AMA GROUP

ASX Announcement

21 February 2023

1H23 Appendix 4D and Interim Report

In accordance with ASX Listing Rules, please see attached AMA Group Limited's (ASX: AMA) (AMA Group) Appendix 4D and Interim Report for the half year ended 31 December 2022. AMA Group's 1H23 Investor Presentation will be provided separately.

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

ENDS.

Investors and Media:

Alexandra Holston, Director Investor Relations and Corporate Affairs

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The following information is presented in accordance with Listing Rule 4.2A.3 of the Australian Securities Exchange ("ASX").

Results for announcement to the market

Half year ended	31 Dec 2022	31 Dec 2021	Increase / (Decrease)	
	$'000	$'000	$'000	%
Revenue and other income from continuing operations	426,240	418,062	8,178	2.0%
Loss after income tax attributable to members	(25,750)	(46,294)	20,544	N/M
Normalised EBITDAI (post-AASB 16) [1]	25,296	4,149	21,147	509.7%

[1] Normalised results are unaudited non-IFRS measures. Refer to the Directors' Report for details of these calculations.

Dividends

No dividend declared or proposed in the current or previous financial period.

Financial Statements and Commentary on "Results for announcement to the market"

Detailed financial statements and commentary, including any significant information needed by an investor to make an informed assessment of the entity's activities and results, is contained in the Interim Financial Report for the period ended 31 December 2022.

Net tangible assets per share

Half year ended	31 Dec 2022	31 Dec 2021	Increase / (Decrease)	
	Cents	cents	cents	%
Net tangible assets per share	(22.8)	(22.0)	(0.8)	(3.6)

Details of entities over which control has been gained or lost during the period.

During the period, control was not gained or lost over any entity. The Group has no associates or joint ventures.

AMA GROUP

INTERIM FINANCIAL REPORT

For the Half-Year Ended 31 December 2022

AMA Group Limited ABN 50 113 883 560

Enduring Mobility:

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

AMA Group Limited
ABN 50 113 883 560
Level 13, 484 St Kilda Road
MELBOURNE, VICTORIA, 3004
AUSTRALIA
Telephone: +61 7 5628 3272
Website: amagroupltd.com
Email: 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

Email: web.queries@computershare.com.au

Stock Exchange Listing

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

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Directors' Report

Introduction

The Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of AMA Group Limited (AMA Group or Group) and its controlled entities for the half-year ended 31 December 2022.

This Directors' Report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth).

Directors

The following persons were Directors of AMA Group Limited during the six months ended 31 December 2022 and up to the date of this report, unless otherwise stated:

Name	Position
Anthony Day	Non-Executive Director and Chair
Carl Bizon	Group Chief Executive Officer
Paul Ruiz	Non-Executive Director
Nicole Cook	Non-Executive Director (retired 24 November 2022)
Kyle Loades	Non-Executive Director
Simon Moore	Non-Executive Director
Caroline Waldron	Non-Executive Director
Talbot Babineau	Non-Executive Director (appointed 13 February 2023)

Principal activities

AMA Group is a leader in the Australian and New Zealand collision repair industry. The principal activity of the Group is the operation and development of collision repair businesses in Australia and New Zealand, and the national supply of parts and consumables to the mechanical and collision repair industries.

Review and results of operations

Operating results

The half year ended 31 December 2022 marked the first six months of the FY23 transition year. The business environment was characterised by the continued impact of labour scarcity and ongoing high inflation impacting consumables, parts, and paint costs. The Group responded with AMA Collision (previously known as the Non-Drive business unit) pricing changes effective throughout the period and Capital S.M.A.R.T (previously referred to as the Drive business unit) interim pricing effective halfway through the period. Further, network optimisation activities concluded during the period, to improve productivity at operating sites. As at 31 December 2022, the Group has 127 active Vehicle Collision (Capital S.M.A.R.T and AMA Collision) sites across its vehicle repair network plus 9 Heavy Motor sites and 7 Supply locations. This reflects the non-drive sites network optimisation program hibernating or closing 20 sites, as well as the divestment of the FluidDrive business, which marks the completion of the ACAD business exit strategy.

	Revenue and other income			Pre-AASB 16 EBITDA		
Segment ($000s)	HY2023	HY2022	Change	HY2023	HY2022	Change
Vehicle Collision Repairs	372,652	357,564	15,088	1,063	(15,484)	19,446
Heavy Motor	31,741	27,842	3,899	3,311	3,538	(227)
Supply	40,556	42,698	(2,142)	(11)	(3,846)	3,835
Corporate / Eliminations	(18,709)	(10,042)	(8,667)	(3,823)	(7,381)	3,558
Total Group	**426,240**	**418,062**	**8,178**	**540**	**(23,173)**	**26,612**
Normalisations:						
Closed and hibernated site costs				1,957	900	1,057
Legal costs on investigations and earn-outs				373	506	(133)
Normalised Pre-AASB 16 EBITDA *(unaudited, non-IFRS term)*				**2,870**	**(21,767)**	**27,536**
AASB 16 Leases impact to occupancy costs				22,426		
Normalised Post-AASB 16 EBITDA *(unaudited, non-IFRS term)*				25,296		

Revenue and other income increased to $426.2 million despite a 4% decrease in repair volumes during the half year, driven by interruptions during pricing negotiations and revised commercial arrangements as well as the cessation of unprofitable work. The Group reported an operating loss after tax of $27.2 million in 1H FY23. This result was primarily driven by the continued fixed price arrangement in the Capital S.M.A.R.T business, which is due to reset on 1 July 2023 and the transition to the revised pricing arrangement in AMA Collision (previously referred to as the Non-Drive business unit), which was implemented during the period and resulted in initial volume reductions. The Group also saw increased cost of raw materials and consumables and continued to experience high vacancy rates. Pleasingly, the second quarter of the half saw stronger results off the back of commercial pricing and consolidation of scarce labour resources at more profitable sites.

