2020	416,827	-	2,525	557	25,000	-	170,140	-	615,049	27.7%
David Marino <sup>11</sup>	2021	573,796	241,384	-	6,296	25,000	-	(26,547)	-	819,929	26.2%
	2020	354,283	-	-	1,323	16,667	-	69,630	-	441,903	15.8%
Campbell Jones <sup>11</sup>	2021	428,564	196,115	-	580	21,977	-	(16,397)	-	630,839	28.5%
	2020	254,738	-	-	3,511	16,744	-	42,141	-	317,134	13.3%
<b>Former Executive Management</b>											
Steven Bubulj <sup>12</sup>	2021	263,846	-	41,624	(333)	18,058	-	(70,745)	-	252,450	(28.0%)
	2020	343,269	-	40,019	333	25,000	-	70,745	-	479,366	14.8%
<b>Consolidated Remuneration</b>											
	2021	2,992,165	843,192	42,265	5,986	107,336	-	(714,241)	-	3,276,703	-
	2020	2,798,772	92,431	74,736	21,325	127,664	250,000	783,068	845,989	4,993,985	-

1 Salary includes short-term absences. 2020 salary reflects a 20% voluntary reduction in fixed salaries taken by Executive KMP in May and June 2020.

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 Equity settled benefits represent the non-cash accounting charge to the Group's operating result relating to prior year amortisation of sign-on bonus issued in shares to Raymond Smith-Roberts.

7 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(B)(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 FY21 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 and Steven Bubulj 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.

Steven Becker resigned on 2 July 2021. The balance of the performance rights granted to Steve Becker remain on issue as at 30 June 2021 however the share-based expense previously recognised under AASB 2 *Share-based Payments* has been reversed. As at 30 June 2021 there was a shared understanding of Steven Becker not meeting the service condition.

8 Carl Bizon transitioned from Non-Executive Director to Group CEO and Executive Director on 1 February 2021. The Executive remuneration included in the above table is from 1 February 2021.

9 Andrew Hopkins resigned from the position of Group CEO and Executive Director on 31 January 2021. No termination benefits other than statutory entitlements were made to Andrew.

10 Raymond Malone and Raymond Smith-Roberts resigned from their positions as Executive Directors on 31 August 2019 and 20 November 2019 respectively.

11 David Marino and Campbell Jones were appointed KMPs on 1 November 2019.

12 Steven Bubulj was appointed a KMP on 1 July 2019 and resigned from the position of CEO AMA Panel on 26 March 2021.



## REMUNERATION REPORT

## 4.5 EXECUTIVE REMUNERATION DISCLOSURES (CONT.)

## 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) <sup>1</sup>	Balance on resignation	Closing balance
<b>Executive Directors</b>					
Carl Bizon	-	-	400,000	-	400,000
Andrew Hopkins	37,790,269	-	3,000,000	(40,790,269)	-
<b>Executive Management</b>					
Steven Becker	61,112	-	-	-	61,112
David Marino	-	-	-	-	-
Campbell Jones	33,266	-	-	-	33,266
Steven Bubulj	285,714	-	-	(285,714)	-
<b>Total</b>	<b>38,170,361</b>	<b>-</b>	<b>3,400,000</b>	<b>(41,075,983)</b>	<b>494,378</b>

<sup>1</sup> 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:

KMP	Grant	Grant date <sup>1</sup>	Performance period start date	Performance period end date	Vesting date <sup>2</sup>	Unvested performance rights as at 30 June 2021	TSR	EPS	Fair value per instrument <sup>3</sup>	FY20 Share-based payment expense <sup>4</sup> (\$)	FY21 Share-based payment expense / (write-back) <sup>5</sup> (\$)
Steven Becker <sup>6</sup>	FY21	23/11/2020	01/07/2020	30/06/2023	31/08/2023	1,384,652	0.34	0.72	-	-	-
	FY20	12/09/2019	01/07/2019	30/06/2022	01/07/2022	744,485	0.50	1.22	170,140	(170,140)	-
David Marino	FY21	23/11/2020	01/07/2020	30/06/2023	31/08/2023	939,156	0.34	0.72	-	-	21,288
	FY20	01/11/2019	01/07/2019	30/06/2022	01/07/2022	286,779	0.57	1.28	69,630	(47,835)	-
Campbell Jones	FY21	23/11/2020	01/07/2020	30/06/2023	31/08/2023	682,293	0.34	0.72	-	-	15,465
	FY20	04/12/2019	01/07/2019	30/06/2022	01/07/2022	208,344	0.37	1.11	42,141	(31,862)	-

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

<sup>2</sup> Vesting date refers to the date at which the performance conditions are met.

<sup>3</sup> 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 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(B)(iii) in the Consolidated Financial Statements.

<sup>4</sup> The EPS tranche is re-assessed annually based on the probability of the performance hurdle vesting. Based on current forecasts, the EPS CAGR hurdle is not expected to be met and therefore the EPS tranche as at 30 June 2021 is valued at nil.

<sup>5</sup> The FY21 share-based payment write-back represents the reversal of the accounting expense recognised in FY20 for the EPS tranche.

<sup>6</sup> Steven Becker resigned on 2 July 2021. The balance of the performance rights granted to Steven remain on issue as at 30 June 2021 however the share-based expense previously recognised under AASB 2 *Share-based Payments* has been reversed.

An allocation of performance rights to Carl Bizon, Group CEO and Executive Director will be included for approval at the 2021 AGM.

Andrew Hopkins, former Group CEO and Executive Director, ceased employment on 31 January 2021 and forfeited 1,985,295 performance rights granted to him in FY20 and a further 2,889,709 performance rights granted to him during the current year. Steven Bubulj, former CEO AMA Panel, ceased employment on 26 March 2021 and forfeited 294,118 performance rights granted to him in FY20 and a further 642,158 granted to him during the current year.

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.

KMP	Opening balance	Granted as compensation	Lapsed or forfeited	Closing balance	Vested and exercisable
<b>Executive Director</b>					
Andrew Hopkins <sup>1</sup>	1,985,295	2,889,709	(4,875,004)	-	-
<b>Executive Management</b>					
Steven Becker	744,485	1,384,652	-	2,129,137	-
David Marino	286,779	939,156	-	1,225,935	-
Campbell Jones	208,344	682,293	-	890,637	-
Steven Bubulj <sup>2</sup>	294,118	642,158	(936,276)	-	-
<b>Total</b>	<b>3,519,021</b>	<b>6,537,968</b>	<b>(5,811,280)</b>	<b>4,245,709</b>	<b>-</b>

<sup>1</sup> The Performance Rights held by Andrew Hopkins lapsed on 31 January 2021 at cessation of his employment.

<sup>2</sup> The Performance Rights held by Steven Bubulj lapsed on 26 March 2021 at cessation of his employment.

## OPTIONS OVER UNISSUED SHARES

No options were granted as remuneration during FY21. On 25 April 2021, 2,000,000 options on issue from a prior period expired. As at 30 June 2021 there are no unvested or unexercised options held by Executive KMP.



## REMUNERATION REPORT

### 5 NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

#### 5.1 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 PCRNC, taking into consideration the size and scope of the Group's activities, the responsibilities and liabilities of Directors, and demands placed upon them.

During FY21, to ensure the Company positions itself to retain and attract Non-Executive Directors with appropriate skills and expertise to meet the longer-term objectives of the Company, the PCRNC benchmarked its NED fees against companies of a similar size and complexity based on AMA's current and expected future market capitalisation. With the exception of the Chair, the Board approved a 20% increase in Non-Executive Directors fees. In addition to Non-Executive Director base fee, and in line with general market practice, the Board introduced an additional fee for serving as a Chair on the respective Board Committees. The change to the remuneration structure of Non-Executive Directors was effective from 1 June 2021.

#### 5.2 CHANGES TO BOARD COMPOSITION

Andrew Hopkins ceased to be a Executive Director on 1 February 2021.

Carl Bizon transitioned from Non-Executive Director to Executive Director on 1 February 2021.

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, Paul Ruiz and Kyle Loades were appointed as Independent Non-Executive Directors with effect from 17 May 2021 and 24 May 2021, respectively. Following appointment, and in line with his experience and expertise, Paul Ruiz was appointed a member of the Audit & Risk Committee.

The Board elected Nicole Cook to replace Anthony Day as Chair of the PCRNC effective 18 December 2020.

#### 5.3 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 FY21 Board and Committee fees (inclusive of superannuation). Fees for being a Committee member are included in the Non-Executive Director fee.



Position	Fee To 31 May 2021 \$	Fee From 1 June 2021 \$	Committee Chair From 1 June 2021 \$
Chair of the Board	275,000	275,000	None paid
Non-Executive Director	100,000	120,000	15,000





## REMUNERATION REPORT

## 5.4 NON-EXECUTIVE DIRECTORS' REMUNERATION DISCLOSURES

## FY21 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.

	2021 \$	2020 <sup>1</sup> \$
<b>Non-Executive Directors</b>		
Anthony Day	275,000	222,083
Leath Nicholson	101,667	96,667
Simon Moore <sup>2</sup>	52,917	50,000
Nicole Cook	102,917	55,000
Carl Bizon <sup>3</sup>	58,333	38,333
Paul Ruiz <sup>4</sup>	15,077	-
Kyle Loades <sup>5</sup>	12,500	-
<b>Former Non-Executive Directors</b>		
Brian Austin <sup>6</sup>	-	66,667
<b>Consolidated remuneration</b>	<b>618,411</b>	<b>528,750</b>

1 In response to COVID-19, the Non-Executive Directors agreed to a 20% voluntary reduction in fees in May and June 2020.

2 Simon Moore waived his Non-Executive Director fees for the period 1 January 2020 to 31 December 2020.

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

4 Paul Ruiz was appointed Non-Executive Director on 17 May 2021.

5 Kyle Loades was appointed Non-Executive Director on 24 May 2021.

6 Brian Austin resigned as Non-Executive Director on 21 February 2020.

## 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	Other changes (net) <sup>1</sup>	Balance on retirement	Closing balance
<b>Non-Executive Directors</b>						
Anthony Day	519,324	-	-	-	-	519,324
Leath Nicholson	1,616,873	-	-	-	-	1,616,873
Simon Moore	30,327,186	-	-	250,000	-	30,577,186
Nicole Cook	55,000	-	-	-	-	55,000
Carl Bizon	-	-	-	-	-	-
Paul Ruiz <sup>2</sup>	-	-	-	271,739	-	271,739
Kyle Loades <sup>3</sup>	-	43,297	-	-	-	43,297
<b>Total</b>	<b>32,518,383</b>	<b>43,297</b>	<b>-</b>	<b>521,739</b>	<b>-</b>	<b>33,083,419</b>

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

2 Paul Ruiz was appointed Non-Executive Director on 17 May 2021.

3 Kyle Loades was appointed Non-Executive Director on 24 May 2021.



## REMUNERATION REPORT

### 6 OTHER TRANSACTIONS AND BALANCES WITH KMP

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

#### 6.1 LOANS PROVIDED TO KMP

Loans outstanding at the end of the current and prior year include a loan to the former Group CEO and Executive Director, Andrew Hopkins.

Andrew 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. Andrew Hopkins has defaulted on his loan and as at 30 June 2021, the balance outstanding on his loan is \$1,399,493 (2020: \$1,339,130). The Group has not impaired the value of the loan largely due to the existence of a recently signed loan deed and an assessment of the capacity of Andrew Hopkins to repay the loan.

The movement from prior year to the current balance of \$1,399,493 is due to interest accrued.

#### 6.2 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 aggregate amounts that were recognised in the Consolidated Statement of Profit or Loss in relation to the transactions which occurred between KMP and the Group.

Service, entity and nature of transaction	KMP	2021 \$	2020 \$
<b>Legal and advisory services</b>			
The Group utilises Nicholson Ryan Lawyers for ongoing legal and advisory services.	Leath Nicholson	930,697	1,541,683
The Group engaged Colinton Capital Partners Pty Ltd to provide financial advisory and transactional services in relation to the acquisition of Capital Smart and ACM Parts, and the related equity raise and debt refinance.	Simon Moore	-	3,150,000
<b>Property rental fees and outgoings</b>			
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 <sup>1</sup>	1,357,234	2,035,353
The Group has incurred rental fees and outgoing expenses, and made payments to Silvan Bond Pty Ltd and Malone Superannuation Fund.	Raymond Malone <sup>2</sup>	-	39,609
The Group has incurred rental fees and outgoing expenses, and made payments to SFRE Pty Ltd.	Raymond Smith-Roberts <sup>3</sup>	-	125,074
<b>Claims management</b>			
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 <sup>1</sup>	437,983	653,544
<b>Training and recruitment</b>			
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 <sup>4</sup>	141,599	189,502
<b>Total expenses</b>		<b>2,867,513</b>	<b>7,734,765</b>

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

2 Amounts disclosed in relation to Raymond Malone are for the period to 31 August 2019 (prior comparative period), which is the date Raymond Malone ceased being a KMP.

3 Amounts disclosed in relation to Raymond Smith-Roberts are for the period to 20 November 2019 (prior comparative period), which is the date Raymond Smith-Roberts ceased being a KMP.

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



## REMUNERATION REPORT

### 6.3 AMOUNTS RECOGNISED AS ASSETS AND LIABILITIES

The table below summarises the aggregate amounts that were recognised in the Consolidated Statement of Financial Position in relation to the transactions which occurred between KMP and the Group.

Classification and nature of transaction	KMP	2021 \$	2020 \$
<b>Right-of-use assets</b>			
The Group leases site warehouses and office space from AV Ventures Pty Ltd, A&R Property Developments Pty Ltd, A&R Development Holdings Pty Ltd and Bundall Road Pty Ltd.	Andrew Hopkins <sup>1</sup>	-	14,400,516
<b>Lease liabilities</b>			
The Group leases site warehouses and office space from AV Ventures Pty Ltd, A&R Property Developments Pty Ltd, A&R Development Holdings Pty Ltd and Bundall Road Pty Ltd.	Andrew Hopkins <sup>1</sup>	-	14,942,611
<b>Trade and other payables</b>			
The Group utilises Nicholson Ryan Lawyers for ongoing legal and advisory services.	Leath Nicholson	114,328	-
The Group transacts with A & R Insurance Management (t/a Unity Specialised Services), a claims management business.	Andrew Hopkins <sup>1</sup>	-	17,760
The Group transacts with I-CAR Australia, an industry based not-for-profit organisation.	Steven Bubulj <sup>2</sup>	-	19,000
<b>Net liabilities</b>		<b>114,328</b>	<b>578,855</b>

1 2021 disclosure in relation to Andrew Hopkins is not shown as Andrew Hopkins was not a KMP as at 30 June 2021.

2 2021 disclosure in relation to Steven Bubulj is not shown as Steven Bubulj was not a KMP as at 30 June 2021.

### 6.4 FORMER CEO AND EXECUTIVE DIRECTOR

In late September 2020, the AMA Group Board of Directors received a protected disclosure from an individual employed by the Company. On receipt of these allegations, in accordance with the Company's Whistleblower Policy, the Group engaged law firm Seyfarth Shaw Australia and leading forensic accounting firm McGrathNicol Advisory to undertake an independent forensic investigation. The investigation was into the contents of the disclosure, which involved allegations in relation to the conduct of the former Group CEO and Executive Director, Andrew Hopkins, during the period he was a senior executive with the Group.

In January 2021, a report was received in respect of the independent forensic investigation and Andrew Hopkins's resignation was tendered on 31 January 2021, effective on that date. As disclosed in the half year report ended 31 December 2020, the Group had formally commenced a process to recover funds of approximately \$1,000,000 based on information at the date of that report.

Following the initial whistleblower disclosure and investigation, further whistleblower disclosures were made by a number of individuals who each raised allegations about Andrew Hopkins' conduct. The conduct primarily related to unauthorised expenses. The unauthorised expenses are identified to have been incurred between FY16 and FY21, with the majority incurred prior to FY20. A portion of these unauthorised transactions were capitalised in property, plant and equipment due to the nature of the items. These have subsequently been written off to the profit or loss as impairment expense in FY21.

In May 2021, and as a result of McGrathNicol Advisory's reports, the Company filed proceedings in the Federal Court of Australia against Andrew Hopkins (and a company controlled by him) for the recovery of unauthorised expenses incurred by or on behalf of Andrew Hopkins as CEO of the Company, and the repayment of an outstanding related party loan.

