Bapcor Limited

ABN 80 153 199 912

Appendix 4E and Financial Report - 30 June 2022

Lodged with the ASX under Listing Rule 4.2A

Bapcor Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Bapcor Limited
ABN:	80 153 199 912
Reporting period:	For the year ended 30 June 2022 ('FY22')
Previous period:	For the year ended 30 June 2021 ('FY21')

2. Results for announcement to the market

			$'000s	%		$'000s
IFRS financial measures						
Revenue	Statutory	Up	80,232	4.6	to	1,841,905
Net profit after tax[1]	Statutory	Up	6,994	5.9	to	125,759
Earnings per share - basic (cents per share)	Statutory	Up	2.06 cps	5.9	to	37.05 cps
Non-IFRS financial measures[2]						
Earnings before interest, taxes, depreciation and amortisation	Statutory	Up	14,252	5.2	to	286,201
	Pro-forma[3]	Up	12,014	4.3	to	291,520
Net profit after tax[1]	Pro-forma[3]	Up	1,583	1.2	to	131,639
Earnings per share - basic (cents per share)	Pro-forma[3]	Up	0.47 cps	1.2	to	38.78 cps

(1) Net profit after tax attributable to the members of Bapcor Limited.
(2) The directors believe the presentation of non-IFRS financial measures are useful for the users of the financial report as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-IFRS financial measures contained within this report are not subject to audit or review. Refer to the directors' report for further details.
(3) Pro-forma results include adjustments from statutory results for transition costs associated with the Distribution Centre consolidation projects. Refer to reconciliations provided in the directors' report.

Revenue in FY22 increased by 4.6% compared to FY21. Pro-forma earnings before interest, taxes, depreciation and amortisation ('EBITDA') and pro-forma net profit after tax in FY22 increased by 4.3% and 1.2% respectively compared to FY21.

Pro-forma earnings per share for FY22 was 38.78 cents per share, up 1.2% compared to FY21.

During the year, Bapcor successfully refinanced its $270M three year debt facilities and has continued access to a total debt facility of $520M. Pro-forma net debt at 30 June 2022 was $262M representing a leverage ratio of 1.18X (pro-forma net debt : last twelve months pro-forma EBITDA[1]). The level of debt represents an increase of $97.9M compared to 30 June 2021 and reflects the investment in non-perishable inventory during the period to mitigate global supply chain disruption risks.

For a further explanation of the results above, refer to the Company's ASX/Media Announcement for the year ended 30 June 2022 and the accompanying Directors' Report.

[1] Pro-forma net debt is calculated as statutory net debt excluding the impact of lease liabilities and adjusting for the net derivative financial instruments position. Pro-forma EBITDA excludes any impact of AASB16. This approach is consistent with banking covenant requirements. Refer to note 16 of the financial report for a reconciliation between statutory and pro-forma net debt.

3. Dividends

	Amount per security Cents	Franked amount per security Cents
2021 Interim dividend	9.0	9.0
2021 Final dividend	11.0	11.0
2022 Interim dividend	10.0	10.0
2022 Final dividend (declared after balance date but not yet paid)	11.5	11.5

Record date for determining entitlements to the dividend:	31 August 2022
Date dividend payable:	16 September 2022

4. Dividend reinvestment plan

Bapcor operates a Dividend Reinvestment Plan ('DRP'), which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. Given the financial strength of Bapcor, the Board decided to, in accordance with the DRP rules, continue to suspend the DRP for the 2022 final dividend.

5. Net tangible assets

A large proportion of the consolidated entity's assets are intangible in nature, consisting of goodwill, customer contracts and trademarks acquired on business combination as well as software. These assets as well as any deferred taxes, right-of-use assets and lease liabilities are excluded from the calculation of net tangible assets per share.

	2022 Cents	2021 Cents
Net tangible assets per ordinary security	91.7	79.9

6. Status of audit

The financial statements have been audited and an unmodified opinion has been issued.

7. Attachments

The Financial Report of Bapcor Limited for the year ended 30 June 2022 is attached.

The Directors present their report, together with the financial statements, on the consolidated entity ('consolidated entity') consisting of Bapcor Limited ('company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022 (‘FY22’).

1. Directors

The following persons were directors of Bapcor Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Margaret Haseltine	Independent, Non-Executive Chair Executive Chair (from 6 December 2021 until 31 March 2022)
Therese Ryan	Independent, Non-Executive Director
Jennifer Macdonald	Independent, Non-Executive Director
James Todd	Independent, Non-Executive Director
Mark Powell	Independent, Non-Executive Director
Mark Bernhard	Independent, Non-Executive Chair (appointed 1 March 2022)
Darryl Abotomey	Chief Executive Officer and Managing Director (retired 6 December 2021)

2. Principal activities

The principal activities of Bapcor were the sale and distribution of vehicle parts, accessories, automotive equipment, service and solutions.

Bapcor is one of the largest suppliers of vehicle parts, accessories, equipment, service and solutions in Asia Pacific with an operational network covering c. 1,100 locations and employing c. 5,000 team members.

3. Significant changes in the state of affairs

On 6 December 2021, it was announced on the Australian Securities Exchange ('ASX') that the Chief Executive Officer ('CEO') and Managing Director, Darryl Abotomey, would retire. Chief Financial Officer ('CFO'), Noel Meehan, was appointed acting CEO and Bapcor Chair, Margaret Haseltine, was appointed as Executive Chair whilst a replacement CEO was being identified. Following an extensive global search, on 8 February 2022, it was announced on the ASX that the Bapcor Board had formally appointed Noel Meehan as Bapcor’s CEO (effective 8 February 2022).

On 8 February 2022, it was also announced that the Bapcor Board had appointed Mark Bernhard as non-executive director of Bapcor (effective 1 March 2022).

During FY22, Bapcor has invested in new technology with the commencement of the construction of a state-of-the-art distribution centre in Queensland. It is currently planned that seven current distribution centres will be merged in the new consolidated location.

In addition, during FY22, Bapcor has opened an additional 31 locations.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

4. Dividends

Fully franked dividends paid during the financial year were as follows:

14 September 2021	$37,335,375 (11 cents per share)
14 March 2022	$33,941,250 (10 cents per share)

The Board has declared a final dividend in respect of FY22 of 11.5 cents per share, fully franked. The final dividend will be paid on 16 September 2022 to shareholders registered on 31 August 2022.

The final dividend takes the total dividends declared in relation to FY22 to 21.5 cents per share, fully franked, representing an increase of dividends paid of 7.5% compared to the prior financial year. Dividends paid and declared in relation to FY22 represent 55.4% of pro-forma net profit after tax.

5. Review of operations

Bapcor delivered a record result in line with market guidance with a FY22 pro-forma net profit after tax ('NPAT') of $131.6M, despite Covid-impacts during the year, tight labour markets and ongoing global supply chain disruption. The business' resilience is also reflected in Bapcor's profitability, with stable margins compared to the exceptional FY21 period and significant growth compared to FY20.

While the market trading environment was impacted by the Covid-pandemic for the majority of the first half-year across all geographical regions, the impact normalised in Australia later during the year and allowed Bapcor's overall revenue to grow year-on-year. This growth was also supported by continued network expansion as Bapcor opened 7 Retail stores, 10 Trade stores and 14 Specialist Wholesale sites, as well as increasing the proportion of own brand sales across all segments.

Supply chains were and continue to be disrupted globally as manufacturing, transportation and labour shortages increased product unavailability in the market and brought ordering lead times to unprecedented levels. Bapcor applied prudent operational procurement strategies to mitigate these global supply chain risks to ensure inventory availability for our customers, which led to temporarily elevated inventory levels during FY22. Concurrently, Bapcor continued to improve its distribution capabilities with the Victorian Distribution Centre ('DC') on track to achieve steady-state performance (including full realisation of previously communicated benefits) and the construction of the Queensland DC progressing well.

In summary, Bapcor's record result in FY22 continued to benefit from the positive underlying macroeconomic fundamentals in the automotive aftermarket (increase in size of car parc, increase in use of second-hand vehicles, increase in kilometres driven), Bapcor's strong market position and diversified operations demonstrate the resilience of Bapcor's business. The Board has declared an increased final dividend of 11.5 cps, bringing FY22 dividend to 21.5 cps, up 7.5%, with a FY22 payout ratio of 55.4%.

Statutory (versus FY21):
- Revenue increased by 4.6% from $1,762M to $1,842M
- Statutory earnings before interest, taxes, depreciation and amortisation ('EBITDA') increased by 5.2% to $286.2M
- Statutory NPAT increased by 5.9% to $125.8M
- Statutory earnings per share ('EPS') increased by 5.9% to 37.05 cents per share ('cps')
- Dividends increased by 7.5% from 20.0 cps to 21.5 cps

Pro-forma (versus FY21):
- Revenue increased by 4.6% from $1,762M to $1,842M
- Pro-forma EBITDA increased by 4.3% to $291.5M
- Pro-forma NPAT increased by 1.2% to $131.6M
- Pro-forma EPS increased by 1.2% to 38.78 cps
- Dividends increased by 7.5% from 20.0 cps to 21.5 cps

Pro-forma (versus FY20):
- Revenue increased by 25.9% from $1,463M to $1,842M
- Pro-forma EBITDA increased by 34.3% to $291.5M
- Pro-forma NPAT increased by 48.3% to $131.6M
- Pro-forma EPS increased by 28.3% to 38.78 cps
- Dividends increased by 22.9% from 17.5 cps to 21.5 cps

Net debt:
- Pro-forma net debt at 30 June 2022 was $262M representing a leverage ratio of 1.18X (Pro-forma net debt : last twelve months pro-forma EBITDA[2])

[2] Pro-forma net debt is calculated as statutory net debt excluding the impact of lease liabilities and adjusting for the net derivative financial instruments position. Pro-forma EBITDA excludes any impact of AASB16. This approach is consistent with banking covenant requirements. Refer to note 16 of the financial report for a reconciliation between statutory and pro-forma net debt.

The tables below reconcile the pro-forma results to the statutory results for FY22, FY21 and FY20:

		Consolidated		
$'M	**Note**	**FY22**	**FY21**	**FY20**
Statutory NPAT	2	**125.8**	**118.8**	**79.2**
DC consolidations	3	8.4	9.9	11.6
Other activities	4	-	-	1.7
Investment impairment	5	-	4.4	-
Tax adjustment	6	(2.5)	(3.0)	(3.8)
Pro-forma NPAT		**131.6**	**130.1**	**88.7**

		Consolidated		
$'M	**Note**	**FY22**	**FY21**	**FY20**
Statutory net profit before tax ('NPBT')		**178.1**	**171.4**	**111.4**
Add back depreciation and amortisation		88.8	85.4	80.1
Add back finance costs		19.3	15.2	19.8
Statutory EBITDA		**286.2**	**271.9**	**211.2**
DC consolidations	3	5.3	3.2	4.2
Other activities	4	-	-	1.7
Investment impairment	5	-	4.4	-
Pro-forma EBITDA		**291.5**	**279.5**	**217.1**

The tables below reconciles the pro-forma earnings per share to the statutory results for FY22, FY21 and FY20:

		Consolidated					
		FY22		**FY21**		**FY20**	
$'M	**Note**	**Stat**	**Pro-forma**	**Stat**	**Pro-forma**	**Stat**	**Pro-forma**
NPAT	2	**125.8**	**131.6**	**118.8**	**130.1**	**79.2**	**88.7**
Weighted average number of ordinary shares	7	339.4	339.4	339.4	339.4	293.6	293.6
Earnings per share (cps)		**37.05**	**38.78**	**34.99**	**38.32**	**26.97**	**30.23**

(1) These tables are subject to rounding.
(2) NPAT as attributable to members of Bapcor Limited.
(3) The DC consolidations item relates to the significant transition items incurred in relation to the Victorian and Queensland DCs.
(4) The other activities in FY20 relates to one off consulting costs incurred relating to acquisitions that did not proceed.
(5) The investment impairment relates to the 30 June 2021 mark-to-market revaluation of the investment in Tye Soon Ltd.
(6) The tax adjustment reflects the tax effect of the above adjustments based on local effective tax rates.
(7) In April / May 2020, 53.7M shares were issued, increasing issued shares by 19%.

The directors' report includes references to pro-forma results to exclude the impact of the adjustments detailed above. The directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-IFRS financial measures contained within this report are not subject to audit or review.

Revenue and pro-forma EBITDA by segment are as follows:

$'M	Revenue				
	FY22	FY21	Change %	FY20	Change %
Bapcor Trade[2]	685.6	653.7	4.9%	565.8	21.2%
Bapcor Specialist Wholesale[2]	699.5	637.2	9.8%	506.3	38.1%
Bapcor Retail[2]	393.5	391.8	0.4%	306.7	28.3%
Bapcor NZ	171.0	170.0	0.6%	156.3	9.4%
Unallocated / Head Office[3]	(107.7)	(91.0)	(18.3%)	(72.5)	(48.7%)
Total	**1,841.9**	**1,761.7**	**4.6%**	**1,462.7**	**25.9%**

$'M	Pro-forma EBITDA				
	FY22	FY21	Change %	FY20	Change %
Bapcor Trade[2]	115.1	114.8	0.2%	96.0	19.9%
Bapcor Specialist Wholesale[2]	102.0	87.9	16.1%	62.5	63.1%
Bapcor Retail[2]	66.5	66.9	(0.6%)	54.8	21.5%
Bapcor NZ	32.8	32.6	0.7%	26.9	22.1%
Unallocated / Head Office[3]	(24.9)	(22.7)	(9.8%)	(23.1)	(8.0%)
Total	**291.5**	**279.5**	**4.3%**	**217.1**	**34.3%**

(1) These tables are subject to rounding. Change percentages are based on non-rounded values.
(2) Comparatives have been amended for the move of the Opposite Lock business from Bapcor Specialist Wholesale to Bapcor Retail as well as the Thailand operations from Unallocated / Head Office to Bapcor Trade. Refer to note 3 of the financial report for further details.
(3) Revenue relates to intersegment sales eliminations. EBITDA relates to Bapcor head office costs, intersegment EBITDA elimination and profit from associates.

5.1 Operating and financial review – Bapcor Trade

The Bapcor Trade segment consists of the Burson Auto Parts, Precision Automotive Equipment and Independents business units in Australia as well as the Thailand operations. This segment is a distributor of:

- Automotive aftermarket parts and consumables to trade workshops for the service and repair of passenger and commercial vehicles
- Automotive workshop equipment such as vehicle hoists and scanning equipment, including servicing of the equipment
- Automotive accessories and maintenance products to do-it-yourself vehicle owners

Compared to FY21, the Bapcor Trade segment recorded revenue growth of 4.9% and EBITDA growth of 0.2%. Comparing back to FY20, the Bapcor Trade segment increased revenue by 21.2% and EBITDA by 19.9%.

The increase in revenue of 4.9% included same store sales growth of 2.7% (14.3% in FY21) with the second half improving on the first half as Covid lockdowns and restrictions eased. Bapcor Trade's EBITDA margin was slightly lower compared to previous years reflecting the opening of new stores over the last 24 months which typically operate at a lower margin in their first few years.

Burson Auto Parts continued to expand its store network in FY22 with the number of stores increasing from 200 at 30 June 2021 to 210 at 30 June 2022. The increase of 10 stores were due to 9 greenfield store developments and a conversion from Autopro.

The new stores are located in Kelmscott and Wangara in Western Australia, Invermay in Tasmania, Preston in Victoria, Kirrawee, Mittagong and Forster in New South Wales, Mile End and Gawler in South Australia, and Katherine in the Northern Territory.

In March 2022, Bapcor Trade acquired the Blacktown Auto Spares and Nepean Spare Parts stores in New South Wales. Both of these stores represent some of the largest independent auto part stores in Australia and are the first locations of the Independents business unit of Bapcor Trade.

5.2 Operating and financial review – Bapcor Specialist Wholesale

The Bapcor Specialist Wholesale segment consists of operations that specialise in automotive aftermarket wholesale and include AAD, Bearing Wholesalers, Baxters/MTQ, Roadsafe, JAS Oceania, Premier Auto Trade, Federal Batteries, Diesel Distributors, AADi and the Commercial Truck Parts group comprising Truckline and WANO.

The Bapcor Specialist Wholesale segment achieved revenue growth of 9.8% and EBITDA growth of 16.1% compared to FY21. Comparing back to FY20, the Bapcor Specialist Wholesale segment increased revenue by 38.1% and EBITDA by 63.1%. Excluding the Truckline and Diesel Drive acquisitions made in December 2020, revenue grew by 21.7% and EBITDA increased by 46.2% compared to FY20.

EBITDA margin increased by 0.8 percentage points compared to FY21 and was up 2.2 percentage points on FY20. The volume and product groups that the Specialist Wholesale segment supplies into other Bapcor group businesses grew by c.18% on FY21.

In FY22, Bapcor Specialist Wholesale further strengthened its truck parts businesses through the acquisitions of Gibbs Truck & Trailer Parts, Peninsula Truck Parts, Truck & Auto Parts and Wrights Truck and Trailer Parts, expanding the overall network from 154 to 168 locations.

5.3 Operating and financial review – Bapcor Retail

The Bapcor Retail segment consists of business units that are retail customer focused, and include the Autobarn, Autopro and Opposite Lock brands as well as the Midas and ABS workshop service brands. This segment is comprised of franchised stores and workshops, as well as an increasing proportion of company owned Autobarn and Autopro stores.

In early FY22, Bapcor Retail continued to be negatively impacted by Covid pandemic restrictions and lockdowns and related staff availability issues, especially in the states of Victoria and NSW.

The Bapcor Retail segment had revenue increase by 0.4% compared to FY21, however this was an increase of 28.3% against FY20. Autobarn same store sales for company owned stores declined by 3.2% (after strong growth of 28.0% in FY21) and for franchise stores declined by 3.6% (grew by 16.8% in FY21). Same store sales for Autopro stores declined by 0.8% (grew by 16.0% in FY21). The decline in same store sales against FY21 was due to the first half of FY22 when the majority of lockdowns and restrictions were in place, with the remainder of the year demonstrating a recovery across all brands.

EBITDA in FY22 was almost on a similar level compared to FY21 and 21.5% higher than FY20, with slightly lower EBITDA margins reflecting the opening of new stores during the period.

Bapcor Retail has continued to grow the number of company owned Autobarn stores via both greenfield Autobarn stores as well as conversion of some franchise stores to company owned stores. The total number of Autobarn stores at 30 June 2022 was 136 stores, an increase of 3 from the 133 as at 30 June 2021. The number of company owned stores increased from 86 to 93. The percentage of company owned Autobarn stores at 30 June 2022 was 68%, up from 65% at 30 June 2021.

At 30 June 2022 the total number of company owned and franchise stores in the Bapcor Retail segment was 404 consisting of Autobarn 136 stores, Autopro 94 stores, Midas and ABS 108 stores and Opposite Lock 66 stores (including stockists).

5.4 Operating and financial review – Bapcor New Zealand

Bapcor New Zealand (‘Bapcor NZ’) consists of Trade and Specialist Wholesale businesses based in New Zealand operating across 88 locations, as well as ~130 Battery Town and Shock Shop locations.

Brake & Transmission (‘BNT’) is the predominant business with 76 stores supplying automotive parts and accessories to workshops, truck and trailer parts through the Truck and Trailer Parts brand. BNT is similar in nature to Bapcor’s Burson Auto Parts business in Australia.

Bapcor NZ also includes the Specialist Wholesale businesses of HCB – batteries, Autolign – steering and suspension, JAS – auto electrical and Precision Equipment NZ – vehicle workshop equipment.

Bapcor NZ was particularly impacted by the lockdowns and restrictions of trade put in place due to the Covid pandemic. H1 FY22 had more days (~125) impacted by these than the entire FY21 financial year (~90 days). The Covid impact and reduced customer confidence continued in H2 FY22 and is still ongoing.

Notwithstanding these adverse trading conditions, Bapcor NZ achieved revenue growth of 0.6% (including 0.2% growth in same store sales) and EBITDA growth of 0.7% compared to FY21. Comparing back to FY20, the Bapcor NZ segment increased revenue by 9.4% and EBITDA by 22.1%. EBITDA margins were stable compared to FY21, reflecting good cost discipline in response to revenue pressures. EBITDA margins increased by 2.0 percentage points when comparing to FY20.

There was no change to the number of BNT or Specialist Wholesale locations in FY22.

5.5 Operating and financial review – Unallocated / Head Office

The Unallocated / Head Office segment consists of all elimination and head office costs or adjustments that are not in the control of the other segments. It also includes the elimination of intercompany sales and EBITDA. Intercompany sales increased by 18.3% compared to FY21, reflecting a higher proportion of sourcing product internally and increasing the volume of “own brand” product.

5.6 Financial Position - Capital Raising and Debt

There have been no issues of new shares during the year. As a result, ordinary shares on issue remains at 339,412,500 as at 30 June 2022.

During FY22, Bapcor refinanced its debt facilities in order to re-profile the maturity of the existing $270M three-year tranches which was due to mature July 2022. Following the completion of this $270M refinance, Bapcor continues to have access to a $520M debt facility with ANZ, Westpac, MUFG Bank, HSBC and MetLife. Refer to note 16 of the financial report for details on the revised facility tranches.

AASB 16 *Leases* increases reportable net debt by the inclusion of $253M of lease liabilities as at 30 June 2022. Given this is excluded from a banking covenant perspective, pro-forma net debt has also been disclosed. Pro-forma net debt at 30 June 2022 was $262M representing a leverage ratio of 1.18X (Pro-forma net debt : last twelve months pro-forma EBITDA).

6. Strategy

Bapcor's strategy is to be Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions.

Bapcor Trade

Trade consists of the Burson Auto Parts and Precision Automotive Equipment businesses. The business units are trade-focussed "parts professionals" businesses supplying service workshops. Bapcor's target is to grow Burson Auto Parts' store numbers via acquisitions and greenfields as well as Bapcor Trade's own brand product content and the sale of automotive equipment.

Bapcor Specialist Wholesale

The Specialist Wholesale business strategy is to be the number one or number two industry category specialists in the parts programs in which it operates. The parts programs in which the specialist wholesale segment operates are brake, bearings, electrical, suspension, 4WD, cooling, diesel, engine control systems and parts for light and heavy commercial vehicles.

The Specialist Wholesale businesses are focused on maximising internal sales, developing own brand product ranges, and the evaluation of its distribution footprint including opportunities for shared facilities. Specialist Wholesale growth may also include acquisitions where they are complementary to the current product group offerings.

Bapcor Retail

Autobarn – as Bapcor's premium retailer of automotive accessories, Autobarn's target is to grow the number of Autobarn stores, as well as the proportion of company owned stores and own brand content and improve its overall digital offering to its customers.

Autopro – Autopro has now integrated the former Sprint Auto Parts and comprises both franchise and company owned stores with further growth targeted, predominately in areas with smaller populations.

Independents – The independents group consists of the c 75 stores not owned by Bapcor but benefit from Bapcor's extensive supply chain capabilities.

Service – The service business through the brands Midas and ABS offers scheduled car servicing at affordable prices through a network of 108 stores at 30 June 2022, of which 106 were franchised. Service will benefit from industry consolidation opportunities and vertical integration with the Trade and Specialist Wholesale segments.