Net profit before tax ($000s)	HY2023	HY2022
Pre AASB 16 EBITDA	540	(23,173)
AASB 16 Leases impact to occupancy costs	22,426	25,916
Depreciation, amortisation and impairment	(42,579)	(55,261)
Net finance charges	(18,267)	(15,519)
Loss on disposal of business	(41)	-
Fair value adjustments on contingent vendor consideration	654	4
Loss before income tax	**(37,267)**	**(68,033)**

Depreciation, amortisation and impairment is lower than the prior comparative period as the prior period included $16.7 million of impairments for sites closed/hibernated ($4.6 million in current period). The lower site numbers has reduced depreciation in the current period, however this has been offset by higher make good asset depreciation as make good assets on many sites were substantially increased in December 2021.

Finance costs increased over the prior comparative period due to margins on debt increasing from August 2022 resulting from the revisions to the Group's facility. The Group was also fully hedged in the prior period compared to 60% hedged at December 2022 following the maturity of a fixed rate swap in October 2022.

The Group finalised all contingent vendor consideration on hand at 31 December 2022, with a final payment of $2.0 million made on 1 January 2023.

Financial Position and Cashflow

During the half-year to 31 December 2022, there were no material investing or financing activities. The Group made a cash investment of $8.9 million into expanding and broadening the range of inventory held by the Supply business, which contributed to the $4.1 million outflow of cash from operations during the period (1H22: $22.8 million outflow). Cash flow from operations also improved due to a $15.3 million tax receipt following the submission of the FY22 tax return. Carry-back rules enabled the cash recovery of losses made in FY22, effectively representing the refund of previous income tax paid. The Group has access to further claims of carry-back losses and has reflected an income tax receivable of $2.7 million, which is expected to be received in FY2024. In addition, operating cash flow is expected to benefit from the terms of the renewed 10-year partnership with BASF as announced in December 2022.

Set out below is the net debt calculation, which is presented in accordance with the calculation requirements of the Group's Syndicated Facility Agreement.

Net senior debt	31 Dec 2022 $'000	30 Jun 2022 $'000
Financial liabilities – drawn cash facilities	165,000	165,000
Cash and cash equivalents	(33,326)	(52,189)
Contingent vendor consideration - 50% of cash settled	1,000	1,220
Net senior debt used in covenant calculations	**132,674**	**114,031**

During the period, the Group was under modified covenant testing criteria. The first test under a minimum EBITDA threshold was as at 31 December 2022 and the Group has achieved compliance with this test. Net senior debt remains under the agreed thresholds with senior lenders.

With prudent actions taken during the period, the Group maintains a strong financial position. The Group ended 1H FY23 with a cash balance of $33.3 million and net assets of $193.9 million. With substantial cash reserves, improved commercial positioning and rebounding volumes, AMA expects to see metrics improve and headroom built to enable future growth.

Events occurring after the reporting period

There has not been any other matter or circumstance occurring since 31 December 2022, in the reasonable opinion of the Directors, that may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Dividends

No interim dividend has been declared for the half-year ended 31 December 2022. This decision also allows the business to focus on its strategic growth plans.

Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 7.

Rounding of amounts

The Group is of a kind referred to in *Instrument 2016/191*, issued by the *Australian Securities and Investments Commission*, relating to the 'rounding off' of amounts in the Financial / Directors' Report. Amounts in this report and the interim financial report have been rounded off to the nearest thousand dollars in accordance with the Instrument.

This Directors' Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Anthony Day
Non-Executive Director & Chair of the Board
21 February 2023

Carl Bizon
Executive Director & Group Chief Executive Officer

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 review of AMA Group Limited for the half-year ended 31 December 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Maritza Araneda
Partner

Melbourne
21 February 2023

Interim Financial Report

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Notes to the Condensed Consolidated Financial Statements

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by AMA Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Condensed Consolidated Statement of Profit or Loss

For the half-year ended 31 December 2022

	Notes	31 Dec 2022 $'000	31 Dec 2021 $'000
Revenue and other income	B2	**426,240**	418,062
Raw materials and consumables used		**(202,720)**	(217,365)
Employee benefits expense		**(171,683)**	(167,199)
Occupancy expense		**(11,904)**	(13,385)
Professional services expense		**(4,202)**	(6,220)
Other expense		**(12,765)**	(11,150)
Loss on disposal of business	C1(A)	**(41)**	-
Fair value adjustments on contingent vendor consideration		**654**	4
Depreciation and amortisation expense		**(38,006)**	(38,577)
Impairment expense	B3(B)	**(4,573)**	(16,684)
Operating loss before interest and tax		**(19,000)**	(52,514)
Net finance costs	B3(A)	**(18,267)**	(15,519)
Loss before income tax		**(37,267)**	(68,033)
Income tax benefit		**10,040**	20,018
Loss for the period		**(27,227)**	(48,015)
Loss is attributable to:			
Members of AMA Group Limited		**(25,750)**	(46,294)
Non-controlling interests		**(1,477)**	(1,721)
		(27,227)	(48,015)
Basic and diluted loss per share (cents)	D1	**(2.40)**	(5.18)

