

AMA GROUP

SGX Announcement

29 April 2022

3Q22 Quarterly Cash Flow and Activities Report

Attached is an announcement made by AMA Group Limited (ASX: AMA) (AMA Group) which is provided for the information of AMA Group Noteholders.

AMA Group has Notes listed on the Singapore Exchange.

ENDS.

Investors and Media:

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AMA Group Limited

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AMA GROUP

ASX Announcement

29 April 2022

3Q22 Quarterly Cash Flow and Activities Report

AMA Group Limited (ASX: AMA) (AMA Group) today provides its Appendix 4C Quarterly Cash Flow and Activities Report for the quarter ended 31 March 2022 (3Q22) (unaudited).

Highlights

- Repair volumes continuing to increase; however, business continues to be impacted by COVID-19, including a slower than expected return of volumes, customer no-shows and isolation-related employee absenteeism
- Total cash used in operating activities over the quarter of \$15.3 million, total cash used in the quarter of \$22.9 million
- Positive operating cash flows in February and March 2022
- Total available funding of \$63.6 million at 31 March 2022

Business update

As previously noted, AMA Group had hoped the six months ending 30 June 2022 would bring a more “normal” set of operating conditions. However, the impacts of COVID-19 on the Australian and New Zealand economies continued to challenge all labour dependent businesses, including AMA Group, in 3Q22.

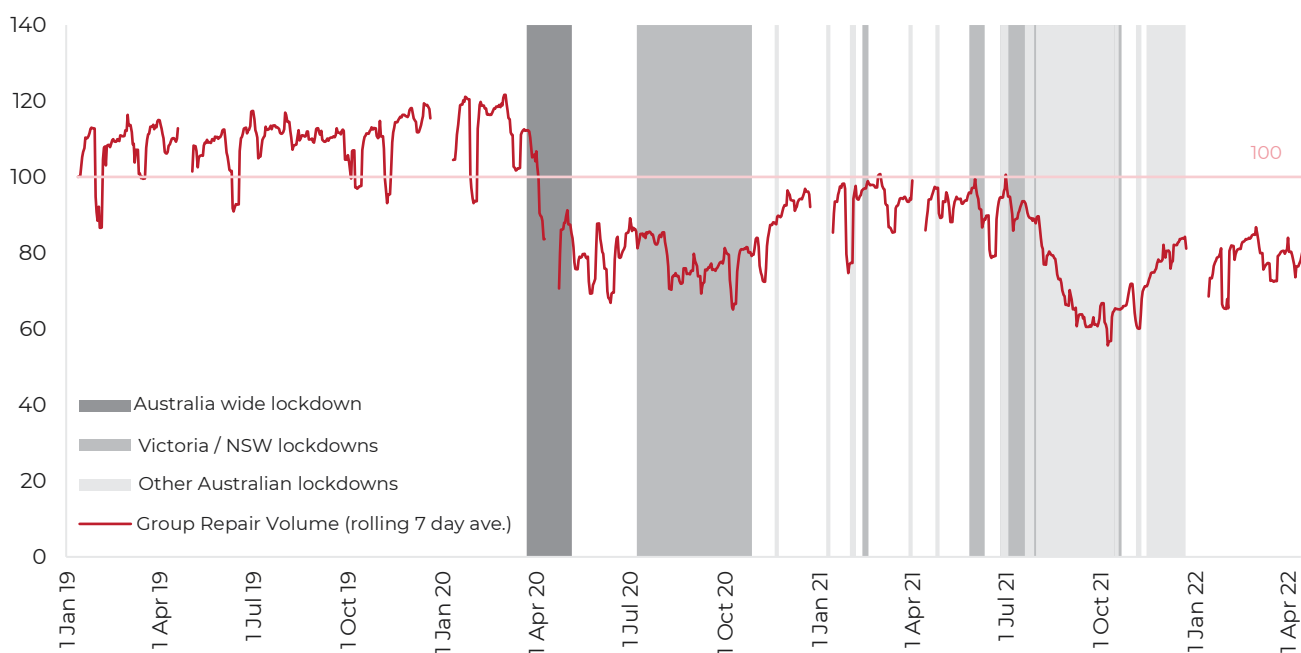
Throughout the quarter, the Group was significantly impacted by COVID-19 related isolation for team members who tested positive for COVID-19 and/or those deemed “close contacts”. With approximately 100 full time equivalent absences per day on average across the three-month period, the Group estimates that the subsequent reduced volume resulted in a negative revenue impact of approximately \$10 – 15 million across 3Q22.

January repair volumes remained significantly COVID-19 affected, with repair volume recovery slower than anticipated. However, AMA Group repair volumes have continued to increase across the quarter. Improved net cash from operating activities from January to March is reflective of the ongoing improvement in trading conditions and increase in repair volumes, with positive operating cash flows in both February and March 2022.

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**AMA Group Australian Repair Volumes (7 day rolling average rebased to 100):
12 January 2019 – 13 April 2022**



Note: Summer and Easter holiday periods excluded.

