

22 August 2023

## Peter Warren Automotive Holdings Limited

### Appendix 4E and 2023 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 the following information:

1. Appendix 4E, the Preliminary Final Report for the year ended 30 June 2023; and
2. 2023 Annual Report.

This announcement was authorised for release by the Board of Peter Warren Automotive Holdings Limited.

-END-

#### 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 80+ franchise operations and represents more than 27 OEMs across the Volume, Prestige and Luxury segments. Peter Warren operates across the eastern seaboard under various banners including Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group, Bathurst Toyota and Volkswagen 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:

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## Appendix 4E

Preliminary final report

### 1. Company details

Name of entity: Peter Warren Automotive Holdings Limited

ACN: 615 674 185

Reporting period: For the year ended 30 June 2023

Previous period: For the year ended 30 June 2022

### 2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	21.5%	to	2,060,908
Profit from ordinary activities after tax attributable to the owners of Peter Warren Automotive Holdings Limited	down	0.3%	to	56,362
Profit for the year attributable to the owners of Peter Warren Automotive Holdings Limited	down	0.3%	to	56,362

#### Comments

The profit for the Group after providing for income tax amounted to \$56,362,000 (30 June 2022: \$56,513,000).

Refer to 'Operating and financial review' in the Directors' report for further commentary.

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	179.83	156.72

Right-of-use assets and lease liabilities have been excluded from the net tangible assets calculation.

### 4. Control gained over entities

Not applicable.

### 5. Loss of control over entities

Not applicable.

## Appendix 4E continued

## 6. Dividends

## Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2022	13.00	13.00
Interim dividend for the year ended 30 June 2023	11.00	11.00

On 22 August 2023, the Directors declared a fully franked dividend of 11.0 cents per fully paid ordinary shares with a record date of 5 September 2023 to be paid on 3 October 2023.

## Previous period

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 30 June 2022	9.00	9.00

## 7. Dividend reinvestment plans

Not applicable.

## 8. Details of associates and joint venture entities

Not applicable.

## 9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

## Appendix 4E continued

### 10. Audit qualification or review

#### Details of audit/review dispute or qualification (if any):

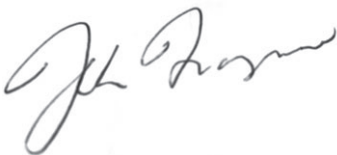
The financial statements have been audited and an unmodified opinion has been issued.

### 11. Attachments

#### Details of attachments (if any):

The FY23 financial statements of Peter Warren Automotive Holdings Limited for the year ended 30 June 2023 are attached.

### 12. Signed



**John Ingram**  
Chair

22 August 2023



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Peter Warren  
Automotive  
Holdings

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## Annual Report 2023

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Peter Warren is an Automotive Dealership group with a rich heritage that has been 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.

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

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**ECC**  
Euro Collision Centre

Mercedes-Benz  
North Shore



**FRIZELLE SUNSHINE**  
AUTOMOTIVE

**PENFOLD**  
SINCE 1964

 **MacarthurAutomotive**  
.com.au

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

  
**Sydney North Shore**  
AUTOMOTIVE

 **SYDNEY SOUTH**  
AUTOMOTIVE

 **PWA REGIONAL**



# Financial Highlights

## FY2023 Statutory Results

### Revenue

**\$2,073m**

FY22 Revenue: \$1,711m



**\$362m growth**

### EBITDA

**\$139.7m**

FY22 EBITDA \$122.7m



**14% growth**



A total dividend of  
22.0 cents per share,  
in line with FY22.

Profit before tax

**\$81.1m**

FY22 PBT \$80.8m



Net profit after tax

**\$56.4m**

FY22 NPAT \$56.5m



# 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 2023 financial year (FY23).

Peter Warren operates in a dynamic industry and has continued to be pro-active in mitigating the challenges around variability in vehicle supply, cost inflation and higher interest rates. The team have diligently executed against our strategic pillars, with good progress in the year, which the Board and I are very pleased with.

With a remarkable legacy, Peter Warren stands as a prominent automotive dealer and service provider, serving the Australian market for more than six decades. Over the years, the Company has expanded its footprint, establishing a thriving network of over 80 dealerships across the eastern seaboard of Australia. Founded by Peter Warren himself, the business has grown into a trusted family enterprise, driven by a collegiate culture that places relationships at the heart of what we do. This proud tradition carries on steadfastly to this day and importantly as we have embraced like-minded businesses to our Group.

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 to grow via both organic means and through acquisition, to achieve further scale benefits.

## Delivering on our consolidation strategy

Shortly, after year end, the Group achieved a major strategic milestone, investing in Australia's market leader, Toyota. Peter Warren completed the acquisition of a majority share in three dealerships in New South Wales, being the Toyota dealership at Warwick Farm and the Toyota and Volkswagen dealerships in Bathurst, for a total consideration of \$45m on 7 July 2023.

The Volkswagen and Toyota operations are well-run dealerships, and we are delighted to welcome them to Peter Warren. I'd like to take this opportunity to extend my welcome to the over 110 employees who are joining the group.

This acquisition will deliver significant value to shareholders and will be immediately EPS accretive after funding costs.



As we continue to evaluate growth opportunities, this acquisition provides further opportunity for expansion into a highly fragmented market.

### Our people and our culture

Since our Company was founded over 60 years ago, its success has been underpinned by our team members, who now total over 2,000. 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. We continue to focus on the safety and wellbeing of our people.

Our founder families continue to remain as significant shareholders in the business, with the Warren family holding approximately 37.0% interest.

### In closing

I'd like to take this opportunity to thank my fellow Directors for the dedication and commitment to the Company. I'd also like to thank the Peter Warren team for their extraordinary hard work and perseverance. I would like to extend

my sincere appreciation to Victor Cuthell, our Chief Financial Officer, who has completed a successful first year with the Group.

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

Yours sincerely,



**John Ingram**  
Chair





# Chief Executive's Review



Fellow shareholders,

I am pleased to report on a solid FY23 performance for Peter Warren, which reflects the diversity of our revenue streams and validates Peter Warren's position as an automotive partner of choice for both our customer and the OEMs we represent. It is a credit to our teams who continue to deliver exceptional customer experiences whilst adapting to a changing environment.

## FY23 performance

We experienced improvement in vehicle supply in some OEM brands during the year, however consistency in supply, port congestion and challenges associated with product mix remain. Improving new vehicle availability has been a factor in driving the sales increase of 21.1% (12.3% excluding Penfolds), alongside growth in the Parts and Service elements of our business as we embrace new technologies and achieve scale economies in these operations. Demand is supported by a strong order book which remains at record levels. Our June 2023 order book is up 130% since June 2021 and we expect to benefit from an orderly and steady unwind in the periods to come.

## Some financial highlights for the FY23 year include:

- Revenue of \$2,073 million, up 21% (FY22: \$1,711 million);
- Underlying EBITDA<sup>(1)</sup> of \$140.5 million, up 8.0% (FY22: \$130.1 million);
- Underlying Profit Before Tax (PBT)<sup>(1)</sup> of \$81.9 million, down 7.2% (FY22: \$88.2 million);

- Statutory Earnings Per Share (EPS) of 32.8 cents (FY22: 33.4 cents);
- Strong financial position, with low net debt and significant capacity to debt-fund acquisitions;
- Final dividend of 11.0 cents per share (cps), fully franked, taking the annual dividend to 22.0 cents per share (FY22: 22.0 cps)

## Strategic pillars

The Group remains consistently focused 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 focusing on the east coast of Australia; and
- Evolution of our property portfolio** – ownership or long-term leases of key strategic properties, providing flexibility and expansion potential.

The Group has actively pursued each of these avenues for growth throughout the year, delivering cost management and recovery strategies, enhancing our physical and digital offerings to consumers and implementing national alignment and process improvements.

We continue to take a disciplined approach to the evaluation of acquisition opportunities, with

(1) Underlying result excludes acquisition related expenses (FY23: \$0.8 million; FY22: \$2.3 million) and flood recovery costs (FY23: Nil, FY22: \$5.1 million).

“Strong financial position, with low net debt and significant capacity to debt-fund acquisitions.”

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completion of the Toyota and Volkswagen dealerships just after year end. This has been a significant milestone for us, and we're delighted to welcome Australia's market leader into our stable of brands and look forward to opening up further opportunities for us.

I would like to extend a special thanks to our OEM, financier and supply partners in supporting us to achieve our objectives. These relationships are vital not only to the success of our businesses but also to our commitment to continuous improvement and the core values we uphold as an organisation.

### Safety of our people

As John stated in his letter, we continue to focus on the safety and wellbeing of our people.

During the year, however, there was a major incident at our facility in Queensland and some of our valued team members suffered serious injuries requiring medical attention. In the days following the incident, regrettably, one of these team members lost his life. We offer our sympathies and continued support to the families and team members involved. We remain committed to providing safe facilities for our teams and customers.

I would like to offer my thanks to many of our people for their bravery in providing aid, support and comfort, immediately following the incident and in the months since.

### Our people and customers

We continue to embrace the culture which our founders installed into our business over 60 years ago. These core G.I.F.T. (Growth. Integrity. Focus. Teamwork.) principles are at the heart of our value-driven business.



Recognition of our efforts in training has been a highlight with our 3rd concurrent nominations for the 2023 NSW Training Awards for Large Employer of the Year. We also are delighted to be a 2023 Australia Training Awards National Finalist for the Innovation Award. A great credit to our efforts in addressing the skills shortage and developing our workforce for the future roles our industry will require.

Talent attraction and retention remains a challenge for our industry, and we have continued the investment in the development of our people with over 50 new apprenticeships and traineeships as we embrace training and advancements in new energy vehicle technology.

### Increased focus on Sustainability

We have focused again this year on sustainability measures, and I am pleased to have completed the work on defining our carbon footprint. We now have an accurate baseline of current carbon emissions and therefore an improved understanding of the steps required to reduce them.

When combined with the results of energy audits, we have identified a range of areas, in which we can not only improve our sustainability journey but address operational costs in the year ahead.

### Looking ahead

During FY23, we have demonstrated a proactive and disciplined approach to driving revenue, with double digit

growth in all key revenue streams across our business. This clearly demonstrates our revenue diversity and a willingness to support our OEM partners and provide for sustainable income streams when external factors influence our ability to deliver vehicles. We head into FY24 with this momentum, underpinned by the strength of our order book.

With our strategic priorities well established, we will continue to execute those plans to ensure we deliver on both our organic and acquisitive growth ambitions. Organically, we expect growth from a range of capabilities including consumer focused initiatives, technology-based solutions, cost recovery measures and an improving vehicle supply.

Our group is well placed to take advantage of this market and continue to act as a consolidator, and we have the capital management plan to execute when required.

Our industry will continue to change and evolve, as will our customer's expectations. I expect the rate of change to continue to increase and our ability to remain resilient and adapt remains vital to our success. This truly is an exciting time to be in Automotive and I look forward with great ambition about the many opportunities that exist for our business, our partners, our people and our customers.

Yours sincerely,

**Mark Weaver**  
Chief Executive Officer

# Environmental, Social and Governance

At Peter Warren we recognise our position as a responsible business, and we are committed to making a positive difference to all of our stakeholders, including our customers, our communities, our investors, and our people. Below we detail our key Environmental, Social and Governance (ESG) practices, which we are committed to building upon and reviewing on an ongoing basis.



## 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 partnering with our original equipment manufacturers (OEM's) to adopt sustainable practices in the manufacture of the products we sell.



### Our Vehicles:

Peter Warren are proud ambassadors for 27 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 regard 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 potentially 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 EVs;

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

As Australia continues to address many of these issues, Peter Warren is focused on the elements we can control, which include upskilling our people with the advancement in electric vehicle technology. We have organised for 20 technicians to commence a second trade qualification in automotive electrical technology. We have also enhanced consumer education through the development of EV specific websites 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.

In the current year, we have also partnered with our OEMs as they have expanded the range of Hybrid and Electric vehicles. This trend is expected to continue and we are well prepared for the continued evolution of these products. We will continue to partner with OEMs to deliver new energy vehicles onto Australian roads.

### 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 includes 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 compliant.

### 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.



## Environmental, Social and Governance cont.

### Delivering on our Sustainability strategy

As part of delivery of our sustainability strategy we have partnered with 3E Netzero Group Pty Ltd (formerly EcoSave) to undertake the following sustainability initiatives:

#### Energy Audits and Energy Conservation Measures

In 2022, we engaged an external company, 3E Netzero Group, to undertake energy audits at our major locations. These audits identified a range of energy conservation measures (ECMs) which we have evaluated and prioritised. In FY23, we commenced executing on some of the measures including the installation of solar panels and LED lighting at certain locations. We are committed to further capital investment in the year ahead.

#### Measuring our Carbon footprint

In June 2023, 3E Netzero Group completed a carbon footprint review, which included the development of a portfolio wide carbon footprint inventory to determine Peter Warren Automotive's carbon footprint.

This work built on the energy audits that were conducted at the Warwick Farm, Southport and Burwood sites.

The carbon footprint review has delivered Peter Warren Automotive an accurate baseline of its current carbon emissions and therefore an improved understanding of the steps required to reduce carbon emissions from its operations. This also puts us in a position to consider environmental impacts when making future business decisions.

The carbon footprint has been calculated for Scope 1 and 2 emissions which are defined by the Greenhouse Gas Protocol / Climate Active methodologies as follows:

- Scope 1 emissions include all direct greenhouse emissions from sources that are within the organisations control boundary. These could be emissions from fuel use, refrigerants and on-site electricity generation.
- Scope 2 emissions include purchased electricity, heat, cooling and steam (i.e. energy produced outside the organisations control boundary but used within the organisation).