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

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2022

	31 Dec 2022 $'000	31 Dec 2021 $'000
Net loss	**(27,227)**	(48,015)
Other comprehensive income / (expense)		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**31**	24
Changes in fair value of cash flow hedges	**(1,061)**	1,330
Other comprehensive income / (expense) , net of tax	**(1,030)**	1,354
Total comprehensive loss, net of tax	**(28,257)**	(46,661)
Total comprehensive loss is attributable to:		
Members of AMA Group Limited	**(26,785)**	(44,942)
Non-controlling interests	**(1,472)**	(1,719)
	(28,257)	(46,661)

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31 Dec 2022 $'000	30 Jun 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**33,326**	52,189
Receivables and contract assets		**49,846**	67,428
Inventories		**47,385**	39,565
Other financial assets	C5	**3,084**	3,067
Current tax receivable		**2,685**	14,405
Other assets		**9,776**	7,820
Total current assets		**146,102**	184,474
Non-current assets			
Property, plant and equipment	C1	**47,298**	53,013
Right-of-use assets	C3(A)	**260,851**	266,889
Intangible assets	C2	**444,350**	454,162
Other financial assets	C5	**4,281**	5,212
Deferred tax assets		**21,479**	20,942
Total non-current assets		**778,259**	800,218
Total assets		**924,361**	984,692
LIABILITIES			
Current liabilities			
Trade and other payables		**87,151**	102,164
Other financial liabilities	D3	**2,000**	2,940
Lease liabilities	C3(B)	**33,453**	34,076
Provisions		**41,277**	42,593
Other liabilities	C4	**14,647**	29,058
Current tax payable		**511**	-
Total current liabilities		**179,039**	210,831
Non-current liabilities			
Borrowings	D3	**208,016**	205,088
Lease liabilities	C3(B)	**254,671**	255,227
Provisions		**22,083**	25,292
Other liabilities	C4	**38,942**	33,841
Deferred tax liabilities		**27,715**	34,630
Total non-current liabilities		**551,427**	554,078
Total liabilities		**730,466**	764,909
Net assets		**193,895**	219,783
EQUITY			
Contributed equity	D2	**533,190**	531,504
Other reserves		**4,793**	5,145
Convertible notes		**5,197**	5,197
Retained deficit		**(358,232)**	(332,482)
Total Group interest		**184,948**	209,364
Non-controlling interests		**8,947**	10,419
Total equity		**193,895**	219,783

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

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Notes	Attributable to owners of AMA Group Limited						
		Share capital $'000	Convertible notes $'000	Other reserves $'000	Retained deficit $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2021		424,404	-	568	(188,268)	236,704	14,214	250,918
Loss for the period		-	-	-	(46,294)	(46,294)	(1,721)	(48,015)
Other comprehensive income		-	-	1,352	-	1,352	2	1,354
Total comprehensive income / (expense) for the period		**-**	**-**	**1,352**	**(46,294)**	**(44,942)**	**(1,719)**	**(46,661)**
Transactions with owners in their capacity as owners:								
Shares issued, net of transaction costs		97,160	-	-	-	97,160	-	97,160
Equity component of convertible notes, net of transaction costs		-	5,197	-	-	5,197	-	5,197
Employee equity plan		-	-	995	-	995	-	995
Balance at 31 December 2021		**521,564**	**5,197**	**2,915**	**(234,562)**	**295,114**	**12,495**	**307,609**

	Notes	Attributable to owners of AMA Group Limited						
		Share capital $'000	Convertible notes $'000	Other reserves $'000	Retained deficit $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2022		531,504	5,197	5,145	(332,482)	209,364	10,419	219,783
Loss for the period		-	-	-	(25,750)	(25,750)	(1,477)	(27,227)
Other comprehensive income / (expense)		-	-	(1,035)	-	(1,035)	5	(1,030)
Total comprehensive expense for the period		**-**	**-**	**(1,035)**	**(25,750)**	**(26,785)**	**(1,472)**	**(28,257)**
Transactions with owners in their capacity as owners:								
Shares issued, net of transaction costs	D2	1,686	-	(501)	-	1,185	-	1,185
Employee equity plan	E1	-	-	1,184	-	1,184	-	1,184
Balance at 31 December 2022		**533,190**	**5,197**	**4,793**	**(358,232)**	**184,948**	**8,947**	**193,895**

