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AMA GROUP

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2023

AMA Group Limited ABN 50 113 883 560

Enduring Mobility:

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

Contents

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 Group** logo in the footer to return to this contents page.

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About this report

The FY23 Annual Report is a consolidated summary of AMA Group's operations, performance, and financial position for the year ended 30 June 2023. In this report, unless otherwise stated, references to 'AMA', 'Group', 'company', 'parent entity', 'we', 'us' and 'our' refer to AMA Group Limited and its controlled entities (refer to Note E2 for a list of controlled entities).

References in this report to a 'year' relate to the financial year ended 30 June 2023. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated. The consolidated financial statements included in this report were authorised for issue by the Directors on 7 September 2023. The Directors have the power to amend and reissue the Financial Statements.

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

Reporting suite

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

- Appendix 4E
- FY23 Results Presentation
- Corporate Governance Statement
- Modern Slavery Statement

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

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FY23 highlights

Cash on hand
$29m
following positive operating cash flow in 2H

Group revenue
$870m
▲ 2.9% on pcp

Net debt
$187m

Normalised Group EBITDA[1] (post-AASB 16)
$65m
▲ $43m on pcp

> **Regular price discussions** to seek compensation for inflation

> **Capital S.M.A.R.T interim pricing** from October 2022

> **New AMA Collision site opened** in Queensland

> **ACM Parts** reset completed

> **Network and organisational** optimisation undertaken

1 Normalised EBITDA is Earnings before interest, tax, depreciation, amortisation, impairment and fair value adjustments on contingent vendor consideration, excluding the impact of normalisations as identified on page 29.

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Group safety rating (LTIFR)

2.07

47.7% improvement on pcp

Average repair days (Capital S.M.A.R.T)

6.1

▲ 6.9% on pcp

Average repair days (AMA Collision)

12.8

▲ 28.0% on pcp

Average repair days (Heavy Motor)

15.3

▲ 35.3% on pcp

Rectification (Capital S.M.A.R.T)

1.9%

▼ (0.3)% on pcp

Rectification (AMA Collision)

1.7%

▼ (1.6)% on pcp

Rectification (Heavy Motor)

0.5%

▲ 0.2% on pcp

Customer satisfaction (Capital S.M.A.R.T)

8.4/10

▼ (0.2) on pcp

Customer satisfaction (AMA Collision)

9.4/10

▲ 0.1 on pcp

Customer satisfaction (Heavy Motor)

9.2/10

▼ (0.5) on pcp

Customer satisfaction (Supply)

41NPS

▲ 9 on pcp

Our people

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- **Improved** employee satisfaction
- **Inaugural AMA Group Awards** presented
- **Frontline Leadership** Program continued
- **New talent acquisition** platform launched
- **Online training modules** extended
- **124 international** recruitment offers

Team members

3,284

Apprentices

373

Frontline leaders through course

79

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"I have been employed for over three years now, and I could have never imagined I would feel so secure and be so happy to work for the AMA Group. During my time with the company, I have had my ups and downs. The main connection I have is with Martin Dickinson who has always helped me through the hard times and continues to give his time to support me.

During the year, I was very lucky to be nominated in both The National Collision Repairer and Paint and Panel awards where I managed to win both, this has given me such more passion for my work. To have such a supportive workplace I feel would be rare and it is something I will be forever thankful for. These awards allowed me to achieve more than I ever expected. I know only a few get a chance to achieve this. It has made myself and my family very proud. I was so happy that AMA Group invited my Mother to attend the awards in Melbourne as well. Not only I was looked after and given a spruce up, but my Mother was also well looked after and I was so appreciative of this. Thank you!

I am a confident person but going to the awards did make me a little nervous, I soon overcame this and was happy to express my thoughts and story to what I have achieved in life and AMA. To be at the awards and achieve as made me more eager to achieve more.

My future goal from here is do well in my job, finish my apprenticeship, and own my own place to live and have a family. I hope to inspire others and maybe one day I can become a manager or leader to pass on my experiences."

Eli Taylor – Apprentice Panel Beater,
Gemini Townsville

"I feel so proud to work with AMA Group. To lead my Far North Queensland team is an honour as I am rewarded with One AMAzing team, the way we engage together as a team and within the community is unique. We are spread over 1700kms, yet we work as one team sharing our challenges day to day and help guide each other through them.

We are heavily involved within the community with standouts being our support of the NRL Cowboys house with donations and our partnership with the House, which has also lead to them achieving their own driving license program. The highlight for me this year was taking part in the Government Driving Deterring Program held at Alexanders for kids at risk of going down the wrong path. To see their faces light up gives a feeling like no other - pure goosebumps.

The way AMA Group supports Far North Queensland's passion for community speaks volume of who we are as a company, and I am truly thankful. I am a very proud worker of AMA Group."

Martin Dickinson,
Area Manager – North Queensland

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Letter from the CEO

On behalf of the Board, I present AMA Group Limited's Annual Report for the year ended 30 June 2023 (FY23).

Introduction

FY23 was expected to be a transition year, with several operational initiatives undertaken during the period.

FY23 was characterised by strong repair volume demand, adversely impacted by industry-wide labour constraint related throughput challenges. In 2H23, industry participants sought to fill vacancies from a limited labour pool, which led to elevated lateral hiring activity and contributed to higher employee costs per hour and operational disruption.

Whilst we led the market in achieving pricing increases with many of our insurance customers, many industry contracts still do not contain appropriate dynamic adjustment mechanisms to insulate parties from external pressures such as inflation or increasing repair severity. This remains a key characteristic of the current operating environment.

These factors, combined with the supply strategy progressing slower than anticipated, meant the Group did not achieve our original guidance, but delivered a normalised post-AASB 16 EBITDA (earnings before interest, tax, depreciation, and amortisation) result slightly more than the middle of the revised guidance provided in April 2023. Further we delivered a $43.0 million increase in normalised, post-AASB 16 EBITDA, thanks to the hard work and dedication of our Teams across Australia and New Zealand. With significant operational projects executed, and more underway, we maintain confidence in the long-term success of the Group.

FY23 Financial performance

AMA Group reported normalised post-AASB 16 EBITDA of $64.6 million (up from $21.6 million in financial year ended 30 June 2022 (FY22)), and revenue and other income from continuing operations of $869.6 million ($844.9 million in FY22). The Group recorded a net loss after tax of $146.8 million for FY23 (FY22 net loss after tax, $148 million). The FY23 net loss after tax includes the impact of non-cash impairment expenses of $116.8 million, including $57.7 million and $52.6 million in goodwill impairments related to Capital S.M.A.R.T and AMA Collision, respectively.

The Group ended the FY23 year with $28.9 million in cash and cash equivalents (ended FY22 with $52.2 million), with operating cash inflows of $17.6 million for the year – substantially improved from $28.2 million operating cash outflows in FY22. This includes the positive impact of a $15.3 million tax refund and outflows of $5.8 million in make good costs associated with closed sites and $3.7 million inventory build in ACM Parts.

FY23 Operational achievements

In late FY22, the Group commenced pricing negotiations across its customer portfolio, as the Group looked to offset the impact of stagnant pricing in an operating environment characterised by high inflation and increasing repair severity (increasing complexity, resulting in higher cost and labour demands on repairs). These negotiations resulted in higher pricing. However, as anticipated, during this transition we experienced short-to-medium-term volume disruptions.

Since these negotiations, an increasing amount of the reduced volumes experienced have been successfully sold to other work providers. These activities are reflected in improved earnings despite lower repair volumes and provide a pathway to longer-term improved pricing outcomes. Further, the Group subsequently reengaged with some insurer partners with whom an agreement had not been reached during the initial pricing negotiations.

Throughout the financial year, the Group undertook network optimisation activities, to consolidate our high-quality Team member pool into fewer facilities with more profitable work. Further, we undertook a program of organisational optimisation to ensure a fit-for-purpose organisational structure and reduce indirect expenses.

As the Group sought to attract, train, and retain its Team members, we continued to invest in our people. The Group rolled out the Take the LEAD Health, Safety and Environment program, offered first aid training, and achieved a record low LTIFR of 2.07. As at 30 June 2023, the Group had 373 apprentices in our industry-leading apprentice program, and throughout FY23, welcomed 83 skilled migrants. The Group also increased the number of I-CAR Gold accredited sites from one to nine throughout the year, welcomed 79 participants to the Group's Frontline Leaders Course, and introduced the AMA Group Awards. Pleasingly, we have seen a significant improvement in Team member satisfaction, evident in engagement surveys conducted approximately 12 months apart.

Increasing parts disintermediation is a core element of the Group's long-term strategy, already contributing to improved profitability for the Group. During the year, ACM Parts commenced operations out of its new warehouse facility in Hemmant, completing its east coast supply network. This facility is significantly larger than the previous Queensland warehouse and enables the ongoing execution of the Group's supply strategy. The parallel imports program achieved record performance throughout the year. ACM's aftermarket parts program experienced some delays, however, ACM completed quality assurance on key parts, with the new range ordered in late FY23 ready for the launch of the expanded range in August 2023.

During FY23, the Group completed the conversion of the existing ACM Parts site at Arundel, Queensland into a class-leading repair facility, combining three existing sites into one facility, featuring updated technologies, facilities, and customer experience. This new facility showcases the new AMA Collision branding. The Group also significantly progressed the new Heavy Motor site in South Australia, which see the relocation and rebranding of All Transport Heavy Motor in Regency Park to Wales Kilburn.

Board and Management changes

We have recently announced some changes to the Board and Management. Following an incredibly challenging few years for both the collision repair industry and AMA Group, in which we have seen the Group undertake huge transformation, the timing is right for new leadership to realise the potential of the group and capitalise on the strong foundations laid over recent years.

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Anthony Day has therefore retired as Chair and Non-Executive Director of AMA Group, and Paul Ruiz has retired as Chair of the Audit and Risk Committee and Non-Executive Director, effective 1 September 2023. I will retire as Executive Director and Chief Executive Officer (CEO) at the Group's 2023 Annual General Meeting (AGM) on 23 November 2023.

Effective 1 September 2023, current Non-Executive Director, Caroline Waldron, has stepped into the role of Chairperson for the Group. Current AMA Group Independent Non-Executive Director, Talbot Babineau has been appointed Deputy Chair and Simon Moore has become Chair of the Audit and Risk Committee. Kyle Loades is continuing in his role as Chair of the People Committee. The Board will review its composition and skills before commencing Non-Executive Director recruitment, to ensure a fit-for-purpose Board which will support the Group as it pursues the opportunities that lie ahead. The Board will undertake a formal search process for the CEO role, with both internal and external candidates considered and will update the market in due course.

Outlook

Having reset commercial and operational fundamentals, AMA Group is preparing for profitable growth in line with the company's strategic objectives and has observed strong trading results from May to August 2023, providing confidence in Financial Year ending 30 June 2024 (FY24) guidance.

- Significant improvement through FY23 transition year, with momentum leading into FY24
- Growing our workforce in this continued labour constrained environment both domestically and internationally
- Pricing must remain a focus with ongoing inflation and severity changes needing to be recovered
- Capital S.M.A.R.T reset through commercial price reset and operational initiatives will improve both customer and profit outcomes
- Continue expansion of ACM Parts' strategy with aftermarket focus
- Conservative approach to cash management with tight controls on discretionary and capital expenditure
- Growth in core repair activity maximising existing infrastructure and expanding where appropriate
- Refinancing of residual debt facilities through FY24 a priority
- FY24 normalised post-AASB 16 EBITDA guidance $86 – 96 million

Along with the FY23 results, the Group has launched a capital raising, comprised of a fully underwritten Institutional Placement and a fully underwritten accelerated renounceable entitlement offer. The capital raising will strengthen AMA Group's Balance Sheet, facilitating the principal repayment of $35 million of existing senior bank debt by 31 December 2023; providing liquidity and working capital, which will be deployed in pursuit of the Group's stated strategy and supporting the execution of refinancing of residual debt facilities through FY24. Refer to the FY23 Annual Results Presentation and Equity Raising presentation for more information.

Close

With approximately 3,300 employees across over 140 locations, AMA Group is the leader in the Australian and New Zealand collision repair industry, supported by Australia's leading distributor of vehicle parts.

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

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

In FY24 we are focused on continuing to execute our strategic priorities, caring for the health and safety of our Team, and delivering shareholder value.

Carl Bizon
Executive Director
& Group Chief Executive Officer

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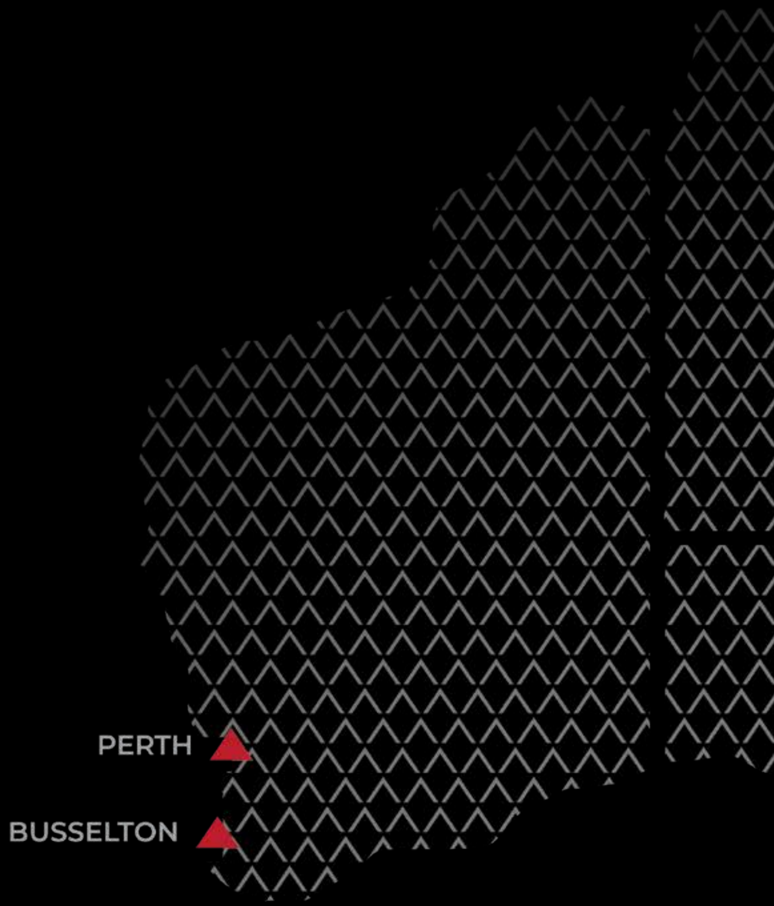
Who is AMA Group?

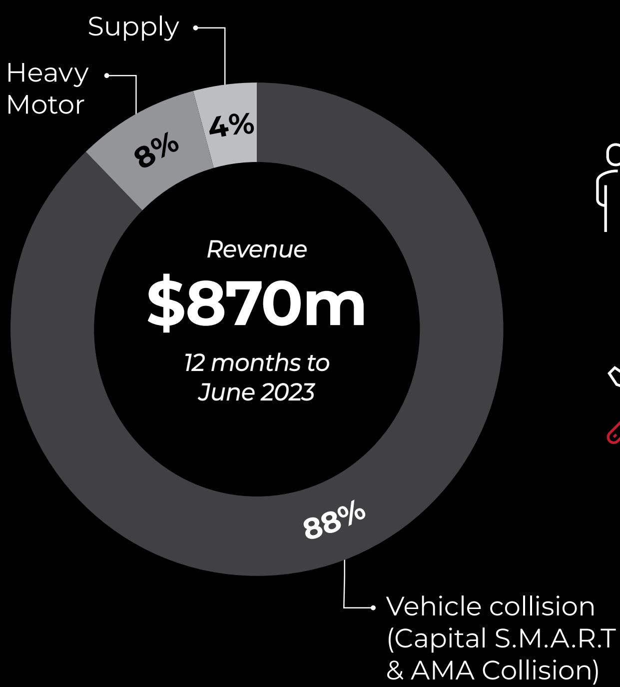
We are the leader in the Australian and New Zealand collision repair industry.

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

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

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





~3,300
Team members

~220k
Recycled & new parts supplied per year

~260k
Vehicles repaired per year

~6.3k
Vehicles reclaimed per year

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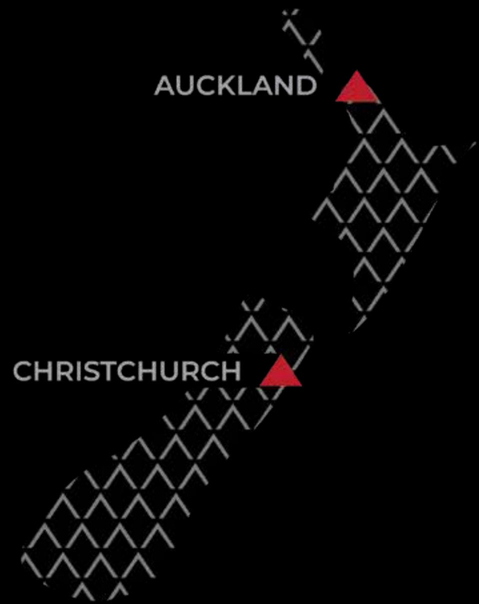
Our Australian & New Zealand Network

140
Collision repair sites

7
Supply locations

1
Support office



Our business

We are an integrated business that seeks to create value for our stakeholders

Vehicle owners

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

Our Team

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

Investors & lenders

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

Customer partners

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

Collision repair industry

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

Communities

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

Suppliers

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

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Four business units & groupwide functions

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

CAPITAL S.M.A.R.T

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

COLLISION

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

HEAVY MOTOR

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

SUPPLY

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

Our vision and mission

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Our vision

Enduring Mobility

Our mission

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

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Our values

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

Together we do it right

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Care
We treat everyone with empathy and respect

One Team
We are One AMA, working together to a common goal

Ownership
We own our decisions and actions

Resilience
We embrace change and adapt as needed

Performance
We deliver value through performance, innovation, and quality

The road so far

2005
Allomak Ltd established to acquire automotive aftercare businesses.

2006
Acquired auto protection accessories company, **ECB**; Allomak listed on **ASX**.

2007
Acquired auto parts distributor **Alanco Australia** and our first collision repair business **Mr Gloss**.

2009
Allomak Ltd changed name to **AMA Group** Ltd.

2013
Acquired commercial vehicle alloy bull-bar specialist **Custom Alloy**.

2014
Acquired **Repair Management Australia** (4 sites in Victoria).

2015
Acquired **Woods Auto Group** (including 14 **GoRapid** repair sites, Victoria) and **Gemini Accident Repairs** (42 repair sites across Australia and New Zealand).

