

AMA GROUP

SGX Announcement

31 July 2023

4Q23 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

31 July 2023

4Q23 Quarterly Cash Flow and Activities Report

AMA Group Limited (ASX: AMA) (AMA Group, the Group), today provides its Appendix 4C Quarterly Cash Flow and Activities Report for the quarter ended 30 June 2023 (4Q23) (unaudited).

Highlights

- FY23 guidance maintained at \$60 - \$68 million normalised post-AASB 16 EBITDA, with an outcome expected near the middle of this range (subject to completion of audit).
- Strong cash generation from operating activities of \$19.4 million in 4Q23, including \$6.1 million received upon close out of an interest rate swap and \$2.4 million spent on lease make-goods.
- The Group achieved positive operating cashflows over 2H23 and a continued upward trend in the underlying cashflows from 1Q23 (excluding corporate tax refund and interest rate swap close out and including the principal elements of leases) to 4Q23.
- \$28.9 million closing cash balance at 30 June 2023, up \$8.4 million from 31 March 2023.
- Labour supply, which impacts repair throughput and therefore profitability, improved marginally through 4Q23 with net team member hiring including 62 international recruits, 50 apprentices, and solid local recruitment - reducing vacancies and increasing production throughput.
- AMA Group and Suncorp continue to negotiate renewed pricing under the Motor Repair Services Agreement for Capital S.M.A.R.T. The interim pricing package announced to the ASX on 4 November 2022 will continue in the meantime.
- New pricing with most AMA Collision work providers in place and effective from 1 July 2023.
- Strong repair demand continues.
- ACM Parts continued growth in parallel parts sales and progressed its Aftermarket parts program.
- Operations opened at the new class-leading AMA Collision facility in Arundel Queensland, which will consolidate three smaller facilities into this larger, more productive operation.
- A new Wales Heavy Motor site in Kilburn South Australia is under construction and expected to commence operations in 1Q24.
- Outstanding safety result for the financial year – LTIFR reduced to 2.07 at 30 June 2023 from 3.96 at 30 June 2022 and 5.12 at 30 June 2021, with the number of LTIs reduced by half in FY23 from FY22.
- The Group confirms that its covenant testing requirements for 31 March 2023 were satisfied and that it is finalising covenant testing calculations for 30 June 2023 in conjunction with the preparation of FY23 results.

Business update

During the quarter 62 international recruits landed onshore in Australia, with a further 67 currently in the pipeline. Further, targeted recruitment activities saw a net increase of over 100 team members during the quarter, and the total number of apprentices employed across the network was 373 as at 30 June 2023. AMA Group continues its commitment to “doing more than our share” to address the challenges of wide-spread skilled labour constraints.

ACM Parts' Parallel parts import program continues to produce record performance and the Aftermarket parts program's rigorous quality and testing activity continued through the quarter, with the launch of key aftermarket products in the near-term.

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The Group continues its make-good program on sites closed during network optimisation activities, with six properties handed back during 4Q23. There are a further 10 closed sites with outstanding make-good requirements.

