Autosports Group Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Autosports Group Limited
ABN:	54 614 505 261
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	26.4%	to	2,371,425
Profit from ordinary activities after tax attributable to the owners of Autosports Group Limited	up	22.6%	to	65,426
Profit for the year attributable to the owners of Autosports Group Limited	up	22.6%	to	65,426

Dividends

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 30 June 2023, declared on 22 February 2023. The interim dividend was paid on 31 May 2023 to shareholders registered on 17 May 2023.	9.0	9.0
Final dividend for the year ended 30 June 2023, declared on 23 August 2023. The final dividend will be paid on 15 November 2023 to shareholders registered on 1 November 2023.	10.0	10.0

Comments
The profit for the Group after providing for income tax and non-controlling interest amounted to $65,426,000 (30 June 2022: $53,376,000).

The profit for the financial year was impacted by other items as follows:

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Statutory profit after tax attributable to the owners of Autosports Group Limited	65,426	53,376
Add: Non-controlling interest[1]	1,223	1,204
Add: Income tax expense	33,652	25,780
Profit before income tax expense	100,301	80,360
Add: Intangible amortisation[2]	3,367	3,968
Add: Acquisition expenses[3]	4,871	463
Add: Restructure and relocation expenses[4]	1,156	1,954
Add: Property impairment [5]	6,004	-
Profit before tax excluding other items	115,699	86,745

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[1] Represents the 20% non-controlling interest in New Centenary Mazda Pty Ltd held by the dealer principal and 20% non-controlling interest in John Newell Holdings Pty Ltd held by the dealer principal.

[2] Relates to non-cash amortisation of customer contracts arising on acquisitions made by the Group.

[3] Relates to expenses and purchase taxes incurred on the acquisition of Auckland City BMW Ltd and Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI.

[4] Restructure and relocation expenses relate to costs associated with relocation to the new Kings Way BMW dealership. Previous year expenses relate to the relocation of Lamborghini Brisbane and Audi Indooroopilly dealerships along with redundancies and other non-trading expenses.

[5] Property impairment arose as a result of the acquisition of 586 Wickham Street, Fortitude Valley on 15 June 2023. Due to the proximity of the acquisition to year end there has been no opportunity for appreciation in value of the property and as such capitalised acquisition costs including stamp duty resulted in the carrying value of the property exceeding its valuation.

Profit before tax excluding other items noted above is a financial measure which is not prescribed by Australian Accounting Standards ('**AAS**') and represents the statutory result under AAS adjusted for certain items. The directors consider profit before tax excluding other items (being items adjusted above) to reflect the core earnings of the Group.

Please refer to the Australian Securities Exchange ('**ASX**') announcement accompanying this Appendix 4E for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(36.43)	1.85

Net tangible assets include the right-of-use assets of $227,846,000 (30 June 2022: $203,147,000), the lease liabilities of $258,802,000 (30 June 2022: $235,385,000), net deferred tax assets of $21,343,000 (30 June 2022: $21,721,000) and net deferred tax liabilities of $332,000 (30 June 2022: $Nil) in the above calculation. The movement in net tangible assets largely relates to acquisition of $109,225,000 of intangible assets (goodwill and customer contracts) funded by cash reserves and debt during the year.

4. Control gained over entities

On 1 August 2022, the Group acquired 100% interest in *Auckland City BMW Ltd.* Refer note 28 of the notes to the financial statements for further details.

5. Audit qualification or review

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

6. Attachments

The Annual Report of Autosports Group Limited for the year ended 30 June 2023 is attached.

7. Signed

As authorised by the Board of Directors

Signed ___________________________ Date: 23 August 2023

James Evans
Chairman
Sydney

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autosports group

ANNUAL REPORT 2023

Drive Endless Possibilities

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A YEAR OF **HIGHLIGHTS**

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August 2022

Entered New Zealand market with Auckland City BMW Limited acquisition.

October 2022

Launched Australia's first Retail Next showroom at Melbourne BMW & MINI.

February 2023

BMW & MINI are now represented in VIC, NSW, NZ and QLD with Motorline & Gold Coast BMW/ MINI acquisition.

March 2023

Ringwood BMW greenfield opens. Audi Sutherland 2022 Metropolitan Dealer of the Year. Mercedes-Benz Toowong & Macgregor awarded as 2022 Transformational Champions. Auckland City BMW awarded 2022 BMW Dealer of the Year.

June 2023

Settled strategic acquisition of property underlying the Group's Audi Centre Brisbane and other dealerships in Fortitude Valley.

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Revenue **$2,371 million**	**26%** up on PCP
Normalised[1] NPBT[1] **$115.7 million**	**33%** up on PCP
Statutory NPAT **$66.6 million**	**22%** up on PCP
Gross Profit **$475.6 million**	**27%** up on PCP
EBITDA **$198.0 million**	**30.7%** up on PCP
FY dividend **19 cents (fully franked)** **(10 cents H2 2022FY fully franked)**	**19%** up on PCP

1. Normalised NPBT excludes property impairment, acquisition and restructure costs and acquisition amortisation.

Dear Shareholders, I am pleased to present my letter as Chairman for the 2023 financial year.

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In last year's letter, I commented on the way in which our business handled change diligently within a complex external environment and remained disciplined in executing its growth strategy.

This year was no different.

I am pleased to report that Autosports Group delivered an excellent financial result in FY2023 including a 26.4% increase in revenue whilst accomplishing several strategic acquisitions.

Change is constant, and our ability to stay ahead of the curve and adapt to the evolving economic, social, technological and regulatory landscape is vital.

Ongoing geopolitical tensions impacted global economies with inflationary pressures and rising interest rates. We saw this in Australia as the Reserve Bank implemented interest rate rises in an effort to curb inflation. Nevertheless, for Autosports Group, consumer demand remained stable despite these economic headwinds as customer orders for new vehicles increased against the previous year.

The automotive industry in general experienced supply chain challenges last year, however, we are pleased to report that these challenges have started to ease. As a result, many customer orders for new vehicles were delivered contributing to this year's 33.4% growth in underlying normalised[1] Net Profit Before Tax.

The parts and services divisions of our business have also fully recovered from the impact of the pandemic-related lockdowns.

In recent years, the automotive retailing landscape has continued to evolve with a marked shift towards the availability of, and demand for, electric vehicles and digital platforms.

Social change and the trend towards consumers opting for electric vehicles have become part of the automotive industry's transformation. This social change is supported by more brands offering a wider range of electric vehicles and has contributed to a notable increase in EV sales compared to prior years. Our longstanding relationships with leading luxury and prestige brands allow us to support the delivery of an expanding range of high-end hybrid and electric vehicles to market.

Digital transformation has emerged as a driver of growth and innovation for many businesses. This is not merely about adopting new technologies but also about reimagining customer experiences. Our customer-centric approach to digital transformation centres around creating seamless and personalised experiences for our customers. We have invested in digital platforms and user-friendly interfaces to deliver a smooth and engaging customer experience whilst improving operational efficiency.

The regulatory environment in FY2023 has undergone considerable changes, particularly in the domains of privacy, consumer protection and ESG. This changing landscape highlights the need for a sound corporate governance framework that is both adaptable and scalable. We acknowledge that there is always more work to be done and, by embracing a culture of continuous improvement, we can progressively mature our existing processes and procedures to respond to changing regulatory requirements. Our directors' report includes more detail on the progress we have made in the area of ESG.

Corporate Governance

The Board of Directors, supported by our committees and management team, played an important role in enhancing our governance practices during the reporting period as we reviewed existing programs, updated our policies and continued with our internal audit program which is aligned with our risk management framework. We commissioned an independent review of our executive remuneration structure as part of our approach to continuous improvement and to compare with industry benchmarks. Our 2023 Corporate Governance Statement sets out our approach to corporate governance by reference to the ASX Corporate Governance Council's recommendations in more detail.

1. Normalised NPBT excludes property impairment, acquisition and restructure costs and acquisition amortisation

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"Our consistent approach to growing the business through a combination of acquisitive and organic growth has contributed to this year's financial results."

Our executive director and co-founder of Autosports Group, Mr Ian Pagent retired from his executive position. Ian continues his important role with the company as a non-executive director and remains our major shareholder. We continue to benefit from Ian's unparalleled industry knowledge and entrepreneurial spirit along with his continued active involvement with the business.

We also welcome Brent Polites in his new role of Head of Franchised Automotive overseeing the retail operations across the group. Brent joined Autosports Group in 2014. During his tenure, Brent gained valuable experience as a Dealer Principal in various dealerships and brands within our group including Audi and BMW, which will undoubtedly be an asset in his new position.

Growth

Acquisitions have been a key component of our growth, allowing us to broaden our portfolio and expand our geographic presence. Our long-standing relationships with our Original Equipment Manufacturers (OEMs) have also supported our growth.

This year we rapidly grew our representation of BMW Group brands including BMW, MINI and Rolls-Royce.

A particular highlight during the year was our expansion into the New Zealand market when we acquired Auckland City BMW Limited comprising five dealerships covering two BMW, two MINI and a Rolls-Royce dealership. This acquisition delivers both scale and geographical diversity.

In February 2023, the Group acquired the Motorline and Gold Cost BMW and MINI businesses extending the Group's BMW and MINI offering to Queensland for the first time. Our latest greenfield site, Ringwood BMW in Victoria also opened in early 2023.

Securing tenure over strategically important retail sites where our dealerships operate is a key tenet of our property strategy. In June 2023, the business finalised the purchase of a key retail site in Fortitude Valley where the Group's Audi Centre Brisbane dealership is located.

Our consistent approach to growing the business through a combination of acquisitive and organic growth has contributed to this year's financial results.

Financial Result

Statutory net profit after tax grew 22.1% to $66.6 million (2022: $54.6 million). The Board declared a final dividend of 10 cents per share which brings the total dividend for FY2023 to 19 cents per share, up 18.8% compared to FY2022. Our company's solid financial performance and prudent management have enabled us to share these rewards and deliver value to our shareholders. Our CEO, Nick Pagent, will discuss the financial result for FY2023 in more detail in his CEO Letter.

The future

We can be proud of what Autosports Group has accomplished in the last financial year. The collective effort of our Board, management and people supported the execution of the Group's growth strategy and delivered a solid financial result for FY2023.

A special thanks to our CEO, Nick Pagent, and his management team for their determination and effort in delivering this year's achievements. In the year ahead we aim to build upon these achievements and position the business for continued growth.

I would like to thank our employees for their dedication and invaluable contributions during the year.

Finally, I would like to extend my appreciation to our management team, my fellow board members, valued shareholders and business partners for your continued support.

Yours faithfully

James Evans

Chairman

Dear Shareholders,
I am pleased to share with you an outstanding result for the year.

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I am pleased to share with you another outstanding result for the year; a record profit, continued progress on the execution of our strategic plan and strengthening of our relationships with key OEM partners.

Our corporate strategy can be simply expressed as excelling in representing the world's great automotive luxury and prestige brands, from prime locations across Australia and now New Zealand. We see this as the most resilient consumer segment in retail automotive which offers the best margin potential. It has allowed us to build a corporate skill set and market position that gives us a competitive advantage in Australia and New Zealand. It also means we have declined acquisition opportunities for brands that do not align with our luxury-based strategy and skill set. As the future for the industry and economy looks more challenging in the year ahead, I am confident our decision to concentrate on the luxury end of the market will be rewarded.

The new vehicle market remained strong, with registrations up 8.2% in the six months to June 2023 per Vfacts however the luxury and prestige markets were stronger outperforming the broader market with 27.3% growth in the same period. Throughout this period, we saw normalising of supply and demand in global supply chains which allowed us to grow our new vehicle revenue by 25.9% in FY2023. Pleasingly, we were able to achieve this growth whilst increasing our forward customer orderbank volumes, revenue and gross profits compared to last year. Furthermore, luxury demand remained resilient with like-for-like growth in new customer orders in FY2023.

Electric vehicles gathered momentum in the market. In the month of June 2023, we saw a new high with alternate powertrains (Plug-in Hybrid, Hybrid and full Electric) representing 23.2% of the passenger and SUV market. Luxury manufacturers remain positioned to thrive in this environment with an array of new models due to launch in this and coming years. While the EV space has been the most dynamic part of the industry including several new players, barriers to entry to the luxury space remain high. This is further evidence that our luxury-focused corporate strategy is right for Autosports Group.

The used vehicle market continued to be a dynamic arena with prices more reflective of their pre-Covid valuations; as a result, margins stabilised and our strategy of focusing on the lowest cost of acquisition and most efficient sales channel improved used car revenue by 22.4%.

Our strong back-end (service and parts) growth was driven by two key factors. Firstly, the increased volume of new cars delivered in the post-Covid era support trailing income streams in service, parts and panel. Secondly, the growing penetration of service plan contracts support customer retention rates and provide more predictable revenue streams from our aftersales division. These factors allow for growth opportunities in the highest margin elements of our business and provide a foundation to weather turbulence caused by macroeconomic factors that affect front-end sales.

Of course, this opportunity needs capacity. In FY2023 we were pleased to open the greenfield site at Ringwood BMW and launch our state-of-the-art facility at Melbourne BMW with increased service capacity. We also invested at Brighton Jaguar Land Rover, Ducati Sydney, our Bespoke by Autosports business and Volvo sites in Sydney to help meet the growing needs of our existing customer base.

Delivering this growth from our existing aftersales resources will be one of the key priorities for the coming year.

This growth in aftersales, our new business acquisitions and the thawing of the global supply constraints have contributed to record turnover of $2.371m and an overall improvement in gross margin to 20.1%; while improvements in efficiency through scale and diligent cost control afforded a reduction in operational expenditure to 11.7% resulting in a record EBITDA margin of 8.4% and a NPBT ratio of 4.9%, up 0.3% on last year. Given the broad-based inflation and rising interest

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"Our corporate strategy remains luxury-focused."

rate conditions we have faced this year, the result is testament to our experienced team and strength of our core business. We leave the year with a 30 June 2023 cash balance of $42m and net debt of $181m, backed by property assets with a carrying value of $194m.

Strategic Focus

Our corporate strategy remains luxury-focused. Acquisitive growth supports this strategy through the addition of sensibly priced assets with brands and locations where we can unlock margin improvements through our scale and experience.

The robust cashflows of the business allowed us to expand into the New Zealand market this year by acquiring two BMW and two MINI dealerships in Auckland, and the only Rolls-Royce dealership in New Zealand. These businesses gave us immediate scale in the marketplace and are operating in line with our expectations.

We were also pleased to add the Motorline and Gold Coast BMW and MINI dealerships to our portfolio in February, deepening our relationship with BMW Group and increasing our scale and geographic coverage through aligned strategic growth. As this acquisition settled mid-year in FY2023, we will see a full year of turnover and profit in this next period.

We have also strengthened the balance sheet by purchasing our existing retail location in Fortitude Valley. This brings the carrying value of our real estate portfolio to beyond $194m and we remain on track with our strategy of making sensible investments in strategically important retail locations.

Importantly our strong cashflows, balance sheet strength and supportive OEM finance partners leave the business well-placed to continue our growth strategy.

Outlook

We expect FY2024 will present more challenges than the past year, however, the structural undersupply in new vehicles we have endured over the past two years has left us well-positioned to leverage our order banks which are at near record levels.

The luxury consumer remains resilient with enquiry and order rates remaining stable even as the broader economy slows. Combined with a full-year cycling of acquisitions made in the prior year, Autosports is positioned to deliver continued revenue growth through FY2024.

Our mature back-end operations, untapped capacity and high service plan contract penetrations mean that we are poised for continued aftersales growth in FY2024.

Demand for used cars remains strong and our streamlined strategy built around our existing Prestige Auto Traders infrastructure will allow us to service this demand in a cost-efficient manner.

The prevailing macroeconomic environment creates opportunity for on-strategy, accretive, acquisition-led growth. The outlook for acquisition-led growth is positive. Autosports Group's scale, operating cash flows and luxury acquisition runway leave us well-positioned to progress our growth strategy in FY24.

In closing, I would like to thank the Board, management and the entire team across Autosports Group for their collective efforts in delivering a record result in FY2023. Finally, a special thank you to our shareholders; there is so much to look forward to in this next year as we deliver on our strategy and continue our purpose to Drive Endless Possibilities.

