Bapcor Limited

ABN 80 153 199 912

Appendix 4D and Financial Report - 31 December 2020

Lodged with the ASX under Listing Rule 4.2A

Bapcor Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Bapcor Limited
ABN:	80 153 199 912
Reporting period:	For the half-year ended 31 December 2020 ('H1 FY21')
Previous period:	For the half-year ended 31 December 2019 ('H1 FY20')

2. Results for announcement to the market

			$'000s	%		$'000s
IFRS financial measures						
Revenue	Statutory	Up	181,127	25.8	to	883,612
Net profit after tax ***	Statutory	Up	22,474	49.7	to	67,667
Earnings per share - basic (cents per share)	Statutory	Up	4.03 cps	25.3	to	19.94 cps
Non-IFRS financial measures *						
Earnings before interest, taxes, depreciation and amortisation	Statutory	Up	39,158	36.9	to	145,248
	Pro-forma **	Up	38,909	36.5	to	145,589
Net profit after tax ***	Pro-forma **	Up	24,643	54.0	to	70,249
Earnings per share - basic (cents per share)	Pro-forma **	Up	4.64 cps	28.9	to	20.70 cps

* 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

** Pro-forma results include adjustments from statutory results for acquisitions in the prior half-year of $0.4M after tax and transition costs associated with the new Distribution Centre at Tullamarine, Victoria in the current half-year of $2.6M after tax. Refer to reconciliations provided in the directors' report

*** Net profit after tax attributable to the members of Bapcor Limited

Revenue in H1 FY21 increased by 25.8% compared to H1 FY20. Pro-forma earnings before interest, taxes, depreciation and amortisation ('EBITDA') and pro-forma net profit after tax ('NPAT') in H1 FY21 increased by 36.5% and 54.0% respectively compared to H1 FY20.

Earnings per share for H1 FY21 was 20.70 cents per share, up 28.9% compared to H1 FY20 (based on pro-forma NPAT).

Pro-forma net debt[1] at 31 December 2020 was $120.4M representing a leverage ratio of approximately 0.6X (Pro-forma net debt : last twelve months EBITDA). The level of debt represents an increase of $11.2M compared to 30 June 2020 and reflects the investment in working capital during the period.

For a further explanation of the results above, refer to the Company's ASX/Media Announcement for the half-year ended 31 December 2020 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 which is consistent with banking covenant requirements. Refer to note 12 of the half-year financial report for a reconciliation between statutory and pro-forma net debt.

3. Dividends

	Amount per security Cents	Franked amount per security Cents
2020 Interim dividend	8.0	8.0
2020 Final dividend	9.5	9.5
2021 Interim dividend (declared after balance date but not yet paid)	9.0	9.0

Record date for determining entitlements to the dividend	26 February 2021
Date dividend payable	12 March 2021

4. Dividend reinvestment plans

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, suspend the DRP for the 2020 final dividend and this suspension will continue for the 2021 interim 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.

	31 Dec 2020 Cents	30 Jun 2020 Cents
Net tangible assets per ordinary security	71.2	62.7

6. Attachments

The Financial Report of Bapcor Limited for the half-year ended 31 December 2020 is attached.

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 half-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 61 Gower Street, Preston VIC 3072 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 16 February 2021. The directors have the power to amend and reissue the financial statements.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Bapcor Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020 ('H1 FY21').

Directors

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

Andrew Harrison	Independent Non-Executive Chairman*
Darryl Abotomey	Chief Executive Officer and Managing Director
Therese Ryan	Independent, Non-Executive Director
Margaret Haseltine	Independent, Non-Executive Director*
Jennifer Macdonald	Independent, Non-Executive Director
James Todd	Independent, Non-Executive Director (appointed 1 September 2020)
Mark Powell	Independent, Non-Executive Director (appointed 1 September 2020)

* It was announced at the Annual General Meeting held 20 October 2020 that Andrew Harrison will retire from the Bapcor Board following the H1 FY21 results announcement, with Margaret Haseltine to take over as Chair.

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 over 1,100 locations.

Review of operations

Statutory:

- Revenue increased by 25.8% from $702.5M to $883.6M
- Statutory earnings before interest, taxes, depreciation and amortisation ('EBITDA') increased by 36.9% to $145.2M
- Statutory net profit after tax ('NPAT') increased by 49.7% to $67.7M
- Statutory earnings per share ('EPS') increased by 25.3% to 19.94 cents per share

Pro-forma:

- Revenue increased by 25.8% from $702.5M to $883.6M
- Pro-forma EBITDA increased by 36.5% to $145.6M
- Pro-forma NPAT increased by 54.0% to $70.2M
- Pro-forma EPS increased by 28.9% to 20.70 cents per share

Net debt:

- Pro-forma net debt[2] at 31 December 2020 was $120.4M representing a leverage ratio of approximately 0.6X (Pro-forma net debt : last twelve months EBITDA).