'05 '06 '07 '09 '13 '14 '15

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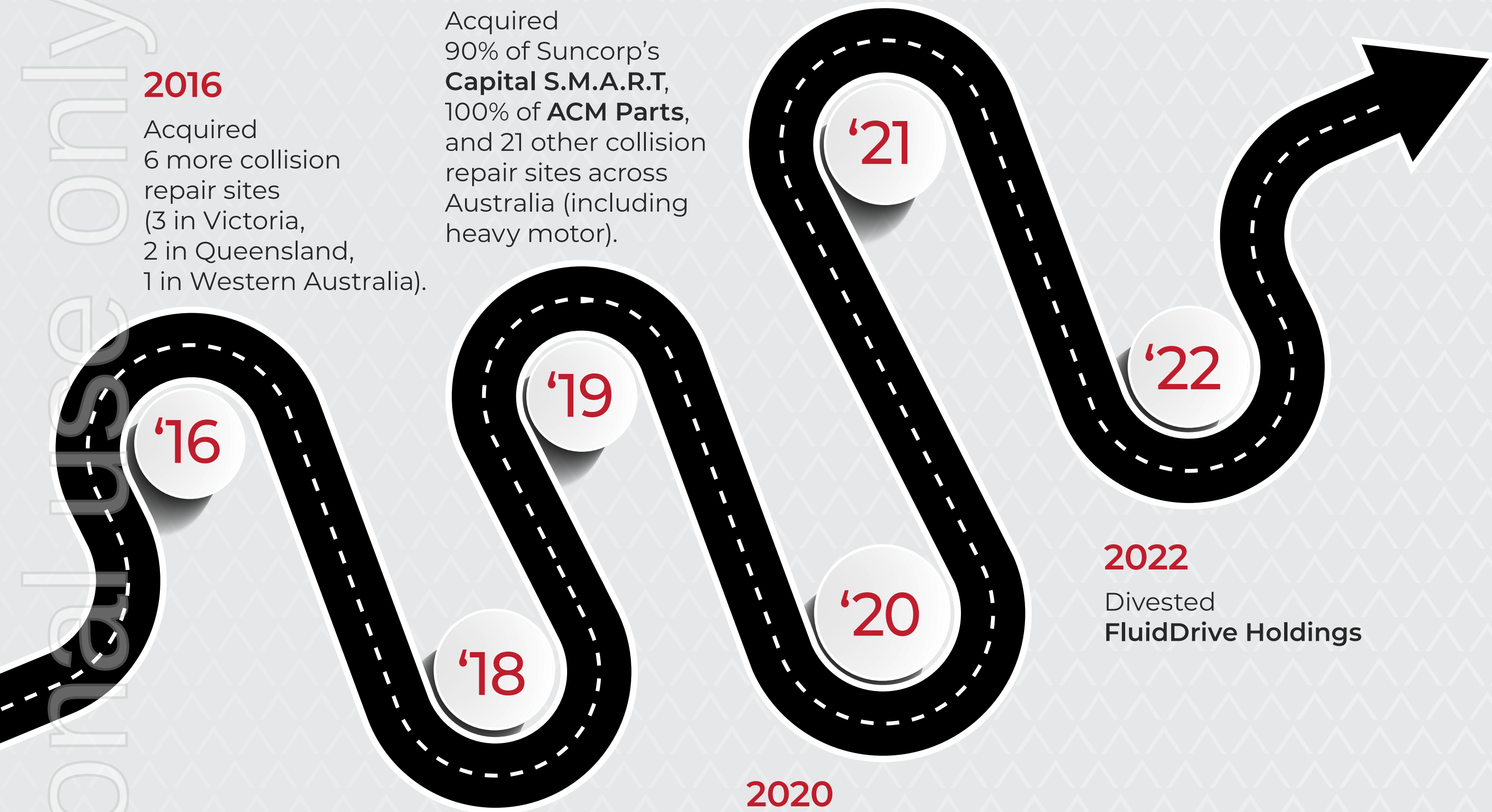

2016

Acquired 6 more collision repair sites (3 in Victoria, 2 in Queensland, 1 in Western Australia).

2018

Acquired auto aftermarket group **Automotive Solutions Group**.

2019

Acquired 90% of Suncorp's **Capital S.M.A.R.T**, 100% of **ACM Parts**, and 21 other collision repair sites across Australia (including heavy motor).

2020

Acquired **Fully Equipped Group** (New Zealand), **Western Trucks** (Victoria) and 9 other repair sites; Disposed ACAD & Fully Equipped to GUD Holdings.

2021

Carl Bizon appointed Group Chief Executive Officer (CEO); Acquired **Perth Parts Solutions** (Western Australia) and **National Trucks** (New South Wales).

2022

Divested **FluidDrive Holdings**

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Strategy

Strategic objectives

Great place to work	Organic growth	Acquisition growth	Cash flow generation	Margin expansion

Strategic pillars – the three Ps

Partnerships	Production	Procurement

Focus areas

Reset the Base Business	Grow	Minimise Disruption
Groupwide procurement to leverage benefits of scale	Grow workforce	Disintermediation of parts
Operational improvements	Revenue diversification	Workforce of the future
Retention and engagement	Organic and acquisition growth	Contract pricing
	Accelerate third-party parts and consumables business	
	ADAS opportunities	

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Environment, Social and Governance Report

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

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

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

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

While we are at the early stages of our environmental, social and governance (ESG) program and reporting journey, our operations already support positive environmental and social outcomes as detailed later.

This report is organised in three sections:

> Environment

> Social

> Governance

Environment

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Extending the life of vehicles

~260k
Repairs completed

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

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

Reclaiming and refurbishing parts from end-of-life vehicles

~6.3k
Vehicles dismantled

At target based on current capacity and target stock

+20%
over FY23
Total number of components we reclaim and refurbish from a vehicle

Evolution over time based on demand planning

Through our ACM Parts business, we are actively involved in the return of components from end-of-life (written off) vehicles to the collision and mechanical repair industries. Key components reclaimed by ACM Parts in FY23 were engines, transmissions, doors, panels, and headlamps.

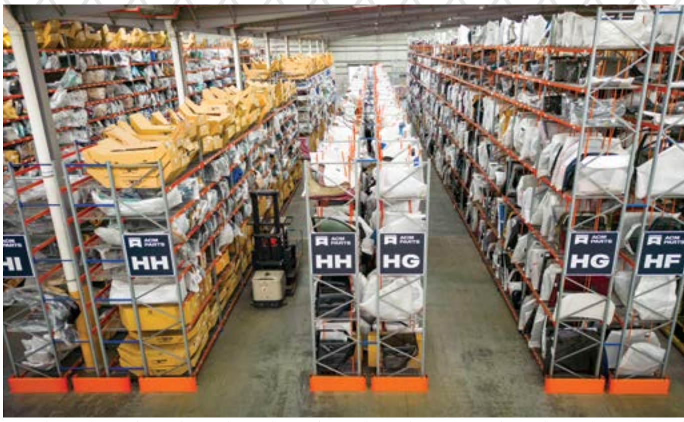
The reclamation of components for sale back into collision and mechanical repair lifecycles, and the refurbishment of select parts, reduces waste directed to landfill and reduces the demand for new parts production, indirectly saving materials and energy used in the manufacturing process.

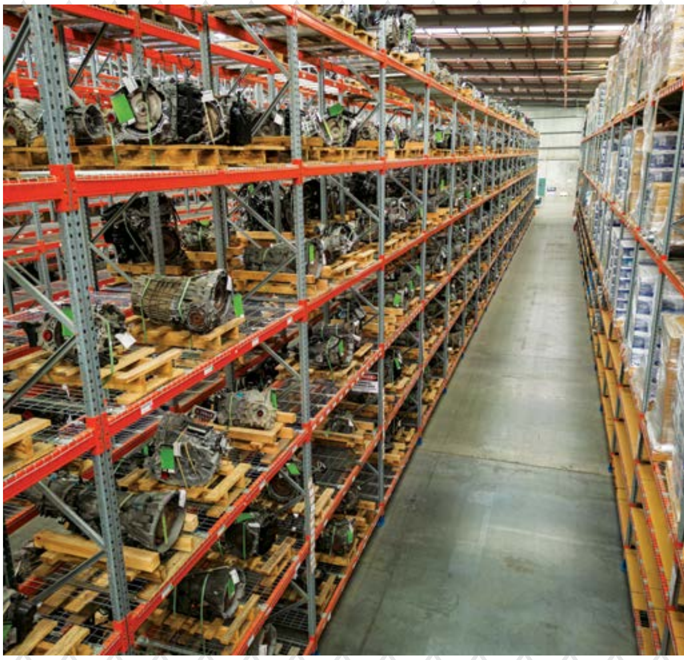
ACM Parts has increased the number of parts reclaimed from end-of-life vehicles by over 20% over FY23 and will evolve this over time in line with demand planning.

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

During FY23, ACM Parts continued to build our parts refurbishment program, where partially damaged parts are returned to replacement quality condition for resale. This program saw some 1,100 headlamps returned to the repair process, which would otherwise have become waste product.

ACM also continued to ramp up the use of recycled returnable packaging within its recycling and warehousing operations, with over 3,000 parts packed in recycled returnable packaging during FY23, in place of disposable packaging.





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Environment

Production environmental efficiency

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

- **Waste reduction and recycling:** over 95% of sites had some recycling in place as at 30 June 2023. The Group plans to continue to develop its recycling and measurement of waste program over time.
- **Energy reduction (LED lighting):** as at 30 June 2023, 63 sites used only LED lighting. During the FY23 year, the previous ACM Parts Arundel site was converted into a collision repair facility, including LED lighting in the factory and office spaces. We plan to continue to use LED lighting where possible over time.
- **Green energy (solar):** as at 30 June 2023, 17 sites had solar panels at their facility. Due consideration will be given to future leases and the availability of sites with solar options.

Water-based paint

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

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

Environmental compliance

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

In FY22, 30 sites were identified as targets for wash bay upgrades, with 28 completed in FY22. In FY23, the two sites remaining were upgraded, with no further upgrades identified as being required at this time.

Environmental focus at site level in FY23 was to ensure compliance with stormwater protection, reduce waste to landfill and improve lighting in our Prestige sites for better sustainability.

AMA Group had two unscheduled visits from EPA Victoria in FY23, with both resulting in positive findings for initiatives in place at each site. Chemical storage, stormwater protection, recycling programs in place and use of Spill Kits by trained team members, were some of the positive initiatives noted by the inspectors. There were no improvement notices issued to either site. Positive findings were shared across AMA Group sites.

Supporting new technologies

AMA Group is committed to supporting new technologies for the betterment of our environment, by ensuring our network is equipped for the repair of these new technologies. Electric vehicles currently account for a small, but growing number of the total cars on Australian and New Zealand roads. AMA Group's Porsche, Mercedes-Benz and Tesla accredited facilities, as well as our Eagle Farm and new Arundel facility are equipped with electric vehicle charging units. Our Porsche, Mercedes-Benz and Tesla accredited repair facilities are all equipped with dedicated electric vehicle isolation bays. Where approved by the OEM, technicians at these sites have undertaken specialised training for electric vehicle disconnection and reconnection by our OEM partners. Further, AMA Group has been rolling out electric vehicle awareness courses across the vehicle collision repair business units.

We will continue to ensure our technicians and facilities are equipped to support the ongoing evolution of cars on Australian and New Zealand roads to increasingly sustainable solutions and will continue to scale capacity in our operations to meet demand.

Climate change and regulation

We recognise that climate change, and associated policy changes and regulation will impact the Group. While the underlying operations of the business will continue to evolve to support the change in vehicle technology, the Group also recognises that climate change, policy and regulation poses a business risk. This is reflected in the formal incorporation of climate risk in the Group's risk register. AMA Group has a commitment to further assess climate risk and develop relevant action plans in the future.

Environment & Sustainability Policy

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

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Social

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

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

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

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

Reflecting the community

Diversity, equity, and inclusion

We are committed to building a diverse workforce that recognises and embraces differences, and provides a safe, respectful, and inclusive environment for all our people.

We recognise the benefits gained from having a workforce that reflects the communities that we work in, including attraction and retention of talent, improved engagement, increased productivity and access to broader perspectives and ideas.

AMA Group operates in a traditionally male-dominated industry. We currently have 14% female participation across the Group. AMA Group is focusing on building female participation in the industry by identifying and promoting female role models such as our 2023 Women in Collision winners, Chloe Oldland and Kylie Clark.

AMA Group employs Team members who are skilled migrants from countries including the Philippines, United Kingdom, and South Africa, and we have partnerships to better attract and include Indigenous staff and people with disabilities.

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

Recruitment practices

AMA Group is continually reviewing and updating our recruitment practices to attract a broader talent pool. We also advertise in industry publications (print and online), attended career expos, and expanded our employee referral program in FY23.

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

During FY23, we worked with Westgate Community Initiatives Group and the NRL Australia School to Work program to facilitate opportunities across various groups of prospective Team members.

Age diversity

Age diversity brings a wealth of experience and knowledge and enables skills to be taught organically. Our experienced tradespeople act as mentors to apprentices and new Team members. Our Team members represent a wide range of age groups with most being aged 20-49 years old. 4% are aged 15-19 years old and 25% over 50 years. While apprentices are typically school leavers, 34% are mature age i.e., over 25 years old.

Gender diversity

We are committed to improving the gender balance at all levels of the organisation and particularly in traditionally male-dominated roles. We will continue to review our policies and practices to ensure these are inclusive.

There has been a continued focus on flexible rostering and working arrangements at sites as a key part of attracting greater diversity.

Of the AMA Group employees nominated for the 2023 Paint and Panel Women in Collision Awards, six were named as finalists and two won their categories, highlighting the important roles that women play in our business and industry.

The following table represents the gender breakdown of our workforce at 30 June 2023:

Level	Proportion of women %	Proportion of men %
Non-Executive Directors (Board)	17%	83%
Senior Executives[1]	17%	83%
Other Levels	14%	86%
Total	14%	86%

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

Enhancing the community

Workforce of the future

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

Apprentices

We are committed to developing the next generation of tradespeople for our business and our industry. With 373 apprentices at 30 June 2023, and the industry and a plan to continue to increase the number of apprentices throughout the network in FY24, we are leading the Australian vehicle collision repair industry in our apprentice program.

Skilled migration

Skilled Migration has been a high priority to address local workforce shortages. Recruiting across eight countries along with two bulk recruitment initiatives in the Philippines has resulted in 124 offers and 83 arrivals of skilled technicians in FY23. Delays in mandatory government-managed skills assessments impacted the arrival of international recruits under TSS 482 visa rules but the Group's use of the 400 short-term visa alternative visas has somewhat alleviated the bottlenecks.

Leadership training

We will continue to build leadership capability across all levels of the company. In FY23, the Group continued its focus on frontline leadership development.

Frontline Leadership Training

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

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

The Group delivered the program to 79 leaders in FY23, and will continue to deliver the program to new leaders and seek to extend the program for those who have previously participated in FY24.

Technical training

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

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

During FY23, nine AMA Group sites achieved I-CAR Gold status, with more significantly progressed. Prior to this, only one site had achieved I-CAR Gold status.

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Protecting the community

Employment standards

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

Remuneration practices

We meet our employer obligations by:

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

Remuneration equity

In FY23, AMA Group submitted a group-combined report to the Workplace Gender Equality Agency (WGEA) with the People Committee overseeing and reviewing the report and its insights. The FY23 WGEA report continues to provide the opportunity to review and analyse gender pay equity across the entire Group with no significant gender pay gaps identified.

We have continued to educate our Talent Acquisition team and people leaders on gender pay equity. This, along with the AMA Way Code of Conduct, people leader training on Secure Jobs, Better Pay and Respect@Work, sets AMA Group up as an attractive employer for women and for all team members.

Training

AMA Group has continued our focus on training and developing our team with initiatives including the launch of our Frontline Leaders Program, Lunch 'n' Learn sessions for people leaders on a range of topics and Mental Health First Aid Training.

Workplace health and safety

We take the health, safety and environment of our Teams, our sites, and the communities in which we live and work very seriously. As such, in FY22 we developed an entire, bespoke, safety management program from scratch; from incident reporting (AMAlert) to high-risk equipment maintenance, through to first aid and safety warden training. We are committed to proactive safety awareness and continuous improvement.

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

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

LEAD is an acronym for:

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

Monthly Take the LEAD campaigns target key injury themes in the form of educational toolbox talks. Information is provided to every team member on safe ways to complete tasks, as well as the most appropriate equipment and personal protective equipment to be used. These targeted campaigns have significantly reduced the reoccurrence of trending themes and have helped us reduce Lost Time Injuries (LTIs) by 48% over the previous 12-month period. Proactive defect reporting via QR Codes also ensures that high risk equipment including hoists, mobile plant and spray booths remain in good condition, reducing the risk of a serious event from occurring.

Monthly checklists have been developed for the seven highest operational risks in AMA Group sites. By completing the monthly checklists, Team members can feel satisfied that these higher-risk elements are in a safe condition, without defects or hazards. If a defect is noted while completing a high-risk checklist, team members can ACT and log appropriate correct actions to ensure rectification in a timely manner. Sites all display Take the LEAD safety boards that have important information including the latest monthly toolbox talks, safety alerts and key safety contacts; first aiders, wardens, and site safety ambassadors.

Responsible Repair Standards – repairing to manufacturer requirements

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

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

Following repair methods also ensures the safety of our Team. For example, disengagement / reengagement of electric vehicles must be completed by trained technicians before and after repair, following specific steps.

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Supporting the community

AMA Group Welfare Fund

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

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

In FY23, the Fund continued to support our Team members and their families through bereavement and illness.

Sponsorships and partnerships

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

While at an early stage in this journey, the Group has a well-established partnership with the Cowboys Foundation in Queensland, which embodies the spirit of grassroots community partnerships we aim to replicate throughout. This partnership includes a bursary, sponsorship of their learning to drive program, volunteering at the 50-50 raffle events, as well as providing employment opportunities for students.

Further, in FY23, sites participated in initiatives, such as Joondalup Smash Repair who collected soft toys for the Wheelchairs for Kids program in Western Australia, AMA Group Heavy Motor contributed to the Movember campaign, and Alexander Bodyworks was the first site to support the Government's Deterring Driver program for at risk youth.

The Australian Collision Industry Alliance

We recognise that the collision repair industry needs to stand together to ensure the longevity of the industry, by becoming a founding member of the Australian Collision Industry Alliance (The ACIA), whose purpose is to:

- Provide rewarding futures for people and ensure sustainability of the motor vehicle collision repair industry;
- Reposition motor vehicle collision repair as an attractive career choice and an industry of high social and commercial value;
- Coordinate motor vehicle collision repair industry stakeholders to fund, innovate, develop and drive programs to attract, train and retain people for the industry; and
- Increase the number, capability and longevity of people entering the motor vehicle collision repair industry.

Governance

Governance

AMA Group's governance framework plays an important role in helping our business deliver on its strategy. AMA Group's governance framework, including our statement of compliance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, is detailed in our 2023 Corporate Governance Statement, which is available on our website together with key governance documents, including charters and policies.

Modern slavery

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

Whistleblower

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

The AMA Way

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

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Directors' Report

Introduction

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of AMA Group Limited ("AMA Group" or the "Company") and its controlled entities for the Financial Year (FY) ended 30 June 2023.

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

Board of Directors

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

- Caroline Waldron (Chair of the Board)
- Carl Bizon (Chief Executive Officer)
- Talbot Babineau (from 13 February 2023)
- Kyle Loades
- Simon Moore
- Nicole Cook (until 24 November 2022)
- Anthony Day (until 1 September 2023)
- Paul Ruiz (until 1 September 2023)

Principal activities

The principal activities of the Group are the operation of vehicle and heavy motor collision repair facilities and the supply of automotive parts and consumables.

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Review and results of operations

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

	Revenue and other income			Pre-AASB 16 EBITDA[1,2]		
Segment ($'000)	**FY23**	**FY22**	**Change**	**FY23**	**FY22**	**Change**
Vehicle Collision Repairs	764,461	725,301	39,160	20,748	(25,001)	45,749
Heavy Motor	65,395	53,954	11,441	7,581	6,570	1,011
Supply	79,557	96,847	(17,290)	(2,213)	(3,182)	969
Corporate / Eliminations	(39,813)	(31,173)	(8,640)	(7,381)	(10,334)	2,953
Total Group	**869,600**	**844,929**	**24,671**	**18,735**	**(31,947)**	**50,682**
Normalisations:						
Closed and hibernated site costs (including $4.9m make good and lease liability write-backs on impaired sites)				(993)	1,938	(2,931)
Restructuring costs				820	-	820
Legal costs on investigations and earn-outs				1,056	836	220
Normalised Pre-AASB 16 EBITDA *(unaudited, non-IFRS term)*[1]				**19,618**	**(29,173)**	**48,791**
AASB 16 *Leases* impact to occupancy costs				**45,022**	**50,800**	**(5,778)**
Normalised Post-AASB 16 EBITDA *(unaudited, non-IFRS term)*[1]				**64,640**	**21,627**	**43,013**

1 Non-IFRS measures, including Normalised EBITDA, 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.

2 Refer to B1 Segment information for further information regarding pre-AASB 16 EBITDA. Normalisations are excluded from the Segment results.