As noted in the FY20 Annual Report, Andrew Hopkins had a related party loan which dated back to FY16 and was acquired as part of the Gemini Accident Repair Centres Pty Ltd acquisition. It was previously agreed to be extinguished against future short-term and long-term incentives but under the agreement, it is immediately due and payable in the event that Andrew Hopkins is no longer employed or contracted. Andrew Hopkins's loan accrues interest and as at 30 June 2021, the balance outstanding on his loan is circa \$1,400,000. The Group has not impaired the value of the loan largely due to the existence of a recently signed loan deed and an assessment of the capacity of Andrew Hopkins to repay the loan.

At the date of this report, the legal proceedings in the Federal Court of Australia remain on foot and the Group is seeking to recover funds of approximately \$3,000,000 relating to unauthorised expenses incurred by or on behalf of Andrew Hopkins as CEO of the Company (circa \$1,600,000) and the repayment of the outstanding loan which is in default and currently due and payable (circa \$1,400,000). At the date of this report, the Group has not yet received any funds.

Andrew Hopkins had been granted 4,875,004 performance rights under the Group's PRP. The vesting requirements of the performance rights are subject to service conditions. As the service conditions have not been met, the performance rights lapsed on 31 January 2021.

During the financial year, the Group has incurred \$737,000 in professional fees relating to investigating the whistleblower disclosures and subsequent legal proceedings.



## 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 2021 which can be viewed on the Company's website at [amagroupltd.com/corporate-governance/](http://amagroupltd.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 and 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, as set out below, 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 and 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 38.

### 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**  
Director

23 August 2021











# 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 2021 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 2021

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

## TABLE OF CONTENTS

### FINANCIAL REPORT

Consolidated Statement of Profit or Loss	40
Consolidated Statement of Comprehensive Income	41
Consolidated Statement of Financial Position	42
Consolidated Statement of Changes in Equity	43
Consolidated Statement of Cash Flows	44
Notes to the Consolidated Financial Statements	45
Directors' Declaration	105

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.

AMA Group Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Level 4, 130 Bundall Road, Bundall QLD 4217

The Financial Statements were authorised for issue by the Directors on 23 August 2021. 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/](http://amagroupltd.com/)



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 <sup>1</sup> \$'000
<b>Revenue and other income from continuing operations</b>	B2	<b>919,920</b>	825,408
Raw materials and consumables used		<b>(436,609)</b>	(388,390)
Employee benefits expense	B3(C)	<b>(314,189)</b>	(298,166)
Occupancy expense		<b>(22,207)</b>	(24,919)
Supplier termination fee		<b>(9,437)</b>	-
Professional services expense		<b>(8,198)</b>	(15,242)
Other expense		<b>(23,008)</b>	(22,071)
Fair value adjustment on contingent vendor consideration		<b>(5,977)</b>	(4,487)
Depreciation and amortisation expense	B3(A)	<b>(81,289)</b>	(69,249)
Impairment expense	B3(D)	<b>(102,465)</b>	(51,672)
<b>Operating loss before interest and tax</b>		<b>(83,459)</b>	(48,788)
Finance costs	B3(B)	<b>(30,054)</b>	(26,924)
<b>Loss before income tax from continuing operations</b>		<b>(113,513)</b>	(75,712)
Income tax benefit	B4(A)	<b>2,283</b>	5,575
<b>Loss after income tax from continuing operations</b>		<b>(111,230)</b>	(70,137)
Profit / (loss) after income tax from discontinued operations	E5(A)	<b>12,151</b>	(1,331)
<b>Loss for the period</b>		<b>(99,079)</b>	(71,468)
<b>Loss is attributable to:</b>			
Members of AMA Group		<b>(96,950)</b>	(70,265)
Non-controlling interests		<b>(2,129)</b>	(1,203)
		<b>(99,079)</b>	(71,468)

	Notes	2021 Cents	2020 <sup>1</sup> Cents
<b>Earnings / (loss) per share</b>			
<b>From continuing operations</b>			
Basic earnings / (loss) per share	D2(C)	<b>(14.78)</b>	(9.74)
Diluted earnings / (loss) per share	D2(D)	<b>(14.78)</b>	(9.74)
<b>From continuing and discontinued operations</b>			
Basic earnings / (loss) per share	D2(C)	<b>(13.13)</b>	(9.93)
Diluted earnings / (loss) per share	D2(D)	<b>(13.13)</b>	(9.93)

<sup>1</sup> Comparative information has been re-presented in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* - refer note E5.

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 2021

	Notes	2021 \$'000	2020 \$'000
<b>Loss for the period</b>		<b>(99,079)</b>	(71,468)
<b>Other comprehensive income / (expense)</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>442</b>	(269)
Changes in fair value of cash flow hedges		<b>475</b>	(185)
<b>Other comprehensive income / (expense), net of tax</b>		<b>917</b>	(454)
<b>Total comprehensive loss, net of tax</b>		<b>(98,162)</b>	(71,922)
<b>Total comprehensive loss is attributable to:</b>			
Members of AMA Group Limited		<b>(96,035)</b>	(70,719)
Non-controlling interests	E3(B)	<b>(2,127)</b>	(1,203)
		<b>(98,162)</b>	(71,922)

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 2021

	Notes	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	D6	64,203	112,916
Receivables and contract assets	C1	72,912	72,099
Inventories	C2	32,354	38,744
Other financial assets	C3	1,555	-
Tax receivable	B4(C)	-	3,338
Other assets	C4	6,019	10,295
<b>Total current assets</b>		<b>177,043</b>	<b>237,392</b>
<b>Non-current assets</b>			
Property, plant and equipment	C5	72,729	93,090
Right-of-use assets	C7	306,877	345,409
Intangible assets	C6	551,912	694,087
Other assets	C4	-	605
Other financial assets	C3	712	1,878
Deferred tax assets	B4(E)	17,879	15,160
<b>Total non-current assets</b>		<b>950,109</b>	<b>1,150,229</b>
<b>Total assets</b>		<b>1,127,152</b>	<b>1,387,621</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	C8	119,169	117,596
Other financial liabilities	C3, D7(B)	32,547	22,015
Lease liabilities	C7	33,784	35,207
Provisions	C10	32,773	33,466
Other liabilities	C9	14,007	15,613
Tax payable	B4(C)	1,456	-
<b>Total current liabilities</b>		<b>233,736</b>	<b>223,897</b>
<b>Non-current liabilities</b>			
Other financial liabilities	C3, D7	237,691	363,685
Lease liabilities	C7	293,134	320,305
Provisions	C10	12,853	13,116
Other liabilities	C9	47,550	63,131
Deferred tax liabilities	B4(E)	51,270	60,467
<b>Total non-current liabilities</b>		<b>642,498</b>	<b>820,704</b>
<b>Total liabilities</b>		<b>876,234</b>	<b>1,044,601</b>
<b>Net assets</b>		<b>250,918</b>	<b>343,020</b>
<b>EQUITY</b>			
Contributed equity	D4(A)	424,404	417,117
Other reserves	D5	568	880
Retained deficit		(188,268)	(91,318)
<b>Total Group interest</b>		<b>236,704</b>	<b>326,679</b>
Non-controlling interests	E3(A)	14,214	16,341
<b>Total equity</b>		<b>250,918</b>	<b>343,020</b>

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 2021

Notes	Attributable to owners of AMA Group Limited				Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Retained deficit \$'000	Total \$'000		
<b>Balance at 1 July 2019</b>	200,263	46	(8,128)	192,181	292	192,473
Loss for the period	-	-	(70,265)	(70,265)	(1,203)	(71,468)
Other comprehensive expense	-	(454)	-	(454)	-	(454)
<b>Total comprehensive expense for the period</b>	-	(454)	(70,265)	(70,719)	(1,203)	(71,922)
<b>Transactions with owners in their capacity as owners:</b>						
Shares issued, net of transaction costs	D4	216,854	-	216,854	-	216,854
Employee equity plan	F1(D)	-	1,288	1,288	-	1,288
Dividends provided for or paid	D3	-	(12,215)	(12,215)	(169)	(12,384)
Non-controlling interests on acquisition of subsidiary	E3(C)	-	-	-	17,544	17,544
Transactions with non-controlling interests		-	(710)	(710)	(123)	(833)
	216,854	1,288	(12,925)	205,217	17,252	222,469
<b>Balance at 30 June 2020</b>	<b>417,117</b>	<b>880</b>	<b>(91,318)</b>	<b>326,679</b>	<b>16,341</b>	<b>343,020</b>

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

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 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,042,324	996,432
Payments to suppliers and employees (inclusive of GST)		(1,000,166)	(916,566)
Government grants received	B3(C)	43,891	21,146
Market incentive received (inclusive of GST)		-	59,510
Interest received		267	330
Interest and other costs of finance paid		(26,969)	(27,536)
Income taxes paid	B4(C)	(7,243)	(10,858)
<b>Net cash inflows provided by operating activities</b>	D6(B)	52,104	122,458
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		670	20
Proceeds from disposal of business (net of costs and cash disposed)	E5	63,184	25
Payments for purchases of property, plant and equipment		(12,514)	(13,285)
Payments for intangible assets		(191)	(510)
Payments for businesses acquired (including earn-outs)		(17,885)	(451,597)
Cash acquired through business combinations		-	19,488
<b>Net cash inflows / (outflows) from investing activities</b>		33,264	(445,859)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	378,500
Repayment of borrowings	D6(C)	(102,500)	(119,068)
Principal elements of lease payments	D6(C)	(31,560)	(29,552)
Payment of new borrowings transaction costs		-	(4,926)
Equity raised, net of transaction costs		-	208,711
Dividends paid to AMA shareholders		-	(9,310)
Dividends paid to non-controlling shareholders		-	(169)
<b>Net cash (outflows) / inflows from financing activities</b>		(134,060)	424,186
<b>Net (decrease) / increase in cash and cash equivalents</b>		(48,692)	100,785
Cash and cash equivalents, at the beginning of the financial year		112,916	12,096
Effects of exchange changes on the balances held in foreign currencies		(21)	35
<b>Cash and cash equivalents, at end of the financial year</b>	D6(A)	64,203	112,916

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





# CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

<b>A</b>	<b>BASIS OF PREPARATION</b>	
A1	Basis of preparation	46
A2	Significant accounting policies	47
A3	Critical accounting estimates and judgements	48
<b>B</b>	<b>PERFORMANCE FOR THE YEAR</b>	
B1	Segment information	49
B2	Revenue and other income	51
B3	Other expense items	53
B4	Taxes	54
<b>C</b>	<b>ASSETS AND LIABILITIES</b>	
C1	Receivables and contract assets	58
C2	Inventories	59
C3	Other financial assets and liabilities	60
C4	Other assets	61
C5	Property, plant and equipment	62
C6	Intangible assets	64
C7	Right-of-use assets and lease liabilities	69
C8	Trade and other payables	72
C9	Other liabilities	72
C10	Provisions	73
<b>D</b>	<b>CAPITAL STRUCTURE, FINANCING AND FINANCIAL RISK MANAGEMENT</b>	
D1	Capital management	75
D2	Earnings / (loss) per share	76
D3	Dividends	77
D4	Contributed equity	77
D5	Other reserves	78
D6	Cash and cash equivalents	79
D7	Borrowings and contingent vendor consideration	81
D8	Financial risk management	83
<b>E</b>	<b>GROUP STRUCTURE</b>	
E1	Parent entity information	89
E2	Investments in controlled entities	90
E3	Non-controlling interests	91
E4	Deed of cross guarantee	92
E5	Discontinued operations	94
E6	Business combinations	96
<b>F</b>	<b>OTHER INFORMATION</b>	
F1	Share-based payments	98
F2	Related party transactions	100
F3	Auditors' remuneration	102
F4	Commitments	103
F5	Contingent liabilities	103
F6	Former CEO and Executive Director	104
F7	Events occurring after the reporting period	104



## 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 immediately related to individual line items in the financial statements.

- A1 BASIS OF PREPARATION**  
**A2 SIGNIFICANT ACCOUNTING POLICIES**  
**A3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

**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 2021 was authorised for issue in accordance with a resolution of directors on 23 August 2021.

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.

In accordance with AASB 5 *Non-current Assets held for Sale and Discontinued Operations*, the following statements and notes have been re-presented so that the disclosures relate to all operations classified as discontinued in the current reporting period:

- Consolidated Statement of Profit or Loss
- Note B1 - Segment information
- Note B2 - Revenue and other income
- Note B3 - Other expense items
- Note B4 - Taxes
- Note D2 - Earnings / (loss) per share
- Note E5 - Discontinued operations

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.

During the year and subsequent to year end, authorities have responded to the COVID-19 pandemic with travel restrictions, such as border closures and lockdowns. These restrictions decrease traffic volumes and also have a negative effect on costs inputs such as labour (decrease worker mobility and fewer skilled migrant workers), and supply chain inputs (parts and consumables). These factors have impacted the Group's revenue and profitability.

Despite the adverse conditions resulting from impacts of COVID-19, during FY21, the Group generated cash inflows from operating activities of \$52,104,000. 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 impacts of the COVID-19 pandemic will ease, and AMA will continue to work closely and constructively with its major customers. The Board approved budget for FY22 is based on 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 debt position as at 30 June 2021 of \$173,297,000 and a further \$57,720,000 of undrawn debt facilities (refer note D7). The Group used sale proceeds from the ACAD and Fully Equipped divestment to delever during the period. As at 30 June 2021, the Group had \$64,203,000 in cash and cash equivalents.



## A1 BASIS OF PREPARATION (CONT.)

### (A) GOING CONCERN (CONT.)

As at 30 June 2021, the Group has current liabilities exceeding current assets by \$56,693,000. This is impacted by the:

- repayment of debt during FY21 (repayment of \$102,500,000);
- market incentive that will be amortised against future purchases from a key supplier that is included in other current liabilities (\$14,000,000, refer note C9(A));
- implementation of 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 (\$33,784,000) 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 waived covenant testing until 31 December 2020 and provided a more favourable covenant testing regime for the balance of FY21. No restrictions were imposed by the financiers during the reporting period and the Group was compliant with all covenants during the period, including as at 30 June 2021.

Management's forecasts for the next twelve months include the impacts of ongoing uncertainties of the COVID-19 pandemic which indicate there are potential risks of non-compliance with financial covenants. Accordingly, the Group has obtained covenant waivers for all financial covenants in respect to both the 30 September 2021 and 31 December 2021 testing periods.

The Group has agreed with its financiers to undertake a restructure of its debt facilities prior to 31 December 2021 to address any potential non-compliance after this date. In the event that this is not achieved, the Group may need to request further waivers or deferrals in relation to covenant testing and restructuring of its debt facilities. Management may be able to undertake alternative actions such as raising equity, securing additional financing, restructuring operations or the sale of assets should financiers be unable to accommodate the need for waivers or deferrals as at 31 March 2022 and subsequent dates.

Whilst the outcome of the debt facility restructure 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 to the extent events are within the control of management. 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 financial impacts of the COVID-19 pandemic on the Group and continued uncertainty as to future impacts, in the Directors' opinion the Group remains resilient and, as at the date of approving this report, that the cash flow forecasts and potential funding alternatives available support the use of the going concern basis for the preparation of the Consolidated Financial Report.

## 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 2021 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.

**A2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)****(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 Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*
- AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*
- AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-4 *Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions*
- *Conceptual Framework for Financial Reporting* and AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(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 2020 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 C6(B)(iv) - Estimation of recoverable amounts of assets and CGUs
- Note C7(H) - Estimation of lease term contracts with renewal options
- Note D7(B)(ii) - Estimation of fair values of contingent vendor consideration
- Note E6(F) - Estimation of fair values of assets and liabilities in business combinations where provisional amounts have been recognised
- Note F1(E) - Estimation of fair values of equity instruments issued in share-based payments

Detailed information about each of these estimates and judgements is included in the specific 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
- B2** REVENUE AND OTHER INCOME
- B3** OTHER EXPENSE ITEMS
- B4** TAXES

### **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 determines and presents its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Makers (CODM). The Board and executive management, identified as the CODM, assess the performance of the Group and determine the allocation of resources.

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 vehicle parts.

Reportable segments disclosed 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.

The Group has identified the following reportable segments:

- Vehicle Panel Repairs
- Automotive Parts and Accessories

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.

Comparative information has been re-presented to exclude all operations that have been discontinued by the end of the current reporting period.

**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 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 depreciation, amortisation, finance costs, fair value adjustments on contingent vendor consideration and impairment.