[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 which is consistent with banking covenant requirements. Refer to note 12 of the half-year financial report for a reconciliation between statutory and pro-forma net debt.

The tables[1] below reconcile the pro-forma results to the statutory results for H1 FY21 and H1 FY20.

		Consolidated	
$'M	**Note**	**Dec-20**	**Dec-19**
Statutory NPAT	2	**67.7**	**45.2**
Victorian DC Consolidation	3	3.7	-
Other activities	4	-	0.6
Tax adjustment	5	(1.1)	(0.2)
Pro-forma NPAT		**70.2**	**45.6**

		Consolidated	
$'M	**Note**	**Dec-20**	**Dec-19**
Statutory net profit before tax ('NPBT')		**96.0**	**63.5**
Add back depreciation and amortisation		42.1	33.0
Add back finance costs		7.2	9.7
Statutory EBITDA		**145.2**	**106.1**
Victorian DC Consolidation	3	0.3	-
Other activities	4	-	0.6
Pro-forma EBITDA		**145.6**	**106.7**

		Consolidated			
		Dec-20		**Dec-19**	
$'M	**Note**	**Stat**	**Pro-forma**	**Stat**	**Pro-forma**
NPAT	1	**67.7**	**70.2**	**45.2**	**45.6**
Weighted average number of ordinary shares		339.4	339.4	284.0	284.0
Earnings per share (cps)		**19.94**	**20.70**	**15.91**	**16.06**

1 These tables are subject to rounding.
2 NPAT attributable to members of Bapcor Limited.
3 The Victorian DC Consolidation relates to the significant items incurred in relation to the new Tullamarine Victoria Distribution Centre and includes the accelerated depreciation of property, plant and equipment and right-of-use assets.
4 The other activities in prior period relates to one off consulting costs incurred relating to acquisitions that did not proceed.
5 The tax adjustment reflects the tax effect of the above adjustments based on local effective tax rates.

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 is as follows:

	Revenue			Pro-forma EBITDA		
	Dec-20 $'M	**Dec-19 $'M**	**Change %**	**Dec-20 $'M**	**Dec-19 $'M**	**Change %**
Trade	313.7	279.3	12.3%	57.4	46.1	24.5%
Bapcor NZ	85.7	84.3	1.6%	16.0	14.9	7.5%
Specialist Wholesale	328.4	235.4	39.5%	45.9	29.7	54.9%
Retail	197.8	137.4	44.0%	38.8	24.9	55.8%
Unallocated / Head Office[1]	(42.0)	(33.8)	(24.1%)	(12.5)	(8.9)	(42.0%)
Total	**883.6**	**702.5**	**25.8%**	**145.6**	**106.7**	**36.5%**

1 Revenue relates to intersegment sales eliminations and Thailand operations. EBITDA relates to Bapcor head office costs, intersegment EBITDA elimination, acquisition costs and costs associated with the Thailand operations.

Operating and financial review – Bapcor Trade

The Trade segment consists of the Burson Auto Parts and Precision Automotive Equipment business units. 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 H1 FY20, the Trade segment recorded revenue growth of 12.3% and EBITDA growth of 24.5%.

The increase in revenue of 12.3% included same store sales growth of 11% (greater than 5% in H1 FY20). Trade's EBITDA to revenue percentage was 1.8 percentage points above H1 FY19 reflecting restricted level of sales promotions during the period, low level of discretionary spending and operating efficiencies.

During H1 FY21, Burson continued to expand its store network with the number of stores increasing from 186 at 30 June 2020 to 195 at 31 December 2020. The increase of nine stores were greenfield store developments. The average cost per new store including inventory was $704,000.

The new stores are located in in Bunbury and Geraldton in Western Australia, Young in New South Wales, North Lakes in Queensland, Seaford in South Australia and Wodonga, Traralgon, Rosebud and Kilmore in Victoria.

The Precision Equipment business achieved record revenue of $22M for the half-year, despite a fall in demand from new car dealerships, and is continuing its solid growth.

During the half-year, inventory holdings increased by $6.0M (excluding new stores) due to new product ranges, expansion of existing ranges and increased stockholdings to minimise the impacts of issues with suppliers and shipping delays.

Operating and financial review – Bapcor NZ

Bapcor NZ consists of Trade and Specialist Wholesale businesses based in New Zealand operating across 81 locations.

BNT is the predominant business with 73 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 achieved revenue growth of 1.6% and EBITDA growth of 7.5% compared to H1 FY20. EBITDA to revenue percentage was 1.0 percentage point above H1 FY20 reflecting the impact of reduced operating costs and higher levels of private label product sales.

