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ASX Announcement
21 August 2024

Peter Warren Automotive Holdings Limited

Appendix 4E and Annual Report 2024

In accordance with the Listing Rules of the Australian Securities Exchange (ASX), Peter Warren Automotive Holdings Limited (ASX: PWR) encloses for immediate release the following information:

1. Appendix 4E, the Preliminary Final Report for the year ended 30 June 2024; and
2. Annual Report 2024.

-ENDS-

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

About Peter Warren

Peter Warren is an Automotive Dealership group with a rich heritage that has been operating in Australia for over 60 years. The Company operates 80+ franchise operations and represents more than 30 OEMs in the volume, prestige and luxury segments. Peter Warren operates across the eastern seaboard under various banners including Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group, Bathurst Toyota and Volkswagen and Euro Collision Centre.

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

Investor and Media Enquiries
Katrina Dang
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+61 2 9828 8704

Appendix 4E

Preliminary final report

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1. Company details

Name of entity:	Peter Warren Automotive Holdings Limited
ACN:	615 674 185
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	20.1%	to	2,474,416
Profit from ordinary activities after tax attributable to the owners of Peter Warren Automotive Holdings Limited	down	36.0%	to	36,085
Profit for the year attributable to the owners of Peter Warren Automotive Holdings Limited	down	36.0%	to	36,085

Comments

The profit for the Group after providing for income tax and non-controlling interests amounted to $36,085,000 (30 June 2023: $56,362,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	142.49	179.83

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

4. Control gained over entities

Name of entities (or group of entities)	PWA Regional Automotive Pty Limited	Rinoak Pty Limited
Date control gained	7 July 2023	1 March 2024

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2023	11.00	11.00
Interim dividend for the year ended 30 June 2024	8.50	8.50

On 20 August 2024, the Directors declared a fully franked dividend of 6.0 cents per fully paid ordinary shares with a record date of 4 September 2024 to be paid on 2 October 2024.

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

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10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

The FY24 financial statements of Peter Warren Automotive Holdings Limited for the year ended 30 June 2024 are attached.

12. Signed

John Ingram
Chair

20 August 2024

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Peter Warren Automotive Holdings

Annual Report 2024

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

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The Company operates 80+ franchise operations and represents more than 30 OEMs in the volume, prestige and luxury segments. Peter Warren operates across the eastern seaboard under various banners including Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group, Bathurst Toyota and Volkswagen, Sydney South Automotive and Euro Collision Centre.

Further information can be found on the Company's website **www.pwah.com.au**

peterwarren.com.au
Peter Warren Automotive

FRIZELLE SUNSHINE AUTOMOTIVE

Sydney North Shore AUTOMOTIVE

Mercedes-Benz North Shore

MacarthurAutomotive.com.au

PENFOLD SINCE 1964

SYDNEY SOUTH AUTOMOTIVE

ECC Euro Collision Centre

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Financial Highlights

FY24 Statutory Results

REVENUE

$2,475m

FY23: $2,073m

EBITDA

$131.6m

FY23: $139.7m

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Final dividend of 6.0 cents per share taking the total dividend per share to 14.5 cents for FY24.

PROFIT BEFORE TAX (PBT)

$53.4m

FY23: $81.1m

OPERATING CASH FLOW

$112.6m

FY23: $123.3m

Chair's Letter

John Ingram

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Dear shareholders,

On behalf of the Directors of Peter Warren Automotive Holdings Limited, I am pleased to present the Annual Report for the 2024 financial year (FY24).

Peter Warren holds a remarkable legacy as a prominent automotive dealer and service provider, serving the Australian market for more than six decades. Over the years, the Company has expanded its footprint, establishing a thriving network of over 80 locations across the eastern seaboard of Australia.

Founded by Peter Warren himself, the business has grown to become a leading automotive retailer, driven by a culture that places relationships and family values at the heart of what we do. These proud traditions endure to this day and will remain integral as we continue to grow.

Changes in the automotive industry

Across the automotive industry, 2024 has brought some changes in market conditions. The supply of vehicles by OEMs has grown considerably and this has increased industry-wide inventory levels and competition amongst dealers. Our team has adapted to these changes by strengthening our inventory management program, controlling our costs and implementing margin improvement initiatives.