Bapcor NZ

Bapcor NZ's operations consist of its automotive aftermarket businesses of BNT, Precision Automotive Equipment (NZ), Autolign and Truck and Trailer Parts, as well as the automotive electrical businesses of HCB, JAS Oceania and Diesel Distributors (NZ). The strategy is to grow the store numbers of the BNT business, as well as grow its electrical businesses organically and potentially through acquisition. The strategy also includes targets to increase Bapcor NZ's own brand content.

Asia

Across South-East Asia, Bapcor currently has a 25% investment in Tye Soon Limited and 6 stores in Thailand. Established in 1933, Tye Soon Limited is the most prominent independent automotive parts distributor in the region and operates out of c. 60 locations throughout Singapore, South Korea, Malaysia, Australia and Thailand. Further, Bapcor's six greenfield stores in Thailand are selling automotive parts and accessories to workshops and retail customers.

Supply Chain

Inventory availability remains one of Bapcor's key competitive advantages. Therefore, Bapcor's objective is to have the most efficient and effective supply chain capability in the industry. Core to this strategy is the establishment of state-of-the-art distribution centres in key locations with Bapcor's first centralised distribution centre in Victoria on track to achieve steady-state performance and construction of the second centralised distribution centre underway in Queensland (with additional locations to be considered). Bapcor's improved supply chain capability will also support the mitigation of global supply chain disruption risk which is currently experienced in the broader market; and allow effective management of prudent countermeasures such as temporarily elevated inventory levels to ensure inventory availability for our customers.

Competitive advantages

Team Members – Our team members are the key to our success. Bapcor has a strong and experienced management team and a proven record of attracting, retaining and growing key talent across the group. Training and development of team members is a priority for the group.

Diversification – Extensive breadth and depth of product range and capability across the group provides multiple revenue streams and continues to drive intercompany sales and margin improvements opportunities, whilst spreading reliance on profitability. Increasing the proportion of own brand products is a core target, as these products generally achieve greater margins than the alternatives.

7. Industry trends

The automotive aftermarket parts market in Australia, NZ and Asia continues to experience growth based on:

(a) population growth;
(b) increasing number of vehicles per person;
(c) change in the age mix and complexity of vehicles (i.e., more vehicles in the four years or older range);
(d) an increase in the value of parts sold; and
(e) increased domestic travel due to Covid.

Demand for automotive parts, accessories and services continues to be resilient as vehicle maintenance is critical to operating a vehicle. Vehicle servicing is predominately driven by the number of kilometres travelled, with the number of kilometres travelled by passenger and light commercial vehicles not normally significantly impacted by economic conditions. Volatility in new vehicle sales does not directly impact demand as parts distributed by Bapcor are predominantly used to service vehicles that are aged four years or older. With the impact of Covid, demand for second hand vehicles has increased as people seek to ensure social distancing with reduced reliance on public transport, as well as the expected increase in domestic holidays utilising motor vehicles. All of these factors lead to ongoing demand for vehicle servicing, replacement parts and maintenance.

Online channels to market are now a common medium for retail businesses albeit only a small percentage of automotive retail sales are online. Through our retail businesses, Bapcor has online sales channels, including 'click and collect' and 'click and deliver'. In the trade and wholesale channels the group offers electronic 'B2B' trading including an extensive parts catalogue. Bapcor is investing in expanding its online capabilities, including in Bapcor's eCommerce platform.

In the trade business Bapcor's fast delivery capabilities, wide product range and knowledgeable people are the key to Bapcor's customer offering which on-line businesses cannot match at this point in time.

There is increased interest and production of electric vehicles. As Bapcor's target market is parts and accessories for vehicles greater than four years old, and due to the large size of the conventional vehicle car parc (approximately 19 million) and how long it would take for electric and hybrid vehicles (in light of supply and infrastructure constraints) to become a meaningful percentage of the total number of vehicles on the road (currently less than two percent), Bapcor considers any impact to the Bapcor business within the mid-term likely to be minimal. However, Bapcor is researching the reliability of electric and hybrid vehicles and will stock replacement parts for them as we do for most vehicles.

8. Key business risks

Bapcor is committed to maintaining and continually improving systems and processes to identify and effectively manage risk. The key risks faced by Bapcor that could have a material impact on Bapcor's financial prospects include:

Pandemic risk - As has been shown since the outbreak of Covid-19, a pandemic which results in restrictions on doing business will have an impact on Bapcor and is unpredictable by its very nature. Once such situations are evident, Bapcor will move swiftly to minimise the impact on its revenue, profitability and cash.

Changes in economic conditions - Any downturn in economic conditions globally or in the markets Bapcor operates in has the potential to impact demand for Bapcor's products and services. Economic downturns can be triggered by a variety of factors, including geopolitical instability and other whole-of-economy risks such as energy supply stability. Bapcor seeks to manage this risk by monitoring economic indicators, and by having agile processes that are able to respond to changes in demand. Changes in economic conditions include indirect impacts such as rising fuel prices which might reduce road travel.

Competition - The markets and industries Bapcor operates in are competitive and Bapcor may face increased pressure from existing competitors, new competitors that enter the industry, vehicle manufacturers, and new technologies or technical advances in vehicles or their parts. Increased competition could have an adverse effect on the financial performance, industry position and future prospects of Bapcor.

Bargaining power of customers - Bapcor may experience increased bargaining power from customers due to consolidation of existing workshops, greater participation of existing workshops in purchasing and buying groups, and closure of independent workshops resulting in greater market share of larger chains. This may also include changes in end-customer behaviour with regards to vehicle ownership models and changes to overall mobility behaviours. An increase in customer bargaining power may result in a decrease in prices or loss of customer accounts, which may in turn adversely affect Bapcor's sales and profitability.

Suppliers - Bapcor's business model depends on having access to a wide range of automotive parts. Factors such as changes in supplier pricing, product availability, or the quality of Bapcor's relationships with suppliers, may increase the prices at which Bapcor procures parts or limit Bapcor's ability to procure parts. Supplier risk factors can also include changes to the demand for parts due to new car construction methods or risks due to the emergence of new players in the supply chain, e.g., direct-to-customer-lifetime service strategies by technology companies entering the automotive sector. Changes in price or availability of parts may result in decreased sales or margins, which in turn may have an adverse effect on Bapcor's financial performance.

Managing growth and integration - The integration of acquired businesses and the continued strategy of growing the store network requires Bapcor to continually improve operational and financial systems, procedures and controls. There is a risk of an adverse impact on Bapcor if it is not able to manage its expansion and growth efficiently and effectively, or if the performance of new stores or acquisitions does not meet expectations. Bapcor senior management take an active role in the integration of acquired businesses.

Expansion - A key part of Bapcor's growth strategy is to increase the size of its store network via store acquisitions and greenfield developments. If suitable acquisition opportunities or greenfield sites are not available this may limit Bapcor's ability to execute the growth strategy. This could negatively impact Bapcor's financial performance and growth. To mitigate this risk Bapcor senior management take an active role in the rollout and progress of store expansion.

Natural events - As has been shown over the last two years, external and unpredictable natural events such as fires and floods can cause significant disruption to businesses, including Bapcor. Bapcor seeks to manage the impact of such risks through a number of means, including robust approaches to crisis and business continuity management.

People and skills - Bapcor is a highly customer-focussed service business, and its team members and senior management are key to maintaining the level of operational service to its customers, as well as executing Bapcor's strategy. In an environment where there are high levels of employment and shortages of certain skill sets the ability to attract and retain team members takes on an increased level of importance. This risk is managed through ongoing investment in brand awareness and strength, and by strong focus on development of knowledge and skills. It is also managed through contractual obligations, succession planning, and incentives schemes.

Safety - Unlike manufacturing or resources businesses Bapcor is not in a sector where health and safety represent a very high risk. However, Bapcor does have exposure to health and safety risks, both to team members and third parties. These risks come from areas including warehouse operations and team members travelling on Bapcor business. Bapcor's safety management system enables us to manage our health and safety processes and risk.

Information technology - Bapcor's business operations rely on information technology platforms. Weaknesses in information technology operations could result in negative outcomes including unplanned downtime or system failures, resulting in impacts to customer experience and continuity and security of operations and data. Bapcor manages such risks through IT improvement and maintenance, IT disaster recovery planning, and cyber security management processes.

Sustainability - An actual or perceived failure to address sustainability-related issues has the ability to impact Bapcor's financial performance, reputation and operations. To address this Bapcor seeks to take an integrated approach towards economic, environmental and social sustainability. Ensuring this approach is effective means ensuring a range of practices are maintained and continually improved, including managing potential issues in our supply chain, sourcing sustainable products and packaging, and reducing carbon emissions.

Exchange rates - A large proportion of Bapcor's parts are sourced from overseas, which exposes Bapcor to potential changes in the purchase price of products due to exchange rate movements. Historically Bapcor has been able to pass on the majority of the impact of foreign exchange movements through price increases. If Bapcor is not able to recoup foreign exchange driven cost increases this may lead to a decrease in profitability. To mitigate this risk, Bapcor enters into forward exchange contracts based on expected purchases for the upcoming twelve months.

Availability of financing - Access to funding, including ongoing availability of debt finance, helps Bapcor fund business operations and growth initiatives. Any inability to fund operations and growth, for example as a result of constrained ability to maintain banking facilities, could have a negative impact on financial performance and position. Bapcor manages this risk through careful management of working capital and capital expenditure, maintenance of banking facilities with differing maturities, and ongoing monitoring of liquidity.

Franchise regulations - Bapcor has a large franchise network. Changes in franchise law or regulations may have an impact on the responsibilities of the franchisor or the operations of these franchise businesses. Bapcor senior management seek ongoing professional advice to monitor any developments and implement appropriate changes.

Legal and regulatory compliance - Bapcor is required to maintain compliance with all applicable laws and regulations. These include requirements related to consumer protection, product quality, and transport safety. The nature and extent of rules relevant to Bapcor and to businesses more broadly have been increasing, and this trend is likely to continue. Failure to comply with such laws and regulations could result in regulatory action or other claims which could have an adverse impact on the Group's reputation, financial performance and profitability.

Inflation and interest rates - Increasing inflation and changes in interest rates and inflation can impact Bapcor's business and funding. Rising inflation can decrease Bapcor's profitability, however, Bapcor has historically largely been able to mitigate inflation risks by passing on the majority of its impact through active category and pricing management. Increases in interest rates can increase Bapcor's cost of funding or limit the availability of funding; and to mitigate this risk, Bapcor prudently manages working capital and capital expenditure, maintenance of banking facilities with differing maturities, and ongoing monitoring of liquidity, as well as considering hedging strategies.

9. Likely development and expected results of operations

The strong performance in FY22 and a good start into FY23 demonstrates the resilience of Bapcor's operating model and provides a solid foundation going forward. The priority for FY23 is to perform operationally as well as to progress strategic initiatives to make Bapcor "Better than Before".

Operationally, Bapcor expects a solid performance in FY23, subject to market conditions (particularly with regards to Covid-impacts and global supply chain disruption risk):

- Trading will continue to benefit from positive fundamentals of vehicle aftermarket
- Currently elevated working capital levels expected to reduce
- Enhanced distribution capabilities with the Victorian DC targeted to achieve steady-state performance (including full realisation of initially communicated benefits) and good progress on construction of the Queensland DC
- Ongoing focus on workplace culture and the Bapcor team

Strategically, work has commenced to make Bapcor "Better than Before" and further enable sustainable growth in both the mid and long-term.

10. Information on directors

Name:	**Margaret Haseltine**
Title:	Independent, Non-Executive Director and Chair
Qualifications:	Bachelor of Arts Degree Diploma of Secondary Teaching (Auckland University) Fellow of the Australian Institute of Company Directors (AICD)
Experience and expertise:	During her career, Margaret gained extensive leadership and human capital management skills, which she brings to her role as Chair of the Board. Margaret has spent more than 30 years in various senior executive roles in FMCG, including senior roles at Mars Food Australia, a subsidiary of Mars Inc., where she was responsible for strategy, risk management, product innovation & brand launching, and implementation of new systems. From 2002 to 2007, Margaret served as the CEO of Mars Food Australia, with responsibility for the APAC market and was also responsible for ensuring sustainability of the business and its supply chain. Margaret currently serves as a non-executive director of ASX listed Metcash Limited, and was a director of various government and not-for-profit boards, including National Food Precinct, Central Coast Grammar school and AGRIFOOD Skills.
Other current directorships:	Metcash Limited (ASX:MTS) Real Pet Food Company Pty Ltd Droppoint Australia Pty Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Chair
Interests in shares:	61,314 ordinary shares

Name:	**Therese Ryan**
Title:	Independent, Non-Executive Director
Qualifications:	Bachelor of Laws (University of Melbourne) Graduate Member of the Australian Institute of Company Directors (GAICD)
Experience and expertise:	Therese has extensive experience as a senior business executive and commercial lawyer working in widely diversified businesses in Australia and internationally. She brings strong commercial sense, risk management and strategic thinking, complemented by 45 years of legal experience in the automotive, petrochemical, insurance, superannuation and other industries. Therese spent most of her later executive career in General Motors, including as General Counsel and Company Secretary of GM Holden, based in Australia; and based in Shanghai, as Vice President and General Counsel for GM's Asia Pacific operations, and later as Vice President, General Counsel and member of Strategy Board for GM's International Operations outside North America; and as Assistant Company Secretary of General Motors Corporation. In these various roles, Therese was responsible for corporate legal actions related to M&A, refinancing, product stewardship, franchising, IP, procurement, joint ventures, acquisitions, and integration. She also chaired and had functional responsibility for GM Holden's employee superannuation fund.
Other current directorships:	Sustainable Timber Tasmania Central Gippsland Region Water Corporation (Chair) VicForests (Deputy Chair) Korvest Ltd City of Melbourne (Independent member of the Audit and Risk Committee)
Former directorships (last 3 years):	None
Special responsibilities:	Audit and Risk Committee member Nomination, Remuneration and ESG Committee member
Interests in shares:	40,256 ordinary shares

Name:	**Jennifer Macdonald**
Title:	Independent, Non-Executive Director
Qualifications:	Masters of Entrepreneurship and Innovation (Swinburne University) Bachelor of Commerce (Deakin University) Graduate of the Australian Institute of Company Directors (GAICD) Chartered Accountant
Experience and expertise:	Jennifer brings extensive expertise in corporate finance, accounting, and auditing, coupled with a strong focus on and understanding of market trends, customer and consumer behaviour. She has a proven track record in developing and implementing strategy with a focus on risk management, growth, and value creation. Jennifer spent her executive career in customer facing organisations primarily in technology, retail, travel services and manufacturing, where she was responsible for strategic turnaround and digital transformation. Her last executive role was CFO and interim CEO at Helloworld Limited, where she oversaw the merger with AOT Group to create the second largest integrated travel distribution business in Australia and New Zealand. Prior to that, Jennifer was the CFO and General Manager International of the REA Group, with responsibility for the financial growth strategy and execution for operations in South East Asia and parts of Europe, having delivered record revenue and net profit for the company.
Other current directorships:	Healius Limited (ASX:HLS) Redbubble Limited (ASX:RBL) SiteMinder Ltd (ASX:SDR) PropertyGuru Group Ltd (NYSE:PGRU)
Former directorships (last 3 years):	Australian Pharmaceutical Industries Limited (ASX:API) until 2022 Redflow (ASX:RFX) until 2019
Special responsibilities:	Audit and Risk Committee Chair Nomination, Remuneration and ESG Committee member
Interests in shares:	35,013 ordinary shares

Name:	**Mark Powell**
Title:	Independent, Non-Executive Director
Qualifications:	Master of Science (Logistics) Master of Business Administration (Lean Supply Chain) Master of Arts (Theology) Bachelor of Science (Mining Engineering) Bachelor of Applied Theology Graduate Member of the Australian Institute of Company Directors (AICD) Chartered Member NZ Institute of Directors Fellow of the Chartered Institute of Logistics and Transport
Experience and expertise:	Mark brings over 30 years of leadership and executive experience in retail, wholesale, logistics and distribution. The key areas of Mark's expertise are in development and execution of business strategy, business growth, organisational turnaround and change management as well as acquisition integration. Mark's career started in underground coal mining where he had direct responsibility for operations and health & safety. He later transitioned into global retail, wholesale and logistics, having held executive roles at Iceland plc, Booker Wholesale and Tesco in the UK; Logistics services provider Tibbett & Britten in Spain and Canada (including running of Walmart Canada's logistics operations); and The Warehouse Group in Australia and New Zealand. Between 2009 and 2016, Mark was CEO of Warehouse Stationary and then Group CEO for NZX-listed retailer The Warehouse Group, where he oversaw a return to organic growth, online/digital strategy implementation and a number of acquisitions.
Other current directorships:	JB Hi-Fi Group Limited (ASX:JBH) Kiwi Property Group Limited (NZX:KPG) 7-Eleven Australia Pty Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Nomination, Remuneration and ESG Committee Chair
Interests in shares:	20,000 ordinary shares

Name:	**James Todd**
Title:	Independent, Non-Executive Director
Qualifications:	Bachelor of Commerce and Bachelor of Laws (University of NSW) Graduate Diploma of Applied Finance and Investment from the Financial Services Institute of Australasia, where he remains a Fellow (FFIN) Member of the Australian Institute of Company Directors (MAICD)
Experience and expertise:	James is an experienced company director, corporate adviser, and investor. James has over 30 years' experience in finance across various entities, including Hambros Banking Group and Wolseley Private Equity. James' last executive role was as Managing Director of Wolseley Private Equity, an independent private equity firm which he co-founded in 1999 and served in until 2018. Through his extensive private equity experience, James had exposure across various sectors including retail, media, FMCG, business services, and international supply chains. His corporate transaction and investment experience has been gained across multiple markets including Australia, New Zealand and Asia (including Hong Kong, China, Singapore, Vietnam, Cambodia, Thailand, and Indonesia).
Other current directorships:	IVE Group Limited (ASX:IGL) HRL Holdings Limited (ASX:HRL) Coventry Group Limited (ASX:CYG)
Former directorships (last 3 years):	None
Special responsibilities:	Audit and Risk Committee member
Interests in shares:	20,000 ordinary shares

Name:	**Mark Bernhard**
Title:	Independent, Non-Executive Director
Qualifications:	Bachelor of Business/Accounting (Monash University) Graduate Member of the Australian Institute of Company Directors (GAICD) Master of Business Administration (Deakin University)
Experience and expertise:	During his career, Mark has gained significant board and executive management experience in the automotive industry across a range of geographies including Australia, Europe, the United States, South-East Asia and China. The key areas of Mark's expertise are developing and executing business strategy, managing growth, leading transformation and turnaround, as well as in mergers and acquisitions. Mark has more than 30 years' experience in the automotive industry in Finance and various senior executive roles. From 2011 to 2015 Mark was the Chief Financial Officer and Vice-President of Shanghai General Motors, returning to Australia in 2015 as the Chairman and Managing Director of General Motors Holden Australia until 2018. He has a passion for diversity and corporate culture, was a member of Male Champions of Change, and has driven Workplace Gender Equality citation status and Flexible Working Awards. Since 2019, Mark has served as a non-executive director of Carbon Revolution, an ASX listed hi-tech carbon fibre automotive wheel manufacturer. Mark has also been a non-executive director of a not-for-profit, Healthy Male, since 2020 and is chair of their Audit and Risk Committee.
Other current directorships:	Carbon Revolution Ltd (ASX:CBR)
Former directorships (last 3 years):	None
Special responsibilities:	Audit and Risk Committee member
Interests in shares:	5,000 ordinary shares

Note: 'former directorships (last 3 years)' quoted above are directorships held in the last 3 years for *listed entities only* and excludes directorships of all other types of entities.

11. Company secretary and officers

Chief Executive Officer (previous Chief Financial Officer)

Noel Meehan (Chief Executive Officer 8 February 2022 – present; Chief Financial Officer 2 July 2020 - 7 February 2022)

Noel was formally appointed as Chief Executive Officer on 8 February 2022, after being the Acting Chief Executive Officer since 6 December 2021. Noel originally joined Bapcor on 2 July 2020 as Chief Financial Officer following a successful career as Chief Financial Officer at Toll Group, Chief Finance Officer at Treasury Wines Estates Limited, Executive Director Finance and other roles at Orica Limited and various positions at Qantas. Noel is a Fellow of the Australian Society of Certified Practising Accountants and a Member of the Australian Institute of Company Directors.

Company Secretary and General Counsel

George Sakoufakis (General Counsel 13 May 2019 – present; Company Secretary 1 February 2021 – present)

George commenced with Bapcor on 13 May 2019 as General Counsel following a successful career as Legal Director at Carlton and United Breweries. George is an admitted solicitor and holds a Bachelor of Commerce / Bachelor of Laws from Deakin University. George was appointed Company Secretary effective 1 February 2021.

12. Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board		Nomination, Remuneration and ESG Committee		Audit and Risk Committee	
	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]
Margaret Haseltine	13	13	-	-	2	2
Therese Ryan	13	13	4	4	4	4
Jennifer Macdonald	13	13	4	4	4	4
James Todd	13	13	-	-	4	4
Mark Powell	13	13	4	4	-	-
Mark Bernhard[2]	3	3	-	-	-	-
Darryl Abotomey[3]	5	6	-	-	-	-

(1) 'Held' represents the number of meetings held during the time the director held office or was a member of the relevant committee.
(2) Mark Bernhard was appointed as Director on 1 March 2022.
(3) Darryl Abotomey retired as Director on 6 December 2021.

As at the date of this report, the Board has established two sub-committees, being the Audit and Risk Committee and the Nomination, Remuneration and ESG Committee.

The current members of the Audit and Risk Committee are Jennifer Macdonald (Chair), Therese Ryan, James Todd and Mark Bernhard (appointed 31 May 2022).

The current members of the Nomination, Remuneration and ESG Committee are Mark Powell (Chair), Therese Ryan and Jennifer Macdonald. Margaret Haseltine was a committee member until 1 December 2021.

13. Remuneration report

Dear Shareholders,

On behalf of the Board, I am pleased to present Bapcor's FY22 Remuneration Report. The 2022 financial year was a year of transition for Bapcor. Our focus has been to ensure the Group performs both now, in the short term, and positions itself to deliver in the future. As a business we again experienced the challenges and impacts of COVID restrictions, global supply chain issues and talent shortages, yet we have continued to perform. First and foremost, on behalf of the Board I would like to thank our team members across Australia, New Zealand and Thailand for this performance, their hard work and commitment in delivering yet another record financial result for Bapcor.

To position Bapcor for the future, one of the changes has been the realignment of the Group structure, with the creation of the new Wholesale segment. This segment has a Group-wide focus across key strategic areas including product research, sourcing, promotion, brand management and market activation. With this change the Executive General Managers ('EGM') of our Trade, Retail, Specialist Networks and Bapcor New Zealand segments now have a greater focus on the execution of their individual segment strategy, with the Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO') and EGM Wholesale having overall Group-wide strategic focus. This structural realignment also means that it is appropriate to reduce the number of Key Management Personnel ('KMP'), with the CEO, CFO and EGM Wholesale being the Executive KMP for the Group, in line with the direction indicated last year.