The carbon assessment completed has assessed our emissions as follows:

Tonnes of CO2	2021 – 2022
Scope 1	3,195
Scope 2	8,919
Total Scope 1 & 2	12,114

Approximately 67% of the Scope 1&2 emissions profile assessed resulted from grid-supplied electricity, with 23% resulting from our mobile combustion (fleet) vehicles.

The detailed report also identified the location and magnitude of carbon emissions currently in our business, as well as information on practical next steps. The report also included recommendations for improvements in data collection, which we will consider as our emissions data collection and reporting processes mature.

“We are also working on improving our capabilities through the delivery of electrical training to our workshop teams.”



## Social

### Peter Warren Foundational Values

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

Our core values have been at the heart of our values-driven business since its inception in 1958. Many things have changed in 65 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 65 years. G.I.F.T. was subsequently launched as the standard by which we interact with all our stakeholders, both internally and externally.

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.

This quarter we celebrated G.I.F.T. through our rewards and recognition program. Historically, length of service across NSW and QLD have been recognised through the issuing of trophies. The company has implemented a new initiative, which was adopted by our VIC arm, which replaced trophies with wooden blocks.

Length of Service blocks are provided to employees in 5-year increments. As part of project launch, the People and Culture lead project captured all existing employee's length of service. The Length of Service blocks were presented to employees through celebration events across the states.



**G.I.F.T.**  
Growth Integrity Focus Teamwork

#### 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 delivery on common goals. We are a safe and diverse environment for everyone



## Environmental, Social and Governance cont.

### 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 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.

Peter Warren's DRIVE program continues to grow across all states to provide 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.

In FY23, we had 73 employees in NSW and 80 employees in QLD enrol into our D.R.I.V.E program. The programs vary from certified technical and other diploma qualified courses to expand employee's technical, leadership and communication skills across the business.

Our Victorian business currently runs apprenticeship programs for automotive technicians and parts interpreting opportunities. We are currently integrating the Penfold Motor Group into our D.R.I.V.E program.



Our Queensland business offers apprentices both on-site technical and brand manufacturer training. Apprentice productivity and efficiencies are reviewed regularly for the "Apprentice of the Quarter" recognition program. All apprentices are also considered for the "Apprentice of the Year", assessed on their suitability, award criteria and judging requirements.

Our Queensland training programs have been recognised through our business being awarded in the below categories:

- Large Employer Category Queensland State;
- Large Employer Category South East Queensland;
- 4th Year Apprentice of the Year Audi Technical Training;
- 3rd Year Apprentice of the Year Mazda Technical Training;
- 2nd Year Apprentice of the Year TAFE Queensland;
- 1st Year Apprentice of the Year Hyundai Training;
- 3rd Year Apprentice of the Year Hyundai Training; and
- 2nd Year Apprentice of the Year Volkswagen Training Academy.



#### Develop

Continual personal development, and mentorship



#### Reward

Optimising career progress pathways and market driven performance-based



#### 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



#### Empower

Through flexible scheduling, bespoke career mapping and self-paced learning

Our New South Wales business offers a range of courses across automotive, business, customer service and leadership. In addition to these offerings, NSW are currently providing or assisting with the following partial qualified programs:

- Training for Microsoft Excel; and
- Hot Works (Workplace Health and Safety).

Our New South Wales training programs have been recognised through our business being awarded the below categories:

- 2021 NSW Training Awards Large Employer of the Year – Winners;
- 2021 Australian Training Awards Large Employer of the Year – Winners;
- 2022 NSW Training Awards Large Employer of the Year – Runners-up;
- Macarthur Workplace Learning Program (MWLP) – Host-Employer of the Year 2019, 2021, 2022;
- 2023 NSW Training Awards Large Employer of the Year – Finalist Nominees;
- 2023 NSW Training Awards Collaboration Award (Partnership with TAFE NSW) – Finalist Nominees; and
- 2023 Australian Training Awards – Employer Award (Innovation) – Finalist Nominees.

## Safety of our people

The Health, Safety and Wellbeing of our people and our customers is a fundamental responsibility we accept and take seriously.

During the year, we continued to enhance our protocols around workplace practices and safe facilities. Our Hazard Reporting Platform, “Report It Don’t Ignore It”, continues to grow and is now well established amongst our workforce. It has and will continue to promote and track all essential corrective actions. This was a key focus of our National Safety Day which was held in May 2023.

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

Key Health, Safety and Wellbeing activities completed in FY23 included:

- Improved safety processes relating to high-risk plant and equipment. These processes include automated procedures for start of day and monthly safety checks;
- Roll-out of safety induction training videos for all new staff;
- Establishing a National hazardous chemicals register; and
- Improved control measures for storing and handling chemicals.





Environmental, Social and Governance *cont.***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 (WEGA) 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)).

Initiatives undertaken in the year included:

- Gender remuneration analysis carried out to determine gaps across the Group;
- Increase in male employees taking parental leave;
- Inclusive recruitment framework embracing all race, ethnicity, gender, and age to have an opportunity to succeed;
- Increased awareness of Diversity and Inclusion through annual mandatory training modules;
- Increased support for all employees in Domestic Violence and Mental Health initiatives; and
- Increased data collection for the following dimensions (Non-Binary; Aboriginal and/or Torres Strait Islander; Ethnicity; Place of Birth) with a voluntary option for feedback.

The composition of our workforce is as follows:

	30 June 2023		30 June 2022	
	Male	Female	Male	Female
Board	75%	25%	75%	25%
Senior Executive <sup>(1)</sup>	93%	7%	93%	7%
Whole of company	75%	25%	77%	23%

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

Our objectives for FY24 year include:

- Further expansion of our internal and external programs to achieve more in Diversity and Inclusion;
- Measuring the effectiveness of our programs;
- Continuing to enhance and embrace cultural humility;
- Introducing progressive retirement opportunities through education and support;
- Increasing the use of the Group Parental Leave program;
- Establishing mentoring support programs for employees from non-Australian backgrounds; and
- Continuing to work towards increasing our gender equality at the management level.

## 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 the year we continued to strengthen our digital defences with the aim of reducing the risk of cyber security breaches. Key activities undertaken during the year included:

- Mandatory e-learning for all staff around cyber security awareness;
- Establishing a new cyber security partnership;
- Establishment of a 3rd party 24x7x365 security operations centre;
- Continued testing of staff through attack simulation training and education;
- Implementation of data retention policies;
- Implementation of data classification policies and technologies; and
- Greater protections around customer data.

We remained focused on staying ahead of emerging threats with the aim of continuing to meet our commitment to safeguard our digital systems and data.

### Corporate Governance and policy setting

Peter Warren's Board of Directors has 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.

The governance policies referenced in the Company's Corporate Governance Statement are available at <https://www.pwah.com.au/site/investor-centre/corporate-governance>

Employee education is a principal aim of Peter Warren and our teams undertake an annual training on these governance policies via our e-learning tools. We monitor acknowledgment and understanding of these policies via our employment systems.

### 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 22 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 23 of the  
Director's Report for more  
information on Catherine West.



### Paul Warren

Executive Director

Please see page 23 of the  
Director's Report for more  
information on Paul Warren.



### Niran Peiris

Lead Independent  
Non-executive Director

Chair of the Audit  
and Risk Committee

Member of the People and  
Remuneration Committee

Please see page 24 of the  
Director's Report for more  
information on Niran Peiris.

## Other Key Management Personnel



### Mark Weaver

Chief Executive Officer

Mark has 17+ 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.



### Victor Cuthell

Chief Financial Officer and Company Secretary

Victor is Peter Warren Automotive Holdings' Chief Financial Officer and Company Secretary, responsible for the company's accounting, finance, risk and compliance functions. Victor has 20 years of experience as a CFO, largely in the automotive and retail sectors. Before joining the Company Victor was the CFO of Craveable Brands, the company behind Oporto, Red Rooster and Chicken Treat. Victor also spent 6 years as the Australian CFO of Inchcape Plc, the UK-listed automotive retailer and distributor.

Victor holds a Bachelor of Arts (Honours) in Accountancy and Finance, is a qualified chartered accountant and a Graduate Member of the Australian Institute of Company Directors.

## Financial Information

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# Directors' Report

30 June 2023

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 2023.

## 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  
Niran Peiris – Lead Independent Non-executive Director  
Paul Warren – Executive Director  
Catherine West – Independent Non-executive Director

## Principal activities

The principal activities of the Group during the year were the sale of new and used motor vehicles, sale of finance and insurance products on behalf of retail financiers and automotive insurers, sale of parts, accessories and car care products, motor vehicle servicing and collision repair 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:

	Consolidated	
	2023 \$'000	2022 \$'000
Interim dividend for the year ended 30 June 2022 of 9 cents per fully paid ordinary share (fully franked)	–	15,473
Final dividend for the year ended 30 June 2022 of 13 cents per fully paid ordinary share (fully franked)	22,350	–
Interim dividend for the year ended 30 June 2023 of 11 cents per fully paid ordinary share (fully franked)	18,911	–
	41,261	15,473

On 22 August 2023, the directors declared a fully franked dividend of 11.0 cents per fully paid ordinary shares with a record date of 5 September 2023 to be paid on 3 October 2023.

## Directors' Report continued

### Operating and financial review

#### Financial result summary

Financial results for the year ended 30 June 2023 (FY23) are summarised as follows:

Financial Results	2023 \$'m	2022 \$'m	Variance %
Revenue	2,073.1	1,711.3	21.1%
Gross profit	392.5	342.5	14.6%
EBITDA – underlying	140.5	130.1	8.0%
Flood recovery costs	–	(5.1)	–
Acquisition related expenses	(0.8)	(2.3)	–
EBITDA	139.7	122.7	13.9%
EBIT	108.9	96.3	13.1%
PBT – statutory	81.1	80.8	0.3%

#### FY23 results overview

**Sales revenue growth of 21.1%:** reflects strong volume growth, the result of our ongoing focus on growing our diverse revenue streams and the incremental contribution from the recently acquired Penfold Motor Group. Revenue growth excluding Penfolds was 12.3%.

**Underlying EBITDA grew by 8.0%,** reflecting a modest reduction in gross margin and the impacts of cost inflation during the year.

**Gross margin % declined 110bps** during the year (from 20.0% to 18.9%). This incorporated the impact of the agency model, lower used vehicle margins as inventory was reset to reflect new market conditions, and a small reduction in income from the Apprentice Booster program. However, the growth in revenues from increased apprentice vehicle technicians and from growth in vehicle volumes sold more than offset the reduction in gross margin percentage.

**Operating Expenses** saw a step up following the acquisition of the Penfold's business. We also experienced cost-inflation pressures and implemented a cost control program which incorporated wage increases below inflation; cost recovery programs in service and parts; cost and procurement reviews.

**Interest costs** increased by \$12.2 million on the prior year, with floorplan interest up \$8.6 million due to higher interest rates, and increased inventory. In addition, there was a \$2.2 million interest increase for acquisition-related debt which stepped up during FY22.

#### Underlying EBITDA

The directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the Group. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The Group's reconciliation of its statutory net profit after tax ('NPAT') for the current and previous year to underlying EBITDA is as follows:

	2023 \$'m	2022 \$'m
Net profit after tax	56.4	56.5
Add:		
Depreciation and amortisation	30.8	26.4
Income tax expense	24.8	24.3
Net interest	27.7	15.5
Flood recovery costs	–	5.1
Acquisition related expenses	0.8	2.3
Underlying EBITDA	140.5	130.1

## Directors' Report continued

### Material Risks

The Group operates in a dynamic and evolving environment. During the reporting period the strategic risk profile of the business was reviewed by the leadership team and the Audit & Risk Committee.

Material risks that could adversely affect our operations, performance and delivery of our strategy are outlined as follows:

#### Original equipment manufacturers (OEM) relationships and dealership agreements

Peter Warren has the right to sell new vehicles and OEM parts and service and repair certain OEM branded vehicles pursuant to dealership agreements and agency agreements. As revenue generated from these activities represents a major part of Peter Warren's revenue streams, 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. Our longstanding OEM relationships are an important platform for our ongoing success.

#### Supply chain

All new vehicles sold by Peter Warren are manufactured overseas, so factors that affect the manufacture and supply of vehicles may adversely impact the Company's financial performance. Such factors that affect the supply chain include:

- Geopolitical instability and tensions;
- Port and shipping delays;
- Semi-conductor shortages; and
- Labour supply issues impacting various parts of our supply chain.

Our strong order book provides us with short-term certainty regarding our earnings profile. We continue to engage with our customers regarding expected delivery timeframes, where these are extended.

#### New energy vehicle developments

The innovations in relation to new energy vehicles (including battery electric, hybrid and plug-in hybrid vehicles) are expected to impact the automotive dealership industry over the next decade. There is a risk that as these changes occur, customer demand for new energy vehicles may vary from the vehicle supply by OEMs and servicing requirements may change.

Additionally, Peter Warren will need to re-skill showroom and workshop staff to adapt to and understand new energy vehicle 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 investing in and 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 motor vehicles and working in vehicle service departments and parts warehouse facilities. Should an employee be injured during their employment, Peter Warren may be liable for penalties or damages. 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 and continue to invest in the development of our work health and safety practices that support and promote safety amongst our workforce. Despite this, during the year, following an incident at our Arundel facility on the Gold Coast, one of our valued team members lost their life in the days after the incident and others suffered severe injuries requiring medical attention.

## Directors' Report continued

### Macroeconomic environment

Peter Warren cannot control the current macroeconomic and future macroeconomic environment it operates in. Government policies, inflation and increasing interest rates can put pressure on consumer discretionary spending, which may impact the products we sell.

Peter Warren continues to monitor the macroeconomic environment it operates in and has a number of initiatives in place to mitigate such pressures.

### 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 has several risks, including failure to identify acquisition targets or greenfield opportunities, and inability to establish favourable terms for an acquisition. The realisation of these risks may limit Peter Warren's growth opportunities.

We continue to take a disciplined approach to executing our expansion strategy.