Vehicle Collision Repairs – revenue increase of $39.2 million despite a 5% volume reduction. This revenue increase was as a result of improved commercial pricing as well as the removal of COVID-19 restrictions that impacted the prior year results. Costs were constrained as a number of sites were closed early in FY23 improving the overall utilisation of the Group.

Heavy Motor – 21% revenue increase and 15% EBITDA improvement as a result of pricing uplifts and higher direct headcount driving repair volume and revenue growth across most sites. The closure of one loss making site in Victoria also contributed to the positive result.

Supply – internal sales improved year on year, however the removal of whole vehicle sales and low margin brokered parts sales resulted in a 18% revenue reduction for this segment. The disposal of the Fluid Drive business in December 2022 resulted in a $3.6 million reduction in revenue and an insignificant reduction in EBITDA. EBITDA was improved from prior year as a result of removal of overheads associated with the discontinued brokered sales workstream as well as focussing on higher margin part sales.

Corporate – corporate costs have reduced year on year as a result of a number of cost reduction initiatives. In addition, the current year includes $2.1 million higher rebates.

Normalised EBITDA 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.

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Financial results

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

	FY23 $'000	FY22 $'000	Change $'000
Revenue	869,600	844,929	24,671
Operating expenses	(805,906)	(826,076)	20,170
Fair value adjustments on contingent vendor consideration	654	13,729	(13,075)
Depreciation & amortisation	(71,360)	(78,754)	7,394
Impairment expense	(116,830)	(105,513)	(11,317)
Operating loss before interest and tax	**(123,842)**	**(151,685)**	**27,843**
Finance costs	(37,431)	(31,141)	(6,290)
Income tax benefit	14,467	34,818	(20,351)
Net loss after tax	**(146,806)**	**(148,008)**	**1,202**

Revenue – Increased 3% for FY23 despite 5% lower repair volumes driven by network optimisation, partly offset by higher volumes in Capital S.M.A.R.T business absent COVID related lockdowns in Victoria and New South Wales which impacted FY22. Revenue increases largely the result of revised pricing arrangements with major insurers that took place during FY23. Refer to note B2 for disaggregation of revenue and other income by reporting segment.

Operating expenses – The Group managed costs in a higher inflationary environment through rationalisation of sites and more internal purchasing from ACM Parts. The Group finished FY23 with approximately 3,300 employees (FY22: 3,500) following corporate restructuring as well as network optimisation. The Group continues to manage its operating expenses by working continuously to identify costs savings.

Fair value adjustments on contingent vendor consideration – For the year ending 30 June 2023, the Group recognised an $0.7 million gain on fair value adjustment on contingent vendor consideration (FY22: $13.7 million). FY23 was the finalisation of all earn-outs for the Group.

Depreciation and amortisation – Depreciation of right-of-use assets represents 59% of the total depreciation and amortisation expense. Amortisation of intangibles, specifically the customer contract between Capital S.M.A.R.T and Suncorp represents 22% of the total depreciation and amortisation expense (see note B3(A)).

Impairment expense – FY23 impairment relates to Capital S.M.A.R.T and AMA Collision goodwill impairment arising from updated forecast cashflow assumptions as well as site right of use and plant and equipment impairment associated with the network optimisation program. FY22 impairment relates to impairment of goodwill of $80.7 million and right-of-use assets and property, plant & equipment for sites that were closed during the year or expected to permanently close. Further details of impairment expense is set out in note B3(C).

Finance costs – $19.0 million of finance costs relate to interest expense on lease liabilities (FY22: $18.3 million). Interest and finance charges on the senior debt and convertible notes increased compared to the prior comparative period. The effective interest rate on borrowings increased to 6.0% (FY22: 4.3%) as a result of the 1.5% margin increase in debt as well as the increase in interest rates on the unhedged portion of debt. Fixed rate swaps on senior debt facilities were closed out for $6.1 million cash in the current period, however the remaining hedge reserve will unwind over the remainder of the debt term, reducing the future P&L impact of floating rates until the senior debt matures.

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

The Group has revenue losses of $53.8 million and capital losses of $13.4 million.

Capital management

Cashflow and liquidity has been effectively managed across the business.

The Group paid earn-outs in respect of existing acquisitions totalling $2.0 million during FY23, with no earn-outs on foot at 30 June 2023.

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

Net debt	Jun 2023 $'000	Jun 2022 $'000
Financial liabilities – drawn cash facilities	165,000	165,000
PIK interest[1]	1,042	-
Cash and cash equivalents	(28,874)	(52,189)
Net Senior Debt	**137,168**	**112,811**
Contingent vendor consideration – 50% of cash portion	-	1,220
Net debt used in covenant calculations	**137,168**	**114,031**

1 PIK interest relates to a 1.5% margin which was capitalised into the loan balance during FY23.

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Key risks

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

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

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

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

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

Outlook

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

The Company will continue to work to mitigate the effect of the current economic downturn on its operations. It is difficult to predict the impacts of labour constraints, inflation and ability to pass on inflation and insurer behaviour.

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

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

Dividends

A final dividend has not been declared.

Directors interests

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

Director	Ordinary Shares Number
Anthony Day	704,797
Simon Moore	41,655,153
Talbot Babineau	8,038,124
Carl Bizon	842,858
Paul Ruiz	660,810
Kyle Loades	420,019
Caroline Waldron	100,000

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 2023, and the number of meetings attended by each Director are as follows:

	Board meetings		Audit & Risk Committee meetings		People Committee meetings	
	A	B	A	B	A	B
Anthony Day	20	20	5	5	4	4
Simon Moore	20	20	5	5	-	-
Nicole Cook [1]	4	4	-	-	3	3
Talbot Babineau [2]	15	15	-	-	1	1
Carl Bizon	20	20	-	-	-	-
Paul Ruiz	20	20	5	5	-	-
Kyle Loades	20	20	-	-	4	4
Caroline Waldron	20	20	5	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

1 Nicole resigned as a Non-Executive Director on 18 November 2022.

2 Talbot commenced as a Non-Executive Director on 13 February 2023.

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Directors and Officers

Caroline Waldron

LLB (Hons), GAICD, FGIA

Non-Executive Chair of the Board
since 1 September 2023

Non-Executive Director
since 1 March 2022

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

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

Board Committees:

Member of Audit and Risk Committee

Other directorships (current and recent):

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

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Carl Bizon

Executive Director and Group Chief Executive Officer
since 1 February 2021

Non-Executive Director
3 February 2020 to 31 January 2021

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

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

Carl's expertise and experience extends to mergers and acquisitions, manufacturing, operations, sales, large scale project management and IT. Carl has successfully led global businesses, improving profitability and operational performance, delivering efficiencies and increasing margins. Carl also serves as a Director of the Australian Collision Industry Alliance.

Directors and Officers

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Simon Moore

LLB (Hons), BCom (Hons)

Non-Executive Director
since 28 November 2018

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

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

Board Committees:

Chair of Audit and Risk Committee
(since 1 September 2023, member prior to that)

Member of the People Committee
(since 5 September 2023)

Other directorships (current and recent):

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

Talbot Babineau

CFA, BA (Hons)

Non-Executive Director
since 13 February 2023

Talbot founded and is currently the President and Chief Executive Officer of Bryson Holdings, a Canadian based firm which has assembled a portfolio of investments in public and private companies. He is responsible for setting the firm's strategic vision, pursuing new investment opportunities, and maximizing the value of its existing portfolio.

During a nearly two-decade career as a successful entrepreneur and investment manager, Talbot has demonstrated expertise investing globally across asset classes and industries. His capital markets experience includes developing and implementing transformational strategies that optimize operational and financial performance and create value for all stakeholders.

Board Committees:

Member of People Committee

Member of the Audit and Risk Committee
(since 5 September 2023)

Other directorships (current and recent):

Talbot is a CFA Charterholder and currently serves as a Non-Executive Director at The Lung Health Foundation.

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Kyle Loades

MBA, FAICD

Non-Executive Director
since 24 May 2021

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

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

Board Committees:

Chair of People Committee (since 18 November 2022, member prior to that)

Other directorships (current and recent):

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

Former Directors

Nicole Cook, former Non-Executive Director, resigned from the Board on 24 November 2022. She had served as a Non-Executive Director since 1 December 2019.

Anthony Day and Paul Ruiz, former Non-Executive Directors, resigned from the Board on 1 September 2023. Anthony had served as a Non-Executive Director since 28 November 2018, and Paul had served as a Non-Executive Director since 17 May 2021.

Mark Licciardo

BBus (Accounting), FAICD, FGIA

Company Secretary
since 30 August 2021

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

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

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Annual statement by the People Committee Chair

On behalf of the Board, we are pleased to present the AMA Group FY23 Remuneration Report. This report focuses on our remuneration approach and outcomes, and our people highlights for the financial year ended 30 June 2023.

Operating conditions

FY23 was expected to be a transition year. Whilst the Group did not achieve the original EBITDA guidance provided to the market, the business delivered a substantial improvement in earnings. Despite significant repair volume demand and the execution of optimisation strategies, the business experienced ongoing margin compression, adverse to expectations. This was a result of industry-wide labour constraints limiting repair volume throughput; elevated lateral hiring contributing to higher employee costs per hour and operational disruption; many industry contracts not including appropriate dynamic adjustment mechanisms that insulate parties from external pressures such as inflation or increasing repair severity; and the Group's Supply strategy progressing slower than anticipated.

Board and Management Changes and Remuneration

In November 2022, Nicole Cook, Chair of the People Committee retired from the AMA Group Board; and Talbot Babineau was appointed to the Board in February 2023. Talbot's appointment adds a diversity of thinking to the AMA Group Board, as his overseas experience supports breadth of perspective in support of the advancement of AMA Group.

The FY23 Short Term Incentive (STI) and Long Term Incentive (LTI) structure remained in line with FY22. For the STI measures, we refined financial and non-financial measures with the Group's endorsed strategy. For the LTI, we maintained a 50% absolute TSR and 50% relative TSR measure. For FY23 no STI was awarded to the Group CEO, COO and CFO as the gateway hurdle was not met.

As we look to FY24, we will continue to set incentive measures that align all stakeholders including management, employees, and shareholders.

Attracting & Retaining the Workforce

AMA Group is committed to addressing the ongoing skilled-labour shortages. The Group has an industry-leading apprenticeship program which had 373 apprentices within the business at 30 June 2023. Further, despite externally driven delays in visa processing, the Group landed 83 international recruits during FY23.

Throughout the year, the Group also continued to drive cultural change through its "Building Better" program, part of the One AMA concept. This program saw several initiatives at both the site and Group level. This included initiatives such as site-based morning teas and lunches, Groupwide frontline leaders training, enhanced communications, and the introduction of the AMA Group Awards. The Group's "Our Voice" engagement survey showed improved employee satisfaction across all metrics.

Our commitment to safety

The safety of our people remains top priority. In FY23, the Group finalised the roll out and training of the Take the LEAD program, a tailored Health, Safety, and Environment program developed in-house for AMA Group, with targeted campaigns and materials, as well as training and monthly focus areas. AMA Group's LTIFR reduced by 48% over the 12 months to 30 June 2023, to 2.07.

Close

The People committee continues to focus on the safety, attraction, and retention of its workforce, as well as continuing to drive Diversity & Inclusion.

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

Kyle Loades
Chair of the People Committee

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Introduction

This Remuneration Report provides shareholders with an understanding of our remuneration strategy and outcomes for our Key Management Personnel (KMP) for the year ended 30 June 2023.

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

Key Management Personnel

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

The table below sets out the details of those persons who were KMP during FY23.

Name	Position	Dates	People Committee	ARC
Non-Executive Directors				
Anthony Day	Chair of the Board and Non-Executive Director	Full Financial Year	✓	✓
Simon Moore	Non-Executive Director	Full Financial Year	-	✓
Talbot Babineau	Non-Executive Director	From 13 February 2023	✓	-
Paul Ruiz	Non-Executive Director	Full Financial Year	-	Chair
Kyle Loades	Non-Executive Director	Full Financial Year	Chair	-
Caroline Waldron	Non-Executive Director	Full Financial Year	-	✓
Former Non-Executive Directors				
Nicole Cook	Non-Executive Director	Until 24 November 2022	-	-
Executive Directors				
Carl Bizon	Group CEO and Executive Director	Full Financial Year	-	-
Executive Management				
Geoff Trumbull	Group CFO	Full Financial Year	-	-
Mathew Cooper	Group COO	Full Financial Year	-	-

Our remuneration approach

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

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

External remuneration consultant engagement

In August 2022, the People Committee engaged Ernst & Young (EY) to provide advice on general market practice and approach to executive incentive schemes. EY provided this advice at a fee of $13,750 inclusive of GST. EY's advice was based on a clear set of requirements from the People Committee and their report was provided directly to the People Committee for their consideration. The Board and the People Committee are satisfied that this advice was made free of any undue influence by any KMP.

EY's advice was considered by the Board and the People Committee in determining the FY24 Executive STI and LTI plans.

Remuneration framework

Our strategic priorities

Organic Growth	Acquisition Growth	Margin Expansion	Cashflow Generation	Great Place to Work

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

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

Our remuneration principles

Fair and Market Competitive	Linked to our Strategic Priorities	Linked to Performance and Culture	Simple and Transparent	Aligned to our Shareholders

Our remuneration framework for FY23

	Total Fixed Remuneration (TFR)	STI	LTI
Purpose	Attract and retain Executives with the capability and experience to deliver our strategic objectives and contribute to the Group's financial and operational performance.	Reward Executives for performance against agreed annual objectives aimed at achieving the financial and strategic objectives of the Group.	Align performance with the long-term business strategy to drive sustained earnings and long-term shareholder returns.
Link to performance	Appropriately compensate Executives for driving a performance and governance culture and delivering on the business strategy.	Strategic annual objectives are embedded in the Executive STI Plan.	Performance hurdles are set by the Board and tested at the end of the three-year period to deliver sustained shareholder value.
Performance measures	**Considerations** ▪ Skills and experience ▪ Accountability ▪ Role complexity ▪ Market competitive	**Financial Gateway** A minimum Group normalised EBITDA of at least 74.2% of target must be achieved before any STIs are payable. **Financial criteria** Group EBITDA: 35% Operating cashflow 25% Debt and refinancing 10% Price renegotiation 10% Optimise cost base 10% **Non-Financial criteria** Workforce optimisation 10% **STI at risk** Group CEO and CFO: up to 100% of TFR Group COO: up to 50% TFR	Performance measures are independently tested. **Absolute TSR** 50% of LTI allocation **Relative TSR** 50% of LTI allocation **LTI at risk** Group CEO and COO: up to 100% of TFR Group CFO: up to 50% of TFR
Alignment	Attract and retain the best people based upon the competitive landscape among relevant peers.	Reward year-on-year performance in a balanced and sustainable manner.	Performance conditions must be satisfied before the conditional rights vest. Encourages sustainable, long-term value creation through equity ownership.
Delivery	Competitive, market-based fixed remuneration (Base salary and statutory superannuation and other minor fringe benefits).	Performance based incentives delivered in 50% cash and 50% deferred into equity vesting after 12 and 24 months.	Performance Rights with allocation calculated at Face Value.

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Executive remuneration in detail

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 Executives' achievement outcomes and performance.

FY23 – Remuneration mix and composition

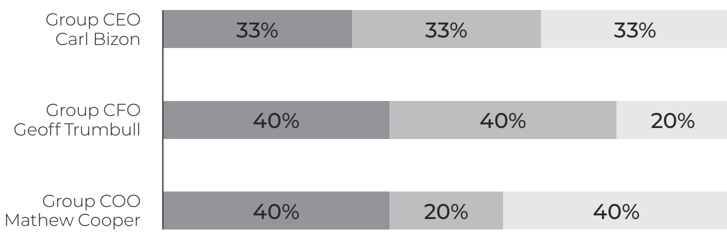
The Executive variable pay opportunities for FY23 were weighted in favour of short-term outcomes, however delivery of entitlements arising under the STI has been stretched over a two-year period, including deferral of 50% of any entitlements into equity.

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

Key: Grant / Award date; Vesting date; Performance period; Deferral period

The graph to the right represents the target remuneration mix for Executive KMP for FY23. The FY23 STI and LTI represent maximum opportunities available for Executives assuming the performance requirements are satisfied.

Key: TFR STI LTI



FY24 – Change to remuneration mix and composition

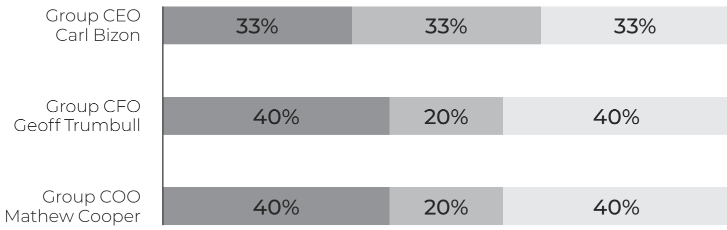
During the year, the Board reviewed the Executive Remuneration Framework to ensure it drives the right outcomes for the business. The Board approved the following changes to the FY24 STI and LTI plans for Executive KMP:

- CFO's STI opportunity will change from 100% to 50% of TFR and LTI opportunity from 50% to 100% of TFR.
- CEO's and COO's STI and LTI opportunities remain the same as FY23.
- FY24 STI payments, if achieved, will be paid fully in cash.

For FY24 LTI, the method to calculate the Volume Weighted Average Price for allocation, the number of Performance Rights to be allocated, the Performance Period, the Vesting Conditions, and all other terms and conditions of the ELT grant remain the same as FY23.

FY24 Executive KMP remuneration mix and potential incentive payment mechanism are illustrated in the tables below.

Key: TFR STI LTI



	Year 1	Year 2	Year 3	Year 4
Total Fixed Remuneration (cash)	Includes Base Salary and Superannuation			
STI (cash)	Performance period	**100%** cash		
LTI (Performance Rights)	**50%** subject to relative TSR and **50%** subject to absolute TSR			

Key: Grant / Award date; Vesting date; Performance period

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Executive employment agreements

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

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

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

Total fixed remuneration

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

TFR comprises cash salary and superannuation. Additional annual benefits may include minor fringe benefits.

Short-term incentives

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

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

The below table summarises the objectives of the Group's STI plan and identifies the performance measures and relevant weightings for FY23.

<table>
<tr><td>Purpose</td><td colspan="4">Motivate and reward employees for contributing to the delivery of annual business performance.</td></tr>
<tr><td>Participation</td><td colspan="4">Executive KMP and other eligible senior management.</td></tr>
<tr><td>Performance period</td><td colspan="4">The performance period is for the 12 months ended 30 June.</td></tr>
<tr><td>Opportunity</td><td colspan="4">The target STI opportunity for executive KMP is 100% of fixed remuneration with the exception of the COO (please refer to the Performance and Remuneration Outcomes section of this report).
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.</td></tr>
<tr><td>Financial gateway</td><td colspan="4">A minimum Group budgeted EBITDA of 74.2% of target must be achieved before any STIs are payable.</td></tr>
<tr><td rowspan="8">Performance targets</td><td colspan="4">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 FY23.</td></tr>
<tr><td>Measure</td><td>Category</td><td>Weighting</td><td>Goals</td></tr>
<tr><td rowspan="5">Financial</td><td>EBITDA</td><td>35%</td><td>Achieve budgeted EBITDA[1]</td></tr>
<tr><td>Operating cashflow</td><td>25%</td><td>Achieve budgeted Cashflow</td></tr>
<tr><td>Debt and refinancing</td><td>10%</td><td>▪ Resolve existing relationships, covenants & short-term debt
▪ Refinance existing debt</td></tr>
<tr><td>Pricing renegotiation</td><td>10%</td><td>▪ Reach agreed process with Suncorp to arrive at FY24 ARC
▪ Other Insurers</td></tr>
<tr><td>Optimise cost base</td><td>10%</td><td>Optimise (right-size) the cost base to current volumes (infrastructure utilisation, procurement, car allocation/mix)</td></tr>
<tr><td>Non-financial</td><td>Workforce optimisation</td><td>10%</td><td>Drives focus on continued process improvement and Workforce optimisation (acquisition, retention, reallocation by location)</td></tr>
<tr><td>Deferral</td><td colspan="4">50% of any entitlement will be deferred into equity using performance rights.
50% of the deferred portion will vest after 12 months and the other 50% will vest after 24 months subject to the recipient being still employed by the Group.</td></tr>
</table>

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

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Long term incentives

The key aspects of the Performance Rights Plan are summarised in the table below.