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

	Vehicle Panel Repairs		Automotive Parts and Accessories		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Revenue and other income</b>						
Revenue from customers	852,201	787,528	85,533	47,423	937,734	834,951
Inter-segment revenue	-	-	(21,226)	(10,824)	(21,226)	(10,824)
Other income	3,119	999	115	126	3,234	1,125
<b>Total segment revenue from external customers and other income</b>	<b>855,320</b>	<b>788,527</b>	<b>64,422</b>	<b>36,725</b>	<b>919,742</b>	<b>825,252</b>
Unallocated revenue and other income					178	156
<b>Total Group revenue from external customers and other income</b>					<b>919,920</b>	<b>825,408</b>
EBITDAI	110,328	95,772	5,354	(2,076)	115,682	93,696
AASB 16 Leases impact to occupancy costs and other income	(48,168)	(41,838)	(3,700)	(2,357)	(51,868)	(44,195)
<b>Adjusted segment EBITDAI (excluding impact of AASB 16 Leases)</b>	<b>62,160</b>	<b>53,934</b>	<b>1,654</b>	<b>(4,433)</b>	<b>63,814</b>	<b>49,501</b>
AASB 16 Leases impact to occupancy costs and other income					51,868	44,195
Unallocated expenses					(9,410)	(17,076)
Depreciation, amortisation and impairment expense					(183,754)	(120,921)
Finance costs					(30,054)	(26,924)
Fair value adjustments on contingent vendor consideration					(5,977)	(4,487)
<b>Loss before income tax from continuing operations</b>					<b>(113,513)</b>	<b>(75,712)</b>

**(C) DISCONTINUED OPERATIONS**

The discontinued operations disclosures in the current year relate to the sale of ACAD and Fully Equipped businesses, which occurred on 31 December 2020. The prior year disclosures include those entities and three other businesses which were discontinued or sold during FY20.

Total revenue and other income from discontinued operations for the year ended 30 June 2021 was \$40,537,000 (2020: \$67,073,000).

Statutory EBITDAI for the year ended 30 June 2021 was \$6,906,000 (2020: \$9,504,000). Adjusted EBITDAI (excluding impact of AASB 16 Leases) for the year ended 30 June 2021 was \$6,971,000 (2020: \$6,407,000). The 2020 amount of \$6,407,000 is the net amount of \$7,257,000 from ACAD and Fully Equipped entities disposed on 31 December 2020, and \$850,000 loss from three other businesses discontinued or sold in FY20.

**(D) 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 relevant to the disclosure.

**(E) 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.

	Australia		New Zealand		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from external customers	895,023	809,234	21,485	14,893	916,508	824,127
Other income	3,407	1,278	5	3	3,412	1,281
<b>Total Group revenue from external customers and other income</b>					<b>919,920</b>	<b>825,408</b>



## 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 from external customers and other income. The Group derives revenue from the transfer of goods and services over time and at a point in time.

Comparative information has been re-presented into continuing or discontinued operations consistent to the end of the current reporting period.

	Vehicle Panel Repairs		Automotive Parts and Accessories		Unallocated		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>From continuing operations</b>								
<b>Revenue from external customers</b>								
Vehicle panel repair services	852,201	787,528	-	-	-	-	852,201	787,528
Sale of goods	-	-	63,977	36,256	-	-	63,977	36,256
Other services	-	-	330	343	-	-	330	343
<b>Total revenue from external customers</b>	<b>852,201</b>	<b>787,528</b>	<b>64,307</b>	<b>36,599</b>	<b>-</b>	<b>-</b>	<b>916,508</b>	<b>824,127</b>
<b>Other income</b>								
Interest income	142	297	6	13	178	156	326	466
Other income	2,977	702	109	113	-	-	3,086	815
<b>Total other income</b>	<b>3,119</b>	<b>999</b>	<b>115</b>	<b>126</b>	<b>178</b>	<b>156</b>	<b>3,412</b>	<b>1,281</b>
<b>Revenue from external customers and other income</b>	<b>855,320</b>	<b>788,527</b>	<b>64,422</b>	<b>36,725</b>	<b>178</b>	<b>156</b>	<b>919,920</b>	<b>825,408</b>
<b>Timing of recognition</b>								
Over time	852,201	787,528	330	343	-	-	852,531	787,871
At a point in time	-	-	63,977	36,256	-	-	63,977	36,256
<b>Revenue from external customers</b>	<b>852,201</b>	<b>787,528</b>	<b>64,307</b>	<b>36,599</b>	<b>-</b>	<b>-</b>	<b>916,508</b>	<b>824,127</b>
<b>Geographical markets</b>								
Australia	830,716	772,635	64,307	36,599	-	-	895,023	809,234
New Zealand	21,485	14,893	-	-	-	-	21,485	14,893
<b>Revenue from external customers</b>	<b>852,201</b>	<b>787,528</b>	<b>64,307</b>	<b>36,599</b>	<b>-</b>	<b>-</b>	<b>916,508</b>	<b>824,127</b>
<b>Total revenue and other income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>40,537</b>	<b>67,073</b>	<b>-</b>	<b>-</b>	<b>40,537</b>	<b>67,073</b>

In respect of vehicle panel repair services:

- approximately 80% is derived from insurers (2020: approximately 80%);
- the top two customers amount to \$576,292,000 (2020: \$496,809,000).



**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 in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

Revenue is recognised for the major business activities as follows:

**Vehicle Panel 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.

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 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.

Some goods are sold with retrospective volume discounts based on aggregate sales over a specified period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Discounts are estimated based on experience using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

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 revenue**

Interest revenue 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 revenue**

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



For personal use only

Business Review  
Directors' Report  
Remuneration Report  
Financial Report  
Other Information



## 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

	2021 \$'000	2020 \$'000
Depreciation expense on property, plant and equipment	22,276	19,458
Depreciation expense on right-of-use assets	41,064	37,486
Amortisation on intangibles	17,949	12,305
<b>Total depreciation and amortisation expense</b>	<b>81,289</b>	<b>69,249</b>
Depreciation and amortisation expense from discontinued operations	2,018	3,933

### (B) FINANCE COSTS

	2021 \$'000	2020 \$'000
Interest and finance charges	8,943	9,426
Interest expense on lease liabilities and make good provision	19,801	16,631
Amortisation of borrowing costs	1,310	867
<b>Total finance costs</b>	<b>30,054</b>	<b>26,924</b>
Interest expense on lease liabilities from discontinued operations	613	1,084



### 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) GOVERNMENT GRANTS

The Group is eligible for the Australian Federal Government's JobKeeper Assistance Program and the New Zealand Wage Subsidy as a result of the economic impact from COVID-19.

The temporary wage subsidies are recognised as government grants. The Group recognises the amount received from the respective governments as an offset to employee benefits expense.

The Group recognised the following government grants for the year ended 30 June 2021:

	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>	<b>13,155</b>	-
Received in cash during the year	(43,891)	(21,146)
Charged to profit or loss - employee benefits expense	28,350	32,311
Charged to profit or loss - discontinued operations	2,386	1,990
<b>Balance at 30 June</b>	<b>-</b>	<b>13,155</b>

A reconciliation of the net employee benefits expense recognised in the Consolidated Statement of Profit or Loss is provided below:

	2021 \$'000	2020 \$'000
Employee benefits expense - gross	342,539	330,477
Government grants offset against employee benefits expense	(28,350)	(32,311)
<b>Employee benefits expense - net</b>	<b>314,189</b>	<b>298,166</b>



### SIGNIFICANT ACCOUNTING POLICY

#### Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The Group recognises the amount received from government grants as an offset to the related expense item.



**B3 OTHER EXPENSE ITEMS (CONT.)****(D) IMPAIRMENT EXPENSE**

The Group recognised the following non-cash impairment expense for the year ended 30 June 2021:

	Notes	2021 \$'000	2020 \$'000
Impairment of goodwill - Capital Smart	C6(B)	90,580	46,971
Impairment of goodwill - AMA Panel	C6(B)	4,190	2,075
Impairment of goodwill - APAS	C6(B)	1,013	-
Impairment of non-current assets	C5, C6(A)	4,923	-
Impairment of right-of-use assets	C7(E)	1,428	2,626
Impairment of financial assets		331	-
<b>Total impairment expense</b>		<b>102,465</b>	<b>51,672</b>
Impairment of goodwill - APAS		-	3,700
Impairment of right-of-use assets		-	973
<b>Total impairment expense from discontinued operations</b>		<b>-</b>	<b>4,673</b>

During the year, the Group has recognised impairment charges in respect of goodwill against all three operating segments. The carrying value of the CGUs have 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 for taxable profits 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**

	2021 \$'000	2020 \$'000
<b>Current tax</b>		
Current tax expense	9,914	3,493
Adjustments for current tax of prior periods	467	(828)
<b>Total current tax expense</b>	<b>10,381</b>	<b>2,665</b>
<b>Deferred tax</b>		
Decrease in deferred tax assets	6,480	1,704
Decrease in deferred tax liabilities	(17,648)	(8,814)
<b>Total deferred tax benefit</b>	<b>(11,168)</b>	<b>(7,110)</b>
<b>Income tax benefit</b>	<b>(787)</b>	<b>(4,445)</b>
Income tax benefit is attributable to:		
Continuing operations	(2,283)	(5,575)
Discontinued operations	1,496	1,130
	<b>(787)</b>	<b>(4,445)</b>



## B4 TAXES (CONT.)

## (B) RECONCILIATION OF ACCOUNTING PROFIT / (LOSS) TO INCOME TAX BENEFIT

	2021 \$'000	2020 \$'000
Loss before tax from continuing operations	(113,513)	(75,712)
Profit / (loss) before tax from discontinued operations	13,647	(201)
	(99,866)	(75,913)
Tax at the Australian tax rate of 30% (2020: 30%)	(29,960)	(22,774)
<b>Tax effect of amounts which are not (assessable) / deductible in calculating taxable income:</b>		
Non-deductible impairment expense	28,735	15,824
Non-deductible expenses	188	1,518
Fair value adjustments on contingent vendor consideration	1,688	1,350
Employee equity plan expense	(368)	588
Non-assessable income on the gain on sale of discontinued operations	(2,219)	-
Adjustments for current tax of prior periods	467	(828)
Recognition of previously unrecognised tax losses	(205)	(113)
Derecognition of previously recognised deductible temporary differences	853	-
Effect of tax rates in foreign jurisdictions	15	-
Other	19	(10)
<b>Income tax benefit</b>	<b>(787)</b>	<b>(4,445)</b>

## (C) RECONCILIATION OF INCOME TAX PAYABLE / (RECEIVABLE)

	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>	<b>(3,338)</b>	<b>4,713</b>
<b>Movement:</b>		
Income taxes payable for the period	9,914	3,493
Adjustments for current tax of prior periods	2,154	(749)
Income tax paid	(7,243)	(10,858)
(Disposed) / acquired through business combinations	(31)	63
<b>Balance at 30 June</b>	<b>1,456</b>	<b>(3,338)</b>

## (D) AMOUNTS RECOGNISED DIRECTLY THROUGH EQUITY

	2021 \$'000	2020 \$'000
Hedging reserve	(194)	79
Share capital	-	2,063
<b>Total recognised directly through equity</b>	<b>(194)</b>	<b>2,142</b>



**B4 TAXES (CONT.)****(E) DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

	Deferred tax assets		Deferred tax liabilities	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Receivables and contract assets	263	261	-	-
Inventories	-	189	(696)	-
Property, plant and equipment	1,662	286	(1,324)	(1,532)
Right-of-use assets	-	-	(91,841)	(102,216)
Intangible assets	-	-	(60,027)	(65,151)
Trade and other payables	1,775	2,022	-	-
Lease liabilities	97,901	106,358	-	-
Provisions - employee benefits	11,309	11,182	-	-
Provisions - other	3,034	2,300	-	-
Deferred income	-	-	(60)	(3,947)
Capitalised expenditure	2,134	3,493	-	-
Tax losses	2,269	1,515	-	-
Other items	325	79	(115)	(146)
<b>Deferred tax assets / (liabilities) - before set-off</b>	<b>120,672</b>	<b>127,685</b>	<b>(154,063)</b>	<b>(172,992)</b>
Set-off of tax	(102,793)	(112,525)	102,793	112,525
<b>Net deferred tax assets / (liabilities) - after set-off</b>	<b>17,879</b>	<b>15,160</b>	<b>(51,270)</b>	<b>(60,467)</b>
<b>Balance at 1 July</b>	<b>127,685</b>	<b>13,210</b>	<b>(172,992)</b>	<b>(2,650)</b>
<b>Movement:</b>				
Adoption of AASB 16 Leases	-	68,266	-	(68,266)
Adjustments for tax of prior periods	3,646	(1,777)	(1,980)	416
To profit or loss	(6,480)	(1,704)	17,648	8,814
Through equity	(194)	2,142	-	-
Acquired through business combinations	3,090	47,548	(2,893)	(111,306)
Disposals - discontinued operations	(7,075)	-	6,154	-
<b>Balance at 30 June</b>	<b>120,672</b>	<b>127,685</b>	<b>(154,063)</b>	<b>(172,992)</b>

**(F) TAX LOSSES**

	2021 \$'000	2020 \$'000
<b>Unused tax losses for which a deferred tax asset has been recognised</b>		
Unused revenue losses	7,562	5,049
Tax benefit at 30%	2,269	1,515
<b>Unused tax losses for which no deferred tax asset has been recognised</b>		
Unused revenue losses	2,126	2,798
Unused capital losses	10,154	6,081
<b>Total unused tax losses</b>	<b>12,280</b>	<b>8,879</b>
<b>Potential tax benefit at 30%</b>	<b>3,684</b>	<b>2,663</b>

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) on the following page). 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 low available fractions which restrict the rate 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 the 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.

<b>C1</b>	<b>RECEIVABLES AND CONTRACT ASSETS</b>
<b>C2</b>	<b>INVENTORIES</b>
<b>C3</b>	<b>OTHER FINANCIAL ASSETS AND LIABILITIES</b>
<b>C4</b>	<b>OTHER ASSETS</b>
<b>C5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>
<b>C6</b>	<b>INTANGIBLE ASSETS</b>
<b>C7</b>	<b>RIGHT-OF-USE ASSETS AND LEASE LIABILITIES</b>
<b>C8</b>	<b>TRADE AND OTHER PAYABLES</b>
<b>C9</b>	<b>OTHER LIABILITIES</b>
<b>C10</b>	<b>PROVISIONS</b>

## 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.

	2021 \$'000	2020 \$'000
Trade receivables	37,285	31,725
Allowance for expected credit losses	(304)	(394)
	36,981	31,331
Other receivables	5,627	19,367
Contract assets	30,304	21,401
	35,931	40,768
<b>Total receivables and contract assets</b>	<b>72,912</b>	<b>72,099</b>

### (A) ALLOWANCE FOR EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES

As at 30 June 2021, current trade receivables of the Group were assessed for impairment. Movements in the allowance for expected credit losses of receivables are set out below:

	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>	<b>394</b>	<b>190</b>
<b>Movement:</b>		
Acquired through business combinations	-	103
Additional expected credit losses (released) / recognised	(68)	78
Receivables (written back) / written off during the year as uncollectible	(1)	23
Disposals - discontinued operations	(21)	-
<b>Balance at 30 June</b>	<b>304</b>	<b>394</b>

### (B) TRADE RECEIVABLES PAST DUE BUT NOT IMPAIRED

As at 30 June 2021, trade receivables of \$13,337,000 (30 June 2020: \$4,103,000) 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:

	2021 \$'000	2020 \$'000
Up to 3 months	10,131	3,134
3 to 6 months	3,206	969
<b>Total</b>	<b>13,337</b>	<b>4,103</b>

### (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 from 30 to 60 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**

	2021 \$'000	2020 \$'000
Raw materials and consumables	17,777	17,900
Finished goods	14,577	20,844
<b>Total inventories</b>	<b>32,354</b>	<b>38,744</b>

**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 2021, the Group has recognised a provision for inventory obsolescence of \$2,428,000 (30 June 2020: \$3,080,000).

	2021 \$'000	2020 \$'000
Finished goods - gross	17,005	23,924
Provision for inventory obsolescence	(2,428)	(3,080)
<b>Finished goods - net</b>	<b>14,577</b>	<b>20,844</b>

**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 on inventories 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 AND LIABILITIES



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

	2021 \$'000	2020 \$'000
<b>Other financial assets</b>		
<b>Current</b>		
Loans provided to a former related party and other employees	1,555	-
<b>Total current</b>	1,555	-
<b>Non-current</b>		
Loans provided to a former related party and other employees	-	1,878
Derivative - financial instrument	712	-
<b>Total non-current</b>	712	1,878
<b>Total other financial assets</b>	2,267	1,878
<b>Other financial liabilities</b>		
<b>Current</b>		
Derivative - financial instrument	327	231
<b>Total current</b>	327	231
<b>Non-current</b>		
Derivative - financial instrument	-	65
<b>Total non-current</b>	-	65
<b>Total other financial liabilities</b>	327	296

#### (A) LOANS PROVIDED TO A FORMER RELATED PARTY AND OTHER EMPLOYEES

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 F6.