Our strong relationships with both customers and Original Equipment Manufacturers (OEMs) have been critical in the growth and success of Peter Warren. We will continue our strong OEM partnerships and work to provide a wide range of brands and models to meet our customers' needs.

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Expansion

In March 2024, the Group expanded by acquiring four dealerships in Western Sydney which were highly complementary to our well-established footprint. We welcomed 80 new people to the Peter Warren family, creating significant opportunities for our business and our people.

We are focused on ensuring any expansion is strategically compelling and represents excellent shareholder value. As part of this approach, we further expanded the NSW portfolio with the addition of Toyota and GWM dealerships.

Leadership changes

After seven years in the organisation, Mark Weaver stepped down from the role of Chief Executive Officer at the end of the financial year. On behalf of the Board, I would like to take this opportunity to thank Mark for his hard work, dedication and leadership through a period of substantial growth.

The Board commenced a process to appoint a new Chief Executive Officer and announced the appointment of Andrew Doyle who will join the company on 1 October 2024. With more than 30 years of industry experience, Andrew is known as a trusted and experienced automotive Chief Executive. On behalf of the Board, I welcome Andrew and look forward to working with him.

Following Mark's departure, Paul Warren has taken up the role of Interim Chief Executive Officer and I thank him for his leadership during this transition period.

The Board was strengthened recently when John Eastham joined Peter Warren as a Non-executive Director. John has deep knowledge of the automotive industry and we welcome him to the business.

Our people and culture

The success of Peter Warren has been underpinned by our team members, who now total over 2,300. Our deep roots as a family-owned and operated business continue to provide a strong cultural foundation, with our people living the Peter Warren values and putting customers first with everything they do. We continue to focus on the safety and wellbeing of our people.

In closing

I am pleased to report that the Directors have declared a final dividend of 6.0 cents per share fully franked, as part of our commitment to provide returns to shareholders. The record date for determining the entitlement is 4 September 2024 and the dividend will be paid on 2 October 2024.

I'd like to extend my thanks to my fellow Directors for their dedication and commitment to the Company. I'd also like to thank the Peter Warren team for their extraordinary hard work and perseverance. And finally, to all our shareholders, thank you for your ongoing support.

Yours sincerely,

John Ingram
Chair

Chief Executive's Review

Paul Warren

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Fellow shareholders,

I am pleased to report on the Group's FY24 performance. I stepped into the role of Interim Chief Executive Officer at a time of change in our business and our industry and I feel privileged to lead an incredible team of people.

FY24 performance

Across our industry we saw increased supply of new vehicles as global production grew considerably in the post-COVID environment. This, together with acquisitions and the organic growth that we achieved, saw our revenue increase by 19.4% year-on-year. We also benefited from the fulfilment of order banks which have reduced from peak levels.

These global supply trends caused increasing inventory levels, greater competition between dealers and lower new car margins. We are not immune to these margin pressures and our own new car margins were reduced.

We took steps to manage our inventory and related interest costs. This included working closely with OEMs on supply, co-ordinating inventories at multi-site brands, reviewing marketing and ultimately limiting inventory levels where necessary. We succeeded in holding new car stocks steady relative to 31 December levels (excluding acquisitions).

Our Group is in a strong financial position with considerable property assets, low net debt and a culture of controlling our costs.

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We also delivered organic growth in higher-margin areas and I am pleased to report increased revenues (ex-acquisitions) across service (+18.9%), parts (+9.8%) and aftermarket products (+2.5%). We achieved this by leveraging our size, scale and technology and by delivering a first-class customer experience.

We implemented a series of margin initiatives and continued our cost management activities to reduce costs and leverage our cost base. Our underlying PBT of $56.8m for the FY24 year was in line with the guidance we provided in May 2024.

Strategic partnerships

I would like to thank our strategic partners in supporting our FY24 performance. Our OEMs, our financiers and our suppliers are critical in enabling us to meet our customer needs and deliver growth. Our technology improvements involve close collaboration and I especially thank our partners who work with us to enhance the technology that underpins our business.