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	Notes	31 Dec 2022 $'000	31 Dec 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**487,638**	503,062
Payments to suppliers and employees (inclusive of GST)		**(494,556)**	(511,236)
Government grants received		**-**	501
Interest received		**187**	78
Interest and other costs of finance paid		**(12,663)**	(13,713)
Income taxes received/(paid)		**15,333**	(1,506)
Net cash outflow from operating activities		**(4,061)**	(22,814)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**653**	168
Payments for purchases of property, plant and equipment		**(4,352)**	(3,318)
Payments for intangible assets		**(66)**	(561)
Payments for businesses acquired (including earn-outs)		**(47)**	(6,476)
Proceeds from disposal of business (net of costs and cash disposed)	C1(A)	**2,450**	-
Net cash outflow from investing activities		**(1,362)**	(10,187)
Cash flows from financing activities			
Equity raised, net of costs		**-**	95,285
Proceeds from convertible notes		**-**	50,000
Repayment of borrowings		**-**	(72,500)
Principal elements of lease payments		**(13,389)**	(16,715)
Payment of new borrowings transaction costs		**-**	(5,993)
Net cash (outflow)/inflow from financing activities		**(13,389)**	50,077
Net (decrease) / increase in cash and cash equivalents		**(18,812)**	17,076
Cash and cash equivalents, at the beginning of the financial period		**52,189**	64,203
Effects of exchange changes on the balances held in foreign currencies		**(51)**	23
Cash and cash equivalents, at the end of the period		**33,326**	81,302

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

A BASIS OF PREPARATION

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

A1 Basis of preparation

This Condensed Consolidated Interim Financial Report for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of Directors on 21 February 2023.

This Condensed Consolidated Interim Financial Report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

Where necessary, comparative information has been re-presented to achieve consistency in disclosure with the current financial period presentation.

This report should be read in conjunction with the Group's most recent Annual Report as at and for the year ended 30 June 2022 and ASX announcements. This does not include all of the information required for a complete set of financial statements prepared in accordance with accounting standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the most recent annual financial statements.

(A) Going concern

This general-purpose Condensed Consolidated Interim 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.

As at 31 December 2022, the Group had current liabilities exceeding current assets by $32,937,000. This is impacted by AASB 16 *Leases* which requires the right-of-use asset ($260,851,000) to be entirely classified in non-current, whilst future lease payments are split between current ($33,453,000) and non-current ($254,671,000), resulting in a mismatch. Excluding this impact, current assets exceed current liabilities.

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. As reported in the 30 June 2022 annual report, the Group's financiers agreed to a revised covenant testing regime for FY2023 (based on a minimum EBITDA test), which the Group is currently compliant with and forecast to meet these covenants for the remainder of the financial year.

In FY2024, debt covenants revert back to previous covenants and while they expect to be achieved, the Group notes that there is continued uncertainty in a number of factors that will influence meeting these from 1 July 2023, including but not limited to commercial negotiation outcomes, labour availability, cost inflation and parts availability that may impact the Group's ability to satisfy these FY2024 covenants.

Management has taken a number of actions during the period to improve future profitability of the Group and is also potentially able to undertake alternative actions such as raising equity, securing additional financing, restructuring operations or the sale of assets to assist in meeting of revised covenants if required.

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

In the Directors' opinion the Group remains resilient and, as at the date of approving this report, that the cash flow forecasts support the Group's ability to continue as a going concern including ongoing compliance with requirements of the Group's finance facilities.

(B) Amendments of standards adopted by the Group

The accounting policies applied in these Condensed Consolidated Financial Statements are the same as those applied in the Group's Consolidated Financial Statements for the year ended 30 June 2022. None of the amendments to accounting standards have a material effect on the Group's Financial Statements.

A2 Critical accounting estimates and judgements

In preparing the Condensed Consolidated Interim Financial Statements, the Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The significant judgements made by the Directors in applying the Group's accounting policies and key sources of estimation uncertainty are the same as those described in the Group's Consolidated Financial Statements for the year ended 30 June 2022. 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 these estimates.

B PERFORMANCE FOR THE HALF-YEAR

This section provides information that is most relevant to explaining the Group's performance during the reporting period.

B1 Segment information

(A) Description of segments

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

The Board and Executive Management Team, the Chief Operating Decision Makers (CODM), monitor the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment assets and liabilities are not directly reported to the CODM when assessing the performance of the operating segments and are therefore not disclosed.

The Group identifies and presents four reportable segments - Vehicle Collision Repairs, Heavy Motor, Supply and Corporate/Eliminations. Reportable segments are based on aggregating operating segments where the segments are considered to have similar economic characteristics with respect to the products sold and/or services provided by the segment. Comparative information has been re-presented to reflect changes in relation to how management presents segment results in its operating results reporting to the CODM.

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

Vehicle Collision Repairs
Includes Capital S.M.A.R.T, which specialises in performing rapid repairs on cars that have sustained low-to-medium collision damage and are still drivable and AMA Collision, which provides larger, more complex repairs of cars that have sustained high severity collision damage and are undriveable as well as prestige repair. These business units were previously referred to as "Drive" and "Non-Drive", with a change in nomenclature following network optimisation.

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

Supply
Operating under ACM Parts, this business provides a large range of genuine, reclaimed and aftermarket parts as well as collision repair consumables for the mechanical and collision repair industries.

Corporate / Eliminations
Includes head office costs and centralised support functions such as HR, Finance, IT, Investor Relations, Procurement and Board and Governance costs.

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 Condensed Consolidated Financial Statements.

In addition to using profit as a measure of the Group, the Board and CODM use adjusted EBITDA as a measure to assess the performance of the segments. A reconciliation of adjusted EBITDA to loss before income tax is set out below.