### Data and information management

Peter Warren has proactively protected its information technology systems and data throughout the year. There is a risk that these systems may fail to perform 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, financial performance, and reputation.

In FY23, the following strategies have been activated to mitigate these risks:

- Mandatory e-learning for all staff around cyber security awareness;
- Establishing a new cyber security partnership;
- Establishment of a 3rd party 24x7x365 security operations centre;
- Continued testing of staff through attack simulation training and education;
- Implementation of data retention policies;
- Implementation of data classification policies and technologies; and
- Greater protections around customer data.

Amidst the execution of these strategies, we remained focused on staying ahead of emerging threats with the aim of continuing to meet our commitment to safeguard our digital systems and data.

### Significant changes in the state of affairs

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



## Directors' Report continued

### Matters subsequent to the end of the financial year

#### Acquisition of Toyota and Volkswagen dealerships

The acquisition of a majority share in three related party dealerships in New South Wales, being the Toyota dealership at Warwick Farm and the Toyota and Volkswagen dealerships in Bathurst was completed on 7 July 2023.

The total estimated purchase price of \$45.0 million is comprised of provisional goodwill (\$50.6 million) and estimated net assets (\$1.8 million), less the relevant minority interest (\$7.4 million). The acquisition was funded with \$37.0 million of debt from existing debt providers under a master debt facility, with no additional security provided. The remaining \$8.0 million was funded from cash.

Apart from the dividend declared as disclosed in note 23 and the matters mentioned above, no other matter or circumstance has arisen since 30 June 2023 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>	<b>John Ingram</b>
<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 has 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>	None
<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

## Directors' Report continued

<b>Name:</b>	<b>Paul Warren</b>
<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 48 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 ASX listing, Paul transitioned his CEO duties to Mark Weaver but remained 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>	63,580,000 ordinary shares
<b>Interests in rights:</b>	22,171 rights over ordinary shares
<b>Name:</b>	<b>Catherine West</b>
<b>Title:</b>	Independent Non-executive Director
<b>Qualifications:</b>	Bachelor of Laws (Hons), Bachelor of Economics – Sydney University, 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>	Catherine 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>	<b>Niran Peiris</b>
<b>Title:</b>	Lead 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 exclude 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 exclude directorships of all other types of entities, unless otherwise stated.

## Company secretary

## Victor Cuthell

Mr Victor Cuthell commenced in the role of Chief Financial Officer on 21 November 2022 and was appointed as Company Secretary and as the person responsible for communications with the ASX in accordance with ASX Listing Rule 12.6, effective 15 December 2022.

## Bernard Friend (retired on 31 December 2022)

Mr Bernard Friend retired as Chief Financial Officer on 31 December 2022 and as Company Secretary, effective 15 December 2022.

## Meetings of Directors

All Directors may attend Board Committee meetings even if they are not a member of the relevant Committee. The number of meetings of the Company's Board of Directors and of each Board Committee held during the period ended 30 June 2023 is set out below:

	Meetings of Committees			
	Directors' Meetings	Audit and Risk Committee	People and Remuneration Committee	Independent Board Committee <sup>^</sup>
Total number of meetings	13	5	6	6

Director	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
John Ingram	13	13	5	5	6	6	6	6
Catherine West	13	13	5	5	6	6	6	6
Niran Peiris	13	13	5	5	6	6	6	6
Paul Warren	13	12	—	3	—	5	—	—

<sup>^</sup> Independent Board Committee in relation to the Toyota and Volkswagen dealerships acquisition.

## Directors' Report continued

# Remuneration report

## 1. Letter from Committee Chair

On behalf of the Board, I am pleased to present the FY23 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 ended 30 June 2023.

### Group Performance

Peter Warren has had a successful year, delivering a solid result with revenue growth of 21.1%, EBITDA growth of 13.9%, and PBT and NPAT results in line with last year. This result was delivered through strong unit growth in both new and used vehicles. The diversity of our revenue streams is highlighted by the strong revenue growth in parts (up 29%), service (up 23%), aftermarket (up 18%) and finance and insurance (up 8%).

We also progressed the Company's strategy as a market consolidator announcing the purchase of Peter Warren Toyota at Warwick Farm and the Toyota and Volkswagen dealerships in Bathurst, which completed on 7 July 2023.

As Mark Weaver stated in his letter, we remain committed to providing safe facilities for our teams and customers at all times and in providing support to our people and their families following the incident in Arundel.

### Executive Changes

Victor Cuthell commenced in the role of Chief Financial Officer on 21 November 2022 and Company Secretary on 15 December 2022. Mr Bernard Friend stepped down as Chief Financial Officer 21 November but remained as Company Secretary until 15 December 2022 to assist in the transition until he retired on 31 December 2022. On behalf of the Board, I would like to thank Mr Friend for his dedication and exemplary service over his 40 years of his career with Peter Warren, including his contribution to the Company's successful listing. In recognition of that service, the Board approved an ex-gratia payment of \$360,500 to Mr Friend. The Board wishes Bernard well in his retirement.

### FY23 Remuneration Framework

The Peter Warren Executive KMP remuneration framework is designed to attract, retain and motivate Peter Warren's executives and to align reward for senior executives 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 comprising a short-term incentive (STI) with a deferred element and a long-term incentive (LTI) with rights to shares. An exception is made for Executive Director Paul Warren, given his significant exposure as a shareholder his FY23 package consisted of fixed remuneration and an STI comprising cash only and no LTI.

FY23 was the second year of operation and there were only minor changes from the prior year which are set out in the report. Under the FY23 framework, the Executive KMP STI is structured with 80% allocated to achievement of Group NPAT and 20% weighted to achievement of individual objectives focused on non-financial metrics linked to achievement of the group's strategy and operational goals. Thirty percent of any STI earned is deferred for 12-months.

In FY23 the performance of Executive KMPs was instrumental in delivering a solid result in a challenging environment and the financial component of the STI for the CEO, CFO and Executive Director vested just above target. The individual non-financial STI for the CEO and Executive Director did not vest. The individual non-financial STI vested in part for the CFO. As a result, the outcome for the FY23 STI was 44% of maximum for CEO, 41% of maximum for Executive Director and 81% of maximum for the CFO.

Under the FY23 framework, Peter Warren granted the CEO and CFO Performance Rights under the LTI. The grant, or a portion thereof, is due to vest after the FY25 financial year's results have been announced. Vesting is subject to earnings per share (EPS) performance exceeding a minimum threshold performance level. No LTI was due to vest in FY 2023.

A "Lead Director" position was introduced on 1 April 2023 reflecting additional responsibilities being undertaken by Niran Peiris. The Lead Director board fee is \$125,000 per annum, including superannuation. The Lead Director is also entitled to committee fees. Otherwise, Non-executive Director remuneration was unchanged.

## Directors' Report continued

## Conclusion

On behalf of the Board, I would like to thank the executive team and all members of Peter Warren for their contribution in the financial year. The whole team has met the various challenges in FY23 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 whilst creating 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 FY23?

Name of executive	Position	Fixed Annual Remuneration <sup>(1)</sup>	Maximum STI	Maximum LTI
Mark Weaver	CEO	\$600,000	\$450,000	\$240,000
Paul Warren	ED	\$450,000	\$360,000	\$0
Victor Cuthell	CFO	\$525,000	\$262,500	\$210,000
Bernard Friend	Former CFO	\$525,000	\$0	\$0

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

What was the FY23 STI payout to Executive KMP?

In FY23 the performance of Executive KMPs was instrumental in delivering a solid result in a challenging environment and the financial component of the STI for the CEO, CFO and Executive Director paid out just above target. The individual non-financial STI did not pay out for the CEO or the Executive Director. The individual non-financial STI paid out in part for the CFO. As a result, the outcome for the FY23 STI was 44% of maximum for CEO, 41% of maximum for Executive Director and 81% of maximum for the CFO.

Mr Friend did not receive an FY23 STI or FY23 LTI. Mr Friend's FY22 STI Rights (30,882) lapsed as service conditions were not met. The Board exercised discretion to lapse Mr Friend's FY22 LTI Rights (28,171). Discretion was exercised to recognise 40 years of Mr Friend's effective service with an ex-gratia payment of \$360,500.

What equity has vested in FY23 to executive KMP?

No executive KMP equity was due to vest in FY23.

## 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.

## Directors' Report continued

### Key Questions

What proportion of remuneration is at-risk?

The STI and LTI awards are based on performance, therefore at-risk.

Name of executive	Position	Maximum Variable Remuneration/Fixed Annual Remuneration (FAR)
Mark Weaver	CEO	115%
Paul Warren	ED	80%
Victor Cuthell	CFO	90%
Bernard Friend	Former CFO	n/a

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.

### FY23 Short-Term Incentive (STI)

What are the FY23 performance measures?

The FY23 performance measures for the KMP are 80% Financial (Group NPAT). For the CEO and the CFO 10% of the STI are Strategic measures and 10% are Operational Measures. For the Executive Director, 20% are Strategic measures. The Strategic and Operational STI's consist of different KPI's for each executive including measures in relation to M&A, strategic relationships, risk management, safety, operations, culture and engagement.

Are any STI payments deferred?

Yes, 30% is deferred for 12-months in restricted rights to shares for the CEO and CFO to acquire shares in the Company for nil consideration or deferred cash (cash for executive director P Warren).

The FY23 STI deferred component will be settled in cash on 1 July 2024.

The deferred cash value for the CEO and CFO will be equivalent to the closing share price at the exercise date (being 30 June 2024) times the number of restricted rights.

For executive director P Warren, 30% of the STI outcome is deferred in cash for 12 months to 30 June 2024. The cash payment is equivalent to the nominal value of the amount deferred.

Are STI payments capped?

Yes. Maximum STI payments are capped at a defined percentage of fixed annual remuneration (FAR) for each executive KMP.

What are the main changes since the FY22 STI plan?

FY23 STI performance rights will not carry dividend equivalent payments on vesting and the exercise period has been simplified to automatic exercise as soon as practical after vesting. In addition, STI rights will remain on-foot following resignation after the measurement period.

### FY23 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 considering various factors including internal forecasting, market expectations, market practice, benchmarking and recent performance.

What is the LTI vesting period?

1 July 2022 to 30 June 2025

What are the main changes since the FY22 LTI plan?

FY23 LTI performance rights will not carry dividend equivalent payments on vesting and the exercise period has been simplified to automatic exercise as soon as practical after vesting.

## Directors' Report continued

### Key Questions

#### 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?	A "Lead Director" position was introduced reflecting additional responsibilities being undertaken by Niran Peiris. The Lead Director board fee is \$125,000 per annum, including superannuation. The Lead Director is also entitled to committee fees.  There were no other changes to board fees in FY23.

### 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 2023. 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 governance

#### 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 Chair 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 to identify the 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>.

## Directors' Report continued

Members of the Committee during FY23 were:

- **Catherine West** – Independent Non-executive Director (Chair)
- **Niran Peiris** – Lead 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 FY23.

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://pwah.com.au/site/file/17/view/PWAHSecuritiesTradingPolicy.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	KMP Tenure
<b>Non-executive Directors</b>			
John Ingram	Independent Non-executive Chair	6 April 2021	Full year
Catherine West	Independent Non-executive Director	6 April 2021	Full year
Niran Peiris	Lead Independent Non-executive Director	6 April 2021	Full year, Lead Director from 1 April 2023
<b>Executive Director</b>			
Paul Warren	Executive Director	1 April 2021	Full year
<b>Executives</b>			
Mark Weaver	Chief Executive Officer	1 April 2021	Full year
Victor Cuthell	Chief Financial Officer	21 November 2022	To 30 June 2023
<b>Former Executives</b>			
Bernard Friend	Former Chief Financial Officer	6 April 2021	21 November 2022



## Directors' Report continued

## 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.

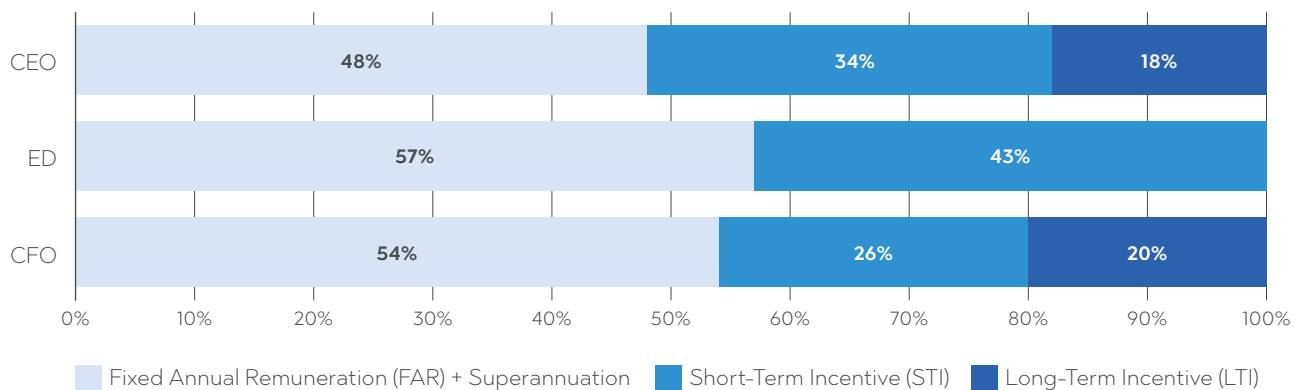
The long-term incentive reflects achievement of sustainable returns for shareholders. It aligns interests of Executive KMP with those of shareholders.