<table>
<tr><td>Purpose</td><td colspan="4">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.</td></tr>
<tr><td>Eligibility</td><td colspan="4">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.</td></tr>
<tr><td>Instrument</td><td colspan="4">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.</td></tr>
<tr><td>Allocation methodology</td><td colspan="4">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.</td></tr>
<tr><td>Opportunity</td><td colspan="4">The maximum LTI opportunity for FY23 is equivalent to 100% of fixed remuneration for the Group CEO and Group COO and up to 50% of fixed remuneration for the CFO.</td></tr>
<tr><td>Performance period</td><td colspan="4">Performance measures are tested at the end of the three-year period.</td></tr>
<tr><td rowspan="3">Performance hurdles</td><td colspan="4">The People Committee review the performance conditions annually to determine appropriate hurdles based on the Group's strategy and prevailing market practice. The following performance measures apply to the LTI grants:</td></tr>
<tr><td>Relative TSR (50% of LTI Allocation)</td><td colspan="3">TSR is an objective measure of shareholder value creation and is widely understood and accepted by various key stakeholders. The Company's TSR over the performance period must be equal to or greater than the median TSR performance of the Comparator Group. The Comparator Group consists of ASX201-300 companies, excluding non-comparable companies from the Materials, Energy, Information Technology, Financial and Real Estate sectors.</td></tr>
<tr><td>Absolute TSR (50% of LTI allocation)</td><td colspan="3">Absolute TSR measures the growth in the price of shares (modified to account for capital adjustments where appropriate) together with the value of the dividends over the Performance Period, assuming that all those dividends are re-invested into new shares. The absolute TSR growth calculation is a three-year compound annual growth rate (CAGR).</td></tr>
<tr><td rowspan="8">Vesting schedule</td><td colspan="2">Relative TSR</td><td colspan="2">Absolute TSR</td></tr>
<tr><td>Relative TSR (percentile)</td><td>Percentage of TSR-tested rights to vest</td><td>TSR CAGR</td><td>Percentage of absolute TSR-tested rights to vest</td></tr>
<tr><td><50th</td><td>Nil</td><td><8%</td><td>Nil</td></tr>
<tr><td>50th</td><td>50%</td><td>8%</td><td>50%</td></tr>
<tr><td>75th and above</td><td>100%</td><td>12%</td><td>75%</td></tr>
<tr><td></td><td></td><td>15% and above</td><td>100%</td></tr>
<tr><td colspan="2">Straight line pro-rate vesting form 50%-100%</td><td colspan="2">Straight line pro-rate vesting between each point</td></tr>
<tr><td>Vesting/ delivery</td><td colspan="4">Vesting of LTI grants is dependent on achieving relative and absolute TSR performance targets which are tested at the end of the three-year period. The performance rights will automatically vest and be exercised if, and when, the Board determines the performance conditions are achieved.
If the performance rights vest, entitlements may be satisfied by either an allotment of new shares to participants or by the purchase of existing shares on-market. The Board retains a discretion to pay a cash amount, equivalent in value to the Shares that would have been issued, acquired or transferred.
Any performance rights that do not vest at the end of the performance period will lapse. The terms of the performance rights do not include re-testing provisions.</td></tr>
<tr><td>Termination/ forfeiture</td><td colspan="4">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.</td></tr>
</table>

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Performance and remuneration outcomes for FY23

Company performance

The Group has operated under a challenging environment over the past three years as a result of COVID-19 lockdowns, ongoing labour shortage and supply chain issues. During FY23 significant network and organisational optimisation activities have been undertaken to improve financial performance.

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

	FY19	FY20	FY21	FY22	FY23
Company Performance					
Revenue and other income ($M)	606.7	825.4	919.9	845.1	**869.6**
Net Profit/(loss) ($M)	21.7	(71.5)	(99.1)	(148.0)	**(146.8)**
Normalised EBITDA pre AASB 16 ($M)	58.2	53.2	71.5	(29.0)	**19.6**
Total Shareholder Return					
Basic EPS (cents)	3.4	(9.7)	(14.8)	(15.1)	**(13.4)**
Annual TSR (%)	38.8	(58.0)	(4.2)	(70.4)	**(41.2)**
Dividends (cents)	2.75	-	-	-	**-**
Share price at 30 June ($)	1.43	0.60	0.58	0.17	**0.10**
Change in share price ($)	0.38	(0.83)	(0.02)	(0.41)	**(0.07)**

Fixed remuneration outcomes

There have been no adjustments to Executive KMP fixed remuneration in FY23. The People Committee considers that the current fixed remuneration for Executive KMP appropriately reflects their skills and experience at this time.

STI outcomes

During the year the Board reviewed the appropriateness of the performance measures linked to the STIs for Executives.

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

In addition to financial performance targets, including a financial performance gateway of achieving 74.2% of budgeted EBITDA, the Board introduced Workforce Optimisation as a non-financial performance metrics for Executives.

STI outcomes for Group Executives including the Group CEO, CFO and COO are determined based on performance against the Group STI scorecard. The table below outlines the Group STI performance measures that applied to the FY23 STI, and the performance achieved.

Group scorecard category and performance measures	Weighting (at target)	Overall FY23 outcome	Performance assessment
74.2% of budgeted Group normalised EBITDA	EBITDA gateway performance was not met		
Financial			
Group normalised EBITDA	35%		EBITDA targets were not met during the year.
Operating cashflow	25%		Operating cashflow was also not met as a result of the lower EBITDA.
Debt and refinancing	10%		AMA Group complied with or received waivers of covenants. Refer to note F6 for FY24 covenant change / waiver details.
Pricing renegotiation	10%		Capital S.M.A.R.T achieved an interim price with Suncorp and subsequent to year end finalised FY24 pricing (refer note F6). AMA Collision achieved commercial pricing uplifts.
Optimise cost base	10%		AMA Group successfully reduced cost base through network and organisational optimisation activities, taking out over $20 million of operating costs, including deferral of employee share plan and no short term incentives for FY23.
Non-Financial			
Workforce optimisation	10%		Noting the constrained labour market both locally and globally, the AMA workforce was redeployed to a reduced number of locations which could be run with high productivity. Those sites no longer manned were either hibernated or exited.

Key: FY23 outcome Above target At target Between threshold and target Not achieved

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STI outcomes (Cont.)

The following table outlines the FY23 STI outcomes for Executive KMP. In line with the STI outcomes for Executive KMP, no STI payments were made to other Executives of the Group.

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

Long term incentive outcomes

Performance rights were granted on 15 December 2022 to the Executive KMP relating to FY23 Performance rights following the resolution that passed at the Company's 2022 AGM.

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

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

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

The FY21 grant under the LTI made to the CEO was tested at the end of FY23. Following the performance test, no rights vested.

Executive remuneration disclosures

FY23 Executive remuneration

The table below sets out the executive remuneration for FY23. Amounts represent the payments relating to the period during which the individuals were KMP.

		Salary[1]	Bonus[2]	Non-Monetary Benefits[3]	Long-Term Benefits[4]	Post-Employment Benefits[5]	Performance Rights[6]	Total	Performance related
Executive Director									
Carl Bizon	**2023**	**866,616**	**-**	**3,050**	**5,264**	**25,292**	**367,759**	**1,267,981**	**29.0%**
	2022	876,432	-	5,437	14,579	23,568	135,135	1,055,151	12.8%
Executive Management									
Geoff Trumbull	**2023**	**452,741**	**-**	**3,050**	**-**	**25,292**	**73,003**	**554,086**	**13.2%**
	2022	186,013	-	3,135	3,088	9,820	11,633	213,689	5.4%
Mathew Cooper	**2023**	**624,577**	**-**	**3,050**	**-**	**25,292**	**178,899**	**831,818**	**21.5%**
	2022	522,026	-	3,135	8,701	19,640	9,154	562,656	1.6%
Consolidated Remuneration									
	2023	**1,943,934**	**-**	**9,150**	**5,264**	**75,876**	**619,661**	**2,653,885**	
	2022	1,584,471	-	11,707	26,368	53,028	155,922	1,831,496	

1 Salary includes short-term absences and changes in annual leave provision.
2 Bonus represents 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 represent the movement in the provision for long service leave for amounts accrued and paid.
5 Post-employment benefits represent amounts paid for pension and superannuation benefits.
6 Performance rights represent the accounting expense recognised in relation to performance rights granted in the year. For details on the valuation of the performance rights including models and assumptions used, please refer to Note F1(A)(iii) in the Consolidated Financial Statements.
These values may not represent the future value that the Executive KMP will receive, as the vesting of the Rights is subject to the achievement of performance conditions. The probability of the performance conditions being satisfied is assessed at the end of each reporting period to reflect the most current expectation of vesting.

Executive KMP shareholdings

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

KMP	Opening balance	Balance on appointment	Other changes (net)[1]	Balance on resignation	Closing balance
Executive Directors					
Carl Bizon	842,858	-	-	-	**842,858**
Executive Management					
Geoff Trumbull	-	-	-	-	-
Mathew Cooper	350,000	-	-	-	**350,000**
Total	**1,192,858**	**-**	**-**	**-**	**1,192,858**

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

Executive KMP performance rights

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

Executive KMP	Grant	Grant date[1]	Performance period start date	Performance period end date	Vesting date[2]	Performance rights as at 30 June	Fair value per instrument[3]		FY23 expense / (write-back)	Maximum value yet to vest
							RTSR	ATSR	($)	
Carl Bizon	FY23	30/11/22	01/07/22	30/06/25	31/08/25	4,475,385	0.17	0.15	235,032	705,096
	FY22	09/12/21	01/07/21	30/06/24	31/08/24	2,004,900	0.18	0.21	130,319	390,956
	FY21	09/12/21	01/07/20	30/06/23	31/08/23	903,034	0.04	-	2,408	-
Geoff Trumbull	FY23	30/11/22	01/07/22	30/06/25	31/08/25	1,168,572	0.17	0.15	61,370	184,109
	FY22	18/02/22	01/07/21	30/06/24	31/08/24	218,125	0.14	0.18	11,633	34,900
Mathew Cooper	FY23	30/11/22	01/07/22	30/06/25	31/08/25	3,232,222	0.17	0.15	169,745	515,570
	FY22	14/06/22	01/07/21	30/06/24	31/08/24	1,206,653	0.03	0.01	9,154	27,461

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

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

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

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

Executive KMP	Opening balance	Granted as compensation	Lapsed or forfeited	Closing balance	Vested and exercisable
Executive Directors					
Carl Bizon	2,907,934	4,475,385	(903,034)	6,480,285	-
Executive Management					
Geoff Trumbull	218,125	1,168,572	-	1,386,697	-
Mathew Cooper	1,206,653	3,232,222	-	4,438,875	-
Total	**4,332,712**	**8,876,179**	**(903,034)**	**12,305,857**	**-**

Options over unissued shares

No options were granted as remuneration during FY23. As at 30 June 2023 there are no unvested or unexercised options held by Executive KMP.

Changes to Executives

Carl Bizon will retire as Executive Director and Chief Executive Officer (CEO) at the Group's 2023 Annual General Meeting (AGM) on 23 November 2023.

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Non-Executive Directors' arrangements

Policy and approach to setting fees

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

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

Upon the appointment to Chair of the People Committee on 25 November 2022, Kyle Loades received the Committee Chair fee of $15,000 per annum in addition to his existing Non-Executive Director fee.

Upon the appointment to the Non-Executive Director role on 13 February 2023, Talbot Babineau received a fee of $120,000 per annum in line with other Non-Executive Directors.

No other changes have been made to Non-Executive Directors' fees during FY23.

Changes to Board composition

Talbot Babineau was appointed as an independent Non-Executive Director with effect from 13 February 2023 following the resignation of Nicole Cook in November 2022.

Effective 1 September 2023, Anthony Day and Paul Ruiz resigned from their positions as Non-Executive Directors.

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.

The table set out below provides a summary of the FY23 Board and Committee annual fees (inclusive of superannuation). Fees for being a Committee member are included in the Non-Executive Director fee.

Position	Annual Fee $
Chair of the Board	275,000
Non-Executive Director	120,000
Committee Chair	15,000

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Non-Executive Directors' remuneration disclosures

FY23 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.

	Salary		Post employment benefits		Total	
	2023 $	2022 $	2023 $[1]	2022 $	2023 $	2022 $
Non-Executive Directors						
Anthony Day	**275,000**	275,000	**-**	-	**275,000**	275,000
Simon Moore	**120,000**	126,250	**-**	-	**120,000**	126,250
Talbot Babineau	**50,000**	-	**-**	-	**50,000**	-
Paul Ruiz	**122,172**	117,061	**12,828**	12,141	**135,000**	129,202
Kyle Loades	**128,750**	120,000	**-**	-	**128,750**	120,000
Caroline Waldron	**108,597**	36,382	**11,403**	3,618	**120,000**	40,000
Former Non-Executive Directors						
Nicole Cook	**50,905**	135,000	**5,345**	-	**56,250**	135,000
Leath Nicholson	**-**	46,000	**-**	-	**-**	46,000
Total	**855,424**	855,693	**29,576**	15,759	**885,000**	871,452

1 Post employment benefits only apply to Directors that are paid through AMA Group payroll. Post-employment benefits represent amounts paid for pension and superannuation benefits.

Non-Executive Directors' shareholdings

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

	Opening Balance	Balance on appointment	Balance on retirement / resignation	Other changes (net)[1]	Closing Balance
Non-Executive Directors					
Anthony Day	704,797	-	-	-	**704,797**
Talbot Babineau[2]	-	7,038,124	-	1,000,000	**8,038,124**
Kyle Loades	172,668	-	-	247,351	**420,019**
Simon Moore	41,555,153	-	-	100,000	**41,655,153**
Paul Ruiz	531,778	-	-	129,032	**660,810**
Caroline Waldron	-	-	-	100,000	**100,000**
Former Non-Executive Directors					
Nicole Cook	135,128	-	(135,128)	-	**-**
Total	**43,099,524**	**7,038,124**	**(135,128)**	**1,576,383**	**51,578,903**

1 Other changes (net) represent shares that were purchased or sold during the year.
2 Talbot Babineau was appointed Non-Executive Director on 13 February 2023.

Other transactions and balances with KMP

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

Loans provided to KMP

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

Amounts recognised as assets and liabilities

No balances are outstanding in relation to entities controlled by current KMP at 30 June 2023 (2022: nil).

Remuneration governance

The role of the People Committee

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

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

Governance framework

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

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

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

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

Other governance practices

Category	Detail
Use of external advisors	To assist in performing its duties and making recommendation to the Board, the People Committee has access to independent external consultants to seek advice on various remuneration related matters as required. 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.
Clawback policy and discretion	The Group’s LTI plan include claw-back provisions. This enables the Board to claw back remuneration outcomes in the event of material non-compliance with any financial reporting requirement, misconduct, or breach of obligations. The Board retains discretion to adjust remuneration outcomes upwards or downwards to ensure incentives are not provided where it would be inappropriate or would provide unintended outcomes. The Board balances judgement on remuneration outcomes with consideration to all stakeholders.
Securities trading policy	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.
Remuneration Report approval	The People Committee will continue to encourage an open and constructive dialogue with shareholders and their representative bodies and will consult with major stakeholders on any material changes to the remuneration policy or how it is implemented. Of the eligible votes cast at the Company’s 2022 AGM, 99.07% were in favour of the FY22 Remuneration Report. The Company did not receive specific feedback at the AGM on its remuneration practices.

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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 2023 which can be viewed on the Company's website at **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.

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 50.

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.

KPMG did not provide non-audit services during FY23.

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.

Matters subsequent to the end of the Financial Year

Finalisation of Suncorp pricing with Capital S.M.A.R.T

On 18 August 2023, the Group announced finalised pricing with Suncorp in relation to the Capital S.M.A.R.T Motor Repair Service Agreement (MRSA). The new pricing will apply to all repairs booked from 1 July 2023 and returns the arrangement to annual pricing reviews with a clear re-pricing mechanism. The arrangements include transitional support while AMA Group implements several operational initiatives throughout FY24, which are planned to improve efficiency and profitability of Capital S.M.A.R.T. As transitional support payments cease at the end of FY24, the loss of those benefits is expected to be offset by the benefits realised from the several operational initiatives identified by management.

While this new pricing improves the EBITDA of Capital S.M.A.R.T in FY24, it represents a more modest level of profitability compared prior assumptions used for impairment testing purposes, which results in the impairment of the remaining Capital S.M.A.R.T goodwill. Refer to note C6 for further details.

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Matters subsequent to the end of the Financial Year (Cont.)

Syndicated Facility Agreement Covenant Waiver and Other Consents

Following engagement with existing lenders, AMA Group has received consent from lenders for the following matters:

- Waiver of June 2023 minimum EBITDA covenant. While the June 2023 covenant was calculated and technically achieved under the Syndicated Facility Agreement (SFA), it was met with minimal headroom and numerous addbacks. Given the time required to review the basis of these calculations, the Group requested the covenant be waived as a precautionary measure.
- Change of FY24 covenant requirements to remove the fixed charge cover ratio (FCCR) for FY24 and replace the net senior leverage ratio (NSLR) covenant with a minimum EBITDA covenant for September and December 2023. The NSLR covenant would also be increased for March 2024 but left unchanged for June 2024.
- A debt repayment obligation of $35 million by 31 December 2023, with repayment to be funded through equity raising proceeds.
- Changing the maximum net debt to a minimum cash requirement of $15 million at the end of each month.
- Interest rate to continue to be set at BBSY + 4.15% margin until September 2024.

As these consents were received by the lenders in August 2023, this does not change the debt classification from current, however provides sufficient relief for the Group to execute a pathway to refinancing the existing debt. As part of this arrangement, the existing margin (including PIK interest) will remain in place until September 2024.

Equity Raising

On 7 September 2023, AMA Group launched a capital raising to raise $55 million of share capital. The capital raising is comprised of a fully underwritten Institutional Placement and a fully underwritten accelerated renounceable entitlement offer. The proceeds of the equity raising will be used to facilitate the principal repayment of $35 million of existing senior bank debt by 31 December 2023 as well as providing further working capital funding.

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.

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

Carl Bizon
Executive Director
& Group Chief Executive Officer

7 September 2023

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KPMG

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 2023 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

Maritza Araneda

Partner

Melbourne

7 September 2023

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Financial Report

Contents

These Financial Statements are Consolidated Financial Statements for the Group consisting of AMA Group Limited and its controlled entities. A list of controlled entities is included in note E2. The Financial Statements are presented in the Australian currency.

The Financial Statements were authorised for issue by the Directors on 7 September 2023. The Directors have the power to amend and reissue the Financial Statements.