	Vehicle Collision Repairs		Heavy Motor		Supply		Corporate / Eliminations		Total	
For the half-year ended 31 December	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue from external customers	**370,180**	356,192	**31,684**	27,789	**40,501**	42,644	**(19,066)**	(10,042)	**423,299**	416,583
Other income	**2,472**	1,372	**57**	53	**55**	54	**357**	-	**2,941**	1,479
Total revenue & other income	**372,652**	357,564	**31,741**	27,842	**40,556**	42,698	**(18,709)**	(10,042)	**426,240**	418,062
Segment result (EBITDA excluding impact of AASB 16 *Leases*)	**1,063**	(15,484)	**3,311**	3,538	**(11)**	(3,846)	**(3,823)**	(7,381)	**540**	(23,173)
AASB 16 *Leases* impact to occupancy costs	**17,687**	21,721	**2,505**	2,111	**2,141**	2,023	**93**	61	**22,426**	25,916
EBITDA	**18,750**	6,237	**5,816**	5,649	**2,130**	(1,823)	**(3,730)**	(7,320)	**22,966**	2,743
Depreciation, amortisation and impairment expense									**(42,579)**	(55,261)
Net finance costs									**(18,267)**	(15,519)
Loss on disposal of business									**(41)**	-
Fair value adjustments on contingent vendor consideration									**654**	4
Loss before income tax									**(37,267)**	(68,033)

The Group operates in Australia and New Zealand. Consistent with prior period, approximately 3% of revenue arises in New Zealand.

B2 Revenue and other income

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 to achieve consistency in disclosure with the current financial period presentation.

For the half-year ended 31 December	Vehicle Collision Repairs		Heavy Motor		Supply		Corporate / Eliminations		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue from external customers										
Collision repair services	**370,180**	356,192	**31,684**	27,789	**-**	-	**(19,066)**	(10,042)	**382,798**	373,939
Sale of goods	**-**	-	**-**	-	**40,235**	42,511	**-**	-	**40,235**	42,511
Other services	**-**	-	**-**	-	**266**	133	**-**	-	**266**	133
Total revenue from external customers	**370,180**	356,192	**31,684**	27,789	**40,501**	42,644	**(19,066)**	(10,042)	**423,299**	416,583
Other income	**2,472**	1,372	**57**	53	**55**	54	**357**	-	**2,941**	1,479
Revenue from external customers and other income	**372,652**	357,564	**31,741**	27,842	**40,556**	42,698	**(18,709)**	(10,042)	**426,240**	418,062
Timing of revenue recognition										
Over time	**370,180**	356,192	**31,684**	27,789	**266**	133	**(19,066)**	(10,042)	**383,064**	374,072
At a point in time	**-**	-	**-**	-	**40,235**	42,511	**-**	-	**40,235**	42,511
Revenue from external customers	**370,180**	356,192	**31,684**	27,789	**40,501**	42,644	**(19,066)**	(10,042)	**423,299**	416,583

B3 Other expense items

(A) Net finance costs

	31 Dec 2022 $'000	31 Dec 2021 $'000
Interest and finance charges	**5,639**	3,408
Interest expense on lease liabilities	**9,008**	9,204
Unwind of make good provision	**788**	6
Interest on convertible notes	**1,367**	729
Debt restructure costs	**-**	1,520
Amortisation of borrowing costs	**1,652**	731
Interest income	**(187)**	(79)
Total net finance costs	**18,267**	15,519

(B) Impairment expense

The Group recognised the following non-cash impairment expenses for the half-year ended 31 December 2022:

	Notes	31 Dec 2022 $'000	31 Dec 2021 $'000
Impairment of right-of-use assets (including make good assets)	C3	**3,389**	8,128
Impairment of property, plant and equipment	C1	**1,184**	8,398
Impairment of software		**-**	158
Total impairment expense		**4,573**	16,684

C ASSETS AND LIABILITIES

This section provides information about the Group's major balance sheet items where the movement in the half year is significant to an understanding of the changes in the Group's financial position.

C1 Property, plant and equipment

Property, plant and equipment represents the investment by the Group in tangible assets such as leasehold improvements, plant and equipment, furniture and fittings, and motor vehicles.

The net book amounts and movements in property, plant and equipment for the half-year ended 31 December 2022 are set out below.

	Leasehold improvements $'000	Plant and equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
At 1 July 2022					
Cost or fair value	29,256	127,589	4,369	6,574	167,788
Accumulated depreciation	(22,648)	(85,681)	(2,759)	(3,687)	(114,775)
Net book amount	**6,608**	**41,908**	**1,610**	**2,887**	**53,013**
Movement:					
Additions	110	3,100	80	793	4,083
Disposals	(483)	(1,240)	(92)	(167)	(1,982)
Disposal of business	(10)	(216)	(12)	(7)	(245)
Depreciation	(771)	(4,929)	(340)	(420)	(6,460)
Impairment	(155)	(957)	(72)	-	(1,184)
Effect of foreign exchange	14	58	1	-	73
Closing net book amount	**5,313**	**37,724**	**1,175**	**3,086**	**47,298**
At 31 December 2022					
Cost	28,156	123,044	4,023	7,149	162,372
Accumulated depreciation	(22,843)	(85,320)	(2,848)	(4,063)	(115,074)
Net book amount	**5,313**	**37,724**	**1,175**	**3,086**	**47,298**

(A) Disposal of business

On 2 December 2022 AMA Group divested the FluidDrive business under an asset sale agreement. The result for the current period includes profit after tax of $0.3 million from this business earned from 1 July 2022 up until the date of disposal. Accounting for the disposal resulted in a loss as follows:

	Notes	Total $'000
Proceeds from sale		2,450
Goodwill	C2	(1,460)
Property, plant and equipment	C1	(245)
Inventories		(1,293)
Right of use assets	C3	(376)
Other assets and liabilities		1,023
Transaction costs		(140)
Loss on disposal		(41)

C2 Intangible assets

Intangible assets represent goodwill, customer contracts, software and other intangibles. 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.