#### (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. Interest is payable based on a margin over bank bill swap rate. The swap contract matures on 30 October 2024.

##### (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).





## C3 OTHER FINANCIAL ASSETS AND LIABILITIES (CONT.)

**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 a 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

	2021 \$'000	2020 \$'000
<b>Current</b>		
Acquisition deposits	600	5,000
Prepayments and other assets	5,419	5,295
<b>Total current</b>	<b>6,019</b>	<b>10,295</b>
<b>Non-current</b>		
Acquisition deposits	-	600
Prepayments and other assets	-	5
<b>Total non-current</b>	<b>-</b>	<b>605</b>
<b>Total other assets</b>	<b>6,019</b>	<b>10,900</b>

**SIGNIFICANT ACCOUNTING POLICIES****Other assets**

Acquisition deposits are held primarily as an offset to contingent vendor consideration and will be released when the respective earn-outs are finalised. Prepayments and other assets are capitalised expenses relating to future periods.

## 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
<b>2019</b>					
Cost	21,111	79,535	5,565	8,037	114,248
Accumulated depreciation	(7,705)	(36,657)	(2,589)	(3,957)	(50,908)
<b>Net book amount</b>	<b>13,406</b>	<b>42,878</b>	<b>2,976</b>	<b>4,080</b>	<b>63,340</b>
<b>Movement:</b>					
Additions	1,895	10,369	313	311	12,888
Acquired through business combinations	5,423	34,823	2,131	333	42,710
Disposals	(300)	(590)	(70)	(392)	(1,352)
Depreciation	(3,001)	(15,611)	(966)	(962)	(20,540)
Effect of foreign exchange	12	17	(3)	(3)	23
Reclass to right-of-use asset	(2,870)	(746)	-	-	(3,616)
Asset reclassification	246	(677)	(551)	982	-
Reclass to intangible assets	(42)	(55)	(266)	-	(363)
<b>Closing net book amount</b>	<b>14,769</b>	<b>70,408</b>	<b>3,564</b>	<b>4,349</b>	<b>93,090</b>
<b>2020</b>					
Cost	34,903	155,949	8,421	9,197	208,470
Accumulated depreciation	(20,134)	(85,541)	(4,857)	(4,848)	(115,380)
<b>Net book amount</b>	<b>14,769</b>	<b>70,408</b>	<b>3,564</b>	<b>4,349</b>	<b>93,090</b>
<b>Movement:</b>					
Additions	2,268	8,509	707	922	12,406
Acquired through business combinations	-	1,064	-	44	1,108
Disposals	(5)	(222)	-	(313)	(540)
Disposals - discontinued 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)
<b>Closing net book amount</b>	<b>11,174</b>	<b>55,627</b>	<b>2,522</b>	<b>3,406</b>	<b>72,729</b>
<b>2021</b>					
Cost	33,995	143,568	5,495	6,628	189,686
Accumulated depreciation	(22,821)	(87,941)	(2,973)	(3,222)	(116,957)
<b>Closing net book amount</b>	<b>11,174</b>	<b>55,627</b>	<b>2,522</b>	<b>3,406</b>	<b>72,729</b>

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 \$4,904,000 relating to the carrying amount of property, plant and equipment. The impairment charge is on assets which are no longer expect 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. As 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
<b>2019</b>					
Cost	270,015	16,843	155	-	287,013
Accumulated amortisation and impairment	(10,652)	(13,193)	(112)	-	(23,957)
<b>Net book amount</b>	<b>259,363</b>	<b>3,650</b>	<b>43</b>	<b>-</b>	<b>263,056</b>
<b>Movement:</b>					
Additions and adjustments	1,264	-	-	655	1,919
Acquired through business combinations	266,197	223,200	2,385	2,494	494,276
Disposals	-	-	(20)	(99)	(119)
Amortisation	-	(11,543)	(166)	(737)	(12,446)
Impairment	(52,746)	-	-	-	(52,746)
Effect of foreign exchange	(216)	-	-	-	(216)
Reclass from property, plant and equipment	-	-	-	363	363
<b>Closing net book amount</b>	<b>473,862</b>	<b>215,307</b>	<b>2,242</b>	<b>2,676</b>	<b>694,087</b>
<b>2020</b>					
Cost	537,260	240,043	2,517	7,721	787,541
Accumulated amortisation and impairment	(63,398)	(24,736)	(275)	(5,045)	(93,454)
<b>Net book amount</b>	<b>473,862</b>	<b>215,307</b>	<b>2,242</b>	<b>2,676</b>	<b>694,087</b>
<b>Movement:</b>					
Additions and adjustments	(608)	-	-	-	(608)
Acquired through business combinations	8,733	-	-	-	8,733
Disposals - discontinued operations	(37,042)	-	(9)	(19)	(37,070)
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
<b>Closing net book amount</b>	<b>349,209</b>	<b>198,600</b>	<b>1,992</b>	<b>2,111</b>	<b>551,912</b>
<b>2021</b>					
Cost	499,456	240,043	2,400	7,874	749,773
Accumulated amortisation and impairment	(150,247)	(41,443)	(408)	(5,763)	(197,861)
<b>Net book amount</b>	<b>349,209</b>	<b>198,600</b>	<b>1,992</b>	<b>2,111</b>	<b>551,912</b>





## 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 (operating segments) as follows:

	2021 \$'000	2020 \$'000
AMA Panel	246,695	242,520
Capital Smart	101,054	191,634
APAS	1,460	39,708
<b>Total goodwill</b>	<b>349,209</b>	<b>473,862</b>

## (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 assets 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.

The Group completes a number of acquisitions every period. 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 EBITDA 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.

**AMA Panel**

The Group has considered the recoverability of goodwill in conjunction with revaluing the contingent vendor consideration. Within the AMA Panel division, four earn-outs performed worse than originally anticipated at the date of acquisition and as a result, the Group has recognised an impairment charge of \$4,190,000 to the profit or loss. This impairment charge offsets the gain in the profit or loss recorded within fair value adjustments for the same amount, and decreases the value of goodwill in respect of these acquisitions.

No other impairment charge of goodwill or other intangibles has been recognised in respect of the AMA Panel division.

**Capital Smart**

The Group performed an annual impairment test to support the carrying value of goodwill. The recoverable amount was calculated based on management's assumptions using a fair value less cost of disposal methodology and considered a number of probability weighted cashflow scenarios. Due to the risk and uncertainty associated with COVID-19 and related allowances made in respect of revenue projections, Capital Smart's recoverable amount was less than the carrying value. As a result, Capital Smart Group Holdings Pty Ltd recognised an impairment charge in its profit or loss of \$96,806,000. The impairment charge was fully allocated to goodwill.

The Group elected to recognise the non-controlling interests in respect of Capital Smart Group Holdings Pty Ltd as its proportionate share of the acquired entity's net identifiable assets. As a result, the Group has taken its proportionate share of the impairment charge, with a net impact to the Group's accounts of \$90,580,000. The non-controlling interests' share of the result for the period excludes the impairment charge recognised against goodwill.

No other impairment charge of goodwill or other intangibles has been recognised in respect of the Capital Smart division.

**APAS**

During the period, the Group sold the ACAD and Fully Equipped businesses (excluding ACM Parts and FluidDrive) and as a result, derecognised a large portion of the goodwill previously reported in the APAS division (\$37,042,000).

The Group performed an annual impairment test to support the carrying value of goodwill for the remaining businesses. The recoverable amount was calculated based on management's assumptions using a fair value less cost of disposal methodology. Due to the low EBITDA margin in ACM Parts (including Perth Parts Solutions), the recoverable amount was less than the carrying value. As a result, the Group recognised an impairment charge of \$1,013,000 to the profit or loss. The impairment expense was fully allocated to goodwill.

No other impairment charge of goodwill or other intangibles has been recognised in respect of the APAS division.



**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
<b>Pre-tax discount rates</b>	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.
<b>FY22 (Year 1) EBITDA growth rate</b>	FY22 EBITDA is based on 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.
<b>FY23 to FY26 EBITDA</b>	FY23 to FY26 EBITDA is calculated using an EBITDA growth rate based on past experience, industry trends and adjusted to reflect assumptions reasonably expected to be available to a market participant.
<b>Terminal growth rate</b>	The terminal growth rate is used to extrapolate cash flows beyond the forecast period. The terminal value is calculated using the Gordon Growth model.
<b>Acquisition growth</b>	The fair value less of cost of disposal approach is based on the highest and best use, and includes expansionary capital expenditure and acquisition growth. Expansion and acquisition growth has only been included if it is consistent with a market participant's perspective.
<b>Costs of disposal</b>	The costs of disposal are estimated based on the Group's experience with disposal of assets and on industry benchmarks.
<b>AASB 16 Leases impact</b>	EBITDA 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 EBITDA growth rate %
<b>2021</b>				
AMA Panel	246,695	2.5	10.9	(2.0)
Capital Smart	101,054	2.5	10.9	10.0
APAS <sup>1</sup>	1,460	2.5	12.4	(25.0)
<b>2020</b>				
AMA Panel	242,520	2.5	11.3	24.0
Capital Smart	191,634	2.5	11.3	64.4
APAS	39,708	2.5	13.3	331.6

<sup>1</sup> APAS goodwill relates solely to FluidDrive Holdings Pty Ltd. As noted above, during the period an impairment charge of \$1,013,000 was recognised against the goodwill of ACM Parts (including Perth Parts Solutions). As a result, the goodwill is reduced to nil and any changes to the significant estimates would not impact the goodwill and indefinite life intangibles. The assumptions provided above relate to FluidDrive Holdings Pty Ltd.

**(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.



## C6 INTANGIBLE ASSETS (CONT.)

## (B) GOODWILL AND INDEFINITE LIFE INTANGIBLES (CONT.)

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

Management has determined the recoverable amount of the AMA Panel, Capital Smart and APAS divisions by assessing the fair value less cost of disposal of the underlying assets. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The following table provides quantitative information regarding the key assumptions used for each CGU and the impact of possible changes in key assumptions (with all other inputs remaining the same):

Key assumption	Change in key assumption	Impact of possible change in key assumption
<b>AMA Panel</b>		
Pre-tax discount rate of 10.9%	Pre-tax discount rate of 11.9%	If the pre-tax discount rate of 10.9% was 1.0% higher, there would not be an indicator of impairment.
FY22 EBITDA decline rate of 2.0%	FY22 EBITDA decline rate of 5.0%	If the FY22 EBITDA decline rate was 5.0%, with all other years' cash flows remaining the same, there would not be an indicator of impairment.
Terminal growth rate of 2.5%	Terminal growth rate of 1.5%	If the terminal growth rate of 2.5% was 1.0% lower, there would not be an indicator of impairment.
<b>Capital Smart</b>		
Pre-tax discount rate of 10.9%	Pre-tax discount rate of 11.9%	If the pre-tax discount rate of 10.9% was 1.0% higher, there would be an indicator of impairment. The additional impairment charge would be \$25,553,000, reducing the goodwill to \$75,501,000. If the pre-tax discount rate of 10.9% was 1.0% lower, there would not be an indicator of impairment.
FY22 EBITDA growth rate of 10.0%	FY22 EBITDA growth rate of 5.0%	If the FY22 EBITDA growth rate was 5.0%, with all other years' cash flows remaining the same, there would be an indicator of impairment. The additional impairment charge would be \$602,000, reducing the goodwill to \$100,452,000.
Terminal growth rate of 2.5%	Terminal growth rate of 1.5%	If the terminal growth rate of 2.5% was 1.0% lower, there would be an indicator of impairment. The additional impairment charge would be \$28,232,000, reducing the goodwill to \$72,822,000.
<b>APAS - FluidDrive Holdings</b>		
Pre-tax discount rate of 12.4%	Pre-tax discount rate of 13.4%	If the pre-tax discount rate of 12.4% was 1.0% higher, there would not be an indicator of impairment.
FY22 EBITDA decline rate of 25.0%	FY22 EBITDA decline rate of 30.0%	If the FY22 EBITDA decline rate was 30.0%, with all other years' cash flows remaining the same, there would not be an indicator of impairment.
Terminal growth rate of 2.5%	Terminal growth rate of 1.5%	If the terminal growth rate of 2.5% was 1.0% lower, there would not be an indicator of impairment.

**C6 INTANGIBLE ASSETS (CONT.)****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 the 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.

**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:

	2021 \$'000	2020 \$'000
<b>Right-of-use assets</b>		
Leased properties	306,691	344,943
Leased equipment	153	369
Leased motor vehicles	33	97
<b>Total right-of-use assets</b>	<b>306,877</b>	<b>345,409</b>
<b>Lease liabilities</b>		
Current	33,784	35,207
Non-current	293,134	320,305
<b>Total lease liabilities</b>	<b>326,918</b>	<b>355,512</b>

The total additions to right-of-use assets for the year ended 30 June 2021 were \$20,198,000 (30 June 2020: \$24,084,000). Refer to (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:

	2021 \$'000	2020 \$'000
<b>Depreciation charge on right-of-use assets</b>		
Leased properties	40,801	37,302
Leased equipment	217	141
Leased motor vehicles	46	43
<b>Total</b>	<b>41,064</b>	<b>37,486</b>
Impairment expense	1,428	2,626
Interest expense (included in finance costs)	19,521	16,588
COVID-19 rent concession (included as a benefit in occupancy expenses) <sup>1</sup>	(1,536)	(566)
Expense relating to short-term leases (included in occupancy expenses)	922	896
Expense relating to leases of low-value assets (included in occupancy expenses)	156	189
<b>Total</b>	<b>20,491</b>	<b>19,733</b>
Depreciation, impairment and interest expense from discontinued operations	1,850	4,673

<sup>1</sup> 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 CASH FLOWS

The total cash outflow for leases for the year ended 30 June 2021 was \$51,694,000 (30 June 2020: \$47,224,000).



**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
<b>Opening balance at 1 July 2019 on adoption of AASB 16 Leases</b>	<b>232,190</b>	<b>-</b>	<b>-</b>	<b>232,190</b>
<b>Movement:</b>				
Acquired through business combinations	138,755	415	144	139,314
Additions	23,970	95	19	24,084
Disposals	(2,774)	-	(23)	(2,797)
Depreciation	(40,032)	(141)	(43)	(40,216)
Modification to lease terms	2,148	-	-	2,148
Variable lease payments reassessment	(5,685)	-	-	(5,685)
Impairment	(3,600)	-	-	(3,600)
Effect of foreign exchange	(29)	-	-	(29)
<b>Closing net book amount</b>	<b>344,943</b>	<b>369</b>	<b>97</b>	<b>345,409</b>
<b>2020</b>				
Cost	390,719	510	123	391,352
Accumulated depreciation and impairment	(45,776)	(141)	(26)	(45,943)
<b>Net book amount</b>	<b>344,943</b>	<b>369</b>	<b>97</b>	<b>345,409</b>
<b>Movement:</b>				
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)
<b>Net book amount</b>	<b>306,691</b>	<b>153</b>	<b>33</b>	<b>306,877</b>
<b>2021</b>				
Cost	384,570	455	98	385,123
Accumulated depreciation and impairment	(77,879)	(302)	(65)	(78,246)
<b>Net book amount</b>	<b>306,691</b>	<b>153</b>	<b>33</b>	<b>306,877</b>

**(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.



## C7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT.)

**(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.

In May 2020, the International Accounting Standards Board (IASB) published '*Covid-19-Related Rent Concessions (Amendment to IFRS 16)*' amended the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19.

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

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2022; and
- no other substantive changes have been made to the terms of the lease.

**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 generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 Groups 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.