Same store sales growth in FY20 for Bapcor NZ's largest business, BNT, increased by 1.3%. There was no change in store network since 30 June 2020 with the number of stores remaining at 73.

During the half-year, inventory holdings increased by $1.1M (adjusted for foreign currency) due to the build-up of new product ranges, expansion of existing ranges and to mitigate delays receiving product from manufacturers.

Operating and financial review – Bapcor Specialist Wholesale

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

The Specialist Wholesale segment achieved revenue growth of 39.5% and EBITDA growth of 54.9% compared to H1 FY20. H1 FY21 included the full half-year benefit of the acquisition of the Truckline and Diesel Drive acquisitions made in December 2020. Excluding these acquisitions from H1 FY21, revenue grew by 17.1% and EBITDA by 36.2%.

EBITDA to revenue percentage increased 1.4 percentage points above H1 FY20 as a result of synergies realised from the Truckline acquisition and reduced operating costs. The volume and product groups that the Specialist Wholesale segment supplies into other Bapcor group businesses grew by 25.2% on H1 FY20.

During the half-year, inventory holdings increased by $28.2M (excluding acquisitions) due to the build-up of existing and new product ranges and to mitigate delays in receiving product from manufacturers.

Operating and financial review – Bapcor Retail

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

The Retail segment achieved revenue growth of 44.0% compared to H1 FY20. Autobarn same store sales growth for company owned stores was 49.1% and for franchise stores was 27.4%. Same store sales growth for Autopro and Sprint stores was 24.7%.

H1 FY21 EBITDA to revenue percentage of 19.6% was 1.5 percentage points above H1 FY20. EBITDA in H1 FY21 was 55.8% higher compared to H1 FY20, predominately reflecting the focus on promotions, catalogues, greater product range and in-store experience.

Bapcor has continued to grow the number of company owned Autobarn stores via both greenfield Autobarn stores as well as some select conversion of franchise stores to company owned stores. The total number of Autobarn stores at 31 December 2020 was 133 stores, a decrease of one from the 134 as at 30 June 2020. During the period three franchise stores were rebranded as Autopro, five new greenfield company stores were opened, two franchise stores closed and one company store closed. The number of company owned stores increased from 79 to 85, with the six new stores consisting of the five greenfield stores, the conversion of two franchise operations and the closure of one company store. The percentage of company owned Autobarn stores at 31 December 2020 was 64%, up from 59% at 30 June 2020.

At 31 December 2020 the total number of company owned and franchise stores in the Retail segment was 350 consisting of Autobarn 133 stores, Autopro 80 stores, Sprint Auto Parts 32 stores and Midas and ABS 105 stores.

During the half-year, inventory holdings increased by $17.3M (excluding new stores) due to product range extensions and a deliberate strategy of increasing stock holdings in the stores to support increased sales levels despite some global supply chain difficulties.

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, as well as the results of the Thailand operations. It also includes the elimination of intercompany sales and EBITDA. Unallocated costs increased from $8.9M in H1 FY20 to $12.5M in H1 FY21 which was primarily due to increased investment in support functions such as human resources, legal, governance and IT as well as a higher level of unrealised profit in stock on intercompany sales.

Intercompany sales increased by 25.2% compared to H1 FY20, reflecting a higher proportion of sourcing product internally and increasing the volume of “own brand” product.

The head office result includes the Thailand operations which recorded revenue of $2.9M and an EBITDA loss of $0.1M with Bapcor’s share of the Thailand business being 51%. During the half-year, inventory holdings for the Thailand based operations decreased by $0.2M.

Financial Position - Capital Raising and Debt

There have been no issue of shares during the half-year. As a result, ordinary shares on issue remains at 339,412,500 as at 31 December 2020.

AASB 16 *Leases* increases reportable net debt by the inclusion of $187.1M of finance leases as at 31 December 2020. Given this is excluded from a banking covenant perspective, pro-forma net debt has also been disclosed. Pro-forma net debt at 31 December 2020 was $120.4M representing a leverage ratio of approximately 0.6X (Pro-forma net debt : last twelve months EBITDA).

Likely development and expected results of operations

In January 2021, Bapcor's performance has continued at similar levels to H1 FY21.

The fundamentals of the vehicle aftermarket continue to remain strong. Trends established during COVID-19 will likely continue, especially increased second-hand vehicle sales, travellers seeking social distancing and a moving away from public transport, more people spending their holidays domestically utilising their vehicles and more cars on the road.

There are significant opportunities within Bapcor to drive growth including further network growth, procurement and supply chain efficiencies as well as own brand growth.

The mean market consensus for Bapcor's pro-forma full year net profit after tax is currently c.$122m, which prima facie does not appear unreasonable, albeit economic uncertainties could impact future earnings.