Nick Pagent

Chief Executive Officer

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Drive Endless Possibilities

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Strive for excellence

We set goals with clear direction and defined outcomes

–

We hold ourselves to account

–

We are proactive in our approach

–

We exceed expectations in everything we do

–

We make decisions with consideration of our key stakeholders – employees, customers, shareholders, community and manufacturers

Village

We are united in purpose through people

–

We coach and mentor our people to be their best

–

We are visible, approachable and connected across the Group

–

We embrace diversity and inclusion

–

We are part of a large Group retaining a family feel

Care

We demonstrate care towards our customers and their experience

–

We invest in our people for training and development

–

We recognise the role you play – everyone is important to our success

–

We do what is right by our people, customers and communities

–

We are eager to help each other and create a safe environment for our people

Leading change

We leverage our scale and collective intelligence to drive change

–

We deliver the changes required for growth

–

We embrace the use of technology to deliver the optimum experience for our customers and stakeholders

–

We move with the times – taking into account tomorrow, today

–

We are resilient and embrace change

GROUP **PORTFOLIO**

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GROUP **DEALERSHIPS**

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ALPINA

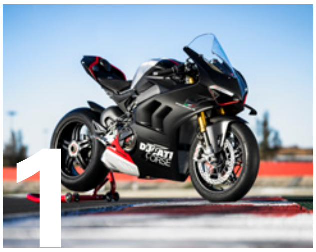
ASTON MARTIN

AUDI

BENTLEY

BMW

BMW MOTORRAD



DUCATI

JAGUAR

KIA

LAND ROVER

LAMBORGHINI

MASERATI

MAZDA

MCLAREN

MERCEDES-BENZ

MINI

ROLLS-ROYCE

SUBARU

VOLVO

VOLKSWAGEN

This reflects our dealerships as at the date of this report and includes dealerships acquired after 30 June 2022.

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The directors present their report, together with the financial statements, on the consolidated entity ('Autosports Group' or 'Group') consisting of Autosports Group Limited ('Company') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

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

James Evans	Chairman
Nicholas Pagent	Executive Director and Chief Executive Officer
Marina Go	Independent Director
Ian Pagent	Non-Executive Director (effective 1 February 2023); Executive Director (until 31 January 2023)
Robert Quant	Independent Director

Principal activities

During the financial year, our principal activities included the sale of new and used motor vehicles, distribution of finance and insurance products on behalf of retail financiers and automotive insurers, sale of aftermarket products and spare parts, motor vehicle servicing and collision repair services. There have been no significant changes in the nature of principal activities.

Our operations comprise of:
- 54 dealerships selling new and used prestige and luxury motor vehicles;
- 3 used motor vehicle outlets, primarily on the sale of used prestige and luxury motor vehicles;
- 4 motorcycle dealerships selling new and used motorcycles; and
- 8 specialist prestige motor vehicle collision repair facilities.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Final dividend for the year ended 30 June 2022 of 9.0 cents (2021: 7.0 cents) per ordinary share	18,090	14,070
Interim dividend for the year ended 30 June 2023 of 9.0 cents (2022: 7.0 cents) per ordinary share	18,090	14,070
	36,180	28,140

On 23 August 2023, the directors declared a fully franked final dividend for the year ended 30 June 2023 of 10.0 cents per ordinary share, to be paid on 15 November 2023 to eligible shareholders on the register as at 1 November 2023. This equates to a total estimated distribution of $20,100,000, based on the number of ordinary shares on issue as at 30 June 2023. The financial effect of the dividends declared after the reporting date are not reflected in the 30 June 2023 financial statements and will be recognised in the subsequent financial period.

Operating and financial review

The Group generates income from:
- the sale of new and used motor vehicles;
- the sale or distribution of ancillary products and services, such as finance, insurance and aftermarket products;
- the sale of motor vehicle spare parts;
- the provision of motor vehicle servicing; and
- the provision of collision repair services.

The profit for the Group after providing for income tax and non-controlling interest amounted to $65,426,000 (2022: $53,376,000).

The following tables demonstrate the Group's financial performance normalised to exclude the impact of acquisition, impairment and restructure expenses ('other items').

The profit for the financial year was impacted by other items as follows:

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Statutory profit after tax attributable to the owners of Autosports Group Limited	65,426	53,376
Add: Non-controlling interest[1]	1,223	1,204
Add: Income tax expense	33,652	25,780
Profit before income tax expense	100,301	80,360
Add: Intangible amortisation[2]	3,367	3,968
Add: Acquisition expenses[3]	4,871	463
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Add: Property impairment [5]	6,004	-
Profit before tax excluding other items	115,699	86,745

1 Represents the 20% non-controlling interest in New Centenary Mazda Pty Ltd held by the dealer principal and 20% non-controlling interest in John Newell Holdings Pty Ltd held by the dealer principal.

2 Relates to non-cash amortisation of customer contracts arising on acquisitions made by the Group.

3 Relates to expenses and purchase taxes incurred on the acquisition of Auckland City BMW Ltd and Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI.

4 Restructure and relocation expenses relate to costs associated with relocation to the new Kings Way BMW dealership. Previous year expenses relate to the relocation of Lamborghini Brisbane and Audi Indooroopilly dealerships along with redundancies and other non-trading expenses.

5 Property impairment arose as a result of the acquisition of 586 Wickham Street, Fortitude Valley on 15 June 2023. Due to the proximity of the acquisition to year end there has been no opportunity for appreciation in value of the property and as such capitalised acquisition costs including stamp duty resulted in the carrying value of the property exceeding its valuation.

Profit before tax excluding other items noted above is a financial measure which is not prescribed by Australian Accounting Standards ('**AAS**') and represents the statutory result under AAS adjusted for certain items. The directors consider profit before tax excluding other items (being items adjusted above) to reflect the core earnings of the Group.

Operational overview

Market conditions
The Australian automotive retailing sector operated in a relatively stable economic environment during the 2023 financial year, closing the first six months of calendar year 2023 year with new vehicle registrations up 8.2% according to vFacts, as global supply chain pressures started to ease.

The national economy experienced modest GDP growth and relatively low unemployment rates. Despite the Reserve Bank of Australia implementing a series of interest rate rises in response to inflationary pressures, business conditions remained positive for Autosports Group. Consumer confidence in the luxury segment remained high; reflected in increased volumes of new vehicle orders for the Group and the Prestige and Luxury segments of the market outperforming the mainstream volume segment.

Coming out of a period where local travel was restricted due to Covid related restrictions, we have seen consumers revert to more normal vehicle usage patterns. As a result, our Service, Parts and Collision Repair operations have reverted to a more normal operating environment leading to growth in aftersales revenues.

Strategic acquisitions
In FY2023 the Group actively pursued its growth strategy expanding into new geographic markets, strengthening its representation of the BMW Group brands and adding a core retail property to its portfolio.

Autosports Group entered the New Zealand market in August 2022 when it purchased 100% of the shares in Auckland City BMW Limited through its wholly-owned New Zealand subsidiary, Autosports NZ Limited. Auckland City BMW Limited operates two BMW dealerships and two MINI dealerships in Auckland, and the only Rolls-Royce dealership in New Zealand. The shares were purchased for $61,807,000 (NZ$ 68,873,000) of which $12,115,000 (NZ$13.5 million) was debt-funded and the balance with cash reserves.

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In February 2023, Autosports Group expanded its BMW and MINI operations to Queensland for the first time after acquiring the business and assets of Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI. The purchase consideration at settlement was approximately $66 million funded by cash reserves and a $30 million debt facility.

Our acquisitive growth was also complemented by organic growth. In early 2023, the Group opened Ringwood BMW in the Eastern Suburbs of Melbourne. Victoria is where Autosports Group acquired its first BMW dealerships at Doncaster and Bundoora in 2017. This was followed by Melbourne BMW in November 2017 which was recently upgraded to a state-of-the-art facility, the first of its kind in Australia representing BMW's latest Retail Next corporate identity. Now, approximately six years after acquiring its first BMW dealership, the Group has grown to represent 9 BMW dealerships and 7 MINI dealerships across Victoria, New South Wales, Queensland and Auckland, New Zealand.

Another element of Autosports Group's growth strategy is to control strategically important retail sites. Supported by OEM financiers, over time the business is expected to benefit from capital accretion and gradually reduce occupancy costs. During the year, the Group purchased the land and buildings at 586 Wickham Street and 10 Light Street, Fortitude Valley, Queensland where our Audi Centre Brisbane dealership is located. The purchase price for the property was $98 million, of which approximately 76% was funded through new debt facilities. The property is a purpose-built automotive dealership comprising showroom, service and parts facilities and provides operational synergies with several brands represented at this central Brisbane location.

Environment, social and governance

Environment

This section of our report sets out our progress in the areas of environment, social responsibility and governance.

Through our relationships with well-established vehicle manufacturers, Autosports Group has expanded the range of vehicles, catering to the growing demand for alternatives to traditional internal combustion engines. In 2023 calendar YTD, sales of electric and hybrid vehicles increased by 58% per Vfacts, representing 19.9% of the total passenger and SUV segment registrations.

Beyond our vehicle offering, incorporating more environmentally conscious options in our retail facility developments is an area of opportunity. One example is the re-development of our Audi Indooroopilly retail site which incorporated several initiatives to help reduce environmental impact. These initiatives included low energy wattage LED lighting, dual flush, low water usage toilet cisterns, low water usage tapware, rainwater harvesting, solar energy harvesting through photovoltaic cell, energy efficient windows, low VOC paint finishes and insulated roofing. This year, we progressed the installation of solar panels on the roof of five dealerships.

We are regularly reviewing our internal governance structures. This includes investing in an integrated management system to consolidate quality, environmental, health and safety management into a single cohesive framework. The aim of an integrated system is to engage our workforce through a simplified single framework to better manage safety and environmental risks.

Social

Health and well-being

During FY2023, the safety focus continued by further developing a safety culture across the Group. Our safety program is supported by four state-based safety committees, regular reporting on safety hazards and communicating incidents and near misses across the Group as a means of shared learning. We conducted a safety internal audit during the year to independently measure the Group's performance against safety benchmarks with demonstrated improvement in safety practices. We have continued to embed our Safe Work Procedures through training to demonstrate how work and hazardous tasks are to be carried out safely.

Mental health and well-being remained a priority on the safety agenda during the year. We introduced a Wellbeing newsletter as an education piece with activities available for our employees to utilise. Our employees and immediate family members have access to our Employee Assistance Program (EAP) which is an independent, free, and confidential counselling and support program. This program offers support on a range of topics including counselling, mental health, relationships, exercise, and financial counselling. Through this platform, we have also offered health and well-being webinars and discounted health insurance.

People and Diversity

Career Development, Talent and Training

With a focus on developing our talent internally, as well as bringing in new talent to Drive Endless Possibilities for our employees we are committed to finding opportunities to develop our people. During the year, the senior leadership team invested time in reviewing our talent and succession plans. This process helped identify our emerging talent and, through a consultative process engaging different parts of the business, we were able to make better decisions in selecting participants for our development programs.

We operate two programs for our emerging leaders and future managers, both of which have been a success. Our Emerging Leaders Development Program (ELDP) is in its second year of operation, and as a result, we have seen approximately 30% of participants progress into more senior roles. Our Performance Excellence Program was introduced this year and aims to develop our younger team members aspiring to grow their careers. Through this program, we have approximately 45 employees who are ready to progress to a leadership role upon successfully completing this program.

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From June 2021, we have committed to offering up-skilling of selected qualifications for both new and existing employees at no cost to staff members. These courses are delivered by registered training organisations and are predominantly delivered online. We received a positive uptake of this opportunity. We have various apprenticeship and traineeship opportunities available in Automotive Trades and Services. We employ many apprentices across the Group and see this as an important part of our people strategy to develop new talent and increase diversity across our Technicians, Parts team, Spray Painters and Panel Beaters.

Diversity and Inclusion
We have prioritised Diversity and Inclusion (D&I) through our D&I Council which has developed a strategy with measurable outcomes. Our D&I Council is in its second year of operation and meets monthly to discuss, plan and execute grassroots activities to foster diversity and inclusion. The Council is accountable for delivering its strategy and the Council's progress is reported through various channels including to the Board.

Our Diversity and Inclusion Strategy has five key areas including:
(1) senior leaders proactively foster D&I;
(2) our people understand the importance of diversity and practise inclusive behaviour;
(3) workforce diversity increases at all levels;
(4) attract, develop and retain diverse individuals to maximise performance and adapt to market changes; and
(5) educate our business with learning initiatives around D&I.

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Community and Values
Our purpose statement of 'Drive Endless Possibilities' links to our growth path and was developed to provide meaning to our employees, customers, business partners and shareholders. Our purpose statement sits alongside our values of Village, Care, Leading Change and Strive for Excellence which are embedded in our communications, performance discussions and is model for the way we strive to operate our business, including within the community. Our values are embodied in the accomplishments we achieved during the year.

Strive for Excellence
The outstanding performance of our people was recognised through the many personal awards achieved during the year including MINI Marketing Manager Best Practice Winner, Maserati Sales Milestone Executive Member Club, Maserati Marketing Manager of the Year, Audi Metro Financial Controller of the Year, Audi Major Metro Sales Manager of the Year, Audi Finance Dealer of the year, BMW Recognition of Service for 20 and 30 years, Mercedes-Benz Sales Guild Award – New Vehicle Sales Consultant of the Year winner, Mazda Guild Awards for Master Sales, Sales Consultants, Service and Parts.

Village
Our village is our collective spirit. We celebrated various causes and events including International Women's Day, Ramadan, NAIDOC Week, Harmony Week, Lunar New Year and LGBTIQ celebrations. We took a snapshot of cultural demographics and representation at Autosports Group through a survey to gain better insights and drive the diversity program. Our village also includes our community. This year we participated in community events such as Sutherland2Surf, Ferragosto, MINI World Pride Concord Carnival-EV Sustainability Sydney German AutoFest Mini-Mos Fun Run 2023 Rugby Long Lunch, 2022 & 2023 Mosman Youth Art Prize, Aqua Rugby Sponsor, Manningham EV Day, International Women's Day breakfast, Sorrento Couta Boat Sailing Club partnership (2023), Maroubra Surf Club, St Joesph's Gregory Terrace Tattersall's Club Black Tie Boxing and the Tattersall's Club Business Series Lunch.

Leading Change
We introduced 12 weeks paid parental leave for primary carers and one week for secondary carers. We surveyed our female employees to help understand what they enjoyed about working at Autosports Group and importantly, what they perceived to be the barriers to females progressing in the automotive industry and what we could do to break them down. Our Diversity and Inclusion Council led and implemented several projects during the year to challenge stereotypes and lead change through acceptance including support for International Women's Day, International Day Against Homophobia, Biphobia and Transphobia, Pride Month and NAIDIOC week.

Care
Over 200 Autosports Group employees took part in STEPtember stepping their way to over $20,000 for the Cerebral Palsy Alliance. Our value of care extends to our community as we supported the following charities and events during the year - Audi Foundation, RU OK? Day, CEO Dare to Cure, Ronald McDonald House Charities, Mercy Hospice Auckland, Pink Ribbon Morning Tea Breast Cancer NZ, Lifetime Dream Days NZ, Dine for a Cure NZ (Breast Cancer Research), Cyclone Relief Fund – Hawke's Bay Annual Gold Coast Charity Event Sydney Breast Cancer Foundation Tour De Cure.

Modern slavery
On an annual basis, Autosports Group adopts a modern slavery plan to investigate a supplier category according to risk and value. In FY2023, we conducted due diligence enquiries on our waste management suppliers. This area is prone to exploitation by organised crime groups seeking to profit from modern slavery and forced labour practices. Each year our Modern Slavery Plan is considered by the Audit and Risk Committee and adopted by the Board. A key part of Autosports Group's modern slavery plan is supplier on-boarding which is embedded into our procurement process where new suppliers are vetted and asked to adhere to our Supplier Code of Conduct. During the year, Autosports Group entered into an exclusive engagement with a migration agent that prioritises ethical recruitment practices to minimise the risk of exploitative practices affecting foreign workers seeking employment in Australia. Our FY2023 Modern Slavery Statement is published on our company website.

Whistle-blower program
Our whistle-blower program supports employees, suppliers and their families to come forward with their concerns anonymously and confidentially. We utilise an external whistle-blowing service to provide a safe platform for eligible whistle-blowers to raise concerns whilst maintaining a whistle-blowing policy in accordance with statutory requirements. During the year we conducted a review of our whistle-blower program to benchmark it against the regulatory guidance released by ASIC to measure our performance against industry standards.

Governance
We believe in improving our governance framework, with regular reviews increasing the maturity of these programs over time. The foundation of our governance structure comprises the People & Remuneration Committee, the Audit & Risk Committee, and our Board. These committees play a crucial role in overseeing our Compliance and Risk Management Framework, whistle-blower framework, modern slavery plan, privacy, and cybersecurity framework. Each year, we review our Board and Committee Charters and report on our progress in addressing the matters allocated to the Board and delegated to the committees. We regularly review our governance policies and report regulatory changes through these channels. Our internal audit program is closely linked to our risk profile and designed to review and test the effectiveness of our Group's internal controls in identified risk areas. Like most businesses across the globe, we are alive to the increasing threat of privacy and cyber incidents. During the reporting period, we have made progress in developing our privacy governance framework and continued to invest in cyber security and infrastructure systems.