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

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Revenue and other income	B2	869,600	844,929
Raw materials and consumables used		(412,906)	(424,365)
Employee benefits expense		(344,801)	(340,161)
Occupancy expense		(15,641)	(25,792)
Professional services expense		(7,544)	(10,777)
Other expense		(24,951)	(24,981)
Loss on disposal of business		(63)	-
Fair value adjustment on contingent vendor consideration		654	13,729
Depreciation and amortisation expense	B3(A)	(71,360)	(78,754)
Impairment expense	B3(C)	(116,830)	(105,513)
Operating loss before interest and tax		(123,842)	(151,685)
Net finance costs	B3(B)	(37,431)	(31,141)
Loss before income tax		(161,273)	(182,826)
Income tax benefit	B4(A)	14,467	34,818
Loss after income tax		(146,806)	(148,008)
Loss is attributable to:			
Ordinary shareholders of AMA Group		(144,448)	(144,214)
Non-controlling interests		(2,358)	(3,794)
Loss for the period		(146,806)	(148,008)
Other comprehensive income / (expense)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		4	(76)
Changes in fair value of cash flow hedges		(1,768)	4,575
Other comprehensive income / (expense), net of tax		(1,764)	4,499
Total comprehensive loss, net of tax		(148,570)	(143,509)
Total comprehensive loss is attributable to:			
Ordinary shareholders of AMA Group		(146,214)	(139,714)
Non-controlling interests	E3(B)	(2,356)	(3,795)
Total comprehensive loss for the period		(148,570)	(143,509)

	Notes	2023 cents	2022 cents
Basic and diluted earnings / (loss) per share (cents)	D2	(13.46)	(15.10)

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

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Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	D6	**28,874**	52,189
Receivables and contract assets	C1	**61,470**	67,428
Inventories	C2	**44,457**	39,565
Other financial assets	C3	**1,592**	3,067
Current tax receivable	B4(C)	**4,178**	14,405
Other assets	C4	**14,469**	7,820
Total current assets		**155,040**	184,474
Non-current assets			
Property, plant and equipment	C5	**46,479**	53,013
Right-of-use assets	C7	**296,184**	266,889
Intangible assets	C6	**325,788**	454,162
Other financial assets	C3	**-**	5,212
Other non-current assets		**685**	-
Deferred tax assets	B4(E)	**20,747**	20,942
Total non-current assets		**689,883**	800,218
Total assets		**844,923**	984,692
LIABILITIES			
Current liabilities			
Trade and other payables	C8	**111,441**	116,470
Other financial liabilities	D7	**163,846**	2,940
Lease liabilities	C7	**31,000**	34,076
Provisions	C10	**36,331**	42,593
Other liabilities	C9	**3,459**	14,752
Total current liabilities		**346,077**	210,831
Non-current liabilities			
Other financial liabilities	D7	**45,104**	205,088
Lease liabilities	C7	**285,988**	255,227
Provisions	C10	**31,742**	25,292
Other liabilities	C9	**38,079**	33,841
Deferred tax liabilities	B4(E)	**23,761**	34,630
Total non-current liabilities		**424,674**	554,078
Total liabilities		**770,751**	764,909
Net assets		**74,172**	219,783
EQUITY			
Contributed equity	D4(A)	**533,190**	531,504
Convertible notes	D7(B)	**5,197**	5,197
Other reserves	D5	**4,652**	5,145
Retained deficit		**(476,930)**	(332,482)
Equity attributable to ordinary shareholders of AMA Group		**66,109**	209,364
Non-controlling interests	E3(A)	**8,063**	10,419
Total equity		**74,172**	219,783

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

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	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 year		-	-	-	(144,214)	(144,214)	(3,794)	(148,008)
Other comprehensive income / (expense)		-	-	4,500	-	4,500	(1)	4,499
Total comprehensive income / (expense) for the year		**-**	**-**	**4,500**	**(144,214)**	**(139,714)**	**(3,795)**	**(143,509)**
Transactions with owners in their capacity as owners:								
Shares issued, net of transaction costs [1]		103,662	-	-	-	103,662	-	103,662
Equity component of convertible bond, net of transaction costs		-	5,197	-	-	5,197	-	5,197
Employee equity plan		3,184	-	331	-	3,515	-	3,515
Service rights vesting		254	-	(254)	-	-	-	-
		107,100	5,197	77	-	112,374	-	112,374
Balance at 30 June 2022		**531,504**	**5,197**	**5,145**	**(332,482)**	**209,364**	**10,419**	**219,783**

1 Includes $96,894 thousand (net of transaction costs) from shares issued under the non-renounceable entitlements offer which completed on 5 October 2021 and $6,768k from shares issued to vendors (refer to note D4(B) for further information).

	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 year		-	-	-	(144,448)	(144,448)	(2,358)	(146,806)
Other comprehensive income / (expense)		-	-	(1,766)	-	(1,766)	2	(1,764)
Total comprehensive income / (expense) for the year		**-**	**-**	**(1,766)**	**(144,448)**	**(146,214)**	**(2,356)**	**(148,570)**
Transactions with owners in their capacity as owners:								
Shares issued, net of transaction costs		1,686	-	(255)	-	1,431	-	1,431
Employee equity plan		-	-	1,528	-	1,528	-	1,528
		1,686	-	1,273	-	2,959	-	2,959
Balance at 30 June 2023		**533,190**	**5,197**	**4,652**	**(476,930)**	**66,109**	**8,063**	**74,172**

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

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Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		995,655	946,798
Payments to suppliers and employees (inclusive of GST)		(963,143)	(947,496)
Payments for make good of leased sites		(5,780)	(687)
Interest received		368	198
Interest and other costs of finance paid		(24,498)	(26,387)
Income taxes received / (paid)	B4(C)	14,969	(1,158)
Government grants received		-	501
Net cash inflows / (outflows) from operating activities	D6(B)	17,571	(28,231)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		972	229
Proceeds from disposal of business (net of costs and cash disposed)		2,428	-
Payments for property, plant and equipment		(10,383)	(6,793)
Payments for intangible assets		-	(546)
Contingent consideration relating to previously acquired businesses		(2,041)	(10,840)
Net cash outflows from investing activities		(9,024)	(17,950)
Cash flows from financing activities			
Repayment of borrowings	D6(C)	-	(72,500)
Principal elements of lease payments	D6(C)	(31,887)	(32,531)
Payment of new borrowings transaction costs	D6(C)	-	(6,006)
Equity raised, net of costs		-	95,285[1]
Proceeds from issuance of convertible notes	D6(C)	-	50,000
Net cash (outflows) / inflows from financing activities		(31,887)	34,248
Net decrease in cash and cash equivalents		(23,340)	(11,933)
Cash and cash equivalents, at the beginning of the financial year		52,189	64,203
Effects of exchange changes on the balances held in foreign currencies		25	(81)
Cash and cash equivalents, at end of the financial year	D6(A)	28,874	52,189

1 On 5 October 2021, the Group successfully completed the fully underwritten institutional and retail components of its pro rata non-renounceable 1 for 2.8 entitlement offer. The total gross proceeds of $99,981 thousand ($95,285 thousand net of transaction costs and tax) were used to repay $72.5 million in debt facilities, with the remainder used to fund working capital, liquidity and in supporting growth initiatives.

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

A BASIS OF PREPARATION

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

A1 Basis of preparation

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

The Group is a for-profit entity which is incorporated and domiciled in Australia. The Consolidated Financial Report of the Group for the year ended 30 June 2023 (FY23) was authorised for issue in accordance with a resolution of directors on 7 September 2023.

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.

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.

While performance is improved in FY23, AMA continues to see negative effects on labour and supply chain costs inputs as well as labour availability. These factors have moderated the expected profitability growth in FY23 and FY24. As a result, continuing at current levels of profitability may cast significant doubt on the Group's ability to continue as a going concern in the event that the Group is unable to meet existing covenants or refinance existing debt prior to its maturity.

As noted in note F6, the Group has received a waiver of June 2023 covenants and a reshaping of FY24 covenants. Based on current forecasts including amounts to be received through the equity raise, the Group expects to meet these new covenants. Under the new arrangements for FY24, a repayment of $35 million is required by 31 December 2023. This is expected to be met through the equity raise as described in note F6.

Management has prepared cash flow forecasts for the next twelve months that include the above initiatives and support the ability of the Group to continue as a going concern. The Group was cash flow positive for the second half of FY23 and the Board approved budget for FY24 projects positive cash flow after funding some growth initiatives. The main consideration for FY24 is the refinancing of existing senior debt facilities ahead of their October 2024 maturity.

The Group' has a net senior debt position as at 30 June 2023 of $137,168,000. As at 30 June 2023, the Group had $28,874,000 in cash and cash equivalents.

As at 30 June 2023, the Group has current liabilities exceeding current assets by $191,037,000 of which $163,846,000 is expected to be refinanced in FY24. The deficit is also impacted by 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 ($31,000,000) and non-current, resulting in a mismatch. Management expects any working capital deficiency will be met out of operating cash flows.

The Group remains confident that based on forecast performance for FY24 and assuming a successful equity raise as set out in note F6 that it can remain within reshaped covenants. In the event that cash flows do not meet expectations, the Group has a number of options which could include restructuring operations or the sale of assets to assist in meeting of revised covenants if required.

Management has taken a number of actions during the year to improve future profitability of the Group. Whilst the Group's path to expected profitability, completion of fundraising activities in the current environment 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 Consolidated Financial Report.

The Directors' are of the opinion that, as at the date of approving this report, the cash flow forecasts and deleveraging activities described in note F6 support the Group's ability to continue as a going concern including ongoing covenant compliance.

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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 2023 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.

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

(B) Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within 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 adopted the following new and amended accounting standards and interpretations for the annual reporting period commencing on 1 July 2022:

- AASB 2020-3 *Annual improvements 2018 – 2020 and Other Amendments*

Application of the above amendments has not materially impacted the Group.

(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 2022 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.

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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. Revisions to estimates are recognised prospectively.

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

- Note A1(A) – Going concern
- Note B4(F)(i) – Recoverability of deferred tax assets
- Note C6(B)(iv) – Estimation of recoverable amounts of assets and CGUs
- Note C7(H) – Estimation of lease term
- Note C10(B) – Estimation of make good provisions

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

Key estimates and judgements – climate change

The Group is progressing its assessment of the potential financial impacts of climate change and the associated policy changes and regulations anticipated as part of the transition to a low carbon economy. While climate risk has been formally incorporated in the Group's risk register, there are no immediate impacts to the carrying amount of the Group's assets and liabilities at the date of this report. Further assessment of climate risk and the development of any relevant action plans may impact the Group's critical accounting estimates and judgements and result in material changes to the financial results and the carrying amount of certain assets and liabilities in future reporting periods.

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B PERFORMANCE FOR THE YEAR

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

B1 Segment information

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

(A) Description of segments

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

The Group's operating segments are organised and managed separately according to the nature of the products and services provided being Vehicle Collision Repairs, Heavy Motor and Supply. The Group's corporate function is not an operating segment under the requirements of AASB 8 *Operating Segments* as its revenue generating activities are only incidental to the business. Geographically, the Group operates in Australia and New Zealand.

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.

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 achieve consistency in disclosure with the current financial period presentation.

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B1 Segment information (Cont.)

(B) Adjusted EBITDA from reportable segments

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

Adjusted EBITDA excludes the effects of significant items which may have an impact on the quality of earnings such as fair value adjustments or items that are the result of an isolated, non-recurring event. It includes occupancy costs, reflecting the treatment of these costs prior to the implementation of AASB 16 *Leases*.

A reconciliation of adjusted EBITDA to loss before income tax is provided below:

	Vehicle Collision Repairs		Heavy Motor		Supply		Corporate / Eliminations		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Revenue and other income										
Revenue from external customers	**760,238**	718,960	**65,043**	53,873	**39,252**	65,245	**-**	-	**864,533**	838,078
Inter-segment revenue	**-**	-	**-**	-	**40,250**	31,222	**(40,250)**	(31,222)	**-**	-
Other income	**4,223**	6,341	**352**	81	**55**	380	**437**	49	**5,067**	6,851
Total group revenue and other income	**764,461**	725,301	**65,395**	53,954	**79,557**	96,847	**(39,813)**	(31,173)	**869,600**	844,929
Segment result (EBITDA excluding impact of AASB 16 *Leases*)	**20,748**	(25,001)	**7,581**	6,570	**(2,213)**	(3,182)	**(7,381)**	(10,334)	**18,735**	(31,947)
AASB 16 *Leases* impact to ccupancy costs and other income	**35,918**	42,143	**5,075**	4,209	**3,842**	4,371	**187**	77	**45,022**	50,800
EBITDA	**56,666**	17,142	**12,656**	10,779	**1,629**	1,189	**(7,194)**	(10,257)	**63,757**	18,853
Depreciation and amortisation									**(71,360)**	(78,754)
Impairment expense									**(116,830)**	(105,513)
Loss on disposal of business									**(63)**	-
Net finance costs									**(37,431)**	(31,141)
Fair value adjustments on contingent vendor consideration									**654**	13,729
Loss before income tax									**(161,273)**	(182,826)

(C) Segment assets and liabilities

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

(D) Geographical information

The Group operates in two geographical locations, being Australia and New Zealand. The table below provides information on the geographical location of non-current assets and revenue from external customers. Revenue is allocated to a geography based on the location of the operation it was derived from. All revenue in New Zealand relates to the vehicle collision repairs segment.

	Australia		New Zealand		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Revenue from external customers	**838,931**	815,668	**25,602**	22,410	**864,533**	838,078
Other income	**5,067**	6,676	**-**	175	**5,067**	6,851
Total group revenue and other income	**843,998**	822,344	**25,602**	22,585	**869,600**	844,929
Non-current assets (excluding financial instruments and deferred tax assets)	**660,326**	764,816	**8,810**	9,248	**669,136**	774,064

B2 Revenue and other income

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

Set out below is the disaggregation of the Group's revenue and other income. The Group derives revenue from the transfer of goods and services over time and at a point in time. Comparative information has been re-presented to achieve consistency in disclosure with the current financial period presentation.

	Vehicle Collision Repairs		Heavy Motor		Supply		Corporate / Eliminations		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Revenue										
Vehicle panel repair services	**759,577**	718,275	**-**	-	**-**	-	**-**	-	**759,577**	718,275
Truck and bus repairs	**-**	-	**64,439**	53,258	**-**	-	**-**	-	**64,439**	53,258
Sale of goods	**661**	685	**604**	615	**79,382**	96,201	**(40,250)**	(31,222)	**40,397**	66,279
Other services	**-**	-	**-**	-	**120**	266	**-**	-	**120**	266
Total revenue	**760,238**	718,960	**65,043**	53,873	**79,502**	96,467	**(40,250)**	(31,222)	**864,533**	838,078
Other income	**4,223**	6,341	**352**	81	**55**	380	**437**	49	**5,067**	6,851
Revenue and other income	**764,461**	725,301	**65,395**	53,954	**79,557**	96,847	**(39,813)**	(31,173)	**869,600**	844,929
Timing of revenue recognition										
Over time	**759,577**	718,275	**64,439**	53,258	**120**	266	**-**	-	**824,136**	771,799
At a point in time	**661**	685	**604**	615	**79,382**	96,201	**(40,250)**	(31,222)	**40,397**	66,279
Revenue	**760,238**	718,960	**65,043**	53,873	**79,502**	96,467	**(40,250)**	(31,222)	**864,533**	838,078

In respect of vehicle collisions repairs and heavy motor segments:

- approximately 87% of revenue is derived from insurers (2022: approximately 88%);
- approximately 66% of revenue is derived from the top two customers (2022: approximately 60%).

Significant accounting policies

Revenue

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

Revenue is recognised for the major business activities as follows:

Vehicle Collision Repair Services

Revenue arising from these services relate to performance obligations satisfied over time and in future periods. Revenue is recognised based on the inputs used in the vehicle repair process, primarily labour hours expended and parts purchases, relative to the total expected inputs to complete the repairs. All vehicle repairs are invoiced upon completion, with payment terms between 1 and 7 days for insurers, cash on delivery for private work and up to 30 days payment terms for fleet and other commercial customers.

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

Sale of goods

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

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

Other income

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

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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

	Notes	2023 $'000	2022 $'000
Depreciation expense on property, plant and equipment	C5	12,836	17,413
Depreciation expense on right-of-use assets	C7(C)	42,138	43,618
Amortisation on intangibles	C6(A)	16,386	17,723
Total depreciation and amortisation expense		71,360	78,754

(B) Net finance costs

	2023 $'000	2022 $'000
Interest and finance charges	14,802	9,577
Interest expense on lease liabilities	19,015	18,269
Unwind of discount on make good provision	1,486	309
Amortisation of borrowing costs	2,496	3,184
Interest income	(368)	(198)
Net finance costs	37,431	31,141

Significant accounting policy

Finance costs

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

(C) Impairment expense

The Group recognised the following non-cash impairment expense:

	Notes	2023 $'000	2022 $'000
Impairment of goodwill – Capital Smart	C6(B)(ii)	57,740	41,400
Impairment of goodwill – AMA Collision	C6(B)(ii)	52,632	39,300
Impairment of non-current assets	C5	2,427	8,315
Impairment of right-of-use assets	C7(C)	4,031	16,498
Total impairment expense		116,830	105,513

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B4 Income tax

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

(A) Income tax benefit

	2023 $'000	2022 $'000
Current tax		
Current tax benefit	(5,009)	(14,270)
Adjustments for current tax of prior periods	198	400
Total current tax benefit	(4,811)	(13,870)
Deferred tax		
Increase / (decrease) in deferred tax assets	(11,955)	(5,552)
Increase / (decrease) in deferred tax liabilities	2,120	(15,396)
Under / over provision in respect of prior years	179	-
Total deferred tax benefit	(9,656)	(20,948)
Income tax benefit	(14,467)	(34,818)

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

	2023 $'000	2022 $'000
Loss before tax	(161,273)	(182,826)
Tax at the Australian tax rate of 30% (30 June 2022: 30%)	(48,382)	(54,848)
Tax effect of amounts which are not (assessable) / deductible in calculating taxable income:		
Non-deductible impairment expense	33,112	24,210
Non-deductible expenses	78	49
Fair value adjustments on contingent vendor consideration	(196)	(4,119)
Employee equity plan expense	602	99
Non-assessable income	(86)	(495)
Adjustments for current tax of prior periods	198	400
Recognition of previously unrecognised tax losses	-	80
Derecognition of previously recognised deductible temporary differences	231	(202)
Effect of tax rates in foreign jurisdictions	30	10
Other	(54)	(2)
Income tax benefit	(14,467)	(34,818)

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

	2023 $'000	2022 $'000
Balance at 1 July	(14,405)	1,456
Movement:		
Income taxes payable / (receivable) for the period	(5,009)	(14,270)
Adjustments for current tax of prior periods	267	(332)
Income tax received / (paid)	14,969	(1,158)
(Disposed) / acquired through business combinations	-	(101)
Balance at 30 June	(4,178)	(14,405)

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B4 Income tax (Cont.)

(D) Amounts recognised directly through equity

	2023 $'000	2022 $'000
Hedging reserve	719	(1,930)
Share Capital (equity raising costs)	-	1,408
Total recognised directly through equity	**719**	**(522)**

(E) Deferred tax assets and deferred tax liabilities

	Deferred tax assets		Deferred tax liabilities	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Receivables and contract assets	235	334	-	-
Inventories	295	-	(212)	(816)
Property, plant and equipment	2,568	1,293	(1,829)	(1,687)
Right-of-use assets	-	-	(88,916)	(79,930)
Intangible assets	56	38	(49,892)	(54,500)
Trade and other payables	1,961	2,455	-	-
Lease liabilities	94,911	86,650	-	-
Provisions – employee benefits	10,738	11,295	-	-
Provisions – other	10,067	9,323	-	-
Deferred income	-	2,314	-	-
Capitalised expenditure	1,472	2,380	-	-
Tax losses	15,536	8,961	-	-
Other items	262	250	(266)	(2,048)
Deferred tax assets / (liabilities) – before set-off	**138,101**	125,293	**(141,115)**	(138,981)
Set-off of tax	(117,354)	(104,351)	117,354	104,351
Net deferred tax assets / (liabilities) – after set-off	**20,747**	20,942	**(23,761)**	(34,630)
Balance at 1 July	125,293	120,672	(138,981)	(154,063)
Movement:				
Adjustments for tax of prior periods	134	(409)	(14)	(314)
To profit or loss	11,955	5,552	(2,120)	15,396
Through equity	719	(522)	-	-
Balance at 30 June	138,101	125,293	(141,115)	(138,981)

(F) Tax losses

	2023 $'000	2022 $'000
Unused tax losses for which a deferred tax asset has been recognised		
Unused revenue losses	51,786	29,869
Tax benefit @ 30%	15,536	8,961
Unused tax losses for which no deferred tax asset has been recognised		
Unused revenue losses	2,032	2,032
Unused capital losses	13,407	12,264
Total unused tax losses	15,439	14,296
Potential tax benefit @ 30%	4,632	4,289

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B4 Income tax (Cont.)