Further change was seen across the Group with the CEO transition. Bapcor's inaugural CEO and Managing Director, Darryl Abotomey, retired in December 2021 after more than ten years of service. Over that period, Darryl contributed to building Bapcor from the Initial Public Offering, with this contribution reflected in his remuneration arrangements upon his retirement. With Darryl's retirement, the Board enacted its existing succession planning, which involved the assessment of internal and external candidates and resulted in the appointment of Noel Meehan as CEO in February 2022. Noel is undoubtedly the right leader to take Bapcor forward into the next phase of transformation and optimisation for the Group. He has ably demonstrated his depth of knowledge, understanding and passion for the business and has proven to have an extremely strong fit with the desired culture and values of Bapcor. This has been further acknowledged in his appointment to the Board as CEO and Managing Director from September 2022.

In FY22 Bapcor introduced further enhancements to its remuneration practices, building on the feedback received and changes made in FY21. For Executive KMP we introduced minimum shareholding requirements, a 25% deferral for one year of the Short-Term Incentive ('STI'), either as equity, until the minimum shareholding equivalent to one year's fixed remuneration is reached, or as cash or equity where the minimum shareholding is achieved. Additionally, the STI plan maximum achievement level was increased from 110% of target to 115% to assist in further driving a focus on outperformance and delivery. The Board continues to consider additional improvements for FY23 to advance Bapcor's remuneration practices, further aligning the interests of shareholders with Executive KMP and the Bapcor strategy. The potential changes being considered are outlined in the following Q&A section.

At its heart, Bapcor is a customer focused and people centric business which offers exceptional service to our customers in trade, retail, commercial vehicles and wholesale. This means our team members are key to the success of Bapcor and we must be able to attract, motivate, and retain world-class talent to have a culture grounded in superior customer service and executional excellence. This culture must be appropriate to its 21st century societal context. Bapcor relies on our Executive KMP and broader leadership team for this and to deliver our strategies, ensuring Bapcor is a sustainable and profitable business that brings value to our customers and wealth to our shareholders. In order to do this, the Board's objective is to remunerate and pay our people at market medians, retaining our talent and building succession planning pathways for the future.

We still have much work to do as we transition Bapcor into its next phase of sustainable profitable growth. We will continue to seek input to ensure ongoing shareholder and strategic alignment of our remuneration approaches, whilst attracting, retaining, and developing the best people for the Bapcor of the future. Keeping our team safe every day at the same time as actively progressing our environment, social and governance agenda remains our priority to ensure Bapcor is an employer of choice.

Sincerely,

Mark Powell
Chair of the Remuneration, Nomination and Environmental,
Social & Governance Committee

17 August 2022
Melbourne

13.1 Questions and answers

The following is intended to assist readers in more easily understanding key areas of Bapcor's remuneration approach in FY22 and beyond.

<table>
<tr><td>What remuneration has been already provided to the former CEO and what is outstanding?</td><td>The remuneration, including separation payments, provided to the former CEO is:
<table>
<tr><th>Payment Type</th><th>Payment amount $</th><th>Paid</th><th>Subject to shareholder approval</th></tr>
<tr><td>Salary to 6 December 2021</td><td>572,073</td><td>Yes</td><td>No</td></tr>
<tr><td>Statutory leave entitlements</td><td>579,258</td><td>Yes</td><td>No</td></tr>
<tr><td>Notice in Lieu – 50 weeks</td><td>1,262,740</td><td>Yes</td><td>No</td></tr>
<tr><td>Separation Payment – 20 weeks</td><td>476,250</td><td>No</td><td>Yes</td></tr>
<tr><td>FY21 Deferred Short-Term Incentive ('STI')</td><td>307,391</td><td>Yes</td><td>No</td></tr>
<tr><td>FY22 STI</td><td>711,447</td><td>No</td><td>Yes</td></tr>
<tr><td>Long-Term Incentive ('LTI') – vested and unrestricted</td><td>695,976</td><td>Yes</td><td>No</td></tr>
<tr><td>LTI (FY20 Plan) – performance hurdles as at 30/06/2022 have not been met</td><td>-</td><td>N/a</td><td>Yes</td></tr>
<tr><td>LTI (FY21 Plan) – performance hurdles to be tested 30/06/2023</td><td>-</td><td>N/a</td><td>Yes</td></tr>
<tr><td>LTI (FY22 Plan) – performance hurdles to be tested 30/06/2024</td><td>-</td><td>N/a</td><td>Yes</td></tr>
</table></td></tr>
<tr><td>What separation payments (other than statutory entitlements) were paid or committed to the former CEO upon his retirement, and why?</td><td>In addition to his statutory entitlements, upon his retirement the former CEO received a payment in lieu of notice representing 50 weeks' fixed remuneration. This payment did not require shareholder approval as it did not exceed the applicable 'termination benefits cap' contained in the Corporations Act 2001.

Bapcor must seek shareholder approval for the following further payments and benefits as termination benefits in connection with the former CEO's retirement:
• FY22 STI payment;
• Separation payment equivalent to 20 weeks' base remuneration; and
• Retaining access to performance rights under the FY20, FY21 and FY22 LTI plans.

These further payments and benefits were agreed with the former CEO in a confidential deed of release in light of his contribution to the Company during his more than 10 years of service with the Company and as consideration for the former CEO agreeing to bring forward his retirement date, which allowed the Bapcor Board to further progress its CEO succession plan.</td></tr>
<tr><td>What remuneration arrangements are in place for the current CEO?</td><td>In addition to fixed remuneration of $1,073,568, the current CEO has:
• STI maximum opportunity of 100% - this is pro-rated from 8 February 2022 to 30 June 2022 for the time served as CEO;
• LTI maximum opportunity of 100% - this is pro-rated from 8 February 2022 to 30 June 2022 for the time served as CEO.</td></tr>
<tr><td>Why has the number of KMP reduced?</td><td>A realignment of the Group organisational structure in FY22 created the role of EGM Wholesale with Group-wide accountability for product research, sourcing, promotion, brand management and market activation. With this structural realignment, other EGMs are now more focussed on executing their individual segment strategy, hence it is appropriate for only the CEO, CFO and EGM Wholesale to be KMP in FY22.

This change also enabled the delivery of our commitment made in FY21 to reduce the number of KMP to provide more focussed and relevant disclosures.</td></tr>
</table>

Have the changes to the remuneration approach that were committed to in FY21 occurred?	The changes to the remuneration approach for FY22, as previously committed to in FY21, are as follows: • An STI deferral into equity of 25% was initiated; • Minimum shareholding guidelines were introduced; • The stretch to achieve maximum potential performance increased to 115% of target (from 110%) to further drive outperformance; • More transparent and measurable non-financial key performance indicators; • An increased emphasis in non-financial STIs on Environmental, Social & Governance ('ESG'); • The number of KMP has reduced.

Are further changes to the remuneration approach being considered?	There are several elements under consideration to further enhance Bapcor's remuneration approach in FY23. These include:
	• STI:
	  ○ Fewer, enterprise wide financial and non-financial objectives;
	  ○ Introduction of a behaviours modifier with a focus on Our Values, that will potentially reduce, but not increase, the level of STI earned if appropriate behaviours are not role-modelled;
	  ○ Increasing the deferred equity component for Executive KMP to 50%.
	• LTI:
	  ○ Replacing the Earnings Per Share ('EPS') metric with a Return on Invested Capital ('ROIC') to focus on profits and the assets required to generate returns. ROIC is calculated as Pro-forma EBIT after Tax on Net Debt and Equity;
	  ○ Changing the Total Shareholder Return ('TSR') comparator group to be the ASX 200.

14. Remuneration report (audited)

The Directors present the Remuneration Report setting out the principles, policy and practices adopted by the Bapcor Board in respect of remuneration for the Group's Non-Executive Directors (‘NED’) and Executive KMP in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The Remuneration Report is set out under the following main headings:

- 14.1 Nomination, Remuneration and Environment, Social & Governance Committee
- 14.2 Financial performance and relationship to remuneration
- 14.3 KMP
- 14.4 Remuneration governance
- 14.5 Remuneration framework and outcomes
- 14.6 Cash and realisable remuneration (non-statutory)
- 14.7 Statutory details of remuneration

The information provided in this Remuneration Report, which forms part of the Directors’ Report, has been audited as required by section 308(3C) of the *Corporations Act 2001*.

14.1 Nomination, Remuneration and Environment, Social & Governance Committee

The Board has established a Nomination, Remuneration and Environment, Social and Governance Committee (‘NRESGC’) which operates under the delegated authority of the Board of Directors. The NRESGC charter is included on the Bapcor website (www.bapcor.com.au). Non-executive Directors of Bapcor who are members of the NRESGC as of the date of this report are as follows:

Mark Powell	Committee Chair
Therese Ryan	Committee Member
Jennifer Macdonald	Committee Member

The NRESGC is authorised by the Board to obtain external professional advice, and to secure the attendance of advisers with relevant experience and expertise if it considers this necessary.

14.2 Financial performance and relationship to remuneration

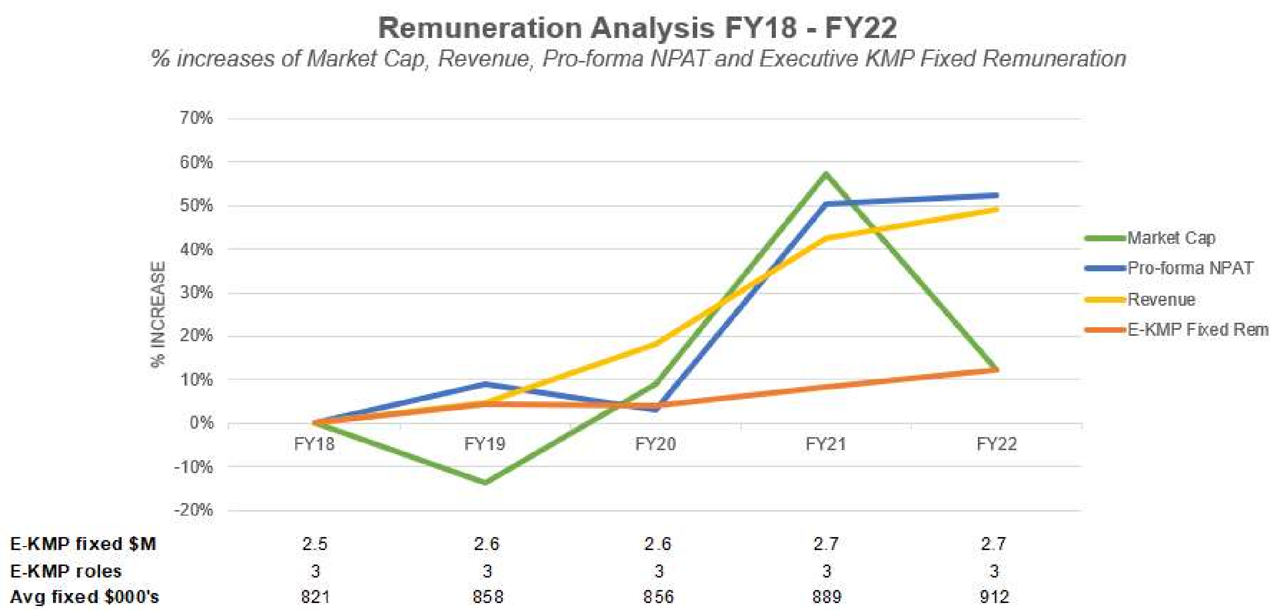
Bapcor's historical financial performance over the last five years will assist readers to understand the context of the remuneration framework, management's performance and how the Company's performance impacts the remuneration outcomes for the Executive KMP.

Since listing on the ASX in 2014, Bapcor has consistently grown in size and complexity. Over the last five years, Bapcor’s financial performance has consistently improved as have the returns delivered to shareholders which is shown in the table below.

	2018	2019	2020[(3)]	2021	2022
Revenue from continuing operations $m	1,236.7	1,296.6	1,462.7	1,761.7	1,841.9
Increase in revenue	*22.0%*	*4.8%*	*12.8%*	*20.4%*	*4.6%*
ROIC[5]	10.5%	10.2%	9.3%	11.6%	10.6%
Increase/(decrease) in ROIC	*36.6%*	*(3.4%)*	*(8.5%)*	*24.9%*	*(8.9%)*
Pro-forma NPAT from continuing operations $m[2,3]	86.5	94.3	88.7	130.1	131.6
Increase/(decrease) in pro-forma NPAT	*31.6%*	*9.0%*	*(5.5%)*	*46.5%*	*1.2%*
Pro-forma EPS from continuing operations (cents)[1,3]	30.97	33.45	30.23	38.32	38.78
Increase/(decrease) in pro-forma EPS	*26.9%*	*8.0%*	*(9.2%)*	*26.8%*	*1.2%*
Statutory NPAT $m[2]	94.7	97.0	79.2	118.8	125.8
Increase/(decrease) in statutory NPAT	*47.8%*	*2.4%*	*(18.4%)*	*50.0%*	*5.9%*
Statutory EPS (cents)[1,3,4]	33.88	34.40	26.97	34.99	37.05
Increase/(decrease) in statutory EPS[1,3,4]	*42.6%*	*1.5%*	*(21.6%)*	*29.8%*	*5.9%*
Dividend declared (cents per share)	15.5	17.0	17.5	20.0	21.5
Increase in dividend declared	*19.2%*	*9.7%*	*2.9%*	*14.3%*	*7.5%*
Share price 30 June $	6.55	5.58	5.90	8.50	6.08
Market capitalisation 30 June $m	1,836	1,582	2,003	2,885	2,064

(1) Where appropriate, EPS has been adjusted to take into consideration the impact of rights issues performed and the impact on the number of shares as per AASB 133 *Earnings Per Share*.
(2) NPAT attributable to members of Bapcor Limited.
(3) Excludes the impact of AASB16 *Leases* up to 2019. From 2020 the AASB *Leases* impact is included. The impact of implementing AASB *Leases* on NPAT is immaterial, being less than $0.5m.
(4) Issued shares increased by 53.7M shares or 19% in April / May 2020.
(5) ROIC has been calculated as Proforma EBIT after Tax on Net Debt + Equity.

The following graph shows how the relationship between fixed remuneration increases and the change in key financial metrics have moved relative to each other over the last five years.



(1) Historical Executive KMP metrics have been adjusted to reflect the current Executive KMP roles – CEO, CFO and EGM Wholesale.

14.3 KMP

As defined by AASB 124 *Related Party Disclosures*, Bapcor's KMP are those leaders with the authority and responsibility for planning, directing and controlling the activities of the consolidated Bapcor group, directly or indirectly. This includes non-executive and executive directors as well as executive leaders.

As indicated in the previous year, in FY22 due to a restructure and realignment of key roles, Bapcor reduced its number of Executive KMP. Since listing in 2014, all direct reports to the CEO had been reported as Executive KMP. Changes to the Bapcor organisational structure, and consequently to roles and accountabilities, resulted in a review and reduction of the number of Executive KMP in FY22.

The role of EGM Wholesale was established in 2021 which, along with the CEO and CFO, has major input into decisions of the Bapcor Group regarding strategy, structure and strategy implementation. This strategic input comes from the EGM Wholesale directing a significant amount of the product research, sourcing, promotion, brand management and market activation on behalf of the Bapcor Group. Roles that were previously considered KMP are now more focussed on strategy implementation and execution in their business units or functions. As such, in FY22 the CEO, CFO and EGM Wholesale are Executive KMP.

The FY22 KMP are detailed in the following table.

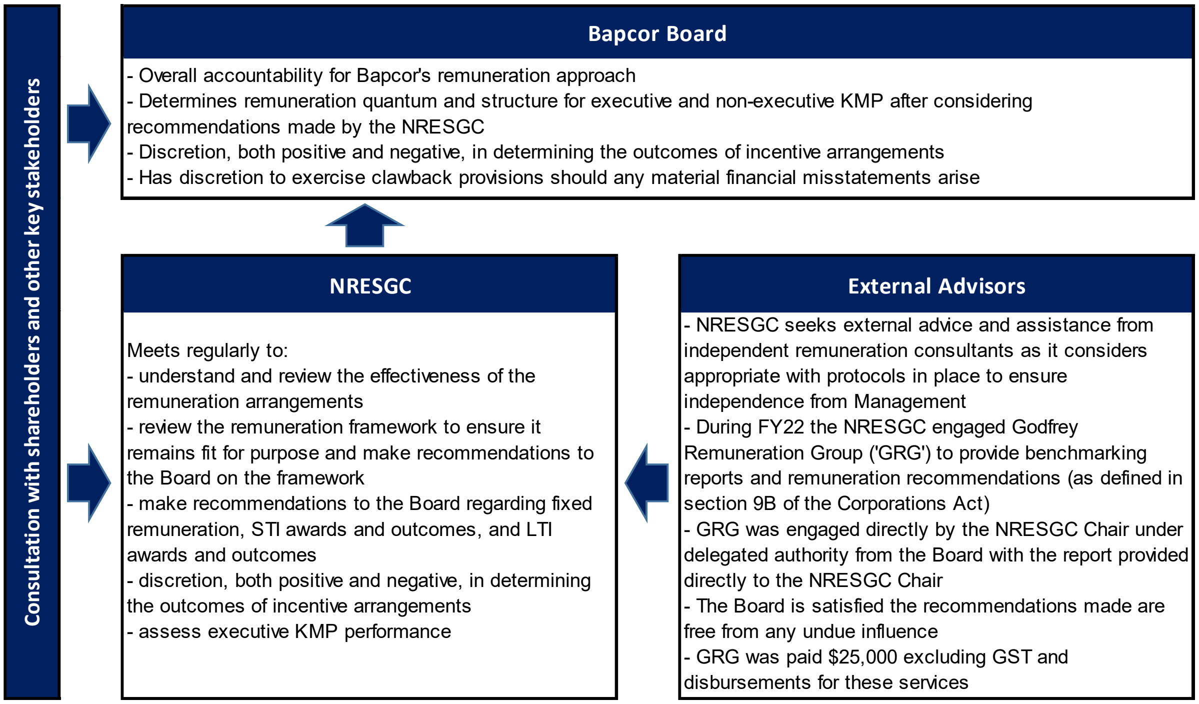
Name	Position
NED	
Margaret Haseltine	Board Chair Interim Executive Chair (6 December 2021 until 31 March 2022) Member of NRESGC (until 30 November 2021)
Therese Ryan	Member NRESGC Member Audit and Risk Committee ('ARC')
Jennifer Macdonald	Chair ARC Member NRESGC
Mark Powell	Chair NRESGC
James Todd	Member ARC
Mark Bernhard[1]	Member ARC (from 30 May 2022)
Executive Director	
Darryl Abotomey[2]	Managing Director and CEO (until 6 December 2021)
Executive KMP	
Noel Meehan	CEO (from 8 February 2022) Acting CEO (from 6 December 2021 until 7 February 2022) CFO (until 5 December 2021)
Craig Magill	EGM Wholesale

(1) M Bernhard was appointed as Independent, Non-Executive Director 1 March 2022.
(2) D Abotomey retired 6 December 2021.

On 14 June 2022, Stefan Camphausen was appointed CFO of Bapcor effective 4 July 2022 and will be an Executive KMP in FY23.

14.4 Remuneration governance

The following chart outlines Bapcor's approach to remuneration governance.



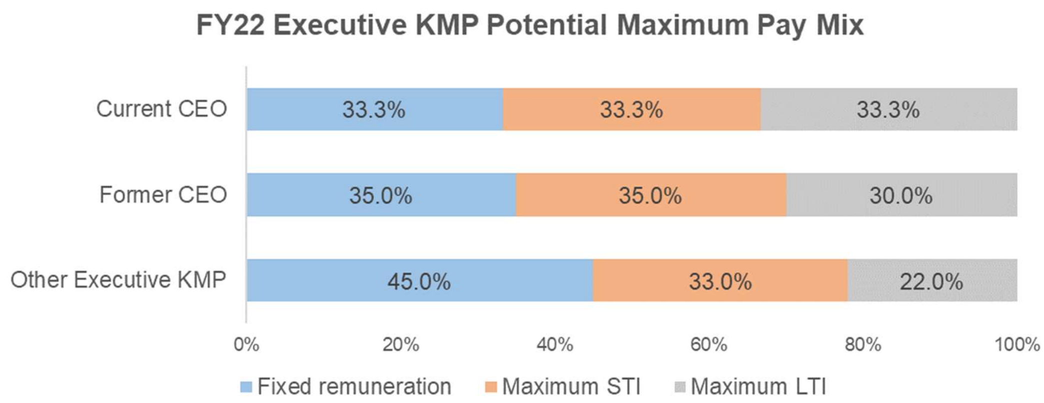
14.5 Remuneration framework and outcomes

The following sections explain FY22 Executive KMP remuneration:

14.5.1 FY22 maximum remuneration mix
14.5.2 Fixed remuneration – principles
14.5.3 STI – principles
14.5.4 STI – structure
14.5.5 STI – outcomes
14.5.6 LTI plan – principles
14.5.7 LTI plan – vesting scales
14.5.8 LTI plan – TSR comparator group
14.5.9 LTI plan – structure
14.5.10 LTI plan – outcomes

14.5.1 FY22 maximum remuneration mix

There are three components that make up the total remuneration for each Executive KMP – fixed remuneration, variable STI and variable LTI. The maximum potential remuneration by component for Executive KMP is shown in the following chart.



14.5.2 Fixed remuneration – principles

Fixed remuneration comprises base salary, superannuation and non-cash benefits such as motor vehicles. It is set at a level to attract and retain executive talent with the appropriate capabilities to deliver Bapcor's strategic objectives.

Fixed remuneration is generally positioned having consideration for benchmarking data, surrounding market conditions and sentiment, the trajectory of the company's growth, strategic objectives, competency and skillset of individuals, scarcity of talent, changes in role complexities and the geographical spread of the company. Market benchmarks are typically set with reference to market capitalisation and include organisations within Bapcor's industry sector and those that are similar in complexity as determined by the NRESGC each year. Independent benchmarking is obtained each year by NRESGC.

The table below outlines the fixed remuneration for Executive KMP in FY21 and FY22

Executive KMP	Position	Fixed remuneration $		% Change
		FY21	FY22	
N Meehan	CFO	700,000	715,000	2.1%
	Acting CEO	N/a	975,000	N/a
	CEO	N/a	1,073,568	N/a
C Magill	EGM Wholesale	575,000	605,000	5.2%
D Abotomey	Managing Director and CEO (retired)	1,313,250	1,313,250	Nil

14.5.3 STI – principles

The STI is an annual incentive plan designed to reward Executive KMP's for meeting or exceeding performance-based objectives in the financial year. The STI has been designed to support the objective of short-term outperformance in all areas of the business through the use of annual measures linked to the business strategy and set at levels that are achievable yet challenging. These performance-based outcomes are an appropriate link between Executive KMP's remuneration and the creation of shareholder wealth.