Marketing and technology
In the past 12 months we have reviewed and made improvements to our marketing technology stack and data processes within the context of ever-present cyber risks and a changing data landscape. Throughout the year we have invested in enhanced security products to support our Salesforce CRM and have partnered with digital marketing experts to ready ourselves for expected changes to third party data usage. These investments aim to deliver increased marketing performance and cost efficiencies. During the period the marketing team was restructured to ensure that it can support the changing needs of the business. Key to this restructure was the appointment of a Head of Transformation and a Head of Retail. One of the key projects delivered in the transformation space last year was a service kiosk pilot. This change to the service experience is delivering both customer and business benefits and is planned to be rolled out across the Group in FY2024. The retail team has continued to deliver steady quality customer enquiry at better than benchmark cost per lead and cost per sale.

Likely developments in operations in future years
The Group's diverse revenue model supports both resilience and growth through the Financial Year 2024 ('FY24') as:

- Revenue growth will come from the full year cycling of FY2023 acquisitions in Auckland and South Queensland;
- Improved new vehicle supply combined with strong order banks support organic growth;
- Service and Parts should continue above-trend organic growth as customer retention improves;
- Margin profile expected to remain stable; and
- Autosports Group remains well-placed for further well-priced acquisition opportunities.

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Risk

The Group identified its key risk areas as:

Macroeconomic risks	As the products sold by the Group are discretionary for many customers, the Group's financial performance can be impacted by current and future economic conditions which it cannot control. Increasing interest rates and inflationary pressure can put pressure on consumer spending and reduce purchasing power. The Group monitors the external environment and its impact on the business.
Privacy and Data Breach	The Group handles personal and sensitive information. Our Data Breach Response Plan is designed so we are ready to take prompt action to contain and address data security incidents. Our privacy management framework is built around awareness, governance and continuous improvement whilst also being inherently connected with our cybersecurity framework. During the year, we supported the OAIC's annual Privacy Awareness Week and released our Privacy Framework with updated privacy training to improve privacy practices across the Group.
Cyber Security and Information technology ('IT') infrastructure	FY2023 saw a continuation of the Group's Cyber Security Maturity Uplift Program as cyber security risks remain a risk for businesses globally. During the year, further cyber security training was issued and progress was made in vendor security assessments and IT infrastructure.
Work, Health and Safety ('WHS')	The Group has a zero-risk tolerance for serious safety incidents. During the financial year, the Group continued to improve its WHS practices through regular safety committee meetings, training on safe work procedures, safety inspections, an internal audit and regular reporting to the Board.
Reliance on key personnel	The Group engaged in activities during the financial year to develop the skills and experience of potential successors as part of its succession planning initiatives.
Original equipment manufacturer ('OEM') risk	The Group relies on its relationships with OEMs to offer its range of luxury and prestige vehicles to consumers. The automotive industry is also experiencing a change in OEM business models including some manufacturers adopting an agency model. The Group's supportive and collaborative approach to its relationships with OEMs has cultivated the Group's excellent reputation amongst OEMs and we will continue to work with our business partners in this way.
Regulatory compliance	The Group is subject to a number of Australian and New Zealand laws and regulations such as consumer protection laws, consumer finance laws, laws relating to the sale of insurance products, importation laws, privacy laws and those relating to workplace health and safety. The Group monitors the regulatory landscape for regulatory change.
Changes to market trends	As consumer preferences trend upward towards electric and hybrid vehicles in FY2023, Autosports is well positioned to take advantage of the trend as we represent many OEMs that are delivering new ranges of electric and hybrid vehicles. The Group regularly monitors market trends for changes to consumer preferences including investment in new technologies.
Supply chain	The shortage of supply of new vehicles experienced in FY2022 showed improvement in FY2023. Supply shortages can arise from various factors including macroeconomic events affecting global supply chains and delays due to quarantine restrictions at Australian ports. Some supply chain risk can be mitigated through inventory management whilst market factors can also play a role in mitigating this risk through increased demand and improved gross margins as experienced in recent years.

Environmental regulation

The Group is subject to environmental regulation and is required to maintain licences and comply with local planning, State-based and federal environmental laws to operate its dealerships, service and collision facilities.

Significant changes in the state of affairs

On 1 August 2022, the Group acquired 100% interest in Auckland City BMW Limited for $61,807,000 (NZ$ 68,873,000), funded by existing cash reserves and $12,115,000 (NZ$ 13,500,000) debt facility.

On 1 February 2023, the Group acquired trading assets and liabilities of Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI for a total consideration of $65,754,000, funded by existing cash reserves and $30.0 million debt facility.

Refer to note 28 to the financial statements for further details relating to the acquisitions.

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On 15 June 2023, the Group acquired the land and buildings at 586 Wickham Street and 10 Light Street, Fortitude Valley, Queensland from which its Audi Centre Brisbane, Bentley Brisbane, Maserati Brisbane and Lamborghini Brisbane dealerships operate. The total consideration transferred amounted to $103,877,000 including purchase taxes.

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

Matters subsequent to the end of the financial year

No 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.

Regulatory change

The new Respect@Work regime requires employers to take preventive measures against sexual harassment, sex discrimination, and victimisation in the workplace. Businesses can be held vicariously liable for employee or agent-committed sexual harassment unless reasonable preventive steps are taken.

New WHS regulations provide a framework (including a code of practice) for any person conducting a business or undertaking to manage psychosocial risks in the workplace. The code of practice includes control measures and risk identification strategies that can be used.

The Secure Jobs Better Pay reforms introduced several regulatory changes including prohibiting pay secrecy and declaring breastfeeding, gender identity, and intersex status as protected attributes under anti-discrimination laws. Additional obligations were imposed on employers when responding to extended parental leave requests up to 24 months. Employees can now request flexible working arrangements during pregnancy or when caring for a family member impacted by family and domestic violence under Secure Jobs Better Pay. The 2023 Workplace Reform Consultations plan further amendments to Fair Work laws. Such reforms include criminalising wage theft, stronger protection against discrimination and harassment, and fairness for casual workers.

Federal parliament passed a bill that requires the Workplace Gender Equality Agency to publish pay gap information for Australian companies with more than 100 employees.

The Privacy Act Review Report recommended changes to capture a wider range of personal information that are subject to the Act's provisions. It also proposes changes to cyber security measures, data retention, privacy consent requirements, and individual rights over personal information. Privacy legislation was amended significantly increasing the penalties for serious or repeated privacy breaches.

Treasury released a second consultation paper in June 2023, seeking views on implementing standardised, internationally-aligned requirements for disclosing climate-related financial risks.

Government bodies such as the ACCC are seeking to regulate greenwashing claims and have issued guidance for business clarifying obligations under the Australian Consumer Law. Similarly, there is a Senate inquiry into greenwashing, looking at the impact of misleading environmental sustainability claims on consumers, with a report expected at the end of the calendar year.

Amendments to the Australian Consumer Law's unfair contract terms regime will broaden the regime's application to various contracts and increases the scope for small businesses, while significantly increasing the penalties for breaches.

In a recent review of the Modern Slavery Act, the Government has made recommendations regarding penalties for non-compliance, changes to reporting, and improving overall effectiveness. The Government has also indicated its intentions to minimise worker exploitation by introducing future legislative changes.

ASIC issued a report setting out the good practices of whistle-blower disclosure including the directors' responsibilities surrounding the program, establishing a good whistle-blower culture, and providing adequate resources and training.

In New Zealand changes to the Fair Trading Act 1986 (NZ) took effect in August 2022 which extended the unfair contract terms regime to business-to-business contracts that fall under a specified value threshold and introduced a new prohibition on unconscionable conduct in trade.

The Fair Pay Agreements Act 2022 (NZ) commenced in December 2022. This provides a framework for unions and employer associations within a sector to bargain for fair pay agreements that specify minimum employment terms for an industry or occupation.

The Land Transport (Clean Vehicles) Amendment Act (No 2) 2022 (NZ) took effect in November 2022 provide a phase-in of the clean vehicle standards which are intended to support reduction of emissions of imported vehicles during the first half of 2023.

Changes to the Credit Contracts and Consumer Finance Regulations 2004 (NZ) took effect on 4 May 2023, providing lenders with greater discretion to exclude discretionary expenses when making affordability assessments of borrowers.

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Current directors

James Evans
Chairman

Nick Pagent
Managing Director and Chief Executive Officer

Marina Go
Independent Director

Ian Pagent
Non-Executive Director

Robert Quant
Independent Director

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Name:	**James Evans**
Title:	Chairman
Qualifications:	Bachelor of Economics, a member of the Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors
Experience and expertise:	James has over 40 years' executive experience in retailing, and banking and financial services. Recently, James served as the Chair of Global Fund Manager Pendal Group Limited and the Chair of ME Bank, until its sale to the Bank of Queensland and was a Non-Executive Director of Investa Group, including Investa Wholesale Funds Management Limited and ICPF Holdings Limited. He was also the former Chair of Suncorp Portfolio Services Limited and a Non-Executive Director of Australian Infrastructure Fund Limited and Hastings Funds Management Limited.
Other current directorships:	None
Former directorships (last 3 years):	Independent Director of Pendal Group Limited (ASX: PDL) from 2010-2022. Chairman from 2013 - 2022
Special responsibilities:	Member of Audit and Risk Committee and People and Remuneration Committee
Interests in shares:	88,612 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	None

Name:	**Nicholas ('Nick') Pagent**
Title:	Managing Director and Chief Executive Officer
Experience and expertise:	Nick has over 27 years' experience in the motor vehicle industry across Australia and the United Kingdom. Prior to founding Autosports, Nick worked in the United Kingdom in senior roles including Director of Sales and Dealer Principal with Mercedes-Benz London and Executive Audi, St Albans. Nick is a Co-Founder of Autosports Group.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	40,177,947 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	836,914 LTI performance rights and 197,803 STI performance rights convertible into ordinary shares

Name:	**Marina Go**
Title:	Independent Director
Qualifications:	Master of Business Administration from the Australian Graduate School of Management ('**AGSM**') and a Bachelor of Arts from Macquarie University
Experience and expertise:	Marina is Chair of Adore Beauty and a Non-Executive Director of Energy Australia, 7-Eleven and Transurban Group. She is also a member of the UNSW Business Advisory Council, and author of the business book for women, 'Break Through: 20 Success Strategies for Female Leaders'. Marina has over 26 years' of leadership experience in the media industry, having started her career as a journalist. She is the former Chair of Ovarian Cancer Australia and Super Netball Limited as well as the former Non-Executive Director of Booktopia Group and Pro-Pac Packaging. She is also a member of the Australian Institute of Company Directors.
Other current directorships:	Chair of Adore Beauty Group Ltd (ASX: ABY) - since 2 November 2021 and Non-Executive Director - since 6 October 2020 and Non-Executive Director of Transurban Group (ASX: TCL) - since 1 December 2021.
Former directorships (last 3 years):	Non-Executive Director of Booktopia Group Limited (ASX: BKG) - resigned on 31 March 2022, Non-Executive Director of Pro-Pac Packaging (Aust) Pty Ltd (ASX: PPG) - resigned on 23 November 2021.
Special responsibilities:	Chair of People and Remuneration Committee and Member of Audit and Risk Committee
Interests in shares:	40,833 ordinary shares held directly
Interests in options:	None
Interests in rights:	None

Name:	**James ('Ian') Pagent**
Title:	Non-Executive Director (effective 1 February 2023); Executive Director (until 31 January 2023)
Qualifications:	Bachelor of Arts (Hons) in Politics from Melbourne University and LLB from Sydney University
Experience and expertise:	Ian has over 53 years' experience in the motor vehicle industry across Australia, Asia and the United States of America. Between 1988 and 2002, Ian was co-owner and Managing Director of Trivett Classic Group. During this period, he was the dealer principal for BMW, Audi, Volvo, Jaguar, Land Rover, Aston Martin, Porsche, Lamborghini, Lotus, Mazda, Honda, Peugeot, Toyota and MG Rover. Ian is a Co-Founder of Autosports Group.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	65,834,631 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	180,236 LTI performance rights and 40,186 STI performance rights convertible into ordinary shares

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Name:	**Robert Quant**
Title:	Independent Director
Qualifications:	Bachelor of Business from the University of Technology, Sydney
Experience and expertise:	Robert has over 40 years' experience in professional accounting in advisory and leadership roles having developed sector expertise in retail automotive and professional services. His most recent executive roles include Global Leader - Asia Pacific for Grant Thornton International Limited and Chief Executive Officer of Grant Thornton Australia Limited. As well as sitting on and chairing a number of private boards, he advises in the areas of strategy development and organisational change.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee and Member of People and Remuneration Committee
Interests in shares:	62,499 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only.

'Former directorships (last 3 years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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Other key management and company secretary

Brent Polites
Head of Franchised Automotive

Aaron Murray
Chief Financial Officer

Caroline Raw
Company Secretary and General Counsel

Name:	**Brent Polites**
Title:	Head of Franchised Automotive
Experience and expertise:	Brent has more than 20 years’ experience in automotive including more than 12 years leading some of Australia’s largest dealerships. Brent has won multiple Dealer of the Year awards across different brands and States. He has a broad automotive experience that spans retail, importation and OEM wholesale.
Interests in shares:	156,752 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	None

Name:	**Aaron Murray**
Title:	Chief Financial Officer
Experience and expertise:	Aaron has over 25 years' experience in accounting and the motor vehicle industry. He has held the role of Autosports Chief Financial Officer since 2009, after joining the business in 2007. Prior to joining Autosports, he held accounting and finance roles with Trivett Classic, McMillan Volkswagen and Audi Centre Parramatta.
Interests in shares:	1,890,931 ordinary shares held directly and indirectly
Interests in options:	None
Interests in rights:	308,625 LTI performance rights and 123,385 STI performance rights convertible into ordinary shares

Name:	**Caroline Raw**
Title:	Company Secretary and General Counsel
Qualifications:	Fellow of the Governance Institute, Bachelor of Laws and Bachelor of Commerce, Graduate Diploma of Applied Corporate Governance from Governance Institute.
Experience and expertise:	Caroline has over 18 years' experience as a corporate lawyer advising listed companies and funds on initial public offerings, capital raising, funds management and mergers and acquisitions. Prior to joining Autosports, she held a senior role at a national law firm in the equity capital markets and merger and acquisitions practice group. Caroline sat on the Capital Markets Committee of the Property Council of Australia and has previously acted as group company secretary and legal counsel for an ASX-listed property funds management company and an Australian real estate investment trust.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		People and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
James Evans	10	10	7	7	6	6
Nick Pagent*	10	10	7	7	6	6
Marina Go	10	10	7	7	6	6
Ian Pagent*	10	10	7	7	6	6
Robert Quant	10	10	7	7	6	6

Held: represents the number of meetings held during the time the director held office.

* Whilst Nick Pagent and Ian Pagent are not members of the People and Remuneration Committee or Audit and Risk Committee, they attended each meeting.

Shares under option
There were no unissued ordinary shares of Autosports Group Limited under option outstanding at the date of this report.

Shares under performance rights
There were 1,687,149 unissued ordinary shares of Autosports Group Limited under performance rights at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Autosports Group Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares issued on the exercise of performance rights
No shares were issued on the exercise of performance rights during or since the end of the financial year. Instead, the Company arranged to purchase shares on-market through a facility offered by its Share Registry, Link Market Services, which satisfied vested performance rights during the financial year. 574,297 ordinary shares were provided from the shares purchased on-market during the year. There were no other ordinary shares issued during or since the end of the financial year.

Indemnity and insurance of officers
The Company has entered into Deeds of Indemnity, Insurance and Access with each of the directors as well as the Company Secretary. Chief Financial Officer and Head of Franchised Automotive of the Company to indemnify them 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 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.

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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 26 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 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor’s own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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Remuneration report (audited)

Sections
The remuneration report is set out under the following main headings:
1 Remuneration essentials
2 Senior Executive remuneration in detail
3 Non-Executive Director remuneration
4 Statutory remuneration disclosures
5 Transactions with key management personnel

(1) Remuneration essentials

What does this report cover?
The directors of Autosports Group Limited are pleased to introduce to shareholders the Company's remuneration report for the performance period 1 July 2022 to 30 June 2023 ('financial year' or 'FY23').

Who does this report cover?
This report sets out the remuneration arrangements for the Company's key management personnel ('**KMP**'). The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise). Throughout the remuneration report, KMP are referred to as either Senior Executives (who are members of KMP performing an executive role) or Non-Executive Directors.

The following table sets out the Company's KMP for the financial year. All KMP held their positions for the whole of the financial year, unless otherwise indicated.