The net book amounts and movements in intangible assets for the half-year ended 31 December 2022 are set out below.

	Goodwill $'000	Customer contracts $'000	Software $'000	Other intangibles $'000	Total $'000
At 1 July 2022					
Cost	500,333	240,043	6,949	2,410	749,735
Accumulated amortisation and impairment	(231,960)	(58,150)	(4,814)	(649)	(295,573)
Net book amount	**268,373**	**181,893**	**2,135**	**1,761**	**454,162**
Movement:					
Additions and adjustments	(230)	-	66	-	(164)
Disposal of business	(1,460)	-	-	-	(1,460)
Amortisation	-	(7,745)	(323)	(120)	(8,188)
Closing net book amount	**266,683**	**174,148**	**1,878**	**1,641**	**444,350**
At 31 December 2022					
Cost	498,010	240,043	7,016	2,410	747,479
Accumulated amortisation and impairment	(231,327)	(65,895)	(5,138)	(769)	(303,129)
Net book amount	**266,683**	**174,148**	**1,878**	**1,641**	**444,350**

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

For the purpose of assessing impairment, assets are grouped at the lowest levels for which goodwill is monitored for internal management purposes and allocated to cash generating units (CGU). The allocation is made to groups of CGUs identified according to operating segments.

In August 2022, the Non-Drive (renamed to AMA Collision) CGU completed a network optimisation program, which included sites transitioning to Capital Smart as well as a number of site mergers and hibernations. As a result of this change, the Non-Capital Smart Drive CGU was merged with the AMA Collision CGU, resulting in the AMA Collision CGU having $165.8m of goodwill. CGUs and their goodwill allocations are as follows:

Reporting Segment	Business unit	CGU (where not the reporting segment or business unit)	31 Dec 2022 $'000	30 Jun 2022 $'000
Vehicle Collision Repairs	Drive	Capital Smart	57,740	57,970
		Non-Capital Smart	-	30,649
	AMA Collision		165,763	135,114
Heavy Motor			43,180	43,180
Supply		FluidDrive[1]	-	1,460
Total goodwill			**266,683**	268,373

[1]On 2 December 2022 AMA Group divested FluidDrive business. Refer to Note C1 for details.

(C) Impairment testing

Goodwill and assets with an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised in the profit or loss 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.

The Group's impairment test is performed using the fair value less costs of disposal methodology. The recoverable amount is determined using a discounted cash flow model based on the present value of cash flow projections over a five-year period with the period extending beyond year five extrapolated using an estimated growth rate. Management has considered 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.

Management conducted full impairment tests on the CGUs at 31 December 2022 given material changes to both Capital Smart (as a result of interim pricing adjustment) and AMA Collision (as a result of the network optimisation). No impairment charge of goodwill has been recognised for the half-year ended 31 December 2022.

Key assumptions included terminal growth rate of 2.5% (30 June 2022: 2.5%), pre-tax discount rate of 12.3% (30 June 2022: 11.6%) and pre-AASB 16 EBITDA growth assumptions of between 20% and 45% for AMA Collision and Heavy Motor. For Capital Smart, assumptions on both volume and growth are consistent with 30 June 2022 assumptions. Growth rates are not meaningful given the low base number for EBITDA.

C3 Right-of-use assets and lease liabilities

The Group leases various offices, warehouses, site premises, equipment and vehicles. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

(A) Right-of-use assets

The net book amounts and movements in right-of-use assets for the half-year ended 31 December 2022 are set out below.

	Leased properties $'000	Leased equipment $'000	Total $'000
At 1 July 2022			
Cost	385,645	220	385,865
Accumulated depreciation and impairment	(118,835)	(141)	(118,976)
Net book amount	**266,810**	**79**	**266,889**
Movement:			
Additions and modifications to lease terms	15,863	-	15,863
Disposal of business	(376)	-	(376)
Depreciation	(23,329)	(29)	(23,358)
Impairment	(3,389)	-	(3,389)
Variable lease payments reassessment	5,013	-	5,013
Effect of foreign exchange	209	-	209
Closing net book amount	**260,801**	**50**	**260,851**
At 31 December 2022			
Cost	382,376	220	382,596
Accumulated depreciation	(121,575)	(170)	(121,745)
Net book amount	**260,801**	**50**	**260,851**

(B) Lease liabilities

	31 Dec 2022 $'000	30 Jun 2022 $'000
Current	**33,453**	34,076
Non-current	**254,671**	255,227
Total lease liabilities	**288,124**	**289,303**

Impairment of right-of-use assets

Right-of-use assets are tested for impairment as part of the CGU to which they relate. The related lease liability is also included in the carrying amount of the CGU.