How is it paid?	Following the performance assessment, the STI award for FY22 will be paid as 75% cash, with the remaining 25% as deferred to equity in shares to reinforce alignment to longer-term shareholder interests. The deferred amount will be paid into equity until the participant holds at least the equivalent of one years' fixed remuneration in equity in line with the minimum shareholding requirements, or as deferred cash for a period of twelve months if the minimum shareholding has been reached. The deferred amount is only payable as long as the Executive KMP remains employed with Bapcor, unless the Board determines otherwise. No dividends are attached to any deferred equity for a twelve-month period. In recognition that the award has already been earned, a dividend equivalent will be paid to participants to ensure a sense of shareholder alignment.
How much can Executive KMP's earn?	The CEO has a maximum STI opportunity of 100% of fixed remuneration, and other Executive KMP's have a maximum STI opportunity of 75% of fixed remuneration. At the end of each financial year a review by the Board of each Executive KMP's performance against agreed performance measures that were established at the beginning of the financial year, will determine the percentage (between 0% - 100%) of the maximum potential STI that will be awarded.
How is performance measured?	A combination of specific performance targets is determined at the beginning of the financial year to reflect the drivers of short-term performance and also to provide a framework for delivering sustainable long-term value to the Group and its shareholders. In FY22 a greater focus and weighting was applied to Group targets to drive a 'one Bapcor' approach. The following performance targets were chosen for FY22: • Financial targets: o NPAT (CEO/CFO) o EBIT (Group or Segment) o Revenue (Segment) o Inventory (Group or Segment) o Working Capital (Group or Segment) o Return on Capital Employed ('ROCE') (Group) • Personal objectives include: o ESG – Diversity, emissions, waste reduction and community involvement o People – Employee Engagement, Succession and business structure o Strategic – transition to the Victorian Consolidated Distribution Centre, Digital Transformation, increase Inter-Company Sales, increase Own Brand Further details on these key performance indicators, the weightings respective to each member of the Executive KMP and the outcomes are presented in the outcomes section.

When is it paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures.
What happens if an Executive KMP leaves?	*Prior to STI payment date*: if an Executive KMP ceases employment with Bapcor prior to any cash being paid, the Executive KMP will forfeit any awards to be paid for the performance period, unless the Board determines otherwise. *Post STI payment date*: the Executive KMP will be paid the STI on the relevant date. Should the Executive KMP be dismissed for serious misconduct any deferred amount will be forfeited in accordance with the Clawback policy.
Change of Control	In the event that a 'Change of Control Event' (as defined in the Plan) occurs or the Company sells the whole or a substantial part of Bapcor Limited, the Board may in its discretion determine whether and in what amount to pay any STI awards.
Clawback	The Board retains the discretion to adjust the STI payable prior to payment or to reclaim any STI amount after payment or issue including, but not limited to, instances of: • Material financial misstatements; • Major negligence; • Significant legal, regulatory and/or policy noncompliance; and • Significant harmful act by an individual.

14.5.4 STI – structure

Participants in the STI plan have a maximum opportunity that is a percentage of their fixed annual remuneration with financial and non-financial targets established at the beginning of each financial year by the Board. Actual STI payments will be at or below the maximum depending on the achievement of these financial and non-financial objectives.

The greatest component of the maximum STI opportunity is dependent on meeting financial objectives of a combination of annual Revenue, NPAT, EBIT, working capital or inventory to sales percentage, and ROCE. The FY22 objectives set by the Board were at levels higher than the previous year's achievement other than Group EBIT and ROCE which maintained FY21 actuals. Under the STI plan, the stretch to achieve the maximum level was increased in FY22 to further drive outperformance, moving from 110% of target in FY21 to 115% of target in FY22.

The remaining component of the maximum STI is subject to meeting other annual personal objectives which are non-financial measures and aligned under three areas for Executive KMP – ESG, People and Strategic.

Scorecard Category	Performance Measure	Current CEO	CFO	EGM Wholesale
Financial	Group NPAT	55.0%	37.5%	
	Segment Revenue			2.5%
	Group EBIT	12.5%	10.0%	27.5%
	Segment EBIT			15.0%
	Working Capital to Sales Percentage			
	Inventory to Sales Percentage	7.5%	5.0%	7.5%
	Group ROCE	10.0%	7.5%	7.5%
Non-Financial	ESG	5.0%	5.0%	5.0%
	People	5.0%	5.0%	5.0%
	Strategic	5.0%	5.0%	5.0%
Maximum % of Fixed Remuneration		***100.0%***	***75.0%***	***75.0%***

14.5.5 STI – outcomes

The following tables shows the actual STI outcomes for the Executive KMP for FY22:

Type of performance measure	Performance measure	Rationale	Objective	FY22 actual performance and level of achievement
Financial	Group NPAT	A strong mix of financial measures (including NPAT, Revenue, EBIT, ROCE and Working Capital) focuses the Executive KMP on the delivery of key financial results in the short term that form key drivers of success in the long-term interests of shareholders.	Increase Group NPAT by 4% on FY21 actual (more than 50% above FY20 actual).	FY22 pro-forma NPAT of $131.6M resulted in 30-46% of the maximum scorecard opportunity achieved (depending Executive KMP role).
	Segment Revenue		Wholesale revenue to increase by 13% on FY21 actual (42% above FY20 actual).	Wholesale revenue of $699.5M resulted in 88% of the maximum scorecard opportunity achieved.
	EBIT (Group or Segment)		Maintain Group EBIT at least at FY21 actual (39% above FY20 actual). Wholesale EBIT to increase by 18% on FY21 actual (83% above FY20 actual).	Group pro-forma EBIT of $205.8M resulted in 45-62% of the maximum scorecard opportunity achieved (depending Executive KMP role). Wholesale EBIT of $84.8M resulted in 63% of the maximum scorecard opportunity being achieved.
	Working Capital or Inventory to Sales Percentage (Group or Segment)		Working capital and inventory to Sales percentages to reduce from FY21 actual.	Not achieved.
	Group ROCE		Improve Group ROCE.	Not achieved.

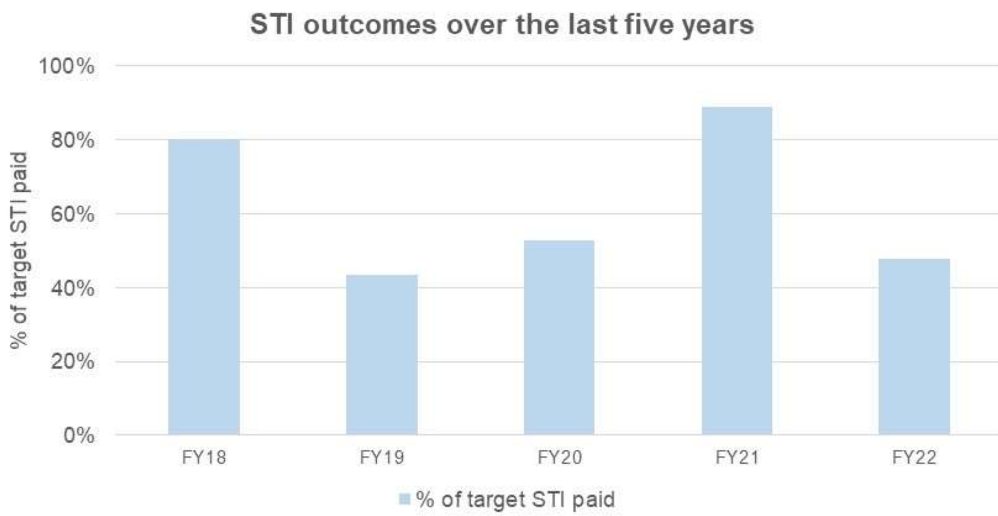
Type of performance measure	Performance measure		Rationale	Objective	FY22 actual performance and level of achievement
Non-Financial	ESG	Emissions	Investors, customers, communities and other key stakeholders are continually seeking partners who can deliver efficient, healthy, resilient, culturally and socially inclusive outcomes that deliver long term value. Bapcor continues to implement ESG measures that align with our strategy and shareholder value creation.	Establish base levels emissions and reduction plan.	Partially achieved.
		Diversity		Achieve Gender Diversity targets.	Partially achieved.
		Community		Locations supporting at least two community groups.	Achieved.
	People	Structure and Succession	Ensures structural and capability alignment to the strategy and future focus of Bapcor.	Develop and implement revised structures with succession pathways.	Partially achieved.
		Team Member Engagement and Culture	Improved engagement drives stronger business performance and contributes to retention of key talent in a highly competitive talent market.	Communication and improvement activities to improve engagement.	Partially achieved.
	Strategic	Victorian Consolidated Distribution Centre	Establishes long term supply chain efficiency that is critical to operational success.	Transition all Victorian sites.	Not achieved.
		Own Brand	Optimises profitability.	Increase own brand sales by at least 5%.	Partially achieved.

Executive KMP	Maximum STI opportunity as a % of fixed remuneration	Actual STI as a % of maximum	STI forfeited as a % of maximum	Total STI awarded $	Deferred STI component $
N Meehan[1]	75.0% / 100.0%	38.0%	62.0%	296,166	74,041
C Magill	75.0%	46.8%	53.2%	212,295	53,074
D Abotomey[2]	100.0%	54.2%	45.8%	711,447	-
Total				**1,219,908**	**127,115**

(1) N Meehan pro-rata as CFO to 5/12/2021, Acting CEO from 6/12/2021 until 7/2/2022 and CEO from 8/2/2022. The table above reflects the blended outcome for FY22.

(2) D Abotomey's STI structure was amended in accordance with the confidential deed on his retirement such that the STI for FY22 is payable based on 50% of fixed remuneration at target (based on the sole performance condition of pro-forma NPAT for FY22 of $130M) with a pro-rata of up to 100% of fixed remuneration at maximum target (pro-forma NPAT for FY22 of $149.5M). The total amount of STI awarded to D Abotomey has been accrued but will only be paid if it is approved by shareholders.

The STI performance measures are tested after the end of the relevant financial year. The resulting figures may differ from the amounts shown above.



14.5.6 LTI plan – principles

The LTI plan focuses the efforts of Executive KMP's on creating sustainable long-term value. The LTI plan rewards Executive KMP for creating sustained shareholder wealth in excess of that of peer companies in our industry and absolute long-term earnings performance. The LTI plan serves to attract and retain key executives and promotes strong alignment with shareholders' interests, aligning long-term Company and shareholder value creation.

The key terms of the LTI plan under which grants were made in FY22 and prior years are as follows:

Administration	The LTI plan is administered by the Board.
Who participates?	Executive KMP who were employed at the commencement of the financial year were invited to participate.
What is the LTI opportunity?	Performance Rights that will vest on satisfaction of the performance, service and other vesting conditions specified in the offer at the time of the grant. The Board sets the terms and conditions on which it will offer Performance Rights under the LTI plan, including the vesting conditions, at the time of the offer. The CEO is entitled to a maximum opportunity of 100% of fixed remuneration, whilst other executives are entitled to a maximum opportunity of 50% (60% for the CFO) of fixed remuneration.
Instrument	Performance Rights, upon satisfaction of the performance conditions, to convert into fully paid ordinary shares. The Performance Rights do not carry any voting rights or dividend entitlements. Performance Rights that have satisfied the performance conditions convert at the election of the participant – which may be for a period up to 15 years from the satisfaction of the performance hurdles.
How was the number of Performance Rights determined?	For the grants made in FY22, the number of Performance Rights was determined by dividing the participants LTI value by the face value of a Bapcor shares determined by the volume-weighted average share price of the ten days to 30 June 2021.
Performance period	The performance period is 3 years.

Performance measures	Each participant is granted two tranches of Performance Rights: • 50% of the total grant value of Performance Rights granted to the participant under each tranche are subject to the satisfaction of a total shareholder return ('TSR') performance hurdle for the relevant performance period ('TSR Rights'), and • 50% are subject to satisfaction of an earnings per share ('EPS') performance hurdle for the relevant performance period ('EPS Rights'). These are described in more detail in the section following this table.
Amendments	To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the LTI plan. This includes varying the number of Performance Rights or the number of shares to which a participant is entitled upon a reorganisation of the capital of Bapcor. No discretion to vary LTI plan terms and conditions was made in FY22 or prior years.
Other terms	Shares acquired on the conversion of vested Performance Rights cannot be sold for a period of twelve months from the date the rights satisfied the performance hurdles. Performance Rights cannot be transferred, encumbered or hedged. The LTI plan contains other terms relating to the administration, variation, suspension and termination of the LTI.
What happens if a KMP leaves?	The LTI Performance Rights are subject to the participant being employed (or contracted) for the full performance period of 3 years. If the participant is a "good leaver", as defined in the plan, the prorate number of months completed out of the three years may vest if the performance hurdles are achieved. If the participant is not a "good leaver" any unvested rights will automatically lapse on the date of the cessation of employment, subject to any determination otherwise by the Board in its sole and absolute discretion.
Clawback	Where, in the opinion of the Board, the participant: • acts fraudulently, or dishonestly; • wilfully breaches their duties to the Group; or • is responsible for material financial misstatements, major negligence, significant legal, regulatory and/or policy non-compliance, or a significant harmful act; the Board may, at its sole and absolute discretion, deem some or all of the unvested, or vested but unconverted, performance rights granted to that participant to be forfeited and to have lapsed. Under specific circumstances any vested equity can be clawed back from the participant.

14.5.7 LTI plan – vesting scales

Relative TSR

Fifty per cent of the Performance Rights granted to a participant will vest subject to a TSR performance hurdle that assesses performance by measuring capital growth in the share price together with income returned to shareholders, measured over the performance period against a Comparator Group of companies. The Performance Rights will vest by reference to Bapcor's TSR performance ranking against this Comparator Group of companies, as follows:

Bapcor's TSR relative to the Comparator Group over the performance period	Percentage of TSR Rights vesting
Less than 50th percentile	Nil
Equal to 50th percentile	50%
Greater than 50th percentile and less than 75th percentile	Pro-rata straight-line vesting
Equal to or greater than 75th percentile	100%

TSR for Bapcor and the companies in the Comparator Group will be calculated as follows:
- TSR will be measured between 1 July 2021 and 30 June 2024 (the Performance Period);
- For the purpose of this measurement, dividends will be assumed to have been re-invested on the ex-dividend date;
- Tax and any franking credits (or equivalent) will be ignored; and
- For the purpose of this measurement, the share price of Bapcor and the Comparator Group companies will be averaged over the ten trading days up to and including 30 June at the start and end date of the Performance Period.

EPS growth

Fifty per cent of the Performance Rights granted to a participant will vest by reference to an EPS performance hurdle that measures the basic EPS on a normalised basis over the performance period. Each tranche of Performance Rights subject to an EPS hurdle will vest as follows:
- The Board has determined that the EPS hurdle will be based on a compound annual growth rate ('CAGR') of basic EPS of between 7.5% and 15%, respectively, over the Performance Period.
- The starting point for these EPS rights is the FY21 pro-forma basic EPS of 38.32 cents per share.
- Basic EPS is calculated in accordance with AASB 133 Earnings Per Share.
- The proportion of the EPS Rights that vest at the end of the Performance Period will be determined as follows:

Bapcor's compound annual EPS growth over the performance period	Percentage of EPS Rights Vesting
Less than 7.5%	Nil
7.5%	20%
Greater than 7.5% and less than 15%	Pro-rata straight-line vesting
Equal to or greater than 15%	100%

Performance Rights granted in FY22 will convert into fully paid ordinary shares of the company if vesting conditions are met. Shares that are allocated in respect of each tranche will be subject to a restriction on sale for twelve months from vesting of the Performance Rights.

14.5.8 LTI plan – TSR comparator group

The FY22 LTI comparator group set out below. The comparator group is taken from the ASX200 Consumer Discretionary index, excluding gambling and media. The Board has the discretion to adjust the comparator group to take into account events including but not limited to takeovers, suspensions, mergers or demergers that might occur during the Performance Period.

ASX Code	Company Name
APE	Eagers Automotive Group Ltd
API	Australian Pharmaceuticals Industries Ltd
ARB	ARB Corp Ltd
ASG	Autosports Group Ltd
BLK	Blackmores Ltd
BRG	Breville Group Ltd
CKF	Collins Food Ltd
CTD	Corporate Travel Management Ltd
DDR	Dicker Data Ltd
DMP	Domino's Pizza Enterprise Ltd
ELD	Elders Ltd
FLT	Flight Centre Travel Group Ltd
GUD	GUD Holdings Ltd
GWA	GWA Group Ltd
HVN	Harvey Norman Holding Ltd
IVC	InvoCare Ltd
JBH	JB Hi-Fi Ltd
KGN	Kogan.com Ltd
MTS	Metcash Ltd
PMV	Premier Investments Ltd
REH	Reece Ltd
SIG	Sigma Healthcare Ltd
SLK	SeaLink Travel Group Ltd
SUL	Super Retail Group Ltd

14.5.9 LTI plan – structure

An offer to participate in the FY22 LTI plan was made to three Executive KMPs. These allocated Performance Rights have a performance period ending 30 June 2024 at which time the performance hurdles are tested. A summary of the terms is in the following table:

Grant date	30/08/2021		19/10/2021		29/03/2022	
Performance hurdle	Relative TSR	EPS	Relative TSR	EPS	Relative TSR	EPS
Performance period	1/07/2021 to 30/06/2024		1/07/2021 to 30/06/2024		1/07/2021 to 30/06/2024	
Test date	30/06/2024		30/06/2024		30/06/2024	
Expiry date	30/08/2036		30/08/2036		8/09/2036	
Quantity granted	43,750	43,750	70,688	70,688	13,520	13,520
Exercise price	Nil		Nil		Nil	
Face value[1]	$8.36	$8.36	$8.36	$8.36	$8.36	$8.36
Other conditions	Restriction on sale to 30/06/2025		Restriction on sale to 30/06/2025		Restriction on sale to 30/06/2025	
Share price on valuation date	$7.34		$7.68		$6.46	
Volatility	39.20%		39.42%		40.10%	
Dividend yield	2.72%		2.60%		3.25%	
Risk free rate	0.17%		0.54%		2.07%	

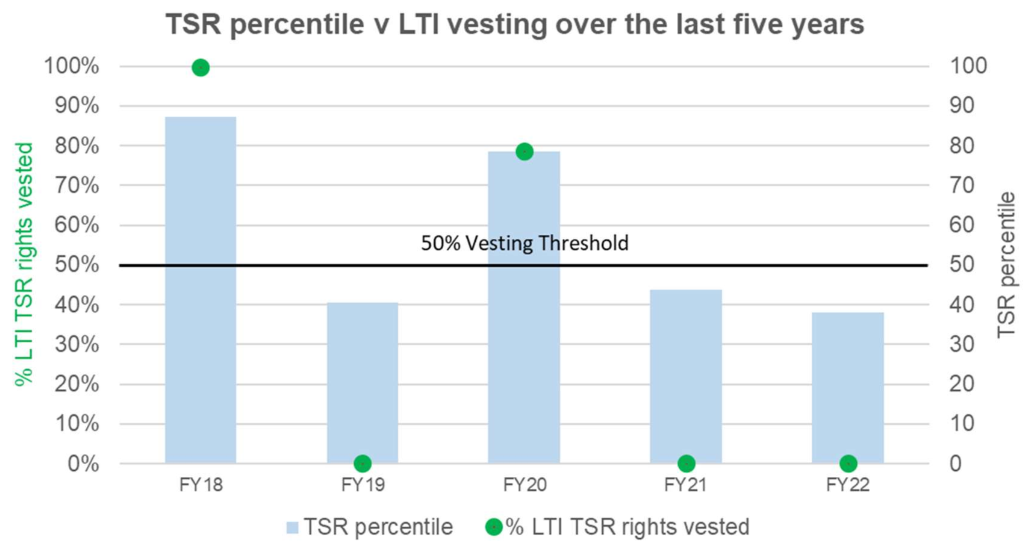
(1) Face value is the value used to determine the number of Performance Rights allocated to each participant and is based on a 10-day to 30 June 2021 volume-weighted average share price calculation. This is not the same as the fair value at grant date which is used to determine the accounting expense and has been disclosed in note 34 of the financial report.

14.5.10 LTI plan – outcomes

During FY22 the following Performance Rights were independently tested by third parties:

- The LTI granted to the EGM Wholesale (as the EGM Trade at the grant date) on 6 September 2019, was independently tested by a third party against the company's FY22 TSR and EPS performance. The extent to which they vested is as follows:
  - Relative TSR Rights: Bapcor's TSR performance ranked at the 38th percentile of the comparator group. This resulted in none of the tranche vesting.
  - Compound annual growth rate ('CAGR') of EPS: Bapcor's CAGR of EPS was 4.1%. This resulted in none of the tranche vesting.

- The LTI granted to the former CEO on 1 November 2019, was independently tested by a third party against the company's FY22 TSR and EPS performance. The extent to which they vested is as follows:
  - Relative TSR Rights: Bapcor's TSR performance ranked at the 38th percentile of the comparator group. This resulted in none of the tranche vesting.
  - CAGR of EPS: Bapcor's CAGR of EPS was 4.1%. This resulted in none of the tranche vesting.



14.6 Cash and realisable remuneration (non-statutory)

The following table shows the total cash remuneration received by Executive KMP's in respect of FY22. Total cash payments received are made up of fixed remuneration inclusive of superannuation and benefits and the amount of the FY22 STI award that is not deferred and is paid in August 2022.

The table also includes the value of previous years' deferred STI and LTI awards that vested during FY22 and became realisable. These values differ from the values in the table in section 14.7.1 that shows the accounting expense for both vested and unvested awards. The table does not show values for vested LTI that are not realisable because they remain under restriction from sale for twelve months after vesting.

					Previous year awards that vested during FY22		
Executive KMP	**Fixed remuneration[1] $**	**Termination payments[2] $**	**FY22 cash STI[3] $**	**Total cash in respect of FY22 $**	**Prior year deferred STI $**	**Vested and unrestricted LTI[4] $**	**Total received and realisable during FY22 $**
N Meehan[5]	900,348	-	222,125	1,122,473	120,578	-	1,243,051
C Magill[6]	605,000	-	159,221	764,221	102,494	-	866,715
D Abotomey[7]	572,073	1,841,998	711,447	3,125,518	307,397	695,976	4,128,891
Total	**2,077,421**	**1,841,998**	**1,092,793**	**5,012,212**	**530,469**	**695,976**	**6,238,657**

(1) Fixed remuneration is the aggregate of cash salary, superannuation and fringe benefits.
(2) The termination payments to D Abotomey referred to here only include the payments of accrued annual and long service leave of $579,258 up to the retirement date as well as the payment of 50 weeks' in lieu of notice of $1,262,740.
(3) FY22 cash STI is the amount accrued and payable in respect of FY22 STI opportunity. It is the cash amount to be paid in August 2022 and excludes any deferred component. It will differ to the amount in section 14.7.1 as it doesn't include any adjustment relating to prior year under or over accrual. The FY22 cash STI for D Abotomey has been accrued but will only be paid if it is approved by shareholders.
(4) Vested and unrestricted LTI is the value of the vested LTI on the day it is no longer under restriction from sale. The value is the closing share price on the date the LTI is no longer subject to restriction from sale which was $6.70 per share.
(5) N Meehan's fixed remuneration and FY22 cash STI pro-ratas for his role as CFO until 6 December 2021, then interim CEO until 8 February 2022 when he was appointed CEO.
(6) C Magill fixed remuneration excludes the $30,250 allowance for higher duties included in 14.7.1 as it was a once off and has been accrued and not paid.
(7) D Abotomey retired on 6 December 2021 and his fixed remuneration reflects the period under employment.