Name	Position
Non-Executive Directors	
James Evans	Chairman
Marina Go	Independent Director
Ian Pagent	Non-Executive Director (effective 1 February 2023); Executive Director (until 31 January 2023)
Robert Quant	Independent Director
Senior Executives	
Nick Pagent	Managing Director and Chief Executive Officer ('**CEO**')
Brent Polites	Head of Franchised Automotive (from 1 January 2023)
Aaron Murray	Chief Financial Officer ('**CFO**')

Remuneration governance and framework

Role of the Board and People and Remuneration Committee
The Board of Directors (the '**Board**') is responsible for establishing, and overseeing the implementation of, the Company's remuneration policies and frameworks and ensuring that they are aligned with the long-term interests of the Company and its shareholders.

The People and Remuneration Committee assists the Board with these responsibilities. The role of the People and Remuneration Committee is to review key aspects of the KMP remuneration structure and arrangements and make recommendations to the Board. In particular, the People and Remuneration Committee reviews and recommends to the Board:
- arrangements for the Senior Executives (including annual remuneration and participation in short-term and long-term incentive plans);
- key performance indicator ('**KPI**') targets for Senior Executives that align with short and long-term goals and cultural expectations;
- remuneration arrangements for Non-Executive Directors;
- major changes and developments to the Company's equity incentive plans; and
- whether offers are to be made under the Company's employee equity incentive plans in respect of a financial year and the terms of any offers. Recommendations are made based on annual reviews of Senior Executives' performance against KPIs.

Use of remuneration consultants and other advisors

The Board recognises the need to motivate, attract and retain employees to deliver excellent business performance. In FY23, the People and Remuneration Committee commissioned a report from an independent remuneration consultant, Godfrey Remuneration Group Pty Limited, to provide guidance in relation to the Group's remuneration policy and the rewards levels for the Senior Executives and Non-Executive Directors. The report considered remuneration structures in companies with comparable size and scale across relevant sectors. The People & Remuneration Committee and Board agreed to retain the current remuneration structure for Senior Executives and Non-Executive Directors in FY24.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from KMP. These protocols include requiring that the consultant not communicate with affected KMP without a member of the People and Remuneration Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected KMP. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

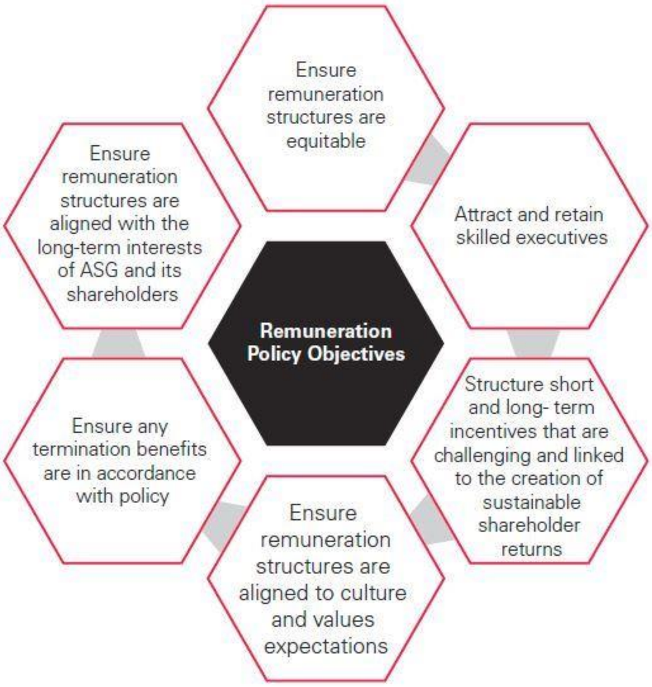
Godfrey Remuneration Group Pty Limited was paid $69,300 inclusive of GST for its services.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')
At the 2022 AGM, 99.74% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration policy and guiding principles
In accordance with best practice corporate governance, the structure of Senior Executive and Non-Executive Director remuneration is separate.

Senior Executive remuneration
Our remuneration framework is designed to be competitive and encourage Senior Executives to execute the Group's strategy and achieve business objectives to increase shareholder value.

The Board and the People and Remuneration Committee are guided by the following objectives when making decisions regarding Senior Executive remuneration:



Non-Executive Director remuneration
In remunerating Non-Executive Directors, we aim to ensure that we can attract and retain qualified and experienced directors having regard to:

- the specific responsibilities and requirements for the Board;
- fees paid to Non-Executive Directors of other comparable Australian companies; and
- the size and complexity of the Group's operations.

Remuneration mix and components
Our executive remuneration framework is summarised below and includes components of remuneration which are structured to motivate executives to deliver sustained returns through a mix of short-term and long-term incentives.

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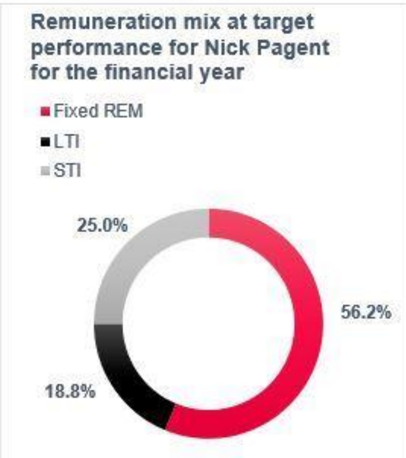
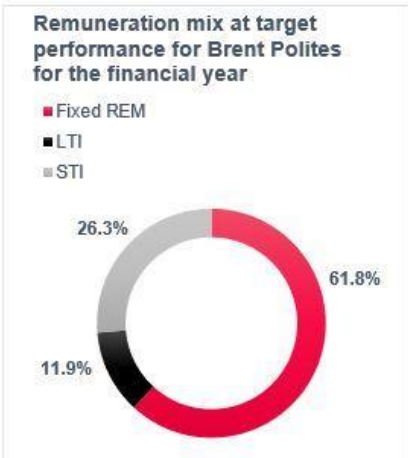
Executive remuneration framework

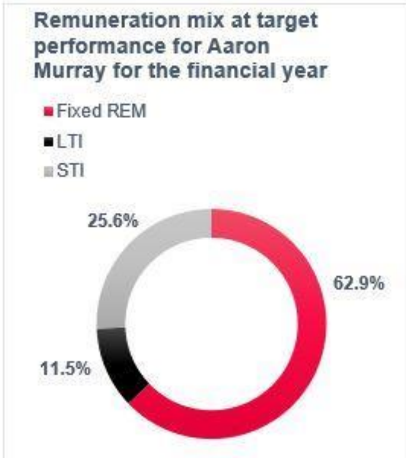
Fixed remuneration ('Fixed REM') – Cash	Short-term incentive ('STI') (at risk) – Equity	Long-term incentive ('LTI') (at risk) – Equity
Base salary plus superannuation and other benefits	STI is subject to financial and non-financial performance hurdles	Granted in performance rights at the start of the performance period
Influenced by individual skills, qualifications, experience and performance	Subject to a culture and values gateway hurdle	Vesting subject to an earnings per share ('**EPS**') performance condition
Reviewed annually	Performance measured over 12 months	Performance measured over three years
	Granted in performance rights which will vest following a 12-month deferral period subject to the Senior Executive's continuous service	

Market competitive base reward encourages sustainable performance in the medium to longer term and provides a retention element

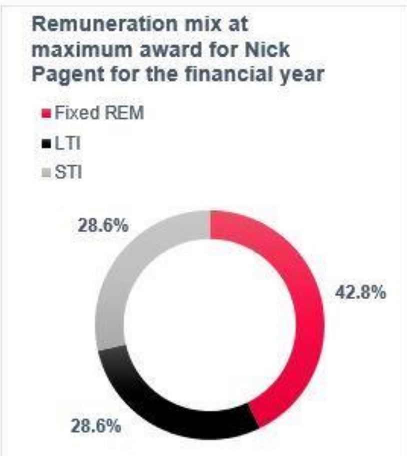
The tables below illustrate the remuneration mix for the Senior Executives at target performance.

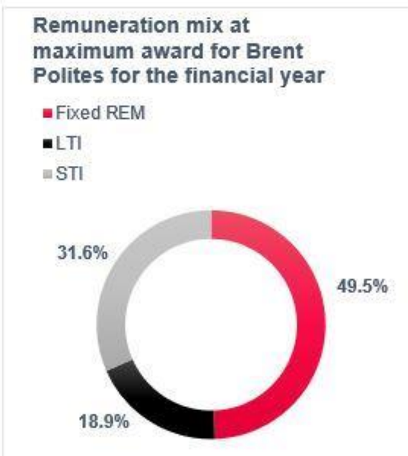


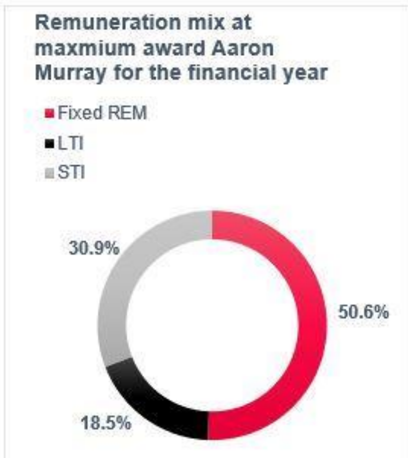




The tables below illustrate the remuneration mix for Senior Executives at maximum award.







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Company performance
In FY23, profit before tax grew 25% to $100.3 million. Statutory net profit after tax grew 22.6% to $65.4 million compared to $53.4 million for the prior year.

Revenue grew 26.4% (2023: $2.37 billion, 2022: $1.88 billion) and service and parts revenue grew 34.6% (2023: $333 million, 2022: $247 million).

We acquired several businesses during the year including 100% of the shares in Auckland City BMW Limited and the business and assets of Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW, Gold Coast MINI and Gold Coast Bodyshop. Ringwood BMW, a new greenfield dealership and service facility, opened in early 2023. During the year, we purchased the land and buildings at 586 Wickham Street and 10 Light Street, Fortitude Valley, Queensland where our Audi Centre Brisbane dealership is located.

At year end our cash at bank was $41.99 million (2022: $90.8 million) and corporate debt was $223 million (2022: $112.5 million).

Our remuneration structure was established to reward both short-term and long-term growth with gateway hurdles of upholding cultural and value expectations for continual improvement in corporate governance, compliance, risk management and stakeholder relationships. It is also intended to retain skilled executives in the long-term interests of the business.

The table below shows our financial performance for the last five years.

	Share performance			Earnings performance			Liquidity	
Financial year ended 30 June	Closing share price ($)	Dividend per share (cents)*	Basic earnings per share ('EPS') (cents)	Earnings Before Interest and tax ('EBIT') $M	Net profit after tax ('NPAT') $M	Return on Equity ('ROE') %	Cash flow from operations $M	Interest coverage (Earnings before interest and tax ('EBITDA'))
2023	2.03	19.0	32.55	133.9	66.6	13.8	166.0	5.53
2022	1.52	16.0	26.56	96.8	54.6	10.8	135.0	9.10
2021	2.55	9.0	20.86	79.8	42.4	10.2	125.8	7.13
2020	1.17	-	(50.97)	(76.1)	(102.3)	(27.1)	83.8	3.54
2019	1.26	3.0	5.57	41.5	11.4	2.3	45.3	3.29

* 100% franked at 30% corporate income tax.

(2) Senior Executive remuneration in detail

Fixed remuneration
The remuneration of Senior Executives includes a fixed component comprised of base salary, employer superannuation contributions and other benefits associated with the provision and use of motor vehicles.

Fixed remuneration is regularly reviewed by the People and Remuneration Committee with reference to each Senior Executive's individual performance and, as appropriate, relevant comparative compensation in the market.

Fixed remuneration for Senior Executives is market-aligned to similar roles in companies of a comparable size, complexity and scale to Autosports.

Short-term incentive
Set out below is an explanation of the terms and conditions applying to the STI awards for Senior Executives during the performance period.

Overview of the STI plan	The STI plan is an 'at-risk' component of executive remuneration whereby, if the applicable performance conditions are met, STI awards will be delivered in the form of performance rights which will vest after a further deferral of one year subject to the executive's continued service.
Participation	Executive directors and other members of senior management are eligible to participate in the STI plan.
Performance period	1 July 2022 to 30 June 2023

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STI opportunity

The STI opportunities of the Senior Executives are set out below:

Name	Level of performance At target	Level of performance At maximum
Nick Pagent	50% of base salary	75% of base salary
Ian Pagent	20% of base salary	45% of base salary
Brent Polites	50% of base salary	75% of base salary
Aaron Murray	50% of base salary	75% of base salary

Each Senior Executive's STI opportunity is assessed against individually weighted financial and non-financial performance hurdles.

In relation each financial key performance indicator comprising revenue, liquidity, EBITDA and EPS, the STI opportunity is awarded as follows:
(i) < 90% - no award
(ii) > 90% and < 100% - 30% of 'target' amount awarded
(iii) 100% (at target) - 100% of 'target' amount awarded
(iv) > 100% and < 110% - straight line pro rata between 'target' and 'maximum' amount awarded
(v) 110% or greater - 'maximum' amount awarded.

Additionally, all performance matrices were assessed exclusive of new or unbudgeted acquisitions. Non-financial KPIs were assessed based on the achievement of individual strategic objectives and performance against set criteria. The Board retained its discretion to determine each Senior Executive's award including having regard to performance.

Performance conditions

Performance conditions for the initial grant include:

(i) a "gateway hurdle" of upholding our culture and values. If the gateway hurdle is not met, no STI is awarded; and

(ii) in addition, each Senior Executive has a balanced scorecard that determines their STI awards. These scorecards incorporate individually weighted financial and non- financial performance hurdles determined by the Board annually. The financial hurdles relate to the financial objectives of the Group and include targets measured against Revenue, Liquidity, EBITDA and EPS. EPS is calculated having regard to underlying profit, which measures profit from the Group's ongoing operations adjusted, where the Board considers it appropriate. The non-financial performance hurdles are aligned to each Senior Executive's role and include items such as reporting, safety, business and property acquisitions, culture and employee engagement, diversity, investor relations, cybersecurity, capital management, internal audit, operational management and contract management.

The Board has determined that the combination of financial and non-financial conditions provides the appropriate balance between short-term financial measures and the more strategic non-financial measures which in the medium to long-term will ultimately drive further growth and returns for shareholders.

Measurement of performance conditions

Following the end of the financial year, the People and Remuneration Committee assesses the performance of Senior Executives against the performance conditions set by the Board and determines the award for the Senior Executives for the initial grant and, therefore, the number of performance rights to be granted.

Delivery of STI awards

Following measurement against performance conditions, STI awards are delivered in the form of performance rights which vest following a deferral period of 12 months subject to a continuous service condition.

Performance rights

Upon vesting, each performance right entitles the Senior Executive to one ordinary share in the Company. The Board has the discretion to settle performance rights with a cash equivalent payment.

Performance rights are granted for nil consideration and no amount is payable on vesting.

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Number of performance rights to be granted	The number of performance rights to be granted to Senior Executives is determined by dividing any STI award that the executive becomes entitled to receive by the volume weighted average price (‘**VWAP**’) of shares traded on the ASX during the 10 trading days following the release of the Group’s FY23 audited results.
Dividend and voting rights	Performance rights do not carry dividend or voting rights prior to vesting. Shares allocated on vesting carry the same dividend and voting rights as other shares.
Treatment on cessation of employment	If a Senior Executive ceases to be employed during the 12 month deferral period, the following treatment will apply, unless the Board determines otherwise: (i) if they resign or are summarily terminated, all of their rights will lapse; or (ii) if they cease employment in any other circumstance, a pro rata portion (for the portion of the performance period elapsed) of unvested rights will remain on foot and will vest in the ordinary course.
Change of control	The Board may determine that all or a specified number of a Senior Executive’s performance rights will vest or cease to be subject to restrictions where there is a change of control event.
Clawback and preventing inappropriate benefits	The Board has broad clawback powers if, for example, the Senior Executive has acted fraudulently or dishonestly or there is a material financial misstatement.

Percentage of STI awarded and forfeited for Senior Executives during the financial year
Details of the STI outcomes received by Senior Executives during the financial year are outlined in the table below.

Senior Executives	Year	Maximum potential STI bonus ($)*	STI award ($)	Percentage of target STI award granted	Percentage of maximum STI award granted	Percentage of maximum STI award forfeited
Nick Pagent	2023	525,000	514,500	100%	98%	2%
	2022	525,000	408,800	88%	78%	22%
Ian Pagent	2023**	180,000	-	-	-	100%
	2022	180,000	141,000	91%	78%	22%
Brent Polites	2023***	187,500	186,000	100%	99%	1%
	2022	-	-	-	-	-
Aaron Murray	2023	318,750	318,750	100%	100%	-
	2022	318,750	255,000	91%	80%	20%

* The maximum potential bonus is determined by reference to the maximum STI opportunity available to each Senior Executive as a percentage of their base salary.
** In accordance with terms of STI Plan, Ian’s entitlement to participate in the FY23 STI Plan was forfeited upon retiring from his executive position on 31 January 2023).
*** Brent Polites' participation in the STI Plan commenced on 1 January 2023.