## 6.2 Remuneration Framework

Peter Warren's FY23 Executive KMP remuneration structure comprises the following elements:

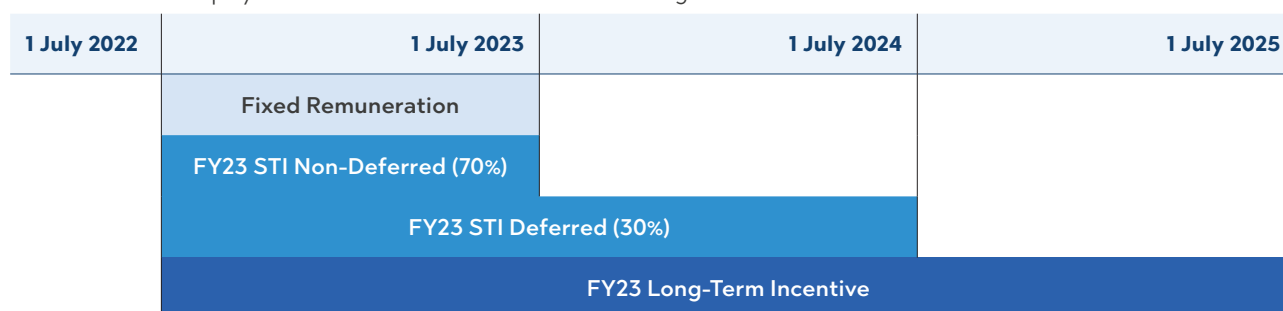
- Fixed Annual Remuneration (FAR);
- Superannuation;
- Short-Term Incentive (STI); and
- Long-Term Incentive (LTI).

The chart below displays the FY23 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.



## Directors' Report continued

The chart below displays the FY23 executive remuneration vesting timeline.



### Fixed Annual Remuneration (FAR)

The following table presents the FAR of the Executive KMP for FY23.

**Table 2: Executive KMP Fixed Annual Remuneration (FY23)**

Name of executive	Position	Fixed Annual Remuneration <sup>(1)</sup>
Paul Warren	Executive Director	\$450,000
Mark Weaver	CEO	\$600,000
Victor Cuthell	CFO	\$525,000
Bernard Friend	Former 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.

Each year the Board considers the FAR of each KMP to determine if the individual FARs remains fair and competitive for their specific skills, competence, and value to the Company.

### 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: FY23 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 or deferred cash.  The FY23 STI deferred component will be settled in cash on 1 July 2024.  The deferred cash value for the CEO and CFO will be equivalent to the closing share price at the exercise date (being 30 June 2024) times the number of restricted rights.

## Directors' Report continued

Feature	Approach																				
Opportunity	<div>Table 4: STI opportunity</div> <table><tr><th>Name (Position)</th><th>Target STI</th><th>Target STI as a % of FAR</th><th>Max STI</th><th>Max STI as a % FAR</th></tr><tr><td>M Weaver CEO</td><td>\$240,000</td><td>40%</td><td>\$450,000</td><td>75%</td></tr><tr><td>P Warren ED</td><td>\$180,000</td><td>40%</td><td>\$360,000</td><td>80%</td></tr><tr><td>V Cuthell<sup>(1)</sup> CFO</td><td>\$210,000</td><td>40%</td><td>\$262,500</td><td>50%</td></tr></table> <div>(1) Actual FY23 STI for V Cuthell is pro-rata based on start date of 21 November 2022.</div>	Name (Position)	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % FAR	M Weaver CEO	\$240,000	40%	\$450,000	75%	P Warren ED	\$180,000	40%	\$360,000	80%	V Cuthell <sup>(1)</sup> CFO	\$210,000	40%	\$262,500	50%
Name (Position)	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % FAR																	
M Weaver CEO	\$240,000	40%	\$450,000	75%																	
P Warren ED	\$180,000	40%	\$360,000	80%																	
V Cuthell <sup>(1)</sup> CFO	\$210,000	40%	\$262,500	50%																	
Performance period	1 July 2022 to 30 June 2023.																				
Performance measure	<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, they include strategic, and for the CEO and CFO, operational KPIs, including in relation to M&amp;A, strategic relationships, risk management, safety, operations, culture and engagement.</p> <div>Table 5: STI measure weightings</div> <table><tr><th>Name (Position)</th><th>Financial (Group NPAT)</th><th>Strategic</th><th>Operational</th></tr><tr><td>M Weaver CEO</td><td>80%</td><td>10%</td><td>10%</td></tr><tr><td>P Warren ED</td><td>80%</td><td>20%</td><td>0%</td></tr><tr><td>V Cuthell CFO</td><td>80%</td><td>10%</td><td>10%</td></tr></table>	Name (Position)	Financial (Group NPAT)	Strategic	Operational	M Weaver CEO	80%	10%	10%	P Warren ED	80%	20%	0%	V Cuthell CFO	80%	10%	10%				
Name (Position)	Financial (Group NPAT)	Strategic	Operational																		
M Weaver CEO	80%	10%	10%																		
P Warren ED	80%	20%	0%																		
V Cuthell CFO	80%	10%	10%																		
Payment timing	<p>70% of the STI outcome will be a cash reward subsequent to the release of audited results to the ASX.</p> <p>As set out above, for the CEO and CFO, for the 30% of the STI outcome which was due to be settled in Restricted Rights subject to an Exercise Restriction for 12 months to 30 June 2024, will be settled by a cash payment.</p> <p>The FY23 STI deferred component will be settled in cash on 1 July 2024.</p> <p>The deferred cash value for the CEO and CFO will be equivalent to the closing share price at the exercise date (being 30 June 2024) times the number of restricted rights.</p> <p>The Board decided to exercise this discretion to simplify the STI Plan. The Board is comfortable KMP have alignment with the longer term share price through the LTI Plan.</p> <p>For executive director P Warren, 30% of the STI outcome is deferred in cash for 12 months to 30 June 2024. The cash payment is equivalent to the nominal value of the amount deferred.</p>																				
Board discretion	The Board has absolute discretion on STI performance assessment, payment and vesting.																				
Treatment on termination	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 equity portion of the STI plan are disclosed in the table below.

**Table 6: STI Deferred Plan**

<b>Name of plan</b>	<b>STI Deferred Plan</b>
<b>Participants</b>	CEO and CFO
<b>Instruments issued</b>	<p>As outlined above, the FY23 STI deferred component will be settled in cash on 1 July 2024.</p> <p>Given this will be settled in cash, no actual restricted rights will be issued.</p> <p>The notional number of rights (assuming they had been issued) will be in line with the allocation value outlined below.</p> <p>The deferred cash value for the CEO and CFO will be equivalent to the value realised if rights had been issued and calculated using the closing share price at the exercise date (being 30 June 2024) times the number of notional restricted rights.</p> <p>Each Restricted Right is a right to the value of one Peter Warren share.</p>
<b>Allocation value</b>	Volume Weighted Average Price (VWAP) for the month of June 2023. The allocation value for the FY23 STI Rights is \$2.4377.
<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 the employee resigns after the end of the measurement period any unvested restricted rights will remain subject to the original conditions, unless the Board determines otherwise. If the employee is dismissed for cause after the end of the measurement period any deferred STI will lapse.

### Long-Term Incentive (LTI)

Executive KMP can 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: FY23 Peter Warren LTI plan**

Feature	Approach												
Purpose	To focus executives on critical long-term performance requirements and align their interests with those of shareholders.												
Eligibility	CEO and CFO												
Form of payment	<p>Performance rights (PRs) to acquire shares in Peter Warren for nil consideration. A PR has a nil exercise price.</p> <p>Each PR is a right to the value one Peter Warren share.</p> <p>PRs do not carry a right to vote or to dividends.</p> <p>Ordinary shares received on exercise of PRs will have voting and dividend entitlements.</p>												
LTI Opportunity	<table><tr><th colspan="3">Table 8: LTI opportunity</th></tr><tr><th>Name (Position)</th><th>Maximum LTI</th><th>Rights Granted</th></tr><tr><td>M Weaver CEO</td><td>\$240,000</td><td>100,000</td></tr><tr><td>V Cuthell CFO</td><td>\$210,000</td><td>87,500</td></tr></table>	Table 8: LTI opportunity			Name (Position)	Maximum LTI	Rights Granted	M Weaver CEO	\$240,000	100,000	V Cuthell CFO	\$210,000	87,500
Table 8: LTI opportunity													
Name (Position)	Maximum LTI	Rights Granted											
M Weaver CEO	\$240,000	100,000											
V Cuthell CFO	\$210,000	87,500											

## Directors' Report continued

Feature	Approach										
<b>Allocation value</b>	Volume Weighted Average Price (VWAP) for the month of June 2022. The allocation value for the FY23 LTI Rights is \$2.40.										
<b>Performance period</b>	1 July 2022 to 30 June 2025.										
<b>Performance Rights vesting date</b>	Following measurement of audited results for FY25.										
<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>	<p>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.</p> <p><b>Table 9: LTI vesting scale</b></p> <table> <tr> <th></th><th>% of LTI Rights Vesting</th></tr> <tr> <td>Below threshold</td><td>0%</td></tr> <tr> <td>Threshold</td><td>50%</td></tr> <tr> <td>Between threshold and maximum</td><td>Vest on a straight-line basis between 50% at threshold and 100% at maximum</td></tr> <tr> <td>Maximum</td><td>100%</td></tr> </table>		% of LTI Rights Vesting	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%
	% of LTI Rights Vesting										
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>	Following both audit of the Company's accounts following the measurement period and approval by the Board, Rights will vest as soon as practical and automatically exercised on vesting. No exercise notice is required.										
<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>										

## Directors' Report continued

### 6.3 Remuneration outcomes for FY23

#### Company Performance

The table below provides an overview of how performance for FY23 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	2023 \$'m	2022 \$'m	2021 \$'m	2020 \$'m	2019 \$'m	2018 \$'m
Revenue	2,073.1	1,711.3	1,612.2	1,366.4	1,405.3	1,435.6
Net profit/(loss) after tax	56.4	56.5	37.5	8.9	(0.4)	13.0
Basic earnings per share (cents per share)	32.78	33.37	50.88	–	–	–
Diluted earnings per share (cents per share)	32.67	33.33	50.85	–	–	–
Dividends paid (\$'m)	41.261	15.473	66.267	–	–	27.658
Share price at IPO	–	–	\$2.90	–	–	–
Closing share price	\$2.46	\$2.13	\$3.72	–	–	–
STI outcome (average % of maximum)	55%	100%	–	–	–	–
LTI outcome (% of maximum)	TBD after FY25 results	TBD after FY24 results	–	–	–	–

#### Short-Term Incentive (STI)

The financial KPI for FY23 was Group net profit after tax (NPAT). In FY23 the performance of Executive KMPs was instrumental in delivering a solid result in a challenging environment and the financial component of the STI for the CEO, Executive Director and CFO paid out just above target.

For the CEO and the CFO 10% of the STI are Strategic measures and 10% are Operational Measures. For the Executive Director, 20% are Strategic measures. The Strategic and Operational STI's consist of different KPI's for each executive including measures in relation to M&A, strategic relationships, risk management, safety, operations, culture and engagement. The Board deliberated on the STI outcome and determined that the individual non-financial STI did not pay out for the CEO or the Executive Director and that the individual non-financial STI paid out in part for the CFO.

As a result, the outcome for the FY23 STI was 44% of maximum for CEO, 41% of maximum for Executive Director and 81% of maximum for the CFO.

As set out above, for the CEO and CFO, for the 30% of the STI outcome which was due to be settled in Restricted Rights subject to an Exercise Restriction for 12 months to 30 June 2024 will be settled by a cash payment on 1 July 2024. The deferred cash value for the CEO and CFO will be equivalent to the closing share price at the exercise date (being 30 June 2024) times the number of restricted rights. The Board decided to exercise this discretion to simplify the STI Plan. The Board is comfortable KMP have alignment with the longer term share price through the LTI Plan.

## Directors' Report continued

The final STI outcomes are in the table below.

**Table 11: FY23 STI outcome**

Name (Position)	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % of FAR	Actual Cash STI	Actual Deferred STI	Actual STI	Actual STI as a % of max
M Weaver CEO	\$240,000	40%	\$450,000	75%	\$138,600	\$59,400	\$198,000	44%
P Warren ED	\$180,000	40%	\$360,000	80%	\$104,400	\$44,743	\$149,143	41%
V Cuthell <sup>1</sup> CFO	\$127,151	40%	\$158,938	50%	\$90,411	\$38,748	\$129,159	81%
B Friend <sup>2</sup> Former CFO	–	–	–	–	–	–	–	–

1. Target, Maximum and Actual FY23 STI for V Cuthell are pro-rata based on start date of 21 November 2022.
2. B Friend stepped down as a KMP on 21 November 2022, but remained in service as Company Secretary until 15 December 2022 and to assist transition until he retired on 31 December 2022. B Friend was not offered an STI for FY23.

#### Total remuneration

Table 12 below sets out the 'Realisable Remuneration' of Executive KMP for FY23 in Australian dollars. It is included to complement the Statutory Remuneration disclosures to better illustrate the remuneration received by Executives in FY23 service and performance.

Table 12 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.

B Friend's deferred STI lapsed because he did not meet service requirements. The board exercised discretion to lapse the on foot FY22 LTI. On retiring he received \$360,500 ex-gratia payment in cash to recognise 40 years of effective and loyal service.

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

**Table 12: Realisable remuneration**

Name (Position)	Year	FAR <sup>1</sup>	Super- annuation	Non- Monetary Benefits <sup>2</sup>	Cash STI Payment	IPO Grant vested	Ex-gratia payment	Total Remunera- tion Realised
M Weaver CEO	2023	\$600,000	\$27,500	\$53,211	\$198,000	–	–	\$878,711
	2022	\$555,833	\$27,500	\$51,718	\$301,875	\$290,471	–	\$1,227,397
P Warren ED	2023	\$448,269	\$27,500	\$53,211	\$149,143	–	–	\$678,123
	2022	\$416,875	\$27,500	\$51,718	\$169,805	–	–	\$665,898
V Cuthell <sup>3</sup> CFO	2023	\$289,034	\$16,875	\$32,218	\$129,159	–	–	\$467,286
	2022	–	–	–	–	–	–	–
B Friend <sup>4</sup> Former CFO	2023	\$262,500	\$16,042	\$26,824	–	–	\$360,500 <sup>5</sup>	\$665,866
	2022	\$507,500	\$27,500	\$51,718	\$147,000	\$265,215	–	\$998,933

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.
3. V Cuthell commenced in the role of CFO on 21 November 2022.
4. B Friend stepped down as a KMP on 21 November 2022.
5. The ex-gratia payment was made in recognition of 40-years of loyal service to the company.