Our people and our values

We continue to embrace the culture which our founders instilled in our business over 60 years ago. That culture starts with the safety and wellbeing of our people and is further codified by our G.I.F.T principles (Growth, Integrity, Focus, Teamwork). These principles are at the heart of our business and, I believe, explain why so many of our people remain with us for decades.

As we move forward in FY25, Andrew Doyle will commence as our new Chief Executive Officer, and I am excited about his leadership of our talented people.

Continued focus on sustainability

We are ambassadors for more than 30 OEMs that are focused on transitioning to new energy vehicles. We have invested heavily in this transition with knowledgeable staff, on-site charging, fully trained technicians and a wide range of new energy models. We expect to continue our investments as required to support the transition.

We have also entered the second year of reporting our carbon footprint and continue to seek reductions in our carbon emissions through investments in solar panel systems, LED lighting and other areas.

Looking ahead

In the short term, I expect new car margins to remain under pressure. We aim to mitigate this through our key focus areas: inventory management, cost control and our margin improvement activities. We will continue to drive growth through our disciplined execution of the fundamentals and through our focus on first-class customer service.

I expect the transition to new energy vehicles to continue in FY25 with the introduction of the Australian government's New Vehicle Efficiency Standards. We are well-positioned with a wide range of models and a choice of fuel options to meet our customers' needs.

Our Group is in a strong financial position with considerable property assets, low net debt and a culture of controlling our costs. I am excited about the many opportunities that exist for our business, our partners, our people and our customers and I look forward to the year ahead.

Yours sincerely,

Paul Warren
Interim Chief Executive Officer

Environmental, Social and Governance

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

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Environment and Sustainability

An automotive dealership environment faces the challenge of managing waste materials and hazardous fluids along with the risk of potential vehicle emissions. At Peter Warren, we monitor our treatment of these materials carefully, following strict waste management protocols and working with recycling and waste management partners to properly dispose, manage and reduce waste where possible. We also partner with our original equipment manufacturers (OEMs) to adopt sustainable practices across the retail supply chain.

Our Vehicles

We are proud ambassadors for over 30 OEM brands that are measured against global environmental standards. The pathway for the development of vehicles from traditional petrol and diesel powered vehicles, through to hybrid models, and moving into fully electric vehicles is continually evolving. Peter Warren is supporting its OEM representations and consumer base with the development of facilities aligned to this strategy. Consumers today regard sustainability and fuel efficiency as major considerations in determining their choice of vehicle. We continue to see consumer preferences shift with an increased appetite for sustainable vehicles that meet their lifestyle needs.

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

- The equalisation of pricing potentially through government incentives for consumers and businesses;
- Government Fuel Efficiency Standards;
- Development and re-skilling of an EV workforce;
- Improving charging infrastructure to offset range anxiety;
- Further analysis and education on grid capacity; and
- Enhanced consumer education on vehicle choices.

As Australia continues to address many of these issues, Peter Warren is focused on the elements we can control, which include upskilling our people and investing in charging infrastructure across our sites to enable our capability to support electric vehicle growth.

We also continue to partner with our OEMs as they further expand the range of new energy vehicles available and we are well prepared for the continued evolution of these products.

Our Service Centres

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

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the frequent assessment and accreditation of our premises by regulatory authorities to ensure our operations, teams and facilities remain compliant.

We currently have a number of technicians who have finished their second trade qualification in automotive electrical technology, and we have a further, even larger, group of technicians who have started a second trade qualification this year, in order to meet the increasing demand for servicing of electric vehicles.

Our Showrooms

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

Delivering on our Sustainability Strategy

As part of delivering of our sustainability strategy we have partnered with BDO Services Pty Ltd to continue to undertake the following sustainability initiatives:

Energy Conservation Measures

We continue to invest in sustainable initiatives that allow us to conserve energy such as solar panels and energy efficient LED lighting. We are committed to further capital investment in the year ahead along with improvement in the identification and reporting of our energy sources and consumption.

Measuring our Carbon Footprint

In June 2024, Peter Warren completed a carbon footprint review, which included the ongoing refinement and identification of its carbon footprint inventory (i.e. sources of the Company's carbon emissions such as fire extinguishers, gas bottles for forklifts and air conditioners).

