



Peter Warren  
Automotive  
Holdings

**ASX ANNOUNCEMENT**

## **Peter Warren Automotive Holdings Limited**

21 September 2022

### **2022 ANNUAL REPORT**

In accordance with the Listing Rules of the Australian Securities Exchange (ASX), Peter Warren Automotive Holdings Limited (ASX:PWR) encloses for immediate release its 2022 Annual Report.

This announcement was authorised for lodgement by:

**Bernard Friend**  
**Company Secretary**  
**Peter Warren Automotive Holdings Limited**

-Ends-

#### **About Peter Warren**

Peter Warren is an Automotive Dealership group with a rich heritage that has been operating in Australia for over 60 years. The Company operates 82 franchise operations and represents 28 OEMs across the Volume, Prestige and Luxury segments. Peter Warren operates under 7 banners consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group and Euro Collision Centre.

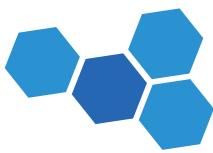
Further information can be found on the Company's website [www.pwah.com.au/](http://www.pwah.com.au/) or by contacting:

#### **Media Enquiries**

Jack Gordon  
Citadel-MAGNUS  
[jgordon@citadelmagnus.com](mailto:jgordon@citadelmagnus.com)  
+61 2 8234 0116 / 0478 060 362

#### **Investor Enquiries**

Maddie Seacombe  
Citadel-MAGNUS  
[mseacombe@citadelmagnus.com](mailto:mseacombe@citadelmagnus.com)  
+61 2 8234 0114 / 0402 999 291



Peter Warren  
Automotive  
Holdings

Annual Report 2022



For personal use only

Peter Warren Automotive Holdings is a dealership group operating in Australia for over 60 years. During this time the company has built a reputation amongst customers, OEMs and the broader automotive industry as a trusted automotive dealership group.

The company operates 82 franchise operations and represents 28 OEMs across the Volume, Prestige and Luxury segments. Peter Warren operates under 7 banners consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group and Euro Collision Centre across the Eastern Seaboard.

Further information can be found on the Company's website [www.pwah.com.au](http://www.pwah.com.au)

For personal use only

02

FY22 FINANCIAL HIGHLIGHTS

04

CHAIR'S LETTER

06

CHIEF EXECUTIVE'S REVIEW

08

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

14

BOARD AND MANAGEMENT

15

FINANCIAL INFORMATION

**ECC**  
Euro Collision Centre

 **FRIZELLE SUNSHINE  
AUTOMOTIVE**

 **Macarthur Automotive**  
.com.au

Mercedes-Benz  
North Shore



**PENFOLD**  
SINCE 1964

  
**peterwarren.com.au**  
**Peter Warren Automotive**

  
**Sydney North Shore  
AUTOMOTIVE**

  
**SYDNEY SOUTH  
AUTOMOTIVE**

For personal use only

# FY22

## Financial Highlights



Y  
O  
N  
S  
I  
C  
I  
O  
N  
A  
L  
U  
S  
E  
O  
N  
L  
O  
L



## 2022 Statutory Results

**\$1,711m**

FY21 Revenue \$1,635m

**Revenue Growth + \$76m**

---

**\$122.7m**

FY21 EBITDA \$102.0m

**EBITDA Growth +20.3%**

---

**\$80.8m**

FY21 PBT \$54.7m

**PBT Growth +47.7%**

---

**\$56.5m**

FY21 NPAT \$37.5m

**NPAT Growth +50.7%**

---

# Chair's Letter



## Dear shareholders,

On behalf of the Directors of Peter Warren Holdings Limited, I am delighted to present the Annual Report for the 2022 financial year (FY22).

Peter Warren wasn't alone in facing a challenging year amidst ongoing disruption from the pandemic, supply chain disruptions impacting our industry and a changing macroeconomic environment. I am pleased to share that in the face of these challenges the execution of our strategic pillars has been outstanding and the board and I are very pleased with the progress we are making.

Peter Warren is a leading automotive dealership and service group with a rich heritage, that has been operating in Australia for over 60 years. The company now operates a growing network of 82 dealerships in locations across the eastern seaboard of Australia, including entry to Victoria during the period. Peter Warren founded the business over 60 years ago and built a trusted family business with a collegiate culture which puts relationships at the heart of what we do that proudly continues today.

The strength of our relationships with Original Equipment Manufacturers (OEMs) and customers has been a critical success factor for the company, which has a strong track record of growth and resilience. The Group's strategy is growth via both organic means and through acquisition, to achieve further scale benefits.

### Expanding our footprint

This financial year the Group achieved a major strategic milestone acquiring Penfold Motor Group for a consideration of \$105.9 million on 1 December 2021. The acquisition expands the Group's footprint to Victoria, providing Peter Warren with immediate scale in the second biggest market in the country.

The management team have completed the integration of Penfold and it is performing ahead of expectations.

Peter Warren is a people business and part of the appeal of the Penfold business was a truly exceptional management team and track record of excellence. I am delighted that the Penfold owners and key management team, led by Sam Johnstone, have stayed with us and become shareholders in the Group.

I'd like to take this opportunity to thank the Penfold team for their dedication to the Group so far and for what has been a very smooth integration process. It's been wonderful to see how closely the Peter Warren and Penfold values align and I'm grateful for the invaluable contribution from Mr Johnstone and his team as we continue to build out our presence across Victoria and the rest of the eastern seaboard.

## Driving organic growth

Organic growth was a constant focus for Peter Warren during FY22, with the Group continuing to explore opportunities to diversify its revenues across the various consumer interactions we are privileged to engage in. The nature of our business and the attention to detail we pride ourselves on is predicated on engagement with consumers at every stage during their vehicle ownership lifecycle. The focus on bundling offerings around the transactional points in the cycle will continue to deliver annual growth.

## **Strong cultural foundations**

Our success is underpinned by our ~2,000 team members. Our deep roots as a family-owned and operated business continues to provide a strong cultural foundation, with our people living the Peter Warren values and putting customers first with everything they do.

Our founder families continue to remain as significant shareholders in the business, with the Warren family holding approximately 36.9% interest.

I'd like to take this opportunity to thank my fellow Directors for the dedication and commitment to the company in its first full year as a listed company. I'd also like to thank CEO Mark Weaver and the Peter Warren team for their extraordinary hard work and perseverance.

I must also pay my respects to Bernard Friend, our Chief Financial Officer, who will retire from the business in December 2022 after many years of service. Mr Friend has dedicated 40 years of his career to Peter Warren and has played a significant role in leading the company to the success that it experiences today. I'd like to welcome the Group's incoming Chief Financial Officer, Victor Cuthell, who will commence with us in November 2022, with Mr Friend facilitating an orderly handover before his retirement.

And finally, to all our shareholders,  
thank you for your ongoing support  
and confidence in our path ahead.

Yours sincerely,



**John Ingram**  
Chair

**Our success is underpinned by our ~2,000 team members. Our deep roots as a family-owned and operated business continues to provide a strong cultural foundation, with our people living the Peter Warren values and putting customers first with everything they do.**

# Chief Executive's Review

## Fellow shareholders,

Following my appointment as CEO in April 2021, the FY22 period marks the first full year since my transition from Chief Operating Officer to the role of Chief Executive Officer. I am very humbled and privileged to have the opportunity to lead this incredible team that represent Peter Warren today and I look back at the actions we have undertaken in the period to continually seek improvement in how we operate, with great pride.

The last 12 months have been challenging in many aspects with some circumstances our long-standing business has never faced. Nonetheless, the outcomes presented in this report and our continued progress towards our mid and long-term strategies are a testament to the tenacity and resilience of our people and the processes we have developed which continue to deliver.

## FY22 performance

In amongst the headwinds that our people faced in FY22, there were some favourable trading conditions which set a backdrop for a successful financial outcome.

Despite ongoing supply dynamics which reduced our capability to deliver on prior year volumes, our order bank remains resilient and strong. Since the turn of the 2022 year, our order bank has grown 55% with actual order write in line with the prior year. Some of the seasonality the automotive industry has grown accustomed to has smoothed with much stronger than expected months in April for example. This pattern is certainly set to continue for some time to come.

## Some financial highlights for the FY22 year include:

- Revenue growth of \$76m which includes the impact of a shift to Agency in some brands;
- EBITDA growth of \$20.7m, up 20.3% on the prior period;

- Profit Before Tax growth of \$26.1m, up 47.7% on the prior period;
- Increased our dealership count by 8 and ventured into Victoria through the successful acquisition of Penfold Motor Group in December 2021;
- Restructured our Balance Sheet to enable us to continue to grow with unused debt facilities and a cash position poised for growth opportunities as they arise;
- Execution of organic growth opportunities to maximise our position at the point of sale;
- Statutory Earnings Per Share (EPS) of 33.3 cents; and
- A total annual dividend of 22.0 cents per share.

## Strategic priorities

The Group remains focussed on the delivery of its three primary pillars, being:

- Organic growth** – expansion of current operations in the sale of new and used vehicles and the provision of complementary services;
- Acquisition opportunities** – pursuing new acquisition opportunities, with a disciplined approach to screening based on factors including strategic rationale, location and value; and
- Evolution of our property portfolio** – ownership or long-term leases of key strategic properties.

The Group has pursued each of these growth limbs in the year with continued development and investment in our property and lease portfolio, developments in physical and digital offerings to our consumers as well as planned national alignment and improvements to processes and the key acquisition and integration of the Penfold Motor Group.

Peter Warren is a natural consolidator in a highly fragmented market and will continue to pursue appropriate greenfield and acquisition opportunities.

At a more granular level, we undertook numerous key short term strategic priorities in the year, all aligned to our long-term goals and I am delighted with the performance of our Senior Executive team who have rallied well to deliver on project outcomes and keep the momentum from the COVID-19 learnings in further digitising our consumer offerings. That journey is never done and we continue to embrace technology in our efforts to ensure omni-channel opportunities exist across our service offering.

I would like to make a special thanks to our OEM, financier and supply partners for their continued support of our shared vision. These relationships are paramount to both the success of our collective businesses but importantly to our commitment to continuous improvement and the other core values we embrace as an organisation.



## Our people and our customers

We continue to embrace the culture which our founding leaders installed into our collective business over 60 years ago. We have done this with agility and a firm lens on the changing needs of our customers. FY22 has seen a significant progress in our web capabilities, digital transformation and customer journey mapping and focusing on the growth areas of our business where we foresee opportunities into the future.

The pandemic has presented significant skills shortages which impact every element of our service offering. Our pre-emptive measures to meet this concern early in the pandemic have resulted in record numbers of apprentices invited to our company over recent years. Coupled with the re-training of skilled team members on completion of their apprentice programs this has lifted our capability and prepared us well for the changing landscape of the Automotive industry through the next decade.

Only  
One  
Day  
Personal  
for  
Or  
L

Like many other businesses, talent attraction remains a key challenge for our industry, but our progress in developing programs have filled the pipeline with young and enthusiastic industry newcomers who are developing the skills needed to address the changing products as the industry moves forward.

Recognition of our efforts in training was a real highlight for me personally as we won the QLD, NSW and National Vocational, Education and Training Awards for Large Employer of the Year. We continue to embrace the development of our people and improving the quality of our workforce and the conditions in which we operate.



I am also delighted to see the number of female participants in our Apprenticeship programs improve as we welcomed 13% of our 2022 intake as female, a number approximately 4 times the National average.

We still have more to do to develop and maintain our team at the highest industry standards, but our progress in 2022 has been significant.

Finally, I wanted to compliment our team from our Northern Rivers operations. The damage and destruction caused by the Lismore floods in February 2022, was a one-in-forever event, putting our operations under four metres of water.

Our dedicated team set to rebuild our dealerships, supporting the community around them and ensuring that our presence in Lismore is seen as a beacon of strength to many. With operations now back to full capability, we continue to stand beside the great people of Lismore and surrounds and are proud servants to that community.

### Looking ahead

With ongoing pandemic challenges, supply chain uncertainty and an evolving sales model, I believe Peter Warren is both well prepared and strategically poised to deepen our role in the supply and servicing of automotive products and deliver on the strength evident in the financial year just passed.

The next few years will see this industry develop further and faster than we have seen before. It is amongst that backdrop, that I deliver these results, proud of the wider team and looking forward with excitement as we embrace the opportunities that lie ahead.

Yours sincerely,

**Mark Weaver**  
Chief Executive Officer



# Environmental, Social and Governance

## Environmental and Sustainability

The typical dealership environment faces the potential for hazardous vehicle emissions and the management of hazardous fluids and products. At Peter Warren, we monitor our treatment of these materials carefully, following strict waste management protocols and partner with our Original Equipment Manufacturers (OEMs) to adopt sustainable practices in the manufacture of the products we sell.

### Our Vehicles:

Peter Warren are proud ambassadors for 28 OEM brands that are measured against global environmental standards. The future pathway for the development of vehicles from traditional petrol – and diesel-powered vehicles, through to hybrid fuel models and evolving into fully electric vehicles is continually evolving. Peter Warren is supporting its OEM representations and consumer base with the development of facilities aligned to this strategy. Electric vehicles in use, produce fewer emissions and with greater emphasis from societal and global regulations, consumer appetite for sustainable vehicles has been enhanced. Consumers today place sustainability and fuel efficiency as major considerations in determining their choice of vehicle.

Mass adoption of electric vehicles in Australia relies heavily on changes to the whole ecosystem in which these vehicles operate. This brings a number of challenges including:

- The Equalisation of pricing perhaps through consumer and business incentives;
- Government development of Fuel Efficiency Standards to encourage a leaner vehicle fleet into the country;
- OEMs overcoming supply constraints which impact on all vehicles including EV's;

- Development and re-skilling of an EV workforce;
- Improving charging infrastructure to offset any lingering range anxiety;
- Further analysis and education on grid capacity; and
- Enhanced consumer education on vehicle choices.

As Australia continues to unravel many of these issues, Peter Warren is focused on the elements we can control, which include enhanced consumer education through the development of EV specific web sites to assist consumers through the range of options available to them. We also continue to invest in charging infrastructure across our sites to enable our capability as supply improves and the requirements of handling and storing heavy and powerful batteries.

We are also working on improving our capabilities through the delivery of electrical training to our workshop teams in preparation for a changing product and differing skillsets.

We will continue to partner with OEMs to deliver EV's onto Australian roads and we embrace and are well prepared for the continued evolution of these products.

### Our Service Centres:

We have modern service centres across our network and we recognise that these centres need to be constantly assessed to maintain expected environmental standards. A dealership service centre handles hazardous materials on a daily basis, which include the disposal of waste materials such as used oils, used batteries, used tyres and used antifreeze as well as the exchange of refrigerant gases used in vehicle air conditioning units. We ensure our service centres are monitored by industry leading and suitably qualified personnel that understand the risks and the potential environmental impact that inappropriate waste management could cause.

This is supported by the frequent assessment and accreditation of our premises by regulatory authorities to ensure our operations, teams and facilities remain complaint.

### Our Showrooms:

Peter Warren recognises its impact on its environment and we seek to reduce our carbon emissions through investments in our locations, in the form of, for example, the installation of solar panel systems, energy efficient LED lighting and EV charging units at many of our locations. Our property planning includes environmental sustainability as a key part of our strategy.

During the year, we engaged an external company, EcoSave to undertake energy audits at our major locations. These audits identified a range of energy conservation measures (ECMs) which we will evaluate and prioritise.



For personal use only



# Environmental, Social and Governance

continued

## Social

### Peter Warren Foundational Values

#### Our G.I.F.T Value Proposition

Our core principals have been at the heart of our values-driven business since its inception in 1958. Many things have changed in 60 years, but our principals have always led our interactions throughout this period. In 2018, following a period of significant growth, we undertook to modernise and simplify our underlying cultural framework to lead us into the next 60 years. **G.I.F.T** was subsequently launched as the standard by which we interact with all our stakeholders, both internally and externally.



#### Growth

We seek to continually find a better way to set ourselves apart.

#### Integrity

We do what is right, not what is easy, cheap, or convenient. We act with honesty, humility, consistency and balance.

#### Focus

We make a difference in the lives of our people, our customers and our community. We see things through their eyes, listening intently and ensuring the little things are done extraordinarily well.

#### Teamwork

We support and respect one another, taking personal accountability to deliver on common goals. We are a safe and diverse environment for everyone.

Our Growth and Integrity values drive the delivery of customer experience through integrated and modernised service, always seeking to advance our high standards to address a wide variety of automotive needs through a strong moral lens. Similarly, Focus and Teamwork drive a framework that prioritises personalised interactions

with customers, as well as employee engagement and specialisation, contributing to high customer retention across the ownership life cycle.

The drivers behind G.I.F.T were established with all stakeholders in mind and are interchangeable between internal and external interactions.

G.I.F.T drives all our internal review standards, is at the heart of our success celebrations and ensures we remain connected with our consumers and communities. During August 2022, we celebrated our annual winners for their dedication to G.I.F.T as shown below:



DRIVE  
Only  
One  
Day  
Is  
All  
You  
Need  
For  
Success

## Develop Reward Invest Value Empower (D.R.I.V.E) Program

Our DRIVE program reflects our commitment to ensuring our team achieve their career potential within our organisation as well as delivering an environment that empowers our people to deliver exceptional outcomes and our appetite to pursue a high engaged workforce.

DRIVE delivers a five-phase support network to increase productivity, retention, recognition, remuneration and build a fit-for-future skilled workforce. This is provided through the following pillars:

- Develop**  
Continual personal development and mentorship;
- Reward**  
Optimising career progress pathways and market driven performance-based remuneration;
- Invest**  
Upskilling, cross training, co-resourcing and future workforce planning to combat industry changes and skills shortages;
- Value**  
Creating engagement checkpoints, frequent review assessments and celebrating success; and
- Empower**  
Through flexible scheduling, bespoke career mapping and self-paced learning.



Together, Peter Warren's G.I.F.T and DRIVE initiatives are a reminder to management, employees and customers alike of the company's intent on furthering our expertise, staying ahead of industry trends and listening to feedback from customers to create exceptional experiences.

Peter Warren's DRIVE program provides employees the opportunity to obtain further learnings on internal programs which capture Governance, Leadership, Sales, Service and Safety pathways. Programs are delivered both face-to-face and through e-learning platforms to ensure employees can complete programs through different mediums.

### Safety of our people

The Health, Safety and Wellbeing of our people and customers is a fundamental responsibility we accept and take seriously. We are experiencing unprecedented change in our workplace in areas such as technology advancement through to COVID-19 related safety protocols.

In FY22, we have continued to enhance our protocols around workplace practices and safe facilities. We are committed to providing safe work facilities and work practices that prioritise safety.

Frameworks for reporting of workplace safety incidents and related KPIs including Lost Time Injury Frequency Rate (LTIFR) are now well established. LTIFR is reported at a state and national level, with improvement targets now included in the FY23 short term incentive plan.

Our National Work Health and Safety (WHS) Team have developed a system that promotes the easy reporting of Workplace Hazards. Any employee or visitor can report a safe or unsafe observation through a QR code found on posters at all our sites and our Intranet. These observations are sent directly to the responsible Site Manager and the WHS team and include risk evaluations and corrective actions.

During this reporting period, we deployed QR coded start of day checklists for all our highest Risk Plant and Equipment. Vehicle Hoist monthly inspections and annual servicing are also controlled through QR codes linked to our National WHS Management System.

# Environmental, Social and Governance

continued

## Diversity and Inclusion including Gender Equality

During the year we delivered on a number of objectives relating to Diversity and Inclusion, including completion of the Workplace Gender Equality Agency (WGEA) reporting requirements, development of our diversity and inclusion programs, understanding the composition of our workforce and adopting inclusive recruitment processes.

Our Diversity and Inclusion policy has been published on Peter Warren's corporate website ([www.pwah.com.au](http://www.pwah.com.au)).