## Directors' Report continued

Table 13 sets out the remuneration of Executive KMP for the 2023 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 13: Statutory remuneration**

							Share Based Payment <sup>8</sup>			Sign-on/ Termination payment	Total Statutory Remuneration	% of performance-based remuneration
Name (Position)	Year	Base Salary	Super- annuation	Non- Monetary Benefits <sup>6</sup>	Short- term cash bonus <sup>7</sup>	Long Service Leave	Shares & units	Options & rights	Cash- settled			
Executive Director												
P Warren ED	2023	\$448,269	\$27,500	\$53,211	\$149,143	(\$22,137)	–	\$21,403	–	–	\$677,389	25.18%
	2022	\$416,875	\$27,500	\$51,718	\$135,844	(\$20,850)	–	\$79,563	–	–	\$690,650	31.19%
Executives												
M Weaver CEO	2023	\$600,000	\$27,500	\$53,211	\$198,000	\$8,302	–	\$127,729	–	–	\$1,014,742	32.10%
	2022	\$555,833	\$27,500	\$51,718	\$241,500	\$10,276	–	\$333,440	–	–	\$1,220,267	47.12%
V Cuthell <sup>9</sup> CFO	2023	\$289,034	\$16,875	\$32,218	\$129,159	–	–	\$54,351	–	–	\$521,637	35.18%
	2022	–	–	–	–	–	–	–	–	–	–	–
B Friend <sup>10</sup> Former CFO	2023	\$262,500	\$16,042	\$26,824	–	\$776	–	–	–	\$360,500 <sup>11</sup>	\$666,642	0.00%
	2022	\$507,500	\$27,500	\$51,718	\$117,600	\$9,320	–	\$253,116	–	–	\$966,754	38.35%

### 6.4 Executive KMP Share and other equity holdings

#### Executive KMP shareholdings

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

**Table 14: KMP shareholdings**

Executive	Instrument	Held at 1/7/22	Received on exercise of rights	Other <sup>12</sup>	Held at 30/6/23
P Warren	Ordinary shares	63,493,488	–	86,512	63,580,000
M Weaver	Ordinary shares	474,385	–	–	474,385
V Cuthell <sup>13</sup>	Ordinary shares	–	–	–	–
B Friend <sup>14</sup>	Ordinary shares	180,000	–	–	n/a

6. 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.
7. Cash Bonus paid or payable in respect of current year represents cash payments in relation to the 2022 and 2023 financial year.
8. 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.
9. V Cuthell commenced in the role of CFO on 21 November 2022.
10. B Friend stepped down as a KMP on 21 November 2022.
11. Ex-gratia payment of \$360,500 in recognition of 40-years of loyal service to the company.
12. Other changes represent shares that were purchased or sold during the year.
13. V Cuthell commenced in the role of CFO on 21 November 2022.
14. B Friend stepped down as a KMP on 21 November 2022.

## Directors' Report continued

## Equity instruments details

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

## Rights

Table 15: Rights movement during the year

Executives	Number Granted	Grant Date	Financial years which rights may vest	Expiry Date	Performance Measure	Perfor- mance Period	Fair value at grant	% vested during year	% forfeited during year
P Warren FY22 STI	35,673	14/9/22	FY23	14/9/37	–	–	\$2.04	–	–
P Warren FY22 LTI	22,171	23/9/21	FY25 <sup>15</sup>	23/9/36	Underlying EPS	1/7/21 – 30/6/24	\$3.06	–	–
M Weaver FY23 LTI	100,000	21/9/22	FY26 <sup>16</sup>	TBD <sup>17</sup>	Underlying EPS	1/7/22 – 30/6/25	\$2.84	–	–
M Weaver FY22 STI	63,419	14/9/22	FY23	14/9/37	–	–	\$2.04	–	–
M Weaver FY22 LTI	39,758	23/9/21	FY25 <sup>15</sup>	23/9/36	Underlying EPS	1/7/21 – 30/6/24	\$3.06	–	–
V Cuthell FY23 LTI <sup>18</sup>	87,500	22/11/22	FY26 <sup>16</sup>	TBD <sup>17</sup>	Underlying EPS	1/7/22 – 30/6/25	\$2.85	–	–
B Friend FY22 STI <sup>19</sup>	30,882	14/9/22	FY23	14/9/37	–	–	\$2.04	–	100%
B Friend FY22 LTI <sup>19</sup>	28,790	23/9/21	FY25 <sup>15</sup>	23/9/36	Underlying EPS	1/7/21 – 30/6/24	\$3.06	–	100%

## 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 of five to seven years.

The loan balance as of 30 June 2023 is \$1,189,855, reduced by dividends totalling \$43,635 (2022: \$16,500) applied against the loan.

15. When FY24 results are audited.

16. When FY25 results are audited.

17. FY23 LTI is automatically exercised on vesting. The expiry date is the vesting date, which is as soon as practical following audit of the Company's accounts following the measurement period.

18. V Cuthell commenced in the role of CFO on 21 November 2022.

19. B Friend stepped down as a KMP on 21 November 2022.

## Directors' Report continued

### Equity vesting

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

**Table 16: Options and rights over equity instruments**

	Instrument	Grant Date	Held at 1/7/22	Granted as compensation	Exercised and converted to shares	Lapsed/ Forfeited	Held at 30/6/23	Vested during the year	Vested and exercisable at 30/6/23
P Warren	STI rights	14/9/22	–	35,673	–	–	35,673	–	–
P Warren	LTI rights	23/9/21	22,171	–	–	–	22,171	–	–
M Weaver	STI Rights	14/9/22	–	63,419	–	–	63,419	–	–
M Weaver	LTI Rights	21/9/22	–	100,000	–	–	100,000	–	–
M Weaver	LTI Rights	23/9/21	39,758	–	–	–	39,758	–	–
M Weaver	Loan Funded Shares	5/11/20	250,000	–	–	–	250,000	–	250,000
V Cuthell <sup>20</sup>	LTI Rights	22/11/22	–	87,500	–	–	87,500	–	–
B Friend <sup>21</sup>	STI Rights	14/9/22	–	30,882	–	(30,882)	–	–	–
B Friend <sup>21</sup>	LTI Rights	23/9/21	28,790	–	–	(28,790)	–	–	–

### 6.5 Key terms of Executive KMP employment contracts

#### Notice and termination payments

Table 17 sets out for the contractual provisions for current Executive KMP.

**Table 17: 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	Fixed Annual Remuneration	Maximum STI	Maximum LTI
ED	Permanent	1 Year	1 Year	Up to 1 Year	At board's discretion	At board's discretion	\$450,000	\$360,000	–
CEO	Permanent	1 Year	1 Year	Up to 1 Year	At board's discretion	At board's discretion	\$600,000	\$450,000	\$240,000
CFO	Permanent	6 months	6 months	Up to 6 months	At board's discretion	At board's discretion	\$525,000	\$262,500	\$210,000

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

20. V Cuthell commenced in the role of CFO on 21 November 2022.

21. B Friend stepped down as a KMP on 21 November 2022.

## Directors' Report continued

## 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.

A Lead Director fee of \$125,000 per annum was implemented effective 1 April 2023.

Table 18: Board fees

Position	Fee (inclusive of superannuation)
Chair	\$200,000
Lead Director	\$125,000
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 19: NED statutory remuneration

Non-executive Director	Year	Fee	Super-annuation	Non-Monetary Benefits	Shares & Units	Total Statutory Remuneration
J Ingram	2023	\$200,000	–	–	–	\$200,000
	2022	\$200,000	–	–	–	\$200,000
C West	2023	\$108,597	\$11,403	–	–	\$120,000
	2022	\$109,092	\$10,908	–	–	\$120,000
N Peiris <sup>22</sup>	2023	\$114,253	\$11,997	–	–	\$126,250
	2022	\$109,092	\$10,908	–	–	\$120,000

22. Appointed Lead Director effective 1 April 2023.

## Directors' Report continued

Table 20: NED shareholdings

Non-executive Director	Held at 1/7/22	Granted as compensation	Received on exercise of rights	Other <sup>23</sup>	Held at 30/6/23
J Ingram	267,242	–	–	–	267,242
C West	17,242	–	–	–	17,242
N Peiris	81,568	–	–	–	81,568

## 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.

#### Related Party Transactions

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

	2023 \$	2022 \$
Revenue received from Director related entities:		
Sale of goods	1,107,293	282,879
Rental payments	863,692	823,406
Shared service charges	7,903,854	6,946,304
Expenses paid/(payable) to Director related entities:		
Lease payments	6,321,334	5,622,509
Purchase of goods	1,041,109	379,149

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.

#### Peter Warren Toyota 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 1 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, increased in May 2022 to \$779,219 and in May 2023 to \$836,102. Further anniversary increases will be reviewed by the greater of 3% and CPI per annum.

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

## Directors' Report continued

### 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.

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.

### Warren Family Office 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, increased in May 2022 to \$74,091 per annum and in May 2023 to \$79,499 per annum. Further anniversary increases will be reviewed by the greater of 3% and CPI per annum.

### 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 FY23 (FY22: \$4,800) for these services pursuant to that agreement.

## Related Party Balances

### Receivables/(payables) with related parties

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

	2023 \$	2022 \$
Amounts receivable from Director related entities	1,217,667	1,525,195
Amounts payable to Director related entities	(431,383)	(623,301)

End of the Remuneration report.

## Directors' Report continued

### Shares under performance rights

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

	Exercise price	Number of rights
FY22 Long term incentive	\$0.00	144,182
FY22 Short term incentive – deferred equity	\$0.00	306,984
FY23 Long term incentive	\$0.00	420,832
		871,998

### Shares issued on the exercise of performance rights

There were no ordinary shares of Peter Warren Automotive Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

### 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.



## Directors' Report continued

### 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.

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

22 August 2023  
Sydney

# Auditor's Independence Declaration



Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Quay Quarter Tower  
50 Bridge Street  
Sydney, NSW, 2000  
Australia

Phone: +61 2 9322 7000  
www.deloitte.com.au

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

22 August 2023

Dear Board Members,

## Auditor's Independence Declaration to 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 and its controlled entities.

As lead audit partner for the audit of the financial statements of Peter Warren Automotive Holdings Limited and its controlled entities for the year ended 30 June 2023, 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 faithfully,

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

Tara Hill  
Partner  
Chartered Accountants

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
<b>Revenue</b>	5	2,060,377	1,695,879
Other income	6	12,143	15,268
Interest revenue calculated using the effective interest method		531	146
<b>Expenses</b>			
Changes in inventories		82,345	13,646
Raw materials and consumables purchased		(1,762,933)	(1,382,466)
Employee benefits expense	7	(183,938)	(156,205)
Depreciation and amortisation expense	7	(30,791)	(26,371)
Profit/(loss) on disposal/write off of assets		17	(471)
Occupancy costs	7	(903)	(774)
Advertising expense		(8,818)	(7,594)
Insurance expense		(8,808)	(7,172)
Motor vehicle expense		(8,461)	(6,859)
Acquisition expenses		(799)	(2,265)
Other expenses		(41,097)	(38,467)
Finance costs	7	(27,743)	(15,451)
<b>Profit before income tax expense</b>		81,122	80,844
Income tax expense	8	(24,760)	(24,331)
<b>Profit after income tax expense for the year attributable to the owners of Peter Warren Automotive Holdings Limited</b>		56,362	56,513
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings, net of tax		19,320	1,890
Other comprehensive income for the year, net of tax		19,320	1,890
<b>Total comprehensive income for the year attributable to the owners of Peter Warren Automotive Holdings Limited</b>		75,682	58,403
	<b>Note</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	35	32.78	33.37
Diluted earnings per share	35	32.67	33.33

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 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
<b>Assets</b>			
Current assets			
Cash and cash equivalents		50,635	52,177
Trade and other receivables	9	68,855	56,098
Inventories	10	360,992	273,386
Income tax refund due		1,675	–
Other assets	11	11,131	18,029
Total current assets		493,288	399,690
<b>Non-current assets</b>			
Other assets	11	2,175	153
Property, plant and equipment	12	275,457	247,025
Right-of-use assets	13	182,592	192,237
Intangibles	14	241,548	242,299
Deferred tax	8	9,794	20,038
Total non-current assets		711,566	701,752
<b>Total assets</b>		1,204,854	1,101,442
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	87,153	94,201
Contract liabilities	16	1,179	1,147
Borrowings	18	304,512	207,587
Lease liabilities	17	17,360	15,563
Income tax		–	10,863
Employee benefits	19	23,739	21,382
Total current liabilities		433,943	350,743
<b>Non-current liabilities</b>			
Contract liabilities	16	866	1,063
Borrowings	18	51,917	58,917
Lease liabilities	17	201,702	209,460
Employee benefits	19	1,925	2,064
Provisions	20	260	240
Total non-current liabilities		256,670	271,744
<b>Total liabilities</b>		690,613	622,487
<b>Net assets</b>		514,241	478,955
<b>Equity</b>			
Issued capital	21	493,872	493,872
Reserves	22	(24,863)	(45,048)
Retained profits		45,232	30,131
<b>Total equity</b>		514,241	478,955

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 2023

Consolidated	Issued capital \$'000	Reserves \$'000	(Accumulated losses)/ Retained profits \$'000	Total equity \$'000
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

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	493,872	(45,048)	30,131	478,955
Profit after income tax expense for the year	–	–	56,362	56,362
Other comprehensive income for the year, net of tax	–	19,320	–	19,320
Total comprehensive income for the year	–	19,320	56,362	75,682
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 22)	–	822	–	822
Receipts from issue of share-based payments (note 22)	–	43	–	43
Dividends paid (note 23)	–	–	(41,261)	(41,261)
Balance at 30 June 2023	493,872	(24,863)	45,232	514,241

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 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,350,735	1,895,710
Receipts from government grants		4,737	5,039
Payments to suppliers and employees (inclusive of GST)		(2,220,253)	(1,786,165)
		135,219	114,584
Interest received		531	146
Interest and other finance costs paid		(26,568)	(15,094)
Income taxes paid		(35,335)	(27,028)
Net cash from operating activities	34	73,847	72,608
<b>Cash flows from investing activities</b>			
Payment for business combinations, net of cash acquired	31	–	(89,162)
Payments for property, plant and equipment	12	(10,464)	(11,647)
Proceeds from disposal of property, plant and equipment	12	116	67
Net cash used in investing activities		(10,348)	(100,742)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		–	70,000
Proceeds from issue of share based payments	36	43	17
Dividends paid	23	(41,261)	(15,473)
Repayment of borrowings	34	(7,000)	(4,083)
Repayment of lease liabilities	34	(16,823)	(13,073)
Net cash (used in)/from financing activities		(65,041)	37,388
Net (decrease)/increase in cash and cash equivalents		(1,542)	9,254
Cash and cash equivalents at the beginning of the financial year		52,177	42,923
Cash and cash equivalents at the end of the financial year		50,635	52,177

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

# Notes to the Consolidated Financial Statements

30 June 2023

## 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 22 August 2023. 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 has 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.