The carbon footprint review has delivered Peter Warren an updated measure of its current carbon emissions and an improved understanding of the activities that drive carbon emissions from its operations. This allows us to continue considering environmental impacts when making future business decisions.

Our carbon footprint has been calculated for both Scope 1 and 2 emissions which are defined by the Greenhouse Gas Protocol methodology as follows:

- **Scope 1 emissions** include all direct greenhouse emissions from sources that are within the organisation's control boundary. These are emissions from fuel used in vehicles, forklifts, natural gas used in heating systems, as well as fugitive emissions from refrigerant gases in air-conditioning systems.
- **Scope 2 emissions** represent those emissions outside the organisation's control boundary, specifically being emissions associated with Peter Warren's purchased electricity consumption.

The carbon footprint review has assessed our greenhouse gas emissions as follows (expressed in units of metric tonnes of carbon dioxide equivalent 'CO_2e'):

Tonnes of CO_2e	July 2022 – June 2023
Scope 1	4,297
Scope 2	8,899
Total Scope 1 & 2	**13,196**

Approximately 67% of the total emissions profile assessed resulted from grid-supplied electricity, with 31% resulting from mobile combustion of our (fleet) vehicles with the remaining 2% being other scope 1 emissions.

The carbon footprint review has also identified the location and volume of carbon emissions currently in our business, as well as information on practical next steps. We continue to enhance our emissions data collection to support the reduction of our emissions.

Social

Peter Warren Foundational Values

Our G.I.F.T Value Proposition

G.I.F.T represents our core values which have been at the heart of our business since its inception in 1958. Many things have changed over the last 66 years but our values have not waivered. Since the launch of our G.I.F.T value proposition in 2018, Growth, Integrity, Focus and Teamwork define the standard which we continue to uphold in all interactions, both internally and externally.

Our Growth and Integrity values drive the delivery of an exceptional customer experience through integrated and modernised technologies, by always seeking to advance our high standards to address a wide variety of automotive needs through a strong moral lens.

Similarly, Focus and Teamwork drive a framework that prioritises personalised interactions with customers, as well as employee engagement and specialisation, contributing to high customer retention across the ownership life cycle.

Through quarterly and annual awards, we celebrate the success of our people who create exceptional moments that demonstrate the Peter Warren G.I.F.T values.

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

Our D.R.I.V.E program reflects our commitment to ensuring we develop our team and empower them to achieve their career potential within our organisation. It also creates an environment that empowers our people to deliver extraordinary outcomes and demonstrates our appetite to pursue a highly engaged workforce.

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

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

Peter Warren's D.R.I.V.E program continues to grow across all states to provide employees the opportunity to obtain further learnings through internal programs which capture governance, leadership, sales, service and safety. Programs are delivered both face-to-face and through e-learning platforms to ensure employees can complete programs through flexible mediums.

We are proud of our strong apprenticeship program that runs across New South Wales, Queensland and Victoria. We provide all apprentices with access to a vast range of courses across automotive, business, customer service and leadership. These are delivered through apprenticeship programs

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which continue to be recognised by training partners such as TAFE, and by various OEM partners. Our success in this area is demonstrated by our apprentices receiving accolades in various training programs and WorldSkills competitions.

As mentioned above, we continue to invest in our technicians to ensure they are certified and qualified to service new energy vehicles, particularly electric vehicles, to not only enhance our service offerings to customers but also broaden the skills of our technicians.

Safety of our people

Safety is our top priority and we are committed to ensuring the safety and wellbeing of our employees, contractors, and visitors by continuously developing our safety processes and safety culture. As part of their induction and onboarding process, all new employees receive safety training to understand the importance of having a safe work environment at Peter Warren.

During the year, we continued to enhance our protocols around workplace practices and safe facilities, and this is supplemented by regular external safety audits by industry partners. Our Hazard Reporting Platform, "Report It, Don't Ignore It", continues to grow and is well adopted amongst our workforce. It has and will continue to promote and track all essential corrective actions. Frameworks for reporting workplace safety incidents and related KPIs including Lost Time Injury Frequency Rate (LTIFR) are well established. Our LTIFR trended downward in FY24 and continues to be reported monthly at a state and national level, with improvement targets included in the short-term incentive plans.