Matters subsequent to the end of the financial half-year

Apart from the dividend declared, no other matter or circumstance has arisen since 31 December 2020 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.

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 9 of the directors' report.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Andrew Harrison
Chairman

Darryl Abotomey
Chief Executive Officer and Managing Director

16 February 2021
Melbourne

Auditor's Independence Declaration

As lead auditor for the review of Bapcor Limited for the half-year ended 31 December 2020, 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 review; and

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

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

Jason Perry
Partner
PricewaterhouseCoopers

Melbourne
16 February 2021

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Bapcor Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Revenue	4	883,612	702,485
Other income and gains	5	1,463	1,714
Expenses			
Cost of sales		(480,872)	(368,569)
Employee benefits expense		(183,002)	(154,917)
Freight		(13,205)	(10,831)
Advertising		(16,087)	(16,822)
Administration		(28,314)	(27,945)
Motor vehicles		(5,411)	(6,919)
IT & communications		(9,677)	(8,715)
Occupancy		(2,827)	(2,799)
Acquisition costs		(432)	(592)
Depreciation and amortisation expense	6	(42,087)	(32,970)
Finance costs	6	(7,193)	(9,659)
Profit before income tax expense		95,968	63,461
Income tax expense		(28,394)	(18,460)
Profit after income tax expense for the half-year		67,574	45,001
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation		805	1,386
Changes in the fair value of cash flow hedges		(2,151)	(1,464)
Other comprehensive income for the half-year, net of tax		(1,346)	(78)
Total comprehensive income for the half-year		66,228	44,923
Profit for the half-year is attributable to:			
Non-controlling interest		(93)	(192)
Owners of Bapcor Limited		67,667	45,193
		67,574	45,001
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(236)	(129)
Owners of Bapcor Limited		66,464	45,052
		66,228	44,923
		Cents	**Cents**
Basic earnings per share		19.94	15.91
Diluted earnings per share		19.86	15.85

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 31 December 2020

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Assets			
Current assets			
Cash and cash equivalents		59,022	126,300
Trade and other receivables	7	162,621	163,993
Inventories	8	417,964	363,049
Derivative financial instruments		42	131
Other		-	297
Total current assets		639,649	653,770
Non-current assets			
Right-of-use assets	9	162,625	158,871
Property, plant and equipment	10	87,337	75,179
Intangibles	11	761,639	757,437
Deferred tax		37,500	34,710
Other		297	-
Total non-current assets		1,049,398	1,026,197
Total assets		1,689,047	1,679,967
Liabilities			
Current liabilities			
Trade and other payables		244,160	222,204
Lease liabilities	13	58,900	58,672
Derivative financial instruments		7,636	4,652
Income tax		6,011	2,030
Provisions	14	43,545	41,871
Total current liabilities		360,252	329,429
Non-current liabilities			
Borrowings	12	170,291	229,072
Lease liabilities	13	128,182	123,136
Provisions	14	14,130	16,271
Total non-current liabilities		312,603	368,479
Total liabilities		672,855	697,908
Net assets		1,016,192	982,059
Equity			
Issued capital	16	867,972	869,418
Reserves		1,789	1,397
Retained profits		144,855	109,432
Equity attributable to the owners of Bapcor Limited		1,014,616	980,247
Non-controlling interest		1,576	1,812
Total equity		1,016,192	982,059

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 half-year ended 31 December 2020

Consolidated	Contributed equity $'000	Other $'000	Reserves $'000	Retained profits $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 July 2019	631,697	(8,161)	7,308	79,954	2,233	713,031
Profit/(loss) after income tax expense for the half-year	-	-	-	45,193	(192)	45,001
Other comprehensive income for the half-year, net of tax	-	-	(141)	-	63	(78)
Total comprehensive income for the half-year	-	-	(141)	45,193	(129)	44,923
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	7,274	-	-	-	-	7,274
Share-based payments	-	-	602	-	-	602
Treasury shares	-	(1,073)	-	-	-	(1,073)
Dividends paid (note 17)	-	-	-	(26,931)	-	(26,931)
Balance at 31 December 2019	638,971	(9,234)	7,769	98,216	2,104	737,826

Consolidated	Contributed equity $'000	Other $'000	Reserves $'000	Retained profits $'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 half-year	-	-	-	67,667	(93)	67,574
Other comprehensive income for the half-year, net of tax	-	-	(1,203)	-	(143)	(1,346)
Total comprehensive income for the half-year	-	-	(1,203)	67,667	(236)	66,228
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	1,595	-	-	1,595
Treasury shares (note 16)	-	(1,446)	-	-	-	(1,446)
Dividends paid (note 17)	-	-	-	(32,244)	-	(32,244)
Balance at 31 December 2020	878,652	(10,680)	1,789	144,855	1,576	1,016,192