Source: AMA Group data

3Q22 volumes were up approximately 13% on 2Q22, and trending upwards month on month. However, 3Q22 volumes remain significantly down (27%) on the comparable calendar year 2019 period.

ACM Parts' New Victorian Distribution Centre

In January, ACM Parts executed a lease for a nearly 20,000 square metre facility in Somerton, Victoria. This will see consolidation of the two existing Victorian sites around mid-year 2022 and will facilitate a significant expansion of ACM Parts' national distribution network capacity, a key element of AMA Group's supply chain enhancement initiatives.

Employee Share Plan

As part of AMA Group's commitment to "building better" for its employees, the Group launched its inaugural offer of the Group's General Employee Share Plan in March. This initiative is part of the Group's commitment to addressing the nationwide skills shortage, impacting labour-intensive businesses across a broad range of industries. A total of 9.22 million new shares issued to eligible employees, tangibly acknowledging and rewarding the significant contribution each team member makes to AMA Group.

Quarterly cash flows

As part of the preparation of the Appendix 4C for 3Q22, the breakdown of operating cash flows has been refined, in particular relating to the presentation of 'payments to suppliers and employees'. There has been no change to the headline cash flow numbers, however the Supplementary cash flow report includes a restatement of 1Q22 and 2Q22 is included in to allow a like-for-like comparison.

Operating cash flow was lower in 3Q22 compared to 2Q22, largely driven by slower than anticipated repair volumes, repair mix and an increase in staff payments as more employees returned to work to support the expected volume recovery.

Payments to related parties

There were no payments to related parties during 3Q22.

Summary of cash position

AMA Group ended 3Q22 with a cash balance of approximately \$58.3 million and unused available finance facilities of approximately \$5.3 million. Based on the approximately \$15.3 million net cash used in operating activities in 3Q22, the total available funding of \$63.6 million provides an estimated 4 (four) quarters of funding available at the March period end under item 8.5 in the attached Appendix 4C.

The Group recognises, however that this does not consider total cash outflows of \$27.7 million during the quarter, largely driven by soft operating cash flows in January 2022 and the \$5.3 million in unused available finance facilities relates to unused bank guarantees which are not available to fund operations. Calculated using total cash outflows and excluding the unused bank guarantees from available funding, there are less than 3 (three) quarters of funding available.

The estimates above are based on the continuation of challenging conditions experienced in 3Q22. However, positive cash flows in February and March 2022 reflect the ongoing improvement in operating conditions and the Group expects this trend to continue as conditions normalise.

AMA Group CEO, Carl Bizon said, "Like many businesses that rely on labour for revenue generation we have continued to be impacted by COVID-19. It is pleasing to see returning repair volumes, despite these factors. I am heartened by the trend we have seen and the return to positive operating cash flows. Recently announced changes to isolation rules in Victoria and New South Wales should support ongoing volume recovery as the impact of staff absenteeism is expected to reduce."

Other than these matters there were no other material developments or material changes in business activities during the 3Q22.

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

ENDS.

Investors and Media:

Alexandra Holston, Director Investor Relations and Corporate Affairs

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

Name of entity
AMA GROUP LIMITED

ABN	Quarter ended ("current quarter")
50 113 883 560	31-Mar-22

Consolidated statement of cash flows	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers (inclusive of GST)	217,000	719,485
1.2 Payments to suppliers and employees (inclusive of GST)	(227,964)	(738,422)
(a) research and development	0	0
(b) product manufacturing and operating costs	(123,560)	(435,490)
(c) advertising and marketing	(269)	(853)
(d) leased assets	(7,730)	(21,225)
(e) staff costs	(86,265)	(252,857)
(f) administration and corporate costs	(10,140)	(27,997)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	23	101
1.5 Interest and other costs of finance paid	(4,723)	(18,430)
1.6 Income taxes paid	333	(1,158)
1.7 Government grants and tax incentives	0	501
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	(15,332)	(37,923)
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	0	(6,476)
(b) businesses	(127)	(4,230)
(c) property, plant and equipment	0	0
(d) investments	(60)	(60)
(e) intellectual property	0	0
(f) other non-current assets	0	0
2.2 Proceeds from disposal of:	0	0
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	60	227
(d) investments	0	0
(e) intellectual property	0	(0)
(f) other non-current assets	0	0
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received (see note 3)	0	0
2.5 Other (provide details if material)	0	0
2.6 Net cash from / (used in) investing activities	(127)	(10,539)
3 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	95,285
3.2 Proceeds from issue of convertible debt securities	0	50,000
3.3 Proceeds from exercise of options	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(11)	(6,004)
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	0	(72,500)
3.7 Transaction costs related to loans and borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	(7,447)	(24,162)
3.1 Net cash from / (used in) financing activities	(7,459)	42,620
4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	81,301	64,203
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(15,332)	(37,923)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(127)	(10,539)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(7,459)	42,620
4.5 Effect of movement in exchange rates on cash held	(48)	(25)
4.6 Cash and cash equivalents at end of period	58,336	58,336
5 Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1 Bank balances	58,336	81,301
5.2 Call deposits	0	0
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	58,336	81,301