During FY24 we provided training on psychosocial risk management across our workforce and encouraged the use of our Employee Assistance Program which is available to all employees and their immediate families to support mental health and wellbeing.

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Diversity, Equity and Inclusion

We are developing structures and frameworks to enable our workforce to represent our communities and our customers. These frameworks include having developed a Diversity and Inclusion Policy that recognises and celebrates the diversity across our workforce, and our commitment to building an inclusive culture. The Board sets and monitors progress against measurable objectives to track our performance in fostering a diverse and inclusive culture.

Our Diversity and Inclusion policy has been published on Peter Warren's corporate website at www.pwah.com.au/site/investor-centre/corporate-governance.

The composition of our workforce is as follows:

	Board		Senior Executive[1]		Whole Company	
	Male	Female	Male	Female	Male	Female
2024	80%	20%	82%	18%	76%	24%
2023	75%	25%	93%	7%	75%	25%
2022	75%	25%	93%	7%	77%	23%

1. Senior Executive is aligned to General Manager category in WGEA reporting.

Our gender profile on the Board of Directors decreased slightly with the appointment of a new non-executive director and there has been a small reduction in the percentage of females overall across our workforce due to the gender composition in some acquisitions.

This year we celebrated International Women's Day by profiling some of our female talent through internal communication channels.

We bring a gender lens to our training and development programs, our talent acquisition practices, succession planning and our remuneration framework to foster diversity, equity and inclusion.

Our measurable Diversity targets are:

1. To maintain a minimum of 20% female representation on the Board;
2. To maintain a minimum of 18% female representation in Senior Executive roles; and
3. To maintain a minimum of 24% female representation across the workforce.

Strategies to achieve these objectives include:

- Gender neutral job advertisements;
- Targeting female apprentices to join our workshops;
- Increase internal reporting on gender pay equity;
- Gender balanced training and development programs; and
- Creating informal networks across the workforce.

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Governance

Data Privacy and Security

Cyber security threats and attacks worldwide continue to emphasise the critical importance of data security and privacy. This has remained an important focus for Peter Warren.

We are committed to proactively protecting our customer, employee and company data. In order to continue strengthening our digital defences we undertook the following during the year:

- Enhanced our Cyber Incident Response Plan;
- Continued training of all staff around cyber security awareness;
- Optimised support provided through our new cyber security partnership;
- Further developed our third party 24x7x365 security operations centre;
- Continued testing of staff through attack simulation training and education;
- Tightened our controls relating to third party vendors and services; and
- Continued enhancements to our protections around customer data.

Peter Warren remains dedicated to staying ahead of emerging threats to uphold our commitment to safeguarding our digital systems and data.

Corporate Governance and policy setting

Peter Warren's Board of Directors has a primary responsibility to represent and advance the interests of Shareholders and to protect the interests of all stakeholders of Peter Warren. To fulfil this responsibility, the Board oversees the management of the Company by, among other things:

- determining the strategic direction and objectives of Peter Warren and approving its annual business plans and budgets; and
- monitoring achievement of these goals, including in particular its operational and financial position and performance.

The Board has developed and adopted a framework of corporate governance policies and practices, risk management practices and relevant internal controls that it believes are appropriate for Peter Warren, and that are designed to promote the responsible management and conduct of the Company.

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

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

Modern Slavery

Peter Warren ensures that it complies with its legislative reporting requirements as per the *Modern Slavery Act 2018*. Our Modern Slavery statement provides insight into our modern slavery risks and the actions we have taken to understand these risks and mitigate them.

In seeking to identify the modern slavery risks in our operations and supply chain, we considered the potential for our business to cause, contribute to or be directly linked to modern slavery. As part of this assessment we have looked at:

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

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

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

Board and Management

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Board of Directors

John Ingram
Independent Non-executive Chair

Member of the Audit and Risk Committee

Member of the People and Remuneration Committee

Please see page 21 of the Directors' Report for more information on John Ingram.

Catherine West
Independent Non-executive Director

Chair of the People and Remuneration Committee

Member of the Audit and Risk Committee

Please see page 22 of the Directors' Report for more information on Catherine West.