During the period, the Group conducted a network optimisation program and took the opportunity to hibernate and consolidate a number of collision repair sites. As a result of this review, impairment indicators were identified at certain AMA Collision sites.
Consequently, the Group recognised impairment losses of $3,389,000 against right-of-use assets.

C4 Other liabilities

	31 Dec 2022 $'000	30 Jun 2022 $'000
Current		
Market incentive	**2,707**	14,119
Other liabilities	**11,940**	14,939
Total current	**14,647**	29,058
Non-current		
Market incentive	**38,942**	33,841
Total non-current	**38,942**	33,841
Total other liabilities	**53,589**	**62,899**

(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. During the current period, this arrangement was modified to remove future market incentive tranche funding and replaced it with a monthly cash rebate, while amortising the existing market incentive over a longer period at a reduced rate. This revised agreement was effective from 1 January 2023, meaning that the current portion of market incentive has been reduced to reflect the lower amortisation rate.

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.

At 31 December 2022, an amount of $2,707,000 (30 June 2022: $14,119,000) 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.

	31 Dec 2022 $'000	31 Dec 2021 $'000
Balance at 1 July	**47,960**	60,800
Movement:		
Offset against inventory	**136**	530
Charged to profit or loss – raw materials and consumables used	**(6,447)**	(6,854)
Balance at 31 December	**41,649**	54,476

C5 Other financial assets

	31 Dec 2022 $'000	30 Jun 2022 $'000
Current		
Derivative – financial instrument	**1,589**	1,607
Loans provided to a former related party and other employees	**1,495**	1,460
Total current	**3,084**	3,067
Non-current		
Derivative – financial instrument	**4,281**	5,212
Total non-current	**4,281**	5,212
Total other financial assets	**7,365**	8,279

Derivative – financial instrument

The Group uses derivative financial instruments to hedge its exposure to fluctuations in interest rates by using floating to fixed interest rate swaps.

The Group entered into an interest rate swap contract in June 2020 to fix the interest rate at 0.43% on $193,500,000 of borrowings. This was reduced to $147,500,000 in FY2022 to align with debt issued under Facility B. A further $59,000,000 matured in October 2022, leaving $88,500,000 (or 60% of Facility B) remaining, which matures in October 2024. Interest is payable based on a margin over bank bill swap rate. The swap contract matures on 30 October 2024. Interest payments are settled every 6 months. The interest rate swap contract is designated as a cash flow hedge.

When a derivative is designated as a cash flow hedging instrument, the effective portion of the change in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of the change in the fair value of the derivative is recognised in profit or loss within finance costs.

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.

D CAPITAL STRUCTURE, FINANCING AND FAIR VALUE MEASUREMENT

This section provides information about the capital management practices of the Group, shareholder returns and the valuation techniques the Group uses to fair value its financial instruments.

D1 Earnings/(loss) per share

Earnings per share (EPS) presents the amount of profit or 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. There are no dilutive share options or performance rights at 31 December 2022 and convertible notes on issue also have no dilution effect on earnings per share.

	31 Dec 2022	31 Dec 2021
Loss attributable to the ordinary equity holders of the Company ($000s)	(25,750)	(46,294)
Weighted average number of shares used as denominator in calculating basic and diluted earnings per share	1,072,795,028	893,606,783
Basic and diluted loss per share (cents)	(2.40)	(5.18)

D2 Contributed equity

(A) Ordinary share capital

Fully paid ordinary shares	31 Dec 2022 Shares	31 Dec 2022 $'000	30 Jun 2022 Shares	30 Jun 2022 $'000
Quoted	1,073,070,217	533,190	1,071,009,343	529,893
Unquoted	-	-	1,642,329	1,611
Total share capital	**1,073,070,217**	**533,190**	1,072,651,672	531,504

(B) Movements in ordinary shares

	31 Dec 2022 Shares	31 Dec 2022 $'000	30 Jun 2022 Shares	30 Jun 2022 $'000
Quoted				
Opening balance	1,071,009,343	529,893	743,063,799	419,404
Institutional placement, net of tax	-	-	141,848,380	53,193
Retail entitlement offer, net of tax	-	-	124,768,616	46,788
Transaction costs, net of tax	-	(41)	-	(3,087)
Employee share issue[1]	418,545	1,727	58,284,399	10,206
Convert from unquoted shares	1,642,329	1,611	4,497,600	3,389
Share buy-back for nil consideration	-	-	(1,453,451)	-
Total quoted	**1,073,070,217**	**533,190**	1,071,009,343	529,893
Unquoted				
Opening balance	1,642,329	1,611	6,139,929	5,000
Convert to quoted shares	(1,642,329)	(1,611)	(4,497,600)	(3,389)
Total unquoted	-	-	1,642,329	1,611
Total share capital	**1,073,070,217**	**533,190**	1,072,651,672	531,504

1 Represents shares issued to a senior executive upon satisfaction of vesting conditions for service rights issued under the Group's Employee Equity Plan and employee benefits grant. Service rights were granted in lieu of fixed remuneration. No performance condition other than ongoing employment is attached to the service rights. The Group uses the Black Scholes pricing methodology to measure the fair value of the service rights. The fair value per service right at grant date was $0.56. Employee benefits grant represents a vendor earn out for continuing employment for a three year period. This amount is recognised as prepaid employment services and unwound to employee benefits expense over the employment contract.