	2021 \$'000	2020 \$'000
Trade payables	86,939	79,119
Accrued expenses	17,880	15,211
Payroll and statutory liabilities	10,101	19,818
Other payables	4,249	3,448
<b>Total trade and other payables</b>	<b>119,169</b>	<b>117,596</b>

### (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

	2021 \$'000	2020 \$'000
<b>Current</b>		
Market incentive	14,000	12,100
Deferred revenue	7	3,513
<b>Total current</b>	<b>14,007</b>	<b>15,613</b>
<b>Non-current</b>		
Market incentive	46,800	62,331
Deferred revenue	750	800
<b>Total non-current</b>	<b>47,550</b>	<b>63,131</b>
<b>Total other liabilities</b>	<b>61,557</b>	<b>78,744</b>

### (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 2021, an amount of \$14,000,000 (30 June 2020: \$12,100,000) 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:

	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>	<b>74,431</b>	<b>28,561</b>
<b>Movement:</b>		
Market incentive received (excluding GST)	-	54,100
Offset against inventory	(340)	(2,100)
Charged to profit or loss - raw materials and consumables used	(13,291)	(6,130)
<b>Balance at 30 June</b>	<b>60,800</b>	<b>74,431</b>





## 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.

	2021 \$'000	2020 \$'000
<b>Current</b>		
Annual leave	21,516	20,765
Long service leave	10,030	10,759
Make good	939	1,654
Dividends	288	288
<b>Total current</b>	<b>32,773</b>	<b>33,466</b>
<b>Non-current</b>		
Long service leave	6,177	5,783
Make good	6,676	7,333
<b>Total non-current</b>	<b>12,853</b>	<b>13,116</b>
<b>Total provisions</b>	<b>45,626</b>	<b>46,582</b>

### (A) CARRYING AMOUNTS AND MOVEMENTS IN PROVISIONS

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Dividends \$'000	Make good \$'000	Total \$'000
<b>Balance at 1 July 2019</b>	<b>289</b>	<b>6,117</b>	<b>6,824</b>
<b>Movement:</b>			
Transfer to lease liabilities (AASB 16 Leases)	-	-	(418)
Acquired through business combinations	-	2,265	2,265
Additional provisions recognised	-	1,770	1,770
Unused amounts reversed	-	(2)	(2)
Amounts used during the year	(1)	(1,162)	(1,163)
<b>Balance at 30 June 2020</b>	<b>288</b>	<b>8,988</b>	<b>9,276</b>
<b>Movement:</b>			
Additional provisions recognised	-	527	527
Unused amounts reversed	-	(109)	(109)
Amounts used during the year	-	(725)	(725)
Disposal - discontinued operations	-	(1,066)	(1,066)
<b>Balance at 30 June 2021</b>	<b>288</b>	<b>7,615</b>	<b>7,903</b>

### (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:

	2021 \$'000	2020 \$'000
Annual leave obligation expected to be settled after 12 months	5,619	6,973
Long service leave obligation expected to be settled after 12 months	6,872	8,914
<b>Total</b>	<b>12,491</b>	<b>15,887</b>



## C10 PROVISIONS (CONT.)

**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.

**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 amortised over the shorter of the term of the lease and the useful life of the assets.

**Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.



# 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.

<b>D1</b>	<b>CAPITAL MANAGEMENT</b>
<b>D2</b>	<b>EARNINGS / (LOSS) PER SHARE</b>
<b>D3</b>	<b>DIVIDENDS</b>
<b>D4</b>	<b>CONTRIBUTED EQUITY</b>
<b>D5</b>	<b>OTHER RESERVES</b>
<b>D6</b>	<b>CASH AND CASH EQUIVALENTS</b>
<b>D7</b>	<b>BORROWINGS AND CONTINGENT VENDOR CONSIDERATION</b>
<b>D8</b>	<b>FINANCIAL RISK MANAGEMENT</b>

## 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. As at 30 June 2021, the gearing ratio was 29.4% (30 June 2020: 35.1%). The gearing ratio has been calculated with reference to net debt which is presented in accordance with the requirements of the Group's Syndicated Facility Agreement. Comparative information has been recalculated based on current year presentation.

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). There are no externally imposed capital requirements.

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	2021 \$'000	2020 \$'000
<b>Net debt</b>			
Financial liabilities at amortised cost - drawn facilities	D7(A)	237,500	340,000
Contingent vendor consideration - 50% of cash portion <sup>1</sup>	D7(B)	7,010	12,611
Cash and cash equivalents	D6	(64,203)	(112,916)
<b>Net debt used in covenant calculations</b>		<b>180,307</b>	239,695
<b>Fully paid ordinary shares</b>			
Quoted (at market price) <sup>2</sup>		427,262	436,673
Unquoted (at issue price)	D4(A)	5,000	7,000
<b>Total fully paid ordinary shares</b>		<b>432,262</b>	443,673
<b>Total capital</b>		<b>612,569</b>	683,368
<b>Gearing ratio</b>		<b>29.4%</b>	35.1%

1 Contingent vendor consideration for the year ended 30 June 2021 and 30 June 2020 have been represented to reflect 50% of expected cash settlement.

2 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.

Comparative information has been re-presented to exclude all operations that have been discontinued by the end of the current reporting period.

### (A) RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS / (LOSS) PER SHARE

	2021 \$'000	2020 \$'000
<b>Profit / (loss) attributable to the ordinary equity holders of the Company:</b>		
Continuing operations	(109,101)	(68,934)
Discontinued operations	12,151	(1,331)
<b>Total</b>	<b>(96,950)</b>	<b>(70,265)</b>

### (B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	2021 Shares	2020 Shares
Weighted average number of shares used as denominator in calculating both basic and diluted earnings / (loss) per share	738,271,511	707,528,631

### (C) BASIC 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.

	2021 Cents	2020 Cents
Continuing operations	(14.78)	(9.74)
Discontinued operations	1.65	(0.19)
<b>Basic earnings / (loss) per share</b>	<b>(13.13)</b>	<b>(9.93)</b>

### (D) DILUTED EARNINGS / (LOSS) PER SHARE

Diluted earnings / (loss) per share adjusts the basic earnings / (loss) per share for the effects of any instruments that could potentially be converted into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. 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.

	2021 Cents	2020 Cents
Continuing operations	(14.78)	(9.74)
Discontinued operations	1.65	(0.19)
<b>Diluted earnings / (loss) per share</b>	<b>(13.13)</b>	<b>(9.93)</b>

As at 30 June 2021, 37,235,847 potential ordinary shares (30 June 2020: 42,677,769) were excluded from the diluted weighted-average number of ordinary shares calculation because their effect is anti-dilutive.



### 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.

	2021 \$'000	2020 \$'000
<b>Declared and paid during the year (fully franked at 30%)</b>		
Final dividend for 2020: Nil (2019: 2.25 cents)	-	12,215
Interim dividend for 2021: Nil (2020: Nil)	-	-
<b>Total</b>	-	12,215

The Group has established a dividend reinvestment plan under which holders of ordinary shares can elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

	2021 \$'000	2020 \$'000
Dividends settled in cash	-	9,310
Dividend reinvestment plan	-	2,905
<b>Total</b>	-	12,215

	2021 \$'000	2020 \$'000
<b>Franking credit balance</b>		
Franking credits available for subsequent reporting period based on tax rate of 30%	33,511	26,907

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.

### 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

	2021 Shares	2021 \$'000	2020 Shares	2020 \$'000
<b>Fully paid ordinary shares</b>				
Quoted	743,063,799	419,404	733,903,518	410,117
Unquoted	6,139,929	5,000	7,179,430	7,000
<b>Total share capital</b>	749,203,728	424,404	741,082,948	417,117

#### (B) MOVEMENTS IN ORDINARY SHARES

	2021 Shares	2021 \$'000	2020 Shares	2020 \$'000
<b>Quoted</b>				
Opening balance	733,903,518	410,117	539,166,324	192,163
Placement and rights issue	-	-	187,490,773	215,614
Vendor share issue	8,711,730	8,537	4,254,152	3,175
Convert from Unquoted shares	1,039,501	1,000	1,176,471	1,100
Dividend reinvestment plan	-	-	2,156,921	2,905
Share buy-back	(590,950)	(250)	(341,123)	-
Transaction costs, net of tax	-	-	-	(4,840)
<b>Total quoted</b>	743,063,799	419,404	733,903,518	410,117
<b>Unquoted</b>				
Opening balance	7,179,430	7,000	8,355,901	8,100
Fair value adjustment on contingent shares <sup>1</sup>	-	(1,000)	-	-
Convert to Quoted shares	(1,039,501)	(1,000)	(1,176,471)	(1,100)
<b>Total unquoted</b>	6,139,929	5,000	7,179,430	7,000
<b>Total share capital</b>	749,203,728	424,404	741,082,948	417,117

<sup>1</sup> Unquoted shares of 1,039,501 remain on issue. The value of these contingent shares has been reduced to nil consistent with a vendor buy-back agreement. The unquoted shares are expected to be bought back for nil consideration at the next AGM in November 2021.





**D4 CONTRIBUTED EQUITY (CONT.)****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.

	2021 \$'000	2020 \$'000
Share-based payments	214	1,441
Foreign currency translation	64	(376)
Hedging	290	(185)
<b>Total other reserves</b>	<b>568</b>	<b>880</b>

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

	2021 \$'000	2020 \$'000
Cash at bank and cash equivalents	64,203	112,916

### (B) RECONCILIATION OF LOSS FOR THE PERIOD TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

	Notes	2021 \$'000	2020 \$'000
<b>Loss for the period</b>		<b>(99,079)</b>	<b>(71,468)</b>
<b>Adjustment for:</b>			
Non-cash market incentive	C9(A)	(13,291)	(6,130)
Non-cash employee remuneration		(1,227)	1,960
Fair value adjustments (including discontinued operations)		5,602	4,501
Amortised borrowing costs	B3(B)	1,310	867
Depreciation and amortisation (including discontinued operations)	B3(A)	83,307	73,182
Impairment (including discontinued operations)	B3(D)	102,465	56,345
(Gain) / loss on disposal of property, plant, equipment and leases		(1,982)	1,178
Gain on sale of discontinued operations, net of tax	E5	(7,397)	-
Other		(315)	(79)
Income tax benefit (including discontinued operations)	B4(B)	(787)	(4,445)
Income tax paid	B4(C)	(7,243)	(10,858)
<b>Total adjustments</b>		<b>160,442</b>	<b>116,521</b>
<b>(Increase) / decrease in assets:</b>			
Receivables and contract assets		(614)	3,879
Inventories		6,816	6,090
Other assets		1,766	10,357
<b>Total decrease in assets</b>		<b>7,968</b>	<b>20,326</b>
<b>Increase / (decrease) in liabilities:</b>			
Trade and other payables		1,574	23,908
Provisions		(1,614)	(14,067)
Other liabilities		(17,187)	47,238
<b>Total (decrease) / increase in liabilities</b>		<b>(17,227)</b>	<b>57,079</b>
<b>Net cash inflows provided by operating activities</b>		<b>52,104</b>	<b>122,458</b>

**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		Derivative liability		Total liabilities from financing activities	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>	<b>355,512</b>	132	<b>335,941</b>	80,568	<b>296</b>	-	<b>691,749</b>	80,700
<b>Movement:</b>								
Cash inflows	-	-	-	378,500	-	-	-	378,500
Cash outflows	(31,560)	(29,552)	(102,500)	(123,993)	-	-	(134,060)	(153,546)
Non-cash additions	2,966	384,932	1,310	867	31	296	4,307	386,095
<b>Balance at 30 June</b>	<b>326,918</b>	355,512	<b>234,751</b>	335,942	<b>327</b>	296	<b>561,996</b>	691,749

**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.

	2021 \$'000	2020 \$'000
<b>Current</b>		
Contingent vendor consideration	32,220	21,784
<b>Total current</b>	32,220	21,784
<b>Non-current</b>		
Bank loan, net of capitalised borrowing costs	234,751	335,942
Contingent vendor consideration	2,940	27,678
<b>Total non-current</b>	237,691	363,620
<b>Total</b>	269,911	385,404

### (A) BORROWINGS

#### (i) Syndicated Facility Agreement

During the year, the Group's Syndicated Facility Agreement decreased to \$305,000,000 (30 June 2020: \$375,000,000). The Group repaid \$102,500,000 of borrowings using sale proceeds from discontinued operations and excess cash.

As at 30 June 2021, Facility A has been permanently reduced by \$70,000,000 to an amount of \$72,500,000 (30 June 2020: \$142,500,000). As at 30 June 2021, Facility C has been fully repaid. The Group, subject to approval from its financiers, has the ability to redraw for acquisitive growth and general corporate purposes.

As at 30 June 2021, the Syndicated Facility was drawn exclusive of bank guarantees at \$237,500,000 (30 June 2020: \$340,000,000).

Facility	Limit \$'000	Cash drawn \$'000	Guarantees drawn <sup>1</sup> \$'000	Available \$'000	Maturity
Facility A	72,500	72,500	-	-	Oct 2022
Facility B	147,500	147,500	-	-	Oct 2024
Facility C	50,000	-	-	50,000	Oct 2022
Facility D	35,000	17,500	9,780	7,720	Oct 2024
	<b>305,000</b>	<b>237,500</b>	<b>9,780</b>	<b>57,720</b>	

<sup>1</sup> The bank guarantee amount of \$9,780,000 (30 June 2020: \$12,414,000) is not included in the Consolidated Statement of Financial Position.

The Syndicated Facility Agreement contains an additional \$50,000,000 Accordion Facility, with a tenure no earlier than October 2024.

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 2021 was 3.10% (30 June 2020: 3.75%).

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 waived covenant testing until 31 December 2020 and provided a more favourable covenant testing regime for the balance of FY21. No restrictions were imposed by the financiers during the reporting period and the Group was compliant with all covenants during the period, including as at 30 June 2021.

Management's forecasts for the next twelve months include the impacts of ongoing uncertainties of the COVID-19 pandemic which indicate there are potential risks of non-compliance with financial covenants. Accordingly, the Group has obtained covenant waivers for all financial covenants in respect to both the 30 September 2021 and 31 December 2021 testing periods.

The Group has agreed with its financiers to undertake a restructure of its debt facilities prior to 31 December 2021 to address any potential non-compliance after this date. In the event that this is not achieved, the Group may need to request further waivers or deferrals in relation to covenant testing and restructuring of its debt facilities. Management may be able to undertake alternative actions such as raising equity, securing additional financing, restructuring operations or the sale of assets should financiers be unable to accommodate the need for waivers or deferrals as at 31 March 2022 and subsequent dates.

#### (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) 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:

	2021 \$'000	2020 \$'000
<b>Current</b>		
Cash settlement <sup>1</sup>	11,080	15,524
Share settlement	21,140	6,260
<b>Total current</b>	<b>32,220</b>	<b>21,784</b>
<b>Non-current</b>		
Cash settlement <sup>1</sup>	2,940	9,698
Share settlement	-	17,980
<b>Total non-current</b>	<b>2,940</b>	<b>27,678</b>
<b>Total contingent vendor consideration</b>	<b>35,160</b>	<b>49,462</b>

<sup>1</sup> 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.

	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>	<b>49,462</b>	<b>50,695</b>
<b>Movement:</b>		
Arising during the year	5,163	6,141
Cash settlements	(9,866)	(11,739)
Share settlements	(8,537)	(3,175)
Offset against other current assets	(5,000)	-
Charged to profit or loss - fair value adjustments	6,977	4,487
<b>Total continuing operations</b>	<b>(11,263)</b>	<b>(4,286)</b>
Arising during the year	-	3,039
Cash settlements	(2,674)	-
Charged to profit or loss - fair value adjustments and realised foreign currency	(365)	14
<b>Total discontinued operations</b>	<b>(3,039)</b>	<b>3,053</b>
<b>Balance at 30 June</b>	<b>35,160</b>	<b>49,462</b>





**D7 BORROWINGS AND CONTINGENT VENDOR CONSIDERATION (CONT.)****(B) CONTINGENT VENDOR CONSIDERATION (CONT.)****(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	2021 \$'000	2020 \$'000
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	D6	64,203	112,916
Receivables and contract assets	C1	72,912	72,099
Loans to a former related party and other employees	C3	1,555	1,878
Acquisition deposits	C4	600	5,600
<b>Financial assets at fair value</b>			
Derivative - financial instrument	C3	712	-
<b>Total financial assets</b>		<b>139,982</b>	<b>192,493</b>
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	C8	119,169	117,596
Lease liabilities	C7	326,918	355,512
Borrowings	D7(A)	234,751	335,942
<b>Financial liabilities at fair value</b>			
Derivative - financial instrument	C3	327	296
Contingent vendor consideration	D7(B)	35,160	49,462
<b>Total financial liabilities</b>		<b>716,325</b>	<b>858,808</b>

**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 following table summarises the carrying amounts of the Group's financial assets and liabilities that are denominated in other foreign currencies and discloses the sensitivity of net profit before tax to a 10% change against the foreign currency with all other variables held constant.

	Carrying amount		Impact of +/- 10% FX change on profit before tax			
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Assets</b>						
US Dollar	921	997	(92)	(100)	92	100
	921	997	(92)	(100)	92	100
<b>Liabilities</b>						
US Dollar	1,513	1,289	(151)	(129)	151	129
	1,513	1,289	(151)	(129)	151	129

The Group is primarily exposed to changes in the US Dollar exchange rate. In assessing the sensitivity of the foreign currency on the profit or loss, the Group applies the exchange rate as at 30 June 2021 being \$1.33 (30 June 2020: \$1.46), and the average exchange rate used during the year being \$1.40 (30 June 2020: \$1.53).