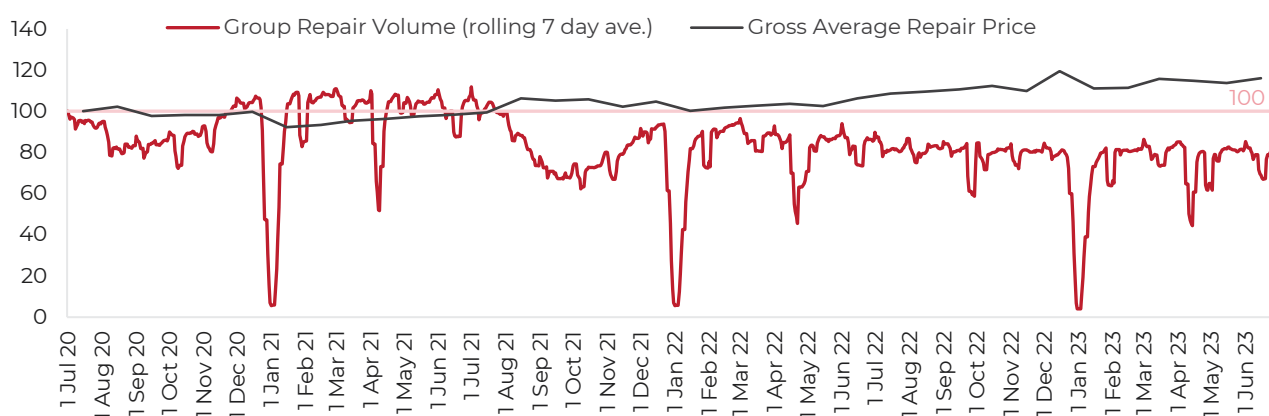
As the Group looks to the future, the first AMA Collision site commenced operations at Arundel in Queensland during the quarter, with a large footprint and new branding concept. The Wales Heavy Motor site at Kilburn is nearing completion, with the team at All Transport preparing to move into the site in 1Q23.

During the March quarter, the Group continued its commitment to delivering the highest quality service and experience to its direct customers and insurer partners' policyholders. Five additional AMA Group facilities became I-CAR Gold certified during 4Q23, with an additional two facilities achieving the certification during July. The Group's total number of I-CAR Gold sites is now at 12.

AMA Group and Suncorp continue to negotiate renewed pricing under the Motor Repair Services Agreement for Capital S.M.A.R.T. and will update the market as appropriate. The interim pricing package announced to the ASX on 4 November 2022 will continue in the meantime.

The Group confirms that its covenant testing requirements for 31 March 2023 were satisfied and that it is finalising covenant testing calculations for 30 June 2023 in conjunction with the preparation of FY23 results.

AMA Group Repair Volumes vs. Average Repair Cost rebased to 100: 1 July 2020 – 30 June 2023



Gross Average Repair Price is volume weighted for Capital S.M.A.R.T and AMA Collision.
Source: AMA Group data.

4Q23 volumes approximately flat on 3Q23, and down 7% on 4Q22, with a stabilisation of the new network configuration aligning to profitable volume opportunities. The industry continues to experience increasing severity (complexity and cost to repair), resulting in lower absolute volume per labour hour. This is also consistent with the Group's decision not to participate in low-margin or loss-making fast turnaround repair volumes within the AMA Collision business unit.

Summary of cash position

AMA Group ended 4Q23 with a cash balance of \$28.9 million and unused available finance facilities (undrawn bank guarantees) of \$1.5 million. The Group generated net cash from operating activities of \$19.4 million during the quarter (excludes the principal elements of leases which is in cash flows from financing activities). This result reflects increased cash receipts, driven by improved pricing and billing, a net decrease in inventory at ACM Parts and \$6.1 million received upon close out of an interest rate swap (reflected in interest and other costs of finance paid within the attached Appendix 4C).

The Group spent \$3.5 million on property, plant, and equipment (PP&E) during the quarter, including \$2.1 million invested into the South Australian Heavy Motor site and Arundel, Queensland collision repair centre. Make-good expenditure of approximately \$2.4 million — which will deliver an annualised saving of \$1.1 million in rent payments related to leases on six previously closed sites — is reflected in payments for other non-current assets.

The Group notes the continuing upward trend in the underlying cashflows (excluding corporate tax refund and interest rate swap close out and including the principal elements of leases) over the quarters from 1Q23 to 4Q23. This is reflective of the FY23 transition year, and the Group is pleased to see the impacts of pricing and operating productivity initiatives beginning to flow through.

AMA Group has updated the year-to-date numbers in page 3 of the attached Appendix 4C to align with the annual statutory financial statements. The adjustments to previous quarter figures are largely immaterial, with the main change being splitting out the presentation of payments for make-good under 'other' (within operating cash flows) given its significance in FY23. These were included as payments to suppliers within operating activities in 1Q23 and 2Q23 and in payments for PP&E in 3Q23. Rent on impaired sites was included as payments to suppliers in 1Q23 and 2Q23 and has now been updated to reflect principal lease repayments. The net impact of these adjustments improved operating cash flow for the year by \$2.0 million.