The composition of our workforce is as follows:

	30 June 2022		30 June 2021	
	Male	Female	Male	Female
Board	75%	25%	75%	25%
Senior Executive <sup>1</sup>	93%	7%	100%	0%
Whole of company	77%	23%	76%	24%

1. Senior Executive is an internal definition based on the composition of the national executive group.

Our objectives for FY23 year include:

- Implementation of our internal and external programs;
- Measure the effectiveness of our programs to enable best practice programs;
- Establish an inclusive recruitment framework;
- Continue to enhance our management gender equality levels; and
- Leverage our programs against the business strategy, governance and reporting obligations.

personnel only



## Governance

### Data Privacy and Security

With the emergence of ever-increasing cyber security threats and attacks globally, Peter Warren has placed an increased focus around data security and privacy.

We are committed to proactively protecting our customer and employee data. During FY22 we extended and enhanced our security strategy to reduce the risk of cyber security breaches.

This includes:

- Regular cyber security awareness training for all staff;
- Enhanced email filtering;
- Establishment of a Security Information & Event Monitoring (SIEM);
- Tighter controls and policies with access management; and
- Removal of legacy systems to remove security vulnerabilities.

Our continued development in the security space allows us to quickly respond to threats and vulnerabilities to ensure the safety of our employee and customer's data. In addition to this, we have strengthened our partnerships with leading cyber security experts to ensure our systems are regularly reviewed and tested to minimise risk factors.

### Corporate Governance and policy setting

Peter Warren's Board of Directors adopts a primary responsibility to represent and advance the interests of Shareholders and to protect the interests of all stakeholders of Peter Warren, considered as a whole.

To fulfil this responsibility, the Board oversees the management of the Business by, among other things:

- determining the strategic direction and objectives of Peter Warren and approving its annual business plans and budgets; and

- monitoring achievement of these goals, including in particular its operational and financial position and performance.

The Board has developed and adopted a framework of corporate governance policies and practices, risk management practices and relevant internal controls that it believes are appropriate for Peter Warren and that are designed to promote the responsible management and conduct of the Group. These policies are available on <https://www.pwah.com.au/site/investor-centre/corporate-governance>

- Anti-Bribery and Corruption Policy;
- Code of Conduct;
- Disclosure Policy;
- Diversity and Inclusion Policy;
- Securities Trading Policy;
- Shareholder Communication Policy; and
- Whistleblower Policy.

A summary of a selection of these policies is included below:

#### Code of Conduct

Our Code of Conduct policy provides guidelines linked with our G.I.F.T values to assist employees understand and maintain a genuine and respectful working environment, for our customers and our community.

#### Anti-Bribery and Corruption

The nature of our highly valuable discretionary products has the potential to expose Peter Warren to the risk of illegal and unethical practices to present through cash handling activities. Our Anti-Bribery and Corruption Policy supports the Code of Conduct and our firm commitment to operating our business activities in an ethical, lawful and socially responsible manner.

Employee education is a principal aim of Peter Warren and our teams undertake an annual training on these policies via our e-learning tools.

We monitor acknowledgment of these policies via our employment systems platforms.

### Modern Slavery

Peter Warren has submitted its Modern Slavery Statement in compliance with its reporting requirements to the Australian Border Force. Our Modern Slavery statement provides insight into our modern slavery risks and the actions we have taken to understand these risks and mitigate them.

In seeking to identify the modern slavery risks in our operations and supply chain, we considered the potential for our business to cause, contribute to, or be directly linked to modern slavery.

As part of this assessment, we have looked at:

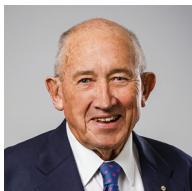
- the risk that our operations may directly result in modern slavery practices;
- the risk that our operations and/or actions in our supply chains contribute to modern slavery; and
- the risk that our operations, products or services are connected to modern slavery through the activities of another entity, including business partners.

Given that our operations and the operations of our owned or controlled entities are all based in Australia, our geographic risk remains low according to the Global Slavery Index.

Furthermore, the risk of modern slavery occurring in our direct employment of workers remains low regarding our ongoing compliance with the legal framework regulating employment practices in Australia. For these reasons, we believe that there are low risks that our operations or those of our owned or controlled entities have caused or contributed to modern slavery risks during the Reporting Period.

# Board and Management

## Board of Directors



**John Ingram**  
Independent Non-Executive Chair

Member of the Audit and Risk Committee

Member of the People and Remuneration Committee

Please see page 20 of the Director's Report for more information on John Ingram.



**Catherine West**  
Independent Non-Executive Director

Chair of the People and Remuneration Committee

Member of the Audit and Risk Committee

Please see page 21 of the Director's Report for more information on Catherine West.



**Paul Warren**  
Executive Director

Please see page 21 of the Director's Report for more information on Paul Warren.



**Niran Peiris**  
Independent Non-Executive Director

Chair of the Audit and Risk Committee

Member of the People and Remuneration Committee

Please see page 22 of the Director's Report for more information on Niran Peiris.

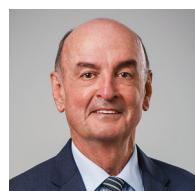
## Other Key Management Personnel



**Mark Weaver**  
Chief Executive Officer

Mark has 16+ years Automotive experience including advisory, compliance, mergers & acquisitions and commercial operational roles. Previously a Partner with Deloitte, on the Automotive retail sector, Mark worked with many of the leading Automotive groups across Australia.

Since joining the group he has performed several executive roles whilst establishing platforms for future growth. A member of the Chartered Accountants Australia and New Zealand, a Fellow of the Association of Chartered Certified Accountants and a Chartered Tax Advisor.



**Bernard Friend**  
Chief Financial Officer and  
Company Secretary

Bernard is Peter Warren Automotive Holdings' Chief Financial Officer and Company Secretary, responsible for the company's accounting, finance, risk and compliance functions. Bernard has been with the Company since 1982 and has over 39 years' experience working in the automotive industry. Before joining Peter Warren Automotive Holdings, Bernard was an accountant at Horwath Chartered Accountants and, prior to that, the Australian Tax Office. Bernard is a Chartered Accountant and holds a Bachelor of Commerce.

# Contents

Directors' report	16
Auditor's independence declaration	44
Consolidated statement of profit or loss and other comprehensive income	45
Consolidated statement of financial position	46
Consolidated statement of changes in equity	47
Consolidated statement of cash flows	48
Notes to the consolidated financial statements	49
Directors' declaration	102
Independent auditor's report	103
Shareholder information	108
Corporate directory	IBC

# Directors' report

30 June 2022

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Peter Warren Automotive Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

## Directors

The following persons were Directors of Peter Warren Automotive Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

John Ingram – Independent Chairman

Paul Warren – Executive Director

Catherine West – Independent Non-executive Director

Niran Peiris – Independent Non-executive Director

## Principal activities

The principal activities of the Group during the year were the sale of new and used motor vehicles, related spare parts inventory and trade related services. There have been no significant changes in the nature of the Group's principal activities during the year.

## Dividends

Dividends paid during the financial year were as follows:

	<b>Consolidated</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Interim dividend for the year ended 30 June 2022 of 9 cents per fully paid ordinary share fully franked	15,473	–
Dividend paid on ordinary shares during the year ended 30 June 2021	–	27,213
Dividend paid on B class shares during the year ended 30 June 2021	–	26,742
Dividend paid on C class shares during the year ended 30 June 2021	–	11,045
Dividend paid on D class shares during the year ended 30 June 2021	–	1,267
	15,473	66,267

On 26 August 2022, the directors declared a fully franked dividend of 13.0 cents per fully paid ordinary shares with a record date of 9 September 2022 to be paid on 7 October 2022.

## Operating and Financial review

Financial results for the year ended 30 June 2022 (FY22) are summarised as follows:

(\$'m)	FY22	FY21 Proforma	Var %	FY21 Statutory
<b>Statutory results</b>				
Revenue	1,711	1,622	+5.6%	1,635
EBITDA	122.7	108.0	+13.6%	102.0
Profit before tax (PBT)	80.8	75.7	+6.8%	54.7
Net Profit after tax (NPAT)	56.5	52.2	+8.3%	37.4
<b>Underlying results <sup>(1)</sup></b>				
EBITDA	130.1	108.0	+20.4%	102.0
Profit before tax (PBT)	88.2	75.7	+16.5%	54.7
Net Profit after tax (NPAT)	61.7	52.2	+18.2%	37.4

(1) FY22 underlying result excludes flood recovery costs (\$5.1 million) and acquisition related expenses (\$2.3 million).

## FY22 Result Overview

Sales revenue of \$1,711 million, was up 5.6% on the prior year, reflecting the contribution of Penfold for seven months, but offset by the impacts of COVID-19 lockdowns, variability in new vehicle supply and the impact on sales revenue from the shift to an agency model for some of our brands.

As previously foreshadowed, under an agency model Peter Warren no longer recognises revenue and cost of goods associated with the sale of new vehicles, which is replaced by commission revenue for delivery.

Underlying EBITDA grew 20.4%, well ahead of revenue growth. A number of factors contributed to this earnings result, including:

- Our existing businesses in NSW & QLD performed well, delivering PBT growth of \$2.2 million despite lower new vehicle volumes
- Contribution from recently acquired businesses of \$11.3 million, including Penfold (acquired in December 2021) and other acquisitions made in FY21
- Interest costs on a capital loan used to part fund the acquisition of Penfold of \$1.0 million

Our statutory result also includes the impact of:

- Acquisition related expenses of \$2.3 million
- The financial impact of the Lismore floods of \$5.1 million, which includes the damage to inventory and fixed assets, and clean-up and repair costs, less insurance proceeds

## FY22 Operational Review

Overall demand remains strong and continues to outstrip supply, with our new vehicle order book increasing by 55% since December 2021. New vehicle supply continues to be impacted by a number of factors including the ongoing effects of semi-conductor shortages across the industry and other supply chain issues. The diversity of brands in Peter Warren's portfolio continues to counter the uncertainty surrounding the supply of vehicles in any particular brand.

During the year there was an ongoing focus on operating efficiencies and improvements in technology, including enhancements to its digital capabilities to improve the way the Group engages with its customers. Investment in its websites has contributed to good customer lead generation and helped ensure a strong order book.

## Directors' report continued

Technology is also being used to enhance Peter Warren's processes across other income streams and centralised activities, including the roll out of enhanced digital technology in the Service division.

We continue to evolve our electric vehicle capabilities as customer demand increases, with investment in the technical capability required to service new and emerging technologies.

We also undertook a number of procurement and cost recovery initiatives to partly offset cost inflation pressures, which have benefited from the increased scale of the Group.

Peter Warren continues to invest in its growing employee base and in recognition of its training focus, won 2021 NSW, QLD & National Winners of Large Employer of the Year (2021) for Vocational Educational & Training and are current NSW & QLD State Finalists (2022). At the end of June 2022, we have over 500 apprentices and trainees across the business.

### Primary Pillars

The Group remains focussed on the delivery of its three primary pillars, being:

- **Organic growth** – expansion of current operations in the sale of new and used vehicles and the provision of complementary services;
- **Acquisition opportunities** – pursuing new acquisition opportunities, with a disciplined approach to screening based on factors including strategic rationale, location, and value; and
- **Evolution of our property portfolio** – ownership or long-term leases of key strategic properties

In December 2021, Peter Warren acquired 100% of the Penfold Motor Group (Penfold) for a total consideration of \$105.9 million. The acquisition expands the Group's footprint across the eastern seaboard and provides the Group with immediate scale in the Victorian market. Penfold represents five brands across ten high quality locations in South and East Melbourne. The business has been successfully integrated and is performing ahead of expectations.

Peter Warren is a natural consolidator in a highly fragmented market and will continue to pursue appropriate greenfield and acquisition opportunities.

### Material Risks

The Group operates in a dynamic and evolving environment. Material risks that could adversely affect our operations, performance and delivery of our strategy are outlined as follows:

#### OEM relationships and Dealership Agreements

Peter Warren has the right to sell new vehicles, OEM parts and service and repair certain Original Equipment Manufacturer (OEM) branded vehicles pursuant to the Dealership Agreements. As revenue generated from these activities represent a major part of Peter Warren's revenue stream, the success of Peter Warren's business and its ability to grow relies on its ability to retain existing relationships with OEMs and develop new ones.

Peter Warren operates 82 operations and represents 28 OEMs across the Volume, Prestige and Luxury segments. Our longstanding OEM relationships is an important platform for our ongoing success.

#### COVID-19

Events related to COVID-19 have resulted in significant market volatility. There is continued uncertainty as to the ongoing and future response of governments and authorities globally.

As such, the full impact of COVID-19 to consumer behaviour, OEMs, employees and the Company are not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to the Company's financial and/or operational performance. Further, any government or industry measures may materially adversely affect Peter Warren's operations and are likely beyond Peter Warren's control.

Our experience to-date has demonstrated our ability to adapt to the changing circumstances and to operate in a safe and effective manner, including non-contact click and collect and investment in digital technologies. The impacts of COVID-19 on the skilled labour market are evident and we remain focused on a range of measures to address the current skills shortage.



## Supply chain

Factors outside the control of Peter Warren, may have a material adverse impact on Peter Warren's supply chain. Restrictions on imports and the manufacturing of cars by OEMs in foreign markets may restrict the supply of vehicles and create a backlog in demand, especially given that all new vehicles sold by Peter Warren are manufactured overseas. This may distort Peter Warren's near term earnings profile and materially adversely impact the Company's financial performance.

We are currently experiencing a shortage of supply of new vehicles across the automotive industry with demand continuing to exceed supply. This is caused by a range of issues including semiconductor shortages, global supply chain issues and labour shortages in certain markets. Our strong order book provides us with short term certainty regarding earnings profile. We continue to work with our customers regarding expected delivery timeframes.

## CASE (Connected, Autonomous, Shared, Electric) developments

The innovations in relation to electric and connected and autonomous vehicles are expected to impact the Automotive Dealership industry over the next decade. New vehicles commonly offer new technology which connect with and help consumers understand a vehicle's maintenance schedule and service history. This trend enables customer service and retention through notifying Dealerships of customer developments. Should Peter Warren not action or service customers following notification, this may impact recurring business.

Over the longer term, autonomous vehicles may impact the dealership landscape. As OEMs shift to producing autonomous vehicles, brands which have historically been successful in the production of non autonomous vehicles may struggle to maintain a competitive advantage, given the new technological requirements associated with autonomous vehicles. This shift may over the longer term impact Peter Warren if the Company is not able to develop relationships with new OEMs.

Increased use and availability of ride sharing platforms as an alternative to car ownership or public transport may also adversely impact the sale of new and used vehicles. A significant portion of Peter Warren's revenue is attributable to vehicle sales. Any reduction to vehicle sales may therefore have a material impact on Peter Warren's financial performance.

Additionally, Peter Warren will need to re skill showroom and workshop staff to adopt and understand new CASE developments. A lack of training, or employees not being equipped with the relevant skillset to respond to changes in the market could materially adversely impact sales.

We continue to focus on growing our capabilities as customer demands change.

## A workplace accident or incident may occur

Peter Warren's employees are at risk of workplace accidents and incidents given the inherent dangers of operating vehicles. Should an employee be injured in the course of their employment, Peter Warren may be liable for penalties or damages as a result. If Peter Warren was required to pay monetary penalties, this may materially adversely affect its financial position as well as the reputation of Peter Warren.

We are committed to providing safe facilities for our teams and customers and work practices that prioritise and promote safety.

## Acquisitions and expansion strategy

Peter Warren intends to grow its Dealership network through acquisitions and the development of greenfield Dealership opportunities. Such a growth strategy retains several risks, including failure to identify acquisition targets or greenfield opportunities, and inability to establish favourable terms for an acquisition. Realisation of these risks may limit Peter Warren's growth opportunities.

We continue to identify and evaluate both greenfield and acquisition opportunities.

## Information technology

Peter Warren has invested significantly in information technology systems which support its operations. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of Peter Warren's control. This includes data losses, computer system faults, internet and telecommunications or data network failures, fire, natural disasters, computer viruses and external malicious interventions such as hacking, ransomware or denial of service attacks. Any one or combination of these events may have a material adverse impact on Peter Warren's operations and financial performance as well as its reputation.

We continue to advance our security posture within our infrastructure business systems and 3rd party providers.

## Significant changes in the state of affairs

On 1 December 2021 the Group acquired 100% of the ordinary shares of Penfold Motor Group for the total consideration of \$105.863 million. The acquisition expands our footprint across the Eastern Seaboard and provides the Group with immediate scale in the Victorian market. Penfold Motor Group represents five brands across ten high quality locations in South and East Melbourne.

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

## Matters subsequent to the end of the financial year

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

## Likely developments and expected results of operations

Likely developments in the operations of the Group and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Operating and financial review.

There are no further developments that the Directors are aware of which could be expected to affect the results of the Group's operations in subsequent financial years other than the information contained in the Operating and financial review.

## Environmental regulation

The Group is subject to various environmental regulations at its dealerships and service centres. To the Directors' knowledge there were no material adverse environmental issues during the year.

## Information on Directors

<b>Name:</b>	John Ingram
<b>Title:</b>	Independent Non-Executive Chair
<b>Qualifications:</b>	AM, FAICD
<b>Experience and expertise:</b>	John was appointed to the Board as Non-Executive Chairman on 6 April 2021. John is an experienced director and chairman, currently also serving as the non-executive chairman of Nick Scali Limited (since April 2004) and having previously been the managing director of Crane Group Limited.
<b>Other current directorships:</b>	Non-Executive Chairman of Nick Scali Limited
<b>Former directorships (last 3 years):</b>	Non-Executive Chairman of Shiro Holdings Limited (April 2015 to February 2020).
<b>Special responsibilities:</b>	Member of the Audit and Risk Committee Member of the People and Remuneration Committee
<b>Interests in shares:</b>	267,242 ordinary shares
<b>Interests in rights:</b>	None

<b>Name:</b>	Paul Warren
<b>Title:</b>	Executive Director
<b>Qualifications:</b>	Bachelor of Business
<b>Experience and expertise:</b>	Paul, the eldest son of the Company's founder, Peter Warren, is an Executive Director of the Company. Paul joined the Company in 1975 after completing a Bachelor of Business and has over 47 years' experience working in the automotive industry. In 1982, Paul took over the executive management of the business and has been instrumental in the commercial expansion of the Group since that time, integrating many acquisitions and developing strategies for the organic growth of the Group. As part of the Listing, Paul transitioned his CEO duties to Mark Weaver but remains as an Executive Director and continues to work with Mark on strategy and M&A whilst maintaining the Company's relationships with Original Equipment Manufacturer (OEMs), financiers and large fleet customers. Paul's experience extends across all elements of the automotive industry including representation on various dealer councils, including currently serving as a board member of the Australian Automotive Dealer Association.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Interests in shares:</b>	63,493,488 ordinary shares
<b>Interests in rights:</b>	22,171 rights over ordinary shares
<b>Name:</b>	Catherine West
<b>Title:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Laws (Hons), Bachelor of Economics, Graduate Member of the Australian Institute of Company Directors
<b>Experience and expertise:</b>	Catherine was appointed to the Board as Non-Executive Director on 6 April 2021. Catherine has over 25 years' legal, business affairs and strategy experience in the media, entertainment, telecommunications and medical sectors in Australia, the UK and Europe.
<b>Other current directorships:</b>	She is currently a non-executive director of ASX-listed Nine Entertainment Co Holdings Ltd (since May 2016) and Monash IVF Group (since September 2020). She is also a non-executive director of the National Institute of Dramatic Art (NIDA) Foundation, the National Institute of Dramatic Art (NIDA), a director of the Sydney Breast Cancer Foundation Limited and Chair of the Board of Governors of Wenona School.
<b>Former directorships (last 3 years):</b>	Endeavour Group Limited (June 2021 to 11 April 2022)
<b>Special responsibilities:</b>	Chair of the People and Remuneration Committee Member of the Audit and Risk Committee
<b>Interests in shares:</b>	17,242 ordinary shares
<b>Interests in rights:</b>	None

## Directors' report continued

<b>Name:</b>	Niran Peiris
<b>Title:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Economics, Bachelor of Laws
<b>Experience and expertise:</b>	Niran has an extensive background in financial services and insurance having been a Member of the Board of Management of Allianz SE, CEO of Allianz Australia and also having held a number of other executive level roles (including CFO) at Allianz and other Australian insurance companies. Prior to that he worked in accounting services firms as a tax specialist.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities:</b>	Chair of the Audit and Risk Committee Member of the People and Remuneration Committee
<b>Interests in shares:</b>	81,568 ordinary shares
<b>Interests in rights:</b>	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'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, unless otherwise stated.