## Notes to the Consolidated Financial Statements 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 2023 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 the statement of profit or loss.

### 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 are 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.

#### 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.

## Notes to the Consolidated Financial Statements continued

Note 2. Significant accounting policies *continued***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 the statement of 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.

**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 the statement of profit or loss over the periods necessary to match them with the costs that they are 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 program.

## Notes to the Consolidated Financial Statements continued

### 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.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

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 the statement of 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.

## Notes to the Consolidated Financial Statements continued

Note 2. Significant accounting policies *continued*

## 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.

## 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.

## Notes to the Consolidated Financial Statements continued

### 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.

### Construction in progress

Construction in progress is stated at cost and is not depreciated until it is ready for use. The costs are transferred to the relevant class of asset from the time the asset is held ready for use and is then subsequently depreciated based on the class of asset.

### 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.

## Notes to the Consolidated Financial Statements continued

### Note 2. Significant accounting policies *continued*

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 the statement of 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.

#### 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 the statement of 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 the statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.



## Notes to the Consolidated Financial Statements continued

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 the statement of 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

Trade and other payables 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 the statement of 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.

## Notes to the Consolidated Financial Statements continued

Note 2. Significant accounting policies *continued*

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.

**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.

## Notes to the Consolidated Financial Statements continued

### 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 the statement of 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 the statement of 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 used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

## Notes to the Consolidated Financial Statements continued

Note 2. Significant accounting policies *continued*

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

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

**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.

**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.

## Notes to the Consolidated Financial Statements continued

### 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 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.

## 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 and the ageing of inventories and other factors that affect inventory obsolescence.

## Notes to the Consolidated Financial Statements continued

Note 3. Critical accounting judgements, estimates and assumptions *continued*

## 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 are responsible for the allocation of resources to operating segments and assessing their performance. There is no aggregation of operating segments.

The CODM review adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) and unallocated expenses comprising of acquisition expenses, IPO expenses, public company expenses and key management personnel expenses. 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. The Group also facilitates financing for vehicle purchases through third-party sources. New vehicles, vehicle parts, and maintenance services are predominantly supplied in accordance with franchise and agency 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 assessment by the Directors at each reporting date 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 exclude revaluation increments arising from fair value adjustments when assessing the overall returns generated by this segment to the Group.



## Notes to the Consolidated Financial Statements continued

### 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.

Consolidated – 2023	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	2,060,377	–	–	2,060,377
<b>Total Revenue</b>	2,060,377	–	–	2,060,377
Other income	11,279	9,609	(8,745)	12,143
<b>Segment result</b>				
Adjusted EBITDA	136,623	8,277	–	144,900
Depreciation and amortisation	(28,014)	(2,777)	–	(30,791)
<b>Segment profit</b>	108,609	5,500	–	114,109
Interest revenue	531	–	–	531
Finance costs	(24,547)	(3,196)	–	(27,743)
<b>Profit before income tax expense and unallocated expenses</b>	84,593	2,304	–	86,897
Unallocated expenses <sup>1</sup>				(5,775)
<b>Profit before tax</b>				81,122
<b>Assets</b>				
Segment assets	975,204	299,864	(70,214)	1,204,854
<b>Liabilities</b>				
Segment liabilities	701,532	59,295	(70,214)	690,613
<b>Net assets</b>	273,672	240,569	–	514,241

1. Unallocated expenses comprise public company expenses of \$1,649,000 (2022: \$1,596,000); acquisition expenses of \$799,000 (2022: \$2,265,000); and key management personnel expenses of \$3,327,000 (2022: \$3,318,000).

## Notes to the Consolidated Financial Statements continued

Note 4. Operating segments *continued*

Consolidated – 2022	Vehicle Retailing <sup>1</sup> \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
<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

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 \$1,649,000 (2022: \$1,596,000); acquisition expenses of \$799,000 (2022: \$2,265,000); and key management personnel expenses of \$3,327,000 (2022: \$3,318,000).

## Notes to the Consolidated Financial Statements continued

## Note 5. Revenue

	Consolidated	
	2023 \$'000	2022 \$'000
New and demonstrator vehicles	1,379,666	1,147,426
Used vehicles	282,841	230,013
Parts revenue	233,198	180,387
Service revenue	106,938	86,654
Finance and insurance	30,351	28,118
Aftermarket accessories	27,383	23,281
Revenue	2,060,377	1,695,879

## 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

	Consolidated	
	2023 \$'000	2022 \$'000
Government grants – Boosting Apprenticeship subsidy received	3,375	7,560
Rent revenue*	864	762
Other income*	7,904	6,946
Other income	12,143	15,268

\* Includes amounts received from related parties under a shared service agreement. Refer to note 29.

## Government grants – Boosting Apprenticeship subsidy received

The Australian Government introduced the Boosting Apprenticeship Commencements wage subsidy to support employers and Group Training Organisations to take on new apprentices and trainees.

## Notes to the Consolidated Financial Statements continued

## Note 7. Expenses

	Consolidated	
	2023 \$'000	2022 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	2,261	2,316
Leasehold improvements	855	500
Plant and equipment	6,154	5,581
Motor vehicles	263	251
Right-of-use assets	20,507	17,285
Total depreciation	30,040	25,933
<i>Amortisation</i>		
Customer relationships	751	438
Total depreciation and amortisation	30,791	26,371
<i>Finance costs</i>		
Interest and finance charges paid/payable on external loans	3,196	1,019
Interest and finance charges paid/payable on lease liabilities	11,797	10,284
Bailment interest	12,750	4,148
Total finance costs	27,743	15,451
<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	903	774
<i>Employee benefits expenses</i>		
Share-based payments	822	1,127
Defined contribution superannuation expense	17,412	14,060
Employee benefits expense excluding share-based payments and superannuation (a)	165,704	141,018
	183,938	156,205

(a) Employee benefits expenses excludes service labour amounting to \$27,968,000 (2022: \$21,158,000) which is included in raw materials and consumables purchases.

## Notes to the Consolidated Financial Statements continued

## Note 8. Income tax

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Income tax expense</i>		
Current tax	22,768	22,992
Deferred tax – origination and reversal of temporary differences	1,907	1,438
Adjustment recognised for prior periods	85	(99)
Aggregate income tax expense	24,760	24,331
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	1,907	1,438
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	81,122	80,844
Tax at the statutory tax rate of 30%	24,337	24,253
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-assessable and non-deductible items	341	176
Other items	(3)	1
	24,675	24,430
Adjustment recognised for prior periods	85	(99)
Income tax expense	24,760	24,331
<i>Amounts charged directly to equity</i>		
Deferred tax assets	8,280	810
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
<i>Amounts recognised in the statement of profit or loss:</i>		
Tax losses	367	251
Allowance for expected credit losses	188	198
Property, plant and equipment	690	2,418
Employee benefits	7,385	6,974
Contract liabilities	408	459
Trade and other receivables	(69)	18
Trade and other payables	97	155
Work in progress	(93)	(85)
Leases	11,120	9,849
Provision for inventories	(3,102)	(1,404)
Customer relationships	(882)	(1,108)
Other items	2,613	2,351
	18,722	20,076

## Notes to the Consolidated Financial Statements continued

Note 8. Income tax *continued*

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Amounts recognised in equity:</i>		
Transaction costs on share issue	1,218	1,828
Revaluation of property, plant and equipment	(10,146)	(1,866)
	(8,928)	(38)
Deferred tax asset	9,794	20,038
<i>Movements:</i>		
Opening balance	20,038	21,429
Charged to profit or loss	(1,907)	(1,438)
Charged to equity	(8,280)	(810)
Additions through business combinations (note 31)	–	362
Adjustments recognised for prior periods	(57)	495
Closing balance	9,794	20,038

## Note 9. Trade and other receivables

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Current assets</i>		
Trade receivables	69,471	56,720
Less: Allowance for expected credit losses	(628)	(661)
	68,843	56,059
Amount receivable from related parties	12	39
	68,855	56,098

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 \$67,000 (2022: \$343,000) in the statement of profit or loss in respect of the expected credit losses for the year ended 30 June 2023.



## Notes to the Consolidated Financial Statements continued

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023 %	2022 %	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Not overdue	–	–	62,104	46,735	–	–
1 – 30 days overdue	9.1%	7.9%	5,391	7,296	492	574
31 – 60 days overdue	5.1%	3.0%	1,085	1,193	55	36
61 – 90 days overdue	7.0%	4.5%	641	503	45	22
Over 90 days overdue	14.4%	2.9%	250	993	36	29
			69,471	56,720	628	661

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

	Consolidated	
	2023 \$'000	2022 \$'000
Opening balance	661	425
Additional provisions recognised	67	343
Receivables written off during the year as uncollectable	(100)	(107)
Closing balance	628	661

## Note 10. Inventories

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Current assets</i>		
New and demonstrator vehicles	281,626	193,089
Less: Provision for impairment	(3,335)	(7,565)
	278,291	185,524
Used vehicles	49,399	59,835
Less: Provision for impairment	(2,532)	(3,484)
	46,867	56,351
Spare parts and accessories	35,361	31,190
Less: Provision for impairment	(832)	(911)
	34,529	30,279
Work in progress	326	316
Petrols, oils and grease	979	916
	360,992	273,386

Included in inventory is flood damaged new vehicle stock of \$111,000 (2022: \$4,263,000) with a corresponding provision of \$92,000 (2022: \$3,677,000) and flood damaged used vehicle stock of \$nil (2022: \$1,040,000) with a corresponding provision of \$nil (2022: \$931,000).

## Notes to the Consolidated Financial Statements continued

## Note 11. Other assets

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Current assets</i>		
Prepayments	5,470	13,355
Term deposits	4,875	4,674
Other financial assets	786	–
	11,131	18,029
<i>Non-current assets</i>		
Other financial assets	2,175	153
	13,306	18,182

## Term deposits

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

## Note 12. Property, plant and equipment

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Non-current assets</i>		
Land – at fair value	149,276	130,276
Buildings – at fair value	80,141	71,541
Less: Accumulated depreciation	(4,858)	(2,597)
	75,283	68,944
Leasehold improvements – at cost	17,079	13,653
Less: Accumulated depreciation	(1,523)	(1,153)
	15,556	12,500
Plant and equipment – at cost	86,633	77,485
Less: Accumulated depreciation	(53,421)	(47,266)
	33,212	30,219
Motor vehicles – at cost	2,615	2,307
Less: Accumulated depreciation	(1,121)	(1,000)
	1,494	1,307
Construction in progress – at cost	636	3,779
	275,457	247,025

## Notes to the Consolidated Financial Statements 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	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Balance at 1 July 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
Additions	–	–	2,447	7,109	549	359	10,464
Transfers	–	–	1,464	2,038	–	(3,502)	–
Disposals	–	–	–	–	(116)	–	(116)
Profit on disposal of assets	–	–	–	–	17	–	17
Revaluation increments	19,000	8,600	–	–	–	–	27,600
Depreciation expense	–	(2,261)	(855)	(6,154)	(263)	–	(9,533)
Balance at 30 June 2023	149,276	75,283	15,556	33,212	1,494	636	275,457

If land and buildings were carried at cost, the carrying value of land and buildings at 30 June 2023 would be \$127,576,000 and \$66,683,000 respectively (2022: \$127,576,000 and \$68,944,000 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 Warwick Farm property in May 2023 and the Group's Southport Queensland properties in April 2022. A revaluation increment of \$27,600,000 has been recorded in the current year in relation to the Warwick Farm property and the Directors do not believe that there has been a movement in the fair value of the Southport properties since the revaluation date.