Long-term incentive
Set out below is an explanation of the terms and conditions applying to the LTI awards for Senior Executives during the performance period.

Overview of the LTI plan	The LTI plan is an ‘at-risk’ equity component of executive remuneration which is subject to the satisfaction of a long-term performance condition.
Participation	Executive directors and other members of senior management are eligible to participate in the LTI plan.
LTI opportunity	The LTI opportunity of the Senior Executives is set out below:

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Nick Pagent	75% of base salary
Ian Pagent	45% of base salary
Brent Polites	45% of base salary
Aaron Murray	45% of base salary

Instrument

Upon vesting, each performance right entitles the Senior Executive to one ordinary share in the Company. The Board has the discretion to settle performance rights with a cash equivalent payment.

Performance rights are granted for nil consideration and no amount is payable on vesting.

Number of performance rights to be granted

The number of performance rights granted to each Senior Executive will be determined by dividing the LTI award opportunity (calculated as a percentage of the Senior Executive's base salary) by the VWAP of shares traded on the ASX during the 10 trading days following the release of the Group's full year results for that financial year.

Performance period

LTI grants have a three-year performance period, which commences on 1 July of the year they are granted.

Performance conditions

Performance rights will be tested against the compound annual growth rate ('**CAGR**') of the Group's underlying EPS.

The percentage of performance rights that vest, if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items that the Board, in its absolute discretion, considers appropriate:

CAGR of the Company's underlying EPS over the performance period	Percentage of performance rights that vest
Less than 7%	Nil
7% (threshold performance)	50%
Between 7% and 15%	Straight-line pro rata vesting between 50% and 100%
15% or above (maximum performance)	100%

The Board will arrange for the performance condition to be tested following the release of the Company's full year results. Any rights that remain unvested at the end of the performance period will lapse immediately.

A continuous service condition also applies to the performance rights, subject to the cessation of employment provisions described below.

The EPS performance condition has been chosen as it provides evidence of the Company's growth in earnings and is directly linked to shareholder returns.

Measurement and testing of performance conditions

To measure the EPS performance condition, financial results are extracted by reference to the Company's audited financial statements. The use of financial statements ensures the integrity of the measure and alignment with the financial performance of the Company.

EPS is calculated having regard to underlying profit, which measures profit from the Group's ongoing operations adjusted, where the Board considers it appropriate.

Dividend and voting rights

The performance rights do not carry dividend or voting rights prior to vesting. Shares allocated on vesting carry the same dividend and voting rights as other shares.

Treatment on cessation of employment

If an executive ceases to be employed before the executive's performance rights vest, the following treatment will apply, unless the Board determines otherwise:

(i) if the executive resigns or is summarily terminated, all their performance rights will lapse; or

(ii) if the executive ceases employment in any other circumstances including retirement, a pro rata portion (for the portion of the performance period elapsed) of their rights will remain on foot and will be tested after the end of the performance period against the performance condition.

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Change of control	The Board may determine that all or a specified number of a Senior Executive's performance rights will vest or cease to be subject to restrictions where there is a change of control event.
Clawback and preventing inappropriate benefits	The Board has broad clawback powers if, for example, the Senior Executive has acted fraudulently or dishonestly or there is a material financial misstatement.

Executive service agreements
Each Senior Executive is party to a written executive service agreement with the Company. The key terms are set out below.

Base salary	Nick Pagent – $700,000 per annum base salary plus other benefits valued at $87,407. Brent Polites - $500,000 per annum base salary plus other benefits valued at $87,000 (from 1 January 2023). Aaron Murray – $425,000 per annum base salary plus other benefits valued at $95,418.
Periods of notice required to terminate and termination payments	Nick Pagent – either party may terminate the contract by giving 12 months' notice. Brent Polites – either party may terminate the contract by giving 6 months' notice. Aaron Murray – either party may terminate the contract by giving 3 months' notice. The Company may terminate immediately in certain circumstances, including where the relevant senior executive engages in serious or wilful misconduct.

FY24 Senior Executive remuneration
There are no proposed changes to the remuneration structure of Senior Executives for FY24.

(3) Non-Executive Director remuneration

Principles of Non-Executive Director remuneration
As outlined in section 2, in remunerating Non-Executive Directors, we aim to attract and retain qualified and experienced directors having regard to:

- the specific responsibilities and requirements for the Board;
- fees paid to Non-Executive of other comparable Australian companies; and
- the size and complexity of the Group's operations.

Non-Executive Director remuneration for the financial year

Board fees
The current Non-Executive Director fee pool is set at $800,000 per annum. The Non-Executive Directors' fees are $200,000 for the Chairman and $100,000 for other Non-Executive Directors (including superannuation) per annum.

Directors may be remunerated for reasonable travel and other expenses incurred in attending to the Group's affairs and any additional services outside the scope of Board and Committee duties they provide.

In order to maintain their independence, Non-Executive Directors do not have any 'at risk' remuneration component. We do not pay benefits (other than statutory entitlements) on retirement to Non-Executive Directors.

Committee fees
Non-Executive Directors are paid Committee fees of $20,000 (including superannuation) per annum for the Chair of each Board Committee. Directors do not receive additional fees for being a member of a Board Committee.

(4) Statutory remuneration disclosures

KMP remuneration
The following table sets out the statutory disclosures in accordance with the Accounting Standards for the financial year.

		Short-term employee benefits		Post-employment benefits		Share-based payments	
		Cash paid salary/fees $	Non-monetary[1] $	Super-annuation $	Long service leave $	Rights[2] $	Total $
Non-Executive Directors							
James Evans	2023	180,989	-	19,011	-	-	200,000
	2022[3]	132,855	-	13,285	-	-	146,140
Marina Go	2023	108,590	-	11,410	-	-	120,000
	2022	109,091	-	10,909	-	-	120,000
Robert Quant	2023	108,590	-	11,410	-	-	120,000
	2022	109,091	-	10,909	-	-	120,000
Ian Pagent	2023[4]	31,326	-	3,289	-	-	34,615
	2022	-	-	-	-	-	-
Tom Pockett	2022[7]	90,000	-	-	-	-	90,000
Senior Executives							
Nick Pagent	2023	700,000	62,115	25,292	11,800	1,039,500	1,838,707
	2022	594,231	69,817	23,568	21,399	933,800	1,642,815
Ian Pagent	2023[5]	259,357	37,489	17,492	(35,453)	(266,990)	11,895
	2022	300,000	61,717	23,568	6,447	321,000	712,732
Brent Polites	2023[6]	230,769	16,566	12,646	6,514	298,500	564,995
	2022	-	-	-	-	-	-
Aaron Murray	2023	425,000	70,126	25,292	7,167	510,000	1,037,585
	2022	395,192	61,317	23,568	12,065	446,250	938,392

1 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.
2 The value of rights granted to the Senior Executives is based on the fair value estimate on grant date.
3 Represents remuneration from 5 August 2021.
4 Represents remuneration from 1 February 2023.
5 Represents remuneration until 31 January 2023.
6 Represents remuneration from 1 January 2023.
7 Represents remuneration until 30 November 2021.

There were no termination benefits provided in the financial year.

Movements in performance rights held by KMPs
The following table shows the changes in performance rights granted to KMPs during the financial year including the performance rights on issue and subject to exercise at a later date.

The Non-Executive Directors do not hold performance rights, except for Ian Pagent who continues to hold a pro-rated portion of performance rights that were entitled to remain in the applicable STI and LTI Plan in accordance with its terms following his retirement from his executive position.

Brent Polites was appointed as KMP on 1 January 2023 and is entitled to participate in the FY23 STI Plan and FY23 LTI Plan pro-rated for the applicable performance periods from 1 January 2023. Performance rights in respect of these plans will be granted in FY2024 and reported in the FY2024 remuneration report.

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Performance rights awarded, vested and lapsed/forfeited during the year and available for exercise in future years are detailed below.

	Grant date	Performance period	Fair value on grant date	Rights held at the start of the financial year	Rights granted	Rights exercised	Rights lapsed or forfeited*	Rights held at the end of the financial year
Nick Pagent								
LTI - FY20	11 Dec 2019	1 July 2019 - 30 June 2022	$1.44	304,465	-	(304,465)	-	-
LTI - FY21	9 Dec 2020	1 July 2020 - 30 June 2023	$1.40	350,467	-	-	-	350,467
LTI - FY22	15 Dec 2021	1 July 2021 - 30 June 2024	$2.18	232,419	-	-	-	232,419
STI - FY21	17 Dec 2021	1 July 2021 - 30 June 2022	$2.18	157,779	-	(157,779)	-	-
LTI - FY23	16 Dec 2022	1 July 2022 - 30 June 2025	$2.05	-	254,028	-	-	254,028
STI - FY22	16 Dec 2022	1 July 2022 - 30 June 2023	$2.05	-	197,803	-	-	197,803
				1,045,130	451,831	(462,244)	-	1,034,717
Ian Pagent								
LTI - FY20	11 Dec 2019	1 July 2019 - 30 June 2022	$1.44	202,977	-	(121,788)	(81,189)	-
LTI - FY21	9 Dec 2020	1 July 2020 - 30 June 2023	$1.40	233,644	-	-	(112,662)	120,982
LTI - FY22	15 Dec 2021	1 July 2021 - 30 June 2024	$2.18	79,686	-	-	(37,517)	42,169
STI - FY21	17 Dec 2021	1 July 2021 - 30 June 2022	$2.18	68,619	-	(68,619)	-	-
LTI - FY23	16 Dec 2022	1 July 2022 - 30 June 2025	$2.05	-	87,095	-	(70,010)	17,085
STI - FY22	16 Dec 2022	1 July 2022 - 30 June 2023	$2.05	-	68,224	-	(28,038)	40,186
				584,926	155,319	(190,407)	(329,416)	220,422
Aaron Murray								
LTI - FY20	11 Dec 2019	1 July 2019 - 30 June 2022	$1.44	114,175	-	(114,175)	-	-
LTI - FY21	9 Dec 2020	1 July 2020 - 30 June 2023	$1.40	131,425	-	-	-	131,425
LTI - FY22	15 Dec 2021	1 July 2021 - 30 June 2024	$2.18	84,662	-	-	-	84,662
STI - FY21	17 Dec 2021	1 July 2021 - 30 June 2022	$2.18	59,661	-	(59,661)	-	-
LTI - FY23	16 Dec 2022	1 July 2022 - 30 June 2025	$2.05	-	92,538	-	-	92,538
STI - FY22	16 Dec 2022	1 July 2022- 30 June 2023	$2.05	-	123,385	-	-	123,385
				389,923	215,923	(173,836)	-	432,010

All performance rights outstanding at year end were unvested.

* Upon Ian Pagent's retirement as an executive on 31 January 2023, Ian was entitled to retain a pro-rated number of performance rights proportionate to the part of the performance period served, and the balance was forfeited in accordance with the terms of the STI and LTI plans.

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KMP shareholdings
The following table outlines the movements in KMP ordinary shareholdings in the Company (including their related parties) for the financial year.

	Shares held at the start of the financial year	Received as part of remuneration	Additions[1]	Disposals/ others[2]	Shares held at the end of financial year
Non-Executive Directors					
James Evans	-	-	88,612	-	88,612
Marina Go	40,833	-	-	-	40,833
Robert Quant	62,499	-	-	-	62,499
Senior Executives					
Nick Pagent	39,615,703	462,244	100,000	-	40,177,947
Ian Pagent	65,644,224	190,407	-	-	65,834,631
Brent Polites	154,302	-	2,450	-	156,752
Aaron Murray	1,747,095	173,836	-	(30,000)	1,890,931
	107,264,656	826,487	191,062	(30,000)	108,252,205

[1] On-market purchase of shares.
[2] On-market sale of shares

(5) Transactions with KMP

Management fees
The Group received administration service fees in relation to shared administration staff managing properties outside of the Group that are owned by Ian and Nick Pagent.

Related party management fee	Fee type	The Group received management fees $
GFB Properties Pty Ltd	Property management service	12,600
Autohaus Prestige Five Dock Pty Ltd	Property management service	25,200
Audi Parramatta Property Holdings Pty Ltd	Property management service	12,600
Audi Parramatta Properties 2 Pty Ltd	Property management service	12,600
Autosports Properties Leichhardt Pty Ltd	Property management service	25,200
New Centenary Properties Pty Ltd	Property management service	12,600
NDI Properties Pty Ltd	Property management service	12,600
		113,400

Related party leases
During the financial year, the Group had operating lease agreements on normal commercial terms with various entities owned by Ian and Nick Pagent.

Related party operating leases	Property location	The Group paid rental fees $
GFB Properties Pty Ltd	3-7 Parramatta Rd, Five Dock NSW	990,780
Autohaus Prestige Five Dock Pty Ltd	34-36 Spencer St, Five Dock NSW, Unit C 2 Packard Ave, Castle Hill NSW, and 26-28 Chard Road, Brookvale NSW	856,429
Audi Parramatta Property Holdings Pty Ltd	49-51 Church St, Parramatta NSW	776,662
Audi Parramatta Properties 2 Pty Ltd	13 Church St, Parramatta NSW	580,350
Autosports Properties Leichhardt Pty Ltd	531-571 Parramatta Rd, Leichhardt NSW	1,388,886
New Centenary Properties Pty Ltd	135 Moggill Rd, Toowong QLD and 45 Dickson Street, Artarmon NSW	3,136,790
		7,729,897

During the financial year, the Group paid the following marketing expenses to an entity controlled by Ian Pagent.

Related party purchases	Customer events	The Group paid $
New Bathers Pavilion Balmoral Pty Ltd	Marketing - customers events	211,841

The event is a luxury dining experience that Autosports Group will use to enhance customer relationships. The amount is within the current marketing budget and strategy and will also attract marketing rebates from some of the OEMs whose customers the experience is offered to.

This concludes the remuneration report, which has been audited.

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

James Evans
Chairman

Nicholas Pagent
Chief Executive Officer

23 August 2023
Sydney

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Deloitte.

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

23 August 2023

The Board of Directors
Autosports Group Limited
555 Parramatta Road
Leichhardt
NSW 2040
Australia

Dear Directors

Auditor's Independence Declaration to Autosports Group 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 Autosports Group Limited.