Paul Warren
Executive Director and Interim Chief Executive Officer (effective 1 July 2024)

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

Niran Peiris
Lead Independent Non-executive Director

Chair of the Audit and Risk Committee

Member of the People and Remuneration Committee

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

John Eastham
Independent Non-executive Director

Member of the Audit and Risk Committee

Member of the People and Remuneration Committee

Please see page 23 of the Directors' Report for more information on John Eastham.

Other Key Management Personnel

Mark Weaver
Chief Executive Officer (to 30 June 2024)

Mark stepped down from the CEO role and ceased to be a KMP effective 1 July 2024.

Mark has deep automotive experience in advisory, m & a and operational roles. Since joining the group Mark has lead the business through a period of substantial growth and significant change.

Mark is a member of the Chartered Accountants Australia and New Zealand, a Fellow of the Association of Chartered Certified Accountants and a Chartered Tax Advisor.

Victor Cuthell
Chief Financial Officer and Company Secretary

Victor is responsible for the company's accounting, finance, risk and compliance functions. Victor has 20 years of experience as a CFO, largely in the automotive and retail sectors.

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

Financial Information

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Directors' Report

30 June 2024

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Peter Warren Automotive Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

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

John Ingram – Independent Non-executive Chair
Niran Peiris – Lead Director (Independent Non-executive Director)
Paul Warren – Executive Director
Catherine West – Independent Non-executive Director
John Eastham – Independent Non-executive Director (appointed 15 May 2024)

Principal activities

The principal activities of the Group during the year were the sale of new and used motor vehicles, sale of finance and insurance products on behalf of retail financiers and automotive insurers, sale of parts, accessories and car care products, motor vehicle servicing and collision repair services. There have been no significant changes in the nature of the Group's principal activities during the year.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2024 $'000	2023 $'000
Final dividend for the year ended 30 June 2022 of 13 cents per fully paid ordinary share (fully franked)	–	22,350
Interim dividend for the year ended 30 June 2023 of 11 cents per fully paid ordinary share (fully franked)	–	18,911
Final dividend for the year ended 30 June 2023 of 11 cents per fully paid ordinary share (fully franked)	18,928	–
Interim dividend for the year ended 30 June 2024 of 8.5 cents per fully paid ordinary share (fully franked)	14,626	–
	33,554	41,261

On 20 August 2024, the Directors declared a fully franked dividend of 6.0 cents per fully paid ordinary shares with a record date of 4 September 2024 to be paid on 2 October 2024.

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Operating and financial review

Financial result summary

Financial results for the year ended 30 June 2024 (FY24) are summarised as follows:

Financial Results	2024 $'m	2023 $'m	Variance %
Revenue	2,475.1	2,073.1	19.4%
Gross profit	418.6	392.5	6.7%
EBITDA – underlying	135.0	140.5	(3.9%)
Acquisition related expenses	(0.7)	(0.8)	
Mercedes Benz legal fees	(1.4)	–	
Restructure costs	(1.3)	–	
EBITDA – statutory	131.6	139.7	(5.8%)
EBIT	97.0	108.9	(10.9%)
PBT – statutory	53.4	81.1	(34.2%)

FY24 results overview

Sales revenue was up 19.4% incorporating 13.1ppts of growth from acquisitions and 6.3ppts from the growth we drove in new cars, used cars, service, parts and aftermarket products. Our revenue is expected to continue to grow despite the current cost-of-living pressures.

Gross margin % declined from 18.9% in FY23 to 16.9% in FY24, reflecting a reduction in new car margins (-1.2ppts) and the impact of newly acquired dealerships (-0.7ppts). Given the new car margin impact, our margin initiatives became a key focus. In other service lines (used cars, service, parts, aftermarket) we maintained good margins in line with previous years.

New vehicle inventory grew over the last 12 months and as a result we strengthened our inventory management program. We succeeded in holding our new vehicle inventory levels (excluding acquisitions) at $363.9m at 30 June vs $362.4m at 31 December.

Underlying operating expenses benefited from our cost management activities and saw operating expenses reduce from 12.2% of revenue in FY23 to 11.5% of revenue in FY24. Our program includes 'cost-out' activities, cost recovery actions and a focus on leveraging our fixed costs as we increase dealership revenues.