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

## Notes to the Consolidated Financial Statements continued

## Note 13. Right-of-use assets

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Non-current assets</i>		
Land and buildings – right-of-use	279,120	268,523
Less: Accumulated depreciation	(96,528)	(76,286)
	182,592	192,237

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 the significant capital expenditure incurred and the 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:

Consolidated	Land and buildings – right-of-use \$'000
Balance at 1 July 2021	118,120
Additions through business combinations (note 31)	89,451
Remeasurements	1,951
Depreciation expense	(17,285)
Balance at 30 June 2022	192,237
Additions	1,777
Remeasurements	9,085
Depreciation expense	(20,507)
Balance at 30 June 2023	182,592

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

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

## Notes to the Consolidated Financial Statements continued

## Note 14. Intangibles

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Non-current assets</i>		
Goodwill – at cost	238,606	238,606
Customer relationships – at cost	4,131	4,131
Less: Accumulated amortisation	(1,189)	(438)
	2,942	3,693
	241,548	242,299

## 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 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
Amortisation expense	–	(751)	(751)
Balance at 30 June 2023	238,606	2,942	241,548

For the purposes of impairment testing goodwill is allocated to each of the Group's cash-generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combinations. At 30 June 2023, 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 2023. As part of this process, management reviewed the recoverability of the carrying value of intangible assets and concluded no impairment existed, nor would any reasonable possible change in assumptions lead to an impairment.

## Notes to the Consolidated Financial Statements continued

Note 14. Intangibles *continued*

## Key assumptions

The discounted cash flow model adopted by the Directors utilises cashflow forecasts derived from the 30 June 2024 ('FY24') financial budget approved by the Board. Management has then applied revenue growth rates across the four year period of +3.3% (2022: Revenue growth of +2.7%) and applied thereafter a terminal growth of 2.0% (2022: 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 considered to exceed the long-term average growth rate for the industry. A post tax discount rate of 9.75% (2022: 9.75%) 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)	\$40,000,000
Gross Margin	Gross margin by revenue category	Decreased each category by 25 basis points	\$34,000,000
Terminal Growth rate	2.0%	Reduced from 2.0% to 1.5%	\$36,000,000

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

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Trade payables	24,759	26,430
Customer deposits and receipts in advance	29,990	36,191
GST payable	3,075	2,789
Other payables and accruals	29,329	28,791
	87,153	94,201

Refer to note 24 for further information on financial instruments.



## Notes to the Consolidated Financial Statements continued

## Note 16. Contract liabilities

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Deferred service obligations	1,179	1,147
<i>Non-current liabilities</i>		
Deferred service obligations	866	1,063
	2,045	2,210
<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	2,210	2,413
Payments received in advance	244	324
Transfer to revenue – performance obligations satisfied in current periods	(409)	(527)
Closing balance	2,045	2,210

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 \$2,045,000 as at 30 June 2023 (\$2,210,000 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Within 12 months	1,179	1,147
12 to 24 months	199	334
24 to 36 months	155	179
Greater than 36 months	512	550
	2,045	2,210

## Notes to the Consolidated Financial Statements continued

## Note 17. Lease liabilities

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Lease liabilities – building premises	17,360	15,563
<i>Non-current liabilities</i>		
Lease liabilities – building premises	201,702	209,460
	219,062	225,023

The average incremental borrowing rate on building premises is 5.27% (30 June 2022: 5.27%).

Refer to note 24 for further information on financial instruments.

## Note 18. Borrowings

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Current liabilities – secured</i>		
Bailment finance and equitable mortgage agreement ('EMA') vehicle funding	297,512	200,587
Capital loan	7,000	7,000
	304,512	207,587
<i>Non-current liabilities – secured</i>		
Capital loan	51,917	58,917
	356,429	266,504

Refer to note 24 for further information on financial instruments.

During the previous financial year ended 30 June 2022, the Group obtained a \$96 million debt facility, which is secured against the Group's Warwick Farm property. 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.

During the financial year ended 30 June 2023, the above debt facility was increased to allow for the anticipated acquisition of Toyota and Volkswagen dealerships in the following financial year.

## Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Bailment finance and EMA vehicle funding	297,512	200,587
Capital loan	58,917	65,917
	356,429	266,504

## Notes to the Consolidated Financial Statements continued

### 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 \$143,173,000 at 30 June 2023 (2022: \$117,019,000).

### Financing arrangements

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

	Consolidated	
	2023 \$'000	2022 \$'000
Total facilities		
Bailment finance and EMA vehicle funding	457,350	474,050
Capital loan	115,917	91,917
Working capital facility	20,000	–
	593,267	565,967
Used at the reporting date		
Bailment finance and EMA vehicle funding	297,512	200,587
Capital loan	58,917	65,917
Working capital facility	–	–
	356,429	266,504
Unused at the reporting date		
Bailment finance and EMA vehicle funding	159,838	273,463
Capital loan	57,000	26,000
Working capital facility	20,000	–
	236,838	299,463

## Notes to the Consolidated Financial Statements continued

## Note 19. Employee benefits

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Employee benefits	23,739	21,382
<i>Non-current liabilities</i>		
Employee benefits	1,925	2,064
	25,664	23,446

## Note 20. Provisions

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Non-current liabilities</i>		
Lease make good	260	240

## 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:

Consolidated – 2023	Lease make good \$'000
Carrying amount at the start of the year	240
Additional provisions recognised	30
Unused amounts reversed	(10)
Carrying amount at the end of the year	260

## Notes to the Consolidated Financial Statements continued

## Note 21. Issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 \$'000	2022 \$'000
Ordinary shares – fully paid (a)	171,920,586	171,920,586	495,122	495,122
Treasury share capital (b)	(250,000)	(250,000)	(1,250)	(1,250)
	171,670,586	171,670,586	493,872	493,872

## (a) Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 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
Balance	30 June 2023	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 2021	250,000		1,250
Balance	30 June 2022	250,000		1,250
Balance	30 June 2023	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.

## Notes to the Consolidated Financial Statements continued

Note 21. Issued capital *continued***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 covenants under financing arrangements 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 30 June 2022 Annual Report.

## Note 22. Reserves

	Consolidated	
	2023 \$'000	2022 \$'000
Asset revaluation reserve (a)	23,673	4,353
Share-based payments reserve (b)	2,771	1,906
Business reorganisation reserve (c)	(34,277)	(34,277)
Transactions with exited non-controlling interests (d)	(17,030)	(17,030)
	(24,863)	(45,048)

**(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).



## Notes to the Consolidated Financial Statements continued

### 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 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)
Revaluation – gross	27,600	–	–	–	27,600
Deferred tax	(8,280)	–	–	–	(8,280)
Share-based payments	–	822	–	–	822
Receipts from issue of share-based payments (note 36)	–	43	–	–	43
Balance at 30 June 2023	23,673	2,771	(34,277)	(17,030)	(24,863)

## Note 23. Dividends

### Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 \$'000	2022 \$'000
Interim dividend for the year ended 30 June 2022 of 9 cents per fully paid ordinary share (fully franked)	–	15,473
Final dividend for the year ended 30 June 2022 of 13 cents per fully paid ordinary share (fully franked)	22,350	–
Interim dividend for the year ended 30 June 2023 of 11 cents per fully paid ordinary share (fully franked)	18,911	–
	41,261	15,473

On 22 August 2023, the directors declared a fully franked dividend of 11.0 cents per fully paid ordinary shares with a record date of 5 September 2023 to be paid on 3 October 2023.

## Notes to the Consolidated Financial Statements continued

Note 23. Dividends *continued*

## Franking credits

	Consolidated	
	2023 \$'000	2022 \$'000
Franking account balance at 30 June	58,557	38,573
Imputation credits that will arise from the payment of the current tax liability	(1,675)	9,552
Adjusted franking account balance	56,882	48,125
Imputation credits that will arise from the payments of dividends declared but not recognised in the financial statements	(8,105)	(9,578)
Adjusted franking account balance after payment of recognised dividend amounts	48,777	38,547

## 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 analysis 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. Finance reports to the Board on a monthly basis.

## 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.

## Notes to the Consolidated Financial Statements continued

### Interest rate risk

The Group's main interest rate risk arises from Bailment finance, EMA vehicle funding and Capital loan which are maintained at 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:

Consolidated	2023		2022	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bailment finance and EMA vehicle funding	5.18%	297,512	2.12%	200,587
Capital loan	5.15%	58,917	2.55%	65,917
Net exposure to cash flow interest rate risk		356,429		266,504

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

For the Group the borrowings outstanding, totalling \$356,429,000 (2022: \$266,504,000), are principal and interest payment loans. An official increase/decrease in interest rates of 50 basis point (2022: 50 basis point) would have an adverse/favourable effect on profit before tax of \$1,782,000 (2022: \$1,333,000) per annum.

### 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.

### 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.

## Notes to the Consolidated Financial Statements continued

Note 24. Financial instruments *continued*

Consolidated – 2023	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	–	24,759	–	–	–	24,759
GST payable	–	3,075	–	–	–	3,075
Other payables and accruals	–	29,329	–	–	–	29,329
<i>Interest-bearing – variable</i>						
Bailment finance and EMA vehicle funding	5.18%	310,262	–	–	–	310,262
Capital loan	5.15%	10,404	9,966	27,328	26,415	74,113
<i>Interest-bearing – fixed rate</i>						
Lease liability	5.27%	29,103	27,354	80,051	155,723	292,231
<b>Total non-derivatives</b>		<b>406,932</b>	<b>37,320</b>	<b>107,379</b>	<b>182,138</b>	<b>733,769</b>
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
Other payables and accruals	–	2,789	–	–	–	2,789
Financial guarantee contracts	–	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>

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

## Notes to the Consolidated Financial Statements continued

### 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 May 2023 on the Group's Warwick Farm properties and in April 2022 on the Group's Southport Queensland properties to ascertain the fair value of land and buildings. A revaluation increment of \$27,600,000 has been recorded in the current year in relation to the Warwick Farm properties. The Directors have undertaken an assessment on the Southport properties and concluded there is no 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 2021	196,731
Additions	2,105
Gains recognised in other comprehensive income	2,700
Depreciation	(2,316)
Balance at 30 June 2022	199,220
Gains recognised in other comprehensive income	27,600
Depreciation	(2,261)
Balance at 30 June 2023	224,559

## Notes to the Consolidated Financial Statements continued

Note 25. Fair value measurement *continued*

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

Unobservable inputs and sensitivities	2023	2022
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%–6.4%	5.0%–6.7%
– weighted average	6.2%	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>	\$239/m <sup>2</sup> –\$577/m <sup>2</sup>
– weighted average	\$382/m <sup>2</sup>	\$350/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	
	2023 \$	2022 \$
Short-term employee benefits	3,024,920	2,548,490
Post-employment benefits	111,316	104,316
Long-term benefits	(13,059)	(1,254)
Share-based payments	203,483	666,120
	3,326,660	3,317,672

## Changes in key management personnel

Mr Bernard Friend retired as Chief Financial Officer on 31 December 2022 and as Company Secretary, effective 15 December 2022. On his retirement Mr Friend was paid an ex-gratia payment of \$360,500. Mr Victor Cuthell commenced in the role of Chief Financial Officer on 21 November 2022 and was appointed as Company Secretary and as the person responsible for communications with the ASX in accordance with ASX Listing Rule 12.6, effective 15 December 2022.

## Notes to the Consolidated Financial Statements continued

### 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:

	Consolidated	
	2023 \$	2022 \$
<i>Audit services – Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	642,000	716,485
<i>Other services – Deloitte Touche Tohmatsu</i>		
Tax compliance and advisory services	224,146	317,592
Finance due diligence relating to acquisitions	–	605,306
Other consulting services	14,000	18,581
	238,146	941,479
	880,146	1,657,964

### Note 28. Contingent liabilities

	Consolidated	
	2023 \$'000	2022 \$'000
Bank guarantees	4,875	4,674

All 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.



## Notes to the Consolidated Financial Statements continued

Note 29. Related party transactions *continued*

## Transactions with related parties

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

	2023 \$	2022 \$
<i>Revenue received from Director related entities*:</i>		
Sale of goods	1,107,293	282,879
Rental payments	863,692	823,406
Shared service charges	7,903,854	6,946,304
<i>Expenses paid/payable to Director related entities*:</i>		
Lease payments	6,321,334	5,622,509
Purchase of goods	1,041,109	379,149
<i>Receivables/(payables) with related parties</i>		
The following balances were outstanding at the end of the year:		
Amounts receivable from Director related entities*	1,217,667	1,525,195
Amounts payable to Director related entities*	(431,383)	(623,301)

\* 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 2023 is \$1,189,855 (2022: \$1,233,500) which has been reduced from the previous year by \$43,645 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

	Parent	
	2023 \$'000	2022 \$'000
Profit after income tax	44,913	46,271
Total comprehensive income	44,913	46,271

## Notes to the Consolidated Financial Statements continued

### Statement of financial position

	Parent	
	2023 \$'000	2022 \$'000
Total current assets	3,798	13,978
Total assets	744,617	724,968
Total current liabilities	344	11,720
Total liabilities	216,843	201,712
Equity		
Issued capital	493,872	493,872
Reserves	2,128	1,262
Retained profits	31,774	28,122
Total equity	527,774	523,256

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

The parent entity had no guarantees other than the deed of cross guarantee in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

### Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

### 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 their receipt may be an indicator of an impairment of the investment.

## Note 31. Business combinations

### Acquisition during the prior year

#### 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).

## Notes to the Consolidated Financial Statements continued

Note 31. Business combinations *continued*

The acquisition expanded the Group's footprint across the Eastern Seaboard and provided 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 were 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

## Notes to the Consolidated Financial Statements continued

## 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:

Name	Principal place of business/Country of incorporation	Ownership interest	
		2023 %	2022 %
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	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%	100%
Doncaster European Pty Limited	Australia	100%	100%
Doncaster European Unit Trust	Australia	100%	100%
Frankston Motors Pty Limited	Australia	100%	100%
Frankston Mazda Unit Trust	Australia	100%	100%
Burwood Mazda Pty Limited*	Australia	80%	80%
Bayside Mazda Pty Limited*	Australia	80%	80%
ACN 655 387 885 Pty Limited	Australia	100%	100%
Warwick Farm Automotive 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 holdings shares for the benefit of participants under equity remuneration schemes.