The Group does not employ foreign currency hedges and has no formal foreign currency policy. 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:

	2021 \$'000	2020 \$'000
Net foreign exchange (loss) / gain in profit or loss	(173)	13

**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 and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.



## D8 FINANCIAL RISK MANAGEMENT (CONT.)

## (A) MARKET RISK (CONT.)

**SIGNIFICANT ACCOUNTING POLICIES (CONT.)****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 Statement of Profit or 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 interest rate 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.

The Group entered into an interest rate swap contract in June 2020 to fix the interest rate at 0.43% (excluding margin and line fees) on \$193,500,000 of borrowings. 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	
	2021 %	2021 \$'000	2020 %	2020 \$'000
Syndicated facility agreement <sup>1</sup>	0.13	237,500	0.14	340,000
Interest rate swaps - syndicated loans <sup>2</sup>	0.43	(193,500)	0.43	(193,500)
<b>Net exposure to cash flow interest rate risk</b>		<b>44,000</b>		<b>146,500</b>

1 Interest rate for Syndicated facility agreement is BBSY at latest rate setting notice (22 March 2021 and 19 June 2020 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).

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, the sensitivity analysis is isolated to a 50 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Floating rate</b>				
Increase of 50 bps	1,447	1,130	1,489	(2,091)
Decrease of 50 bps	(1,444)	(1,192)	(1,468)	2,177



**D8 FINANCIAL RISK MANAGEMENT (CONT.)****(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 receivables and contract assets) 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 receivables and contract assets is monitored on an ongoing basis, mitigating exposure to impairment of receivables and contract assets.

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 27% of total trade receivables (30 June 2020: approximately 26%). The Group's receivables are largely collected 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 2021, the Group recognised an expected credit loss of \$304,000 (30 June 2020: \$394,000).



For personal use only  
Other Information  
Financial Report  
Remuneration Report  
Directors' Report  
Business Review

## 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 total undrawn committed facilities of \$57,720,000 available (30 June 2020: \$22,586,000). The Group, subject to approval from its financiers, has the ability to draw for working capital, acquisitive growth and general corporate purposes.

## (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
<b>2021</b>				
<b>Non-derivatives</b>				
<b>Financial assets realisable cash flows</b>				
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
<b>Total inflow on financial assets</b>	<b>139,270</b>	<b>-</b>	<b>-</b>	<b>139,270</b>
<b>Financial liabilities due for payment</b>				
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)
<b>Total outflow on financial liabilities</b>	<b>(187,038)</b>	<b>(431,820)</b>	<b>(195,329)</b>	<b>(814,187)</b>
<b>Derivatives</b>				
Interest rate swaps (net settled)	(327)	712	-	385
<b>Total (outflow) / inflow on derivatives</b>	<b>(327)</b>	<b>712</b>	<b>-</b>	<b>385</b>
<b>Total outflow on financial instruments</b>	<b>(48,095)</b>	<b>(431,108)</b>	<b>(195,329)</b>	<b>(674,532)</b>
<b>2020</b>				
<b>Non-derivatives</b>				
<b>Financial assets realisable cash flows</b>				
Cash and cash equivalents	112,916	-	-	112,916
Receivables and contract assets	72,099	-	-	72,099
Loans to a former related party and other employees	-	1,878	-	1,878
Acquisition deposits	5,000	600	-	5,600
<b>Total inflow on financial assets</b>	<b>190,015</b>	<b>2,478</b>	<b>-</b>	<b>192,493</b>
<b>Financial liabilities due for payment</b>				
Trade and other payables	(117,596)	-	-	(117,596)
Lease liabilities	(56,582)	(206,722)	(225,781)	(489,085)
Borrowings	(8,510)	(358,725)	-	(367,235)
Contingent vendor consideration - cash settlement	(15,524)	(9,698)	-	(25,222)
<b>Total outflow on financial liabilities</b>	<b>(198,212)</b>	<b>(575,145)</b>	<b>(225,781)</b>	<b>(999,138)</b>
<b>Derivatives</b>				
Interest rate swaps (net settled)	(231)	(65)	-	(296)
<b>Total outflow on derivatives</b>	<b>(231)</b>	<b>(65)</b>	<b>-</b>	<b>(296)</b>
<b>Total outflow on financial instruments</b>	<b>(8,428)</b>	<b>(572,732)</b>	<b>(225,781)</b>	<b>(806,941)</b>





**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 receivables and contract assets 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.

**(ii) Fair value of contingent vendor consideration**

During the financial year, 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.

	2021 \$'000	2020 \$'000
Total contingent vendor consideration	35,160	49,462

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.

The significant unobservable inputs are:

- Pre-specified earnings target, such as EBIT or EBITDA; and
- Discount rate in the range of 1.8% to 2.8% depending on the circumstances specific to each contingent vendor consideration being measured.

Significant estimate: impact of possible changes in key assumptions:

The estimated fair value would increase / (decrease) if:

- the earnings (EBITDA or EBIT) growth was 10% higher; the gross value of the contingent consideration would increase by \$992,000.
- the earnings (EBITDA or EBIT) growth was 10% lower; the gross value of the contingent consideration would decrease by \$992,000.
- the discount rate was 1% higher; the present value of the contingent vendor consideration would decrease by \$290,000.
- the discount rate was 1% lower; the present value of the contingent vendor consideration would increase by \$280,000.

**(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
- E2** INVESTMENTS IN CONTROLLED ENTITIES
- E3** NON-CONTROLLING INTERESTS
- E4** DEED OF CROSS GUARANTEE
- E5** DISCONTINUED OPERATIONS
- E6** BUSINESS COMBINATIONS

## **E1** PARENT ENTITY INFORMATION



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

### **(A)** SUMMARY FINANCIAL INFORMATION

	2021 \$'000	2020 \$'000
<b>Assets</b>		
Current assets	30,694	50,122
Non-current receivables from related entities	119,598	69,979
<b>Total assets</b>	<b>436,623</b>	<b>586,750</b>
<b>Liabilities</b>		
Current liabilities	20,787	15,123
Total liabilities	301,746	413,474
<b>Net assets</b>	<b>134,877</b>	<b>173,276</b>
<b>Equity</b>		
Contributed equity	424,404	417,117
Other reserves	60,054	1,256
Retained deficit	(349,581)	(245,097)
<b>Total equity</b>	<b>134,877</b>	<b>173,276</b>
<b>Loss for the year</b>	<b>(104,484)</b>	<b>(39,808)</b>
<b>Total comprehensive loss</b>	<b>(104,959)</b>	<b>(39,623)</b>

### **(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 2021, 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	
			2021 %	2020 %
A.C.N. 107 954 610 Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
A.C.N. 124 414 455 Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
A.C.N. 624 895 772 Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
A.C.N. 624 896 000 Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
ACAD Limited <sup>3</sup>	Australia	Ordinary	-	100
Accident Management Australia Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Accident Repair Management Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Accident Repair Management No. 2 Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Accident Repair Management No. 3 Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
ACM Parts Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Alloy Motor Accessories Australia Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
AECAA Pty Ltd <sup>3</sup>	Australia	Ordinary	-	100
AMAI Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
AMA Fully Equipped NZ Holdings Pty Limited <sup>3</sup>	New Zealand	Ordinary	-	100
AMA Group Solutions Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
AMA Procurement Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Automotive Solutions Group Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
BMB Collision Repairs Pty Ltd <sup>1</sup>	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 <sup>1,2</sup>	Australia	Ordinary	100	100
Carmax New Zealand Limited <sup>2</sup>	New Zealand	Ordinary	100	100
Custom Alloy Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
Deering Autronics Australia Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
Direct One Accident Repair Centre Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
ECB Pty Ltd <sup>3</sup>	Australia	Ordinary	-	100
Fleet Alliance Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
FluidDrive Holdings Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Fully Equipped Auckland Limited <sup>3</sup>	New Zealand	Ordinary	-	100
Fully Equipped Group Limited <sup>3</sup>	New Zealand	Ordinary	-	100
Fully Equipped Limited <sup>3</sup>	New Zealand	Ordinary	-	100
Fully Equipped Wellington Limited <sup>3</sup>	New Zealand	Ordinary	-	100
Geelong Consolidated Repairs Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Gemini Accident Repair Centres NZ Limited <sup>2</sup>	New Zealand	Ordinary	100	100
Micra Accident Repair Centre Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Mr Gloss Holdings Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Mt Druitt Autobody Repairs Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Phil Munday's Panel Works Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
QPlus Production Pty Ltd <sup>2</sup>	Australia	Ordinary	90	90
Rapid Accident Management Services Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Repair Management Australia Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Repair Management Australia Bayswater Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Repair Management Australia Dandenong Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Repair Management New Zealand Limited	New Zealand	Ordinary	100	100
Ripoll Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
Roo Systems Australia Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
Service Body Manufacturing Australia Pty Ltd <sup>3</sup>	Australia	Ordinary	-	100
Shipstone Holdings Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Smash Repair Canberra Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Tuff Accessories Limited <sup>3</sup>	New Zealand	Ordinary	-	100
Uneek 4x4 Australia Pty Ltd <sup>3</sup>	Australia	Ordinary	-	100
Woods Auto Shops (Cheltenham) Pty Ltd <sup>1,2</sup>	Australia	Ordinary	100	100
Woods Auto Shops (Dandenong) Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Woods Auto Shops (Holdings) Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100

<sup>1</sup> These companies are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 June 2021 (refer note E4).

<sup>2</sup> These companies are dormant.

<sup>3</sup> The Group divested of these companies on 31 December 2020.



### 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

	2021 \$'000	2020 \$'000
Current assets	41,279	46,666
Current liabilities	(61,489)	(59,568)
<b>Current net assets</b>	<b>(20,210)</b>	<b>(12,902)</b>
Non-current assets	433,668	550,054
Non-current liabilities	(254,278)	(259,891)
<b>Non-current net assets</b>	<b>179,390</b>	<b>290,163</b>
<b>Net assets</b>	<b>159,180</b>	<b>277,261</b>
<b>Accumulated non-controlling interests</b>	<b>14,214</b>	<b>16,341</b>

### (B) SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	2021 \$'000	2020 \$'000
Revenue	334,445	196,178
Loss for the period	(118,091)	(62,228)
Other comprehensive income	15	1
<b>Total comprehensive loss</b>	<b>(118,076)</b>	<b>(62,227)</b>
<b>Loss allocated to non-controlling interests</b>	<b>(2,127)</b>	<b>(1,203)</b>
<b>Dividends paid to non-controlling interests</b>	<b>-</b>	<b>169</b>

### (C) SUMMARISED STATEMENT OF CASH FLOWS

	2021 \$'000	2020 \$'000
Net cash inflows provided by operating activities	8,491	11,035
Net cash outflows used in investing activities	(6,344)	(415,779)
Net cash (outflows) / inflows from financing activities	(9,987)	433,082
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(7,840)</b>	<b>28,338</b>
<b>Balance at 1 July</b>	<b>16,341</b>	<b>292</b>
<b>Movement:</b>		
Dividends paid	-	(169)
Purchase of shares from non-controlling interests	-	(123)
Non-controlling interests on acquisition of subsidiary	-	17,544
Share of result for the period	(2,127)	(1,203)
<b>Balance at 30 June</b>	<b>14,214</b>	<b>16,341</b>

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 and given the uncertainty surrounding COVID-19, Capital Smart Group Holdings Pty Ltd recognised an impairment charge of \$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 \$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.)****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 non-controlling interests 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**

	2021 \$'000	2020 \$'000
<b>Revenue and other income from continuing operations</b>	<b>572,096</b>	683,839
Raw materials and consumables used	(248,305)	(312,495)
Employee benefits expense	(204,464)	(250,029)
Occupancy expense	(15,257)	(19,947)
Professional services expense	(6,400)	(13,928)
Other expense	(10,457)	(19,408)
Fair value adjustments on contingent vendor consideration	(6,352)	(4,501)
Depreciation and amortisation expense	(42,866)	(46,745)
Impairment expense	(158,369)	(48,871)
<b>Operating loss before interest and tax</b>	<b>(120,374)</b>	(32,085)
Finance costs	(20,619)	(19,365)
<b>Loss before income tax from continuing operations</b>	<b>(140,993)</b>	(51,450)
Profit / (loss) before tax from discontinued operations	13,315	(1,156)
<b>Loss before income tax</b>	<b>(127,678)</b>	(52,606)
Income tax (expense) / benefit	(6,345)	125
<b>Loss for the period</b>	<b>(134,023)</b>	(52,481)
	2021 \$'000	2020 \$'000
<b>Retained deficit at the beginning of the financial year</b>	<b>(73,347)</b>	(8,342)
Loss for the period	(134,023)	(52,481)
Dividends - AMA shareholders	-	(12,215)
Dividends - Non-controlling interests	-	401
Purchase of shares from non-controlling interests	-	(710)
<b>Retained deficit at the end of the financial year</b>	<b>(207,370)</b>	(73,347)





## E4 DEED OF CROSS GUARANTEE (CONT.)

## (B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CLOSED GROUP

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Cash and cash equivalents	43,217	83,685
Receivables and contract assets	56,950	54,869
Inventories	29,580	35,418
Other financial assets	1,555	-
Tax receivable	-	3,339
Other assets	3,762	8,365
Receivables from related entities	1,641	4,349
<b>Total current assets</b>	<b>136,705</b>	<b>190,025</b>
<b>Non-current assets</b>		
Property, plant and equipment	46,845	61,120
Right-of-use assets	204,750	238,976
Intangible assets	249,907	276,538
Other assets	-	600
Other financial assets	712	1,878
Deferred tax assets	17,868	15,039
Receivables from related entities	101,581	101,566
Investments in controlled entities	118,706	276,886
<b>Total non-current assets</b>	<b>740,369</b>	<b>972,603</b>
<b>Total assets</b>	<b>877,074</b>	<b>1,162,628</b>
<b>Current liabilities</b>		
Trade and other payables	75,924	78,587
Other financial liabilities	32,547	21,784
Lease liabilities	24,830	24,520
Provisions	23,162	24,974
Other liabilities	14,007	12,344
Tax payable	1,511	-
<b>Total current liabilities</b>	<b>171,981</b>	<b>162,209</b>
<b>Non-current liabilities</b>		
Other financial liabilities	237,691	360,581
Lease liabilities	193,480	221,381
Provisions	9,598	11,043
Other liabilities	46,800	62,396
<b>Total non-current liabilities</b>	<b>487,569</b>	<b>655,401</b>
<b>Total liabilities</b>	<b>659,550</b>	<b>817,610</b>
<b>Net assets</b>	<b>217,524</b>	<b>345,018</b>
<b>Equity</b>		
Contributed equity	424,404	417,117
Other reserves	490	1,248
Retained deficit	(207,370)	(73,347)
<b>Total equity</b>	<b>217,524</b>	<b>345,018</b>



## E5 DISCONTINUED OPERATIONS



This section presents the profit or loss from components of the Group that have either been disposed of or sold during the year.

On 19 November 2020, following a strategic review of the Group's business operations, the Board announced its intention to divest of the ACAD and Fully Equipped businesses (excluding ACM Parts and FluidDrive).

The sale to GUD Holdings Limited was completed on the 31 December 2020 for a gross purchase consideration of \$70,000,000.

The ACAD and Fully Equipped businesses were not previously classified as held-for-sale or as discontinued operations. The comparative Condensed Consolidated Statement of Profit or Loss has been re-presented to show the discontinued operations separately from continuing operations.

### (A) FINANCIAL PERFORMANCE

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

	2021 \$'000	2020 \$'000
<b>Revenue and other income</b>	<b>40,537</b>	67,073
Expenses	(36,262)	(67,260)
Elimination of expenses related to corporate management fees	1,600	-
Fair value adjustments on contingent vendor consideration	375	(14)
<b>Total external expenses</b>	<b>(34,287)</b>	(67,274)
<b>Results from operating activities</b>	<b>6,250</b>	(201)
Income tax expense	(1,496)	(1,130)
<b>Results from operating activities, net of tax</b>	<b>4,754</b>	(1,331)
<b>Gain on sale of the discontinued operations, net of tax</b>	<b>7,397</b>	-
<b>Profit / (loss) from discontinued operations</b>	<b>12,151</b>	(1,331)
Exchange differences on translation of discontinued operations	(34)	-
<b>Other comprehensive loss from discontinued operations</b>	<b>(34)</b>	-

### (B) CASH FLOW INFORMATION

Cash flow information relating to the discontinued operations for the period to the date of disposal is set out below.