(F) Tax losses (Cont.)

(i) Critical accounting estimates and judgements – Recoverability of deferred tax assets

Significant judgement is required in determining the provision for income taxes. The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are forecast future taxable profits relating to the same taxation authority against which the unused tax losses can be utilised.

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

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

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

(G) Tax consolidation

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

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

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

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

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

Significant accounting policies

Income tax

Current and deferred tax expense is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity.

Current tax

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

Deferred tax

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

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

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

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

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

C ASSETS AND LIABILITIES

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

C1 Receivables and contract assets

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

	2023 $'000	2022 $'000
Trade receivables	24,884	34,133
Allowance for expected credit losses	(304)	(526)
	24,580	33,607
Other receivables	4,072	1,491
Contract assets	32,818	32,330
	36,890	33,821
Total receivables and contract assets	61,470	67,428

(A) Allowance for expected credit losses on trade receivables

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

	2023 $'000	2022 $'000
Balance at 1 July	526	304
Movement:		
Additional expected credit losses recognised / (released)	55	307
Receivables written off / (written back) during the year as uncollectible	(277)	(85)
Balance at 30 June	304	526

(B) Exposure to credit risk

The following table provides information about the exposure to credit risk and expected credit loses for trade receivables as at 30 June 2023:

30 June 2023 $'000	Gross carrying amount	Loss allowance	Net receivable
1 - 30 days	20,031	(57)	19,974
31 - 60 days	3,632	(71)	3,561
61 - 90 days	539	(10)	529
More than 90 days	682	(166)	516
Total	24,884	(304)	24,580

(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(A)(i).

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C1 Receivables and contract assets (Cont.)

(D) Risk exposure

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

Significant accounting policies

Trade and other receivables

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

Allowance for expected credit losses on trade and other receivables

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

Contract assets

The Group presents any unconditional rights to consideration separately as a receivable while those rights arising from satisfaction of performance obligations in a contract are presented as contract assets. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Contract assets are measured at the actual amount of transaction price. No expected credit loss is recognised on contract assets as the Group have security over the contract assets while the work is in progress.

C2 Inventories

	2023 $'000	2022 $'000
Parts inventory	35,365	28,686
Provision for inventory obsolescence – parts	(1,059)	(1,577)
Consumables inventory	11,135	14,581
Provision for inventory obsolescence – consumables	(984)	(2,125)
Total inventories	**44,457**	39,565

The Group periodically assesses 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. Comparative information has been re-presented to achieve consistency in disclosure with the current financial period presentation.

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.

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

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

- Consumables inventory – purchase cost on a first-in / first-out basis
- Parts inventory – cost comprises direct materials and direct labour (for reclaimed parts only)

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C3 Other financial assets

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

	2023 $'000	2022 $'000
Other financial assets		
Current		
Loans provided to a former related party and other employees	1,592	1,460
Derivative – financial instrument	-	1,607
Total current	1,592	3,067
Non-current		
Derivative – financial instrument	-	5,212
Total non-current	-	5,212
Total other financial assets	1,592	8,279

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

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

(B) Derivatives

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

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

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 has not applied any expected credit loss to these loans at 30 June 2023 as it expects them to be fully recoverable.

C4 Other assets

	2023 $'000	2022 $'000
Acquisition deposits	300	300
Accrued income	5,692	1,334
Prepayments and other assets	8,477	6,186
Total other assets	14,469	7,820

C5 Property, plant and equipment

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

	Leasehold improvements $'000	Plant and equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
1 July 2021					
Cost	33,995	143,568	5,495	6,628	189,686
Accumulated depreciation and impairment	(22,821)	(87,941)	(2,973)	(3,222)	(116,957)
Net book amount	**11,174**	**55,627**	**2,522**	**3,406**	**72,729**
Movement:					
Additions	1,533	3,578	413	551	6,075
Depreciation	(2,758)	(12,934)	(904)	(817)	(17,413)
Impairment	(3,327)	(4,315)	(420)	(253)	(8,315)
Effect of foreign exchange	(14)	(48)	(1)	-	(63)
Closing net book amount	**6,608**	**41,908**	**1,610**	**2,887**	**53,013**
1 July 2022					
Cost	29,256	127,589	4,369	6,574	167,789
Accumulated depreciation and impairment	(22,648)	(85,681)	(2,759)	(3,687)	(114,776)
Net book amount	**6,608**	**41,908**	**1,610**	**2,887**	**53,013**
Movement:					
Additions	314	8,491	501	915	10,221
Disposals	(701)	(397)	(182)	(250)	(1,530)
Depreciation	(1,477)	(9,614)	(912)	(833)	(12,836)
Impairment	(34)	(2,370)	(22)	(1)	(2,427)
Effect of foreign exchange	7	31	-	-	38
Closing net book amount	**4,717**	**38,049**	**995**	**2,718**	**46,479**
2023					
Cost	27,452	129,045	4,188	6,728	167,413
Accumulated depreciation and impairment	(22,735)	(90,996)	(3,193)	(4,010)	(120,934)
Net book amount	**4,717**	**38,049**	**995**	**2,718**	**46,479**

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 $2,427,000 (2022: $8,315,000) relating to the carrying amount of property, plant and equipment. The impairment charge is on assets which are no longer expected to generate future economic benefits primarily due to closure of sites.

(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
Legal fees		(22)
Net proceeds from sale		**2,428**
Goodwill	C6	(1,460)
Property, plant and equipment		(245)
Inventories		(1,293)
Right of use assets	C7	(376)
Other assets and liabilities		1,023
Transaction costs		(140)
Loss on disposal		**(63)**

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

Derecognition

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

Impairment

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

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C6 Intangible assets

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

(A) Net book amounts and movements in intangible assets

	Goodwill $'000	Customer contracts $'000	Other intangibles $'000	Software $'000	Total $'000
1 July 2021					
Cost	499,456	240,043	2,400	7,874	749,773
Accumulated amortisation and impairment	(150,247)	(41,443)	(408)	(5,763)	(197,861)
Net book amount	**349,209**	**198,600**	**1,992**	**2,111**	**551,912**
Movement:					
Additions and adjustments	(136)	-	10	799	673
Amortisation	-	(16,707)	(241)	(775)	(17,723)
Impairment	(80,700)	-	-	-	(80,700)
Closing net book amount	**268,373**	**181,893**	**1,761**	**2,135**	**454,162**
1 July 2022					
Cost	500,333	240,043	2,410	6,949	749,735
Accumulated amortisation and impairment	(231,960)	(58,150)	(649)	(4,814)	(295,573)
Net book amount	**268,373**	**181,893**	**1,761**	**2,135**	**454,162**
Movement:					
Additions and adjustments	(230)	-	-	74	(156)
Amortisation	-	(15,490)	(240)	(656)	(16,386)
Disposal of business	(1,460)	-	-	-	(1,460)
Impairment	(110,372)	-	-	-	(110,372)
Closing net book amount	**156,311**	**166,403**	**1,521**	**1,553**	**325,788**
2023					
Cost	496,996	240,043	2,396	7,023	746,458
Accumulated amortisation and impairment	(340,685)	(73,640)	(875)	(5,470)	(420,670)
Net book amount	**156,311**	**166,403**	**1,521**	**1,553**	**325,788**

(B) Goodwill

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

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

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

Reporting segment	CGU	2023 $'000	2022 $'000
Vehicle Collision Repairs	Capital S.M.A.R.T	-	57,970
	AMA Collision	**113,131**	165,763
Heavy Motor	Heavy Motor	**43,180**	43,180
Supply	Fluid Drive	-	1,460
Total goodwill		**156,311**	268,373

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C6 Intangible assets (Cont.)

(B) Goodwill (Cont.)

(ii) Impairment testing of goodwill

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

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

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

In FY23, the Group impaired Capital S.M.A.R.T goodwill to zero following the conclusion of repricing negotiations and contract mechanism clarifications. The impairment loss reflects a more modest outcome for Capital S.M.A.R.T pricing compared to the prior forecast, with the higher cost, labour constrained environment also challenging operating margins.

In FY23, the Group impaired the AMA Collision CGU goodwill by $52.6 million as a result of an update to the recoverable amount based on assumptions detailed below. The impairment loss arose due to assumptions updated for more modest pricing outcomes and higher costs resulting in margin pressure as well as lower production capacity following FY23 network optimisation.

(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.

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
Post-tax discount rate	The discount rate is a post-tax measure which incorporates risks associated with each CGU. In performing the fair value less costs of disposal calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast post-tax cash flows.
FY24 (Year 1) EBITDA	FY24 EBITDA is derived from the Board approved budget.
FY25 to FY28 EBITDA	FY25 to FY28 EBITDA is calculated using an EBITDA growth rate based on past experience. The Group's forecasts are based on expectations of market demand and past experience. The average EBITDA growth rate for FY25 to FY28 approximates 2.5%.
Terminal growth rate	The terminal growth rate is used to extrapolate cash flows beyond the forecast period. The terminal value is calculated using a perpetual growth model. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.
AASB 16 *Leases* impact	EBITDA used in the discounted cashflow model includes rental payments. Right-of-use assets and lease liabilities have been included in the carrying value of the CGU.

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

CGU	Terminal growth rate (%)		Pre-tax discount rate (%)		Year 1 EBITDA growth rate (%)	
	2023	2022	2023	2022	2023	2022
AMA Collision	**2.5**	2.5	**12.3**	11.6	**14**	11
Heavy Motor	**2.5**	2.5	**12.3**	11.6	**25**	22
Capital S.M.A.R.T	**2.5**	2.5	**11.1**	11.6	**143**[1]	13

1 Capital S.M.A.R.T EBITDA increase as a result of resetting of FY24 price, including transitional amount. If excluded, Year 1 growth would be flat. Refer to F6 for further details.

(iv) Critical accounting estimates and judgements – Estimation of recoverable amounts of assets and CGUs

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 (Cont.)

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

Management assessed whether any CGU for which the carrying amount of goodwill is significant could be impaired as a result of a possible change in a key assumption and the following table provides quantitative information illustrating the impact of possible changes in key assumptions (with all other inputs remaining the same). The Heavy Motor CGU has sufficient headroom that there was no impairment from the assessment undertaken. The Capital S.M.A.R.T goodwill balance was fully impaired and therefore the CGU has no goodwill or indefinite life intangible assets. However, given partial impairment has been recognised for the AMA Collision CGU, any adverse change in assumptions would lead to further impairment. The following impairments would be recognised by a change in key assumption for this CGU:

- 1% increase in discount rate $12,480,000
- 1% decrease in terminal growth rate $10,780,000
- 10% decrease in EBITDA $20,810,000

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 15 years.

Other intangibles

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

Software

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

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 previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

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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:

	2023 $'000	2022 $'000
Right-of-use assets		
Leased properties	**296,156**	266,810
Leased equipment and motor vehicles	**28**	79
Total right-of-use assets	**296,184**	266,889
Lease liabilities		
Current	**31,000**	34,076
Non-current	**285,988**	255,227
Total lease liabilities	**316,988**	289,303

The total additions to right-of-use assets for the year ended 30 June 2023 were $73,917,000 (30 June 2022: $54,981,000). Refer to Note C7(E) on the following page.

(C) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Depreciation charge on right-of-use assets		
Leased properties	**34,158**	38,388
Leased equipment and motor vehicles	**51**	103
Make good	**7,929**	5,127
Total	**42,138**	43,618
Impairment expense	**4,031**	16,498
Interest expense (included in finance costs)	**19,015**	18,269
COVID-19 rent concession (included as a benefit in occupancy expenses) [1]	**-**	(525)
Expense relating to short-term leases (included in occupancy expenses)	**1,413**	885
Expense relating to leases of low-value assets (included in occupancy expenses)	**94**	53
Total	**24,553**	35,180

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

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

The total cash outflow for leases for the year ended 30 June 2023 was $50,902,000 (30 June 2022: $50,800,000) including $5,880,000 on impaired leases.

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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 and motor vehicles $'000	Total $'000
1 July 2021			
Cost	384,570	553	385,123
Accumulated depreciation and impairment	(77,879)	(367)	(78,246)
Net book amount	**306,691**	**186**	**306,877**
Movement:			
Additions	54,981	-	54,981
Disposals	-	(2)	(2)
Depreciation	(43,515)	(103)	(43,618)
Modification to lease terms	(37,429)	(2)	(37,431)
Variable lease payments reassessment	2,869	-	2,869
Impairment	(16,498)	-	(16,498)
Effect of foreign exchange	(289)	-	(289)
Net book amount	**266,810**	**79**	**266,889**
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	73,917	-	73,917
Disposals	(13,083)	-	(13,083)
Disposal of business	(376)	-	(376)
Depreciation	(42,087)	(51)	(42,138)
Modification to lease terms	2,132	-	2,132
Variable lease payments reassessment	12,790	-	12,790
Impairment	(4,031)	-	(4,031)
Effect of foreign exchange	84	-	84
Net book amount	**296,156**	**28**	**296,184**
2023			
Cost	425,220	123	425,343
Accumulated depreciation and impairment	(129,064)	(95)	(129,159)
Net book amount	**296,156**	**28**	**296,184**

(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.

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

(H) Critical accounting estimates and judgements – Estimation of lease term

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 beyond the non-cancellable period. 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 additional right-of-use asset and lease liability in the period on which the event or condition that triggers the payment occurs.

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

Right-of-use assets

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

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

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

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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.

	2023 $'000	2022 $'000
Trade payables	64,447	74,631
Accrued expenses	33,666	30,746
Payroll and statutory liabilities	13,202	8,736
Other payables	126	2,357
Total trade and other payables	111,441	116,470

(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(A)(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

	2023 $'000	2022 $'000
Current		
Market incentive	2,375	14,119
Deferred revenue	1,084	633
Total current	3,459	14,752
Non-current		
Market incentive	38,079	33,841
Total non-current	38,079	33,841
Total other liabilities	41,538	48,593

(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 FY23, 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.

As at 30 June 2023, an amount of $2,375,000 (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:

	2023 $'000	2022 $'000
Balance at 1 July	47,960	60,800
Movement:		
Offset against inventory	(97)	(20)
Charged to profit or loss – raw materials and consumables used	(7,409)	(12,820)
Balance at 30 June	40,454	47,960

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.

	2023 $'000	2022 $'000
Current		
Annual leave	**19,942**	21,364
Long service leave	**13,337**	13,471
Make good	**2,198**	7,091
Other	**854**	667
Total current	**36,331**	42,593
Non-current		
Long service leave	**2,544**	2,843
Make good	**29,198**	22,449
Total non-current	**31,742**	25,292
Total provisions	**68,073**	67,885

(A) Carrying amounts and movements in provisions

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

	Other $'000	Make good $'000	Total $'000
Balance at 1 July 2021	**288**	**7,615**	**7,903**
Movement:			
Additional provisions recognised	379	22,388	22,767
Unused amounts reversed	-	(85)	(85)
Unwind of discount	-	309	309
Amounts used during the year	-	(687)	(687)
Balance at 30 June 2022	**667**	**29,540**	**30,207**
Movement:			
Additional provisions recognised	854	9,293	10,147
Unused amounts reversed	(288)	(4,482)	(4,770)
Unwind of discount	-	1,486	1,486
Amounts used during the year	(379)	(4,519)	(4,898)
Effect of foreign exchange	-	78	78
Balance at 30 June 2023	**854**	**31,396**	**32,250**

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C10 Provisions (Cont.)

(A) Carrying amounts and movements in 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 (approximately 70% of current annual leave and 25% of current long service leave would be expected to be used 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 right-of-use asset and are depreciated over the shorter of the term of the lease and the useful life of the assets.

(B) Critical accounting estimates and judgements – Estimation of make good provisions

Make good

As part of its obligations under the lease agreements for each of its sites, the Group is required to restore the leased premises to their original condition at the end of the respective lease terms. The estimated expenditure required to remove any leasehold improvements is based on amounts specified in the lease agreement or, in the absence of specific amounts, historical experience for sites with similar characteristics including size and the number of installations. The calculations to discount these amounts to their present value are based on the expected payments at the end of the lease term, the determination of which requires judgement (refer to C7(H) for further information).

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D CAPITAL STRUCTURE, FINANCING AND FINANCIAL RISK MANAGEMENT

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

D1 Capital management

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

The Group's objectives when managing capital are to:

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

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

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

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

	Notes	2023 $'000	2022 $'000
Net debt			
Financial liabilities – drawn cash facilities	D7(A)	**165,000**	165,000
PIK interest capitalised	D7(A)	**1,042**	-
Contingent vendor consideration – 50% of cash portion		**-**	1,220
Cash and cash equivalents	D6	**(28,874)**	(52,189)
Net senior debt used in covenant calculations		**137,168**	114,031
Convertible notes (face value)	D7(B)	**50,000**	50,000
Net debt		**187,168**	164,031
Fully paid ordinary shares			
Quoted (at market price) [1]		**107,307**	182,072
Unquoted (at issue price)	D4(A)	**-**	1,611
Total fully paid ordinary shares		**107,307**	183,683
Total capital		**294,475**	347,714
Gearing Ratio		**63.6%**	47.2%
Gearing Ratio (net senior debt)		**46.6%**	32.8%

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

D2 Earnings / (loss) per share

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

	2023 $'000 / Number	2022 $'000 / Number
Profit / (loss) attributable to the ordinary equity holders of the Company	(144,448)	(144,214)
Weighted average number of ordinary shares used as denominator in calculating both basic and diluted earnings / (loss) per share	1,072,931,491[1]	955,285,449
Basic and diluted earnings / (loss) per share	(13.46)	(15.10)

1 For information about the movements in ordinary shares refer to note D4(B).

D3 Dividends

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

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

Franking credit balance	2023 $'000	2022 $'000
Franking credits available for subsequent reporting period based on tax rate of 30%	19,238	32,462

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

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

The balance of franking credits decreased during the period as a result of a $15.3 million tax receipt following 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 expects the franking credit balance to further decrease during FY24 due to the receipt of a refund of tax receivable (refer to Note B4(C)) which will generate a franking debit resulting in a new balance of approximately $15.1 million.

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D4 Contributed equity

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

(A) Ordinary share capital

Fully paid ordinary shares	2023 Shares	2023 $'000	2022 Shares	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

	2023 Shares	2023 $'000	2022 Shares	2022 $'000
Quoted				
Opening balance	1,071,009,343	529,893	743,063,799	419,404
Equity raising	-	-	266,616,996	99,981
Employee share issue[1]	418,545	1,727	9,710,433	3,438
Vendor share issue	-	-	48,573,966	6,768
Convert from unquoted shares[2]	1,642,329	1,611	4,497,600	3,389
Share buy-back	-	-	(1,453,451)	-
Transaction costs, net of tax	-	(41)	-	(3,087)
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[2]	(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.

2 Unquoted shares were converted to quoted shares following completion of restriction period associated with previous acquisition.

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.

D5 Other reserves

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

	2023 $'000	2022 $'000
Share-based payments	1,564	290
Foreign currency translation	(8)	(10)
Cash flow hedge	3,096	4,865
Total other reserves	**4,652**	5,145

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) Cash flow hedge reserve

Records fair value movements in cash flow hedging instruments to the extent the cash flow hedges are deemed effective. The balance is reclassified to net profit when the transaction to which the hedge is linked (such as the recognition of interest expense) affects the profit and loss. 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.

If the forecast transaction is yet to occur, the cash flow hedge reserve will be released to the profit or loss on a systematic basis over the original maturity of the hedge.