Interest costs increased by $15.8m on the prior period and had a significant impact on the Group's financial performance. This increase included higher interest rates (+$5.7m), increased inventory levels (+$4.5m) and acquisition-related interest (+$5.9m).

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Underlying EBITDA

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

	2024 $'m	2023 $'m
Net profit after tax	37.4	56.4
Add:		
Depreciation and amortisation	34.6	30.8
Income tax expense	16.0	24.8
Net interest	43.6	27.7
Acquisition related expenses	0.7	0.8
Mercedes Benz legal fees	1.4	–
Restructure costs	1.3	–
Underlying EBITDA	135.0	140.5

Material Risks

The Group operates in an environment where business risks change over time. During the reporting period the strategic risk profile of the business was reviewed by the leadership team and the Audit and Risk Committee. The material risks that could adversely affect our operations, our performance and the delivery of our strategy are outlined as follows:

Original equipment manufacturer (OEM) relationships and dealership agreements

Peter Warren has the right to sell new vehicles and OEM parts and the right to service and repair certain OEM branded vehicles pursuant to dealership agreements and agency agreements. As revenue generated from these activities represents a major part of Peter Warren's revenue streams, the success of Peter Warren's business and its ability to grow relies on its ability to retain existing relationships with OEMs and develop new ones. Our longstanding relationships with OEMs are an important platform for our ongoing success.

Supply chain

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

- Geopolitical instability and tensions;
- Port and shipping delays;
- Spare parts shortages; and
- Labour supply issues impacting any part of our supply chain.

Whilst supply chain interruptions represent a material business risk, some protection is obtained from our order book and from the large number of OEMs represented.

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New energy vehicle developments

The innovations in relation to new energy vehicles (including battery electric, hybrid and plug-in hybrid vehicles) are expected to change the automotive industry in the foreseeable future. There is a risk that as these changes occur, customer demand for new energy vehicles may vary from the vehicles supplied by OEMs. There is also a risk that servicing requirements may change. This risk is affected by the introduction of the Australian government's New Vehicle Efficiency Standard (NVES).

We continue to adapt to changes in customer demand, OEM supply and government regulations and are investing in our capabilities in relation to new energy vehicles.

Workplace health and safety

Peter Warren's employees are at risk of workplace accidents and incidents, given the inherent dangers of operating motor vehicles and working in vehicle service departments and parts warehouse facilities.

Should an employee be injured during their employment, Peter Warren may be liable for penalties or damages. If Peter Warren was required to pay monetary penalties, this may materially adversely affect its financial position as well as the reputation of Peter Warren.

We are committed to providing safe facilities for our teams and customers and we are committed to work practices that prioritise and promote safety. We continue to invest in the development of our work health and safety practices that support these commitments.

Macroeconomic environment

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

Peter Warren continues to monitor the macroeconomic environment it operates in. We operate multiple franchise brands in different market segments across three states and this provides some mitigation of the impact of changing economic conditions.

Data and information management

Peter Warren has proactively protected its information technology systems and data throughout the FY24 year. There is a risk that these systems may fail to perform or be adversely impacted by a number of factors, some of which may be outside of Peter Warren's control. This includes fire, natural disasters, computer viruses, data losses, computer system faults, internet failures, telecommunications or data network failures and external malicious interventions such as hacking, ransomware or denial-of-service attacks.

Any of these events may have a material adverse impact on Peter Warren's operations, financial performance, and reputation.

In FY24, the following actions were taken to mitigate these risks:

- Enhanced our Cyber Incident Response Plan;
- Continued training of all staff around cyber security awareness;
- Optimised support from our new cyber security partnership;
- Further developed our third party 24x7x365 security operations centre;
- Continued testing of staff through attack simulation training and education;
- Tightened our controls relating to third party vendors and services; and
- Continued enhancements to our protections around customer data.

We remain focused on staying ahead of emerging threats with the aim of continued safeguarding of our digital systems and data.

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Significant changes in the state of affairs

Acquisition of Toyota and Volkswagen dealerships

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

The total purchase price of $44.0 million is comprised of goodwill ($49.3 million) and net assets ($1.8 million), less the relevant minority interest ($7.1 million). The acquisition was funded with $37.0 million of debt from existing debt providers under a master debt facility, with no additional security provided. The remaining $7.0 million was funded from cash.