	2021 \$'000	2020 \$'000
<b>Movement in cash flows:</b>		
Net cash inflows provided by operating activities	2,463	11,331
Net cash outflows used in investing activities	(3,563)	(12,321)
Net cash (outflows) / inflows from financing activities	(3,423)	6,151
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(4,523)</b>	5,161



## E5 DISCONTINUED OPERATIONS (CONT.)

## (C) DETAILS OF THE SALE OF THE DIVISION

	2021 \$'000	2020 \$'000
<b>Consideration received:</b>		
Cash received	68,269	-
<b>Total disposal consideration</b>	<b>68,269</b>	<b>-</b>
Carrying amount of net assets sold	(59,254)	-
Transaction costs	(1,213)	-
<b>Gain on sale before income tax and reclassification of foreign currency translation reserve</b>	<b>7,802</b>	<b>-</b>
Reclassification of foreign currency translation reserve	(405)	-
Income tax expense on gain	-	-
<b>Gain on sale of discontinued operations, net of tax</b>	<b>7,397</b>	<b>-</b>

There was nil tax expense on the sale of discontinued operations, predominantly due to the accounting impairment of goodwill recognised in prior periods. The disposal has resulted in carried forward capital losses for which no deferred tax asset has been recognised.

In the event the discontinued operations achieve certain performance criteria during the period 1 July 2020 to 30 June 2021, as specified in an earn-out clause in the sale agreement, additional cash consideration of up to \$4,220,000 will be receivable. As at 31 December 2020, the fair value of the contingent consideration was determined to be \$2,110,000 and was recognised as a financial asset at fair value through profit or loss. As at 30 June 2021, the fair value of the contingent consideration was reduced to nil as the performance criteria was not expected to be met. This fair value adjustment has been recorded through the gain on sale of the discontinued operations.

The carrying amounts of assets and liabilities as at the date of sale are set out below.

	31 Dec 2020 \$'000
Cash and cash equivalents	3,872
Receivables and contract assets	8,230
Inventories	10,719
Property, plant and equipment	6,081
Right-of-use assets	20,133
Intangible assets	37,262
Net deferred tax assets	688
Other assets	2,415
<b>Total assets</b>	<b>89,400</b>
Trade and other payables	6,448
Lease liabilities	20,379
Provisions	3,319
<b>Total liabilities</b>	<b>30,146</b>
<b>Net assets</b>	<b>59,254</b>

**SIGNIFICANT ACCOUNTING POLICIES****Discontinued operations**

A discontinued operation is a component of the Group that represents a separate major line of business that is part of a disposal plan.

A business is classified as a discontinued operation when a decision is made to dispose of, or close down, the whole or a substantial part of that business unit. Assets and liabilities of the business unit are subsequently measured at the lower of their carrying amount and fair value, less estimated costs to sell.

The results of discontinued operations are presented separately in the Consolidated Statement of Profit or Loss.

## 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.

During the year, the Group acquired the operating assets of the following businesses:

- Western Trucks
- Perth Parts Solutions
- National Trucks

These acquisitions are expected to increase the Group's market share, product offering and reduce costs through economies of scale. The goodwill is attributable to the future profitability of the acquired business.

### (A) FINANCIAL INFORMATION FOR CURRENT YEAR ACQUISITIONS

Details of the purchase consideration, net assets acquired, and goodwill of each business acquired by the Group during the year are presented in the following table.

	Western Trucks \$'000	Perth Parts Solutions \$'000	National Trucks \$'000	Total \$'000
<b>Consideration:</b>				
Cash paid	1,387	821	2,634	4,842
Contingent vendor consideration	3,863	-	1,300	5,163
<b>Total consideration</b>	<b>5,250</b>	<b>821</b>	<b>3,934</b>	<b>10,005</b>
<b>Net assets acquired:</b>				
Receivables and contract assets	91	-	108	199
Inventories	-	360	66	426
Property, plant and equipment	425	52	631	1,108
Right-of-use assets	5,501	1,284	2,857	9,642
Lease liabilities	(5,501)	(1,284)	(2,857)	(9,642)
Provisions	(244)	(29)	(385)	(658)
Net deferred tax assets	73	9	115	197
<b>Total net assets acquired</b>	<b>345</b>	<b>392</b>	<b>535</b>	<b>1,272</b>
<b>Goodwill</b>	<b>4,905</b>	<b>429</b>	<b>3,399</b>	<b>8,733</b>

### (B) SUMMARY OF ACQUISITIONS

#### (i) Western Trucks

On 25 September 2020, the Group acquired the business and operating assets of Western Trucks. The acquisition bolsters the Group's heavy vehicle footprint in Victoria and aligns with the Group's strategic direction of expanding into the heavy vehicle collision repair industry.

#### (ii) Perth Parts Solutions

On 30 October 2020, the Group acquired the business and operating assets of Perth Parts Solutions. Perth Parts Solutions is a leading supplier of used automotive parts to both the motor vehicle repair industry and the general public. In addition to providing its customers with quality used and aftermarket automotive parts, it also operates a dismantling operation for recycled auto parts in Western Australia. This strategic investment provides the Group with the opportunity to expand the geographic presence of the parts business.

#### (iii) National Trucks

On 5 February 2021, the Group acquired the business and operating assets of National Trucks. The acquisition aligns with the Group's strategic direction of expanding into the heavy vehicle collision repair industry.

### (C) REVENUE AND PROFIT CONTRIBUTION

The revenue and profit contribution to the Group from acquisitions from date of acquisition to reporting date is presented below:

	Western Trucks \$'000	Perth Parts Solutions \$'000	National Trucks \$'000	Total \$'000
Revenue	5,419	1,885	2,823	10,127
Profit before tax	1,459	114	516	2,089

From the date of acquisition to 30 June 2021, these acquisitions generated revenue and other income of \$10,127,000 and a profit before tax of \$2,089,000. On a pro-rata basis, the Group expects that if the above businesses were acquired on 1 July 2020, the acquisitions would have generated revenue and other income of \$16,819,000 and profit before tax of \$3,339,000.



**E6 BUSINESS COMBINATIONS (CONT.)****(D) ACQUISITION RELATED COSTS**

Acquisition costs are largely included in professional services expense in the Consolidated Statement of Profit or Loss and in operating cash flows in the Consolidated Statement of Cash Flows. The acquisition related costs are set out below:

	Western Trucks \$'000	Perth Parts Solutions \$'000	National Trucks \$'000	Total \$'000
Acquisition related costs	32	49	56	137

**(E) PROVISIONAL ASSESSMENT OF FAIR VALUE**

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**(i) Current year acquisitions**

There were no changes between the provisional acquisition accounting recognised in the 31 December 2020 Interim Financial Statements and the final acquisition accounting recognised in the 30 June 2021 Financial Statements.

**(ii) Prior year acquisitions**

During the current year, the Group has finalised the acquisition accounting for the following prior year acquisitions:

- BF Panels (acquired 31 December 2019)
- Fully Equipped (acquired 31 January 2020)
- Luxury Body Shop (acquired 24 February 2020)
- Graeme Hull Smash Repairs (acquired 6 March 2020)

The net assets recognised in the Group's Consolidated Financial Statements for the year ended 30 June 2020 were based on a provisional assessment of the fair value of each business acquired while the Group sought independent valuations for tangible assets (namely property, plant and equipment).

The valuations were completed during the current year and resulted in the following changes to the acquisition accounting:

- Net increase to net identifiable assets acquired of \$608,000
- Net decrease to goodwill of \$608,000; and
- Nil movement to contingent vendor consideration.

**(F) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Business combinations are accounted for under AASB 3 *Business Combinations* and are initially accounted for on a provisional basis. Acquisition accounting for business combinations requires identifiable assets to be valued at fair value which often requires assumptions, estimates and judgements. Assumptions required may include but are not limited to cash flows, weighted average cost of capital, replacement cost, useful lives and an assessment of the market terms on leases. The Group often engages third-party experts to conduct independent valuations of identifiable assets. The Group takes into consideration all available information at the date of acquisition and any fair value adjustments in the final acquisition accounts are retrospectively applied back to the acquisition date.

**SIGNIFICANT ACCOUNTING POLICIES****Business combinations**

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The group accounts for business combinations using the acquisition method when control is transferred to the Group (refer note E2). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at its proportionate share of the acquiree's identifiable net assets.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

Contingent vendor consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent vendor consideration are recognised in profit or loss.



# 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.

<b>F1</b>	<b>SHARE-BASED PAYMENTS</b>
<b>F2</b>	<b>RELATED PARTY TRANSACTIONS</b>
<b>F3</b>	<b>AUDITORS' REMUNERATION</b>
<b>F4</b>	<b>COMMITMENTS</b>
<b>F5</b>	<b>CONTINGENT LIABILITIES</b>
<b>F6</b>	<b>FORMER CEO AND EXECUTIVE DIRECTOR</b>
<b>F7</b>	<b>EVENTS OCCURRING AFTER THE REPORTING PERIOD</b>

## 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:

- an Option;
- a Right;
- a Share;
- a Performance Share.

### (A) OPTIONS GRANTED UNDER THE EMPLOYEE EQUITY PLAN

Options are granted under the Plan for no consideration and carry no dividend or voting rights. When exercisable, each Option is converted into one fully paid ordinary share in the Company.

On the 25 April 2021, 2,000,000 unissued shares under Option expired. There were no Options granted during the current financial year and as at 30 June 2021 there are no Options outstanding under the Plan.

#### (i) Movements during the year

Set out in the table below is a summary of movements in the number of Options 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
26 November 2018	2,000,000	-	-	(2,000,000)	-	-

### (B) 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

The second allocation of performance rights under the PRP were granted on 23 November 2020. The grants were awarded at no cost to the participants and are subject to performance conditions over a three-year period ending 30 June 2023.

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	Exercised during the year	Forfeited during the year	Balance at the end of the year	Unvested at the end of the year
12 September 2019	1,369,687	-	-	(330,882)	1,038,805	1,038,805
21 October 2019	1,269,117	-	-	(921,691)	347,426	347,426
1 November 2019	591,697	-	-	(141,184)	450,513	450,513
20 November 2019	1,985,295	-	-	(1,985,295)	-	-
29 November 2019	413,603	-	-	(413,603)	-	-
4 December 2019	208,344	-	-	-	208,344	208,344
23 November 2020	-	11,737,277	-	(5,528,977)	6,208,300	6,208,300
	<b>5,837,743</b>	<b>11,737,277</b>	<b>-</b>	<b>(9,321,632)</b>	<b>8,253,388</b>	<b>8,253,388</b>



**F1 SHARE-BASED PAYMENTS (CONT.)****(B) PERFORMANCE RIGHTS PROGRAM (CONT.)****(ii) Vesting conditions of rights**

Vesting of the performance rights is subject to continued employment with the Group and achievement of performance hurdles which are based on the Group's relative TSR (20%) and EPS (80%) performance over a three-year period.

Further details regarding these performance measures and how they are calculated can be found in the Remuneration Report on page 27.

**(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 relative 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 <sup>1</sup>	Share price on grant date	Share price volatility <sup>2</sup>	Risk free rate	Annual dividend yield	Fair value per TSR right	Fair value per EPS right	Vesting date
12 September 2019	\$1.32	30%	0.88%	2.8%	\$0.50	\$1.22	1 July 2022
21 October 2019	\$1.37	30%	0.78%	2.8%	\$0.56	\$1.27	1 July 2022
1 November 2019	\$1.38	30%	0.78%	2.8%	\$0.57	\$1.28	1 July 2022
20 November 2019	\$1.27	30%	0.71%	2.8%	\$0.42	\$1.18	1 July 2022
29 November 2019	\$1.24	30%	0.65%	2.8%	\$0.41	\$1.15	1 July 2022
4 December 2019	\$1.20	30%	0.68%	2.8%	\$0.37	\$1.11	1 July 2022
23 November 2020	\$0.75	40%	0.91%	1.00%	\$0.34	\$0.72	31 August 2023

<sup>1</sup> For the purposes of valuation, the grant date is determined in accordance with AASB 2 *Share-based Payments*.

<sup>2</sup> The Company share price volatility is based on the Company's average historical share price volatility at the grant date.

**(C) 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	-	-	909,090	909,090

**(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.

**(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.

Tranche	Grant date	Service rights granted	Share price on grant date	Risk free rate	Annual dividend yield	Fair value per right	Vesting date
Tranche 1	28 June 2021	454,545	\$0.56	0.021%	0.00%	\$0.56	13 November 2021
Tranche 2	28 June 2021	454,545	\$0.56	0.021%	0.00%	\$0.56	1 July 2022

**(D) EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2021 \$'000	2020 \$'000
Share-based payments (write-back) / expense	(1,227)	1,288

The share-based payments expense for the year ended 30 June 2021 is a net write-back. 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 FY21 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.



**F1 SHARE-BASED PAYMENTS (CONT.)****(E) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The cost of share-based payments are 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 (relative 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 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.

**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:

	2021 \$	2020 \$
Short-term employee benefits	4,453,768	3,419,953
Post-employment benefits	107,336	127,664
Long-term benefits	5,986	21,325
Termination benefits	-	845,989
Other benefits	42,265	74,736
Equity settled benefits <sup>1</sup>	(714,241)	1,033,068
<b>Total KMP compensation</b>	<b>3,895,114</b>	<b>5,522,735</b>

<sup>1</sup> The share-based payments expense for the year ended 30 June 2021 is a net write-back. 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 FY21 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.

Detailed remuneration disclosures and information regarding compensation of individual Key Management Personnel are provided in the Remuneration Report on pages 19 to 35.



## F2 RELATED PARTY TRANSACTIONS (CONT.)

## (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 aggregate amounts that were recognised in the Consolidated Statement of Profit or Loss in relation to the transactions which occurred between KMP and the Group.

Service, entity and nature of transaction	KMP	2021 \$	2020 \$
<b>Legal and advisory services</b>			
The Group utilises Nicholson Ryan Lawyers for ongoing legal and advisory services.	Leath Nicholson	930,697	1,541,683
The Group engaged Colinton Capital Partners Pty Ltd to provide financial advisory and transactional services in relation to the acquisition of Capital Smart and ACM Parts, and the related equity raise and debt refinance.	Simon Moore	-	3,150,000
<b>Property rental fees and outgoings</b>			
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 <sup>1</sup>	1,357,234	2,035,353
The Group has incurred rental fees and outgoing expenses and made payments to Silvan Bond Pty Ltd and Malone Superannuation Fund.	Raymond Malone <sup>2</sup>	-	39,609
The Group has incurred rental fees and outgoing expenses and made payments to SFRE Pty Ltd.	Raymond Smith-Roberts <sup>3</sup>	-	125,074
<b>Claims management</b>			
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 <sup>1</sup>	437,983	653,544
<b>Training and recruitment</b>			
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 <sup>4</sup>	141,599	189,502
<b>Total other transactions with KMP</b>		<b>2,867,513</b>	<b>7,734,765</b>

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

2 Amounts disclosed in relation to Raymond Malone are for the period to 31 August 2019 (prior comparative period), which is the date Raymond Malone ceased being a KMP.

3 Amounts disclosed in relation to Raymond Smith-Roberts are for the period to 20 November 2019 (prior comparative period), which is the date Raymond Smith-Roberts ceased being a KMP.

4 Amounts disclosed in relation to Steven Bubulj are for the period to 26 March 2021, which is the date Steven Bubulj ceased being a KMP.

## (D) BALANCES OUTSTANDING TO ENTITIES CONTROLLED BY KEY MANAGEMENT PERSONNEL

The table below summarises the aggregate amounts that were recognised in the Consolidated Statement of Financial Position in relation to the transactions which occurred between KMP and the Group.

Service, entity and nature of transaction	KMP	2021 \$	2020 \$
<b>Right-of-use assets</b>			
The Group leases site warehouses and office space from AV Ventures Pty Ltd, A&R Property Developments Pty Ltd, A&R Development Holdings Pty Ltd and Bundall Road Pty Ltd.	Andrew Hopkins <sup>1</sup>	-	14,400,516
<b>Lease liabilities</b>			
The Group leases site warehouses and office space from AV Ventures Pty Ltd, A&R Property Developments Pty Ltd, A&R Development Holdings Pty Ltd and Bundall Road Pty Ltd.	Andrew Hopkins <sup>1</sup>	-	14,942,611
<b>Trade and other payables</b>			
The Group utilises Nicholson Ryan Lawyers for ongoing legal and advisory services.	Leath Nicholson	114,328	-
The Group transacts with A & R Insurance Management (t/a Unity Specialised Services), a claims management business.	Andrew Hopkins <sup>1</sup>	-	17,760
The Group transacts with I-CAR Australia, an industry based not-for-profit organisation.	Steven Bubulj <sup>2</sup>	-	19,000
<b>Net liabilities to KMP related entities</b>		<b>114,328</b>	<b>578,855</b>

1 2021 disclosure in relation to Andrew Hopkins is not shown as Andrew Hopkins was not a KMP as at 30 June 2021.