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 half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		975,098	773,539
Payments to suppliers and employees (inclusive of GST)		(852,764)	(680,715)
		122,334	*92,824*
Payments for new store initial inventory purchases		(6,391)	(2,028)
Borrowing costs		(4,055)	(5,692)
Transaction costs relating to acquisition of business		(432)	(592)
Payments for restructuring costs		(341)	-
Income taxes paid		(25,931)	(18,885)
Net cash from operating activities		85,184	65,627
Cash flows from investing activities			
Payments for purchase of business, net of cash and cash equivalents	18	(2,002)	(53,189)
Payments for deferred settlements		-	(15,242)
Payments for property, plant and equipment	10	(21,132)	(12,444)
Payments for intangibles	11	(5,278)	(4,306)
Proceeds from disposal of property, plant and equipment		564	385
Net cash used in investing activities		(27,848)	(84,796)
Cash flows from financing activities			
Purchase of treasury shares	16	(1,446)	(1,073)
Net (repayments)/proceeds from borrowings		(59,000)	60,516
Dividends paid	17	(32,244)	(19,657)
Repayment of lease liabilities		(30,784)	(25,530)
Net cash from/(used in) financing activities		(123,474)	14,256
Net decrease in cash and cash equivalents		(66,138)	(4,913)
Cash and cash equivalents at the beginning of the financial half-year		126,300	47,610
Effects of exchange rate changes on cash and cash equivalents		(1,140)	294
Cash and cash equivalents at the end of the financial half-year		59,022	42,991

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

This consolidated financial report for the interim half-year reporting period ended 31 December 2020 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the half-year reporting period ended 31 December 2020.

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 are as disclosed in the 30 June 2020 financial statements.

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 and Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) and is supported by the other members of 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	Represents the trade focused automotive aftermarket parts distribution to independent and chain mechanic workshops. Includes the operations of Burson Auto Parts and Precision Automotive Equipment.
Bapcor NZ	Represents the operations of Brake & Transmission, Autolign, and HCB Technologies.
Bapcor Specialist Wholesale	Includes the specialised wholesale distribution 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 and the Commercial Truck Parts group.
Bapcor Retail	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, Sprint Auto Parts, Midas and ABS.

Note 3. Segment information (continued)

The consolidated entity's Thailand based operations have been included in the Unallocated/Head Office supporting segment as they are considered immaterial in nature for the half-year financial period.

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, share-based payments and other items which are determined to be outside of the control of the respective segments.

Operating segment information

Consolidated - 31 Dec 2020	Bapcor Trade $'000	Bapcor NZ $'000	Bapcor Specialist Wholesale $'000	Bapcor Retail $'000	Unallocated / Head Office $'000	Total $'000
Revenue						
Sales	313,734	85,672	328,382	197,845	2,905	928,538
Total segment revenue	313,734	85,672	328,382	197,845	2,905	928,538
Intersegment sales						(44,926)
Total revenue						883,612
EBITDA	57,409	15,976	45,944	38,814	(9,774)	148,369
Intersegment EBITDA						(2,689)
Total EBITDA						145,680
Depreciation and amortisation						(42,087)
Finance costs						(7,193)
Acquisition costs						(432)
Profit before income tax expense						95,968
Income tax expense						(28,394)
Profit after income tax expense						67,574
Assets						
Segment assets	354,953	281,730	588,412	400,160	63,792	1,689,047
Total assets						1,689,047
Liabilities						
Segment liabilities	144,701	66,991	131,148	145,059	184,956	672,855
Total liabilities						672,855

Note 3. Segment information (continued)

Consolidated - 31 Dec 2019	Bapcor Trade $'000	Bapcor NZ $'000	Bapcor Specialist Wholesale $'000	Bapcor Retail $'000	Unallocated / Head Office $'000	Total $'000
Revenue						
Sales	279,276	84,285	235,382	137,391	2,033	738,367
Total segment revenue	279,276	84,285	235,382	137,391	2,033	738,367
Intersegment sales						(35,882)
Total revenue						702,485
EBITDA	46,109	14,855	29,379	24,908	(7,104)	108,147
Intersegment EBITDA						(1,465)
Total EBITDA						106,682
Depreciation and amortisation						(32,970)
Finance costs						(9,659)
Acquisition costs						(592)
Profit before income tax expense						63,461
Income tax expense						(18,460)
Profit after income tax expense						45,001
Consolidated - 30 Jun 2020						
Assets						
Segment assets	336,050	268,829	557,039	378,845	139,204	1,679,967
Total assets						1,679,967
Liabilities						
Segment liabilities	147,398	63,358	118,598	133,801	234,753	697,908
Total liabilities						697,908

	Geographical non-current assets	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Australia	822,168	800,310
New Zealand	188,657	189,908
Other	1,073	1,269
	1,011,898	991,487

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 4. Revenue

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Sales revenue	883,612	702,485

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

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Geographical regions		
Australia	839,961	652,048
New Zealand	85,672	84,285
Thailand	2,905	2,034
Intersegment sales	(44,926)	(35,882)
	883,612	702,485
*Timing of revenue recognition**		
Goods transferred at a point in time	912,418	723,784
Services transferred over time	16,120	14,583
Intersegment sales	(44,926)	(35,882)
	883,612	702,485

* The prior year split for timing of revenue recognition has been restated to reflect current disclosure methodology and allow comparability.