FY23 and FY24 guidance

AMA Group maintains the updated FY23 guidance for \$60 - \$68 million normalised post-AASB 16 EBITDA, with an outcome expected near the middle of this range (subject to completion of the year-end audit process) — indicating a significant year-on-year improvement between \$38 – 46 million on a normalised operating basis.

The Group will provide an update on FY24 guidance upon finalisation of the outcome of Capital S.M.A.R.T repricing or at FY23 results.

FY23 results

AMA Group will release its financial results for the year ended 30 June 2023 on 31 August 2023, with a webcast to be held at 11:00am AEST (Melbourne/Sydney time) on that day. Participants can register for the webcast [here](#) or through the link on the AMA Group website.

Other than these matters there were no other material developments or material changes in business activities during 4Q23.

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	
50 113 883 560		("current quarter")	
		30-Jun-23	

Consolidated statement of cash flows		Current Quarter	Year to date
		\$A'000	(12 months)
		\$A'000	\$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers (inclusive of GST)	259,990	995,655
1.2	Payments to suppliers and employees (inclusive of GST)	(238,419)	(963,143)
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(139,270)	(553,300)
	(c) advertising and marketing	(341)	(1,350)
	(d) leased assets	(5,178)	(23,302)
	(e) staff costs	(86,411)	(346,084)
	(f) administration and corporate costs	(7,219)	(39,106)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	124	368
1.5	Interest and other costs of finance paid	302	(24,498)
	Interest elements of lease payments and proceeds from interest rate swap		
1.6	Income taxes paid	(194)	14,969
1.7	Government grants and tax incentives	0	0
1.8	Other (make good expenditure)	(2,428)	(5,780)
1.9	Net cash from / (used in) operating activities	19,375	17,571
2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	(2,041)
	(c) property, plant and equipment	(3,453)	(10,383)
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	(22)	2,428
	(c) property, plant and equipment	144	972
	(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	(3,331)	(9,024)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	(7,676)	(31,887)
	Principal elements of lease payments		
3.10	Net cash from / (used in) financing activities	(7,676)	(31,887)
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	20,511	52,189
4.2	Net cash from / (used in) operating activities (item 1.9 above)	19,375	17,571
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,331)	(9,024)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7,676)	(31,887)
4.5	Effect of movement in exchange rates on cash held	(5)	25
4.6	Cash and cash equivalents at end of period	28,874	28,874
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	(Q3 of FY23)
		\$A'000	\$A'000
5.1	Bank balances	28,874	20,511
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)	28,874	20,511

6	Payments to related parties of the entity and their associates	Current quarter
		\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>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.</i>		

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**

Total facility amount at quarter end	Amount drawn at quarter end
\$A'000	\$A'000
183,566	182,092
50,000	50,000
233,566	232,092

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 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 Corporate	BBSY + 415bps*	5 years (October 2024)	Secured
50,000	Various - Notes listed on SGX-ST	4%pa Coupon	5.5 years (March 2027)	Unsecured

* Margin relates to period for which revised covenant structure in place (until September 2023), after which margin reverts to being determined pursuant to a sliding scale with reference to Net Senior Leverage Ratio first tested in Sep-23 (Max Margin: 365bps; Min Margin: 225bps). AMA Group incurs an additional 150bps margin until Sep-23 which is capitalised into the loan balance every six months. \$1,066,000 was capitalised into the loan balance in January 2023, increasing the facility to \$183,566,000.

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)**

\$A'000
19,375
28,874
1,474
30,348

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: N/A

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: N/A

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: N/A

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.

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.