## Notes to the Consolidated Financial Statements continued

## 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 Limited  
Frizelle's Investments Pty Limited  
James Frizelle's Automotive Group Pty Limited  
PWA Properties Pty Limited  
Peter Warren Automotive Investments Pty Limited  
ACN 648 007 407 Pty Limited  
ACN 655 387 885 Pty Limited  
Penfold Motors Burwood Pty Limited  
Doncaster European Pty Limited  
Frankston Motors Pty Limited

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'.

	2023 \$'000	2022 \$'000
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue	1,768,631	1,546,216
Other income	12,142	15,268
Interest revenue calculated using the effective interest method	531	146
Raw materials and consumables purchased	(1,440,215)	(1,245,040)
Employee benefits expense	(145,294)	(134,384)
Depreciation and amortisation expense	(26,829)	(23,087)
Other expenses	(63,029)	(64,357)
Finance costs	(23,708)	(12,881)
<b>Profit before income tax expense</b>	82,229	81,881
Income tax expense	(25,093)	(24,642)
<b>Profit after income tax expense</b>	57,136	57,239
<b>Other comprehensive income</b>		
Gain on the revaluation of land and buildings, net of tax	19,320	1,890
Other comprehensive income for the year, net of tax	19,320	1,890
<b>Total comprehensive income for the year</b>	76,456	59,129

## Notes to the Consolidated Financial Statements continued

Statement of financial position	2023 \$'000	2022 \$'000
<b>Current assets</b>		
Cash and cash equivalents	42,687	39,448
Trade and other receivables	73,729	66,875
Inventories	325,272	255,928
Income tax refund due	1,675	–
Other assets	10,767	17,692
	454,130	379,943
<b>Non-current assets</b>		
Other assets	2,175	153
Property, plant and equipment	272,712	244,950
Right-of-use assets	145,757	153,378
Intangibles	241,548	242,299
Deferred tax	7,371	18,034
	669,563	658,814
<b>Total assets</b>	<b>1,123,693</b>	<b>1,038,757</b>
<b>Current liabilities</b>		
Trade and other payables	80,210	90,556
Contract liabilities	1,179	1,147
Borrowings	270,966	190,306
Lease liabilities	14,508	13,038
Income tax	–	10,863
Employee benefits	22,278	20,686
	389,141	326,596
<b>Non-current liabilities</b>		
Contract liabilities	182	382
Borrowings	51,917	58,917
Lease liabilities	159,670	166,375
Employee benefits	1,925	2,064
Provisions	230	210
	213,924	227,948
<b>Total liabilities</b>	<b>603,065</b>	<b>554,544</b>
<b>Net assets</b>	<b>520,628</b>	<b>484,213</b>
<b>Equity</b>		
Issued capital	493,685	493,872
Reserves	(24,863)	(45,048)
Retained profits	51,806	35,389
<b>Total equity</b>	<b>520,628</b>	<b>484,213</b>

## Notes to the Consolidated Financial Statements continued

## Note 34. Cash flow information

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

	Consolidated	
	2023 \$'000	2022 \$'000
Profit after income tax expense for the year	56,362	56,513
Adjustments for:		
Depreciation and amortisation	30,791	26,371
Write off of property, plant and equipment	(17)	471
Share-based payments	822	1,127
Change in operating assets and liabilities:		
Increase in trade and other receivables and other assets	(10,592)	(2,834)
Increase in inventories	(87,605)	(10,908)
Increase/(decrease) in bailment finance and EMA vehicle funding	96,925	(13,328)
Decrease in deferred tax assets	10,244	943
(Decrease)/increase in trade and other payables	(7,050)	2,350
Decrease in contract liabilities	(165)	(292)
Decrease in provision for income tax	(11,906)	(3,640)
Increase in other provisions	2,240	301
(Decrease)/increase in customer deposits	(6,202)	15,534
Net cash from operating activities	73,847	72,608

## Non-cash investing and financing activities

	Consolidated	
	2023 \$'000	2022 \$'000
Remeasurements to the right-of-use assets	9,085	1,951
Addition to the right-of-use assets	1,777	–
Shares issued in relation to business combinations	–	15,424
	10,862	17,375



## Notes to the Consolidated Financial Statements continued

## Changes in liabilities arising from financing activities

Consolidated	Borrowings – Capital loan \$'000	Lease liabilities \$'000	Total \$'000
Balance at 1 July 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
Cash used in financing activities	(7,000)	(16,823)	(23,823)
Remeasurement of leases	–	10,862	10,862
Balance at 30 June 2023	58,917	219,062	277,979

## Note 35. Earnings per share

	Consolidated	
	2023 \$'000	2022 \$'000
Profit after income tax attributable to the owners of Peter Warren Automotive Holdings Limited	56,362	56,513
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	171,920,586	169,377,369
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	594,793	182,913
Weighted average number of ordinary shares used in calculating diluted earnings per share	172,515,379	169,560,282
	Cents	Cents
Basic earnings per share	32.78	33.37
Diluted earnings per share	32.67	33.33

## Notes to the Consolidated Financial Statements continued

## Note 36. Share-based payments

## Performance rights issued during the year ended 30 June 2023

## FY23 Long Term Incentive

Performance rights issued during the year ended 30 June 2023, were issued in accordance with the 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 2022 to 30 June 2025. There is no exercise price.

The grant date fair value is determined with reference to the underlying share price on grant date, with no adjustments considered necessary to that based on the terms of the performance rights.

## FY22 Short Term Incentive – deferred equity

Restricted rights were issued in relation to the Group's FY22 Short Term Incentive (Equity) Plan and reflect the 30% deferred equity component of the plan. The fair value of \$2.04 reflects the 10-day VWAP prior to 1 July 2022 for Peter Warren (ASX: PWR) shares.

On 20 February 2023, the Board approved the lapsing of Bernard Friend's share rights being the FY22 deferred equity (30,882) and FY22 long term incentive performance rights (28,790) as a consequence of his retirement.

2023	Grant date	Fair Value	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
FY22 long term incentive	23/09/2021	\$3.06	\$0.00	90,719	–	–	(28,790)	61,929
FY22 long term incentive	19/01/2022	\$2.90	\$0.00	82,253	–	–	–	82,253
FY22 short term incentive – deferred equity	12/09/2022	\$2.04	\$0.00	–	337,866	–	(30,882)	306,984
FY23 long term incentive	01/02/2023	\$2.79	\$0.00	–	420,832	–	–	420,832
				172,972	758,698	–	(59,672)	871,998

## Notes to the Consolidated Financial Statements continued

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

#### FY22 Long Term Incentive

Performance rights issued during the year ended 30 June 2022, were issued in accordance with the 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. There is no exercise price.

The grant date fair value is determined with reference to the underlying share price on grant date, with no adjustments considered necessary to that based on the terms of the performance rights.

2022	Grant date	Fair Value	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
IPO Grant	06/04/2021	\$2.90	\$0.00	189,654	–	(189,654)	–	–
FY22 long term incentive	23/09/2021	\$3.06	\$0.00	–	90,719	–	–	90,719
FY22 long term incentive	19/01/2022	\$2.90	\$0.00	–	82,253	–	–	82,253

#### 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. The performance rights were exercised on 24 February 2022.

#### 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 are 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 of five to seven years. The loan balance as of 30 June 2023 is \$1,250,000 and dividends received during the year of \$43,645 (2022: \$16,500) have been applied against the share-based payment reserve (note 22).

## Notes to the Consolidated Financial Statements continued

### Note 37. Events after the reporting period

#### Acquisition of Toyota and Volkswagen dealerships

The acquisition of a majority share in three related party dealerships in New South Wales, being the Toyota dealership at Warwick Farm and the Toyota and Volkswagen dealerships in Bathurst was completed on 7 July 2023.

The total estimated purchase price of \$45.0 million is comprised of provisional goodwill (\$50.6 million) and estimated net assets (\$1.8 million), less the relevant minority interest (\$7.4 million). The acquisition was funded with \$37.0 million of debt from existing debt providers under a master debt facility, with no additional security provided. The remaining \$8.0 million was funded from cash.

Apart from the dividend declared as disclosed in note 23 and the matters mentioned above, no other matter or circumstance has arisen since 30 June 2023 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 2023

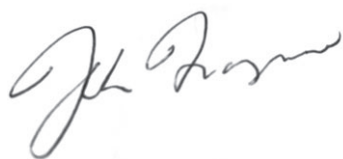
In the Directors' opinion:

- 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 2023 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

22 August 2023  
Sydney

# Independent Auditor's Report

to the members of Peter Warren Automotive Holdings Limited



Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Quay Quarter Tower  
50 Bridge Street  
Sydney, NSW, 2000  
Australia

Phone: +61 2 9322 7000  
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 2023, 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:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of their financial performance for the year then ended; and
- 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.

## Independent Auditor's Report continued

**Deloitte**

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b><i>Recoverability of goodwill</i></b></p> <p>As at 30 June 2023 the Group's goodwill totalled \$238m (30 June 2022: \$238m) as set out in Note 14 to the financial statements.</p> <p>The Group's annual impairment assessment of goodwill 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>• revenue growth rates;</li> <li>• gross margin; and</li> <li>• capital and operational 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: <ul style="list-style-type: none"> <li>• Challenging the forecasted cash flows by comparing to actual cash flows generated in the current year, to the board approved budgets and to the forward order book;</li> <li>• Evaluating management's historical forecasting accuracy by comparing actual results to budget for the prior year; and</li> <li>• Assessing the reasonableness of the forecasted cash flows against external economic and financial data.</li> </ul> </li> <li>• In conjunction with our valuation specialists: <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 formulae;</li> <li>• Challenging key inputs, including the discount rate, terminal growth rate and gross margin rates utilised by management;</li> <li>• Performing sensitivity analysis on the revenue growth rates, gross margin and discount rates; and</li> </ul> </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 2023, 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 do 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 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.



## Independent Auditor's Report continued

**Deloitte***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.

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.

## Independent Auditor's Report continued

### Deloitte

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 pages 25 to 42 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Peter Warren Automotive Holdings Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

##### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Tara Hill  
Partner  
Chartered Accountants  
Sydney, 22 August 2023

# Shareholder Information

30 June 2023

The shareholder information set out below was applicable as at 11 August 2023.

## Distribution of equity securities

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

	Ordinary shares		FY22 LTI performance rights over ordinary shares		FY22 STI deferred equity		FY23 LTI performance rights over ordinary shares	
	Number of holders	% of total shares	Number of holders	% of total rights	Number of holders	% of total deferred equity	Number of holders	% of total rights
1 to 1,000	538	29.41	–	–	–	–	–	–
1,001 to 5,000	731	39.97	–	–	–	–	–	–
5,001 to 10,000	278	15.20	6	34.23	2	4.49	–	–
10,001 to 100,000	245	13.40	5	65.77	11	95.51	13	100.00
100,001 and over	37	2.02	–	–	–	–	–	–
	1,829	100.00	11	100.00	13	100.00	13	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	
	Number held	% of total shares issued
WF Property Holdings Pty Ltd	33,103,448	19.26
The Warren Family Pty Ltd	30,476,552	17.73
Citicorp Nominees Pty Limited	18,082,734	10.52
S M A Motors Pty Limited	15,705,197	9.14
BNP Paribas Nominees Pty Ltd	15,425,607	8.97
National Nominees Limited	10,609,006	6.17
J P Morgan Nominees Australia Pty Limited	9,818,591	5.71
UBS Nominees Pty Ltd	6,280,590	3.65
Wildash (Qld) Pty Ltd	3,612,217	2.10
Frizelle Family Company Pty Ltd	2,996,825	1.74
HSBC Custody Nominees (Australia) Limited	2,135,320	1.24
Golden Way Investments Proprietary Limited	1,552,719	0.90
Hog Pty Ltd	1,552,719	0.90
S.A.J. Nominees (Vic) Pty Ltd	1,293,932	0.75
Wildash (Qld) Pty Ltd	1,011,179	0.59
Neweconomy Com Au Nominees Pty Limited	912,210	0.53
DMP & Associates Pty Limited	712,972	0.41
S G P Pty Ltd	712,972	0.41
HSBC Custody Nominees (Australia) Limited – A/C 2	693,931	0.40
KJH Investments Pty Ltd	517,573	0.30
	157,206,294	91.42

## Shareholder Information continued

### Unquoted equity securities

	Number on issue	Number of holders
FY22 LTI performance rights over ordinary shares	144,182	11
FY22 STI deferred equity	306,984	13
FY23 LTI performance rights over ordinary shares	420,832	13

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

Name	Class	Number held
Mark Weaver	FY22 LTI performance rights over ordinary shares	39,758
Mark Weaver	FY22 STI deferred equity	63,419
Mark Weaver	FY23 LTI performance rights over ordinary shares	100,000

### Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Warren Family	63,580,000	36.98
S M A Motors Pty Limited	15,705,197	9.14
Citicorp Nominees Australia	15,440,458	8.98
BNP Paribas Nominees Pty Ltd	15,425,607	8.97
National Nominees Limited	10,513,445	6.12
JP Morgan Nominees Australia	9,922,192	5.77

### 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.

# Corporate Directory

30 June 2023

## Directors

John Ingram – Chair  
Paul Warren  
Catherine West  
Niran Peiris

## Company secretary

Victor Cuthell

## Notice of annual general meeting

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

The annual general meeting will be held on Tuesday, 31 October 2023

Closing date for receipt of Director nominations: Tuesday, 29 August 2023

## 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

Quay Quarter Tower  
50 Bridge Street  
Sydney NSW 2000

## Solicitors

### Gilbert + Tobin

200 Barangaroo Avenue  
Barangaroo 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), to the extent appropriate for the size and nature of Peter Warren's operations.

The Corporate Governance Statement can be found at <https://www.pwah.com.au/site/investor-centre/corporate-governance>

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Peter Warren  
Automotive  
Holdings

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