Revenue is allocated to geographical segments on the basis of where the sale is recorded.

Note 5. Other income and gains

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Rental income	1,463	1,714

Rental income relates to rental recoveries from franchise locations.

Note 6. Expenses

	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation expense		
Plant and equipment	5,897	5,155
Motor vehicles	2,699	2,268
Properties right-of-use assets	29,659	23,249
Motor vehicles right-of-use assets	753	575
Amortisation	2,927	1,496
Make good provision	152	227
	42,087	32,970
Finance costs		
Interest and finance charges paid/payable	4,111	6,695
Interest and finance charges paid/payable on lease liabilities	3,082	2,964
	7,193	9,659

Income tax expense
Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average tax rate used for the half-year to 31 December 2020 is 29.6%, compared to 29.3% for the year ended 30 June 2020.

Note 7. Trade and other receivables

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Current assets		
Trade receivables	137,955	147,925
Less: Allowance for credit notes	(1,554)	(1,623)
Less: Allowance for expected credit losses (trade receivables)	(7,985)	(8,522)
	128,416	137,780
Customer loans	347	562
Less: Allowance for expected credit losses (customer loans)	(347)	(562)
	-	-
Other receivables	18,979	17,436
Prepayments	15,226	8,777
	34,205	26,213
	162,621	163,993

Allowance for expected credit losses (including specific debtor provisions)
The total allowance for expected credit losses of trade receivables and customer loans is $8,332,000 (30 June 2020: $9,084,000). This includes specifically identified provisions of $6,820,000 (30 June 2020: $7,562,000) and an estimated credit loss provision of $1,512,000 (30 June 2020: $1,522,000).

Note 8. Inventories

	Consolidated	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Current assets		
Stock in transit - at cost	42,280	23,863
Stock on hand - at cost	432,469	395,039
Less: Provision for slow moving inventory	(56,785)	(55,853)
	375,684	339,186
	417,964	363,049

Total stock on hand and in transit has increased by $55.8M since 30 June 2020, of which new greenfield stores, business acquisitions, absorption costing, unrealised profit in stock and foreign currency translation account for $3.4M. The remaining $52.4M relates to investment in new and existing ranges and the impact of cyclical purchases as discussed in the ‘Operating and financial review’ section of the directors’ report.

Movements in provision for slow moving inventory:

	Consolidated	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Opening balance	(55,853)	(43,647)
Additional provisions recognised against profit	(2,191)	(4,857)
Additions through business combinations	(212)	(9,333)
Inventory written off against provision	1,501	1,844
Foreign currency translation	(30)	140
Closing balance	(56,785)	(55,853)

Note 9. Right-of-use assets

	Consolidated	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Non-current assets		
Properties - right-of-use	244,599	211,454
Less: Accumulated depreciation	(83,660)	(55,055)
	160,939	156,399
Motor vehicles - right-of-use	4,103	3,786
Less: Accumulated depreciation	(2,417)	(1,314)
	1,686	2,472
	162,625	158,871

Note 9. Right-of-use assets (continued)

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

Consolidated	Properties $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2020	155,518	2,472	157,990
Make-good asset reclassification *	881	-	881
Adjusted balance at 1 July 2020	156,399	2,472	158,871
Additions	13,387	-	13,387
Disposals	(2,846)	(1)	(2,847)
Remeasurement	23,548	(35)	23,513
Foreign currency translation	110	3	113
Accelerated depreciation **	(2,692)	-	(2,692)
Depreciation expense	(26,967)	(753)	(27,720)
Balance at 31 December 2020	160,939	1,686	162,625

* The make-good asset balance has been reclassified to reflect current disclosure methodology as allowed under AASB 16 *Leases.* The prior year has been adjusted to allow comparability between periods.
** Accelerated depreciation relates to the Victorian DC Consolidation project and is based on the estimated exit dates of each site.