14.7 Statutory details of remuneration

The statutory remuneration disclosures for the year ended 30 June 2022 are detailed below under the following headings and are prepared in accordance with Australian Accounting Standards (AASBs).

14.7.1 Remuneration of KMP
14.7.2 Service agreements
14.7.3 NED remuneration
14.7.4 Share-based compensation
14.7.5 Equity instrument disclosures relating to KMP
14.7.6 Total shares under option or right to KMP
14.7.7 Loans and other transactions with KMP

14.7.1 Remuneration of KMP

	Short term benefits[1]		Post-employment benefits	Long term benefits	Share based payments	Other benefits		Percentage of remuneration fixed and at risk		
	Cash salary and fees[2]	Bonus[2]	Superannuation	Long service leave	Equity settled	Termination payments	Total	Fixed	At risk - STI	At risk - LTI
2022	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**	**%**
NED										
M Haseltine[3,7]	362,774	-	28,987	-	-	-	391,761	100%	-	-
T Ryan	121,629	-	12,163	-	-	-	133,792	100%	-	-
J Macdonald	139,878	-	13,988	-	-	-	153,866	100%	-	-
J Todd	112,504	-	11,250	-	-	-	123,754	100%	-	-
M Powell	130,753	-	13,075	-	-	-	143,828	100%	-	-
M Bernhard[4]	35,561	-	3,556	-	-	-	39,117	100%	-	-
Executive Director										
D Abotomey[5]	574,585	631,108	24,135	8,990	1,124,492	2,318,248	4,681,558	63%	13%	24%
Other KMP										
N Meehan[6]	901,693	234,161	23,568	17,500	198,500	-	1,375,422	69%	17%	14%
C Magill[7,8]	618,266	145,284	31,334	9,691	44,885	-	849,460	78%	17%	5%
Total	**2,997,643**	**1,010,553**	**162,056**	**36,181**	**1,367,877**	**2,318,248**	**7,892,558**			

(1) There were no non-monetary benefits to KMP in FY22.
(2) Cash salary and fees includes accrued annual leave. Bonus includes any prior year variance for accrual estimate versus actual cash paid.
(3) M Haseltine was Interim Executive Chair from 6 December 2021 until 31 March 2022 and received $95,342 for these additional services.
(4) M Bernhard was appointed 1 March 2022.
(5) D Abotomey retired on 6 December 2021. His termination payments are as detailed in section 14.6 as well as a separation payment amount of $476,250 which has been accrued but will only be paid if it is approved by shareholders. The share based payments expense relates to the accounting expense (not cash payments made) and includes the acceleration of the expense relating to his performance rights not forfeited on retirement (for the FY20, FY21 and FY22 LTI offers) that are also subject to shareholder approval. The FY20 LTI offer did not vest as performance hurdles were not met.
(6) N Meehan was appointed Acting CEO on 6 December 2021 and CEO on 8 February 2022.
(7) M Haseltine and C Magill received superannuation over the cap of $23,568 due to a processing error in FY22. Amounts paid over the cap will reduce FY23 remuneration accordingly.
(8) C Magill’s cash salary and fees includes a once off payment of $30,250 for higher duties for accountabilities in addition to his EGM Wholesale role during FY22. This has been accrued and not yet paid.

	Short term benefits[1]		Post-employment benefits	Long term benefits	Share based payments		Percentage of remuneration fixed and at risk		
	Cash salary and fees[2]	Bonus[2]	Superannuation	Long service leave	Equity settled[7]	Total	Fixed	At risk - STI	At risk - LTI
2021	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**	**%**
NED									
M Haseltine	181,836	-	17,134	-	-	198,970	100%	-	-
T Ryan	122,016	-	11,592	-	-	133,608	100%	-	-
J Macdonald	139,719	-	13,273	-	-	152,992	100%	-	-
J Todd[4]	90,082	-	8,558	-	-	98,640	100%	-	-
M Powell[4]	96,124	-	9,132	-	-	105,256	100%	-	-
A Harrison[3]	178,229	-	15,019	-	-	193,248	100%	-	-
Executive Director									
D Abotomey	1,301,082	1,322,456	25,961	20,638	620,605	3,290,742	41%	40%	19%
Other KMP									
N Meehan[5]	713,400	497,312	21,694	11,305	130,118	1,373,829	55%	36%	9%
C Magill	542,053	451,527	22,529	9,222	120,480	1,145,811	50%	39%	11%
M Storey[6]	405,111	231,017	11,808	-	93,953	741,889	56%	31%	13%
M Cooper[6]	506,158	388,500	21,694	8,388	105,760	1,030,500	52%	38%	10%
S Drummy[6]	458,590	331,372	21,694	7,472	139,305	958,433	50%	35%	15%
T Cockayne[6]	479,343	358,095	21,694	7,722	144,110	1,010,964	51%	35%	14%
J Nicol[6]	436,541	317,826	21,694	7,138	131,300	914,499	51%	35%	14%
A Laing[6]	362,044	278,866	22,529	5,972	82,469	751,880	52%	37%	11%
Total	**6,012,328**	**4,176,971**	**266,005**	**77,857**	**1,568,100**	**12,101,261**			

(1) There were no non-monetary benefits to KMP in FY21.
(2) Cash salary and fees includes accrued annual leave. Bonus includes any prior year variance for accrual estimate versus actual cash paid and any deferred component.
(3) A Harrison retired 16 February 2021.
(4) J Todd and M Powell were appointed 1 September 2020.
(5) N Meehan was appointed 2 July 2020.
(6) M Cooper, A Laing, T Cockayne, S Drummy, M Storey and J Nicol were no longer considered Executive KMP effective 1 July 2021.
(7) Share-based payments for FY21 have been restated to include a reversal of expense of $975,034 for performance rights that were forfeited because of a failure to meet non-market performance hurdles.

14.7.2 Service agreements

Remuneration and other terms of employment for Executive KMP are formalised in service agreements. Details of these agreements are as follows.

Chief Executive Officer

Name:	Noel Meehan
Title:	Chief Executive Officer
Agreement commenced:	8 February 2022
Term of agreement:	No fixed term

Details:

Fixed remuneration is $1,073,568 (inclusive of superannuation) and is reviewed annually. Fixed remuneration and incentives were based on independent advice from Godfrey Remuneration Group.

Bapcor or Noel may terminate his employment contract by giving the other six months' written notice before the proposed date of termination, or in Bapcor's case, payment in lieu of notice. Bapcor may terminate Noel's employment immediately and without payment in lieu of notice in certain circumstances including for any serious misconduct. Noel's employment contract also includes a restraint of trade period of twelve months. Other than any amounts accrued and earned such as annual leave, long service leave, STI and LTI (subject to vesting conditions and Board approval) there are no termination payments included in his contract.

Other Executive KMP

Each of Bapcor's Executive KMP is employed under an individual employment agreement. The provisions of the employment agreements include:

Contract terms	The commencement dates vary and all contracts are open ended.
Fixed remuneration	Each Executive KMPs' contract specifies the fixed remuneration inclusive of superannuation, motor vehicle, non-cash benefits and FBT thereon. The amount for each executive is as set out earlier in this report.
Review of fixed remuneration	The Executive KMPs' fixed remuneration is subject to annual review with no obligation on the company to make changes.
Variable pay	Each Executive KMP is eligible to participate in the company's incentive arrangements that can vary from time to time. The maximum STI opportunity is 75% of the executive's fixed remuneration and the maximum LTI opportunity is between 50% and 60% of the executive's fixed remuneration in FY22.
Notice period	The Executive KMP are subject to a three to six month notice period both by the company and by the Executive KMP.
Confidentiality	Each contract includes provisions requiring the Executive KMP to maintain the confidentiality of company information.
Leave	Each contract provides for leave entitlements, as a minimum, in accordance with respective legislation.
Restraint of trade	Each contract includes restraint of trade provisions for a period after termination of employment.
Termination payments	Each contract includes termination payments relating to amounts accrued and earned such as annual leave, long service leave, STI and LTI (subject to vesting conditions and Board approval).

14.7.3 NED remuneration

Fees and payments to NEDs reflect the demands and the responsibilities of the directors and NED fees and payments are reviewed annually by the NRESGC. The NRESGC seeks to set fees at a level that will attract and retain high calibre NEDs who have a diverse range of experience, skills and qualifications to enable effective oversight of management and the company. The NRESGC may, from time to time, receive advice from independent remuneration consultants to ensure NED fees and payments are competitive, appropriate and in line with the market. Refer section 14.4 for more details on independent remuneration consultancy received in FY22.

The maximum aggregate fee pool of $1,500,000 was approved by shareholders at the Annual General Meeting on 20 October 2020.

The following fee policy for the Board and Committees took effect from 1 July 2020 - there were no changes in FY22:

NED type[1]	Board $	NRESGC $	ARC $
Chair	288,400	30,000	30,000
Member	113,300	10,000	10,000

(1) All fee amounts are inclusive of compulsory superannuation obligations.

Fees paid to NEDs in FY22 are set out in the following table. Fees are paid in cash and NEDs were not granted options or share rights. NEDs are not entitled to any payment on retirement or resignation from the Board. Directors may also be reimbursed for expenses properly incurred by the director in connection with the affairs of Bapcor including travel and other expenses whilst attending to company affairs.

NED	Financial year	Board fees $	Committee fees $	Superannuation $	Total $
M Haseltine[1]	2022	362,774	-	28,987	391,761
	2021	157,753	24,083	17,134	198,970
T Ryan	2022	103,380	18,249	12,163	133,792
	2021	103,709	18,307	11,592	133,608
J Macdonald	2022	103,380	36,498	13,988	153,866
	2021	103,263	36,456	13,273	152,992
M. Powell[2]	2022	103,380	27,373	13,075	143,828
	2021	83,038	13,086	9,132	105,256
J. Todd[2]	2022	103,380	9,124	11,250	123,754
	2021	83,899	6,183	8,558	98,640
M Bernhard[3]	2022	35,301	260	3,556	39,117
	2021	N/a	N/ a	N/ a	N/ a
A Harrison[4]	2022	N/a	N/ a	N/ a	N/ a
	2021	178,229	-	15,019	193,248

(1) M Haseltine was Interim Executive Chair from 6 December 2021 until 31 Match 2022 and paid $95,342 for these additional services. M Haseltine also received superannuation over the cap of $23,568 due to a processing error in FY22. Amounts paid over the cap will reduce FY23 remuneration accordingly.
(2) M Powell and J Todd were appointed as Independent, Non-Executive Directors on 1 September 2020.
(3) M Bernhard was appointed as an Independent, Non-Executive Director 1 March 2021. He became a member of the ARC from 30 May 2022.
(4) A Harrison retired on 16 February 2021.

From 1 July 2022 the following fee policy takes effect for the Board and Committee fees:

NED type[1]	Board $	NRESGC $	ARC $
Chair	300,000	30,000	30,000
Member	125,000	15,000	15,000

(1) All fee amounts are inclusive of compulsory superannuation obligations.

This increase has been based on external benchmarking. It is the first increase to the Committee Chair fees since 1 July 2020 and Board and Committee Member fees since 1 July 2019.

Shares held by NEDs

The Board has a guideline that NEDs increase their holding of shares in the company so that within three years of appointment it reaches a minimum level of one times the base board fees. The current shareholding interests of the NEDs is set out in section 14.7.5.

14.7.4 Share-based compensation

The following table outlines the details of the LTI grants outstanding for each Executive KMP participant and other movements in options and performance rights in the year. As options will not vest if the performance conditions are not satisfied, the minimum value of the option yet to vest is nil. From FY18 the weighted average face value of shares is used to calculate the number of LTI Performance Rights granted. There were no amounts paid and there were no amounts outstanding or due from Executive KMP in relation to the grant of options during the year.

Executive KMP	Grant date	Quantity granted	Vest date	Exercise price $	Value at grant date $[1]	Quantity vested	Quantity forfeited/ lapsed	Quantity remaining	Vested %	Forfeited / lapsed %	Value expensed this year $[2]
N Meehan	10/09/20	71,428	30/06/23	-	390,354	-	-	71,428	-	-	68,976
	30/08/21	51,316	30/06/24	-	270,948	-	-	51,316	-	-	90,316
	29/03/22	27,040	30/06/24	-	117,624	-	-	27,040	-	-	39,208
C Magill	6/09/19	50,976	30/06/22	-	285,211	-	(50,976)	-	-	-	(66,014)
	10/09/20	48,894	30/06/23	-	267,206	-	-	48,894	-	-	47,215
	30/08/21	36,184	30/06/24	-	191,052	-	-	36,184	-	-	63,684
	1/11/19	209,560	30/06/22	-	1,230,117	-	(209,560)	-	-	100%	410,039
D Abotomey[3]	20/10/20	201,008	30/06/23	-	1,341,728	-	(67,002)	134,005	-	33%	447,247
	19/10/21	141,376	30/06/24	-	801,602	-	(94,250)	47,125	-	67%	267,206
Total		**837,782**			**4,895,842**	**-**	**(421,788)**	**415,994**			**1,367,877**

(1) Value at grant date has been determined as the accounting fair value of performance rights at grant.
(2) Value expensed this year is the current years expense calculated by allocating the fair value (determined at grant), of the performance rights, over the relevant vesting period as required by the Accounting Standards.
(3) D Abotomey retired on 6 December 2021. He currently retains the above remaining LTI performance rights pending shareholder approval.

14.7.5 Equity instrument disclosures relating to KMP

The numbers of ordinary voting shares in the company held during the financial year by each director and other KMP, including their personally related parties, are set out below.

	Balance at start of the year	Received during the year	Dividend reinvestment plan	Purchase of shares	Sale of shares	Resigned / ceased to be KMP	Balance at the end of the year
2022							
Directors							
M Haseltine	49,849	-	-	11,465	-	-	61,314
T Ryan	40,256	-	-	-	-	-	40,256
J Macdonald	30,013	-	-	5,000	-	-	35,013
J Todd	20,000	-	-	-	-	-	20,000
M Powell	13,000	-	-	7,000	-	-	20,000
M Bernhard	-	-	-	5,000	-	-	5,000
D Abotomey	1,441,154	-	-	-	-	(1,441,154)	-
Other KMP							
N Meehan	14,000	-	-	29,325	-	-	43,325
C Magill	448,719	-	-	-	-	-	448,719
Prior KMP[1]							
M Cooper	47,027	-	-	-	-	(47,027)	-
A Laing	3,000	-	-	-	-	(3,000)	-
T Cockayne	14,184	-	-	-	-	(14,184)	-
S Drummy	5,750	-	-	-	-	(5,750)	-
J Nicol	690	-	-	-	-	(690)	-
Total	**2,127,642**	**-**	**-**	**57,790**	**-**	**(1,511,805)**	**673,627**
2021							
Directors							
M Haseltine	39,849	-	-	10,000	-	-	49,849
T Ryan	40,256	-	-	-	-	-	40,256
J Macdonald	23,363	-	-	6,650	-	-	30,013
J Todd	-	-	-	20,000	-	-	20,000
M Powell	-	-	-	13,000	-	-	13,000
D Abotomey	1,431,154	-	-	10,000	-	-	1,441,154
A Harrison	85,389	-	-	-	-	(85,389)	-
Other KMP							
G Fox	232,997	-	-	-	-	(232,997)	-
N Meehan	-	-	-	14,000	-	-	14,000
C Magill	448,719	-	-	-	-	-	448,719
M Cooper	27,518	19,509	-	-	-	-	47,027
A Laing	-	-	-	3,000	-	-	3,000
T Cockayne	-	-	-	14,184	-	-	14,184
S Drummy	-	-	-	5,750	-	-	5,750
J Nicol	-	-	-	690	-	-	690
Total	**2,329,245**	**19,509**	**-**	**97,274**	**-**	**(318,386)**	**2,127,642**

(1) Prior year KMP included in FY22 to ensure opening balance aligns with historical disclosure.

14.7.6 Total shares under option or right to KMP

The table below outlines the total shares under option or right for the KMP that are in place as at 30 June 2022:

Date granted	Vest date	Expiry date	Exercise price of rights	Quantity
Performance rights plans				
10/09/20	30/06/23	6/09/35	$0.00	120,322
30/08/21	30/06/24	6/09/36	$0.00	87,500
29/03/22	30/06/24	6/09/36	$0.00	27,040
Total shares under option of right				**234,862**

14.7.7 Loans and other transactions with KMP

No loans were made to any KMP in FY22 and there are no outstanding loans to any KMP. No other transactions occurred in FY22 with any KMP.

15. Matters subsequent to the end of the financial year

Bapcor appointed Stefan Camphausen as Chief Financial Officer effective 4 July 2022. Stefan joins Bapcor following a successful career across Australia and Asia as Chief Financial Officer at CIMIC Group, CPB Contractors and Thiess, as well as prior executive roles with experience in Europe and the Americas.

On 2 August 2022, Bapcor announced that Chief Executive Officer, Noel Meehan had been appointed to the Board as Chief Executive Officer and Managing Director of Bapcor effective 1 September 2022. Bapcor also announced that Therese Ryan will retire from her role as Independent, Non-Executive Director effecting from 30 September 2022.

Apart from the above and the final dividend declared, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

16. Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

17. Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

18. 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.

19. Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

20. Non-audit services

There were no non-audit services provided during the financial year by the auditor.

21. 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 46 of the directors' report.

22. Indemnity of auditor

The company has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from the company's breach of their agreement with PricewaterhouseCoopers. The indemnity stipulates that the company will meet the full amount of any such liabilities including a reasonable amount of legal costs. No liability has arisen under this indemnity.

23. Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Margaret Haseltine
Chair

17 August 2022
Melbourne

Auditor's Independence Declaration

As lead auditor for the audit of Bapcor Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bapcor Limited and the entities it controlled during the period.

Jason Perry
Partner
PricewaterhouseCoopers

Melbourne
17 August 2022

General information

The financial statements cover Bapcor Limited as a consolidated entity consisting of Bapcor Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Bapcor Limited's functional and presentation currency.

Bapcor Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

127-139 Link Road, Melbourne Airport VIC 3045 Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 August 2022. The directors have the power to amend and reissue the financial statements.

Bapcor Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue	4	1,841,905	1,761,673
Share of profits of associates	13	575	102
Other income	5	1,709	2,388
Expenses			
Impairment of investments	13	-	(4,379)
Cost of sales		(982,466)	(949,283)
Employee expenses		(392,889)	(373,084)
Freight		(27,334)	(26,364)
Advertising		(33,654)	(36,974)
Other expenses		(80,292)	(70,080)
Motor vehicles		(14,811)	(11,435)
IT and communications		(26,542)	(20,615)
Depreciation and amortisation expense	6	(88,783)	(85,380)
Finance costs	6	(19,336)	(15,153)
Profit before income tax expense		178,082	171,416
Income tax expense	7	(52,527)	(52,857)
Profit after income tax expense for the year		125,555	118,559
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Foreign currency translation		(6,604)	(944)
Changes in the fair value of cash flow hedges		3,045	4,389
Other comprehensive (loss)/income for the year, net of tax		(3,559)	3,445
Total comprehensive income for the year		121,996	122,004
Profit for the year is attributable to:			
Non-controlling interest		(204)	(206)
Owners of Bapcor Limited	22	125,759	118,765
		125,555	118,559
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(235)	(407)
Owners of Bapcor Limited		122,231	122,411
		121,996	122,004
		Cents	**Cents**
Basic earnings per share	25	37.05	34.99
Diluted earnings per share	25	36.92	34.86

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Bapcor Limited
Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Assets			
Current assets			
Cash and cash equivalents		80,213	39,598
Trade and other receivables	8	209,826	193,094
Inventories	9	538,688	447,059
Derivative financial instruments	18	6,393	2,732
Income tax receivable		6,410	-
Other assets		129	297
Total current assets		841,659	682,780
Non-current assets			
Right-of-use assets	10	230,199	197,983
Property, plant and equipment	11	106,924	99,988
Intangibles	12	779,788	763,884
Investments accounted for using the equity method	13	9,071	8,102
Deferred tax	7	23,934	36,430
Total non-current assets		1,149,916	1,106,387
Total assets		1,991,575	1,789,167
Liabilities			
Current liabilities			
Trade and other payables	14	236,561	243,160
Provisions	15	45,958	45,011
Lease liabilities	17	65,067	64,117
Derivative financial instruments	18	344	1,007
Income tax payable		-	10,375
Total current liabilities		347,930	363,670
Non-current liabilities			
Provisions	15	16,744	15,858
Borrowings	16	346,702	204,231
Lease liabilities	17	187,942	162,213
Total non-current liabilities		551,388	382,302
Total liabilities		899,318	745,972
Net assets		1,092,257	1,043,195
Equity			
Issued capital	20	867,972	867,972
Reserves	21	3,149	8,412
Retained profits	22	219,888	165,406
Equity attributable to the owners of Bapcor Limited		1,091,009	1,041,790
Non-controlling interest	23	1,248	1,405
Total equity		1,092,257	1,043,195

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Bapcor Limited
Consolidated statement of changes in equity
For the year ended 30 June 2022

Consolidated	Contributed equity $'000	Other $'000	Reserves $'000	Retained earnings $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 July 2020	878,652	(9,234)	1,397	109,432	1,812	982,059
Profit/(loss) after income tax expense for the year	-	-	-	118,765	(206)	118,559
Other comprehensive income/(loss) for the year, net of tax	-	-	3,646	-	(201)	3,445
Total comprehensive income for the year	-	-	3,646	118,765	(407)	122,004
Transactions with owners in their capacity as owners:						
Share-based payments (note 21)	-	-	3,369	-	-	3,369
Treasury shares (note 20)	-	(1,446)	-	-	-	(1,446)
Dividends paid (note 24)	-	-	-	(62,791)	-	(62,791)
Balance at 30 June 2021	878,652	(10,680)	8,412	165,406	1,405	1,043,195

Consolidated	Contributed equity $'000	Other $'000	Reserves $'000	Retained earnings $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 July 2021	878,652	(10,680)	8,412	165,406	1,405	1,043,195
Profit/(loss) after income tax expense for the year	-	-	-	125,759	(204)	125,555
Other comprehensive loss for the year, net of tax	-	-	(3,528)	-	(31)	(3,559)
Total comprehensive income for the year	-	-	(3,528)	125,759	(235)	121,996
Transactions with owners in their capacity as owners:						
Share-based payments (note 21)	-	-	(1,735)	-	-	(1,735)
Non-controlling interest capital	-	-	-	-	78	78
Dividends paid (note 24)	-	-	-	(71,277)	-	(71,277)
Balance at 30 June 2022	878,652	(10,680)	3,149	219,888	1,248	1,092,257

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Bapcor Limited
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,008,118	1,912,040
Payments to suppliers and employees (inclusive of GST)		(1,822,784)	(1,704,279)
Net cash converted		*185,334*	*207,761*
Payments for new store initial inventory purchases		(9,347)	(16,048)
Payments relating to restructuring activities		(5,826)	(433)
Borrowing costs		(7,378)	(7,775)
Transaction costs relating to acquisition of business		(442)	(606)
Income taxes paid		(57,518)	(47,037)
Net cash from operating activities	26	104,823	135,862
Cash flows from investing activities			
Payment for purchase of business, net of cash and cash equivalents	29	(20,602)	(2,662)
Payment for deferred settlements		(2,047)	(1,000)
Payments for investments in associates	13	-	(12,282)
Payments for property, plant and equipment	11	(43,577)	(43,034)
Payments for intangibles	12	(13,824)	(12,010)
Proceeds from disposal of property, plant and equipment[1]		15,553	395
Net cash used in investing activities		(64,497)	(70,593)
Cash flows from financing activities			
Purchase of treasury shares	20	-	(1,446)
Net proceeds/(repayments) of borrowings		143,049	(25,500)
Dividends paid	24	(71,277)	(62,791)
Repayment of lease liabilities		(69,989)	(61,104)
Borrowing transaction costs		(1,012)	-
Net cash from/(used in) financing activities		771	(150,841)
Net increase/(decrease) in cash and cash equivalents		41,097	(85,572)
Cash and cash equivalents at the beginning of the financial year		39,598	126,300
Effects of exchange rate changes on cash and cash equivalents		(482)	(1,130)
Cash and cash equivalents at the end of the financial year		80,213	39,598

(1) Proceeds from disposal of property, plant and equipment in FY22 includes the sale of assets for $13.7M to Australia Pacific Airports (Melbourne) Pty Ltd.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Reclassifications in prior year

The financial statements contain some reclassifications of prior year disclosures to ensure comparability with the current year and are detailed in the respective notes where they have occurred.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bapcor Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Bapcor Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 1. Significant accounting policies (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Bapcor Limited's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

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

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of assets
Goodwill and other 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 reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the 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 tax authority, are presented as operating cash flows.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements:

- Note 8 - Trade and other receivables
- Note 9 - Inventories
- Note 11 - Property, plant and equipment
- Note 12 - Intangibles
- Note 15 - Provisions
- Note 17- Lease liabilities
- Note 29 - Business combinations
- Note 34 - Share-based payments

Note 3. Segment information

Description of segments
The consolidated entity has identified four operating segments based on the internal reports that are reviewed and used by the CEO (who is identified as the Chief Operating Decision Maker ('CODM')) and is supported by the other members of the executive team and the Board of Directors where required in assessing performance and in determining the allocation of resources including capital allocations.