### Company secretary

Bernard Friend is the Company's Chief Financial Officer and Company Secretary, responsible for the Company's accounting, finance, risk and compliance functions. Bernard has been with the Company since 1982 and has over 39 years' experience working in the automotive industry. Before joining the Company, Bernard was an accountant at Horwath Chartered Accountants and, prior to that, the Australian Taxation Office.

### Meetings of Directors

All Directors may attend Board Committee even if they are not a member of the relevant Committee. The number of meetings of the Company's Board of Directors and each Board Committee held during the period ended 30 June 2022 is set out below:

Director	Meetings eligible to attend*	Meetings attended	Meeting of committees		
			Directors' meetings	Audit and Risk Committee	People and Remuneration Committee
Total number of meetings			12	9	6
John Ingram	12	12	9	9	6
Catherine West	12	11	9	9	6
Niran Peiris	12	12	9	9	6
Paul Warren	12	12	—	9	—

\* Number of meetings the Directors was eligible to attend as a member during the time the Directors held office in the year.

## Remuneration Report

### 1 Letter from Committee Chair

On behalf of the Board, I am pleased to present the FY22 remuneration report for Peter Warren Automotive Holdings Limited (Peter Warren). The remuneration report provides information on the Key Management Personnel (KMP) remuneration frameworks and remuneration outcomes for the financial year ending 30 June 2022.

### Group Performance

In the past year the Peter Warren team faced numerous challenges, including the ongoing impacts from COVID-19, floods which affected our Lismore operations, and variability in supply of vehicles across our OEM partners. Customer demand has continued to outstrip vehicle supply which has contributed to the Group's solid FY22 financial performance with statutory profit before tax of \$80.8m compared to statutory profit before tax of \$54.8m in FY21.

### FY22 Remuneration Framework

FY22 was the first year of operation under the new Peter Warren Executive KMP remuneration framework. The FY22 remuneration framework is designed to attract, retain and motivate Peter Warren's executives and to align executives reward with the creation of long term shareholder value by creating a clear link between performance, the company's strategic objectives and remuneration outcomes. The framework includes a mix of fixed remuneration and at risk elements based on short term and long term outcomes.

Peter Warren FY22 Executive KMP remuneration was comprised of fixed remuneration, a short-term incentive (STI) of which a part is deferred as rights to shares, and long-term incentive (LTI) with rights to shares.

Under the FY22 framework, the Executive KMP STI is structured with 80% allocated to achievement of Group NPAT and 20% weighted to achievement of individual objectives focussed on financial and non-financial metrics linked to achievement of the group's strategy. Thirty percent of any STI payment is deferred for 12-months in rights to shares.

Under the FY22 framework, Peter Warren granted Executive KMP Performance Rights under the LTI. The grant, or a portion thereof, is due to vest after the FY24 financial year's results have been announced. Vesting is subject to earnings per share (EPS) performance exceeding a minimum threshold performance level.

In FY22 the performance of Executive KMPs helped deliver a strong result in a challenging environment. Highlights include:

- Statutory Profit before tax for FY22 was \$80.8m, including the impact of the Lismore flood.
- The acquisition of the Penfold Motor Group has been a success. The business has been successfully integrated into the Group and performed ahead of expectations for FY22.
- Executive KMPs successfully achieved strategic KPIs related to M&A activity, strategic relationships, risk management, and leadership development and succession.
- Further, in addition, the CEO successfully achieved operational KPIs based on safety, operational excellence, and culture and engagement.

The out performance resulted in maximum achievement for the FY22 STI.

The board deliberated on the appropriateness of awarding a maximum STI payout in light of industry conditions, the impact of the COVID pandemic, supply disruption, indications of performance sustainability, whether the targets set were appropriate, consensus forecasts and other relevant factors. The board determined that the formulaic outcome was a fair reflection of actual performance, so that the maximum achievement and payout was appropriate. Therefore, no discretion to amend outcomes was exercised.

No LTI was due to vest in FY 2022.

The CEO and CFO each received an IPO grant that vested on 24 February 2022, following the satisfaction of the vesting conditions including the delivery of financial forecasts in the Prospectus of at least "Meets Expectations".

## Directors' report continued

### FY23

As previously announced, Bernard Friend our CFO will retire from the business in December 2022, following a successful 40 year career with the business. On behalf of the Board I would like to thank Bernard for his many years of dedication and exemplary service and, in particular for his contribution to Peter Warren's successful listing on the ASX. We wish him well in his retirement.

As we also announced, Victor Cuthell will join as CFO in November 2022. Victor brings a wealth of experience to the role, including within the automotive industry and from various listed company CFO roles and we look forward to Victor joining the group.

The KMP remuneration is determined on appointment and is reviewed annually taking into account performance, industry and market practices and internal and external benchmarking. The framework is designed to attract, retain and motivate high calibre executives. As part of the governance process to regularly challenge what we do, and determine if there are improvements that could be made for attraction, retention, and alignment with strategy and priorities, the Board is reviewing the remuneration framework for KMP for FY23.

### Conclusion

On behalf of the Board, I would like to thank Mark Weaver, Paul Warren, Bernard Friend, the rest of the executive team and all members of Peter Warren for a successful first full financial year since listing on the ASX. The team has met the various challenges in FY22 with resilience, creativity and foresight. Peter Warren is a values driven business and the team has continued to live the G.I.F.T. values this year – Growth, Integrity, Focus and Teamwork. Once again, the whole team has looked after its customers and each other, and successfully executed the company strategy to create long term shareholder value.

Details of performance requirements, outcomes and remuneration payments can be found in the following pages. I trust you find this informative. I welcome any questions at the Annual General Meeting and encourage you to vote in favour of this report.



**Catherine West**  
Chair of the People and Remuneration Committee

## 2 Remuneration Overview

### Key Questions

What was the executive KMP remuneration in FY22?

Name of executive	Position	Fixed Annual Remuneration <sup>1</sup>	Maximum STI	Maximum LTI
Mark Weaver	CEO	\$575,000	\$431,250	\$143,750
Paul Warren	ED	\$431,250	\$242,578	\$80,859
Bernard Friend	CFO	\$525,000	\$210,000	\$105,000

Executive KMP fixed remuneration is in line with the Prospectus disclosures.

Executive KMPs voluntarily reduced their FAR by 20% from August to September 2021, in response to the potential impact that COVID related lockdowns could have on the business.

1. Fixed Annual Remuneration (FAR) excludes Superannuation and non-monetary benefits such as a company motor vehicle.

What was the FY22 STI payout to Executive KMP and why?

Executive KMP achieved 100% of maximum STI opportunity due to performance that exceeded challenging KPIs on financial, strategic and operational measures. The negative impact of the Lismore flood was included in the financial performance.

Y  
O  
N  
I  
C  
E  
S  
A  
N  
S  
O  
R  
O  
L

#### Key Questions

What equity has vested in FY22 to executive KMP?	IPO performance rights grants to the CEO and CFO vested during FY22, following the satisfaction of the vesting conditions including the delivery of financial forecasts in the Prospectus of at least "Meets Expectations".
Did the Board exercise discretion when considering FY22 executive KMP incentive awards?	The board deliberated on the STI outcome in the context of the industry conditions and managements underlying contribution. The board determined the outcome was appropriate and no discretion was required to change formulaic payment outcomes.

#### Remuneration Framework

How does the Board set performance conditions?	The Board focuses on performance conditions and hurdles on which the Board believes executives can create the best value for shareholders, are measurable and verifiable, and provide executives with meaningful and robust targets within Peter Warren's risk parameters. The framework is designed to align executives' reward with the creation of long-term shareholder value by creating a clear link between performance, the company's strategic objectives and remuneration outcomes.
--	---

What proportion of remuneration is at-risk?	The STI and LTI awards are based on performance, therefore at-risk.	<b>Maximum Variable Remuneration/Fixed Annual Remuneration (FAR)</b>
	Mark Weaver	CEO
	Paul Warren	ED
	Bernard Friend	CFO

Are there any malus or clawback provisions for incentives?	Yes. In certain situations, such as but not limited to cases of fraud, malfeasance, dishonesty, gross misconduct or material financial misstatements, the board is able to reduce unvested entitlements or clawback vested payments.
Do all Board members, including Executive Directors, hold shares in Peter Warren?	Yes, all members of the Peter Warren board, including executive directors, hold shares in Peter Warren.

#### Short-Term Incentive (STI)

What is the performance measure?	The FY22 performance measures for the CEO are: <ul style="list-style-type: none"> <li>• 80% Financial (Group NPAT)</li> <li>• 10% Strategic (M&amp;A, Maintaining Key Strategic Relationships, Executive Development and Succession, Risk Management)</li> <li>• 10% Operational (Safety, Operational Excellence, Culture &amp; Engagement)</li> </ul> More detail can be found in the body of the remuneration report.
Are any STI payments deferred?	Yes, 30% is deferred for 12-months in restricted rights to shares.
Are STI payments capped?	Yes. Maximum STI payments are capped at a defined percentage of fixed annual remuneration (FAR) for each executive KMP.

## Directors' report continued

### **Key Questions**

Have any adjustments, positive or negative, been made to STI payments?	No adjustments, positive or negative, have been made to STI payments.
--	---

### **Long-Term Incentive (LTI)**

What is the performance measure?	Underlying Earnings Per Share (Underlying EPS). EPS was chosen as the appropriate measure as it aligns shareholder experience and provides a clear focus for executives on meeting the future earnings expectations. The measures have been determined taking into account various factors including internal forecasting, market expectations, market practice, benchmarking and recent performance.
What is the LTI vesting period?	1 July 2021 to 30 June 2024.
Are performance rights entitled to dividends?	Participants are not entitled to dividends payments during the vesting period. No dividends are paid on unvested performance rights.  Upon vesting, performance rights that vest are entitled to a dividend equivalent payment in the form of shares rather than cash to ensure full alignment with shareholders. No dividend equivalent accrues to performance rights that do not vest.

### **Board Fees**

How are board fees determined and adjusted?	Peter Warren reviews and adjusts board fees to maintain consistency with median board fees for comparably sized industrial companies.
Were there any changes to board fees?	There were no changes to board fees in FY22.

## **3 Remuneration report overview**

The directors of Peter Warren Automotive Holdings Limited (the Company or Peter Warren) present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2022. The Report forms part of the Directors' Report and has been prepared and audited in accordance with Section 300A of the Australian Corporations Act 2001.



## 4 Remuneration governances

### 4.1 People and Remuneration Committee

The People and Remuneration Committee (the Committee) provides advice and recommendations to the Board regarding remuneration matters.

The Committee's responsibilities include, among other things:

- Review and annually recommend to the Board executive KMP contract terms, annual remuneration, and participation in short-term incentive and long-term incentive plans;
- Review and recommend executive KMP incentive performance targets to the Board to encourage growth and success;
- Recommend to the Board offers and their terms to be made under the employee equity incentive plans in respect of a financial year;
- Review and make remuneration recommendations to the Board to ensure gender equity;
- Review and recommend to the Board the remuneration for the Chairman and the non-executive directors of the Board;
- Oversee the process for seeking shareholder approvals in relation to remuneration, including any grants of equity to the CEO and increases to the non-executive director fee cap;
- Approving the appointment of remuneration consultants for the purposes of Board or Committee advice;
- Take appropriate action for the Committee and Board have sufficient information and external advice for informed decision-making regarding remuneration;
- Oversee preparation of the Remuneration Report and review and recommend to the Board the remuneration report prepared in accordance with the Corporations Act for inclusion in the annual Directors' Report;
- Review and facilitate shareholder and other stakeholder engagement in relation to remuneration policies and practices;
- Recommend equitable remuneration structures that are aligned with the long-term interests of the Company and its shareholders and that attract and retain skilled executives;
- To structure short and long-term incentives for sustainable shareholder returns;
- Succession planning for Key Management Personnel;
- Assist the Board identify mix of skills, expertise, experience and diversity that the Board currently has, and potential; and
- People and culture strategies and policies.

A copy of the charter of the Committee is available on Peter Warren's website in the Corporate Governance section <https://www.pwah.com.au/site/investor-centre/corporate-governance>.

Members of the Committee during 2022 were:

- Catherine West – Independent Non-executive Director (Chair)
- Niran Peiris – Independent non-executive Director
- John Ingram – Independent Non-executive Director

At the Committee's invitation the CEO, and other relevant managers attend meetings in an advisory capacity. Executives are excluded from any discussions impacting their own remuneration.

Under its Charter, the Committee must meet at least three times a year. The Committee met six times in FY22.

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers, consultants or specialists as to any matter relating to the powers, duties or responsibilities of the Committee.

Any engagement with third parties will be in a manner that seeks to ensure that engagement and advice received is independent.

None of the Committee's external adviser engagements were for work which constituted remuneration recommendations for the purposes of the Australian Corporations Act 2001.

## 4.2 Securities trading policy

The Company has adopted a securities trading policy which will apply to the Company's Directors, senior management and any other person designated by the Board from time to time. This policy is designed to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and to establish procedures in relation to such persons' dealings in the Shares. Subject to certain exceptions, the securities trading policy defines certain "blackout periods" during which trading in Shares by the Company's Directors, officers, employees, and people close to them is prohibited. The policy can be found at <https://www.pwah.com.au/site/content/securitiestradingpolicy.pdf>.

## 5 Key management personnel

Key management personnel (KMP) covered in this report are detailed below:

**Table 1: Key Management Personnel**

Name	Position Held	Appointed
<b>Non-Executive Directors</b>		
John Ingram	Independent Non-Executive Chairman	6 April 2021
Catherine West	Independent Non-Executive Director	6 April 2021
Niran Peiris	Independent Non-Executive Director	6 April 2021
<b>Executive Director</b>		
Paul Warren	Executive Director	1 April 2021
<b>Executives</b>		
Mark Weaver	Chief Executive Officer	1 April 2021
Bernard Friend	Chief Financial Officer	6 April 2021

## 6 Executive remuneration

### 6.1 Remuneration strategy

The principles of the Peter Warren remuneration policy are to:

- Attract, retain and motivate talent;
- Reward executives and other employees fairly and responsibly, having regard to the performance of Peter Warren, the competitive environment and individual performance and conduct;
- Ensure alignment between shareholders' and executives' interests;
- Provide a clear link between performance and remuneration outcomes;
- Ensure remuneration outcomes are consistent with Peter Warren's long-term strategic objectives and the delivery of long-term shareholder wealth creation; and
- Compliance with all relevant legal and regulatory provisions.

Fixed remuneration reflects executives' skills and experience and aims to attract and retain qualified and experienced executives to ensure shareholder interests are managed in an efficient and effective manner.

The short-term incentive reflects achievement of challenging financial KPIs for the financial year. The incentive payments vary with annual profit.

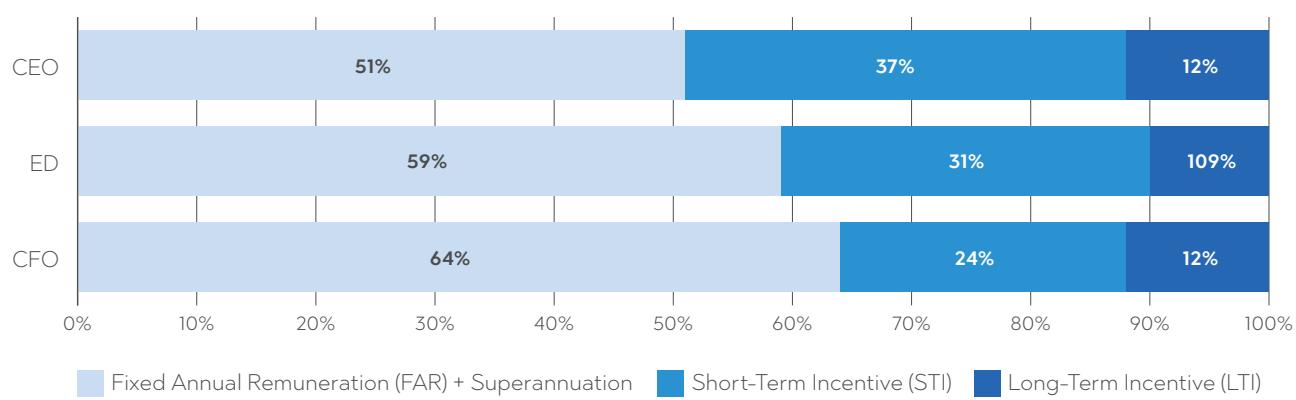
The long-term incentive reflects achievement of sustainable returns for shareholders. It aligns interests of Executive KMP with those of shareholders.

## 6.2 Remuneration Framework

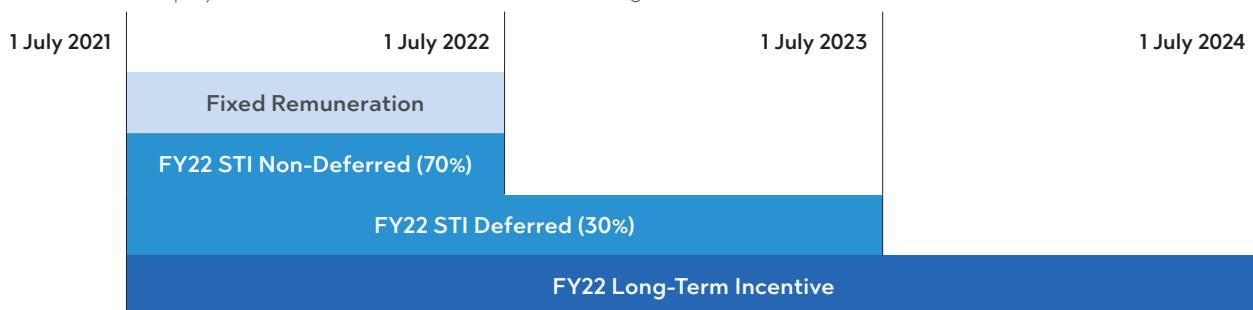
Peter Warren's FY22 Executive KMP remuneration structure comprises the following elements:

- Fixed Annual Remuneration (FAR);
- Superannuation;
- Short-Term Incentive (STI); and
- Long-Term Incentive (LTI).

The chart below displays the FY22 executive KMP remuneration pay mix of fixed annual remuneration (excluding superannuation and non-monetary benefits) + superannuation, maximum short-term incentive and the face value of long-term incentive. It excludes non monetary benefits such as a company motor vehicle.



The chart below displays the FY22 executive remuneration vesting timeline.



### 6.2.1 Fixed Annual Remuneration (FAR)

The following table presents the FAR of the Executive KMP for FY22.

**Table 2: Executive KMP Fixed Annual Remuneration (FY22)**

Name of executive	Position	Fixed Annual Remuneration <sup>1</sup>
Paul Warren	Executive Director	\$431,250
Mark Weaver	CEO	\$575,000
Bernard Friend	CFO	\$525,000

1. Fixed Annual Remuneration (FAR) excludes Superannuation and non-monetary benefits such as a company motor vehicle.

Superannuation contributions are capped at the concessional contributions threshold per annum under taxation law which applies to the employee from time to time.

An annual FAR review budget, authorised by the Board each year, is used to adjust individual FARs to ensure that their fixed remuneration remains fair and competitive for their specific skills, competence, and value to the Company.

Executive KMPs voluntarily reduced their FAR by 20% from August to September 2021, in recognition of the COVID related lockdowns.

### 6.2.2 Short-Term Incentive (STI)

Executive KMP have the opportunity to earn an annual STI. Maximum STI is set as a percentage of FAR.

The table below presents the features and approach for the Peter Warren STI plan.