2 2021 disclosure in relation to Steven Bubulj is not shown as Steven Bubulj was not a KMP as at 30 June 2021.



**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.

Andrew 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. Andrew Hopkins has defaulted on his loan and as at 30 June 2021, the balance outstanding on his loan is \$1,399,493 (30 June 2020: \$1,339,130).

The Group has not impaired the value of the loan largely due to the existence of a recently signed loan deed and an assessment of the capacity of Andrew Hopkins to repay the loan. Refer to note F6 for further details.

The movement from prior year to the current balance of \$1,399,493 is due to interest accrued.

There are no other loans with related parties outstanding as at the date of this report.

**F3 AUDITORS' 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:

	2021 \$	2020 \$
<b>Audit and other assurance services</b>		
Audit and review of financial statements - Group	679,972	657,705
Audit and review of financial statements - controlled entities	216,315	219,000
Other assurance services	-	2,277
<b>Total remuneration for audit and other assurance services</b>	<b>896,287</b>	<b>878,982</b>
<b>Other non-audit services</b>		
Transactional services	888,160	1,277,490
Tax compliance services	39,093	62,335
Other services	-	13,223
<b>Total remuneration for other non-audit services</b>	<b>927,253</b>	<b>1,353,048</b>
<b>Total auditors' remuneration</b>	<b>1,823,540</b>	<b>2,232,030</b>

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.

	2021 \$'000	2020 \$'000
<b>Capital expenditure commitments</b>		
<i>Committed at the end of the reporting period but not recognised as liabilities, payable:</i>		
Within one year	21	-
Later than one year but not later than five years	-	-
Later than five years	-	-
<b>Total capital expenditure commitments</b>	<b>21</b>	<b>-</b>
<b>Operating lease commitments</b>		
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	161	237
Later than one year but not later than five years	341	270
Later than five years	-	-
<b>Total operating lease commitments</b>	<b>502</b>	<b>507</b>
<b>Total commitments for expenditure</b>	<b>523</b>	<b>507</b>

## 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) BANK GUARANTEES IN RESPECT OF CONTROLLED ENTITIES

Undertakings have been given by the Company in the normal course of business. It is not practicable to ascertain or estimate the maximum amount for which the Company may become liable in respect thereof. As at 30 June 2021 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.

	2021 \$'000	2020 \$'000
Bank guarantees	9,780	12,414

### (B) LEGAL CLAIMS

During the period, 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.



## F6 FORMER CEO AND EXECUTIVE DIRECTOR

In late September 2020, the AMA Group Board of Directors received a protected disclosure from an individual employed by the Company. On receipt of these allegations, in accordance with the Company's Whistleblower Policy, the Group engaged law firm Seyfarth Shaw Australia and leading forensic accounting firm McGrathNicol Advisory to undertake an independent forensic investigation. The investigation was into the contents of the disclosure, which involved allegations in relation to the conduct of the former Group CEO and Executive Director, Andrew Hopkins, during the period he was a senior executive with the Group.

In January 2021, a report was received in respect of the independent forensic investigation and Andrew Hopkins's resignation was tendered on 31 January 2021, effective on that date. As disclosed in the half year report ended 31 December 2020, the Group had formally commenced a process to recover funds of approximately \$1,000,000 based on information at the date of that report.

Following the initial whistleblower disclosure and investigation, further whistleblower disclosures were made by a number of individuals who each raised allegations about Andrew Hopkins' conduct. The conduct primarily related to unauthorised expenses. The unauthorised expenses are identified to have been incurred between FY16 and FY21, with the majority incurred prior to FY20. A portion of these unauthorised transactions were capitalised in property, plant and equipment due to the nature of the items. These have subsequently been written off to the profit or loss as impairment expense in FY21.

In May 2021, and as a result of McGrathNicol Advisory's reports, the Company filed proceedings in the Federal Court of Australia against Andrew Hopkins (and a company controlled by him) for the recovery of unauthorised expenses incurred by or on behalf of Andrew Hopkins as CEO of the Company, and the repayment of an outstanding related party loan.

As noted in the FY20 Annual Report, Andrew Hopkins had a related party loan which dated back to FY16 and was acquired as part of the Gemini Accident Repair Centres Pty Ltd acquisition. It was previously agreed to be extinguished against future short-term and long-term incentives but under the agreement, it is immediately due and payable in the event that Andrew Hopkins is no longer employed or contracted. Andrew Hopkins's loan accrues interest and as at 30 June 2021, the balance outstanding on his loan is circa \$1,400,000. The Group has not impaired the value of the loan largely due to the existence of a recently signed loan deed and an assessment of the capacity of Andrew Hopkins to repay the loan.

At the date of this report, the legal proceedings in the Federal Court of Australia remain on foot and the Group is seeking to recover funds of approximately \$3,000,000 relating to unauthorised expenses incurred by or on behalf of Andrew Hopkins as CEO of the Company (circa \$1,600,000) and the repayment of the outstanding loan which is in default and currently due and payable (circa \$1,400,000). At the date of this report, the Group has not yet received any funds.

Andrew Hopkins had been granted 4,875,004 performance rights under the Group's PRP. The vesting requirements of the performance rights are subject to service conditions. As the service conditions have not been met, the performance rights lapsed on 31 January 2021.

During the financial year, the Group has incurred \$737,000 in professional fees relating to investigating the whistleblower disclosures and subsequent legal proceedings.

## F7 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.

The Group continues to experience uncertainty and adverse conditions resulting from impacts of the COVID-19 pandemic. Authorities have responded to the latest outbreak with travel restrictions, border closures and lockdowns across the East Coast of Australia. The Group continue to adapt to the restrictions and manage the associated risks appropriately.

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' DECLARATION

### In the Directors' opinion:

- (a) the attached 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 2021 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**  
Director

23 August 2021



# 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 2021 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 2021;
- 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 the Code.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



## 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. Our approach to this included:

- Evaluating the feasibility, quantum and timing of the Group's plans to revise funding arrangements and/or raise additional funding to address going concern;
- Assessing the Group's cash flow forecasts for incorporation of the Group's future operations and plans to address going concern, in particular in light of forecasted potential breaches of debt covenants under the requirements of existing debt arrangements; and
- Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and 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 - \$349.2m, Impairment - \$95.8m)

Refer to Note C6 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 31% of total assets) and the significantly higher estimation uncertainty continuing from the business disruption impact of 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 a loss during the year. COVID-19 has continued to impact the Group through the hibernation of selected businesses, labour shortages, increase in parts costs and a reduction in the demand for certain products and services. There was also turnover in senior management during the year which impacted the future operating strategies of the Group. 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 synergies from business acquisitions 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

### 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 based on our understanding of the operations of the Group's business including the level at which management monitor goodwill and how independent cash inflows were generated, against the requirements of the accounting standards;
- We made enquires of management to understand the continuing impact of COVID-19 to the Group;
- 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 this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of





<p>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 their feasibility and consistency of application to the Group’s strategy; and</p> <ul style="list-style-type: none"> <li>• 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. We involve our valuations specialists with the assessment.</li> </ul> <p>The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and 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>In addition to the above, the Group recorded an impairment charge of \$90.6m against goodwill in relation to Capital Smart. This further increased our audit effort in this key audit area.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>bias or inconsistency in application and to focus our further procedures;</p> <ul style="list-style-type: none"> <li>• We challenged the Group’s forecast cash flow and growth assumptions in light of the expected continuation of unprecedented uncertainty of business disruption and impacts of the COVID-19 global pandemic. 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;</li> <li>• 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;</li> <li>• We assessed the impact of business expansion and market changes on the Group’s key assumptions, specifically forecast EBIT growth expected to be achieved through identified synergies, EBIT contribution from identified growth initiatives, capital spend requirements and head office costs, for indicators of bias and inconsistent application, using our industry knowledge;</li> <li>• 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;</li> <li>• We recalculated the impairment charge against the recorded amount disclosed; and</li> <li>• We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.</li> </ul>
--	---



## Revenue Recognition (Revenue and other income - \$919.9m)

Refer to Note B2 of the financial report

### The key audit matter

The Group has revenue streams across each of its different operating segments. The Group's significant revenue streams include:

- Vehicle panel repair services; and
- Sale of automotive parts and accessories.

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.

This was driven from the:

- High volume of transactions of revenue recognised;
- Complexity involved in applying the requirements of AASB15 *Revenue from Contracts with Customers*, including consideration of the timing of revenue recognition based on underlying arrangements with customers; and
- Opportunity for manual intervention, the high volume of transactions and the interfaces of multiple systems with the general ledger presenting conditions for transactions to be recorded incorrectly.

### How the matter was addressed in our audit

Our procedures included:

- 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;
- Evaluating the adequacy of the disclosures made in Note B2 in light of the requirements of the 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](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 2021, 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 19 to 35 of the Directors' report for the year ended 30 June 2021.

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 2021









## ASX ADDITIONAL INFORMATION

In accordance with the ASX Listing Rules the following information, as at 4 August 2021, is provided:

### SUBSTANTIAL HOLDERS

The Company hold current substantial holder notifications in accordance with section 671B of the *Corporations Act 2001* for the following:

Name	Number of shares held	% of total shares held
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	205,462,498	27.52
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	157,169,027	21.05
CITICORP NOMINEES PTY LIMITED	37,722,910	5.05
UBS NOMINEES PTY LTD	33,933,855	4.55
NATIONAL NOMINEES LIMITED	24,369,285	3.26

### DISTRIBUTION OF EQUITABLE SECURITIES

Range	Holders	Number of shares held
1 - 1,000	568	302,217
1,001 - 5,000	1,299	3,608,420
5,001 - 10,000	691	5,377,648
10,001 - 100,000	1,453	46,721,013
100,001 Over	287	690,512,600
<b>Total</b>	<b>4,298</b>	<b>746,521,898</b>

There were 581 shareholders with less than a marketable parcel totalling 315,415 shares.

### UNQUOTED EQUITY SECURITIES

There were 2,681,830 Fully Paid Ordinary Unquoted shares held by 2 individual holders; with all holders having in excess of 100,000 units.

There were 8,253,388 performance rights (with the potential to take up ordinary shares) issued to 11 participating employees under the AMA Group Limited Performance Rights Program.

There were 909,090 service rights (with the potential to take up ordinary shares) issued to 1 participating employee under the AMA Group Limited Employee Equity Plan.

There were nil unquoted options (with the potential to take up ordinary shares).

There are no voting rights attached to the unquoted equity securities.

### QUOTED EQUITY SECURITIES

As at 4 August 2021 there were 4,298 individual holders (17 August 2020: 4,649).

The voting rights attaching to the ordinary shares are:

- (a) On a show of hands every shareholder present at a meeting in person or by proxy shall have one vote; and
- (b) Upon a poll, each share shall have one vote.

For details of registered office and share registry details refer to inside front cover – Shareholder Information.



## TOP 20 SHAREHOLDERS

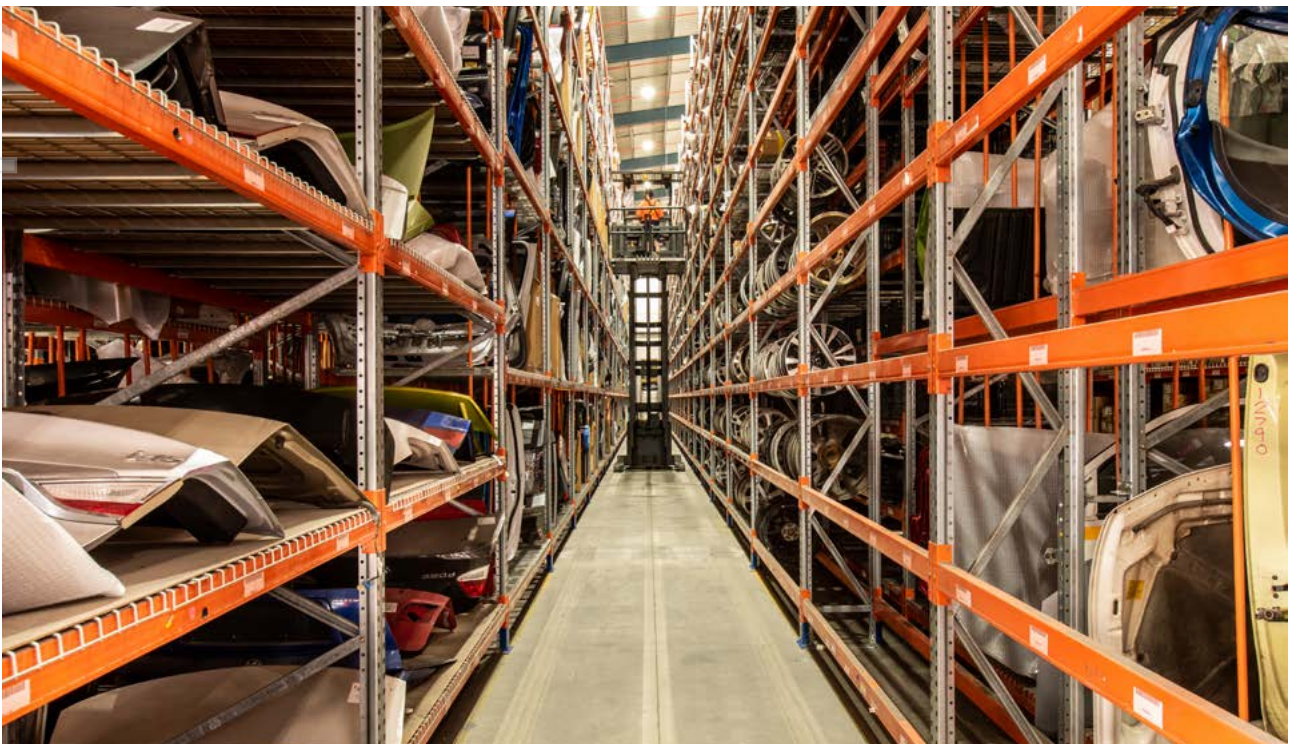
Name	Number of shares held	% of total shares held
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	205,462,498	27.52
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	157,169,027	21.05
CITICORP NOMINEES PTY LIMITED	37,722,910	5.05
UBS NOMINEES PTY LTD	33,933,855	4.55
NATIONAL NOMINEES LIMITED	24,369,285	3.26
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	22,952,403	3.07
BNP PARIBAS NOMS PTY LTD <DRP>	22,191,079	2.97
COLINTON CAPITAL PARTNERS PTY LTD <COLINTON CP FUND 1 (A) A/C>	19,172,581	2.57
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	9,911,430	1.33
SANDMAN 1 NOMINEES PTY LTD	9,777,779	1.31
DDH GRAHAM LIMITED <THE LUGARNO FUND A/C>	6,562,966	0.88
BNP PARIBAS NOMS(NZ) LTD<DRP>	6,503,822	0.87
MISSY NOMINEES PTY LTD <FRANK CRISPO FAMILY A/C>	5,028,138	0.67
YERRUS HOLDINGS PTY LTD <SURREY PANELS PENSION A/C>	4,200,001	0.56
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,726,840	0.50
AUTOCO PTY LTD	3,458,099	0.46
WINTER & TAYLOR PTY LTD	3,073,200	0.41
MR MICHAEL HERSKOPE	2,919,166	0.39
MR LACHLAN ALEXANDER MCGILLIVRAY	2,916,624	0.39
SOUTH CITY PANEL & PAINT PTY LTD	2,901,812	0.39
<b>Total: Top 20 holders of Fully Paid Ordinary Shares</b>	<b>583,953,515</b>	<b>78.20</b>

## SECURITIES SUBJECT TO ESCROW

Name	Number of shares held	Date escrow period ends
Fully Paid Ordinary Quoted	530,634	*
Fully Paid Ordinary Quoted	413,950	20 Jul 2021
Fully Paid Ordinary Unquoted	1,642,329	30 Sep 2020
Fully Paid Ordinary Unquoted	1,039,501	30 Sep 2021

\* Subject to non-date escrow terms

Some of the shares disclosed above are the subject of buy-back resolutions for consideration at the 2021 AGM.





For personal use only



**AMA Group Limited**  
ABN 50 113 883 560

Level 4  
130 Bundall Road  
Bundall QLD 4217  
[amagroupltd.com](http://amagroupltd.com)