The operating results of the consolidated entity are currently reviewed by the CODM and decisions are based on four operating segments which also represent the four reporting segments, as follows:

Bapcor Trade[1]	Represents the trade focused automotive aftermarket parts distribution to independent and chain mechanic workshops. Includes the operations of Burson Auto Parts, Precision Automotive Equipment and the Thailand based operations.
Bapcor Specialist Wholesale[2]	Includes the specialised wholesale distribution and network channel areas of the organisation that focus on a specific automotive area. Includes the operations of AAD, Baxters, Bearing Wholesalers, MTQ Engine Systems, Roadsafe, Diesel Distributors, Federal Batteries, JAS Oceania, Premier Auto Trade, Toperformance, Commercial Truck Parts group comprising Truckline and WANO.
Bapcor Retail[2]	Represents the retail focused accessory stores that are positioned as the first choice destination for both the everyday consumer and automotive enthusiast as well as the service areas of Bapcor. Includes the operations of Autobarn, Autopro, Midas, ABS and Opposite Lock.
Bapcor NZ	Includes the operations of Brake & Transmission (‘BNT’), Autolign and HCB Technologies.

(1) Historically the Thailand operations was reported in the Unallocated segment. From 1 July 2021, the Thailand operations moved to the Bapcor Trade segment. Prior year comparatives have been restated.
(2) Historically the Opposite Lock business was reported in the Bapcor Specialist Wholesale segment. From 1 July 2021, the Opposite Lock business moved to the Bapcor Retail segment. Prior year comparatives have been restated.

Note 3. Segment information (continued)

Segment revenue
Intersegment transactions are carried out at arm's length and eliminated on consolidation. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

Segment EBITDA
Segment performance is assessed on the basis of segment EBITDA. Segment EBITDA comprises expenses which are incurred in the normal trading activity of the segments and excludes the impact of depreciation, amortisation, interest, tax and other items which are determined to be outside of the control of the respective segments.

Operating segment information

Consolidated - 2022	Bapcor Trade $'000	Bapcor Specialists Wholesale $'000	Bapcor Retail $'000	Bapcor NZ $'000	Unallocated / Head Office $'000	Total $'000
Revenue						
Sales	685,584	699,450	393,521	171,049	-	1,949,604
Total segment revenue	685,584	699,450	393,521	171,049	-	1,949,604
Intersegment sales						(107,699)
Total revenue						1,841,905
EBITDA	115,069	102,003	66,533	32,848	(27,382)	289,071
Intersegment EBITDA						(2,870)
Depreciation and amortisation						(88,783)
Finance costs						(19,336)
Profit before income tax expense						178,082
Income tax expense						(52,527)
Profit after income tax expense						125,555
Assets						
Segment assets	438,474	633,512	486,240	285,021	148,328	1,991,575
Total assets						1,991,575
Liabilities						
Segment liabilities	153,658	131,630	137,784	48,598	427,648	899,318
Total liabilities						899,318

Note 3. Segment information (continued)

Consolidated - 2021	Bapcor Trade[1] $'000	Bapcor Specialist Wholesale[2] $'000	Bapcor Retail[2] $'000	Bapcor NZ $'000	Unallocated / Head Office[1] $'000	Total $'000
Revenue						
Sales	653,747	637,221	391,789	170,036	-	1,852,793
Total segment revenue	653,747	637,221	391,789	170,036	-	1,852,793
Intersegment sales						(91,120)
Total revenue						1,761,673
EBITDA	114,803	87,886	66,919	32,615	(22,934)	279,289
Intersegment EBITDA						(2,961)
Depreciation and amortisation						(85,380)
Finance costs						(15,153)
Impairment of equity investment						(4,379)
Profit before income tax expense						171,416
Income tax expense						(52,857)
Profit after income tax expense						118,559
Assets						
Segment assets	359,661	587,181	467,478	289,022	85,825	1,789,167
Total assets						1,789,167
Liabilities						
Segment liabilities	155,795	123,169	135,014	67,182	264,812	745,972
Total liabilities						745,972

(1) The prior year comparatives have been adjusted to reflect the move of the Thailand operations from the Unallocated / Head Office segment to the Bapcor Trade segment. The impact of this caused the comparatives for the Bapcor Trade segment to increase and the Unallocated / Head Office segment to decrease by: revenue $4.8M, EBITDA ($0.2M), assets $4.3M and liabilities $1.4M.

(2) The prior year comparatives have been adjusted to reflect the move of the Opposite Lock business from the Bapcor Specialist Wholesale segment to the Bapcor Retail segment. The impact of this caused the comparatives for the Bapcor Retail segment to increase and the Bapcor Specialist Wholesale segment to decrease by: revenue $22.6M, EBITDA $1.7M, assets $16.2M and liabilities $1.3M.

Geographical information

	Geographical non-current assets	
	2022 $'000	2021 $'000
Australia	943,926	882,648
New Zealand	181,168	186,290
Other	888	1,019
	1,125,982	1,069,957

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets and balances such as intercompany and investments that are eliminated on consolidation.

Note 3. Segment information (continued)

Significant accounting policies

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 4. Revenue

	Consolidated	
	2022 $'000	2021 $'000
Revenue from contracts with customers	1,841,905	1,761,673

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2022 $'000	2021 $'000
Geographical regions		
Australia	1,773,580	1,677,917
New Zealand	171,049	170,036
Thailand	4,975	4,840
Intersegment sales	(107,699)	(91,120)
	1,841,905	1,761,673
Timing of revenue recognition		
Goods transferred at a point in time	1,918,267	1,821,794
Services transferred over time	31,337	30,999
Intersegment sales	(107,699)	(91,120)
	1,841,905	1,761,673

Significant accounting policies

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services - franchise and service fees
Revenue from services is recognised over time as the services are rendered in line with the customer contract terms.

Note 5. Other income

	Consolidated 2022 $'000	Consolidated 2021 $'000
Rental income	1,709	2,388

Rental income relates to rental recoveries from franchise locations.

Note 6. Expenses

	Consolidated 2022 $'000	Consolidated 2021 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation expense		
Plant and equipment	15,356	11,933
Motor vehicles	6,743	5,604
Properties right-of-use assets	58,452	58,807
Motor vehicles right-of-use assets	936	1,395
Amortisation of intangibles	7,296	7,641
	88,783	85,380
Finance costs		
Interest and finance charges paid/payable	8,129	7,889
Interest and finance charges paid/payable on lease liabilities	11,207	7,264
	19,336	15,153
Superannuation expense		
Defined contribution superannuation expense	27,012	23,281

Note 7. Income tax

	Consolidated 2022 $'000	Consolidated 2021 $'000
Income tax expense		
Current tax on profits for the year	35,606	53,036
Deferred tax expense	16,734	(380)
Adjustment recognised for prior periods	187	201
Income tax expense	52,527	52,857
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	2,707	(10,035)
Increase in deferred tax liabilities	14,027	9,655
Deferred tax expense	16,734	(380)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	178,082	171,416
Tax at the statutory tax rate of 30%	53,425	51,425
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of investment	-	1,314
Adjustment recognised for prior periods	187	201
Difference in overseas tax rates	(468)	(470)
Other	(617)	387
Income tax expense	52,527	52,857

Note 7. Income tax (continued)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	2,616	4,944
Employee benefits	12,438	13,336
Trade and other receivables	2,546	2,654
Inventory	20,342	18,186
Lease liabilities	75,405	67,047
Other	6,209	8,416
	119,556	114,583
Amounts recognised in equity:		
Transaction costs on share issue	567	856
Share-based payment	677	1,931
	1,244	2,787
Deferred tax asset	120,800	117,370
Set off deferred tax liabilities pursuant to set off provisions	(96,866)	(80,940)
Net deferred tax asset	23,934	36,430
Movements:		
Opening balance	117,370	104,672
Credited/(charged) to profit or loss	(2,707)	10,035
Charged to equity	(289)	(509)
Additions through business combinations	2,736	1,037
Charged to other comprehensive income	(1,254)	(845)
Adjustment recognised for prior periods	4,944	2,980
Closing balance	120,800	117,370

Note 7. Income tax (continued)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	6,606	-
Customer contracts	4,135	4,678
Trademarks	17,034	17,111
Right-of-use assets	67,295	58,559
	95,070	80,348
Amounts recognised in equity:		
Cash flow hedge	1,796	592
Deferred tax liability	96,866	80,940
Set off deferred tax liabilities pursuant to set off provisions	(96,866)	(80,940)
Net deferred tax liability	-	-
Movements:		
Opening balance	80,940	69,962
Charged to profit or loss	14,027	9,655
Charged to other comprehensive income	1,204	592
Additions through business combinations	695	731
Closing balance	96,866	80,940

Significant accounting policies

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 7. Income tax (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 8. Trade and other receivables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Trade receivables	181,609	166,844
Less: Allowance for credit notes	(1,574)	(1,526)
Less: Allowance for expected credit losses (trade receivables)	(6,783)	(7,068)
	173,252	158,250
Customer loans	210	313
Less: Allowance for expected credit losses (customer loans)	(210)	(313)
	-	-
Other receivables	24,091	23,158
Prepayments	12,483	11,686
	36,574	34,844
	209,826	193,094

Trade receivables are non-interest bearing and repayment terms vary by business unit. The total allowance for expected credit losses is $6,993,000 (2021: $7,381,000).

Customer loans relate to loans with franchisees. Loans with repayment terms of less than twelve months are classified as current. Of the total customer loans balance, $21,000 (2021: $94,000) are non-interest bearing. $189,000 (2021: $219,000) of loans have a weighted average annual interest rate of 10.5% (2021: 10.5%).

Other receivables relate to rebates and other non-trading receivables which are non-interest bearing. Receivables with repayment terms of less than twelve months are classified as current. These receivables are all neither past due nor impaired.

The ageing of the net trade receivables and loans above are as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current and not due	110,554	106,953
31 - 60 days	45,694	38,745
61 - 90 days	9,034	7,311
91+ days	7,970	5,241
	173,252	158,250

Note 8. Trade and other receivables (continued)

Movements in the allowance for expected credit losses of trade receivables and customer loans are as follows:

	Consolidated	
	2022	2021
	$'000	$'000
Opening balance	7,381	9,084
Net additional provisions recognised	5	(767)
Additions through business combinations	69	-
Amounts utilised for debt write-off	(451)	(934)
Foreign currency translation	(11)	(2)
Closing balance	6,993	7,381

Bapcor recognised a net loss of $5,000 (2021: gain of $767,000) in respect of impaired receivables during the financial year.

Significant accounting policies

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for specific debtors and general expected credit losses. Trade receivables are generally due for settlement within 30 to 60 days.

Other receivables are recognised at amortised cost, less any allowance for specific debtors and general expected credit losses.

Impairment
The impairment methodology applied depends on whether there has been a significant increase in credit risk, whereby specific provision will be applied to trade and other receivables not expected to be collected and expected credit losses associated with the trade and other receivables.

In assessing the expected credit losses, the consolidated entity first considers any specific debtors that have objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables, taking into consideration the indicators of significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments. The consolidated entity then applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance, on the balance of receivables. To measure the expected credit losses, trade receivables have been grouped based on aging.

Critical accounting judgements, estimates and assumptions

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is assessed by taking into account the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Note 9. Inventories

	Consolidated 2022 $'000	2021 $'000
Current assets		
Stock in transit - at cost	46,878	31,649
Stock on hand - at cost	550,246	469,202
Less: Provision for slow moving inventory	(58,436)	(53,792)
	491,810	415,410
	538,688	447,059

Total stock on hand and in transit has increased by $96.3M since 30 June 2021, of which new greenfield stores, business acquisitions and foreign currency translation account for $22.2M of the movement. The remaining $74.1M relates to investment in new and existing ranges as well as holdings to mitigate global supply chain disruption risks.

Movements in provision for slow moving inventory

	Consolidated 2022 $'000	2021 $'000
Opening balance	(53,792)	(55,853)
Additional provisions recognised against profit	(5,751)	(223)
Additions through business combinations	(3,594)	(413)
Inventory written off against provision	4,512	2,678
Foreign currency translation	189	19
Closing balance	(58,436)	(53,792)

Significant accounting policies

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

The provision for slow moving inventory represents inventory held in excess of expected sales over defined periods or where the net realisable value is expected to be negligible.

Critical accounting judgements, estimates and assumptions

The provision for slow moving inventory assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience and other factors that affect inventory obsolescence.

Note 10. Right-of-use assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Properties - right-of-use	387,719	309,545
Less: Accumulated depreciation	(158,149)	(112,852)
	229,570	196,693
Motor vehicles - right-of-use	4,626	4,290
Less: Accumulated depreciation	(3,997)	(3,000)
	629	1,290
	230,199	197,983

The large increase in property right-of-use assets in FY22 was primarily due to $18.1M recognised on commencement of the lease for the Victorian head office in Mount Waverley as well as $56.2M of option remeasurements. There was a corresponding increase to the property lease liability by the same amount. Refer to note 17.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Property $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2020	155,518	2,472	157,990
Additions	70,425	-	70,425
Additions through business combinations	2,441	-	2,441
Disposals	(5,275)	(7)	(5,282)
Remeasurements[1]	31,397	219	31,616
Make good asset transfer[2]	881	-	881
Foreign currency translation	113	1	114
Depreciation expense	(53,423)	(1,395)	(54,818)
Accelerated depreciation expense[3]	(5,384)	-	(5,384)
Balance at 30 June 2021	196,693	1,290	197,983
Additions	38,027	-	38,027
Additions through business combinations (note 29)	2,317	-	2,317
Disposals	(4,526)	(6)	(4,532)
Remeasurements[1]	56,155	290	56,445
Foreign currency translation	(644)	(9)	(653)
Depreciation expense	(57,899)	(936)	(58,835)
Accelerated depreciation expense[3]	(553)	-	(553)
Balance at 30 June 2022	229,570	629	230,199

(1) Remeasurements occur when options to renew that were previously excluded are subsequently included or when rentals change due to non-fixed rent reviews, causing an adjustment to both right-of-use asset and lease liability balances.
(2) The make-good asset balance was reclassified in the prior year to reflect disclosure methodology as allowed under AASB 16 *Leases*.
(3) Accelerated depreciation relates to the Victorian and Queensland DC Consolidation projects and is based on the estimated exit dates of each site.

Note 10. Right-of-use assets (continued)

Significant accounting policies
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of twelve months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 11. Property, plant and equipment

	Consolidated	
	2022 $'000	2021 $'000
Non-current assets		
Plant and equipment - at cost	150,817	134,710
Less: Accumulated depreciation	(67,348)	(55,980)
	83,469	78,730
Motor vehicles - at cost	47,404	41,296
Less: Accumulated depreciation	(23,949)	(20,038)
	23,455	21,258
	106,924	99,988

The amount of work in progress included in plant and equipment is $8,669,000 (2021: $28,795,000) and relates to projects that are not yet completed and therefore are not being depreciated. The work in progress balance in FY22 predominately relates to the Queensland DC consolidation project, and the balance in FY21 predominately related to the Victorian DC consolidation project.

Note 11. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2020	54,846	20,333	75,179
Additions	35,822	7,212	43,034
Additions through business combinations	203	-	203
Disposals	(79)	(669)	(748)
Foreign currency translation	(129)	(14)	(143)
Accelerated depreciation expense[1]	(1,311)	-	(1,311)
Depreciation expense	(10,622)	(5,604)	(16,226)
Balance at 30 June 2021	78,730	21,258	99,988
Additions	34,074	9,503	43,577
Additions through business combinations (note 29)	507	208	715
Disposals[2]	(14,326)	(693)	(15,019)
Foreign currency translation	(160)	(78)	(238)
Accelerated depreciation expense[1]	(822)	-	(822)
Depreciation expense	(14,534)	(6,743)	(21,277)
Balance at 30 June 2022	83,469	23,455	106,924

(1) Accelerated depreciation relates to the DC Consolidation projects and is based on the estimated exit dates of each site.
(2) Disposals for plant and equipment includes the sale of assets for $13.7M to Australia Pacific Airports (Melbourne) Pty Ltd.

Significant accounting policies

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 consolidated entity 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 profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	2-15 years
Motor vehicles	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 11. Property, plant and equipment (continued)

Critical accounting judgements, estimates and assumptions

The consolidated entity determines the estimated useful lives and related depreciation charges for its property, plant and equipment assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 12. Intangibles

	Consolidated	
	2022 $'000	2021 $'000
Non-current assets		
Goodwill	677,382	667,879
Trademarks	58,973	59,087
Less: Accumulated amortisation	(1,346)	(1,346)
	57,627	57,741
Customer contracts	25,899	25,884
Less: Accumulated amortisation	(12,091)	(10,248)
	13,808	15,636
Software	49,837	36,041
Less: Accumulated amortisation	(18,866)	(13,413)
	30,971	22,628
	779,788	763,884

The amount of work in progress included in software is $12,444,000 (2021: $5,951,000) and relates to eCommerce, inventory and rostering management projects that are not yet completed and therefore are not being amortised.

Note 12. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Trademarks $'000	Customer contracts $'000	Computer software $'000	Total $'000
Balance at 1 July 2020	665,712	59,069	17,422	15,234	757,437
Additions	-	75	20	11,915	12,010
Additions through business combinations	2,739	-	-	-	2,739
Foreign currency translation	(572)	(57)	(8)	(24)	(661)
Accelerated amortisation expense[1]	-	(1,346)	-	-	(1,346)
Amortisation expense	-	-	(1,798)	(4,497)	(6,295)
Balance at 30 June 2021	667,879	57,741	15,636	22,628	763,884
Additions	-	-	-	13,824	13,824
Additions through business combinations (note 29)	13,582	-	-	-	13,582
Foreign currency translation	(4,079)	(114)	15	(28)	(4,206)
Amortisation expense	-	-	(1,843)	(5,453)	(7,296)
Balance at 30 June 2022	677,382	57,627	13,808	30,971	779,788

(1) Accelerated amortisation in the prior year relates to the Sprint trademark as it has been determined to now have a finite useful life. The trademark has been fully amortised hence no further amortisation in FY22.

Impairment testing
Impairment testing of assets including goodwill and other intangible assets occurs each year on 31 March balances or when impairment indicators arise. The recoverable amount of assets including goodwill and other indefinite useful life intangible assets is determined based on value-in-use calculations at an individual or a combination of cash-generating units ('CGU') up to the operating segment level. These calculations require the use of key assumptions on which management has based its cash flow projections, as well as pre-tax discount rates. The testing was assessed up until the date of this financial report.

Cash flow projections were based on management forecast expectations based on the FY23 budget and the latest five-year forecast model. This has been compiled based on past experience, current performance and market position as well as structural changes and economic factors which have been derived based on external data and internal analysis.

The following key assumptions were used in testing for impairment:

- Pre-tax discount rate: 12.60% for Australian CGUs; 13.40% for New Zealand CGU (2021: 12.66% both Australian and New Zealand CGUs)
- Terminal value growth rate beyond 5 years: 2.65% (2021: 1.80%)
- Forecast year on year revenue and EBITDA margin growth ranges as follows:

CGU	Revenue growth average	EBITDA margin growth average
Bapcor Trade	4.3%	0.2 percentage points
Bapcor NZ	4.9%	0.1 percentage points
Bapcor Specialist Wholesale	7.4%	0.1 percentage points
Bapcor Retail	4.2%	Flat

Note 12. Intangibles (continued)

A reasonable possible change in assumptions would not cause the carrying value of any CGU to exceed its recoverable amount, except for the Bapcor Retail and Bapcor New Zealand CGUs and the ABS brand, which remain relatively more sensitive to changes in trading conditions. The following tables show sensitivities of a +5 / -5 percent change to the major financial metric percentages within the calculations.

Bapcor Retail CGU

The recoverable amount of the Retail CGU is estimated to exceed its carrying amount at 30 June 2022 by $32.5M.

Financial metric	+5% change	- 5% change
Discount rate	Decrease headroom to $6.1M	Increase headroom to $62.9M
Revenue growth (average)	Increase headroom to $36.3M	Decrease headroom to $28.7M
EBITDA margin (average)	Increase headroom to $56.8M	Decrease headroom to $8.2M
Terminal growth rate	Increase headroom to $37M	Decrease headroom to $28M

As per the above table, none of these sensitivities individually cause impairment for the Bapcor Retail CGU.

Bapcor New Zealand CGU (NZD)

The recoverable amount of the Bapcor New Zealand CGU is estimated to exceed its carrying amount at 30 June 2022 by $22.2M.

Financial metric	+5% change	- 5% change
Discount rate	Decrease headroom to $5.1M	Increase headroom to $41.8M
Revenue growth (average)	Increase headroom to $24.8M	Decrease headroom to $19.6M
EBITDA margin (average)	Increase headroom to $37.3M	Decrease headroom to $7.1M
Terminal growth rate	Increase headroom to $25.1M	Decrease headroom to $19.3M

As per the above table, none of these sensitivities individually cause impairment for the Bapcor New Zealand CGU.