31 July 2023

Date:

The AMA Group Board of Directors

Authorised by:

(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

30-Jun-23

31-Mar-23

31-Dec-22

30-Sep-22

FY23

Consolidated statement of cash flows

\$A'000

\$A'000

\$A'000

\$A'000

\$A'000

1 Cash flows from operating activities					
1.1 Receipts from customers (inclusive of GST)	259,990	235,796	251,684	248,185	995,655
1.2 Payments to suppliers and employees (inclusive of GST)	(238,419)	(223,551)	(250,036)	(251,137)	(963,143)
(a) research and development	0	0	0	0	0
(b) product manufacturing and operating costs	(139,270)	(124,880)	(146,209)	(142,941)	(553,300)
(c) advertising and marketing	(341)	(254)	(331)	(424)	(1,350)
(d) leased assets	(5,178)	(5,480)	(6,709)	(5,935)	(23,302)
(e) staff costs	(86,411)	(84,345)	(84,494)	(90,834)	(346,084)
(f) administration and corporate costs	(7,219)	(8,592)	(12,292)	(11,003)	(39,106)
1.3 Dividends received (see note 3)	0	0	0	0	0
1.4 Interest received	124	57	106	81	368
1.5 Interest and other costs of finance paid	302	(11,704)	(4,145)	(8,951)	(24,498)
1.6 Income taxes paid	(194)	(168)	(1)	15,332	14,969
1.7 Government grants and tax incentives	0	0	0	0	0
1.8 Other (make good expenditure)	(2,428)	(985)	(1,429)	(938)	(5,780)
1.9 Net cash from / (used in) operating activities	19,375	(555)	(3,821)	2,572	17,571
2 Cash flows from investing activities					
2.1 Payments to acquire or for:					
(a) entities	0	(2,000)	0	(41)	(2,041)
(b) businesses	(3,453)	(2,683)	(2,356)	(1,891)	(10,383)
(c) property, plant and equipment	0	0	0	0	0
(d) investments	0	0	0	0	0
(e) intellectual property	0	0	0	0	0
(f) other non-current assets	0	0	0	0	0
2.2 Proceeds from disposal of:					
(a) entities	0	0	0	0	0
(b) businesses	(22)	0	2,450	0	2,428
(c) property, plant and equipment	144	85	105	638	972
(d) investments	0	0	0	0	0
(e) intellectual property	0	0	0	0	0
(f) other non-current assets	0	0	0	0	0
2.3 Cash flows from loans to other entities	0	0	0	0	0
2.4 Dividends received (see note 3)	0	0	0	0	0
2.5 Other (provide details if material)	0	0	0	0	0
2.6 Net cash from / (used in) investing activities	(3,331)	(4,598)	199	(1,294)	(9,024)
3 Cash flows from financing activities					
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	0	0	0	0
3.2 Proceeds from issue of convertible debt securities	0	0	0	0	0
3.3 Proceeds from exercise of options	0	0	0	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	0	0	0	0	0
3.5 Proceeds from borrowings	0	0	0	0	0
3.6 Repayment of borrowings	0	0	0	0	0
3.7 Transaction costs related to loans and borrowings	0	0	0	0	0
3.8 Dividends paid	0	0	0	0	0
3.9 Other (provide details if material) Lease repayments	(7,676)	(7,642)	(7,583)	(8,986)	(31,887)
3.10 Net cash from / (used in) financing activities	(7,676)	(7,642)	(7,583)	(8,986)	(31,887)
4 Net increase / (decrease) in cash and cash equivalents for the period					
4.1 Cash and cash equivalents at beginning of period	20,511	33,326	44,425	52,189	52,189
4.2 Net cash from / (used in) operating activities (item 1.9 above)	19,375	(555)	(3,821)	2,572	17,571
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3,331)	(4,598)	199	(1,294)	(9,024)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(7,676)	(7,642)	(7,583)	(8,986)	(31,887)
4.5 Effect of movement in exchange rates on cash held	(5)	(20)	106	(56)	25
4.6 Cash and cash equivalents at end of period	28,874	20,511	33,326	44,425	28,874