6 Payments to related parties of the entity and their associates**Current quarter
\$A'000**

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

6.2 Aggregate amount of payments to related parties and their associates included in item 2
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7 Financing facilities

*Note: the term "facility" includes all forms of financing arrangements available to the entity.
Add notes as necessary for an understanding of the sources of finance available to the entity.*

- 7.1 Loan facilities
7.2 Credit standby arrangements
7.3 Other (please specify) CONVERTIBLE NOTES
7.4 **Total financing facilities**

7.5 Unused financing facilities available at quarter end

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

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

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

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
182,500	177,209
50,000	50,000
232,500	227,209

5,291

8 Estimated cash available for future operating activities

- 8.1 Net cash from / (used in) operating activities (item 1.9)
8.2 Cash and cash equivalents at quarter end (item 4.6)
8.3 Unused finance facilities available at quarter end (item 7.5)
8.4 Total available funding (item 8.2 + item 8.3)

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

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

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

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

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

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

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

\$A'000
(15,332)
58,336
5,291
63,627
4

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by The Board of AMA Group Limited
(Name of body or officer authorising release – see note 4)

Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Supplementary cash flow report

Name of entity

AMA GROUP LIMITED

ABN

50 113 883 560

Quarter ended

31-Mar-22

31-Dec-21

30-Sep-21

Year to date
(9 months)

Consolidated statement of cash flows

\$A'000

\$A'000

\$A'000

\$A'000

1 Cash flows from operating activities

1.1 Receipts from customers (inclusive of GST)	217,000	250,109	252,377	719,485
1.2 Payments to suppliers and employees (inclusive of GST)	(227,964)	(254,333)	(256,125)	(738,422)
(a) research and development	0	0	0	0
(b) product manufacturing and operating costs	(123,560)	(159,271)	(152,659)	(435,490)
(c) advertising and marketing	(269)	(331)	(253)	(853)
(d) leased assets	(7,730)	(6,020)	(7,475)	(21,225)
(e) staff costs	(86,265)	(80,559)	(86,034)	(252,857)
(f) administration and corporate costs	(10,140)	(8,152)	(9,704)	(27,997)
1.3 Dividends received (see note 3)	0	0	0	0
1.4 Interest received	23	50	28	101
1.5 Interest and other costs of finance paid	(4,723)	(4,925)	(8,783)	(18,430)
1.6 Income taxes paid	333	(756)	(735)	(1,158)
1.7 Government grants and tax incentives	0	97	404	501
1.8 Other (provide details if material)	0	0	0	0
1.9 Net cash from / (used in) operating activities	(15,332)	(9,758)	(12,833)	(37,923)

2 Cash flows from investing activities

2.1 Payments to acquire or for:				
(a) entities	0	(4,000)	(2,476)	(6,476)
(b) businesses	(127)	(2,410)	(1,692)	(4,230)
(c) property, plant and equipment	0	0	0	0
(d) investments	(60)	0	0	(60)
(e) intellectual property	0	0	0	0
(f) other non-current assets	0	0	0	0
2.2 Proceeds from disposal of:	0	0	0	0
(a) entities	0	0	0	0
(b) businesses	60	70	97	227
(c) property, plant and equipment	0	0	0	0
(d) investments	0	(0)	0	(0)
(e) intellectual property	0	0	0	0
(f) other non-current assets	0	0	0	0
2.3 Cash flows from loans to other entities	0	0	0	0
2.4 Dividends received (see note 3)	0	0	0	0
2.5 Other (provide details if material)	0	0	0	0
2.6 Net cash from / (used in) investing activities	(127)	(6,340)	(4,072)	(10,539)

3 Cash flows from financing activities

3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	44,167	51,118	95,285
3.2 Proceeds from issue of convertible debt securities	0	0	50,000	50,000
3.3 Proceeds from exercise of options	0	0	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(11)	(1,347)	(4,646)	(6,004)
3.5 Proceeds from borrowings	0	0	0	0
3.6 Repayment of borrowings	0	0	(72,500)	(72,500)
3.7 Transaction costs related to loans and borrowings	0	0	0	0
3.8 Dividends paid	0	0	0	0
3.9 Other (provide details if material)	(7,447)	(8,350)	(8,365)	(24,162)
3.1 Net cash from / (used in) financing activities	(7,459)	34,471	15,607	42,620

4 Net increase / (decrease) in cash and cash equivalents for the period

4.1 Cash and cash equivalents at beginning of period	81,301	62,970	64,203	
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(15,332)	(9,758)	(12,833)	
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(127)	(6,340)	(4,072)	
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(7,459)	34,471	15,607	
4.5 Effect of movement in exchange rates on cash held	(48)	(42)	65	
4.6 Cash and cash equivalents at end of period	58,336	81,301	62,970	

5 Reconciliation of cash and cash equivalents

at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts

5.1 Bank balances	58,336	81,301	62,970	
5.2 Call deposits	0	0	0	
5.3 Bank overdrafts	0	0	0	
5.4 Other (provide details)	0	0	0	
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	58,336	81,301	62,970	