ABS brand

The recoverable amount of the ABS brand (included in the Trademarks asset category) is estimated to approximate its carrying amount of $2M at 30 June 2022.

Financial metric	+5% change	- 5% change
Discount rate	Impairment of $0.1M	Increase headroom to $0.2M
Revenue growth (average)	Increase headroom to $0.1M	No material change
Terminal growth rate	Increase headroom to $0.1M	No material change

As per the above table, the sensitivities could cause impairment of up to $0.1M for the ABS brand.

There have been no further indicators of impairment after the impairment testing date of 31 March 2022 up until the date of this report.

Note 12. Intangibles (continued)

The balances of goodwill and other intangible assets excluding computer software allocated to each segment as at 30 June were:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Goodwill:		
Trade	117,048	111,806
Specialist Wholesale[1]	273,792	265,826
Retail[1]	141,413	140,886
Bapcor NZ	145,129	149,361
	677,382	667,879

	Consolidated 2022 $'000	Consolidated 2021 $'000
Other intangible assets:		
Trade[2]	26	43
Specialist Wholesale[1]	18,097	18,097
Retail[1]	48,193	49,907
Bapcor NZ	5,119	5,330
	71,435	73,377

(1) The prior year comparatives have been adjusted to reflect the move of the Opposite Lock business from Bapcor Specialist Wholesale segment to the Bapcor Retail segment. The impact of this caused the comparatives for the Bapcor Retail segment to increase by $4.3M for goodwill and $2.7 for other intangibles, with a corresponding decrease to Bapcor Specialist Wholesale.
(2) The prior year comparatives have been adjusted to reflect the move of the Thailand operations from the Unallocated segment to the Bapcor Trade segment for within the other intangibles breakdown.

Significant accounting policies

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Tradenames
Tradenames (including brands) are recognised as intangible assets where a registered trademark is acquired with attributable value. They are valued and assessed for impairment testing using a relief from royalty method and are considered indefinite life intangibles and are not amortised unless there is an intention to discontinue their use in which it is amortised over the estimated remaining useful life.

Note 12. Intangibles (continued)

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life, which is currently between 10 and 20 years.

Software
Costs incurred in acquiring, developing, and implementing new software are recognised as intangible assets only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, licenses and direct labour. Software is amortised on a straight-line basis over the period of their expected benefit, being their finite life, which is currently between 2 and 5 years. Large scale projects are individually assessed as part of the approval process and determination of finite life may exceed this range.

Costs relating to the configuration and customisation of application software relating to a Software as a Service ('SaaS') arrangement are expensed when services are received, unless an asset that is under control of the consolidated entity can be separately identified.

Critical accounting judgements, estimates and assumptions

The consolidated entity determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

The consolidated entity tests annually, or more frequently, if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 13. Investments accounted for using the equity method

	Consolidated	
	2022 $'000	2021 $'000
Non-current assets		
Investment in Tye Soon Limited	9,071	8,102

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	2022 $'000	2021 $'000
Opening carrying amount	8,102	-
Investment	-	12,282
Profit after income tax	1,296	102
Other comprehensive income	(721)	-
Foreign currency translation	394	97
Impairment	-	(4,379)
Closing carrying amount	9,071	8,102

Note 13. Investments accounted for using the equity method (continued)

In March 2021, Bapcor announced an expansion in Asia through the agreement to acquire 25% of the issued equity of Tye Soon Limited, a company listed on the Singapore Securities Exchange. The investment was completed in April 2021, with Bapcor investing $12,282,000 for the 25% stake of the issued equity. Due to the extremely low volume of Tye Soon Limited shares traded on the Singapore Securities Exchange, Bapcor based this investment on the net tangible assets rather than the share price.

Bapcor assessed the recoverable amount of this investment for impairment as at 30 June 2021 under the methodologies prescribed by AASB 136 *Impairment of Assets* utilising the publicly available share price on that date. The result of this assessment (effectively a mark-to-market revaluation) was the recognition of a $4,379,000 impairment. There was no further impairment or reversal of previously booked impairment in FY22.

The reported total of profit after income tax and other comprehensive income of $575,000 has been estimated using the latest publicly available information on the Singapore Securities Exchange which is the Tye Soon Limited full-year financial report ended 31 December 2021.

Note 14. Trade and other payables

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Trade payables	176,971	173,438
Accrued expenses	59,590	69,722
	236,561	243,160

Refer to note 27 for further information on financial risk management.

Significant accounting policies

Trade payable and accrued expense amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

Note 15. Provisions

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Employee benefits	39,154	36,717
Deferred settlements	1,006	2,046
Lease make good	2,884	2,630
Restructuring	2,914	3,618
	45,958	45,011
Non-current liabilities		
Employee benefits	3,661	4,253
Deferred settlements	125	882
Lease make good	12,958	10,723
	16,744	15,858
	62,702	60,869

Deferred settlements
This provision represents the obligation to pay consideration following the acquisition of a business. It is measured at the present value of the estimated liability.

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms. During FY22 an incremental $1.1M was provided for the locations involved in the Queensland DC consolidation project.

Restructuring
This provision represents the estimated termination costs relating to the closure of several locations for the Victorian and Queensland DC consolidation projects.

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

Consolidated - 2022	Deferred settlements $'000	Lease make good $'000	Restructuring $'000
Carrying amount at the start of the year	2,928	13,353	3,618
Additional provisions recognised	-	3,124	1,705
Additions through business combinations	250	750	-
Amounts used	(2,047)	(903)	(1,520)
Foreign currency translation	-	(35)	-
Unused amounts reversed	-	(447)	(889)
Carrying amount at the end of the year	1,131	15,842	2,914

Amounts not expected to be settled within the next twelve months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next twelve months.

Note 15. Provisions (continued)

The following amounts reflect leave that is not expected to be taken within the next twelve months:

	Consolidated	
	2022 $'000	2021 $'000
Employee benefits obligation expected to be settled after twelve months	6,513	5,485

Significant accounting policies

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within twelve months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Critical accounting judgements, estimates and assumptions

The deferred settlements liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the provisional period is adjusted for retrospectively as part of the fair value of consideration. Thereafter, at each reporting date, the deferred settlement liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Note 16. Borrowings

	Consolidated	
	2022 $'000	2021 $'000
Non-current liabilities		
Secured bank loans	348,287	205,472
Less: unamortised transaction costs capitalised	(1,585)	(1,241)
	346,702	204,231

Note 16. Borrowings (continued)

Refer to note 27 for further information on financial risk management.

Refinancing

In December 2021, Bapcor refinanced its debt facilities in order to re-profile the maturity of the existing $270M three-year tranches which was due to mature July 2022. Following the completion of this $270M refinance, Bapcor continues to have access to a $520M debt facility with ANZ, Westpac, MUFG Bank, HSBC and MetLife. The revised debt facility comprises the following tranches:

- $150M five-year tranche (existing), available for general corporate purposes - expires July 2024
- $200M three-year tranche (revised), available for general corporate purpose - expires July 2025
- $70M four-year tranche (revised), available for working capital purposes - expires July 2026; and
- $100M seven-year tranche (existing), available for general corporate purposes - expires July 2026

The facility is secured by way of a fixed and floating charge over Bapcor's assets. There were no changes to the debt covenants with the net leverage ratio being less than 3.0X and the fixed cover charge ration being greater than 1.75X (on a pre-AASB 16 basis).

Establishment costs of $1,012,000 were incurred during the refinancing and capitalised. These are being amortised over the life of the refinanced tranches (extended periods only) and will be expensed to finance costs as effective interest expense in the statement of comprehensive income. As part of the refinancing process, no pre-existing capitalised borrowing costs were required to be expensed as the refinancing costs incurred relate to the extension periods of the tranche tenor only, and as such the pre-existing capitalised borrowing costs will continue to be amortised as per the original amortisation period identified.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2022 $'000	2021 $'000
Total facilities		
Bank loans[1]	489,200	484,100
Used at the reporting date		
Bank loans[1]	348, 287	205,472
Unused at the reporting date		
Bank loans[1]	140,913	278,628

(1) Total facilities available at 30 June was $520M (2021: $520M). The amount used in the above table excludes $30.8M (2021: $35.9M) of facility which relates to bank overdraft $25M (2021: $25M), credit cards $1.1M (2021: $1.1M) and bank guarantees $4.7M (2021: $9.8M). Prior year comparatives have been adjusted to reflect these exclusions.

Note 16. Borrowings (continued)

Net debt reconciliations

	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash and cash equivalents	80,213	39,598
Lease liabilities	(253,009)	(226,330)
Borrowings excluding unamortised transaction costs capitalised	(348,287)	(205,472)
Net debt	(521,083)	(392,204)
Add: Lease liabilities	253,009	226,330
Add: Net derivative financial instruments	6,049	1,725
Pro-forma net debt as per debt facility agreement	(262,025)	(164,149)

A reconciliation of statutory net debt at the beginning and end of the current and previous financial year is set out below:

Consolidated	Cash $'000	Lease liabilities[1] $'000	Borrowings $'000	Total $'000
Balance at 30 June 2020	126,300	(181,808)	(230,982)	(286,490)
Cash flows	(85,572)	61,104	25,500	1,032
Other movements	(1,130)	(105,626)	10	(106,746)
Balance at 30 June 2021	39,598	(226,330)	(205,472)	(392,204)
Cash flows	40,106	69,989	(143,049)	(32,954)
Other movements	509	(96,668)	234	(95,925)
Balance at 30 June 2022	80,213	(253,009)	(348,287)	(521,083)

(1) The other movements in lease liabilities consists of recognition of new leases and remeasurements as described in note 10.

Significant accounting policies

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, the loans or borrowings are classified as non-current.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is amortised on a straight-line basis over the term of the facility.

Note 17. Lease liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Lease liability - Properties	64,544	63,233
Lease liability - Motor vehicles	523	884
	65,067	64,117
Non-current liabilities		
Lease liability - Properties	187,834	161,816
Lease liability - Motor vehicles	108	397
	187,942	162,213
	253,009	226,330

The large increase in property lease liabilities in FY22 was primarily due to $18.1M recognised on commencement of the lease for the Victorian head office in Mount Waverley. There was a corresponding increase to the right-of-use assets by the same amount (refer to note 10).

Refer to note 27 for further information on financial risk management.

Significant accounting policies

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Critical accounting judgements, estimates and assumptions

In determining the lease term, the consolidated entity 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) and the option is due within the next 12-24 months. The assessment is reviewed on an ongoing basis as well as if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) any option to renew.

Note 18. Derivative financial instruments

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Forward foreign exchange contracts - cash flow hedges	6,393	2,732
Current liabilities		
Forward foreign exchange contracts - cash flow hedges	(344)	(1,007)
	6,049	1,725

Refer to note 27 for further information on financial risk management.

Refer to note 19 for further information on fair value measurement.

Significant accounting policies

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges
Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Note 19. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's financial instruments, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Consolidated - 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	-	6,393	-	6,393
Total assets	-	6,393	-	6,393
Liabilities				
Derivative financial instruments	-	344	-	344
Deferred settlements	-	-	1,131	1,131
Total liabilities	-	344	1,131	1,475

Consolidated - 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	-	2,732	-	2,732
Total assets	-	2,732	-	2,732
Liabilities				
Derivative financial instruments	-	1,007	-	1,007
Deferred settlements	-	-	2,928	2,928
Total liabilities	-	1,007	2,928	3,935

There were no transfers between levels during the financial year.

Derivative financial instruments carried at fair value are forward foreign exchange contracts and floating interest rate to fixed interest rate swaps. These are considered to be Level 2 financial instruments because their measurement is derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Deferred settlements are considered to be a Level 3 financial instrument because inputs in valuing this instrument are not based on observable market data. The fair value of this instrument is determined based on an estimated discounted cash flow analysis.

Significant accounting policies

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 19. Fair value measurement (continued)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 20. Issued capital

	Consolidated			
	2022 Shares	**2021 Shares**	**2022 $'000**	**2021 $'000**
Ordinary shares	339,412,500	339,412,500	878,652	878,652
Treasury shares	-	-	(10,680)	(10,680)
	339,412,500	339,412,500	867,972	867,972

There was no movement in ordinary share capital during the current year.

Movements in treasury shares

Details	**Date**	**Shares**	**$'000**
Balance	1 July 2020	-	(9,234)
Purchase of treasury shares	10 September 2020	210,744	(1,446)
Utilisation of treasury shares for LTI	14 September 2020	(210,744)	-
Balance	30 June 2021	-	(10,680)
Balance	30 June 2022	-	(10,680)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Treasury shares
The average purchase price of treasury shares during the period was nil (2021: $6.86) per share.

Significant accounting policies

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.

Note 21. Reserves

	Consolidated 2022 $'000	Consolidated 2021 $'000
Foreign currency reserve	(13,456)	(6,883)
Cash flow hedge reserve	4,253	1,208
Share-based payments reserve	12,352	14,087
	3,149	8,412

Foreign currency reserve
This reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Cash flow hedge reserve
This reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
This reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $'000	Cash flow hedge reserve $'000	Share-based payments reserve $'000	Total $'000
Balance at 1 July 2020	(6,140)	(3,181)	10,718	1,397
Revaluation	-	6,332	-	6,332
Deferred tax	-	(1,943)	505	(1,438)
Share-based payment expense	-	-	2,864	2,864
Foreign currency translation	(743)	-	-	(743)
Balance at 30 June 2021	(6,883)	1,208	14,087	8,412
Revaluation	-	4,324	-	4,324
Deferred tax	-	(1,279)	(1,254)	(2,533)
Share-based payment expense	-	-	(481)	(481)
Foreign currency translation	(6,573)	-	-	(6,573)
Balance at 30 June 2022	(13,456)	4,253	12,352	3,149

Note 22. Retained profits

	Consolidated 2022 $'000	Consolidated 2021 $'000
Retained profits at the beginning of the financial year	165,406	109,432
Profit after income tax expense for the year	125,759	118,765
Dividends paid (note 24)	(71,277)	(62,791)
Retained profits at the end of the financial year	219,888	165,406

Note 23. Non-controlling interest

Investment in Car Bits Asia, Thailand

	Consolidated 2022 $'000	Consolidated 2021 $'000
Opening balance	1,405	1,812
Non-controlling interest capital injection	78	-
Non-controlling interest loss for the financial year	(204)	(206)
Foreign currency translation	(31)	(201)
Closing balance	1,248	1,405

In March 2018, the consolidated group entered into a tri-party joint venture in Thailand of the incorporated entity Car Bits Asia., Co. Ltd for the purposes of opening Burson stores in Thailand. The consolidated group currently holds 58% of the shares and is considered to have effective control.

Investment in FiiViQ

In April 2022 Bapcor acquired a 50.5% controlling interest in FiiViQ Pty Ltd ('FiiViQ') to support Bapcor's digital strategy. Since the acquisition, FiiViQ has made an immaterial loss which has not been included in Bapcor's results for FY22.

Note 24. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Final dividend for the year ended 30 June 2021 (2021: 30 June 2020) of 11.0 cents (2021: 9.5 cents) per ordinary share	37,335	32,244
Interim dividend for the year ended 30 June 2022 (2021: 30 June 2021) of 10.0 cents (2021: 9.0 cents) per ordinary share	33,942	30,547
	71,277	62,791

Note 24. Dividends (continued)

The Board has declared a final dividend in respect of FY22 of 11.5 cents per share, fully franked. The final dividend will be paid on 16 September 2022 to shareholders registered on 31 August 2022.

The final dividend takes the total dividends declared in relation to FY22 to 21.5 cents per share, fully franked, representing an increase of dividends paid of 7.5% compared to the prior financial year. Dividends paid and declared in relation to FY22 represents 55.4% of pro-forma net profit after tax.

Franking credits

	Consolidated	
	2022 $'000	2021 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	128,681	107,586

The above amounts represent the balance 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 at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Significant accounting policies

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 25. Earnings per share

	Consolidated	
	2022 $'000	2021 $'000
Profit after income tax	125,555	118,559
Non-controlling interest	204	206
Profit after income tax attributable to the owners of Bapcor Limited	125,759	118,765
	Cents	**Cents**
Basic earnings per share	37.05	34.99
Diluted earnings per share	36.92	34.86
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	339,412,500	339,412,500
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	1,187,271	1,298,981
Weighted average number of ordinary shares used in calculating diluted earnings per share	340,599,771	340,711,481

Note 25. Earnings per share (continued)

Significant accounting policies

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Bapcor Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 26. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2022 $'000	2021 $'000
Profit after income tax expense for the year	125,555	118,559
Adjustments for:		
Depreciation and amortisation	88,783	85,380
Impairment of investments	-	4,379
Net loss/(gain) on disposal of property, plant and equipment	(533)	353
Share of profit - associates	(575)	(102)
Amortisation of capitalised borrowing costs	669	669
Non-cash share-based payment expense	(481)	2,864
Lease liabilities interest unwind	11,207	7,264
Change in operating assets and liabilities:		
Increase in trade and other receivables	(14,711)	(23,672)
Increase in inventories	(83,415)	(82,419)
Decrease/(increase) in other operating assets	12,252	(5,041)
Increase/(decrease) in trade and other payables	(18,094)	19,581
Increase/(decrease) in other operating liabilities	(15,834)	8,047
Net cash from operating activities	104,823	135,862

Significant accounting policies

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and 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.

Note 27. Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity'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 consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e., not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

The consolidated entity holds the following financial instruments:

	Consolidated	
	2022 $'000	2021 $'000
Financial assets		
Cash and cash equivalents	80,213	39,598
Trade and other receivables[1]	197,343	181,408
Derivative financial instruments	6,393	2,732
Total financial assets	283,949	223,738
Financial liabilities		
Trade and other payables	236,561	243,160
Derivative financial instruments	344	1,007
Deferred settlements	1,131	2,928
Borrowings[2]	348,287	205,472
Lease liabilities	253,009	226,330
Total financial liabilities	839,332	678,897

(1) Trade and other receivables in the table excludes prepayments which are not classified as financial instruments.
(2) Borrowings excludes any unamortised transaction costs capitalised.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations, primarily with respect to the United States dollar and the New Zealand dollar.

Foreign exchange risk arises from future commercial transactions, primarily the purchase of inventory for sales, recognised financial assets and financial liabilities and net investments in foreign operations.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 25% and 100% of anticipated foreign currency transactions for the subsequent twelve months.

The following table demonstrates the sensitivity to a change in the Australian dollar against other currencies, with all other variables held constant. The impact on profit before tax is due to changes in the fair value of monetary assets and liabilities. The pre-tax impact on equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges as well as foreign currency loans designated as net investment hedges.

Note 27. Financial risk management (continued)

Consolidated - 2022	% change	AUD strengthened Effect on profit before tax	Effect on equity	% change	AUD weakened Effect on profit before tax	Effect on equity
Derivative financial instruments	1%	-	1,182	1%	-	(1,208)
Other financial assets	1%	(602)	-	1%	614	-
Other financial liabilities	1%	576	-	1%	(588)	-
		(26)	1,182		26	(1,208)

Consolidated - 2021	% change	AUD strengthened Effect on profit before tax	Effect on equity	% change	AUD weakened Effect on profit before tax	Effect on equity
Derivative financial instruments	1%	-	1,294	(1%)	-	(1,321)
Other financial assets	1%	(642)	-	(1%)	655	-
Other financial liabilities	1%	585	-	(1%)	(597)	-
		(57)	1,294		58	(1,321)

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. The interest rate and term for bank borrowings is determined at the date of each drawdown.

Borrowings obtained at variable rates expose the consolidated entity to cash flow interest rate risk. The consolidated entity, from time to time, enters into interest rate swap contracts under which it receives interest at variable rates and pays interest at fixed rates to manage the risk of adverse fluctuations in the floating interest rate on its borrowings. There were no interest rate swap contracts in place as at 30 June 2022.

As at the reporting date, the consolidated entity had the following fixed and variable rate borrowings outstanding:

Consolidated	2022 Weighted average interest rate %	2022 Balance $'000	2021 Weighted average interest rate %	2021 Balance $'000
Borrowings (fixed)	3.77%	100,000	3.77%	100,000
Borrowings (variable)	1.41%	248,287	1.38%	105,472
Net exposure to cash flow interest rate risk		348,287		205,472

As at 30 June, if the weighted average interest rate of the variable bank borrowings component had changed by a factor of + / - 10%, interest expense would increase / decrease by $350,000 (2021: $146,000).

Note 27. Financial risk management (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. Credit risk is managed in the following ways:

1) The consolidated entity has a strict code of credit for all customers, including obtaining agency credit information, confirming references and setting appropriate credit limits.
2) Derivative counterparties and cash transactions are limited to high quality independently rated financial institutions with a minimum credit rating of 'A'.
3) Concentrations of credit risk is minimised by undertaking transactions with a large number of customers.
4) In some instances, the consolidated entity holds collateral over its trade receivables and loans in the form of personal guarantees and charges under the Personal Property Securities Register.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and note 8. No trade receivables have an external credit rating, and management classify trade receivables on aging profiles.

As well as identifying specific expected credit losses, the consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses on the remaining trade receivable balances through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Bank loans[1]	140,913	278,628

(1) Total facilities available at 30 June was $520M (2021: $520M). The available amount used to determine the unused amount used in the above table excludes $30.8M (2021: $35.9M) of facility which relates to bank overdraft $25M (2021: $25M), credit cards $1.1M (2021: $1.1M) and bank guarantees $4.7M (2021: $9.8M). Prior year comparatives have been adjusted. Refer to note 16 for further details.

Note 27. Financial risk management (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2022	**1 year or less $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Remaining contractual maturities $'000**
Trade and other payables	236,561	-	-	-	236,561
Borrowings[1]	8,063	8,063	232,731	130,000	378,857
Deferred settlements	1,006	125	-	-	1,131
Lease liabilities	65,067	55,345	91,018	117,766	329,196
Total non-derivatives	310,697	63,533	323,749	247,766	945,745
Derivatives					
Forward foreign exchange contracts	344	-	-	-	344
Total derivatives	344	-	-	-	344

Consolidated - 2021	**1 year or less $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Remaining contractual maturities $'000**
Trade and other payables	243,160	-	-	-	243,160
Borrowings[1]	6,087	109,656	11,724	100,000	227,467
Deferred settlements	2,046	882	-	-	2,928
Lease liabilities	64,117	53,957	77,558	104,982	300,614
Total non-derivatives	315,410	164,495	89,282	204,982	774,169
Derivatives					
Forward foreign exchange contracts	1,007	-	-	-	1,007
Total derivatives	1,007	-	-	-	1,007

(1) Borrowings contractual cash flows include an interest component based on the drawn/undrawn ratio and interest rate applicable as at reporting date until maturity of the loan facility.

Fair value of financial instruments
The fair value of financial assets and liabilities disclosed in the statement of financial position do not differ materially from their carrying values.

Capital risk management
The consolidated entity's policy is to maintain a capital structure for the business which ensures sufficient liquidity and support for business operations, maintains shareholder and market confidence, provides strong stakeholder returns, and positions the business for future growth. In assessing capital management both equity and debt instruments are taken into consideration.