Note 10. Property, plant and equipment

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Non-current assets		
Plant and equipment - at cost	118,690	99,960
Less: Accumulated depreciation	(51,595)	(45,114)
	67,095	54,846
Motor vehicles - at cost	38,532	36,963
Less: Accumulated depreciation	(18,290)	(16,630)
	20,242	20,333
	87,337	75,179

The amount of work in progress included in plant and equipment is $21,105,000 (30 June 2020: $11,663,000) and relates to projects that are not yet completed and therefore are not being depreciated. $20,406,000 of this balance relates to the Victorian DC consolidation project (30 June 2020: $11,286,000).

Note 10. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-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	18,140	2,992	21,132
Additions through business combinations (note 18)	87	-	87
Disposals	(24)	(395)	(419)
Foreign currency translation	(57)	11	(46)
Accelerated depreciation *	(656)	-	(656)
Depreciation expense	(5,241)	(2,699)	(7,940)
Balance at 31 December 2020	67,095	20,242	87,337

* Accelerated depreciation relates to the Victorian DC Consolidation project and is based on the estimated exit dates of each site.

Note 11. Intangibles

	Consolidated 31 Dec 2020 $'000	Consolidated 30 Jun 2020 $'000
Non-current assets		
Goodwill	667,550	665,712
Trademarks	59,171	59,069
Customer contracts	25,887	25,872
Less: Accumulated amortisation	(9,340)	(8,450)
	16,547	17,422
Software	29,324	24,150
Less: Accumulated amortisation	(10,953)	(8,916)
	18,371	15,234
	761,639	757,437

The amount of work in progress included in software is $3,445,000 (30 June 2020: $12,679,000) and relates to projects that are not yet completed and therefore are not being amortised.

Note 11. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-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	5,183	5,278
Additions through business combinations (note 18)	1,183	-	-	-	1,183
Foreign currency translation	655	27	(5)	(9)	668
Amortisation expense	-	-	(890)	(2,037)	(2,927)
Balance at 31 December 2020	667,550	59,171	16,547	18,371	761,639

Impairment testing update
All cash generating units ('CGU') and brands have been assessed for indicators of impairment without any being identified as requiring an impairment test. As disclosed in the 30 June 2020 financial report, the Retail CGU and Autopro/ABS brands were relatively more sensitive to changes in trading conditions. However, given the strength of the performance in the current financial half-year management have not performed detailed impairment testing and these will be performed in line with accounting policy on the annual testing date of 31 March. Refer to the 'Operating and financial review' section of the directors' report for further details on the performance of this current financial half-year.

Note 12. Borrowings

	Consolidated	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Non-current liabilities		
Secured bank loans	171,867	230,982
Less: unamortised transaction costs capitalised	(1,576)	(1,910)
	170,291	229,072

Bapcor has a $520M debt facility with ANZ, Westpac, MUFG Bank, HSBC and MetLife. The debt facility comprises funding in three, five and seven year tranches commencing from June 2019 as follows:

- $200M three year tranche, available for general corporate purposes;
- $150M five year tranche, available for general corporate purposes;
- $100M seven year tranche, available for general corporate purposes; and
- $70M three year tranche, available for working capital purposes

The facility is secured by way of a fixed and floating charge over Bapcor's assets.

Note 12. Borrowings (continued)

Net debt reconciliation

	Consolidated	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Cash and cash equivalents	59,022	126,300
Finance leases	(187,082)	(181,808)
Borrowings excluding unamortised transaction costs capitalised	(171,867)	(230,982)
Statutory net debt	(299,927)	(286,490)
Add: Lease liabilities	187,082	181,808
Less: Net derivative financial instruments	(7,594)	(4,521)
Pro-forma net debt	(120,439)	(109,203)

Note 13. Lease liabilities

	Consolidated	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Current liabilities		
Lease liability - Properties	57,750	57,149
Lease liability - Motor vehicles	1,150	1,523
	58,900	58,672
Non-current liabilities		
Lease liability - Properties	127,623	122,173
Lease liability - Motor vehicles	559	963
	128,182	123,136
	187,082	181,808

Note 14. Provisions

	Consolidated	
	31 Dec 2020 $'000	**30 Jun 2020 $'000**
Current liabilities		
Employee benefits	34,311	34,896
Deferred settlements	2,488	969
Lease make good	2,757	2,017
Restructuring	3,989	3,989
	43,545	41,871
Non-current liabilities		
Employee benefits	3,329	3,306
Deferred settlements	-	1,500
Make good provision	10,801	11,465
	14,130	16,271
	57,675	58,142

Note 15. 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 - 31 Dec 2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Derivative financial instruments	-	42	-	42
Total assets	-	42	-	42
Liabilities				
Derivative financial instruments	-	7,636	-	7,636
Deferred consideration	-	-	2,488	2,488
Total liabilities	-	7,636	2,488	10,124

Note 15. Fair value measurement (continued)

Consolidated - 30 Jun 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	-	131	-	131
Total assets	-	131	-	131
Liabilities				
Derivative financial instruments	-	4,652	-	4,652
Deferred consideration	-	-	2,469	2,469
Total liabilities	-	4,652	2,469	7,121

There were no transfers between levels during the financial half-year.