As lead audit partner for the audit of the financial report of Autosports Group Limited 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

David Haynes
Partner
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte Organisation.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Revenue	5	2,371,296	1,875,954
Interest revenue		129	8
Expenses			
Changes in inventories		(123,069)	(42,143)
Raw materials and consumables purchased		(1,772,724)	(1,460,060)
Employee benefits expense		(188,993)	(146,721)
Depreciation and amortisation expense	6	(52,028)	(52,339)
Impairment of property, plant and equipment	11	(6,004)	-
Occupancy costs	6	(7,964)	(6,334)
Acquisition and restructure expenses		(6,027)	(2,417)
Other expenses		(80,657)	(69,157)
Finance costs	6	(33,658)	(16,431)
Profit before income tax expense		100,301	80,360
Income tax expense	7	(33,652)	(25,780)
Profit after income tax expense for the year		66,649	54,580
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	19	(579)	-
Other comprehensive income for the year, net of tax		(579)	-
Total comprehensive income for the year		66,070	54,580
Profit for the year is attributable to:			
Non-controlling interest	20	1,223	1,204
Owners of Autosports Group Limited		65,426	53,376
		66,649	54,580
Total comprehensive income for the year is attributable to:			
Non-controlling interest	20	1,223	1,204
Owners of Autosports Group Limited		64,847	53,376
		66,070	54,580
		Cents	Cents
Basic earnings per share	31	32.55	26.56
Diluted earnings per share	31	32.28	26.29

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

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CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT 30 JUNE 2023

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	Note	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Assets			
Current assets			
Cash and cash equivalents		41,999	90,817
Trade and other receivables	8	89,569	58,731
Inventories	9	373,755	217,454
Other assets	10	17,660	14,617
Total current assets		522,983	381,619
Non-current assets			
Property, plant and equipment	11	295,519	172,298
Right-of-use assets	12	227,846	203,147
Intangibles	13	551,638	445,784
Deferred tax	7	21,343	21,721
Total non-current assets		1,096,346	842,950
Total assets		1,619,329	1,224,569
Liabilities			
Current liabilities			
Trade and other payables	14	189,396	152,762
Contract liabilities		970	1,610
Income tax payable	7	13,723	17,331
Employee benefits	15	25,141	20,887
Borrowings	16	449,104	249,826
Lease liabilities	17	38,194	36,653
Total current liabilities		716,528	479,069
Non-current liabilities			
Trade and other payables	14	4,594	-
Deferred tax	7	332	-
Employee benefits	15	3,792	3,339
Borrowings	16	195,070	93,936
Lease liabilities	17	220,608	198,732
Total non-current liabilities		424,396	296,007
Total liabilities		1,140,924	775,076
Net assets		478,405	449,493
Equity			
Issued capital	18	475,637	475,637
Reserves	19	2,761	4,506
Accumulated losses		(5,914)	(35,978)
Equity attributable to the owners of Autosports Group Limited		472,484	444,165
Non-controlling interest	20	5,921	5,328
Total equity		478,405	449,493

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 $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	475,637	3,306	(61,214)	4,376	422,105
Profit after income tax expense for the year	-	-	53,376	1,204	54,580
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	53,376	1,204	54,580
Transactions with owners in their capacity as owners:					
Share-based payments (note 19)	-	1,200	-	-	1,200
Dividends paid (note 21)	-	-	(28,140)	(252)	(28,392)
Balance at 30 June 2022	475,637	4,506	(35,978)	5,328	449,493

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	475,637	4,506	(35,978)	5,328	449,493
Profit after income tax expense for the year	-	-	65,426	1,223	66,649
Other comprehensive income for the year, net of tax	-	(579)	-	-	(579)
Total comprehensive income for the year	-	(579)	65,426	1,223	66,070
Transactions with owners in their capacity as owners:					
Share-based payments (note 19)	-	(348)	-	-	(348)
Transfer to accumulated losses	-	(818)	818	-	-
Dividends paid (note 21)	-	-	(36,180)	(630)	(36,810)
Balance at 30 June 2023	475,637	2,761	(5,914)	5,921	478,405

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

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CONSOLIDATED STATEMENT OF
CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

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	Note	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Cash flows from operating activities			
Profit before income tax expense for the year		100,301	80,360
Adjustments for:			
Depreciation and amortisation	6	52,028	52,339
Impairment of property, plant and equipment		6,004	-
Net loss on disposal of property, plant and equipment		2,667	1,555
Share-based payments	6	938	2,811
Interest received		(129)	(8)
Interest and other finance costs	6	33,658	16,431
		195,467	153,488
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(25,414)	16,718
Decrease/(increase) in inventories		(123,069)	42,143
Increase in other operating assets		(2,443)	(4,782)
Increase in trade and other payables		28,913	8,541
Increase/(decrease) in contract liabilities		(640)	783
Increase in employee benefits		2,539	1,680
Increase/(decrease) in bailment finance		164,275	(41,897)
		239,628	176,674
Interest received		129	8
Interest and other finance costs paid		(33,658)	(16,431)
Income taxes paid		(40,097)	(25,217)
Net cash from operating activities		166,002	135,034
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	28	(116,791)	(20,211)
Payments for property, plant and equipment	11	(133,666)	(69,127)
Proceeds from disposal of property, plant and equipment		-	1,165
Net cash used in investing activities		(250,457)	(88,173)
Cash flows from financing activities			
Proceeds from borrowings	32	136,049	40,709
Repayment of borrowings	32	(25,709)	(29,174)
Repayment of lease liabilities	32	(36,861)	(34,420)
Dividends paid	21	(36,180)	(28,140)
Dividends paid to non-controlling interest	20	(630)	(252)
On market share purchase to settle share-based payments	19	(1,182)	(1,611)
Net cash from/(used in) financing activities		35,487	(52,888)
Net decrease in cash and cash equivalents		(48,968)	(6,027)
Cash and cash equivalents at the beginning of the financial year		90,817	96,844
Effects of exchange rate changes on cash and cash equivalents		150	-
Cash and cash equivalents at the end of the financial year		41,999	90,817

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

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Note 1. General information

The financial statements cover Autosports Group Limited as a consolidated entity consisting of Autosports Group Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the financial year (collectively referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Autosports Group Limited's functional and presentation currency.

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

Autosports Group Head Office
555 Parramatta Road
Leichhardt NSW 2040

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 23 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 during the financial year ended 30 June 2023.

Net current asset deficiency

The directors have prepared the financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The statement of financial position reflects an excess of current liabilities over current assets of $193,545,000 as at 30 June 2023 (2022: $97,450,000).

During the financial year ended 30 June 2023, the Group made a profit after income tax expense of $66,649,000 (2022: profit after income tax expense of $54,580,000).

The directors have reviewed the cash flow forecast for the Group at least through to 30 August 2024. The forecast indicates that the Group will generate net positive operating cash inflows and operate within its overall finance facilities and that the Group will, therefore, be able to pay its debts as and when they fall due after considering the following factors:

- during the financial year the Group generated $166,002,000 (2022: $135,034,000) of cash flow from operating activities;
- during the financial year the Group used $116,791,000 of available cash to fund business acquisitions which will contribute to future cashflows and $133,666,000 to fund additions to property, plant and equipment;
- as at 30 June 2023, the Group has undrawn capital finance facilities of $15,200,000 (2022: $15,199,000) out of which $11,200,000 is earmarked for specific purposes and undrawn bailment finance facilities of $196,352,000 (2022: $281,715,000);
- as at 30 June 2023, the Group has cash and cash equivalents amounting to $41,999,000 (2022: $90,817,000);
- the Group has the continuing support of its financiers.

The directors have concluded that it is appropriate to prepare the financial statements on the going concern basis, as they believe that the Group will comply with its future financial covenants and be able to pay its debts as and when they become due and payable from cash flows from operations and available finance facilities for at least 12 months from the date of approval of these 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.

Note 2. Significant accounting policies (continued)

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.

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 34.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Autosports Group Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended.

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.

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

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

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

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

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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Note 2. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

New, demonstrator and used vehicles
Revenue from the sale of vehicles 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 vehicle.

Parts and service
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.

Service work on customers' vehicles is carried out under instructions from the customer. Service revenue is recognised over time based on either a fixed price or an hourly rate. Revenue arising from the sale of parts fitted to customers’ vehicles during service is recognised at the point in time upon delivery of the fitted parts to the customer upon completion of the service.

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

ii) Finance and insurance revenue
Finance and insurance commissions are recognised at the point in time, usually in the period in which the related sale or rendering of service is provided. Finance and insurance commissions are received from finance companies and insurance companies as commission payments on products sold to customers.

iii) Agency commission
Agency commission represents 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 accrual basis on completion of the referral or when the commission is received.

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.

Commercial income and rebates
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 cost of goods sold in profit or loss. Bonuses and rebates are recognised when the right to receive payment is established.

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.

Note 2. Significant accounting policies (continued)

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.

Trade and other receivables

Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less 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 (ECL), which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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

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

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

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. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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Note 2. Significant accounting policies (continued)

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 of completion and the estimated costs necessary to make the sale. The age of the car is considered in determining the selling price of used cars.

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 on the basis of weighted average cost. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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	40 years
Leasehold improvements	over the estimated useful life
Plant and equipment	3 - 10 years
Furniture, fixtures and fittings	2 - 10 years
Motor vehicles	4 - 8 years

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

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.

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

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

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

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

Note 2. Significant accounting policies (continued)

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.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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 five years. Customer assets are made up of complementary customer relationships and databases in the servicing and parts business.

Impairment of non-financial assets
Goodwill is not subject to amortisation and is 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 derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount and any consideration paid is recognised in profit or loss.

Vehicles secured under bailment plans are provided to the Group under bailment agreements with floor plan loan providers. The Group obtains title to the vehicles immediately prior to sale. Vehicles financed under bailment plans are recognised as inventory with the corresponding floor plan liability owing to the finance providers. Floor plan finance 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.

Finance costs are expensed in the period in which they are incurred.

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Note 2. Significant accounting policies (continued)

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.

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.

Long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Share-based payments
Equity-settled 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.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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.

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Note 2. Significant accounting policies (continued)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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.

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.

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

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 acquisition method of accounting is used to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. To determine whether a set of activities and assets constitutes a business, the Group has the choice to apply a `concentration test', which is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Alternatively, to determine if a business has been acquired, the Group assesses whether (as a minimum) an input and substantive process has been acquired and whether there is an ability to produce outputs from these.

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

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

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

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

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

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

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Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Autosports Group 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 additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Rounding of amounts

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the Group's financial statements.

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.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 13 for further information.

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.

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Note 4. Operating segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The directors have determined that there is only one operating segment identified and located in Australia and New Zealand, being motor vehicle retailing. The information reported to the CODM is the consolidated results of the Group. The segment results are therefore shown throughout these financial statements and not duplicated here.

Refer to note 5 for information on revenue from the Group's products and services.

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

Note 5. Revenue

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Revenue for contracts with customers		
New and demonstrator vehicles	1,435,427	1,139,845
Used vehicles	543,348	444,082
Parts	175,147	126,300
Service	157,508	120,866
Other revenue	59,866	44,861
Revenue	2,371,296	1,875,954

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

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Geographical regions		
Australia	2,204,258	1,875,954
New Zealand	167,038	-
	2,371,296	1,875,954
Timing of revenue recognition		
Revenue recognised at a point in time	2,213,788	1,755,088
Revenue recognised over time	157,508	120,866
	2,371,296	1,875,954

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Note 6. Expenses

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	1,454	1,020
Leasehold improvements	5,432	3,796
Plant and equipment	3,035	3,181
Furniture, fixtures and fittings	1,598	1,033
Motor vehicles	1,563	1,191
Right-of-use assets	35,579	38,150
Total depreciation	48,661	48,371
Amortisation		
Customer relationships	3,367	3,968
Total depreciation and amortisation	52,028	52,339
Share-based payments expense		
Share-based payment expenses in relation to directors, executives and employees	938	2,811
Finance costs		
Floor plan interest	15,126	4,990
Interest charges on lease liabilities	9,408	7,101
Corporate interest	9,124	4,340
Total finance costs expensed	33,658	16,431
Net loss on disposal		
Net loss on disposal of property, plant and equipment	2,667	1,555
Leases		
Variable lease payments	843	401
Short-term lease payments	293	589
Rental outgoings	6,828	5,344
	7,964	6,334
Superannuation expense		
Defined contribution superannuation expense	15,719	12,277
Other provisions		
Inventory write down to net realisable value	1,565	708

Included in 'raw materials and consumables' in profit or loss is $25,839,000 (2022: $20,864,000) of salaries and wages relating to direct service labour costs.

Note 7. Income tax

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Income tax expense		
Current tax	35,042	27,828
Deferred tax - origination and reversal of temporary differences	(1,390)	(2,048)
Aggregate income tax expense	33,652	25,780
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(1,067)	(2,048)
Decrease in deferred tax liabilities	(323)	-
Deferred tax - origination and reversal of temporary differences	(1,390)	(2,048)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	100,301	80,360
Tax at the statutory tax rate of 30%	30,090	24,108
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent tax differences	3,065	119
Share-based payments	281	843
	33,436	25,070
Prior year temporary differences now recognised	554	710
Tax rate differential	(114)	-
Other	(224)	-
Income tax expense	33,652	25,780

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Note 7. Income tax (continued)

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Net deferred tax asset		
Net deferred tax asset comprises temporary differences attributable to:		
Amounts recognised other than in equity:		
Right-of-use assets	8,457	9,599
Employee benefits	9,821	8,270
Tax losses	826	995
Property, plant and equipment	2,915	1,907
Contract liabilities	993	630
Provision for warranties	830	1,023
Allowance for expected credit losses	477	437
Accrued expenses	250	236
Inventories	4	743
Customer relationships	(2,099)	(2,049)
Work in progress	(197)	(149)
Other items	(934)	79
Deferred tax asset	21,343	21,721
Movements:		
Opening balance	21,721	18,948
Credited to profit or loss	1,067	2,048
Additions through business combinations (note 28)	(1,445)	725
Closing balance	21,343	21,721

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Net deferred tax liability		
Net deferred tax liability comprises temporary differences attributable to:		
Amounts recognised other than in equity:		
Customer relationships	770	-
Property, plant and equipment	(2)	-
Other items	(3)	-
Accrued expenses	(6)	-
Inventories	(116)	-
Right of return assets	(118)	-
Employee benefits	(193)	-
Deferred tax liability	332	-
Movements:		
Opening balance	-	-
Credited to profit or loss	(323)	-
Additions through business combinations (note 28)	655	-
Closing balance	332	-

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Note 7. Income tax (continued)

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Provision for income tax		
Provision for income tax	13,723	17,331

Note 8. Trade and other receivables

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Current assets		
Trade receivables	79,657	54,653
Other receivables	11,108	5,185
Less: Allowance for expected credit losses	(1,196)	(1,107)
	89,569	58,731

Allowance for expected credit losses
The Group has recognised a net loss of $141,000 in profit or loss in respect of the expected credit losses for the year ended 30 June 2023 (2022: Net loss of $248,000).

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	30 June 2023 %	30 June 2022 %	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Not overdue	0.04%	0.09%	68,101	48,110	31	43
0 to 2 months overdue	6.77%	13.50%	5,357	2,491	363	336
2 to 3 months overdue	0.42%	1.80%	2,513	544	11	10
3 to 4 months overdue	13.57%	8.60%	1,943	2,777	264	239
Over 4 months overdue	30.26%	65.50%	1,743	731	527	479
			79,657	54,653	1,196	1,107

The profile of the Group's trade debtors has improved throughout the period due to improvement of supply chains and increased level of Original Equipment Manufacturer (OEM) receivables. As a result, the calculation of expected credit loss has been revised.

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

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Opening balance	1,107	943
Provisions recognised	372	543
Receivables written off during the year as uncollectable	(52)	(84)
Unused amounts reversed	(231)	(295)
Closing balance	1,196	1,107

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Note 9. Inventories

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current assets		
New and demonstrator vehicles - at cost	271,815	136,999
Less: Write-down to net realisable value	(6,361)	(4,442)
	265,454	132,557
Used vehicles - at cost	80,472	64,274
Less: Write-down to net realisable value	(1,668)	(1,629)
	78,804	62,645
Spare parts and accessories - at cost	27,928	21,233
Less: Write-down to net realisable value	(1,440)	(1,270)
	26,488	19,963
Other inventory - at cost	3,009	2,289
	373,755	217,454

Note 10. Other assets

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current assets		
Prepayments	5,008	5,134
Other cash deposits	12,652	9,483
	17,660	14,617

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Note 11. Property, plant and equipment

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Non-current assets		
Land and buildings - at cost*	203,121	100,183
Less: Accumulated depreciation	(2,876)	(1,421)
Less: Impairment	(6,004)	-
	194,241	98,762
Leasehold improvements	84,265	48,592
Less: Accumulated depreciation	(19,548)	(14,539)
	64,717	34,053
Plant and equipment	38,044	28,504
Less: Accumulated depreciation	(16,748)	(14,757)
	21,296	13,747
Furniture, fixtures and fittings	14,699	8,992
Less: Accumulated depreciation	(5,251)	(4,321)
	9,448	4,671
Motor vehicles	6,318	8,344
Less: Accumulated depreciation	(2,764)	(2,178)
	3,554	6,166
Capital work in progress - at cost	2,263	14,899
	295,519	172,298

* Land and buildings represents owner-occupied premises at:

- 601 Mains Road, Macgregor, Queensland and the adjoining land 581, Mains Road, Macgregor, Queensland, from which Macgregor Mercedes-Benz operates;
- 120 - 124 Pacific Highway, Waitara, NSW, from which Mercedes-Benz Hornsby operates;
- 363 Nepean Highway, Brighton, Victoria, from which Brighton Jaguar Land Rover operates;
- 62 Enterprise Drive, Bundoora, Victoria 3083 from which Bundoora BMW dealership operates;
- 98 O'Riordan Street, Alexandria from which Alexandria Mazda operates; and
- 586 Wickham Street and 10 Light Street Fortitude Valley from which Audi Centre Brisbane, Bentley Brisbane, Maserati Brisbane and Lamborghini Brisbane operate.

Property acquisition:
On 15 June 2023, the Group acquired the land and buildings from which its Audi Centre Brisbane, Bentley Brisbane, Maserati Brisbane and Lamborghini Brisbane dealerships operate. The total consideration transferred amounted to $103,877,000 including purchase taxes.