**Table 3: FY22 Peter Warren STI plan**

Feature	Approach
<b>Purpose</b>	Align individual performance with company objectives.
<b>Eligibility</b>	Executive KMP.
<b>Form of payment</b>	70% Cash. 30% Restricted rights to acquire shares in the Company for nil consideration.
<b>Opportunity</b>	<b>Table 4: STI opportunity</b>

Name (Position)	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % FAR
M Weaver CEO	\$201,250	35%	\$431,250	75%
P Warren ED	\$113,419	26.3%	\$242,578	56.3%
B Friend CFO	\$105,000	20%	\$210,000	40%

**Performance period** 1 July 2021 to 30 June 2022.

For personal use only

Feature	Approach		
<b>Performance measure</b>	<p>Performance measures comprise a mix of financial and non-financial metrics linked to targets aligned to the Group's strategy. The weightings vary by position.</p> <p>The financial KPI is Group net profit after tax (NPAT).</p> <p>Non-financial KPIs vary for each executive KMP. For the CEO, strategic KPIs include M&amp;A, strategic relationships and executive development &amp; succession. Operational KPIs include safety, operational excellence and culture &amp; engagement.</p>		
<b>Table 5: STI measure weightings</b>			
Name (Position)	Financial (Group NPAT)	Strategic	Operational
M Weaver CEO	80%	10%	10%
P Warren ED	80%	20%	0%
B Friend CFO	80%	20%	0%
<b>Payment timing</b>	70% of the STI outcome will be a cash reward subsequent to the release of audited results to the ASX.		
	30% of the STI outcome will be settled in Restricted Rights which are subject to an Exercise Restriction for 12 months to 30 June 2023.		
<b>Board discretion</b>	The Board has absolute discretion on STI performance assessment, payment and vesting.		
<b>Treatment on termination</b>	Cessation of employment during the measurement period will result in forfeiture of award opportunity, unless otherwise determined by the Board.		

## Directors' report continued

Details of the deferred portion of the STI plan are disclosed in the table below.

**Table 6: STI Deferred Plan**

Name of plan	STI Deferred Share Plan
<b>Participants</b>	Executive KMP.
<b>Instruments issued</b>	Restricted Rights. Rights do not have voting and dividend entitlements. Each Restricted Right is a right to the value one Peter Warren share, plus additional shares pro-rated with dividends per share on a reinvested basis from grant until exercise. No dividends, or dividend equivalent payments, accrue to Restricted Rights which do not vest. No dividends are paid on Restricted Rights during a vesting or exercise period.
<b>Maximum value of equity to be granted</b>	30% of the STI awarded.
<b>Allocation value</b>	10-day Volume Weighted Average Price (VWAP) prior to 1 July 2022. The allocation value for the FY22 STI Rights is \$2.04.
<b>Vesting and Exercise</b>	It is expected that any Restricted Rights will be issued subsequent to the release of annual results for FY2022. Restricted Rights issued are subject to service conditions and exercise restrictions until the release of FY23 financial results.
<b>Malus and/or clawback</b>	In certain situations, such as but not limited to fraud, malfeasance, dishonesty, gross misconduct or material financial misstatements, the board has discretion to reduce unvested entitlements and claw back vested incentive payments.
<b>Restriction on hedging</b>	Hedging of entitlements by executives is not permitted.
<b>Treatment on termination</b>	If employee resigns or is dismissed, unvested Restricted Rights lapse. Otherwise, unvested Rights remain on-foot subject to the original conditions, unless Board determines otherwise.

### 6.2.3 Long-Term Incentive (LTI)

Executive KMP have the opportunity to receive an LTI grant based on a percentage of FAR.

The table below presents the features and approach for the Peter Warren LTI plan.

**Table 7: FY22 Peter Warren LTI plan**

Feature	Approach
<b>Purpose</b>	To focus executives on critical long-term performance requirements and align their interests with those of shareholders.
<b>Eligibility</b>	Executive KMP.
<b>Form of payment</b>	Performance rights (PRs) to acquire shares in Peter Warren for nil consideration. A PR has a nil exercise price. Each PR is a right to the value one Peter Warren share, plus additional shares pro-rated with dividends per share on a reinvested basis from grant until exercise. No dividends, or dividend equivalent payments, accrue to PRs which do not vest. No dividends are paid on PRs during a vesting or exercise period.

Feature	Approach												
LTI Opportunity	<p><b>Table 8: LTI opportunity</b></p> <table border="1"> <thead> <tr> <th>Name (Position)</th><th>Maximum LTI</th><th>Rights Granted</th></tr> </thead> <tbody> <tr> <td>M Weaver CEO</td><td>\$143,750</td><td>39,758</td></tr> <tr> <td>P Warren ED</td><td>\$80,859</td><td>22,171</td></tr> <tr> <td>B Friend CFO</td><td>\$105,000</td><td>28,790</td></tr> </tbody> </table>	Name (Position)	Maximum LTI	Rights Granted	M Weaver CEO	\$143,750	39,758	P Warren ED	\$80,859	22,171	B Friend CFO	\$105,000	28,790
Name (Position)	Maximum LTI	Rights Granted											
M Weaver CEO	\$143,750	39,758											
P Warren ED	\$80,859	22,171											
B Friend CFO	\$105,000	28,790											
<b>Allocation value</b>	10-day Volume Weighted Average Price (VWAP) prior to 1 July 2021. The allocation value for the FY22 LTI Rights is \$3.647.												
<b>Performance period</b>	1 July 2021 to 30 June 2024.												
<b>Performance Rights vesting date</b>	Following measurement of audited results for FY24.												
<b>Performance measures</b>	Underlying Earnings per share (Underlying EPS). Threshold and maximum requirements will be provided in disclosures relating to the performance period end.												
<b>Vesting scale</b>	In setting EPS hurdles, the Board considered industry conditions and the long-term growth strategy of the company. The EPS performance vesting scale details will be fully disclosed with the actual performance and vesting outcomes in disclosures following the performance period year end.												
<b>Table 9: LTI vesting scale</b>													
	<b>% of LTI Rights Vesting</b>												
Below threshold	0%												
Threshold	50%												
Between threshold and maximum	Vest on a straight-line basis between 50% at threshold and 100% at maximum												
Maximum	100%												
<b>Exercise Period</b>	Performance rights have a term of 15 years from grant and if not exercised within that term, the performance rights will lapse.												
<b>Malus and/or clawback</b>	In certain situations, such as but not limited to cases of fraud, malfeasance, dishonesty, gross misconduct or material financial misstatements, the board is able to reduce unvested entitlements or clawback vested payments.												
<b>Restriction on hedging</b>	Hedging of entitlements by executives is not permitted.												
<b>Treatment on termination</b>	<p>The Board will determine, subject to compliance with applicable law, the treatment of a Right if a participant ceases to be employed by a Group Company prior to the vesting of a Right, or a Right ceasing to be subject to any disposal restrictions as a term of the invitation at the time of cessation.</p> <p>It is anticipated that in the case of termination for cause or resignation where the notice period will not be served, all unvested rights will be forfeited, unless otherwise determined by the Board.</p> <p>It is anticipated that in the case of cessation of employment due to resignation with notice, redundancy or other circumstances specified by the Board, pro-rata forfeiture based on the period of the measurement period remaining will apply, unless otherwise determined by the Board.</p>												

### 6.3 Remuneration outcomes for FY22

#### 6.3.1 Company Performance

The table below provides an overview of how performance for FY22 has determined remuneration outcomes for executive KMP.

As Peter Warren listed on the ASX on 27 April 2021, it is not possible to address the statutory requirement for a discussion of the link between five-year performance and remuneration.

**Table 10: Financial Performance**

Financial Summary for year Ended 30 June	2022 \$'m	2021 \$'m	2020 \$'m	2019 \$'m	2018 \$'m
Revenue	1,711.3	1,612.2	1,366.4	1,405.3	1,435.6
Net profit/(loss) after tax	56.5	37.5	8.9	(0.4)	13.0
Basic earnings per share (cents per share)	33.37	50.15	—	—	—
Diluted earnings per share (cents per share)	33.33	50.12	—	—	—
Dividends paid (\$'m)	15.473	66.267	—	—	27.658
Share price at IPO	—	\$2.90	—	—	—
Closing share price	\$2.13	\$3.72	—	—	—

#### 6.3.2 Short-Term Incentive (STI)

Overall, Executive KMPs performed well in FY22. The out performance resulted in maximum achievement for the FY22 STI.

- Statutory Profit before tax for FY22 was \$80.8m. This included the impact of the Lismore flood.
- Executive KMPs successfully achieved strategic KPIs related to M&A activity, strategic relationships, risk management, and leadership development and succession.
- Further, in addition the CEO successfully achieved operational KPIs based on safety, operational excellence, and culture and engagement.

**Table 11: FY22 STI scorecard outcome for CEO**

Category	Scorecard KPIs	Weighting (% of maximum)	Outcome
Financial	Group NPAT	80%	80%
Strategic	M&A, maintaining key strategic relationships, executive development and succession and risk management	10%	10%
Operational	Safety, operational excellence, culture and employee engagement	10%	10%
<b>Total</b>		<b>100%</b>	<b>100%</b>

The board fully considered these STI outcomes. In light of the industry conditions, indications of performance sustainability and management performance, no discretion was applied to adjust outcomes.

The final STI outcomes are in the table below.

**Table 12: FY22 STI outcome**

Name (Position)	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % of FAR	Actual Cash STI	Actual Equity STI	Actual STI	Actual STI as a % of max
M Weaver CEO	\$201,250	35%	\$431,250	75%	\$301,875	\$129,375	\$431,250	100%
P Warren ED	\$113,419	26.3%	\$242,578	56.3%	\$169,805	\$72,773	\$242,578	100%
B Friend CFO	\$105,000	20%	\$210,000	40%	\$147,000	\$63,000	\$210,000	100%

### 6.3.3 Total remuneration

Table 13 below sets out the 'Realisable Remuneration' of Executive KMP for FY22 in Australian dollars. It is included to complement the Statutory Remuneration disclosures to better illustrate the remuneration received by Executives in FY22 service and performance.

Table 13 details the Fixed Annual Remuneration and superannuation paid to the Executive. The Short-Term Incentive is the cash STI earned by the Executive in respect of the year.

The IPO Grant value is the value at vesting of the award that was granted in the 2021 year.

While this disclosure is non-statutory, it has been audited.

**Table 13: Realisable remuneration**

Name (Position)	Year	FAR <sup>1</sup>	Superannuation	Non-Monetary Benefits <sup>2</sup>	Cash STI Payment	IPO Grant vested	Total Remuneration Realised
M Weaver CEO	2022	\$555,833	\$27,500	\$51,718	\$301,875	\$290,471	\$1,227,397
P Warren ED	2021	\$506,250	\$25,000	\$47,347	\$590,625	\$0	\$1,169,222
B Friend CFO	2022	\$416,875	\$27,500	\$51,718	\$169,805	\$0	\$665,898
	2021	\$775,000	\$25,000	\$47,347	\$1,771,875	\$0	\$2,619,222
	2022	\$507,500	\$27,500	\$51,718	\$147,000	\$265,215	\$998,933
	2021	\$518,750	\$25,000	\$47,347	\$708,750	\$0	\$1,299,847

1. Fixed Annual Remuneration comprises of salary, and excludes superannuation and non-monetary benefits such as a company motor vehicle. Executive KMPs voluntarily reduced their FAR by 20% from August to September 2021 in recognition of the COVID lockdowns.
2. The amounts disclosed as non-monetary benefits includes things such as motor vehicle, motor vehicle insurance, fringe benefit tax on motor vehicle and fuel allowance.

## Directors' report continued

Table 14 sets out the remuneration of Executive KMP for the 2022 Financial Year in Australian Dollars and has been prepared in accordance with the requirements of Section 300A of the Australian Corporations Act 2001 and associated accounting standards.

**Table 14: Statutory remuneration**

Name (Position)	Year	Share Based Payment <sup>6</sup>							Sign-on/ Termination payment	Total Statutory Remuneration	% of performance- based remuneration
		Base Salary <sup>3</sup>	Super- annuation	Non- Monetary Benefits <sup>4</sup>	Short- term cash bonus <sup>5</sup>	Long Service Leave	Shares & units	Options & rights			
<b>Executive Director</b>											
P Warren	2022	\$416,875	\$27,500	\$51,718	\$135,844	(\$20,850)		\$79,563		– \$690,650	31.19%
ED	2021	\$775,000	\$25,000	\$47,347	\$1,771,875	\$15,461	–	\$48,516	–	– \$2,683,199	67.84%
<b>Executives</b>											
M Weaver	2022	\$555,833	\$27,500	\$51,718	\$241,500	\$10,276		\$333,440		– \$1,220,267	47.12%
CEO	2021	\$506,250	\$25,000	\$47,347	\$590,625	\$17,151	–	\$669,082	–	– \$1,855,455	67.89%
B Friend	2022	\$507,500	\$27,500	\$51,718	\$117,600	\$9,320		\$253,116		– \$966,754	38.35%
CFO	2021	\$518,750	\$25,000	\$47,347	\$708,750	\$10,308	–	\$129,500	–	– \$1,439,655	58.23%

### 6.4 Executive KMP Share and other equity holdings

#### 6.4.1 Executive KMP shareholdings

The movements in Share and other Equity Holdings for KMP are disclosed in the table below.

**Table 15: KMP shareholdings**

Executive	Instrument	Held at 1/7/21	Received on conversion of IPO grants	Other <sup>7</sup>	Held at 30/6/22
P Warren	Ordinary shares	58,426,756	–	5,066,732	63,493,488
M Weaver	Ordinary shares	375,248	99,137	–	474,385
B Friend	Ordinary shares	67,500	90,517	21,983	180,000

3. Executive KMPs voluntarily reduced their FAR by 20% from August to September 2021 in recognition of the COVID lockdowns.

4. The amounts disclosed as non-monetary benefits includes things such as motor vehicle, motor vehicle insurance, fringe benefit tax on motor vehicle and fuel allowance.

5. Cash Bonus paid or payable in respect of current year represents cash payments in relation to the 2021 and 2022 financial year.

6. Represents the fair value of the equity grants during the period in accordance with AASB 2 *Share-based payment* and includes the IPO Grants, the value of the non-recourse employee share loan and part of the equity component of the FY22 STI plan and FY22 LTI plan which were outlined in the prospectus.

7. Other changes represent shares that were purchased or sold during the year.

#### 6.4.2 Equity instruments details

Details of all equity that was granted and on-foot in the year can be found in the following sections.

##### 6.4.2.1 Rights

**Table 16: Rights movement during the year**

Executives	Number Granted	Grant Date	Financial years which rights may vest	Expiry Date	Performance Measure	Performance Period	Fair value at grant	% vested during year	% forfeited during year
P Warren FY22 LTI	22,171	23/9/21	FY25 <sup>8</sup>	23/9/36	Underlying EPS	1/7/21 – 30/6/24	\$3.06	–	–
M Weaver FY22 LTI	39,758	23/9/21	FY25 <sup>8</sup>	23/9/36	Underlying EPS	1/7/21 – 30/6/24	\$3.06	–	–
M Weaver IPO Grant	99,137	6/4/21	FY22	6/4/36	Non-market financial measure	26/4/21 – 31/12/21	\$2.90	100%	0%
B Friend FY22 LTI	28,790	23/9/21	FY25 <sup>8</sup>	23/9/36	Underlying EPS	1/7/21 – 30/6/24	\$3.06	–	–
B Friend IPO Grant	90,517	6/4/21	FY22	6/4/36	Non-market financial measure	26/4/21 – 31/12/21	\$2.90	100%	0%

##### 6.4.2.2 Loan Shares

Mark Weaver holds shares that were issued pursuant to a limited recourse loan (Loan Shares). The Loan attaching to the Loan Shares is limited recourse and must be repaid out of any proceeds from the sale of the Loan Shares or distributions received in respect of the Loan Shares. Any dealings by Mark Weaver in shares will be deemed Loan Shares and any proceeds from such sale will be applied to repay the loan. The Loan Shares will be subject to Peter Warren's Securities Trading Policy and the escrow arrangements. The loan funded shares were granted for nil consideration.

These Loan Shares are treated in substance and accounted for as options. Mark Weaver was granted a loan of \$1,250,000. The exercise price of \$5 per share is equal to the non-recourse loan value of \$1,250,000. 100% of the grant vested in FY21. The accounting fair value of the loan funded shares is \$1.95. The loan funded shares were valued with an expected life between 5-7 years.

The loan balance as of 30 June 2022 is \$1,233,500, reduced by dividends totalling \$16,500 applied against the loan.

8. When FY24 results are audited.

## Directors' report continued

### 6.4.3 Equity vesting

The following tables present all equity (rights and loan funded shares) that has vested or been granted that remain on foot.

**Table 17: Options and rights over equity instruments**

	Instrument	Grant Date	Held at 1/7/21	Granted as compensation	Exercised and converted to shares	Lapsed/Forfeited	Held at 30/6/22	Vested during the year	Vested and exercisable at 30/6/22
P Warren	LTI rights	23/9/21	–	22,171	–	–	22,171	–	–
M Weaver	LTI Rights	23/9/21	–	39,758	–	–	39,758	–	–
	IPO Rights	6/4/21	99,137	–	99,137	–	–	99,137	–
	Loan Funded Shares	5/11/20	250,000	–	–	–	250,000	–	250,000
B Friend	LTI Rights	23/9/21	–	28,790	–	–	28,790	–	–
	IPO Rights	6/4/21	90,517	–	90,517	–	–	90,517	–

### 6.5 Key terms of Executive KMP employment contracts

#### 6.5.1 Notice and termination payments

Table 18 sets out the contractual provisions for current Executive KMP.

**Table 18: Executive KMP termination contract terms**

Name (Position)	Contract Type	Notice Period for Company	Notice Period for Employee	Termination Payment	Treatment of STI on termination	Treatment of LTI on termination
ED	Permanent	1 Year	1 Year	Up to 1 Year	At board's discretion	At board's discretion
CEO	Permanent	1 Year	1 Year	Up to 1 Year	At board's discretion	At board's discretion
CFO	Permanent	1 Year	1 Year	Up to 1 Year	At board's discretion	At board's discretion

Termination payments are calculated based upon fixed annual remuneration at the date of termination. No payment is made for termination due to gross misconduct.

## 7 Non-Executive director remuneration

### 7.1 Remuneration Policy

Remuneration for Non-Executive Directors is determined by reference to relevant external market data and takes into consideration the level of fees paid to directors of other Australian corporations of similar size and complexity to Peter Warren. Remuneration for Non-Executive Directors is subject to the aggregate annual fee pool limit of A\$1 million in any financial year. This amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company.

Fees for Non-Executive Directors are fixed and are not linked to the financial performance of the Company. Non-Executive Directors are not entitled to retirement benefits other than statutory superannuation payments, which are included in annual fees.

**Table 19: Board fees**

Position	Fee (inclusive of superannuation)
Chairman	\$200,000
Non-Executive Directors	\$100,000
Audit and Risk Management Committee Chair	\$20,000
People and Remuneration Committee Chair	\$20,000

In addition to Board and Committee fees, non-executive directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, Committees or shareholders or while engaged on Peter Warren business.

There are no share or performance-based plans for Peter Warren Non-Executive Directors.

The table below provides NED statutory remuneration.

**Table 20: NED statutory remuneration**

Non-Executive Director	Year	Fee	Superannuation	Non-Monetary Benefits	Shares & Units	Total Statutory Remuneration
J Ingram	2022	\$200,000	—	—	—	\$200,000
	2021	\$33,333	—	—	\$50,000	\$83,333
C West	2022	\$109,092	\$10,908	—	—	\$120,000
	2021	\$18,265	\$1,735	—	\$50,000	\$70,000
N Peiris	2022	\$109,092	\$10,908	—	—	\$120,000
	2021	\$18,265	\$1,735	—	\$50,000	\$70,000

**Table 21: NED shareholdings**

Non-Executive Director	Held at 1/7/21	Granted as compensation	Received on exercise of rights	Other <sup>9</sup>	Held at 30/6/22
J Ingram	142,242	—	—	125,000	267,242
C West	17,242	—	—	—	17,242
N Peiris	51,725	—	—	29,843	81,568

9. Other changes represent shares that were purchased or sold during the year.

## 8 Related party information

### 8.1 Transactions with other related parties

Transactions entered into during the year with Directors of Peter Warren are within normal employee, customer or supplier relationships on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis.