Derivative financial instruments carried at fair value are forward foreign exchange contracts and floating interest rate to fixed interest rate swaps (prior period only). 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 consideration is 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.

Note 16. Issued capital

	Consolidated			
	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 $'000	30 Jun 2020 $'000
Ordinary shares	339,412,500	339,412,500	878,652	878,652
Treasury shares	-	-	(10,680)	(9,234)
	339,412,500	339,412,500	867,972	869,418

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	31 December 2020	-	(10,680)

The average purchase price of treasury shares during the financial half-year period was $6.86 (2020: $6.94) per share.

Note 17. Dividends

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Final dividend for the year ended 30 June 2020 (2019: 30 June 2019) of 9.5 cents (2019: 9.5 cents) per ordinary share *	32,244	26,931

* $7,274,000 of the final dividend for the year ended 30 June 2019 was settled under the Dividend Reinvestment Plan.

The Board has declared an interim dividend in respect of FY21 of 9.0 cents per share, fully franked. The interim dividend will be paid 12 March 2021 to shareholders registered on 26 February 2021.

Franking credits

	Consolidated	
	31 Dec 2020 $'000	30 Jun 2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	101,411	90,797

The above amounts represent the balance of the franking account as at the end of the financial half-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

Note 18. Business combinations

During the financial half-year, the consolidated entity acquired the net assets of the following businesses:

- Adams Transport Equipment (Pty Ltd)
- Autobarn Melton
- Autobarn Townsville
- Opposite Lock Hobart
- Opposite Lock Welshpool
- Truckparts Dubbo

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

Total consideration (cash and debts forgiven) relating to these acquisitions was $2,127,000, acquiring net assets of $944,000 and goodwill of $1,183,000.

These acquisitions 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.

Note 19. 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 30 June 2020 audited Remuneration Report within the directors' report for further information on the LTI.

In relation to the FY21 year an offer to participate in the LTI was made to ten of Bapcor's senior executives. These allocated Performance Rights have a performance period that ends on 30 June 2023 at which time the performance hurdles are tested.

A summary of the terms for the Performance Rights granted in the current financial half-year are set out in the following tables:

Grant date	**10/9/20**		**20/10/20**	
Performance hurdle	Relative TSR	EPS	Relative TSR	EPS
Performance period	1/7/20 to 30/6/23		1/7/20 to 30/6/23	
Test date	30/6/23		30/6/23	
Expiry date	6/9/35		6/9/35	
Quantity granted	187,287	187,287	100,504	100,504
Exercise price	Nil		Nil	
Fair value at grant date *	$4.51	$6.42	$5.61	$7.74
Other conditions	Restriction on sale to 30/6/24		Restriction on sale to 30/6/24	
Share price on valuation date	$6.89		$8.19	
Volatility	38.02%		38.31%	
Dividend yield	2.54%		2.14%	
Risk free rate	0.2441%		0.1269%	

* 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%

Note 19. Share-based payments (continued)

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.

As per the Bapcor Employee Equity Plan, the expiry date is 6 September 2035, 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 LTIP:

31 Dec 2020

Grant date	Vesting date	Exercise price	Balance at the start of the half-year	Granted	Vested*	Expired/ forfeited/ other	Balance at the end of the half-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	-	-	-	355,588
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)**	**(215,002)**	**1,501,326**

* Of the 210,744 rights vested in the period, 191,235 rights have not been exercised by the participant.

Note 20. Contingent liabilities and capital commitments

Commitments

During the 2019 financial year, Bapcor entered into a supply of equipment contract with Schaefer Systems International Pty Ltd for a total of $19,566,000. As at 31 December 2020, the balance of this contract not yet paid due to pending performance obligations was $6,848,100 (30 June 2020: $12,718,000).

Contingent liabilities

There are no contingent liabilities as at 31 December 2020 (30 June 2020: nil).

The divestment of the non-core businesses of Footwear and Contract Resources and the TRS business performed in the prior financial years includes standard indemnity and warranty clauses as is customary in these type of transactions.

Note 21. Events after the reporting period

Apart from the dividend declared, no other matter or circumstance has arisen since 31 December 2020 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.

Bapcor Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Andrew Harrison
Chairman

Darryl Abotomey
Chief Executive Officer and Managing Director

16 February 2021
Melbourne

Independent auditor's review report to the members of Bapcor Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Bapcor Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Bapcor Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

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

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

Responsibility of management for the half-year financial report

Management is responsible for the preparation of the half-year 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 management determines is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

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Jason Perry
Partner

Melbourne
16 February 2021