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Note 11. Property, plant and equipment (continued)

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

Consolidated	Land and buildings $'000	Leasehold improve-ments $'000	Plant and equipment $'000	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Capital work in progress $'000	Total $'000
Balance at 1 July 2021	56,500	30,179	13,766	5,758	2,723	6,556	115,482
Additions	43,282	955	2,407	965	6,179	15,339	69,127
Additions through business combinations (note 28)	-	219	410	1	-	-	630
Disposals	-	(1,093)	(163)	(44)	(1,282)	(138)	(2,720)
Transfers in/(out)	-	7,589	508	(976)	(263)	(6,858)	-
Depreciation expense	(1,020)	(3,796)	(3,181)	(1,033)	(1,191)	-	(10,221)
Balance at 30 June 2022	98,762	34,053	13,747	4,671	6,166	14,899	172,298
Additions	103,877	1,141	1,866	4,151	429	22,202	133,666
Additions through business combinations (note 28)	-	6,556	4,113	586	21	181	11,457
Disposals	-	-	(1,023)	(145)	(1,499)	-	(2,667)
Exchange differences	-	(108)	(27)	(14)	-	-	(149)
Impairment of assets	(6,004)	-	-	-	-	-	(6,004)
Transfers in/(out)	(940)	28,507	5,655	1,797	-	(35,019)	-
Depreciation expense	(1,454)	(5,432)	(3,035)	(1,598)	(1,563)	-	(13,082)
Balance at 30 June 2023	194,241	64,717	21,296	9,448	3,554	2,263	295,519

Property impairment arose as a result of the acquisition of 586 Wickham Street, Fortitude Valley on 15 June 2023. Due to the proximity of the acquisition to year end there has been no opportunity for appreciation in value of the property and as such capitalised acquisition costs including stamp duty resulted in the carrying value of the property exceeding its valuation.

Note 12. Right-of-use assets

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Non-current assets		
Right-of-use asset	433,248	371,781
Less: Accumulated depreciation	(205,402)	(168,634)
	227,846	203,147

The Group leases dealership operating premises under agreements of between 1 to 17 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

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Note 12. Right-of-use assets (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	Property lease $'000
Balance at 1 July 2021	215,784
Additions*	14,060
Additions through business combinations (note 28)	11,453
Depreciation expense	(38,150)
Balance at 30 June 2022	203,147
Additions/changes *	1,342
Additions through business combinations (note 28)	58,126
Exchange differences	810
Depreciation expense	(35,579)
Balance at 30 June 2023	227,846

* Additions/changes represents lease renewals, exercise of option and rent reviews.

For other AASB 16 lease-related disclosures refer to the following:
- note 6 for details of interest on lease liabilities and other lease expenses;
- note 17 and note 32 for details of lease liabilities at the beginning and end of the reporting period;
- note 22 for the maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 13. Intangibles

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Non-current assets		
Goodwill - at cost	647,894	548,126
Less: Accumulated impairment	(109,174)	(109,174)
	538,720	438,952
Customer relationships - at cost	41,610	32,157
Less: Accumulated amortisation	(28,692)	(25,325)
	12,918	6,832
	551,638	445,784

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Note 13. Intangibles (continued)

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

Consolidated	Goodwill $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2021	420,926	6,522	427,448
Additions through business combinations (note 28)	18,026	4,278	22,304
Amortisation expense	-	(3,968)	(3,968)
Balance at 30 June 2022	438,952	6,832	445,784
Additions through business combinations (note 28)	99,771	9,454	109,225
Exchange differences	(3)	(1)	(4)
Amortisation expense	-	(3,367)	(3,367)
Balance at 30 June 2023	538,720	12,918	551,638

Goodwill acquired through business combinations is allocated to one group of cash-generating unit ('**CGU**') according to the business segment, being motor vehicle retailing which is the lowest level at which management monitors goodwill.

The recoverable amount of the Group's goodwill has been determined by value-in-use calculations ('**VIU**'). The calculations use cash flow projections based on the business plan, prior to any future restructuring to which the Group is not yet committed, approved by management covering a five year period and a terminal growth rate.

Key assumptions
Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.

The following key assumptions were used in the VIU model:
(a) Earnings before interest, depreciation and amortisation ('**EBITDA**');
(b) Terminal growth rate of 2.0% beyond five year period (2022: 2.0%);
(c) Pre-tax discount rate 14.84% (2022: 15.61%); and
(d) New vehicle motor growth between FY24 to FY28 including other income and rebates of 1.5% - 20.0% (2022: (0.7%) – 14.8% FY23 to FY27).

As a result of the impairment testing, management has concluded that the recoverable amount of the CGU is higher than the carrying value of the assets, and therefore goodwill is not considered to be impaired.

Sensitivity analysis
The Group has conducted an analysis of the sensitivity of the impairment test to changes in key assumptions used to determine the recoverable amount of goodwill. The recoverable amount exceeds the carrying amount by $200,921,000.

The directors believe that any reasonably possible change in any of the key assumptions below on which the recoverable amount is based will cause the carrying amount to equal the recoverable amount of the CGU.

Sensitivity	VIU assumptions	VIU model equals carrying amount	Change
EBITDA %	5.3% - 5.9%	4.4% - 5.0%	0.9%
Post tax discount rate	10.70%	13.05%	2.4%
Pre-tax discount rate	14.84%	18.24%	3.4%
Terminal growth rate	2.0%	(1.9)%	3.9%
New vehicle motor growth (including rebates, aftermarket and finance and insurance) between FY2024 to FY2028	1.5% - 20.0%	(5.6)%-13.0%	7.0%

Notwithstanding the above, should market conditions deteriorate further than forecast, it may cause the carrying amount of the CGU to be lower than recoverable amount at a future date, which may result in an impairment.

Remaining amortisation period
The remaining amortisation period for customer relationships is 1-4 years (2022: 1-4 years).

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Note 14. Trade and other payables

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current liabilities		
Trade and other payables	107,441	92,304
GST payable	37,381	29,108
Accrued expenses	44,574	31,350
	189,396	152,762
Non-current liabilities		
Deferred consideration on business combinations	4,594	-
	193,990	152,762

Refer to note 22 for further information on financial instruments.

The average credit period on purchase of goods is 30 days.

Note 15. Employee benefits

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current liabilities		
Employee benefits	25,141	20,887
Non-current liabilities		
Employee benefits	3,792	3,339
	28,933	24,226

Note 16. Borrowings

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current liabilities		
Bailment finance	421,532	231,460
Capital loans	27,572	18,366
	449,104	249,826
Non-current liabilities		
Capital loans	195,070	93,936
	644,174	343,762

Refer to note 22 for further information on financial instruments.

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Note 16. Borrowings (continued)

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Bailment finance	421,532	231,460
Capital loans	222,642	112,302
	644,174	343,762

Bailment finance
Bailment is provided largely by the Original Equipment Manufacturer finance companies on a vehicle by vehicle basis and secured over the underlying vehicle. The current weighted average interest rate is 5.99% (2022: 3.07%).

Capital loans
Capital loans are secured by a fixed and floating charge over the assets of the Group, except for certain entities within the Group whereby security interest is held by a charge over the inventory and the proceeds from the sale of that inventory. The current weighted average interest rate is 6.49% (2022: 3.40%).

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

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Total facilities		
Bailment finance	617,884	513,175
Capital loans	237,842	127,501
	855,726	640,676
Used at the reporting date		
Bailment finance	421,532	231,460
Capital loans	222,642	112,302
	644,174	343,762
Unused at the reporting date		
Bailment finance	196,352	281,715
Capital loans	15,200	15,199
	211,552	296,914

Note 17. Lease liabilities

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current liabilities		
Lease liability	38,194	36,653
Non-current liabilities		
Lease liability	220,608	198,732
	258,802	235,385

Refer to note 22 for information on the maturity analysis of lease liabilities.

Note 18. Issued capital

	Consolidated			
	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 $'000	30 June 2022 $'000
Ordinary shares - fully paid	201,000,000	201,000,000	475,637	475,637

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.

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

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

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

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

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is pursuing additional investments in the short term and continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain covenants on its 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 19. Reserves

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Foreign currency reserve	(579)	-
Share-based payments reserve	3,340	4,506
	2,761	4,506

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

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.

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Note 19. Reserves (continued)

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

Consolidated	Foreign currency reserve $'000	Share-based payments $'000	Total $'000
Balance at 1 July 2021	-	3,306	3,306
Share-based payments	-	2,811	2,811
On market share purchase in the Company to settle vested long term incentives	-	(1,611)	(1,611)
Balance at 30 June 2022	-	4,506	4,506
Foreign currency translation	(579)	-	(579)
Share-based payments	-	938	938
On market share purchase in the Company to settle vested long term incentives	-	(1,182)	(1,182)
Cash settled	-	(104)	(104)
Transfer to accumulated losses	-	(818)	(818)
Balance at 30 June 2023	(579)	3,340	2,761

Note 20. Non-controlling interest

The non-controlling interest represents the 20% non-controlling interest in New Centenary Mazda Pty Ltd held by the dealer principal and 20% non-controlling interest in John Newell Holdings Pty Ltd held by the dealer principal.

Movements in the non-controlling interest are as follows:

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Opening balance	5,328	4,376
Profit after income tax expense for the year	1,223	1,204
Dividend declared to non-controlling interest	(630)	(252)
Closing balance	5,921	5,328

Note 21. Dividends

Dividends

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Final dividend for the year ended 30 June 2022 of 9.0 cents (2021: 7.0 cents) per ordinary share	18,090	14,070
Interim dividend for the year ended 30 June 2023 of 9.0 cents (2022: 7.0 cents) per ordinary share	18,090	14,070
	36,180	28,140

On 23 August 2023, the directors declared a fully franked final dividend for the year ended 30 June 2023 of 10.0 cents per ordinary share, to be paid on 15 November 2023 to eligible shareholders on the register as at 1 November 2023. This equates to a total estimated distribution of $20,100,000, based on the number of ordinary shares on issue as at 30 June 2023. The financial effect of the dividends declared after the reporting date are not reflected in the 30 June 2023 financial statements and will be recognised in the subsequent financial period.

Note 21. Dividends (continued)

Franking credits

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	89,370	67,121

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 22. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market 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 different 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 regular basis.

Market risk

Foreign currency risk
The Group is not exposed to any significant foreign currency risk. Vehicles are purchased in the subsidiaries' functional currency being Australian dollars or New Zealand dollars.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from its borrowings and cash at bank. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value risk.

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

Consolidated	30 June 2023 Balance $'000	30 June 2022 Balance $'000
Bailment finance	421,532	231,460
Capital loans	222,642	112,302
Cash at bank	(41,999)	(90,817)
Net exposure to cash flow interest rate risk	602,175	252,945

An official increase/decrease in interest rates of 50 (2022: 50) basis points per annum applied to borrowing at the reporting date would have an adverse/favourable effect on the profit before tax of $3,011,000 (2022: $1,265,000) and equity of $2,108,000 (2022: $885,000) (assuming 30% tax). The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

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Note 22. Financial instruments (continued)

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 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.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Bailment finance	196,352	281,715
Capital loans	15,200	15,199
	211,552	296,914

Remaining contractual maturities

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

Consolidated - 30 June 2023	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
Non-derivatives					
Non-interest bearing					
Trade payables	107,441	-	-	-	107,441
Deferred consideration	-	4,594	-	-	4,594
Interest-bearing - variable					
Bailment finance	421,532	-	-	-	421,532
Capital loans	40,917	34,282	166,678	30,963	272,840
Interest-bearing - fixed rate					
Lease liability	48,742	45,639	102,118	114,968	311,467
Total non-derivatives	618,632	84,515	268,796	145,931	1,117,874

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Note 22. Financial instruments (continued)

Consolidated - 30 June 2022	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	92,304	-	-	-	92,304
Interest-bearing - variable					
Bailment finance	231,460	-	-	-	231,460
Capital loans	22,141	51,653	28,772	20,372	122,938
Interest-bearing - fixed rate					
Lease liability	42,878	40,240	98,630	82,610	264,358
Total non-derivatives	388,783	91,893	127,402	102,982	711,060

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

Note 23. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables 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 liabilities.

Note 24. Contingent liabilities

All bank guarantees are provided to cover landlord deposits on leased property. Liabilities relating to landlord deposits are included in the total lease liabilities as disclosed in note 17.

Note 25. 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 30 June 2023 $	Consolidated 30 June 2022 $
Short-term employee benefits	2,230,917	1,923,311
Post-employment benefits	125,842	105,807
Long-term benefits	(9,972)	39,911
Share-based payments	1,581,010	1,701,050
	3,927,797	3,770,079

Note 26. 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, and its network firms:

	Consolidated	
	30 June 2023 $	30 June 2022 $
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	647,000	546,500
Other services - Deloitte Touche Tohmatsu		
Tax review and compliance	101,000	254,908
Training - leadership development program	158,000	120,000
	259,000	374,908
	906,000	921,408
Other services - network firms		
Deloitte New Zealand - due diligence	29,000	110,000
Deloitte New Zealand - tax compliance	15,000	-
	44,000	110,000

Note 27. Related party transactions

Parent entity
Autosports Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30 June 2023 $	30 June 2022 $
Other income:		
Management fees received from entities owned by the directors Ian Pagent and Nicholas Pagent	113,400	113,400
Payment for other expenses:		
Lease payments on properties to entities owned by the directors Ian Pagent and Nicholas Pagent	7,729,897	7,447,389
Marketing - customer events to entity controlled by Ian Pagent*	211,841	-

* The event is a luxury dining experience that Autosports Group will use to enhance customer relationships. The amount is within the current marketing budget and strategy and will also attract marketing rebates from some of the OEMs whose customers the experience is offered to.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans from related parties
There were no loans to or from related parties at the current and previous reporting date.

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Note 27. Related party transactions (continued)

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

Note 28. Business combinations

2023 acquisitions

Auckland City BMW Ltd ('Auckland BMW')
On 1 August 2022, the Group acquired 100% of the shares in Auckland City BMW Ltd. The total consideration transferred amounted to $61,807,000 (NZ$ 68,873,000), including a $4,487,000 (NZ$ 5,000,000) payment deferred for two years. The acquisition was funded by existing cash reserves and $12,115,000 (NZ$ 13,500,000) debt facility. The goodwill of $46,650,000 represents the future potential profits of the acquired business.

From the date of acquisition, Auckland BMW contributed revenues of $167,038,000 and profit before tax of $6,543,000.

Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI ('Motorline and Gold Coast')
On 1 February 2023, the Group acquired trading assets and liabilities of Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI ("Motorline Group"). The total consideration transferred amounted to $65,754,000, funded by existing cash reserves and $30,000,000 debt facility. The goodwill of $53,121,000 represents the future potential profits of the acquired business.

From the date of acquisition, Motorline businesses contributed revenues of $104,800,000 and profit before tax of $5,082,000.

Details of the acquisitions are as follows:

	Auckland BMW Fair value $'000	Motorline and Gold Coast Fair value $'000	Total $'000
Cash and cash equivalents	6,283	-	6,283
Trade receivables	5,424	-	5,424
Inventories	21,209	12,023	33,232
Prepayments	358	242	600
Property, plant and equipment	6,531	4,926	11,457
Right-of-use assets	24,803	33,323	58,126
Customer relationships	3,355	6,099	9,454
Trade and other payables	(5,086)	(1,682)	(6,768)
Provision for income tax	(1,692)	-	(1,692)
Deferred tax liability	(655)	(1,445)	(2,100)
Employee benefits	(884)	(1,284)	(2,168)
Bailment finance	(19,686)	(6,111)	(25,797)
Other provisions	-	(135)	(135)
Lease liability	(24,803)	(33,323)	(58,126)
Net assets acquired	15,157	12,633	27,790
Goodwill	46,650	53,121	99,771
Acquisition-date fair value of the total consideration transferred	61,807	65,754	127,561
Acquisition costs expensed to profit or loss	173	4,066	4,239
Cash paid net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	61,807	65,754	127,561
Less: cash and cash equivalents acquired	(6,283)	-	(6,283)
Less: deferred consideration payable	(4,487)	-	(4,487)
Net cash used	51,037	65,754	116,791

Note 28. Business combinations (continued)

The purchase price allocation of the 2023 acquisitions are final as at 30 June 2023.

2022 acquisitions

John Newell Holdings Pty Ltd ('John Newell')
On 1 July 2021, the Group acquired 80% of the shares in *John Newell Holdings Pty Ltd.* The total consideration transferred amounted to $12,050,000. The goodwill of $8,763,000 represents the future potential profits of the acquired business and the synergistic opportunities it offers and cross-selling opportunities that will arise from the acquisition.

Suttons Subaru Rosebery and Suttons City Kia ('Suttons')
On 1 June 2022, the Group acquired certain assets and liabilities of Subaru Sydney City and Sydney City Kia from Suttons Motors Group. The total consideration transferred amounted to $9,403,000. The goodwill of $9,263,000 represents the future potential profits of the acquired business and the synergistic opportunities it offers and cross-selling opportunities that will arise from the acquisition.

Details of the acquisitions are as follows:

	John Newell Fair value $'000	Suttons Fair value $'000	Total $'000
Cash and cash equivalents	1,242	-	1,242
Trade receivables	2,530	-	2,530
Inventories	6,587	2,211	8,798
Prepayments	223	-	223
Property, plant and equipment	617	13	630
Right-of-use assets	11,453	-	11,453
Customer relationships	3,225	1,053	4,278
Deferred tax asset	884	(159)	725
Trade payables	(3,482)	(426)	(3,908)
Provision for income tax	(604)	-	(604)
Employee benefits	(1,590)	(524)	(2,114)
Bailment finance	(6,015)	(2,028)	(8,043)
Lease liability	(11,783)	-	(11,783)
Net assets acquired	3,287	140	3,427
Goodwill	8,763	9,263	18,026
Acquisition-date fair value of the total consideration transferred	12,050	9,403	21,453
Representing:			
Cash paid or payable to vendor	12,050	9,403	21,453
Less: cash and cash equivalents acquired	(1,242)	-	(1,242)
Net cash used	10,808	9,403	20,211
Acquisition costs expensed to profit or loss	22	-	22

The purchase price allocation of the 2022 acquisitions are final as at 30 June 2022.