#### 8.1.1 Related Party Transactions

During the financial year the Group entered into the following transactions related entities:

	2022 \$	2021 \$
Revenue received from Director related entities:		
Sale of goods	282,879	1,988,397
Rental payments	823,406	1,067,654
Shared service charges	6,946,304	6,675,598
Expenses paid/(payable) to Director related entities:		
Lease payments	5,622,509	8,948,356
Purchase of goods	379,149	2,783,128
Interest payments	—	5,428,568

The Director related entities are entities owned by Paul Warren.

#### Related party leases

During the financial year the Group had operating lease agreements on commercial terms with various director related entities to Paul Warren.

#### 8.1.2 Peter Warren Toyota

##### 8.1.2.1 Sublease

The Company subleases part of Warwick Farm to WF Automotive Pty Limited (an entity controlled by the Warren Family) which carries on the Peter Warren Toyota business from these leased premises. As part of the Warwick Farm Acquisition, the Company has renewed this sublease for a term of 12 months commencing on the 1st May 2021 with rolling options to renew for a further 12 months at a time, unless either party gives 9 months prior notice of non-renewal. In accordance with an independent market rent review undertaken by Jones Lang LaSalle Advisory Services Pty Ltd, the initial rent payable was \$746,450 (excluding GST) per annum, and increased in May 2022 to \$779,219. Further anniversary increases will be reviewed by the greater of 3% and CPI per annum.

### 8.1.2.2 Toyota SSA

The Company also provides shared services to WF Automotive Pty Limited – for the benefit of Peter Warren Toyota and (for a limited sub-set of services only) PWA Regional Automotive Pty Limited under a shared services agreement (Toyota SSA). The services provided under the Toyota SSA include management and administrative support services such as corporate governance, IT, payroll and vehicle-related management functions such as vehicle receiving, stock control, parts management and fleet sales. Peter Warren Automotive does provide some commitments regarding the quality of the services provided and an indemnity under the Toyota SSA, however such provisions cover subject matter that is typical to be addressed in this way for such an agreement. The Toyota SSA contains limitations and exclusions of liability for the benefit of Peter Warren Automotive that are typical for an agreement of this nature.

The Toyota SSA expires on 31 March 2024. In addition to other customary termination rights, the Toyota SSA may be terminated by either party for convenience on 6 months' notice, but not so as to terminate before 1 January 2022.

Fees under the shared services agreement are charged on a cost-plus margin basis. The company also provides certain other services to Peter Warren Toyota, which were previously undocumented, however going forward these will be provided under the Toyota SSA.

### 8.1.3 Warren Family Office

#### 8.1.3.1 Leaseback

As part of the Warwick Farm Acquisition, the Company has granted a leaseback of certain office space located at Warwick Farm to the Warren Family Office.

The initial term of the lease commenced on 1 May 2021 and expires on 29 June 2026. The sublease has 2 options for a further term of 5 years each. In accordance with an independent market rent review undertaken by Jones Lang LaSalle Advisory Services Pty Ltd, the initial rent payable is \$70,975 (excluding GST) per annum, and increased in May 2022 to \$74,091 per annum. Further anniversary increases will be reviewed by the greater of 3% and CPI per annum.

#### 8.1.3.2 Warren Family Office SSA

The Company provides some IT related services to WF Property Holdings Pty Limited (an entity controlled by the Warren Family) for the Warren Family Office under a shared services agreement.

The shared services agreement is on arms' length terms. the Company does provide some commitments regarding the quality of the services provided and an indemnity under the shared services agreement, however such provisions cover subject-matter that is typical to be addressed in this way for such an agreement. The shared services agreement contains limitations and exclusions of liability for the benefit of the Company that are typical for an agreement of this nature.

The shared services agreement is for a fixed term and expires on 29 June 2026. Fees under the shared services agreement are charged on a cost-plus margin basis. WF Property Holdings Pty Limited paid \$4,800 in FY22 (FY21: \$800) for these services pursuant to that agreement.

### 8.1.4 Related Party Balances

#### Receivables/(payables) with related parties

The following balances were outstanding at the end of the year:

	2022 \$	2021 \$
Amounts receivable from Director related entities	1,525,195	1,277,124
Amounts payable to Director related entities	(623,301)	(63,316)

End of the Remuneration report.

## Directors' report continued

### Shares under performance rights

Unissued ordinary shares of Peter Warren Automotive Holdings Limited under performance rights outstanding at the date of this report are as follows:

Grant date	Exercise price	Number under rights
23 September 2021	\$0.00	90,719
19 January 2022	\$0.00	82,253
		172,972

### Shares issued on the exercise of performance rights

The following ordinary shares of Peter Warren Automotive Holdings Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Date shares were issued	Exercise price	Number of shares issued
6 April 2021	24 February 2022	\$0.00	189,654

### 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.

### Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

## 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.

## 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 immediately after this Directors' report.

## Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

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



John Ingram  
Chair

26 August 2022  
Sydney

# Auditor's independence declaration

**Deloitte.**

Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Grosvenor Place  
225 George Street  
Sydney, NSW, 2000  
Australia

Phone: +61 2 9322 7000  
[www.deloitte.com.au](http://www.deloitte.com.au)

26 August 2022

The Board of Directors  
Peter Warren Automotive Holdings Limited  
13 Hume Highway  
Warwick Farm  
NSW 2170

Dear Directors

## Peter Warren Automotive Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Peter Warren Automotive Holdings Limited.

As lead audit partner for the audit of the financial report of Peter Warren Automotive Holdings Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Tara Hill*  
DELOITTE TOUCHE TOHMATSU

*Tara Hill*  
Tara Hill  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

		<b>Consolidated</b>	
		2022 \$'000	2021 \$'000
	Note		
<b>Revenue</b>	5	1,695,879	1,612,186
Other income	6	15,268	22,735
Interest revenue calculated using the effective interest method		146	62
<b>Expenses</b>			
Changes in inventories		13,646	8,385
Raw materials and consumables purchased		(1,382,466)	(1,337,508)
Employee benefits expense	7	(156,205)	(136,978)
Depreciation and amortisation expense	7	(26,371)	(24,006)
Write off of assets	7	(471)	–
Occupancy costs	7	(774)	(730)
Advertising expense		(7,594)	(6,653)
Insurance expense		(7,172)	(6,150)
Motor vehicle expense		(6,859)	(5,889)
Acquisition expenses		(2,265)	–
IPO related expenses		–	(4,740)
Repayment of government grants	7	–	(13,315)
Other expenses	7	(38,467)	(29,314)
Finance costs	7	(15,451)	(23,288)
<b>Profit before income tax expense</b>		80,844	54,797
Income tax expense	8	(24,331)	(17,251)
<b>Profit after income tax expense for the year attributable to the owners of Peter Warren Automotive Holdings Limited</b>		56,513	37,546
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		1,890	2,463
Other comprehensive income for the year, net of tax		1,890	2,463
<b>Total comprehensive income for the year attributable to the owners of Peter Warren Automotive Holdings Limited</b>		58,403	40,009
		Cents	Cents
Basic earnings per share	35	33.37	50.15
Diluted earnings per share	35	33.33	50.12

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated statement of financial position

As at 30 June 2022

		<b>Consolidated</b>	
	<b>Note</b>	<b>2022 \$'000</b>	<b>2021 \$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		52,177	42,923
Trade and other receivables	9	56,098	56,828
Inventories	10	273,386	225,265
Other assets	11	18,029	6,726
Total current assets		399,690	331,742
<b>Non-current assets</b>			
Other assets	11	153	153
Property, plant and equipment	12	247,025	229,837
Right-of-use assets	13	192,237	118,120
Intangibles	14	242,299	145,621
Deferred tax	8	20,038	21,429
Total non-current assets		701,752	515,160
<b>Total assets</b>		1,101,442	846,902
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	94,201	63,362
Contract liabilities	16	1,147	1,212
Borrowings	18	207,587	181,859
Lease liabilities	17	15,563	11,549
Income tax		10,863	14,424
Employee benefits	19	21,382	16,981
Total current liabilities		350,743	289,387
<b>Non-current liabilities</b>			
Contract liabilities	16	1,063	1,201
Borrowings	18	58,917	—
Lease liabilities	17	209,460	135,145
Employee benefits	19	2,064	1,462
Provisions	20	240	250
Total non-current liabilities		271,744	138,058
<b>Total liabilities</b>		622,487	427,445
<b>Net assets</b>		478,955	419,457
<b>Equity</b>			
Issued capital	21	493,872	478,448
Reserves	22	(45,048)	(48,082)
Retained profits/(accumulated losses)		30,131	(10,909)
<b>Total equity</b>		478,955	419,457

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

# Consolidated statement of changes in equity

For the year ended 30 June 2022

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2020	163,471	(51,307)	17,812	129,976
Profit after income tax expense for the year	–	–	37,546	37,546
Other comprehensive income for the year, net of tax	–	2,463	–	2,463
Total comprehensive income for the year	–	2,463	37,546	40,009
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 21)	316,227	–	–	316,227
Treasury capital (note 21)	(1,250)	–	–	(1,250)
Share-based payments (note 22)	–	762	–	762
Dividends paid (note 23)	–	–	(66,267)	(66,267)
Balance at 30 June 2021	478,448	(48,082)	(10,909)	419,457
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	478,448	(48,082)	(10,909)	419,457
Profit after income tax expense for the year	–	–	56,513	56,513
Other comprehensive income for the year, net of tax	–	1,890	–	1,890
Total comprehensive income for the year	–	1,890	56,513	58,403
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares (note 21)	15,424	–	–	15,424
Share-based payments (note 22)	–	1,127	–	1,127
Receipts from issue of share-based payments (note 22)	–	17	–	17
Dividends paid (note 23)	–	–	(15,473)	(15,473)
Balance at 30 June 2022	493,872	(45,048)	30,131	478,955

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

# Consolidated statement of cash flows

For the year ended 30 June 2022

		<b>Consolidated</b>	
		2022 \$'000	2021 \$'000
	Note		
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,895,710	1,783,855
Receipts from government grants		5,039	15,060
Payments to suppliers and employees (inclusive of GST)		(1,783,913)	(1,696,665)
Repayment of government grants	7	—	(13,315)
		116,836	88,935
Interest received		146	62
Interest and other finance costs paid		(15,094)	(23,288)
Income taxes paid		(27,028)	(9,161)
Net cash from operating activities	34	74,860	56,548
<b>Cash flows from investing activities</b>			
Payment for business combinations, net of cash acquired	31	(89,162)	(5,541)
Payments for property, plant and equipment	12	(11,647)	(125,123)
Payments for security deposits		(2,252)	(795)
Loan payment to key management personnel	29	—	(1,250)
Proceeds from disposal of investments		—	201
Proceeds from disposal of property, plant and equipment		67	94
Net cash used in investing activities		(102,994)	(132,414)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	21	—	227,440
Share issue transaction costs and IPO expenses		—	(14,999)
Proceeds from borrowings		70,000	—
Repayment of related party loans	34	—	(88,222)
Proceeds from issue of share-based payments	36	17	—
Dividends paid	23	(15,473)	(66,267)
Repayment of borrowings		(4,083)	—
Repayment of lease liabilities	34	(13,073)	(13,849)
Net cash from financing activities		37,388	44,103
Net increase/(decrease) in cash and cash equivalents		9,254	(31,763)
Cash and cash equivalents at the beginning of the financial year		42,923	74,686
Cash and cash equivalents at the end of the financial year		52,177	42,923

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

# Notes to the consolidated financial statements

30 June 2022

## Note 1. General information

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

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

13 Hume Highway  
Warwick Farm  
NSW 2170

A description of the nature of the Group'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 26 August 2022. The Directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

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

### New or amended Accounting Standards and Interpretations adopted

The Group 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

### Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards 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 land and buildings which are carried at fair value.

### 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 Group'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 3.

## Note 2. Significant accounting policies *continued*

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

### Principles of consolidation

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

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. 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 Group.

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.

Where the Group 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 Group 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.

### Operating segments

The Group has two operating segments being car retailing and property. 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. The Board of Directors are identified as the CODM.

### Revenue recognition

The Group recognises revenue as follows:

#### Revenue from contracts with customers

Revenue is measured at the fair value of consideration receivable, net of any discounts, rebates and incentives. It is recognised to the extent that the transfer of promised goods or services to a customer has been satisfied and the revenue can be reliably measured.

#### New, demonstrator and used vehicles

Revenue from the sale of motor vehicles is recognised when the obligation to transfer the goods to the customer has been satisfied, which is generally at the time of delivery of the vehicle.

Y  
O  
N  
I  
V  
E  
R  
S  
U  
S  
E  
R  
V  
I  
C  
E  
R  
O  
R  
L

## Parts and services

Revenue from the sale of parts is recognised at the point in time when the buyer obtains control of the goods, which is generally at the time of delivery of the goods. Revenue from the rendering of services to the customer is considered to have been satisfied over the period of time when the service has been undertaken.

## Aftermarket accessories and other revenue

Aftermarket accessories relate to items fitted at the dealership and include products such as window tinting, mud flaps and paint protection. Aftermarket accessories and other revenue are recognised at the point in time when they are delivered to the customer.

## Finance and insurance revenue

Where the Group acts as an agent on behalf of a principal in relation to finance, insurance and similar products, the associated commission income is recognised within revenue in the period in which the related finance or insurance product is sold and receipt of payment can be assured.

## Agency commission

Agency commission represent fees from third parties where the Group acts as an agent by arranging a third party to provide goods and services to a customer. In such cases, the Group is not primarily responsible for providing the underlying good or service to the customer. Agency commission is recognised on an accruals basis on completion of the referral. Agency commission revenue is included in 'New and demonstrator vehicles' revenue as disclosed in note 5.

## Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

## Rent income

The Group enters into lease agreements as a lessor with respect to some of its properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

All leases in which the Group is a lessor are classified as operating leases. Rent income from properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental income. Variable rentals are recognised as income in the period when earned.

## Other income

Other income is recognised upon completion of the services being provided.

## Commercial income and rebates from suppliers

Volume related and vehicle specific bonuses and rebates are credited to the carrying value of inventory to which they relate. Once the inventory is sold, the amount is then recognised in profit or loss as part of cost of sales. Bonuses and rebates are recognised when the right to receive the rebate is established or when it is assessed as probable that the required threshold linked to the rebate will be achieved.

## Notes to the consolidated financial statements continued

### Note 2. Significant accounting policies continued

#### Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the periods necessary to match them with the costs that they are intended to compensate.

#### JobKeeper support payments

JobKeeper represents JobKeeper support payments received from the Australian Government which are passed on to eligible employees during the Coronavirus ('COVID-19') pandemic. Amounts received are recognised as income on a systematic basis over the period necessary to match it with the employee benefit expense for which it is intended to compensate.

#### Government wage subsidy received

Government wage subsidy received represents wage subsidy payments received from the Australian Government which are passed on to eligible employees to support employers and Group Training Organisations to take on new apprentices and trainees. Amounts received are recorded as other income over the periods in which the related employee benefits are recognised as an expense and in line with an assessment of the requirements of the programme.

#### Income tax

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 are 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.

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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Peter Warren Automotive Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

## 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 Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 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 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

## Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, which is inclusive of any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost which is inclusive of any allowance for expected credit losses.

## Inventories

### New and demonstrator vehicles

New and demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

### Used vehicles

Used vehicles are stated at the lower of cost and net realisable value on a unit-by-unit basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### Spare parts and accessories

Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items based on weighted average cost. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

### Other inventory

Other inventory includes service work in progress and are stated at cost. Costs are assigned to individual customers on the basis of specific identification. Cost includes labour incurred to date and consumables utilised during the service.

## Note 2. Significant accounting policies *continued*

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

#### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

### Property, plant and equipment

Land and buildings are shown at fair value, based on an annual assessment by the Directors supported by periodic valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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.

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

Buildings	30-40 years
Plant and equipment	3-15 years
Motor Vehicle	4-8 years
Leasehold improvements	Over the shorter of the useful life or term of lease

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. 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.

## Right-of-use assets

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 Group 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 Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

When a right-of-use asset is acquired by the lessee before the end of the lease term, the carrying value of the right-of-use asset and the corresponding lease liability are derecognised. Any difference between the carrying value of the right-of-use asset and the lease liability is recognised in property, plant and equipment.

## Intangible assets

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.

## Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 5.5 years.

## Note 2. Significant accounting policies *continued*

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Impairment of non-financial 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 non-financial 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.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. 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 days of recognition.



## Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

## Borrowings

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.

Loans and borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount and any consideration paid is recognised in profit or loss.

## Bailment finance and equitable mortgage agreement ('EMA') vehicle funding

Dealerships utilise bailment or floor plan finance to fund floor plan inventory for both new and used vehicles. New vehicles are purchased from the original equipment manufacturer ('OEM') using financing provided by a floor plan finance provider, who retains title in the vehicle until it is subsequently sold by the dealership to the end customer. Vehicles financed under bailment plans are recognised as inventory with the corresponding floorplan liability owing to the finance providers. Floor plan finance allows dealers to hold a wide range of inventory while minimising the required capital investment.

The facilities are available for drawdown by specified dealerships on a vehicle-by-vehicle basis, with repayment as it relates to an individual vehicle required immediately after the vehicle is sold. The total financed amount, can sometimes be higher than the inventory levels due to a time lag in the delivery of a vehicle to the dealership or on settlement following a sale. The facilities are secured by general security agreements, which are granted over all of the assets of various entities within the Group. Interest is charged under the facilities at a margin above the base swap rate adopted by each floor plan finance provider.

The Group also utilises charge plan facilities in relation to financing used vehicle inventory. Unlike new vehicle floor plan facilities above, used facilities are not on a vehicle-by-vehicle basis, instead secured over the overarching used inventory on a rolling basis.

## Lease liabilities

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 Group'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.

## Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## Note 2. Significant accounting policies *continued*

### Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group 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.

### Employee benefits

#### 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 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 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. 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes 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, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.



All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

## Fair value measurement

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.

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.

## Issued capital

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.

## Treasury capital

Treasury capital represent the shares of the parent company Peter Warren Automotive Holdings Limited that are held in treasury. Own shares are recorded at cost and deducted from equity.

## Dividends

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

## Earnings per share

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Peter Warren Automotive Holdings 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.

## Note 2. Significant accounting policies *continued*

### Earnings per share *continued*

#### 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.

The weighted average number of ordinary shares outstanding during the year and for the comparative period have been adjusted for the capital reorganisation that occurred during the financial year. The weighted average number of ordinary shares for the current and comparative period are calculated based on the number of shares that would have been in existence had the capital reorganisation occurred at the beginning of the comparative period.

### 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### 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.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of these financial statements, the Group has not applied the following new and revised Australian Accounting Standards and Interpretations that have been issued but are not yet effective:

AASB 17	Insurance Contracts
AASB 10 and AASB 128 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to AASB 101	Classification of Liabilities as Current or Non-current
Amendments to AASB 3	Reference to the Conceptual Framework
Amendments to AASB 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to AASB 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to AASB 1 <i>First-time Adoption of International Financial Reporting Standards</i> , AASB 9 <i>Financial Instruments</i> , AASB 16 <i>Leases</i> , and AASB 141 <i>Agriculture</i>
Amendments to AASB 101 and AASB Practice Statement 2	Disclosure of Accounting Policies
Amendments to AASB 108	Definition of Accounting Estimates
Amendments to AASB 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Y  
O  
N  
I  
V  
E  
D  
I  
S  
T  
R  
E  
A  
N  
S  
O  
R  
E  
O  
R  
C  
L

### Note 3. 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 (refer to the respective notes) within the next financial year are discussed below.

#### Revaluation of property, plant and equipment

The Group carries its land and buildings at fair value. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. The Directors have assessed that the highest and best use of the properties for the purposes of assessing fair value are as a single automall/precinct. The Directors determine the fair value by reference to transactions involving properties of a similar nature, location and condition, in addition to periodically engaging valuation specialists to obtain independent valuations for land and buildings. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in note 25.

#### Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience including the recovery value at auction for flood damaged vehicles, the ageing of inventories and other factors that affect inventory obsolescence.

#### Goodwill and other indefinite life intangible assets

The Group 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 stated in note 2. Goodwill is monitored at a group cash generating unit level. The recoverable amount has been calculated using a value-in-use model. 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.

#### Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

## Note 4. Operating segments

### Identification of reportable operating segments

The Group has two operating segments being Vehicle Retailing and Property. 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. There is no aggregation of operating segments.

The CODM reviews adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and unallocated expenses comprising of acquisition expenses, IPO expenses, public company expenses and key management personnel expenses as disclosed in note 26). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

### Types of products and services

The principal products and services of each of these operating segments are as follows:

<b>Vehicle Retailing</b>	Within the Vehicle Retailing segment, the Group offers a diversified range of automotive products and services, including new vehicles, used vehicles, vehicle maintenance and repair services, vehicle parts, extended service contracts, vehicle protection products and other aftermarket products. They also facilitate financing for vehicle purchases through third-party sources. New vehicles, vehicle parts, and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers.
<b>Property</b>	Within the Property segment, the Group holds commercial properties principally for use as premises for its motor dealership operations. The Property segment charges the Vehicle Retailing segment commercial rentals for owned properties occupied by that segment. The Property segment reports property assets at fair value, based on an annual assessment by the Directors supported by periodic valuations by external independent valuers. Revaluation increments arising from fair value adjustments are credited in other comprehensive income through to the revaluation reserve in equity. The CODM excludes revaluation increments arising from fair value adjustments when assessing the overall returns generated by this segment to the Group.

### Intersegment transactions

Intersegment transactions were made at market rates. The Vehicle Retailing operating segment leases premises from the Property operating segment. Intersegment transactions are eliminated on consolidation. Intersegment leases have been accounted for on a cash basis.

All leasing transactions with parties external to the Group are included in the Vehicle Retailing operating segment.

### Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

### Major customers

There are no major customers for the Group representing more than 10% of the Group's revenue.

### Geographic Information

The Group operates in one principal geographic location, being Australia.

	Vehicle Retailing <sup>1</sup> \$'000	Property \$'000	Inter- segment eliminations \$'000	Total \$'000
<b>Consolidated – 2022</b>				
<b>Revenue</b>				
Sales to external customers	1,695,879	–	–	1,695,879
<b>Total Revenue</b>	1,695,879	–	–	1,695,879
Other income	14,507	8,994	(8,233)	15,268
<b>Segment result</b>				
Adjusted EBITDA	121,627	8,072	–	129,699
Depreciation and amortisation	(23,528)	(2,843)	–	(26,371)
<b>Segment profit</b>	98,099	5,229	–	103,328
Interest revenue	146	–	–	146
Finance costs	(14,432)	(1,019)	–	(15,451)
<b>Profit/(loss) before income tax expense and unallocated expenses</b>	83,813	4,210	–	88,023
Unallocated expenses <sup>2</sup>				(7,179)
<b>Profit before tax</b>				80,844
<b>Assets</b>				
Segment assets	894,668	278,875	(72,101)	1,101,442
<b>Liabilities</b>				
Segment liabilities	628,451	66,137	(72,101)	622,487
<b>Net assets</b>	266,217	212,738	–	478,955
<b>Consolidated – 2021</b>	Vehicle Retailing \$'000	Property \$'000	Inter- segment eliminations \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	1,612,186	–	–	1,612,186
Other revenue	–	–	–	–
<b>Total Revenue</b>	1,612,186	–	–	1,612,186
Other income	8,290	2,693	(1,563)	9,420
<b>Segment result</b>				
Adjusted EBITDA <sup>3</sup>	110,791	2,478	–	113,269
Depreciation and amortisation	(23,636)	(370)	–	(24,006)
<b>Segment profit</b>	87,155	2,108	–	89,263
Interest revenue	62	–	–	62
Finance costs	(23,288)	–	–	(23,288)
<b>Profit/(loss) before income tax expense and unallocated expenses</b>	63,929	2,108	–	66,037
Unallocated expenses <sup>2</sup>				(11,240)
<b>Profit before tax</b>				54,797
<b>Assets</b>				
Segment assets	644,662	202,240	–	846,902
<b>Liabilities</b>				
Segment liabilities	427,296	149	–	427,445
<b>Net assets</b>	217,366	202,091	–	419,457

1. During the year ended 30 June 2022, the vehicle retailing operating segment includes \$5,124,000 of flood related expenses.
2. Unallocated expenses comprise public company expenses of \$1,596,000 (2021: \$298,000), acquisition expenses of \$2,265,000 (2021: \$nil); key management personnel expenses of \$3,318,000 (2021: \$6,202,000); and IPO expenses of \$nil (2021: \$4,740,000).
3. Reclassification of comparative information: Adjusted EBITDA totalling \$1,563,000 has been reclassified to vehicle retailing from inter-segment eliminations to align with the current year presentation.

## Note 5. Revenue

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
New and demonstrator vehicles	1,147,426	1,095,273
Used vehicles	230,013	239,058
Parts revenue	180,387	153,638
Service revenue	86,654	73,512
Finance and insurance	28,118	27,821
Aftermarket accessories	23,281	22,884
Revenue	1,695,879	1,612,186

### Disaggregation of revenue from contracts with customers

All revenue is generated in Australia and revenue is recognised at a point in time, except for service revenue which is recognised over time.

## Note 6. Other income

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Government grants	7,560	15,060
Rent income*	762	1,130
Other income*	6,946	6,545
Other income	15,268	22,735

\* Includes amounts received from related parties. Refer to note 29.

Y  
O  
N  
L  
S  
E  
A  
P  
E  
R  
O  
L

## Government grants

Government grants received during the year comprise the following:

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
COVID-19 JobKeeper grant received (a)	—	13,850
Boosting Apprenticeship subsidy received (b)	7,560	1,210
Government grants received	7,560	15,060

### (a) COVID-19 JobKeeper grant received

During the Coronavirus ('COVID-19') pandemic, the Group received JobKeeper funding from the Australian Government during the financial year ended 30 June 2021 totalling \$13,850,000. The Board of Directors agreed in February 2021 to repay to the Australian Government JobKeeper funds that the Group received during the financial year ended 30 June 2021, other than those passed through to employees as a top-up to earnings as prescribed by legislation which came to \$535,000. As the payment is voluntary, the repayment was included as an expense in the profit or loss (refer to note 7).

### (b) Boosting Apprenticeship subsidy received

The Australian Government announced the Boosting Apprenticeship Commencements wage subsidy to support employers and Group Training Organisations to take on new apprentices and trainees. The Group received this wage subsidy during the financial year ended 30 June 2022 to the sum of \$7,560,000 (2021: \$1,210,000). At 30 June 2022 the Group has 529 apprentices and trainees which is a significant increase on the prior year of 365.

## Notes to the consolidated financial statements continued

### Note 7. Expenses

	Consolidated	
	2022 \$'000	2021 \$'000
Profit before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on external loans	1,019	—
Interest and finance charges paid/payable on loans from related parties	—	7,263
Interest and finance charges paid/payable on lease liabilities	10,284	12,022
Bailment interest	4,148	4,003
<b>Finance costs</b>	<b>15,451</b>	<b>23,288</b>
<i>Depreciation</i>		
Buildings	2,316	281
Leasehold improvements	500	130
Plant and equipment	5,581	4,494
Motor vehicles	251	259
Right-of-use assets	17,285	18,842
<i>Amortisation</i>		
Customer relationships	438	—
<b>Total depreciation and amortisation</b>	<b>26,371</b>	<b>24,006</b>
<i>Flood damage related expenses</i>		
Write off of property, plant and equipment	471	—
Flood damages (included in 'Other expenses')	4,653	—
	5,124	—
<i>Lease related expenses</i>		
Expense relating to short-term leases	774	730
<i>Employee benefits expenses:</i>		
Share-based payments	1,127	962
Defined contribution superannuation expense	14,060	11,501
Employee benefits expense excluding share-based payments and superannuation (a)	141,018	124,515
	156,205	136,978
<i>Repayment of government grants</i>		
Repayment of COVID-19 JobKeeper grant (b)	—	13,315

(a) Employee benefits expenses excludes service labour amounting to \$21,158,000 (2021: \$19,499,000) which is included in raw materials and consumables purchases.

(b) During the financial year ended 30 June 2021, repayment of JobKeeper represents voluntary repayment of government grants. Refer to note 6 for further details.

## Note 8. Income tax

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Income tax expense</i>		
Current tax	22,992	18,976
Deferred tax – origination and reversal of temporary differences	1,438	(2,325)
Adjustment recognised for prior periods	(99)	600
Aggregate income tax expense	24,331	17,251
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	1,438	(2,325)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	80,844	54,797
Tax at the statutory tax rate of 30%	24,253	16,439
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-assessable and non-deductible items	176	20
Share-based payments	–	229
Other items	1	(37)
	24,430	16,651
Adjustment recognised for prior periods	(99)	600
Income tax expense	24,331	17,251
<i>Amounts charged/(credited) directly to equity</i>		
Deferred tax assets	810	(1,991)

Notes to the consolidated financial statements continued

**Note 8. Income tax** *continued*

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	251	134
Allowance for expected credit losses	198	128
Property, plant and equipment	1,362	3,600
Employee benefits	6,974	5,720
Contract liabilities	459	553
Trade and other receivables	18	220
Trade and other payables	155	139
Work in progress	(85)	(73)
Leases	9,849	8,587
Provision for inventories	(1,404)	(4)
Customer relationships	(1,108)	–
Other items	2,351	1,044
	<b>19,020</b>	<b>20,048</b>
Amounts recognised in equity:		
Transaction costs on share issue	1,828	2,437
Revaluation of property, plant and equipment	(810)	(1,056)
	<b>1,018</b>	<b>1,381</b>
Deferred tax asset	<b>20,038</b>	<b>21,429</b>
Movements:		
Opening balance	21,429	17,581
Credited/(charged) to profit or loss	(1,438)	2,325
Credited/(charged) to equity	(810)	1,991
Additions through business combinations (note 31)	362	–
Adjustments recognised for prior periods	495	(468)
Closing balance	<b>20,038</b>	<b>21,429</b>

## Note 9. Trade and other receivables

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Current assets		
Trade receivables	56,720	57,232
Less: Allowance for expected credit losses	(661)	(425)
	56,059	56,807
Amount receivable from related parties	39	21
	56,098	56,828

Refer to note 29 for further details on amount receivable from related parties.

### Allowance for expected credit losses

The Group has recognised a loss of \$343,000 (2021: \$149,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

<b>Consolidated</b>	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	2022 %	2021 %	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not overdue	—	—	46,735	50,006	—	—
1 – 30 days overdue	7.9%	5.8%	7,296	5,950	574	343
31 – 60 days overdue	3.0%	6.8%	1,193	793	36	54
61 – 90 days overdue	4.5%	6.1%	503	427	22	26
Over 90 days overdue	2.9%	3.2%	993	56	29	2
			56,720	57,232	661	425

Movements in the allowance for expected credit losses are as follows:

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Opening balance	425	412
Additional provisions recognised	343	149
Receivables written off during the year as uncollectable	(107)	(136)
Closing balance	661	425

## Note 10. Inventories

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Current assets</i>		
New and demonstrator vehicles	193,089	162,267
Less: Provision for impairment	(7,565)	(5,206)
	185,524	157,061
 Used vehicles	59,835	47,410
Less: Provision for impairment	(3,484)	(3,107)
	56,351	44,303
 Spare parts and accessories	31,190	23,900
Less: Provision for impairment	(911)	(910)
	30,279	22,990
 Work in progress	316	229
 Petrols, oils and grease	916	682
	273,386	225,265

Included in inventory is flood damaged new vehicle stock of \$4,262,857 with a corresponding provision of \$3,676,529 and flood damaged used vehicle stock of \$1,040,191 with a corresponding provision of \$930,566.

## Note 11. Other assets

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Current assets</i>		
Prepayments	13,355	4,304
Term deposits	4,674	2,422
	18,029	6,726
 Non-current assets		
Other financial assets	153	153
	18,182	6,879

### Term deposits

Term deposits are maintained as security over the Group's bank guarantees (note 28).

For personal use only

## Note 12. Property, plant and equipment

	<b>Consolidated</b>	
	2022 \$'000	Restated 2021 \$'000
Non-current assets		
Land – at fair value	130,276	125,471
Buildings – at fair value	71,541	71,541
Less: Accumulated depreciation	(2,597)	(281)
	68,944	71,260
Leasehold improvements – at cost	13,653	4,050
Less: Accumulated depreciation	(1,153)	(705)
	12,500	3,345
Plant and equipment – at cost	77,485	70,291
Less: Accumulated depreciation	(47,266)	(41,818)
	30,219	28,473
Motor vehicles – at cost	2,307	2,125
Less: Accumulated depreciation	(1,000)	(837)
	1,307	1,288
Construction in progress – at cost	3,779	–
	247,025	229,837

## Notes to the consolidated financial statements continued

### Note 12. 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	Restated Land \$'000	Restated Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Balance at 1 July 2020	–	–	38	23,691	1,271	–	25,000
Additions	156,223	52,023	3,437	9,082	358	–	221,123
Additions through business combinations (note 31)	–	–	–	194	22	–	216
Revaluation increments	3	3,516	–	–	–	–	3,519
Disposals	–	–	–	–	(104)	–	(104)
Derecognition of prior leases balances (note a)	(11,237)	(3,516)	–	–	–	–	(14,753)
Depreciation expense	–	(281)	(130)	(4,494)	(259)	–	(5,164)
Balance at 30 June 2021 – previously reported	144,989	51,742	3,345	28,473	1,288	–	229,837
Reclassification (note b)	(19,518)	19,518	–	–	–	–	–
Balance at 30 June 2021 – restated	125,471	71,260	3,345	28,473	1,288	–	229,837
Balance at 30 June 2021	125,471	71,260	3,345	28,473	1,288	–	229,837
Additions	2,105	–	1,759	3,483	320	3,980	11,647
Additions through business combinations (note 31)	–	–	8,039	3,988	–	–	12,027
Revaluation increments	2,700	–	–	–	–	–	2,700
Disposals	–	–	–	(17)	(50)	–	(67)
Write off of assets	–	–	(143)	(328)	–	–	(471)
Transfers in/(out)	–	–	–	201	–	(201)	–
Depreciation expense	–	(2,316)	(500)	(5,581)	(251)	–	(8,648)
Balance at 30 June 2022	130,276	68,944	12,500	30,219	1,307	3,779	247,025

#### Notes:

(a) Land and buildings acquired during the financial year ended 30 June 2021 were previously leased by the Group. \$14,753,000 represents the difference between the carrying value of the right-of-use asset and the lease liability immediately prior to the acquisition. When a right-of-use asset is acquired by the lessee before the end of the lease term, the carrying value of the right-of-use asset and the corresponding lease liability are derecognised. Any difference between the carrying value of the right-of-use asset and the lease liability is recognised in property, plant and equipment.

(b) Subsequent to the year ended 30 June 2021, the valuation of land and buildings acquired upon IPO was revised and \$19,518,000 previously allocated to land was re-allocated to buildings. The comparative information has been restated to reflect this revision. In comparison to what was reported in notes to the 30 June 2021 Financial Report, the carrying value of land has decreased from \$144,989,000 to \$125,471,000 and the carrying value of buildings has increased from \$51,472,000 to \$71,260,000. The reclassification has no effect on the carrying value of property, plant and equipment at 30 June 2021 and the additional depreciation that would have arose on the buildings reclassification had no material impact on the profit or loss for the year then ended.

The carrying value of plant and equipment at 30 June 2021 includes capital works in progress of \$267,000.

If land and buildings were carried at cost, the carrying value of land and buildings at 30 June 2022 would be \$127,576,000 and \$68,944,000 respectively (2021: \$125,471,000 and \$71,260,000 respectively).

## Valuations of land and buildings

Land and buildings are shown at fair value, based on annual assessment by the Directors supported by periodic valuations by external independent valuers, less subsequent depreciation for buildings. An independent valuation of the land and buildings was undertaken on the Group's Southport Queensland properties in April 2022 and the Group's Warwick Farm properties during the financial year ended 30 June 2021. A revaluation increment of \$2,700,000 has been recorded in the current year in relation to the Southport properties. The Directors have undertaken an assessment on the Warwick Farm property and concluded there is no material movement in the fair value.

Refer to note 25 for further information on fair value measurement.

## Note 13. Right-of-use assets

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Non-current assets		
Land and buildings – right-of-use	268,523	178,059
Less: Accumulated depreciation	(76,286)	(59,939)
	192,237	118,120

The Group lease buildings for its dealerships under agreements of between 1 to 10 years plus in the majority of instances options to extend ranging from 1x5 year period up to 4x5 year periods. The Group have generally included at least 1x5 year option period in the initial lease term given the assessed reasonable certainty of renewal, as a result of significant capital expenditure incurred and general scarcity of appropriate alternative locations.

## Reconciliations

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

<b>Consolidated</b>	<b>Land and buildings – right-of-use \$'000</b>
Balance at 1 July 2020	204,196
Additions	1,112
Disposals*	(68,346)
Depreciation expense	(18,842)
Balance at 30 June 2021	118,120
Remeasurements	1,951
Additions through business combinations (note 31)	89,451
Depreciation expense	(17,285)
Balance at 30 June 2022	192,237

\* Disposals during the year ended 30 June 2021, represent the cessation of leases with respect to the Warwick Farm and Southport properties. These properties were previously leased from a related party. During the financial year ended 30 June 2021, these properties were purchased by PWA Properties Pty Ltd, a subsidiary within the Group, with funds raised from the IPO.

For other AASB 16 Leases related disclosures refer to the following:

- Refer note 7 for details of interest on lease liabilities and other lease payments;
- Refer note 17 for lease liabilities at the end of the reporting period;
- Refer note 24 for undiscounted future lease commitments; and
- Refer consolidated statement of cash flows for repayment of lease liabilities.

## Notes to the consolidated financial statements continued

### Note 14. Intangibles

	Consolidated	
	2022 \$'000	2021 \$'000
Non-current assets		
Goodwill – at cost	238,606	145,621
Customer relationships – at cost	4,131	–
Less: Accumulated amortisation	(438)	–
	3,693	–
	242,299	145,621

### Reconciliations

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

Consolidated	Goodwill \$'000	Customer relationships \$'000	Total \$'000
Balance at 1 July 2020	140,121	–	140,121
Additions through business combinations (note 31)	5,500	–	5,500
Balance at 30 June 2021	145,621	–	145,621
Additions through business combinations (note 31)	92,985	4,131	97,116
Amortisation expense	–	(438)	(438)
Balance at 30 June 2022	238,606	3,693	242,299

For the purposes of impairment testing goodwill is allocated to each of the Groups cash-generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combinations. At 30 June 2022, all the goodwill relates to the vehicle retailing segment.

The recoverable amount of the Group's goodwill has been determined by value-in-use calculations ('VIU'). The VIU assessment is conducted using a discounted cash flow ('DCF') methodology requiring the Directors to estimate the future cash flows expected to arise from the CGU's and then applying a discount rate to calculate the present value.

### Impairment testing

Impairment testing of the Group's goodwill was performed as at 30 June 2022. As part of this process, management reviewed the recoverability of the carrying value of intangible assets and concluded no impairment existed, nor any reasonable possible change in assumptions would lead to impairment.

### Key assumptions

The discounted cash flow model adopted by the Directors utilises cashflow forecasts derived from the 30 June 2023 ('FY 23') financial budget approved by the Board. Management have then applied revenue growth rates across the four year period of +2.7% (2021: Revenue growth between -1% and +2.8%) and applied thereafter a terminal growth of 2.0% (2021: 2.0%). The forecast growth rates and terminal growth rate are based on historical performance, current business strategies and future operating conditions. The terminal growth rate is not deemed to exceed the long-term average growth rate for the industry. A post tax discount rate of 9.75% (2021: 8.51%) was applied to the cashflows, incorporating the impact of the lease standard (AASB 16) on the Group's cost of debt.

## Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. The Group has performed sensitivity analysis of the reasonably possible changes in the assumptions in the model and under each of the scenarios, no impairment was identified. The sensitivities are as follows:

Assumption element	Assumption used	Sensitivity applied	Decrease in headroom
Discount rate	9.75% (post tax)	Increased from 9.75% (post tax) to 10.25% (post tax)	\$34,000,000
Gross Margin	Gross margin by revenue category	Decreased each category by 25 basis points	\$33,000,000
Terminal Growth rate	2.0%	Reduced from 2.0% to 1.5%	\$25,000,000

Under each of these independent scenarios, no impairment was identified. Management believes that other reasonable changes in the key assumptions on which the recoverable amount of motor vehicle retailing's goodwill is based would not cause the CGU's carrying amount to exceed its recoverable amount.

## Note 15. Trade and other payables

	<b>Consolidated</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Current liabilities		
Trade payables	26,430	14,758
Customer deposits	36,191	20,657
GST payable	2,789	3,125
Other payables and accruals	28,791	24,822
	94,201	63,362

Refer to note 24 for further information on financial instruments.

## Note 16. Contract liabilities

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Current liabilities</i>		
Deferred service obligations	1,147	1,212
<i>Non-current liabilities</i>		
Deferred service obligations	1,063	1,201
	<b>2,210</b>	<b>2,413</b>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	2,413	2,561
Payments received in advance	324	474
Transfer to revenue – performance obligations satisfied in current periods	(527)	(622)
Closing balance	<b>2,210</b>	<b>2,413</b>

Deferred service obligations represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

### Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$2,210,000 as at 30 June 2022 (\$2,413,000 as at 30 June 2021) and is expected to be recognised as revenue in future periods as follows:

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Within 12 months	1,147	1,212
12 to 24 months	334	338
24 to 36 months	179	220
Greater than 36 months	550	643
	<b>2,210</b>	<b>2,413</b>

## Note 17. Lease liabilities

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Current liabilities</i>		
Lease liabilities – building premises	15,563	11,549
<i>Non-current liabilities</i>		
Lease liabilities – building premises	209,460	135,145
	225,023	146,694

The average incremental borrowing rate on building premises is 5.27% (30 June 2021: 5.38%).

Refer to note 24 for further information on financial instruments.

## Note 18. Borrowings

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Current liabilities</i>		
Bailment finance and equitable mortgage agreement ('EMA') vehicle funding	200,587	181,859
Capital loan	7,000	–
	207,587	181,859
<i>Non-current liabilities</i>		
Capital loan	58,917	–
	266,504	181,859

Refer to note 24 for further information on financial instruments.

### Capital loan

During the financial year ended 30 June 2022, the Group obtained a new \$96.000 million debt facility, which is secured against the Group's Warwick Farm property and was used to part fund the purchase of the Penfolds Motor Group (refer note 31). The loan bears a variable interest rate based on the Australian Alliance Automotive Finance ('AAAF') Wholesale Rate plus a margin of 0.5%. The loan is repayable in fixed monthly instalments which are not available to be redrawn and interest is payable monthly in arrears. The debt facility matures on 29 November 2031.

## Note 18. Borrowings continued

### Total secured liabilities

The total secured liabilities are as follows:

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Bailment finance and EMA vehicle funding	200,587	181,859
Capital loan	65,917	–
	<b>266,504</b>	<b>181,859</b>

### Assets pledged as security

Bailment finance and EMA vehicle funding are secured over the related assets (predominantly vehicle inventory) held by the Group. Refer to the 'borrowings' accounting policy disclosed in note 2 for further details.

The Capital loan is secured against the Group's Warwick Farm property which has a carrying value of \$118,912,000 at 30 June 2022.

### Financing arrangements

Access was available at the reporting date to the following lines of credit:

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Total facilities		
Bailment finance and EMA vehicle funding	474,050	360,550
Capital loan	91,917	–
	<b>565,967</b>	<b>360,550</b>
Used at the reporting date		
Bailment finance and EMA vehicle funding	200,587	181,859
Capital loan	65,917	–
	<b>266,504</b>	<b>181,859</b>
Unused at the reporting date		
Bailment finance and EMA vehicle funding	273,463	178,691
Capital loan	26,000	–
	<b>299,463</b>	<b>178,691</b>

## Note 19. Employee benefits

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Current liabilities</i>		
Employee benefits	21,382	16,981
<i>Non-current liabilities</i>		
Employee benefits	2,064	1,462
	<b>23,446</b>	<b>18,443</b>

## Note 20. Provisions

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
<i>Non-current liabilities</i>		
Lease make good	240	250

### Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

### Movements in provisions

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

<b>Consolidated – 2022</b>	<b>Lease make good \$'000</b>
Carrying amount at the start of the year	250
Unused amounts reversed	(10)
Carrying amount at the end of the year	240

## Note 21. Issued capital

	Consolidated			
	2022 Shares	2021 Shares	2022 \$'000	2021 \$'000
Ordinary shares – fully paid (a)	171,920,586	166,555,203	495,122	479,698
Treasury share capital (b)	(250,000)	(250,000)	(1,250)	(1,250)
	171,670,586	166,305,203	493,872	478,448

### (a) Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2020	115,181,818		34,550
Share consolidation (5:1)	28 March 2021	(92,145,454)		–
Conversion of Class B Shares to Ordinary Shares	27 April 2021	22,638,267		86,109
Conversion of Class C Shares to Ordinary Shares	27 April 2021	9,349,589		42,812
Shares issued at IPO	27 April 2021	78,427,535	\$2.90	227,440
Shares issued as part consideration for property acquisition	30 April 2021	33,103,448	\$2.90	96,000
Share issue costs (net of taxation)		–		(7,213)
Balance	30 June 2021	166,555,203		479,698
Issue of shares (refer to note 31)	1 December 2021	5,175,729	\$2.98	15,424
Shares issued on the exercise of performance rights	24 February 2022	189,654		–
Balance	30 June 2022	171,920,586		495,122

#### Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. 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.

### (b) Movements in Treasury shares

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2020	–	–	–
Treasury capital	5 November 2020	1,250,000	–	1,250
Share consolidation (5:1)	28 March 2021	(1,000,000)	–	–
Treasury capital	27 April 2021	68,966	\$2.90	200
Issue of planned shares	27 April 2021	(68,966)	\$2.90	(200)
Balance	30 June 2021	250,000	–	1,250
Balance	30 June 2022	250,000	–	1,250

### Treasury shares

Treasury capital includes secured share capital associated with a limited recourse loan made during the period to a key management personnel (refer to note 29 for further details of this transaction) and shares issued through the employee share trust.

### Share buy-back

There is no current on-market share buy-back.

### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the FY21 Financial statements.

## Notes to the consolidated financial statements continued

### Note 22. Reserves

	Consolidated	
	2022 \$'000	2021 \$'000
Asset revaluation reserve (a)	4,353	2,463
Share-based payments reserve (b)	1,906	762
Business reorganisation reserve (c)	(34,277)	(34,277)
Transactions with exited non-controlling interests (d)	(17,030)	(17,030)
	(45,048)	(48,082)

#### (a) Asset revaluation reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

#### (b) Share-based payments reserve

The 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.

#### (c) Business reorganisation reserve

The business reorganisation reserve arises from a past corporate reorganisation when Peter Warren Automotive Holdings Limited, formerly known as PWA Holdings One Pty Limited became the parent entity on 18 November 2016.

#### (d) Transactions with exited non-controlling interests

The transactions with non-controlling interests reserve relates to the past acquisition of remaining minority interests in WP Automotive Pty Limited on 31 March 2017 (49% interest acquired) and Sydney North Shore Automotive Pty Ltd on the 1 July 2017 (49% interest acquired).

#### Movements in reserves

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

Consolidated	Asset revaluation reserve \$'000	Share-based payments reserve \$'000	Business reorganisation reserve \$'000	Transactions with exited non-controlling interests \$'000	Total \$'000
Balance at 1 July 2020	–	–	(34,277)	(17,030)	(51,307)
Revaluation – gross	3,519	–	–	–	3,519
Deferred tax	(1,056)	–	–	–	(1,056)
Share-based payments	–	962	–	–	962
Issue planned shares	–	(200)	–	–	(200)
Balance at 30 June 2021	2,463	762	(34,277)	(17,030)	(48,082)
Revaluation – gross	2,700	–	–	–	2,700
Deferred tax	(810)	–	–	–	(810)
Share-based payments	–	1,127	–	–	1,127
Receipts from issue of share-based payments (note 36)	–	17	–	–	17
Balance at 30 June 2022	4,353	1,906	(34,277)	(17,030)	(45,048)

## Note 23. Dividends

### Dividends

Dividends paid during the financial year were as follows:

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Interim dividend for the year ended 30 June 2022 of 9 cents per fully paid ordinary share fully franked	15,473	–
Dividend paid on ordinary shares during the year ended 30 June 2021	–	27,213
Dividend paid on B class shares during the year ended 30 June 2021	–	26,742
Dividend paid on C class shares during the year ended 30 June 2021	–	11,045
Dividend paid on D class shares during the year ended 30 June 2021	–	1,267
	15,473	66,267

On 26 August 2022, the directors declared a fully franked dividend of 13.0 cents per fully paid ordinary shares with a record date of 9 September 2022 to be paid on 7 October 2022.

### Franking credits

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Franking account balance at 30 June	38,573	46,159
Imputation credits that will arise from the payment of the current tax liability	9,552	13,466
Adjusted franking account balance	48,125	59,625
Imputation credits that will arise from the payments of dividends declared but not recognised in the financial statements	(9,578)	(28,286)
Adjusted franking account balance after payment of recognised dividend amounts	38,547	31,339

## Note 24. Financial instruments

### Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (which included foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses difference methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing for credit 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 Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

### Market risk

#### Foreign currency risk

The Group does not ordinarily undertake any transactions denominated foreign currency and is not exposed to any significant foreign currency risk.

#### Price risk

The Group is not exposed to any significant price risk.

#### Interest rate risk

The Group's main interest rate risk arises from Bailment finance, EMA vehicle funding and Capital loan which are maintained a variable rates. Borrowings obtained at variable rates expose the Group to interest rate risk.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	2022		2021	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
<b>Consolidated</b>				
Bailment finance and EMA vehicle funding	2.12%	200,587	2.50%	181,859
Capital loan	2.55%	65,917	—	—
Net exposure to cash flow interest rate risk		266,504		181,859

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Group the borrowings outstanding, totalling \$266,504,000 (2021: \$181,859,000), are principal and interest payment loans. An official increase/decrease in interest rates of 50 basis point (2021: 1 basis point) would have an adverse/favourable effect on profit before tax of \$1,333,000 (2021: \$18,186) per annum.

Only  
one  
issue  
exists  
for  
persons  
or

## Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. 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 notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected credit loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group 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 1 year.

## Liquidity risk

Vigilant liquidity risk management requires the Group 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 Group 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. The Group utilises bailment finance facilities to fund floor plan inventory for both new and used vehicle. Information on available facilities can be found in note 18 and a description of the bailment finance facilities can be found in note 2.

## Notes to the consolidated financial statements continued

### Note 24. Financial instruments continued

#### Liquidity risk continued

##### Remaining contractual maturities

The following tables detail the Group'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	Weighted average interest rate %	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
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	–	26,430	–	–	–	26,430
GST payable	–	2,789	–	–	–	2,789
Other payables and accruals	–	28,791	–	–	–	28,791
<i>Interest-bearing – variable</i>						
Bailment finance and EMA vehicle funding	2.12%	204,735	–	–	–	204,735
Capital loan	2.55%	8,828	8,627	24,638	32,916	75,009
<i>Interest-bearing – fixed rate</i>						
Lease liability	5.27%	27,081	27,196	76,875	174,980	306,132
<b>Total non-derivatives</b>		<b>298,654</b>	<b>35,823</b>	<b>101,513</b>	<b>207,896</b>	<b>643,886</b>

Consolidated – 2021	Weighted average interest rate %	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
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	–	14,758	–	–	–	14,758
GST payable	–	3,125	–	–	–	3,125
Other payables and accruals	–	24,822	–	–	–	24,822
<i>Interest-bearing – variable</i>						
Bailment finance and EMA vehicle funding	2.50%	185,862	–	–	–	185,862
<i>Interest-bearing – fixed rate</i>						
Lease liability	5.38%	19,228	39,055	53,241	81,892	193,416
<b>Total non-derivatives</b>		<b>247,795</b>	<b>39,055</b>	<b>53,241</b>	<b>81,892</b>	<b>421,983</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Note 25. Fair value measurement

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

### Valuation techniques for fair value measurements categorised within level 3

The basis of the Directors' valuation of land and buildings is the assessed fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction at balance date, based on current prices in an active market for similar properties in the same location and condition. Independent valuations were undertaken in April 2022 on the Group's Southport Queensland properties and during the year ended 30 June 2021 on the Group's Warwick Farm properties to ascertain the fair value of land and buildings. A revaluation increment of \$2,700,000 has been recorded in the current year in relation to the Southport properties. The Directors have undertaken an assessment on the Warwick Farm property and concluded there is no material movement in the fair value.

### Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Land and buildings \$'000
Balance at 1 July 2020	—
Additions	208,246
AASB 16 write-down adjustment (note 12)	(14,753)
Gains recognised in other comprehensive income	3,519
Depreciation	(281)
Balance at 30 June 2021	196,731
Additions	2,105
Gains recognised in other comprehensive income	2,700
Depreciation	(2,316)
Balance at 30 June 2022	199,220

## Notes to the consolidated financial statements continued

### Note 25. Fair value measurement continued

#### Level 3 assets and liabilities continued

The level 3 assets unobservable inputs and sensitivities used in the fair value calculation are as follows:

Unobservable inputs and sensitivities	2022	2021
Valuation technique	Summation, income capitalisation and direct comparison	Summation, income capitalisation and direct comparison
Key input	External valuations industry benchmarks	External valuations industry benchmarks
Input	Capitalisation rate	Capitalisation rate
Capitalisation rate		
– range	5.0%-6.7%	4.3%-6.7%
– weighted average	6.3%	6.3%
Sensitivity	A slight increase in the capitalisation rate used would result in a significant decrease in fair value and vice versa	A slight increase in the capitalisation rate used would result in a significant decrease in fair value and vice versa
Other key information	Rate/m <sup>2</sup> of net lettable area	Rate/m <sup>2</sup> of net lettable area
Rate/m <sup>2</sup> of net lettable area		
– range	\$239/m <sup>2</sup> -\$577/m <sup>2</sup>	\$98/m <sup>2</sup> -\$329/m <sup>2</sup>
– weighted average	\$350/m <sup>2</sup>	\$288/m <sup>2</sup>
Sensitivity	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa

The key assumptions used are consistent across the Group's land and buildings, which are primarily located in metropolitan Sydney, New South Wales and Gold Coast, Queensland.

### Note 26. Key management personnel disclosures

#### Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2022 \$	2021 \$
Short-term employee benefits	2,548,490	5,083,154
Post-employment benefits	104,316	78,470
Long-term benefits	(1,254)	42,920
Share-based payments	666,120	997,098
	3,317,672	6,201,642

Y  
O  
N  
L  
S  
U  
A  
L  
P  
E  
R  
O  
N  
A  
L  
F  
O  
R  
L

## Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	<b>Consolidated</b>	
	2022 \$	2021 \$
Audit services – Deloitte Touche Tohmatsu		
Audit or review of the financial statements	716,485	530,750
Other services – Deloitte Touche Tohmatsu		
Tax compliance and advisory services	317,592	307,250
Tax due diligence relating to IPO	–	220,000
Finance due diligence relating to acquisitions	605,306	–
Investigating accountants report	–	840,000
Other services	18,581	7,500
	941,479	1,374,750
	1,657,964	1,905,500

## Note 28. Contingent liabilities

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Bank guarantees	4,674	2,422

Bank guarantees are to cover landlord deposits on leased properties and performance of franchise agreement terms.

## Note 29. Related party transactions

### Parent entity

Peter Warren Automotive Holdings Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 32.

### Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the Directors' report.

### Transactions with related parties

During the financial year the Group entered into the following transactions with related entities:

	2022 \$	2021 \$
<i>Revenue received from Director related entities*:</i>		
Sale of goods	282,879	1,988,397
Rental payments	823,406	1,067,654
Shared service charges	6,946,304	6,675,598
<i>Expenses paid/(payable) to Director related entities*:</i>		
Lease payments	5,622,509	8,948,356
Purchase of goods	379,149	2,783,128
Interest payments	–	5,428,568
<i>Receivables/(payables) with related parties</i>		
The following balances were outstanding at the end of the year:		
Amounts receivable from Director related entities*	1,525,195	1,277,124
Amounts payable to Director related entities*	(623,301)	(63,316)

\* Director related entities are entities owned by Paul Warren.

### Other transactions with related parties

During the financial year ended 30 June 2021, a loan in the amount of \$1,250,000 was made to a KMP of the Group (Mark Weaver). The loan is a limited recourse loan and must be repaid out of any proceeds from the sale of loan shares or distributions received in respect of the loan shares. The loan balance as at 30 June 2022 is \$1,233,500 which has been reduced from the previous year by \$16,500 dividend repayment. The loan is interest free and is secured over an equivalent number C class shares acquired by the KMP, which were converted in ordinary shares in the Company on 28 March 2021, at which point the loan became secured over an equivalent number of ordinary shares. The loan has been treated as 'treasury capital' and is offset against the associated secured shares (refer to note 21). Refer to note 36 for further information on the measurement of this share-based payment.

## Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

## Note 30. Parent entity information

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

### Statement of profit or loss and other comprehensive income

	<b>Parent</b>	
	2022 \$'000	Restated 2021 \$'000
Profit after income tax	46,271	65,006
Total comprehensive income	46,271	65,006

### Statement of financial position

	<b>Parent</b>	
	2022 \$'000	Restated 2021 \$'000
Total current assets	13,978	—
Total assets	724,968	561,460
Total current liabilities	11,719	18,996
Total liabilities	201,711	84,996
Equity		
Issued capital	493,872	478,448
Reserves	1,262	119
Retained profits/(accumulated losses)	28,122	(2,103)
Total equity	523,256	476,464

Comparative information has been restated to correct the following:

- reclassification of \$438,700,000 of inter-company balances as current rather than non-current;
- presentation of \$70,600,000 of inter-company asset and liabilities on a gross basis rather than a net basis; and
- inclusion of \$68,500,000 of inter-company dividends received in profit or loss which was appropriately disclosed in accumulated losses in prior year.

## Note 30. Parent entity information continued

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

### Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 31. Business combinations

### Acquisition of Penfold Motor Group

On 1 December 2021 the Group acquired 100% of the ordinary shares of Penfold Motor Group for the total consideration of \$105.863 million. The acquisition consideration to the vendors was in the form of scrip of \$15.424 million and cash of \$90.439 million. The scrip component was priced at \$2.98 per share resulting in 5,175,729 new shares being issued to the Vendors (refer movement in note 21).

The acquisition expands the Group's footprint across the Eastern Seaboard and provides the Group with immediate scale in the Victorian market. Penfold Motor Group represents five brands across ten high quality locations in South and East Melbourne.

The goodwill of \$92.985 million represents the residual value of the purchase price over the fair value of the identifiable assets and liabilities and reflects the future potential profits of the acquired business.

Acquisition related costs have been excluded from the consideration transferred and have been recognised as an expense in the profit or loss for the year ended 30 June 2022.

The values identified in relation to the acquisition of Penfold Motor Group are final as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	1,277
Trade and other receivables	4,643
Inventories	37,213
Other assets	844
Property, plant and equipment	12,027
Right-of-use assets	89,451
Customer relationships	4,131
Deferred tax asset	1,601
Trade and other payables	(10,703)
Provision for income tax	(79)
Deferred tax liability	(1,239)
Employee benefits	(4,692)
Contract liabilities	(89)
Lease liability	(89,451)
Borrowings	(32,056)
Net assets acquired	12,878
Goodwill	92,985
Acquisition-date fair value of the total consideration transferred	105,863
Representing:	
Cash paid to vendor	90,439
Peter Warren Automotive Holdings Limited shares issued to vendor	15,424
105,863	
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	105,863
Less: cash and cash equivalents	(1,277)
Less: shares issued by Company as part of consideration	(15,424)
Net cash used	89,162

## Note 31. Business combinations continued

### Acquisitions (prior year)

The Group acquired the Tweed Coast Mazda (1 June 2021) and Collins Honda (16 June 2021) businesses for a total consideration of \$5,541,000.