The ongoing maintenance of this policy is characterised by:

- ongoing cash flow forecast analysis and detailed budgeting processes which, combined with continual development of banking relationships, is directed at providing a sound financial positioning for the consolidated entity's operations and financial management activities; and
- a capital structure that provides adequate funding for potential acquisition and investment strategies, building future growth in shareholder value. The loan facility can be partly used to fund significant investments as part of this growth strategy.

Note 27. Financial risk management (continued)

The consolidated entity is not subject to externally imposed capital requirements, other than contractual banking covenants and obligations. All bank lending requirements have been complied with during the year and at the date of this report, which include the following covenants:

- Net leverage ratio not exceeding 3.00:1 (Net Debt : EBITDA); and
- Fixed charge cover ratio not below 1.75:1 (EBITDA plus Rent : Net Total Cash Interest plus Rent)

Note 28. Related party transactions

Parent entity
Bapcor Limited is the parent entity. Refer to note 31 for supplementary information about the parent entity including internal dividends received.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 33 and the remuneration report included in the directors' report.

Note 29. Business combinations

Current financial year acquisitions
The consolidated entity acquired the following businesses:

- AAA Hoistech
- Autobarn Lake Haven
- Autobarn Rothwell
- Autobarn Traralgon
- Automotive Hoist Maintenance
- Autopro Katherine
- Blacktown Auto Engineers Pty Ltd ('Blacktown')
- Gibbs Truck & Trailer Parts
- Peninsula Truck Parts
- Truck and Auto Parts
- Wrights Truck and Trailer Parts

These acquisitions were made to strengthen the Bapcor offering as well as increase the company store network presence.

Note 29. Business combinations (continued)

The assets and liabilities recognised as a result of the Blacktown acquisition is set out below. The store and smaller business combinations have been aggregated. These are provisional at the time of this report and the fair values are to be finalised within the acquisition period of twelve months from acquisition date.

	Blacktown Fair value $'000	Other acquisitions Fair value $'000	Total $'000
Cash and cash equivalents	986	4	990
Trade and other receivables	1,691	47	1,738
Inventories	1,209	7,005	8,214
Plant and equipment	144	363	507
Motor vehicles	208	-	208
Right-of-use assets	-	2,317	2,317
Deferred tax asset	587	1,454	2,041
Trade and other payables	(2,268)	(16)	(2,284)
Provisions	(1,167)	(1,512)	(2,679)
Lease liability	-	(2,317)	(2,317)
Net assets acquired	1,390	7,345	8,735
Goodwill	4,733	8,849	13,582
Acquisition-date fair value of the total consideration transferred	6,123	16,194	22,317
Representing:			
Cash paid	5,915	15,677	21,592
Deferred settlement	-	250	250
Debt forgiven	-	475	475
	5,915	16,402	22,317
Cash used to acquire businesses, net of cash acquired:			
Cash consideration	5,915	15,677	21,592
Less: cash and cash equivalents	(986)	(4)	(990)
Net cash used	4,929	15,673	20,602

Blacktown was acquired 1 March 2022 and contributed an immaterial amount to the consolidated entity's operations. Each of the other acquisitions took place on different dates throughout the year and are heavily integrated into the consolidated entity's operations and as such it is impractical to disclose the amount of revenue or profit since acquisition date.

Prior financial year acquisitions
No material changes have occurred to the prior financial year acquisitions.

Note 29. Business combinations (continued)

Significant accounting policies

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition-date. On an acquisition-by-acquisition basis, any non-controlling interest in the acquiree is recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Critical accounting judgements, estimates and assumptions

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 30. Deed of cross guarantee

The following entities are party to a deed of cross guarantee entered into in August 2020 under which each company guarantees the debts of the others. The companies below represent a 'Closed Group' for the purposes of the class order outlined below.

Bapcor Limited
Bapcor Finance Pty Ltd
Bapcor Services Pty Ltd
Bapcor Logistics Services Pty Ltd[1]
Bapcor International Pty Ltd[1]
Burson Automotive Pty Ltd
Car Bitz & Accessories Pty Ltd
Aftermarket Network Australia Pty Ltd
Bapcor Retail Pty Ltd
Midas Australia Pty Ltd
Specialist Wholesalers Pty Ltd
MTQ Engine Systems (Aust) Pty Ltd
Baxters Pty Ltd
AADi Australia Pty Ltd
Diesel Distributors Australia Pty Ltd
Ryde Batteries (Wholesale) Pty Ltd
Federal Batteries Qld Pty Ltd
Premier Auto Trade Pty Ltd
JAS Oceania Pty Ltd
Australian Automotive Electrical Wholesale Pty Ltd
Low Voltage Pty Ltd
Don Kyatt Spare Parts (Qld) Pty Ltd
He Knows Truck Parts Pty Ltd
I Know Parts and Wrecking Pty Ltd
Commercial Parts Pty Ltd
Commercial Spares Pty Ltd
Bapcor Australia Pty Ltd

(1) These entities were added to the deed of cross guarantee in October 2021.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

Set out below is a consolidated statement of comprehensive income and statement of financial position of the Closed Group.

Statement of comprehensive income	**2022 $'000**	**2021 $'000**
Revenue	1,666,016	1,586,797
Share of profits of associates	575	102
Other income	1,709	2,388
Expenses	(1,513,737)	(1,440,559)
Profit before income tax expense	**154,563**	**148,728**
Income tax expense	(42,449)	(46,386)
Profit after income tax expense	112,114	102,342
Other comprehensive income for the year, net of tax	(3,527)	3,644
Total comprehensive income for the year	108,587	105,986

Note 30. Deed of cross guarantee (continued)

Equity - retained profits	2022 $'000	2021 $'000
Retained profits at the beginning of the financial year	102,325	62,774
Profit after income tax expense	112,114	102,342
Dividends paid	(71,277)	(62,791)
Retained profits at the end of the financial year	143,162	102,325

Statement of financial position	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	45,638	3,435
Trade and other receivables	188,721	170,886
Inventories	485,989	399,468
Derivative financial instruments	5,400	2,525
Income tax receivable	10,584	-
Other	129	297
	736,461	576,611
Non-current assets		
Right-of-use assets	206,944	174,417
Property, plant and equipment	98,803	91,689
Intangibles	628,831	608,108
Deferred tax	18,855	31,737
Intercompany	13,825	14,555
Investments	346,397	337,326
	1,313,655	1,257,832
Total assets	2,050,116	1,834,443
Current liabilities		
Trade and other payables	215,631	214,508
Provisions	43,811	42,972
Lease liabilities	58,282	57,356
Derivative financial instruments	274	800
Income tax payable	-	7,536
	317,998	323,172
Non-current liabilities		
Provisions	15,723	14,702
Borrowings	346,415	192,259
Lease liabilities	169,994	144,052
	532,132	351,013
Total liabilities	850,130	674,185
Net assets	1,199,986	1,160,258
Equity		
Issued capital	867,972	867,972
Reserves	188,852	189,961
Retained profits	143,162	102,325
Total equity	1,199,986	1,160,258

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent 2022 $'000	Parent 2021 $'000
Statement of comprehensive income		
Loss after income tax	(22,634)	(24,364)
Internal dividend income	322,000	-
Total comprehensive income	299,366	(24,364)

	Parent 2022 $'000	Parent 2021 $'000
Statement of financial position		
Total current assets	-	-
Total assets	994,665	768,312
Total current liabilities	-	-
Total liabilities	-	-
Equity		
Issued capital	867,972	867,972
Other reserves	12,352	14,088
Current year profits/(losses)	(22,634)	(24,364)
Internal dividend income	322,000	-
Dividends paid	(71,277)	(62,791)
Prior years accumulated losses	(113,748)	(26,593)
Total equity	994,665	768,312

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies of the consolidated entity:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Bapcor Finance Pty Ltd	Australia	100.0%	100.0%
FIIVIQ Pty Ltd	Australia	50.5%	-
Bapcor Services Pty Ltd	Australia	100.0%	100.0%
Bapcor Logistics Services Pty Ltd	Australia	100.0%	100.0%
Bapcor International Pty Ltd	Australia	100.0%	100.0%
Bapcor Asia Pte Ltd	Singapore	100.0%	100.0%
Car Bits Asia Co. Ltd	Thailand	57.8%	51.0%
Burson Automotive Pty Ltd	Australia	100.0%	100.0%
Blacktown Auto Engineers Pty Ltd	Australia	100.0%	-
Car Bitz & Accessories Pty Ltd	Australia	100.0%	100.0%
Aftermarket Network Australia Pty Ltd	Australia	100.0%	100.0%
Bapcor Retail Pty Ltd	Australia	100.0%	100.0%
Midas Australia Pty Ltd	Australia	100.0%	100.0%
Specialist Wholesalers Pty Ltd	Australia	100.0%	100.0%
MTQ Engine Systems (Aust) Pty Ltd	Australia	100.0%	100.0%
Baxters Pty Ltd	Australia	100.0%	100.0%
AADi Australia Pty Ltd	Australia	100.0%	100.0%
A&F Drive Shaft Repair Queensland Pty Ltd[1]	Australia	100.0%	100.0%
Diesel Distributors Australia Pty Ltd	Australia	100.0%	100.0%
Ryde Batteries (Wholesale) Pty Ltd	Australia	100.0%	100.0%
Federal Batteries Qld Pty Ltd	Australia	100.0%	100.0%
Premier Auto Trade Pty Ltd	Australia	100.0%	100.0%
JAS Oceania Pty Ltd	Australia	100.0%	100.0%
Australian Automotive Electrical Wholesale Pty Ltd	Australia	100.0%	100.0%
Low Voltage Pty Ltd	Australia	100.0%	100.0%
Don Kyatt Spare Parts (Qld) Pty Ltd	Australia	100.0%	100.0%
He Knows Truck Parts Pty Ltd	Australia	100.0%	100.0%
I Know Parts and Wrecking Pty Ltd	Australia	100.0%	100.0%
Commercial Spares Pty Ltd	Australia	100.0%	100.0%
Commercial Parts Pty Ltd	Australia	100.0%	100.0%
Bapcor New Zealand Ltd	New Zealand	100.0%	100.0%
Bapcor Automotive Ltd	New Zealand	100.0%	100.0%
Brake & Transmission NZ Ltd	New Zealand	100.0%	100.0%
Diesel Distributors Ltd	New Zealand	100.0%	100.0%
Bapcor Services New Zealand Ltd	New Zealand	100.0%	100.0%
HCB Technologies Ltd	New Zealand	100.0%	100.0%
Renouf Corporation International[1]	United States	100.0%	100.0%
Benequity Properties, LLC	United States	100.0%	100.0%
Bapcor Australia Pty Ltd[1]	Australia	100.0%	100.0%
Precision Equipment New Zealand	New Zealand	100.0%	100.0%
Hellaby Resource Services Ltd[1]	New Zealand	100.0%	100.0%

(1) These subsidiaries are non-trading.

Note 33. Related party transactions - key management personnel disclosures

Compensation

	Consolidated 2022 $	Consolidated 2021 $
Short-term employee benefits	4,008	10,189
Post-employment benefits	162	266
Long-term benefits	36	78
Share-based payments[1]	1,368	1,568
Other benefits[2]	2,318	-
	7,892	12,101

(1) Share-based payments for FY21 have been restated to include a reversal of expense of $975,034 for performance rights that were forfeited because of a failure to meet non-market performance hurdles.
(2) Other benefits for FY22 relates to termination payments as detailed in the Remuneration Report within the Directors' Report (section 14.7.1).

Loans

Refer to the audited Remuneration Report within the Directors' Report for further details on key management personnel compensation. There are no other transactions with key management personnel.

Note 34. Share-based payments

The Long-Term Incentive ('LTI') plan is intended to assist in the motivation, retention and reward of nominated senior executives. The LTI is a payment contingent on three-year performance and the payments are rights to acquire shares ('Performance Rights'). Refer to the audited Remuneration Report within the Directors' Report for further information on the LTI.

In relation to the FY22 year an offer to participate in the LTI was made to eight of Bapcor's senior executives. These allocated Performance Rights have a performance period that ends on 30 June 2024 at which time the performance hurdles are tested.

A summary of the terms for the Performance Rights granted in the current financial year is in the following table:

Grant date	30/8/21		19/10/21		29/3/22	
Performance hurdle	Relative TSR	EPS	Relative TSR	EPS	Relative TSR	EPS
Performance period	1/7/21 to 30/6/24		1/7/21 to 30/6/24		1/7/21 to 30/6/24	
Test date	30/6/24		30/6/24		30/6/24	
Expiry date	30/8/36		30/8/36		8/9/36	
Quantity granted	115,968	115,968	70,688	70,688	13,520	13,520
Exercise price	Nil		Nil		Nil	
Fair value at grant date[1]	$3.76	$6.80	$4.17	$7.17	$2.70	$6.00
Other conditions	Restriction on sale to 30/6/25		Restriction on sale to 30/6/25		Restriction on sale to 30/6/25	
Share price on valuation date	$7.34		$7.68		$6.46	
Volatility	39.20%		39.42%		40.10%	
Dividend yield	2.72%		2.60%		3.25%	
Risk free rate	0.1738%		0.5429%		2.07%	

Note 34. Share-based payments (continued)

(1) The fair value represents the value used to calculate the accounting expense as required by accounting standards.

Relative total shareholder return ('TSR') hurdle

Fifty per cent of the Performance Rights granted to a participant will vest subject to a TSR performance hurdle that assesses performance by measuring capital growth in the share price together with income returned to shareholders, measured over the performance period against a Comparator Group of companies. The Performance Rights will vest by reference to Bapcor's TSR performance ranking against this Comparator Group of companies, as follows:

Bapcor's TSR relative to the Comparator Group over the performance period	Percentage of TSR Rights vesting
Less than 50th percentile	Nil
Equal to 50th percentile	50%
Greater than 50th percentile and less than 75th percentile	Pro-rata straight-line vesting
Equal to or greater than 75th percentile	100%

Earnings per share ('EPS') growth

Fifty per cent of the Performance Rights granted to a participant will vest by reference to an EPS performance hurdle that measures the basic EPS on a normalised basis over the performance period. Each tranche of Performance Rights subject to an EPS hurdle will vest as follows:

Bapcor's compound annual EPS growth over the performance period	Percentage of EPS Rights Vesting
Less than 7.5%	Nil
7.5%	20%
Greater than 7.5% and less than 15%	Pro-rata straight-line vesting
Equal to or greater than 15%	100%

If the vesting conditions are met, the Performance Rights are converted into fully paid ordinary shares of the Company at the election of the Participant. The expiry dates are outlined in the previous table, however the Performance Rights lapse if vesting condition are not met.

Shares will be subject to a restriction on sale for twelve months from vesting of the Performance Rights.

Set out below are summaries of Performance Rights granted under the LTI:

2022

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Vested/ Exercised	Expired/ forfeited/ other	Balance at the end of the year
06/09/2019	30/06/2022	$0.00	305,338	-	-	(305,338)	-
01/11/2019	30/06/2022	$0.00	209,560	-	-	(209,560)	-
10/09/2020	30/06/2023	$0.00	374,574	-	-	(110,544)	264,030
20/10/2020	30/06/2023	$0.00	201,008	-	-	(67,002)	134,006
30/08/2021	30/06/2024	$0.00	-	231,936	-	(30,502)	201,434
19/10/2021	30/06/2024	$0.00	-	141,376	-	(94,250)	47,126
29/03/2022	30/06/2024	$0.00	-	27,040	-	-	27,040
			1,090,480	400,352	-	(817,196)	673,636

Note 34. Share-based payments (continued)

2021

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Vested/ Exercised[1]	Expired/ forfeited/ Other[2]	Balance at the end of the year
04/12/2017	30/06/2020	$0.00	425,746	-	(210,744)	(215,002)	-
26/09/2018	30/06/2021	$0.00	189,710	-	-	(189,710)	-
29/10/2018	30/06/2021	$0.00	170,886	-	-	(170,886)	-
06/09/2019	30/06/2022	$0.00	355,588	-	-	(50,250)	305,338
01/11/2019	30/06/2022	$0.00	209,560	-	-	-	209,560
10/09/2020	30/06/2023	$0.00	-	374,574	-	-	374,574
20/10/2020	30/06/2023	$0.00	-	201,008	-	-	201,008
			1,351,490	575,582	(210,744)	(625,848)	1,090,480

(1) Of the 210,744 rights vested in the prior period, 55,508 rights have not been exercised by the participant.
(2) Prior year expired/forfeited/other column adjusted to reflect lapsing of rights.

The weighted average exercise price for the Performance Rights exercised in the current financial year was nil (2021: $6.86).

The weighted average contractual lives are 1.56 years (2021: 1.67 years).

The gain arising from share-based payment transactions relating to the LTI during the year as part of employee benefits expense was $481,000 (2021: loss of $2,864,000). This was due to the reversal of forfeited and lapsed rights.

Note: The numbers in the disclosures above include amounts relating to employees that are not key management personnel and therefore differ to those presented in audited Remuneration Report within the Directors' Report.

Significant accounting policies

Share-based compensation benefits are provided to employees via the Long-Term Incentive ('LTI') plan. The fair value of performance rights granted under the LTI is recognised as an employee benefit expense over the period during which the employees become unconditionally entitled to the rights and options with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the rights and options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest which are revised at the end of each reporting period. The impact of the revision to original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

The fair value is measured at grant date and the expense recognised over the life of the plan. The fair value is independently determined using a Black-Scholes or similar option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Critical accounting judgements, estimates and assumptions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 35. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

	Consolidated 2022 $	Consolidated 2021 $
Audit services - PricewaterhouseCoopers		
Audit or review of the financial statements	649,317	608,838
Other services - PricewaterhouseCoopers		
Audit or review of the financial statements – relating to previous financial year	-	15,000
	649,317	623,838

Note 36. Commitments and contingent liabilities

Commitments

	Consolidated 2022 $'000	Consolidated 2021 $'000
Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Guarantees in relation to leases	4,747	4,255
Guarantees in relation to performance of contracts[1]	-	5,130
Supply of equipment[1]	13,427	978

(1) The commitments of guarantees in relation to performance of contracts and supply of equipment relate to the DC Consolidation projects.

Contingent liabilities

There are no contingent liabilities (2021: Nil).

Note 37. Events after the reporting period

Bapcor appointed Stefan Camphausen as Chief Financial Officer effective 4 July 2022. Stefan joins Bapcor following a successful career across Australia and Asia as Chief Financial Officer at CIMIC Group, CPB Contractors and Thiess, as well as prior executive roles with experience in Europe and the Americas.

On 2 August 2022, Bapcor announced that Chief Executive Officer, Noel Meehan had been appointed to the Board as Chief Executive Officer and Managing Director of Bapcor effective 1 September 2022. Bapcor also announced that Therese Ryan will retire from her role as Independent, Non-Executive Director effecting from 30 September 2022.

Apart from the above and the final dividend declared as disclosed in note 24, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- 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
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended 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 30 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Margaret Haseltine
Chair

17 August 2022
Melbourne

Independent auditor's report

To the members of Bapcor Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Bapcor Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	Audit scope
• For the purpose of our audit we used overall Group materiality of $8.9 million, which represents approximately 5% of the Group's profit before tax. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Audit procedures were performed on the Australian and New Zealand operations assisted by local component auditors in New Zealand under the supervision of the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter

Carrying value of goodwill and trademarks with indefinite lives
(Refer to note 12) $735 million
At 30 June 2022, the Group recognised $677.4 million of goodwill and $57.6 million of trademarks with indefinite lives.
At least annually, an impairment test is performed by the Group over the goodwill and trademarks with indefinite lives, in each of the Group's cash generating units (CGUs) based on 'value in use' discounted cash flow models (the models). Impairment losses for identified shortfalls in value are recognised in the consolidated statement of comprehensive income where required. Significant judgement is required by the Group to estimate the key assumptions in the models to determine the recoverable amount of the goodwill and trademarks with indefinite lives, and the amount of any resulting impairment (if applicable). The key assumptions applied by the Group include:
• the terminal value growth rates beyond 5 years
• forecast revenue and EBITDA margin growth ranges
• the discount rates adopted in the models
Given the level of judgement applied by the Group, and the financial significance of the goodwill and trademarks with indefinite lives recognised in the Group's consolidated statement of financial position, we determined that this continues to be a key audit matter.
	Our audit procedures included, amongst others:
	• Assessing whether the allocation of the Group's goodwill and trademarks with indefinite lives into CGUs was consistent with our knowledge of the Group's operations and internal Group reporting
	• Assessing whether the grouping of CGUs appropriately included the assets, liabilities and cash flows directly attributable to each CGU and an allocation of corporate assets and overheads
	• Assessing the Group's historical ability to forecast cash flows by comparing budgets to actual results for the past 3 years
	• Considering whether the cash flows used in the models were appropriate and based on supportable assumptions for:
	  o the terminal value growth rates beyond 5 years
	  o forecast revenue and EBITDA margin growth ranges
	  o the discount rates adopted in the models
	• Comparing forecast revenue growth ranges to industry forecasts prepared by third parties
	• Together with PwC valuation experts, evaluating whether:
	  o discount rates used in the models appropriately reflected the risks of the CGUs by considering relevant industry and market factors
	  o the models applied to test goodwill and trademarks with indefinite lives for impairment included the appropriate data inputs as required under Australian Accounting Standards
	We also considered the reasonableness of disclosures in note 12, including those regarding the key assumptions, in accordance with the requirements of the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Carrying value of Inventory *(Refer to note 9) $538.7 million* At 30 June 2022, the Group recorded a provision for slow-moving inventory of $58.4 million. The provision is calculated by applying judgemental provisioning rates to slow-moving inventory. We considered this to be a key audit matter because of the significant judgement required by the Group in determining the methodology used to calculate the net realisable value of inventory and the potentially material impact that changes in the provision could have on the financial report.	Our audit procedures included the following, amongst others: • Considering whether all the necessary inventory balances were included in the inventory provision calculation • Evaluating whether the methodology applied to the provision calculation was appropriate and consistent with that applied in the prior year • Evaluating the reliability and relevance of underlying data inputs used to calculate the inventory provision • Considering the reasonableness of disclosures in note 9 in light of the requirements of Australian Accounting Standards

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Preliminary final report and Directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 17 to 44 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Bapcor Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001.*

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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Jason Perry
Partner

Melbourne
17 August 2022

Directors	Margaret Haseltine (Independent, Non-Executive Director and Chair) Therese Ryan (Independent, Non-Executive Director) Jennifer Macdonald (Independent, Non-Executive Director) Mark Powell (Independent, Non-Executive Director) James Todd (Independent, Non-Executive Director) Mark Bernhard (Independent, Non-Executive Director)
Company secretary	George Sakoufakis
Notice of annual general meeting	The details of the annual general meeting of Bapcor Limited are: Date: 19 October 2022 Time: 1:30pm Address: 127-139 Link Road, Melbourne Airport, VIC, 3045
Registered office	127-139 Link Road Melbourne Airport VIC 3045 Australia
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford VIC 3067 Australia Ph: +61 3 9415 4000 or 1300 850 505 (within Australia)
Auditor	PricewaterhouseCoopers 2 Riverside Quay Southbank VIC 3006 Australia
Stock exchange listing	Bapcor Limited shares are listed on the Australian Securities Exchange (ASX: BAP)
Website	www.bapcor.com.au