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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

	2023 $'000	2022 $'000
Cash at bank and cash equivalents	28,874	52,189

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

	2023 $'000	2022 $'000
Loss for the period	(146,806)	(148,008)
Adjustment for:		
Non-cash market incentive	(7,409)	(12,820)
Non-cash employee remuneration	2,007	3,515
Fair value adjustments	(654)	(13,729)
Amortised borrowing costs	2,496	3,184
Depreciation and amortisation	71,360	78,754
Impairment	116,830	105,513
Loss on sale of business	63	-
Other	(6,047)	(1,406)
Income tax benefit	(14,467)	(34,818)
Income tax paid	14,969	(1,158)
Total adjustments	179,148	127,035
(Increase) / decrease in assets:		
Receivables and contract assets	5,958	5,484
Inventories	(4,892)	(7,212)
Other assets	(5,782)	(1,801)
Total decrease in assets	(4,716)	(3,529)
Increase / (decrease) in liabilities:		
Trade and other payables	(5,029)	(17,005)
Provisions	(4,928)	(236)
Other liabilities	(98)	13,512
Total (decrease) / increase in liabilities	(10,055)	(3,729)
Net cash inflows / (outflows) from operating activities	17,571	(28,231)

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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		Borrowings		Total liabilities from financing activities	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Balance at 1 July	**289,303**	326,918	**205,088**	234,751	**494,391**	561,669
Movement:						
Cash inflows	-	-	-	50,000	-	50,000
Apportionment of convertible note to equity	-	-	-	(5,197)	-	(5,197)
Cash outflows – principal	(31,887)	(32,531)	-	(72,500)	(31,887)	(105,031)
Cash outflows – borrowing costs	-	-	-	(6,006)	-	(6,006)
PIK interest capitalised	-	-	1,042	-	1,042	-
Non-cash additions/(disposals)	59,572	(5,084)	2,820	4,040	62,392	(1,044)
Balance at 30 June	**316,988**	289,303	**208,950**	205,088	**525,938**	494,391

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.

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D7 Other financial liabilities

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.

	2023 $'000	2022 $'000
Current		
Contingent vendor consideration	-	2,940
Bank loan, net of capitalised borrowing costs[1]	163,846	-
Total current	163,846	2,940
Non-current		
Bank loan, net of capitalised borrowing costs	-	161,047
Convertible notes	45,104	44,041
Total non-current	45,104	205,088
Total	208,950	208,028

1 Note that while the syndicated bank loan matures in October 2024, the Group has classified this loan as current as a result of the request for waiver of bank covenants at 30 June 2023. This has been approved by the lenders subsequent to 30 June 2023, refer to note F6 for further details.

(A) Borrowings

(i) Syndicated Facility Agreement

During the year there were no changes to the level of borrowings under the Group Syndicated Facility Agreement. As at 30 June 2023, the Syndicated Facility was drawn exclusive of bank guarantees at $165,000,000 (2022: $165,000,000).

Facility	Limit $'000	Cash drawn $'000	Guarantees drawn $'000	Available to be drawn $'000	Maturity	Purpose
Facility B	147,500	147,500	-	-	Oct 2024	For general corporate purposes, including permitted acquisitions, growth capital expenditure and associated fees, costs and expenses and working capital advances up to a sublimit of $35,000,000. Interest rate is BBSY + 4.15% margin.
Facility D	35,000	17,500	16,026	1,474	Oct 2024	For working capital, general corporate purposes, bank guarantees and letters of credit. At reporting date $16 million of bank guarantees had been issued under Facility D. This is not included in the Consolidated Statement of Financial Position (refer note F5). Interest rate is BBSY + 4.15% margin.
Total	182,500	165,000	16,026	1,474		

The Group is required to make interest payments on the drawn debt. However, for the period from 19 August 2022 to 30 September 2023 a further 1.5% margin was applied to the loan, which is capitalised into the loan. At 30 June an additional $1,042,000 was capitalised into the loan balance. The repayment of principal is at maturity date. The effective interest rate on borrowings for the year ended 30 June 2023 was 6.04% (30 June 2022: 4.32%). Refer to note F6 for changes to syndicated facility agreement subsequent to year end.

The Group is required to comply with financial covenants under the terms of its borrowing facilities including a net senior leverage ratio and a fixed charge cover ratio. The Group's financiers agreed to waive covenant testing until 30 September 2023. Subsequent to year end lender consent was received in relation to covenant arrangements, refer to note F6 for further details.

(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(A)(i).

(iii) Risk exposures

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

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D7 Other financial liabilities (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 Comprehensive Income as other income or finance costs.

(B) Convertible notes

On 21 September 2021, the Group completed the issuance of $50,000,000 Senior Unsecured Convertible Notes ("Notes").

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

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

	Debt $'000	Equity $'000	Total $'000
Balance at 1 July 2022	**44,041**	**5,197**	**49,238**
Accrued interest	2,722	-	2,722
Interest paid	(2,000)	-	(2,000)
Amortisation of transaction costs	341	-	341
Balance at 30 June 2023 (net of transaction costs)	**45,104**	**5,197**	**50,301**

Significant accounting policies

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

Debt component

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

Equity component – Conversion feature

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

Settlement of Convertible Notes

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

Capitalised transaction costs

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

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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	2023 $'000	2022 $'000
Financial assets at amortised cost			
Cash and cash equivalents	D6	**28,874**	52,189
Receivables and contract assets	C1	**61,470**	67,428
Loans to a former related party and other employees	C3	**1,592**	1,460
Acquisition deposits	C4	**300**	300
Financial assets at fair value			
Derivative – financial instrument	C3	-	6,819
Total financial assets		92,236	128,196
Financial liabilities at amortised cost			
Trade and other payables	C8	**111,441**	116,470
Lease liabilities	C7	**316,988**	289,303
Borrowings (including convertible notes)	D7	**208,950**	205,088
Financial liabilities at fair value			
Contingent vendor consideration	D7	-	2,940
Total financial liabilities		637,379	613,801

(A) Fair value measurement of financial instruments

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

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

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

The fair value hierarchy consists of the following levels:

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

There were no transfers between levels during the financial year.

(i) Carrying amount approximate fair values

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

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D8 Financial risk management (Cont.)

(B) 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 impact of a 10% movement in USD or NZD exchange rates has a minimal impact on net profit after tax.

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

The aggregate net foreign exchange gains / losses recognised in profit or loss were a net loss of $55,000 (2022: $4,000).

Significant accounting policies

Functional and 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.

Foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other expenses.

Group companies

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each consolidated statement of 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 are recognised in other comprehensive income.

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

(ii) Interest rate risk

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

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

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

The Group entered into interest rate swap contracts in June 2020 to fix the interest rate at 0.43% rather than being exposed to changes in BBSY on $193,500,000 of borrowings. In January 2022, an amendment was made to align with drawn senior debt (excluding bank guarantee facility). In October 2022, the swap stepped down to $88,500,000, which was due to mature in October 2024. Interest payments are net settled every 6 months.

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D8 Financial risk management (Cont.)

(B) Market risk (Cont.)

(ii) Interest rate risk (Cont.)

In June 2023, in preparation for the expected refinancing of debt, the Group closed out its interest rate swap positions, realising cash of $6,135,000 as a result of the close out. The Board approved this deviation from the Group Treasury Risk Policy as the Group transitions to new financing arrangements. The Group expects to hedge interest rate risk on financed debt subsequent to year end.

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

	Interest rate		Interest rate	
	2023 %	2023 $'000	2022 %	2022 $'000
Syndicated facility agreement [1]	3.72	166,042	3.07	165,000
Interest rate swaps – syndicated loans [2]	-	-	0.43	(147,500)
Net exposure to cash flow interest rate risk		**166,042**		17,500

1 Interest rate for Syndicated facility agreement is BBSY at latest rate setting notice (19 January 2023 and 19 July 2022 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(D)(i). This maturity analysis assumes Noteholders exercise their put option on 21 March 2025 and are repaid the principal amount in full. In the event that AMA's share price increases above the conversion price, the Group would expect that the conversion option would be taken up by some or all Noteholders and the cash outflow to repay Noteholders would not be required.

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

	(Increase) / decrease on profit before tax		(Increase) / decrease on equity, net of tax	
Floating rate	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Increase of 100 bps	1,660	548	-	(1,630)
Decrease of 100 bps	(1,660)	(548)	-	1,654

(C) Credit risk

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

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

(i) Cash and cash equivalents

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

(ii) Trade and other receivables

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

The Group applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. 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 38% of total trade receivables (30 June 2022: 31%). The Group's receivables are largely due from Australian regulated insurers who have strong long-term credit ratings. The Group focuses largely on experienced payment history and does not expect that these customers will fail to meet their obligations.

For the year ended 30 June 2023, the Group recognised an expected credit loss of $304,000 (30 June 2022: $526,000).

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D8 Financial risk management (Cont.)

(D) 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 $1,474,000 of undrawn committed facilities available for bank guarantees subject to approval from financiers (30 June 2022: $5,463,000).

(i) Maturities of financial instruments

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

Contractual maturities of financial instruments	Carrying Amount $'000	Within 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
2023					
Financial assets realisable cash flows					
Cash and cash equivalents	28,874	28,874	-	-	28,874
Receivables and contract assets	61,470	61,470	-	-	61,470
Financial assets	1,592	1,592	-	-	1,592
Acquisition deposits	300	300	-	-	300
Total inflow on financial assets		**92,236**	**-**	**-**	**92,236**
Financial liabilities due for payment					
Trade and other payables	(111,441)	(111,441)	-	-	(111,441)
Lease liabilities	(316,988)	(51,419)	(187,771)	(210,330)	(449,520)
Borrowings[1]	(208,950)	(15,900)	(229,544)	-	(245,444)
Total outflow on financial liabilities		**(178,760)**	**(417,315)**	**(210,330)**	**(806,405)**
Total outflow on financial instruments		**(86,524)**	**(417,315)**	**(210,330)**	**(714,169)**
2022					
Financial assets realisable cash flows					
Cash and cash equivalents	52,189	52,189	-	-	52,189
Receivables and contract assets	67,428	67,428	-	-	67,428
Loans to a former related party and other employees	1,460	1,460	-	-	1,460
Acquisition deposits	300	300	-	-	300
Total inflow on financial assets		**121,377**	**-**	**-**	**121,377**
Financial liabilities due for payment					
Trade and other payables	(116,470)	(116,470)	-	-	(116,470)
Lease liabilities	(289,303)	(50,835)	(177,362)	(183,113)	(411,310)
Borrowings	(205,088)	(9,156)	(227,333)	-	(236,489)
Contingent vendor consideration – cash settlement	(2,940)	(2,440)	-	-	(2,440)
Total outflow on financial liabilities		**(178,901)**	**(404,695)**	**(183,113)**	**(766,709)**
Derivatives					
Interest rate swaps (net settled)	6,819	1,607	5,212	-	6,819
Total (outflow)/inflow on derivatives		**1,607**	**5,212**	**-**	**6,819**
Total outflow on financial instruments		**(55,917)**	**(399,483)**	**(183,113)**	**(638,513)**

1 Refer to note F6 for details on changes to financing arrangements subsequent to year end.

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E GROUP STRUCTURE

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

E1 Parent entity information

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

(A) Summary financial information

	2023 $'000	2022 $'000
Assets		
Current assets	20,412	27,968
Total assets	336,995	478,112
Liabilities		
Current liabilities	178,748	21,342
Total liabilities	262,823	258,329
Net assets	74,172	219,783
Equity		
Contributed equity	533,190	531,504
Convertible notes	5,197	5,197
Other reserves	64,207	64,704
Retained deficit	(528,422)	(381,622)
Total equity	74,172	219,783
Profit / (Loss) for the year	(146,800)	(32,041)
Total comprehensive loss	(142,589)	(36,613)

(B) Guarantees entered into by the parent entity

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Refer to note E2 for further details of the subsidiaries covered under the Deed of Cross Guarantee.

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 2023, 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):

			Equity holding	
Name of entity	Country of incorporation	Class of shares	2023 %	2022 %
A.C.N. 107 954 610 Pty Ltd [1,3]	Australia	Ordinary	-	100
A.C.N. 124 414 455 Pty Ltd [1,2]	Australia	Ordinary	100	100
A.C.N. 624 750 045 Pty Ltd [1,3]	Australia	Ordinary	-	100
A.C.N. 624 895 772 Pty Ltd [1,3]	Australia	Ordinary	-	100
A.C.N. 624 896 000 Pty Ltd [1,3]	Australia	Ordinary	-	100
A.C.N. 624 747 646 Pty Ltd [1,3]	Australia	Ordinary	-	100
A.C.N. 073 318 519 Pty Ltd [1,3]	Australia	Ordinary	-	100
Accident Management Australia Pty Ltd [1,3]	Australia	Ordinary	-	100
Accident Repair Management Pty Ltd [1]	Australia	Ordinary	100	100
Accident Repair Management No. 2 Pty Ltd [1]	Australia	Ordinary	100	100
Accident Repair Management No. 3 Pty Ltd [1,4]	Australia	Ordinary	100	100
ACM Parts Pty Ltd [1]	Australia	Ordinary	100	100
AMA1 Pty Ltd [1,3]	Australia	Ordinary	-	100
AMA Group Solutions Pty Ltd [1]	Australia	Ordinary	100	100
AMA Procurement Pty Ltd [1]	Australia	Ordinary	100	100
Automotive Solutions Group Pty Ltd [1,3]	Australia	Ordinary	-	100
BMB Collision Repairs Pty Ltd [1]	Australia	Ordinary	100	100
Capital Smart Group Holdings Pty Ltd	Australia	Ordinary	90	90
Capital S.M.A.R.T. Repairs Australia Pty Ltd	Australia	Ordinary	90	90
Capital S.M.A.R.T. Repairs New Zealand Pty Ltd	New Zealand	Ordinary	90	90
Carmax Australia Pty Ltd [1,3]	Australia	Ordinary	-	100
Carmax New Zealand Limited [2,4]	New Zealand	Ordinary	100	100
Deering Autronics Australia Pty Ltd [1,3]	Australia	Ordinary	-	100
Direct One Accident Repair Centre Pty Ltd [1]	Australia	Ordinary	100	100
Fleet Alliance Pty Ltd [1,3]	Australia	Ordinary	-	100
FluidDrive Holdings Pty Ltd [1,2,4]	Australia	Ordinary	100	100
Geelong Consolidated Repairs Pty Ltd [1]	Australia	Ordinary	100	100
Gemini Accident Repair Centres NZ Limited [2,4]	New Zealand	Ordinary	100	100
Micra Accident Repair Centre Pty Ltd [1]	Australia	Ordinary	100	100
Mr Gloss Holdings Pty Ltd [1]	Australia	Ordinary	100	100
Mt Druitt Autobody Repairs Pty Ltd [1,2]	Australia	Ordinary	100	100
Phil Munday's Panel Works Pty Ltd [1]	Australia	Ordinary	100	100
Qplus Production Pty Ltd [2]	Australia	Ordinary	90	90
Rapid Accident Management Services Pty Ltd [1,3]	Australia	Ordinary	-	100
Repair Management Australia Pty Ltd [1]	Australia	Ordinary	100	100
Repair Management Australia Bayswater Pty Ltd [1]	Australia	Ordinary	100	100
Repair Management Australia Dandenong Pty Ltd [1]	Australia	Ordinary	100	100
Repair Management New Zealand Limited	New Zealand	Ordinary	100	100
Ripoll Pty Ltd [1,2]	Australia	Ordinary	100	100
Shipstone Holdings Pty Ltd [1]	Australia	Ordinary	100	100
Smash Repair Canberra Pty Ltd [1]	Australia	Ordinary	100	100
Woods Auto Shops (Cheltenham) Pty Ltd [1,2,4]	Australia	Ordinary	100	100
Woods Auto Shops (Dandenong) Pty Ltd [1]	Australia	Ordinary	100	100
Woods Auto Shops (Holdings) Pty Ltd [1]	Australia	Ordinary	100	100

1 These companies are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 June 2023 (refer note E4).
2 These companies are dormant.
3 Effective 24 May 2023, these companies were voluntarily de-registered and are no longer part of the AMA Group of companies or party to the Deed of Cross Guarantee.
4 Subsequent to 30 June 2023 these entities were voluntarily deregistered.

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.

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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

	2023 $'000	2022 $'000
Current assets	38,124	33,158
Current liabilities	(73,626)	(66,165)
Current net assets/(liabilities)	(35,502)	(33,007)
Non-current assets	288,375	405,146
Non-current liabilities	(257,024)	(250,983)
Non-current net assets/(liabilities)	31,351	154,163
Net assets	(4,151)	121,156
Accumulated non-controlling interests	8,063	10,419

(B) Summarised Statement of Comprehensive Income

	2023 $'000	2022 $'000
Revenue	396,799	313,222
Gain/(Loss) for the year	(81,323)	(79,338)
Other comprehensive income	16	12
Total comprehensive loss	(81,307)	(79,326)
Loss allocated to non-controlling interests (excludes goodwill impairment)	(2,356)	(3,795)

(C) Summarised Statement of Cash Flows

	2023 $'000	2022 $'000
Net cash inflows provided by operating activities	(8,418)	3,673
Net cash outflows used in investing activities	(2,411)	(3,234)
Net cash (outflows) / inflows from financing activities	3,942	(1,092)
Net (decrease) / increase in cash and cash equivalents	(6,887)	(653)

	2023 $'000	2022 $'000
Balance at 1 July	10,419	14,214
Movement:		
Share of result for the year	(2,356)	(3,795)
Balance at 30 June	8,063	10,419

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.

Significant accounting policies

Non-controlling interest

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

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

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

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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.

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

	2023 $'000	2022 $'000
Revenue and other income	469,618	528,524
Raw materials and consumables used	(187,766)	(248,079)
Employee benefits expense	(208,509)	(219,750)
Occupancy expense	(7,739)	(16,657)
Professional services expense	(6,715)	(9,071)
Other expense	(10,542)	(13,404)
Loss on disposal of business	(63)	-
Fair value adjustments on contingent vendor consideration	654	13,729
Depreciation and amortisation expense	(35,252)	(41,920)
Impairment expense	(116,326)	(105,119)
Operating loss before interest and tax	(102,640)	(111,747)
Finance costs	(23,124)	(21,585)
Loss before income tax	(125,764)	(133,332)
Income tax (expense) / benefit	3,750	18,630
Loss for the year	(122,014)	(114,702)

	2023 $'000	2022 $'000
Retained deficit at the beginning of the financial year	(322,072)	(207,370)
Loss for the year	(122,014)	(114,702)
Retained deficit at the end of the financial year	(444,086)	(322,072)

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E4 Deed of cross guarantee (Cont.)

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

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	15,588	31,617
Receivables and contract assets	41,724	47,190
Inventories	41,225	36,693
Other financial assets	1,592	5,475
Other assets	12,040	3,067
Current tax receivable	4,169	14,604
Total current assets	116,338	138,646
Non-current assets		
Property, plant and equipment	32,347	34,806
Right-of-use assets	195,126	170,455
Intangible assets	157,627	209,184
Other financial assets	-	5,212
Other non-current assets	685	-
Deferred tax assets	20,487	20,919
Receivables from related entities	121,827	115,949
Investments in controlled entities	14,565	72,305
Total non-current assets	542,664	628,830
Total assets	659,002	767,476
Current liabilities		
Trade and other payables	58,545	64,346
Other financial liabilities	163,846	2,940
Lease liabilities	21,276	24,607
Provisions	22,926	29,946
Other liabilities	3,459	8,910
Total current liabilities	270,052	130,749
Non-current liabilities		
Other financial liabilities	45,104	205,088
Lease liabilities	186,754	161,227
Provisions	20,063	16,788
Other liabilities	38,079	33,841
Total non-current liabilities	290,000	416,944
Total liabilities	560,052	547,693
Net assets	98,950	219,783
Equity		
Contributed equity	533,190	531,504
Other reserves	4,649	5,154
Retained deficit	(444,086)	(322,072)
Convertible notes	5,197	5,197
Total equity	98,950	219,783

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F OTHER INFORMATION

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

F1 Share-based payments

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

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

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

(A) Performance rights program

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

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

(i) Movements during the year

Allocation of performance rights under the PRP were granted during FY23. The grants were awarded at no cost to the participants and are subject to performance conditions over a three-year period ending 30 June 2025.