These businesses will create opportunities for increased economies of scale when integrated into our other businesses which is representative of goodwill of \$5,500,000 recognised on acquisition.

Details of the acquisitions are as follows:

	Fair value \$'000
Inventories	1,116
Other current assets	4
Plant and equipment	216
Other payables	(74)
Employee benefits	(272)
Borrowings	(949)
Net assets acquired	41
Goodwill	5,500
Acquisition-date fair value of the total consideration transferred	5,541
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	5,541

## Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

<b>Name</b>	<b>Principal place of business/Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2022 %</b>	<b>2021 %</b>
PWA Holdings Two Pty Limited	Australia	100%	100%
PWA Holdings Three Pty Limited	Australia	100%	100%
Peter Warren Automotive Pty Limited	Australia	100%	100%
WP Automotive Pty Limited	Australia	100%	100%
North Shore Automotive Pty Limited	Australia	100%	100%
Sydney North Shore Automotive Pty Limited	Australia	100%	100%
Frizelle Investments Pty Limited	Australia	100%	100%
James Frizelle's Automotive Group Pty Limited	Australia	100%	100%
Southport Mazda Pty Limited*	Australia	80%	80%
Robina Mazda Pty Limited*	Australia	80%	80%
Lismore Mazda Pty Limited*	Australia	80%	80%
Tweed Heads Mazda Pty Limited*	Australia	80%	80%
Sunshine Group Pty Limited*	Australia	100%	100%
PWA Properties Pty Limited	Australia	100%	100%
ACN 648 007 407 Pty Limited (formerly known as PlatesQ Pty Ltd)	Australia	100%	100%
Peter Warren Automotive Investments Pty Limited	Australia	100%	100%
Peter Warren Automotive Holdings Limited Employee Share Trust**	Australia	100%	100%
Penfold Motors Burwood Pty Limited	Australia	100%	—
Doncaster European Pty Limited	Australia	100%	—
Doncaster European Unit Trust	Australia	100%	—
Frankston Motors Pty Limited	Australia	100%	—
Frankston Mazda Unit Trust	Australia	100%	—
Burwood Mazda Pty Limited*	Australia	80%	—
Bayside Mazda Pty Limited*	Australia	80%	—
ACN 655 387 885 Pty Limited	Australia	100%	—

\* Summarised financial information of the subsidiaries with non-controlling interests has not been included as it is not material to the Group.

\*\* On 26 April 2021, the company established an employee share trust, Peter Warren Automotive Holdings Employee Share Trust for the sole purpose of subscribing for, acquiring and holding shares for the benefit of participants under equity remuneration schemes.

### Note 33. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Peter Warren Automotive Holdings Limited\*  
PWA Holdings Two Pty Limited\*  
PWA Holdings Three Pty Limited\*  
Peter Warren Automotive Pty Limited\*  
WP Automotive Pty Limited\*  
North Shore Automotive Pty Limited\*  
Sydney North Shore Automotive Pty Ltd\*  
Frizelle's Investments Pty Ltd\*  
James Frizelle's Automotive Group Pty Limited\*  
PWA Properties Pty Ltd\*  
Peter Warren Automotive Investments Pty Ltd\*  
ACN 648 007 407 Pty Limited (formerly known as PlatesQ Pty Ltd)\*  
ACN 655 387 885 Pty Limited  
Penfold Motors Burwood Pty Limited  
Doncaster European Pty Limited  
Frankston Motors Pty Limited

\* Entities were part of the Closed Group as at 30 June 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.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Peter Warren Automotive Holdings Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

<b>Statement of profit or loss and other comprehensive income</b>	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Revenue	1,546,216	1,500,499
Other income	15,268	22,735
Interest revenue calculated using the effective interest method	146	62
Raw materials and consumables purchased	(1,245,040)	(1,232,594)
Employee benefits expense	(134,384)	(124,829)
Depreciation and amortisation expense	(23,087)	(22,155)
Other expenses	(64,357)	(67,930)
Finance costs	(12,881)	(21,472)
<b>Profit before income tax expense</b>	<b>81,881</b>	<b>54,316</b>
Income tax expense	(24,642)	(17,017)
<b>Profit after income tax expense</b>	<b>57,239</b>	<b>37,299</b>
<b>Other comprehensive income</b>		
Gain on the revaluation of land and buildings, net of tax	1,890	2,463
Other comprehensive income for the year, net of tax	1,890	2,463
<b>Total comprehensive income for the year</b>	<b>59,129</b>	<b>39,762</b>

**Note 33. Deed of cross guarantee** *continued*

<b>Statement of financial position</b>	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>Current assets</b>		
Cash and cash equivalents	39,448	39,292
Trade and other receivables	66,875	57,167
Inventories	255,928	213,555
Other assets	17,692	6,726
	372,943	316,740
<b>Non-current assets</b>		
Other assets	153	153
Property, plant and equipment	244,950	229,837
Right-of-use assets	153,378	100,782
Intangibles	242,299	145,622
Deferred tax	18,034	20,447
	658,814	496,841
<b>Total assets</b>	1,038,757	813,581
<b>Current liabilities</b>		
Trade and other payables	90,556	60,615
Contract liabilities	1,147	1,212
Borrowings	190,306	169,694
Lease liabilities	13,038	10,405
Income tax	10,863	14,424
Employee benefits	20,686	16,981
	326,596	273,331
<b>Non-current liabilities</b>		
Contract liabilities	382	632
Borrowings	58,917	—
Lease liabilities	166,375	115,600
Employee benefits	2,064	1,462
Provisions	210	230
	227,948	117,924
<b>Total liabilities</b>	554,544	391,255
<b>Net assets</b>	484,213	422,326
<b>Equity</b>		
Issued capital	493,872	478,448
Reserves	(45,048)	(48,082)
Retained profits/(accumulated losses)	35,389	(8,040)
<b>Total equity</b>	484,213	422,326

## Note 34. Cash flow information

### Reconciliation of profit after income tax to net cash from operating activities

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Profit after income tax expense for the year	56,513	37,546
Adjustments for:		
Depreciation and amortisation	26,371	24,006
Write off of property, plant and equipment	471	–
Net loss on disposal of property, plant and equipment	–	10
Share-based payments	1,127	762
IPO expenses	–	4,740
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables and other assets	(2,834)	2,290
Increase in inventories	(10,908)	(7,087)
Decrease/(increase) in deferred tax assets	943	(1,858)
Increase in trade and other payables	20,136	7,406
Decrease in contract liabilities	(292)	(148)
(Decrease)/increase in provision for income tax	(3,640)	9,948
Increase in other provisions	301	2,793
Decrease in bailment finance and EMA vehicle funding	(13,328)	(23,860)
Net cash from operating activities	74,860	56,548

### Non-cash investing and financing activities

	<b>Consolidated</b>	
	2022 \$'000	2021 \$'000
Remeasurements to the right-of-use assets	1,951	–
Addition to the right-of-use assets	–	1,260
Shares issued in relation to business combinations	15,424	–
Share issued as consideration for land and buildings	–	96,000
Extinguishment of lease liabilities	–	83,247
	17,375	180,507

## Note 34. Cash flow information continued

### Changes in liabilities arising from financing activities

Consolidated	Borrowings – Capital loan \$'000	Loans from related parties \$'000	Lease liabilities \$'000	Total \$'000
Balance at 1 July 2020	–	88,222	242,530	330,752
Net cash used in financing activities	–	(88,222)	(13,849)	(102,071)
Acquisition of leases	–	–	1,260	1,260
Termination of leases	–	–	(83,247)	(83,247)
Balance at 30 June 2021	–	–	146,694	146,694
Cash from financing activities	70,000	–	–	70,000
Cash used in financing activities	(4,083)	–	(13,073)	(17,156)
Remeasurement of leases	–	–	1,951	1,951
Changes through business combinations (note 31)	–	–	89,451	89,451
Balance at 30 June 2022	65,917	–	225,023	290,940

## Note 35. Earnings per share

	Consolidated	
	2022 \$'000	2021 \$'000
Profit after income tax attributable to the owners of Peter Warren Automotive Holdings Limited	56,513	37,546
<b>Number</b>		
Weighted average number of ordinary shares used in calculating basic earnings per share	169,377,369	74,869,114
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	182,913	44,166
Weighted average number of ordinary shares used in calculating diluted earnings per share	169,560,282	74,913,280
<b>Cents</b>		
Basic earnings per share	33.37	50.15
Diluted earnings per share	33.33	50.12

## Note 36. Share-based payments

### Performance rights issued during the year ended 30 June 2022

Performance rights issued during the year ended 30 June 2022, were issued in accordance with Group's Long-Term Incentive (Equity) Plan. The performance rights are subject to one performance measure, underlying EPS and vest over a 3 year period from 1 July 2021 to 30 June 2024.

## IPO Grant

On 17 May 2021, Mark Weaver, the Chief Executive Officer ('CEO') and Bernard Friend, the Chief Financial Officer ('CFO') were granted 99,137 and 90,517 performance rights respectively following the Company's successful completion of the IPO ('IPO Grant'). The vesting conditions of the performance rights will be that the CEO and CFO remain employed by a Group Company until 31 December 2021 and the Board's subjective assessment of the delivery of financial forecasts set out in the Prospectus, dated 6 April 2021. If either vesting condition is not satisfied, then the participants will forfeit their performance rights in full. The performance rights will issue for nil acquisition price and also have a nil exercise price. The accounting fair value of the IPO Grant is \$2.90.

### 2022

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
06/04/2021	\$0.00	189,654	–	(189,654)	–	–
23/09/2021	\$0.00	–	90,719	–	–	90,719
19/01/2022	\$0.00	–	82,253	–	–	82,253
		189,654	172,972	(189,654)	–	172,972

The fair value at grant date of the performance rights granted on 23 September 2021 and 19 January 2022 was \$2.90 and \$3.06 respectively. The grant date fair value is determined with reference to the underlying share price on grant date, with no adjustments considered necessary to that value based on the terms of the performance rights.

### 2021

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
06/04/2021	\$0.00	–	189,654	–	–	189,654
		–	189,654	–	–	189,654

No performance rights are exercisable at 30 June 2021.

## Loan shares

Mark Weaver holds shares that were issued pursuant to a limited recourse loan (Loan Shares). The Loan attaching to the Loan Shares is limited recourse and must be repaid out of any proceeds from the sale of the Loan Shares or distributions received in respect of the Loan Shares. Any dealings by Mark Weaver in shares will be deemed Loan Shares and any proceeds from such sale will be applied to repay the loan. The Loan Shares will be subject to Peter Warren's Securities Trading Policy and the escrow arrangements.

These Loan Shares are treated in substance and accounted for as options. Mark Weaver was granted a loan of \$1,250,000. The exercise price of \$5 per share is equal to the non-recourse loan value of \$1,250,000. 100% of the grant vested in FY21. The accounting fair value of the loan funded shares is \$1.95. The loan funded shares were valued with an expected life between 5-7 years. The loan balance as of 30 June 2022 is \$1,250,000 and dividends received during the year of \$16,500 has been applied against the share-based payment reserve (note 22).

## Note 37. Events after the reporting period

Apart from the dividend declared as disclosed in note 23, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

# Directors' declaration

30 June 2022

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 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group'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 33 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



**John Ingram**  
Chair

26 August 2022  
Sydney

# Independent auditor's report

to the members of Peter Warren Automotive Holdings Limited

**Deloitte.**

Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Grosvenor Place  
227 George Street  
Sydney, NSW, 2000  
Australia

Phone: +61 2 9322 7000  
[www.deloitte.com.au](http://www.deloitte.com.au)

## Independent Auditor's Report to the Members of Peter Warren Automotive Holdings Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Peter Warren Automotive Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) 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; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *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 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *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. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Recoverability of inventory measured at net realisable value</b></p> <p>As set out in Notes 2 and 11 to the financial statements, management have recognised write-downs on the Group's new and demonstrator vehicles and used vehicles to determine net realisable value ("NRV") of the Group's inventory as at 30 June 2022.</p> <p>The assessment of the write down required to estimate the NRV of demonstrator and used vehicle inventory requires management to exercise judgement based on the age, condition, and brand of the vehicle and historic sales outcomes.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation of identified relevant manual controls over the demonstrator and used vehicle NRV assessment;</li> <li>• Obtaining management's assessment of used and demonstrator vehicle inventory valuations and challenging the appropriateness of the methodology and assumptions;</li> <li>• Validating the ageing and cost, on a sample basis, of demonstrator and used vehicles at the year-end as key inputs into management's calculation of the write down to NRV;</li> <li>• Evaluating management's judgements in estimating used and demonstrator vehicle NRV on a sample basis by: <ul style="list-style-type: none"> <li>• comparing the assessed NRV of vehicles to their respective post year-end sales;</li> <li>• evaluating the carrying value of vehicle inventory to external third-party valuation data;</li> <li>• comparison to historical sales data; and</li> <li>• assessing historical accuracy of inventory NRV adjustments to subsequent sales.</li> </ul> </li> <li>• Assessing the adequacy of the Group's disclosures in Notes 2 and 11 to the financial statements.</li> </ul>
<p><b>Recoverability of goodwill</b></p> <p>As set out in Note 14 to the financial statements, as at 30 June 2022 the Group's goodwill totalled \$238m (30 June 2021: \$145m).</p> <p>Accounting Standard AASB 136 Impairment of Assets requires the carrying value of goodwill and other indefinite useful life intangible assets to be tested for impairment annually.</p> <p>The assessment of impairment of goodwill allocated to the Group's vehicle retailing segment is complex and involves significant judgements in respect of the assumptions and estimates used in preparing discounted cash flow models ('value in use') including the determination of:</p> <ul style="list-style-type: none"> <li>• Discount rates;</li> <li>• Long term growth rates; and</li> <li>• Future cash flows.</li> </ul>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation of the relevant controls over the impairment assessment of goodwill;</li> <li>• Obtaining the value in use model prepared by management to support the impairment assessment for the Group's vehicle retailing segment and;</li> <li>• Comparing the forecast cash flows to the board approved budget and forward order book; <ul style="list-style-type: none"> <li>• Comparing the forecast cash flows to the actual cash flows generated in the current year, and challenging material differences;</li> <li>• Evaluating management's historical forecasting accuracy by comparing actual results to budget;</li> <li>• Assessing the reasonableness of the projected cash flows against external economic and financial data.</li> </ul> </li> </ul>

## Deloitte.

	<p>In conjunction with our valuation specialists:</p> <ul style="list-style-type: none"><li>• Assessing the integrity of the value in use model used, including the mathematical accuracy of the underlying calculation formulas;</li><li>• Challenging key inputs, including the discount rate, terminal growth rate and margin growth rates utilised by management;</li><li>• Performing sensitivity analysis on the future cash flows and discount rates; and</li><li>• Assessing the adequacy of the Group's disclosure in Note 14 to the financial statements.</li></ul>
--	---

### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available 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, 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.

### *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 has 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 this financial report.

## Deloitte.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

For personal use only

## Deloitte.

### *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.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



Tara Hill  
Partner  
Chartered Accountants  
Sydney, 26 August 2022

# Shareholder information

30 June 2022

The shareholder information set out below was applicable as at 22 August 2022.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Performance rights over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total rights issued
1 to 1,000	41	2.68	—	—
1,001 to 5,000	176	11.50	—	—
5,001 to 10,000	245	16.01	6	28.53
10,001 to 100,000	650	42.49	5	71.47
100,001 and over	418	27.32	—	—
	1,530	100.00	11	100.00
Holding less than a marketable parcel	—	—	—	—

## Equity security holders

### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	Ordinary shares
	Number held	% of total shares issued
WF Property Holdings Pty Ltd	33,103,448	19.26
The Warren Family Pty Ltd	30,390,040	17.68
J P Morgan Nominees Australia Pty Limited	16,015,627	9.32
Citicorp Nominees Pty Limited	12,534,656	7.29
UBS Nominees Pty Ltd	10,244,789	5.96
National Nominees Limited	10,143,938	5.90
Quadrant Private Equity No. 5A Pty Limited	7,826,593	4.55
BNP Paribas Nominees Pty Ltd	6,155,476	3.58
HSBC Custody Nominees (Australia) Limited	4,930,037	2.87
Quadrant Private Equity No. 5B Pty Limited	4,817,596	2.80
Wildash (Qld) Pty Ltd	4,009,042	2.33
HSBC Custody Nominees (Australia) Limited – A/C 2	3,713,156	2.16
Quadrant Private Equity No. 5C Pty Limited	3,041,008	1.77
Frizelle Family Company Pty Ltd	2,600,000	1.51
Hog Pty Ltd	1,552,719	0.90
Golden Way Investments Proprietary Limited	1,552,719	0.90
S.A.J. Nominees (Vic) Pty Ltd	1,293,932	0.75
Warbont Nominees Pty Ltd	1,150,753	0.67
Wildash (Qld) Pty Ltd	1,011,179	0.59
Brispot Nominees Pty Ltd	720,011	0.42
	156,806,719	91.21

## Shareholder information continued

### Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares issued	172,972	11

The following person holds 20% or more of unquoted equity securities:

Name	Class	Number held
Mark Weaver	Performance rights over ordinary shares issued	39,758

### Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Warren Family	63,493,488	36.93
JP Morgan Nominees Australia	16,015,627	9.32
Quadrant Private Equity	15,685,197	9.12
Citicorp Nominees Australia	12,534,656	7.29
USB Nominees Australia	10,244,789	5.96
National Nominees	10,143,938	5.90

### Voting rights

The voting rights attached to ordinary shares are set out below:

#### Ordinary shares

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.

There are no other classes of equity securities.

For personal use only

This page has been left blank intentionally.

For personal use only

This page has been left blank intentionally.

# Corporate directory

30 June 2022



## Directors

John Ingram – Chair  
Paul Warren  
Catherine West  
Niran Peiris

## Company secretary

Bernard Friend

## Notice of annual general meeting

The details of the annual general meeting of Peter Warren Holdings Limited are:

The annual general meeting will be held on Tuesday, 25 October 2022

Closing date for receipt of Director nominations: Tuesday, 23 August 2022

## Registered office

13 Hume Highway  
Warwick Farm  
NSW 2170

Tel: +61 2 8777 5858

## Principal place of business

13 Hume Highway  
Warwick Farm  
NSW 2170

Tel: +61 2 8777 5858

## Share register

### [Link Market Services Limited](#)

Level 12  
680 George Street  
Sydney NSW 2000

Tel: +61 2 8280 7001

## Auditor

### [Deloitte Touche Tohmatsu](#)

Grosvenor Place  
225 George Street  
Sydney NSW 2000

## Solicitors

### [Hunt & Hunt Lawyers](#)

1 Bligh Street  
Sydney NSW 2000

## Bankers

### [Westpac Banking Corporation](#)

275 Kent Street  
Sydney NSW 2000

## Stock exchange listing

Peter Warren Automotive Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: PWR)

## Website

[www.pwah.com.au](http://www.pwah.com.au)

## Business objectives

In accordance with Listing Rule 4.10.19 the Company confirms that the Group has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period in a way that is consistent with its business objectives.

## Corporate Governance Statement

The directors and management are committed to high standards of corporate governance. Peter Warren's Corporate Governance Statement sets out our commitment to best practice corporate governance in compliance with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ("Recommendations"), to the extent appropriate for the size and nature of Peter Warren's operations.

The Corporate Governance Statement is to be lodged with ASIC on 26 August 2022 and has been approved by the Board of Directors. The Corporate Governance Statement can be found at <https://www.pwah.com.au>.

For personal use only



Peter Warren  
Automotive  
Holdings

[www.pwah.com.au](http://www.pwah.com.au)