D3 Borrowings and financial liabilities

	31 Dec 2022 $'000	30 Jun 2022 $'000
Current		
Contingent vendor consideration	**2,000**	2,940
Total current	**2,000**	2,940
Non-current		
Bank loan, net of capitalised borrowing costs	**163,438**	161,047
Convertible notes, net of capitalised borrowing costs	**44,578**	44,041
Total non-current	**208,016**	205,088
Total financial liabilities	**210,016**	208,028

(A) Borrowings

Key terms of the Syndicated Facility Agreement are outlined below:

Facility	Limit $'000	Cash drawn $'000	Guarantees drawn [1] $'000	Available $'000	Maturity
Facility B - Term Loan Facility	147,500	147,500	-	-	Oct 2024
Facility D - Revolving Working Capital Facility	35,000	17,500	16,384	1,116	Oct 2024
Total	**182,500**	**165,000**	**16,384**	**1,116**	

1 Bank guarantees issued are not included in the Condensed Consolidated Statement of Financial Position.

The Group is required to make interest payments on the drawn debt. The repayment of principal is at maturity date. The Syndicated Facility Agreement is secured by a fixed and floating charge over all the assets of the Company and its wholly owned subsidiaries.

The Group is required to comply with financial covenants under the terms of the borrowing facilities including a net senior leverage ratio and a fixed charge cover ratio. In August 2022, a temporary amendment to covenants resulting in replacing the net senior leverage and fixed charge cover ratio covenants with a minimum EBITDA requirement. The minimum EBITDA requirement was tested in December 2022 for the first time, to be followed by March 2023 and June 2023 testing before reverting back to original covenant requirements in September 2023. The net senior debt limit that is currently in place also extends through to September 2023. As a result of these revisions, margin increases and payment-in-kind interest has been added to Facility B and D over the period that the covenants are revised (from 19 August 2022 until 30 September 2023). The Group continues to closely monitor its forecast compliance with debt covenants and was compliant with covenants at 31 December 2022.

D4 Fair value measurement of financial instruments

The Group measures certain financial instruments at fair value at each reporting date using the prescribed 3 level hierarchy in AASB 13 *Fair Value Measurement* based on the lowest level of input that is significant to the fair value measurement.

(i) Carrying amount approximates fair value

The carrying amounts of receivables and contract assets and trade and other payables are assumed to approximate their fair value due to their short-term nature. The fair value of non-current borrowings and senior convertible notes 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 amounts of the Group's borrowings and senior convertible notes approximates their fair values.

(ii) Fair value of contingent vendor consideration

The carrying value of the contingent vendor consideration reflects contractual amounts settled subsequent to balance date.

(iii) Fair value of derivatives

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.

E 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.

E1 Share-based payments

Performance Rights Program

The Performance Rights Program (PRP) was implemented in FY20 (in accordance with the Employee Equity 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.

Following approval at the 2022 Annual General Meeting, 4,475,385 performance rights were granted to the CEO under the PRP.

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.

Vesting of the performance rights is subject to continued employment with the Group and the achievement of performance hurdles, which are tested at the end of the three-year performance period. The performance hurdles that apply to the FY23 and FY22 LTI grant are based on the Group's Relative TSR (50%) and Absolute TSR (50%) performance. The performance hurdles that apply to the FY21 LTI grant are based on the Group's TSR (20%) and EPS (80%) performance.

Performance rights are measured at the fair value at the grant date. The total share-based payment expense recognised in the half-year ended 31 December 2022 was $1,184,000 (2021: $1,250,000).

Set out in the table below is a summary of movements in the number of performance rights under the PRP for the period ending 31 December 2022.

Grant date	Balance at the start of the period	Granted during the period	Exercised during the period	Forfeited during the period	Balance at the end of the period	Unvested at the end of the period
23 November 2020	674,266	-	-	-	674,266	674,266
09 December 2021	2,907,934	-	-	-	2,907,934	2,907,934
20 December 2021	1,869,857	-	-	-	1,869,857	1,869,857
18 February 2022	396,802	-	-	-	396,802	396,802
14 June 2022	1,206,653	-	-	-	1,206,653	1,206,653
30 November 2022	-	16,471,900	-	-	16,471,900	16,471,900
	7,055,512	**16,471,900**	**-**	**-**	**23,527,412**	**23,527,412**

E2 Events occurring after the reporting period

There has not been any matter or circumstance occurring since 31 December 2022, in the reasonable opinion of the Directors, that may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Directors' Declaration

In the opinion of the Directors of AMA Group Limited (the Company):

(a) the Condensed Consolidated Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standard 134 *Interim Financial Reporting*, 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 31 December 2022 and of its performance for the half-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.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

Carl Bizon
Director
21 February 2023

KPMG

Independent Auditor's Review Report

To the shareholders of AMA Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of AMA Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of AMA Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2022 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001.*

The ***Interim Financial Report*** comprises:

- Condensed Consolidated Statement of Financial Position as at 31 December 2022
- Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the Interim Period ended on that date
- Notes A1 to E2 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises AMA Group Limited (the Company) and the entities it controlled at the end of the Interim Period or from time to time during the Interim Period.

The ***Interim Period*** is the 6 months ended on 31 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note A1(A), "Going Concern" in the Interim Financial Report. The events or conditions disclosed in Note A1(A), 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 Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Maritza Araneda
Partner

Melbourne
21 February 2023