Set out in the table below is a summary of movements in the number of performance rights under the PRP at the end of the financial year.

Grant date	Balance at the start of the year	Granted during the year	Forfeited during the year	Balance at the end of the year	Unvested at the end of the year
FY21	674,266	-	(674,266)	-	-
9 December 2021	2,907,934	-	(903,034)	2,004,900	2,004,900
20 December 2021	1,869,857	-	(412,118)	1,457,739	1,457,739
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	(919,940)	15,551,960	15,551,960
6 January 2023	-	218,531	-	218,531	218,531
Total	**7,055,512**	**16,690,431**	**(2,909,358)**	**20,836,585**	**20,836,585**

(ii) Vesting conditions of rights

Vesting of the performance rights is subject to continued employment with the Group and achievement of performance hurdles. These performance hurdles for grants relating to performance periods up until the end of June 2023 were based on the Group's Total Shareholder Return (TSR) (20%) and EPS (80%) performance over a three-year period. For grants relating to the three-year performance period to June 2024 and June 2025, these conditions are based on the Group's relative TSR (50%) and absolute TSR (50%). Further details regarding these performance measures and how they are calculated can be found in the Remuneration Report on page 41.

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F1 Share-based payments (Cont.)

(A) Performance rights program (Cont.)

(iii) Fair value of rights granted

The fair value of the EPS rights has been determined based on a Black Scholes Model as they are subject to non-market performance conditions. Under this method the fair value is based on the share price at the valuation date with an adjustment for the dividends foregone during the vesting period.

To reflect the impact of the market-based performance conditions, the fair value of the rights subject to the TSR have been calculated using Monte-Carlo simulation techniques. The variables in the table below are used as inputs into the model to determine the fair value of performance rights.

Grant date[1]	Performance period	Share price on grant date	Share price volatility[2]	Risk free rate	Annual dividend yield	Fair value per relative TSR right	Fair value per absolute TSR right	Fair value per EPS right	Vesting date
23 November 2020	Jul 2020 - Jun 2023	$0.75	40%	0.91%	1.0%	$0.34	N/A	$0.72	31 August 2023
23 November 2020	Jul 2020 - Jun 2023	$0.75	40%	0.91%	1.0%	$0.34	N/A	$0.72	31 August 2023
9 December 2021	Jul 2020 - Jun 2023	$0.43	42.5%	0.47%	0.8%	$0.04	N/A	$0.42	31 August 2023
9 December 2021	Jul 2021 - Jun 2024	$0.43	42.5%	0.83%	0.8%	$0.18	$0.21	N/A	31 August 2024
20 December 2021	Jul 2021 - Jun 2024	$0.43	42.5%	0.78%	0.8%	$0.22	$0.20	N/A	31 August 2024
18 February 2022	Jul 2021 - Jun 2024	$0.36	42.5%	1.31%	0.8%	$0.14	$0.18	N/A	31 August 2024
14 June 2022	Jul 2021 - Jun 2024	$0.17	50%	3.87%	0.8%	$0.034	$0.01	N/A	31 August 2024
30 November 2022	Jul 2022 - Jun 2025	$0.21	59%	3.68%	0.0%	$0.17	$0.15	N/A	31 August 2025
6 January 2023[3]	Jan 2023 - Dec 2025	$0.20	59%	3.68%	0.0%	N/A	N/A	N/A	31 January 2026

1 For the purposes of valuation, the grant date is determined in accordance with AASB 2 *Share Based Payments*.
2 The Company share price volatility is based on the Company's average historical share price volatility at the grant date.
3 This grant has no performance conditions and contains service condition only.

(B) Service rights granted under the Employee Equity Plan

In June 2021, 909,090 Service Rights were granted to a senior Executive of the Group in lieu of fixed remuneration. Each Service Right enables the participant to acquire a share in the Company at a future date and exercise price subject to vesting conditions. The Service Rights were issued under two tranches.

During FY23 all remaining service rights granted vested.

(C) General Employee Share Plan (GESP)

From time-to-time, eligible Australian employees are offered the opportunity to receive part of their salary in the form of shares. All permanent employees who are an employee at the date the offer is made are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

GESP is administered by the Board. Shares granted to the employees by the Board are acquired on-market via a third party trustee plan company. Under the plan, participating employees are allocated an aggregate market value up to $1,000 worth of fully paid ordinary shares in AMA Group Limited. Offers under GESP are at the Board's discretion. The last offer was in March 2022, with no offer made in FY23.

Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment. In all other respects shares rank equally with other fully-paid ordinary shares on issue.

In March 2022, 9,255,888 shares were purchased on-market under the plan to participating employees. The shares were allocated on 28 March 2022 at the 5-day volume weighted average price (VWAP) of $0.3439 calculated up to and including 24 March 2022.

(D) Expenses arising from share-based payment transactions

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

	2023 $'000	2022 $'000
Share-based payments expense	2,007	331
Employee share acquisition plan (including transaction costs)	-	3,184
Total share-based payments expense	**2,007**	3,515

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F1 Share-based payments (Cont.)

(D) Expenses arising from share-based payment transactions (Cont.)

Significant accounting policies

Share-based payments

The cost of share-based payments plans is determined on the basis of the fair value of the equity instrument at grant date. Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. The input into the valuation model includes relevant judgments such as the estimated probability of vesting and the volatility of the underlying share.

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions (TSR) is calculated at the date of grant using a Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions (EPS) and service conditions and retention rights are calculated using a Black-Scholes option pricing model.

At each statement of financial position date, the entity revises its estimate of the number of options and performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

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:

	2023 $	2022 $
Short-term employee benefits	2,808,508	2,941,750
Post-employment benefits	105,452	76,193
Other long-term benefits	5,264	41,205
Termination benefits	-	-
Share-based payments	619,661	123,849
Total KMP compensation	3,538,885	3,182,997

Detailed remuneration disclosures and information regarding compensation of individual Key Management Personnel are provided in the Remuneration Report on pages 43 to 46.

(C) Balances outstanding to entities controlled by Key Management Personnel

No balances are outstanding in relation to entities controlled by current KMP at 30 June 2023 (2022: nil).

(D) Loans provided to a former related party

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

Mr Hopkins' loan accrues interest at a rate consistent to the 'Indicator Lending Rates – Bank variable housing loans interest rate' published by the Reserve Bank of Australia. Mr Hopkins has defaulted on his loan and as at 30 June 2023, the balance outstanding on his loan is $1,592,000 (30 June 2022: $1,460,000).

The Group has assessed recoverability and has not impaired the value of the loan largely due to the existence of a signed loan deed and litigation on foot.

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

F3 Auditor's remuneration

This section presents the total remuneration of the Group's external auditors for audit, assurance, and other services.

During the year the following fees were paid or payable for services provided by KPMG:

	2023 $	2022 $
Audit and review services		
Audit and review of financial statements – Group	**781,466**	723,651
Audit and review of financial statements – controlled entities	**242,309**	222,525
Total remuneration for audit and review services	**1,023,775**	946,176
Other non-assurance services		
Transactional services	**-**	218,684
Total remuneration for non-assurance services	**-**	218,684
Total auditor's remuneration	**1,023,775**	1,164,860

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). The provision of non-assurance services is governed by the Group's Auditor Independence Policy and the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*. The external auditor will not be engaged to perform any service that may impair or be perceived to impair the external auditor's judgement or independence. 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.

	2023 $'000	2022 $'000
Capital expenditure commitments		
Committed at the end of the reporting period but not recognised as liabilities, payable:		
Within one year	**603**	367
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
Total capital expenditure commitments	**603**	367
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable short-term leases are payable as follows:		
Within one year	**239**	241
Later than one year but not later than five years	**297**	542
Later than five years	**-**	-
Total operating lease commitments	**536**	783
Total commitments for expenditure	**1,139**	1,150

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F5 Contingent liabilities

Contingent liabilities are potential future cash payments where the likelihood of payment is not considered probable or cannot be measured reliably.

(A) Legal claims

During FY21, a business vendor issued a Notice of Dispute against the Group in relation to their earn-out calculation. The parties agreed to mediate which at the date of this report is still ongoing. Management considers the claims brought to be unjustified, and the probability that the settlement will exceed the amount already provisioned for, to be less than probable. The Directors are of the view that no material losses will arise in respect of the legal claim at the date of these Financial Statements. Further information on this contingency is omitted so as not to prejudice the Group's position in the related dispute.

In May 2021, the Company filed proceedings in the Federal Court of Australia against the former Group CEO and Executive Director, Andrew Hopkins. The litigation remains on foot at the date of this report and is not considered a contingent liability as the Group is the plaintiff.

F6 Events occurring after the reporting period

This section outlines events which have occurred between the reporting date and the date the Financial Report is authorised for issue.

(A) Finalisation of Suncorp pricing with Capital S.M.A.R.T

On 18 August 2023, the Group announced finalised pricing with Suncorp in relation to the Capital S.M.A.R.T Motor Repair Service Agreement (MRSA). The new pricing will apply to all repairs booked from 1 July 2023 and returns the arrangement to annual pricing reviews with a clear re-pricing mechanism. The arrangements include transitional support while AMA Group implements several operational initiatives throughout FY24, which are planned to improve efficiency and profitability of Capital S.M.A.R.T. As transitional support payments cease at the end of FY24, the loss of those benefits is expected to be offset by the benefits realised from the several operational initiatives identified by management.

While this new pricing improves the EBITDA of Capital S.M.A.R.T in FY24, it represents a more modest level of profitability compared prior assumptions used for impairment testing purposes, which results in the impairment of the remaining Capital S.M.A.R.T goodwill. Refer to note C6 for further details.

(B) Syndicated Facility Agreement Covenant Waiver and Other Consents

Following engagement with existing lenders, AMA Group has received consent from lenders for the following matters:

- Waiver of June 2023 minimum EBITDA covenant. While the June 2023 covenant was calculated and technically achieved under the Syndicated Facility Agreement (SFA), it was met with minimal headroom and numerous addbacks. Given the time required to review the basis of these calculations, the Group requested the covenant be waived as a precautionary measure.
- Change of FY24 covenant requirements to remove the fixed charge cover ratio (FCCR) for FY24 and replace the net senior leverage ratio (NSLR) covenant with a minimum EBITDA covenant for September and December 2023. The NSLR covenant would also be increased for March 2024 but left unchanged for June 2024.
- A debt repayment obligation of $35 million by 31 December 2023, with repayment to be funded through equity raising proceeds.
- Changing the maximum net debt to a minimum cash requirement of $15 million at the end of each month.
- Interest rate to continue to be set at BBSY + 4.15% margin until September 2024.

As these consents were received by the lenders in August 2023, this does not change the debt classification from current, however provides sufficient relief for the Group to execute a pathway to refinancing the existing debt. As part of this arrangement, the existing margin (including PIK interest) will remain in place until September 2024.

(C) Equity Raising

On 7 September 2023, AMA Group launched a capital raising to raise $55 million of share capital. The capital raising is comprised of a fully underwritten Institutional Placement and a fully underwritten accelerated renounceable entitlement offer. The proceeds of the equity raising will be used to facilitate the principal repayment of $35 million of existing senior bank debt by 31 December 2023 as well as providing further working capital funding.

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

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

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note E4.

Note A1 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Carl Bizon
Executive Director
& Group Chief Executive Officer

7 September 2023

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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 2023 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 2023
- 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
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note A1, "Going Concern" in the financial report. The conditions disclosed in Note A1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included:

- Analysing the cash flow projections by:
  - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
  - Assessing the planned levels of operating cash inflows and outflows, including capital expenditures, for feasibility, timing, consistency of relationships and trends to the Group's historical results, particularly in light of recent loss making operations, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty;
- Reading Directors minutes and relevant correspondence with the Group's advisors to understand the Group's ability to raise additional equity particularly in considering the expected market conditions;
- Reading correspondence with existing financiers and advisors to understand the post year end renegotiation of existing debt facilities and amendments to loan covenant requirements; and
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principal matters giving rise to the material uncertainty.

Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the ***Key Audit Matters***:

- Goodwill; and
- 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.

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Goodwill (Goodwill - $156.3m, Impairment – $110.4m)

Refer to Note C6 Intangible assets to the financial report

The key audit matter

A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 18.5% of total assets). 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 has a history of operating losses as a result of the impacts of certain market forces. In addition, the Group experienced inflationary pressures during the current year. This impacted the Group through the hibernation/closure of selected businesses, increase in parts costs and a reduction in the demand for certain products and services. These conditions and the uncertainty of their continuation increase the possibility of goodwill being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. Assumptions included in the Group's forecast cash flows are also sensitive to market changes;
- Forecast growth rates and terminal growth rates – in addition to the uncertainties described above, the Group's models are highly sensitive to small changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy; and
- 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 model's approach to incorporating risks into the cash flows or discount rates. The Group's modelling is

How the matter was addressed in our audit

Working with our valuation specialists, our procedures included:

- Consideration of 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 accounting standards;
- Assessment of the integrity of the fair value less costs of disposal models used, including the accuracy of the underlying calculation formulas;
- Comparison of the forecast cash flows contained in the fair value less costs of disposal models to forecasts approved by the Board;
- Assessment of 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, future uncertainty is greater or volatility is expected;
- Assessment of the sensitivity of the models by varying key assumptions, such as 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 considers to be reasonably possible;
- Challenge of the Group's significant forecast cash flows and growth assumptions in light of the expected continuation of depressed market conditions and other uncertain economic conditions. We compared terminal growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations. 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 pricing negotiations when assessing the feasibility of the Group's forecast cash flows. We

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highly sensitive to small changes in the discount rate. The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed and use a range of internal and external sources as inputs to the assumptions. The Group has not met prior forecasts in certain areas, raising our concern for reasonableness of current forecasts. 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. In addition to the above, the carrying amount of the net assets of the Group, before impairment of goodwill, exceeded the Group's market capitalisation at year end, increasing the possibility of goodwill being impaired. This further increased our audit effort in this key audit area. The Group recorded an impairment charge of \$57.7m against goodwill in relation to Capital Smart and \$52.6m in relation to AMA Collision, increasing the sensitivity of the Group's impairment testing to small changes in inputs to the models for these CGUs. This further increased our audit effort in this key audit area. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	used our knowledge of the Group, business and customers, and our industry experience. • Checking consistency of growth rates to the Group's stated plans and strategy, past performance of CGUs and our experience regarding the feasibility of these in the industry in which they operate; • Independent development of 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; • Recalculation of the impairment charge against the recorded amount disclosed; • Assessment of the disclosures in the financial report using our understanding of the issues obtained from our testing and against the requirements of accounting standards.

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Revenue ($869.6m)	
Refer to Note B2 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
The Group has several revenue streams across each of their different operating segments. The Group's main revenue streams include: - Vehicle panel repair services; and - Sale of automotive parts and accessories. Revenue was a key audit matter due to the value of the balance, and significant audit effort we have applied in assessing the Group's recognition and measurement of revenue. This was driven from the high volume of revenue transactions.	Our procedures included: • Evaluation of the appropriateness of the Group's accounting policies for revenue recognition for each significant revenue stream against the requirements of AASB 15 *Revenue from Contracts with Customers* 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 for each significant revenue stream, testing the existence, accuracy and timing of revenue recognised by the Group. Examples of procedures included obtaining customer confirmations, checking transactions to underlying documentation such as signed customer collection notes or equivalent documents, photographs of vehicles in repair, and customer prepared remittance statements, and checking customer receipts to bank statements. • Evaluation of the adequacy of the disclosures made in Note B2 against 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
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of AMA Group Limited for the year ended 30 June 2023, complies with *Section 300A of the Corporations Act 2001*.

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 37 to 47 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Maritza Araneda

Partner

Melbourne

7 September 2023

Additional Information

In accordance with ASX Listing Rules the shareholder information set out below is current as of 4 August 2023.

Distribution of shareholdings

The total number of shareholders in AMA Group Limited (ASX: AMA) was 3,760. The voting rights are one vote per share. There were 1,073,070,217 shares on issue. The distribution of shareholders was as follows:

Share grouping	Total holders	Number of shares	Percentage of issued shares
1 - 1,000	448	187,260	0.02
1,001 - 5,000	1,010	2,796,957	0.26
5,001 - 10,000	559	4,334,376	0.40
10,001 - 100,000	1,349	47,647,840	4.44
100,001 Over	394	1,018,103,784	94.88
Total	3,760	1,073,070,217	100.00

There were 1,175 shareholders holding less than a marketable parcel of $500 worth of shares, based on the closing market price on 4 August 2023 of $0.14 per share.

Twenty largest shareholders

Name	Number of shares	Percentage of issued shares
CITICORP NOMINEES PTY LIMITED	186,569,241	17.39
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	129,626,461	12.08
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	115,717,244	10.78
BNP PARIBAS NOMS PTY LTD <DRP>	100,703,984	9.38
NATIONAL NOMINEES LIMITED	82,367,030	7.68
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	71,120,292	6.63
ACN 162 128 501 PTY LTD <WALES BUS & BODY REPAIRS AC>	43,478,261	4.05
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	27,500,000	2.56
UBS NOMINEES PTY LTD	18,336,265	1.71
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	16,958,264	1.58
SANDMAN 1 NOMINEES PTY LTD	13,269,843	1.24
THORNEY OPPORTUNITIES LTD	12,000,000	1.12
DDH GRAHAM LIMITED <THE LUGARNO FUND A/C>	10,000,000	0.93
BNP PARIBAS NOMS(NZ) LTD<DRP>	8,961,649	0.84
COLINTON CAPITAL PARTNERS PTY LTD <COLINTON CP FUND 1 (A) A/C>	6,847,351	0.64
AUTOCO PTY LTD	6,166,055	0.57
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	5,240,092	0.49
AUSTIN SUPERANNUATION PTY LTD <THE BRIAN AUSTIN S/F A/C>	5,112,065	0.48
VENN MILNER SUPERANNUATION P/L	5,000,000	0.47
MISSY NOMINEES PTY LTD <FRANK CRISPO FAMILY A/C>	4,544,555	0.42
Total	869,518,652	81.03

Substantial shareholders

Substantial holders in AMA Group Limited as detailed in the most recent public filings of Form 604 - Notice of change of interests of substantial holder are set out below.

Name	Number of shares	Percentage of issued shares
AustralianSuper Pty Ltd	112,369,260	10.49
Azvalor Asset Management SGIIC SA	99,715,959	8.92

Securities subject to escrow

Name	Number of shares	Date escrow period ends
Fully Paid Ordinary Quoted	530,634	*

* Subject to non-date escrow terms.

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Glossary

Abbreviation	Meaning
ADAS	Advanced Driver Automation System
AGM	Annual General Meeting
APAS	Automotive Parts and Services (previously a division of AMA Group)
ARC	Audit and Risk Committee
ASX	Australian Stock Exchange
ATSR	Absolute Total Shareholder Return
AUD	Australian dollar
BBSY	Bank Bill Swap Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
COO	Chief Operating Officer
CODM	Chief Operating Decision Maker
CPI	Consumer Price Index
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDAI	Earnings before interest, tax, depreciation, amortisation and impairment
EPS	Earnings Per Share
ESG	Environmental, Social & Governance

Abbreviation	Meaning
FCCR	Fixed Charge Cover Ratio
GESP	General Employee Share Plan
GST	Goods and Services Tax
KMP	Key Management Personnel
LTI	Long-term incentive
LTIFR	Long Term Injury Frequency Rate
NPS	Net Promoter Score
NZ	New Zealand
OEM	Original equipment manufacturer
PC	People Committee
PCP	Prior comparative period
PIK	Payment in kind
PRP	Performance Rights Plan
RIFR	Relative Injury Frequency Rate
RTRS	Relative Total Shareholder Return
STI	Short-term Incentive
TFR	Total Fixed Remuneration
TSR	Total Shareholder Return
USD	US Dollar
VWAP	Volume Weighted Average Price
WGEA	Workplace Gender Equality Agency

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