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Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2023 %	Ownership interest 30 June 2022 %
Autosports Brisbane Pty Ltd	Australia	100%	100%
Autosports Castle Hill Pty Ltd	Australia	100%	100%
Autosports Five Dock Pty Ltd	Australia	100%	100%
Autosports Leichhardt Pty Ltd	Australia	100%	100%
Autosports Prestige Pty Ltd	Australia	100%	100%
Autosports Sutherland Pty Ltd	Australia	100%	100%
Betar Prestige Cars Pty Ltd	Australia	100%	100%
Birchgrove Finance Pty Ltd	Australia	100%	100%
Modena Trading Pty Ltd	Australia	100%	100%
Mosman Prestige Cars Pty Ltd	Australia	100%	100%
New Centenary Mercedes-Benz Pty Ltd	Australia	100%	100%
Prestige Auto Traders Australia Pty Ltd	Australia	100%	100%
Prestige Group Holdings Pty Ltd	Australia	100%	100%
Prestige Repair Works Pty Ltd	Australia	100%	100%
ASG Brisbane Pty Ltd	Australia	100%	100%
ASG Melbourne Pty Ltd	Australia	100%	100%
Auckland City BMW Ltd	New Zealand	100%	-
Autosports NZ Ltd	New Zealand	100%	-

The consolidated financial statements also incorporates the assets, liabilities and results of the following subsidiaries with non-controlling interests:

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest 30 June 2023 %	Parent Ownership interest 30 June 2022 %	Non-controlling interest Ownership interest 30 June 2023 %	Non-controlling interest Ownership interest 30 June 2022 %
New Centenary Mazda Pty Ltd	Australia	Motor vehicle dealership	80%	80%	20%	20%
John Newell Holdings Pty Ltd	Australia	Motor vehicle dealership	80%	80%	20%	20%

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

Note 30. 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:

Autosports Group Limited
Autosports Brisbane Pty Ltd
Autosports Castle Hill Pty Ltd
Autosports Five Dock Pty Ltd
Autosports Leichhardt Pty Ltd
Autosports Prestige Pty Ltd
Autosports Sutherland Pty Ltd
Betar Prestige Cars Pty Ltd
Modena Trading Pty Ltd
Mosman Prestige Cars Pty Ltd
New Centenary Mercedes-Benz Pty Ltd
Prestige Auto Traders Australia Pty Ltd
Prestige Group Holdings Pty Ltd
Prestige Repair Works Pty Ltd
ASG Brisbane Pty Ltd
ASG Melbourne Pty Ltd

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.

Note 30. Deed of cross guarantee (continued)

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 Autosports Group Limited, they also represent the 'Extended Closed Group'.

Entities controlled by the Group not party to the deed of cross guarantee are New Centenary Mazda Pty Ltd, Birchgrove Pty Ltd, A.C.N 633 925 050 Pty Ltd, John Newell Holdings Pty Ltd, Auckland City BMW Ltd and Autosports NZ Ltd.

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

Statement of profit or loss and other comprehensive income	30 June 2023 $'000	30 June 2022 $'000
Revenue	2,077,256	1,750,308
Changes in inventories	(123,069)	(36,180)
Raw materials and consumables purchased	(1,528,753)	(1,367,547)
Employee benefits expense	(166,598)	(135,741)
Depreciation and amortisation expense	(44,587)	(48,776)
Impairment of property, plant and equipment	(6,004)	-
Occupancy costs	(6,968)	(5,920)
Acquisition and restructure expenses	(5,997)	(2,417)
Other expenses	(71,114)	(64,283)
Finance costs	(29,038)	(15,411)
Profit before income tax expense	95,128	74,033
Income tax expense	(27,989)	(22,937)
Profit after income tax expense	67,139	51,096
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	67,139	51,096

Equity - accumulated losses	30 June 2023 $'000	30 June 2022 $'000
Accumulated losses at the beginning of the financial year	(43,287)	(66,243)
Profit after income tax expense	67,139	51,096
Dividends paid	(36,180)	(28,140)
Transfer from share premium reserve	818	-
Accumulated losses at the end of the financial year	(11,510)	(43,287)

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Note 30. Deed of cross guarantee (continued)

Statement of financial position	30 June 2023 $'000	30 June 2022 $'000
Current assets		
Cash and cash equivalents	36,879	84,684
Trade and other receivables	79,744	56,668
Inventories	338,598	209,862
Other assets	16,014	13,892
	471,235	365,106
Non-current assets		
Other financial assets	75,625	30,392
Property, plant and equipment	287,241	170,441
Right-of-use assets	463,629	184,694
Intangibles	178,218	406,514
Deferred tax	20,320	20,359
	1,025,033	812,400
Total assets	1,496,268	1,177,506
Current liabilities		
Trade and other payables	190,082	151,864
Contract liabilities	271	486
Income tax payable	12,899	16,274
Employee benefits	23,077	18,998
Borrowings	407,469	240,483
Lease liabilities	32,695	34,336
	666,493	462,441
Non-current liabilities		
Employee benefits	2,744	3,012
Borrowings	185,914	93,936
Lease liabilities	173,650	181,261
	362,308	278,209
Total liabilities	1,028,801	740,650
Net assets	467,467	436,856
Equity		
Issued capital	475,637	475,637
Reserves	3,340	4,506
Accumulated losses	(11,510)	(43,287)
Total equity	467,467	436,856

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Note 31. Earnings per share

	Consolidated 30 June 2023 $'000	 30 June 2022 $'000
Profit after income tax	66,649	54,580
Non-controlling interest	(1,223)	(1,204)
Profit after income tax attributable to the owners of Autosports Group Limited	65,426	53,376

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	201,000,000	201,000,000
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	1,687,149	2,019,979
Weighted average number of ordinary shares used in calculating diluted earnings per share	202,687,149	203,019,979

	Cents	Cents
Basic earnings per share	32.55	26.56
Diluted earnings per share	32.28	26.29

Note 32. Cash flow information

Changes in liabilities arising from financing activities

Consolidated	Capital loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2021	94,834	243,962	338,796
Net cash from/(used in) financing activities	17,468	(34,420)	(16,952)
Acquisition of leases	-	14,060	14,060
Changes through business combinations (note 28)	-	11,783	11,783
Balance at 30 June 2022	112,302	235,385	347,687
Net cash from/(used in) financing activities	110,340	(36,861)	73,479
Acquisition/changes to leases	-	1,342	1,342
Changes through business combinations (note 28)	-	58,126	58,126
Exchange differences	-	810	810
Balance at 30 June 2023	222,642	258,802	481,444

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Note 33. Share-based payments

The Group has established an Equity Incentive Plan ('**EIP**') to assist in the motivation, reward and retention of senior management and other employees.

The share-based payment expense for the year was $938,000 (2022: $2,811,000). The number of performance rights to be granted is determined by dividing any STI or LTI award that they become entitled to receive by the volume-weighted average price ('**VWAP**') of shares traded on the ASX during the 10 trading days following the release of the Group's 30 June 2023 audited full-year results. A performance right is a right to acquire a share at a nil exercise price upon the achievement of performance hurdles and the fair value was estimated by taking the market price of the Company's shares on the grant date.

EIP is delivered in the form of performance rights which will vest after a further deferral of one year subject to the executive's continued service.

The rights are measured over a 12 month period.

Performance conditions for the initial grant include:

- a 'gateway hurdle' of upholding the Group's culture and values of individualised attention. Operating with honesty, integrity and accountability at all times and in accordance with the Group's Code of Conduct. If the gateway hurdle is not met, no STI or LTI is awarded.
- in addition, each senior executive has an individualised balanced scorecard that determines their awards. These scorecards primarily focus on a combination of financial and non-financial objectives of the Group and include targets measured against total revenue, earnings before interest and taxation, EBITDA, net profit before taxation and net profit after taxation. The scorecards also include operational key performance indicators ('KPIs') such as sales and margin related matrices, as well as non-financial KPIs predominantly in the areas of risk and corporate governance to ensure the business continues to be well managed and sustainable.

The Board has determined that the combination of financial and non-financial conditions provides the appropriate balance between short-term financial measures and the more strategic non-financial measures which in the medium to long-term will ultimately drive further growth and returns for shareholders.

LTI performance is measured against the compound annual growth rate ('CAGR') of the Group's underlying EPS. The rights are measured over a 3-year period.

Upon vesting, each performance right entitles the senior executive to one ordinary share in the Company. The Board has the discretion to settle performance rights with a cash equivalent payment. Performance rights are granted for nil consideration and no amount is payable on vesting.

If a senior executive ceases to be employed during the 12 month deferral period, the following treatment will apply, unless the Board determines otherwise:

- if they resign or are summarily terminated, all of their rights will lapse; or
- if they cease employment in any other circumstances, a pro rata portion (for the portion of the performance period elapsed) of unvested rights will remain on foot and will vest in the ordinary course.

Movements in performance rights during the year

	2023 Number	2022 Number
Balance at the beginning of the year	2,019,979	1,840,460
Granted during the year	856,942	701,641
Exercised during the year	(860,356)	(522,122)
Cancelled during the year	(329,416)	-
Balance at the end of the year	1,687,149	2,019,979

Performance rights vested and exercisable as at 30 June 2023 was nil (2022: nil). As at year end, the weighted average remaining contractual life for the performance rights awarded were LTI – FY23: 2.18 years; LTI – FY22: 1.18 years; and LTI – FY21: 0.17 year (2022: LTI – FY22: 2.18 years; LTI – FY21: 1.17 years; and LTI FY20: 0.17 year).

Note 34. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2023 $'000	30 June 2022 $'000
Profit after income tax	32,709	16,413
Total comprehensive income	32,709	16,413

Statement of financial position

	Parent	
	30 June 2023 $'000	30 June 2022 $'000
Total current assets	70,103	118,055
Total assets	368,469	371,495
Total current liabilities	793	-
Total liabilities	793	-
Equity		
Issued capital	477,495	477,495
Share-based payments reserve	3,340	4,506
Accumulated losses	(113,159)	(110,506)
Total equity	367,676	371,495

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. Refer to note 30 for further details.

Contingent liabilities
The parent entity had no material 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 its receipt may be an indicator of an impairment of the investment.

Note 35. Events after the reporting period

Apart from the dividend declared as disclosed in note 21, 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.

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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 30 to the financial statements.

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

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

On behalf of the directors

James Evans	Nicholas Pagent
Chairman	Chief Executive Officer

23 August 2023
Sydney

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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 Autosports Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Autosports Group 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 material accounting policy 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 its 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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Recoverability of Goodwill As disclosed in Notes 2,3 and 13, the Group has recognised Goodwill with a carrying value of $538.7 million as at 30 June 2023. The assessment of the recoverable amount of goodwill and other intangible assets allocated to the dealership group of CGUs requires management to exercise significant judgement, including: • the identification of and allocation of goodwill to the dealership group of CGUs; and • the determination of the following key assumptions used in the calculation of the recoverable amount of the group of CGUs: o the dealership group of CGU cash flow forecasts approved by the directors o future growth rates o terminal growth factors; and o discount rates.	In conjunction with our valuation specialists, our procedures included, but were not limited to: • Obtained an understanding of management's process of evaluating the recoverable amount of goodwill and other intangible assets and approval by the board of directors; • Evaluated the Group's identification of CGUs and the allocation of goodwill to the carrying value of the dealership group of CGUs based on our understanding of the Group's business and the requirements of the relevant accounting standard. This evaluation includes an analysis of the Group's internal reporting process; • Compared the Group's forecast cash flows to the board approved budget, including the consideration of relevant factors such as the impact of supply chain constraints on current and future vehicle availability; • Evaluated management's historical forecasting accuracy by comparing actual results to budget; • Compared growth rates with third party independent data for the Australian motor industry; • Challenged key inputs to the discount rate utilised by management to external data sources; • Performed sensitivity analysis on the growth and discount rates; and • Assessed the appropriateness of the disclosures in Note 13 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report , Corporate Directory and Shareholder Information, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): the FY23 Year in Review, Financial Highlights and the Letter from the Chairman and CEO, which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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

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

When we read the FY23 Year in Review, Financial Highlights and the Letter from the Chairman and CEO ,if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

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.

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

In our opinion, the Remuneration Report of Autosports Group 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

David Haynes

David Haynes
Partner
Chartered Accountants

Sydney, 23 August 2023

SHAREHOLDER **INFORMATION**
30 June 2023

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The shareholder information set out below was applicable as at 1 August 2023.

Distribution of equity securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares Number of holders	Ordinary shares % of total shares issued
1 to 1,000	440	0.11
1,001 to 5,000	399	0.58
5,001 to 10,000	184	0.71
10,001 to 100,000	240	3.28
100,001 and over	59	95.32
	1,322	100.00
Holding less than a marketable parcel	87	

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	Ordinary shares % of total shares issued
JIP Parramatta Pty Ltd (JIP PARRAMATTA)	23,657,626	11.77
Sastempo Pty Ltd (NICHOLAS PAGENT FAMILY)	22,114,671	11.00
Citicorp Nominees Pty Limited	16,531,020	8.22
National Nominees Limited	16,401,374	8.16
Livist Pty Ltd (VARINIA)	15,455,897	7.69
Audi Parramatta Holdings Pty Ltd (AUDI PARRAMATTA)	15,310,969	7.62
NIP Parramatta Pty Ltd (NIP PARRAMATTA)	10,401,678	5.17
HSBC Custody Nominees (Australia) Limited	7,966,642	3.96
Lambhill Pty Ltd (WILLIMS FINAL DISCRETION A/C)	7,548,311	3.76
Pagent Family Investments Pty Ltd (PAGENT FAMILY INVESTMENT)	7,193,635	3.58
J P Morgan Nominees Australia Pty Limited	6,958,597	3.46
Five Dock DJC Pty Ltd	6,436,189	3.20
Aalhuizen Nominees Pty Ltd (RENE AALHUIZEN FAMILY)	4,722,374	2.35
Ogle Investments Pty Ltd (OGLE DISCRETIONARY UNIT)	4,000,000	1.99
Ricgaz Pty Ltd (RWG FAMILY)	2,866,808	1.43
Lambhill Pty Ltd (THE WILLIMS FINAL NO 2 A/C)	2,792,647	1.39
Citicorp Nominees Pty Limited (COLONIAL FIRST STATE INV A/C)	2,435,660	1.21
B & F Investments Pty Ltd	2,289,305	1.14
Liverpool Street Investments (WARIMOO)	2,078,757	1.03
Daniaron Pty Ltd (DANIARON FAMILY)	1,674,863	0.83
	178,837,023	88.96

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Ian and Nicholas Pagent	106,012,578	52.74
- Ian Pagent	65,834,631	32.75
- Nick Pagent	40,177,947	19.99
Mr Gregory I Willims	11,728,095	5.83
Celeste Funds Management Limited	14,693,475	7.31
OC Funds Mgt	13,175,000	6.55

Voting rights

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.

Performance rights

The number of performance rights on issue as at the reporting date are:

Name	Number held
Nick Pagent	1,034,717
Ian Pagent	220,422
Aaron Murray	432,010
	1,687,149

There are no other unquoted equity securities on issue.

Buy-back

There is no current on-market buy-back.

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CORPORATE **DIRECTORY**

Directors	James Evans Nicholas ('Nick') Pagent Marina Go James ('Ian') Pagent Robert Quant
Company secretary	Caroline Raw
Registered office	555 Parramatta Road Leichhardt NSW 2040 Tel: +61 2 8753 2873
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Tel: 1300 554 474
Auditor	Deloitte Touche Tohmatsu Quay Quarter Tower, 50 Bridge Street Sydney NSW 2000
Stock exchange listing	Autosports Group Limited shares are listed on the Australian Securities Exchange (ASX code: ASG)
Website	http://autosportsgroup.com.au/
Corporate Governance Statement	The directors and management are committed to conducting the business of Autosports Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. Autosports Group Limited has adopted and has complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement can be found on the company's website at https://investors.autosportsgroup.com.au/investors/?page=corporate-governance.
Annual General Meeting ('**AGM**')	The Company's 2023 AGM is scheduled for Friday, 24 November 2023. For the purposes of ASX Listing Rule 3.13.1 the Company gives notice that the last day to receive director nominations is 21 September 2023.

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