Acquisition of Macarthur Mazda, MG, Nissan and LDV

The acquisition of a multi-franchised dealership group in Macarthur, New South Wales, comprising Macarthur Mazda, Macarthur MG, Macarthur Nissan and Macarthur LDV was completed on 1 March 2024.

The total purchase price of $25.8 million is comprised of goodwill ($24.8 million) and net assets ($1.0 million). The acquisition was funded with $22.0 million of debt from existing debt providers under a master debt facility, with no additional security provided. The remaining $3.8 million was funded from cash.

Acquisition of Cowra Toyota

The acquisition of a dealership in New South Wales, being Cowra Toyota, was completed on 4 June 2024. The total purchase price of $2.6 million is comprised of goodwill ($2.5 million) and net assets ($0.1 million). The acquisition was funded from cash.

Changes in key management personnel

In March 2024, the Board announced that Mark Weaver would step down from the role of Chief Executive Officer at the end of the financial year. This became effective from 1 July 2024, when Mr Paul Warren commenced in the role of Interim Chief Executive Officer. The Board acknowledges Mr Weaver's contribution along with his hard work and dedication over the past seven years.

Mr Andrew Doyle has been appointed to the role of Chief Executive Officer and will commence in the role on 1 October 2024.

Matters subsequent to the end of the financial year

On 2 July 2024, the Group completed the acquisition of a Ferrari dealership in Brisbane. The acquisition is subject to final completion adjustments. The total estimated purchase price of $7.1 million is comprised of provisional goodwill ($7.0 million) and estimated net assets ($0.1 million). The acquisition was funded from cash.

Apart from the matters discussed above, no other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

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

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

Environmental regulation

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

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Information on Directors

Name:	**John Ingram**
Title:	Independent Non-executive Chair
Qualifications:	AM, Fellow of the Australian Institute of Company Directors
Experience and expertise:	John was appointed to the Board as Non-executive Chair on 6 April 2021. John is an experienced director and chairman, currently also serving as the Non-executive Chairman of Nick Scali Limited (since April 2004) and has previously been the Managing Director of Crane Group Limited.
Other current directorships:	Non-executive Chairman of Nick Scali Limited
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee Member of the People and Remuneration Committee
Interests in shares:	267,242 ordinary shares
Interests in rights:	None

Name:	**Paul Warren**
Title:	Executive Director and Interim Chief Executive Officer
Qualifications:	OAM, Bachelor of Business
Experience and expertise:	Paul, the eldest son of the Company's founder, Peter Warren, is an Executive Director of the Company. Paul joined the Company in 1975 after completing a Bachelor of Business and has 49 years' experience working in the automotive industry. In 1982, Paul took over the executive management of the business and has been instrumental in the commercial expansion of the Group since that time, integrating many acquisitions and developing strategies for the organic growth of the Group. Paul is the Interim Chief Executive Officer and also Executive Director and continues to work on strategy and M&A whilst maintaining the Company's relationships with Original Equipment Manufacturers (OEMs) and financiers. Paul's experience extends across all elements of the automotive industry including representation on various dealer councils, including serving as a board member of the Australian Automotive Dealer Association.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	64,282,016 ordinary shares
Interests in rights:	22,171 rights over ordinary shares

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Name:	Catherine West
Title:	Independent Non-executive Director
Qualifications:	Bachelor of Laws (Hons), Bachelor of Economics – Sydney University, Graduate Member of the Australian Institute of Company Directors
Experience and expertise:	Catherine was appointed to the Board as Non-executive Director on 6 April 2021. Catherine has over 25 years' legal, business affairs and strategy experience in the media, entertainment, telecommunications and medical sectors in Australia, the UK and Europe.
Other current directorships:	Catherine is currently the Independent Chair of ASX-listed Nine Entertainment Co Holdings Ltd (Non-executive Director since May 2016) and a Non-executive Director of Monash IVF Group (since September 2020). She is also the Independent Chair of the National Institute of Dramatic Art (NIDA) and a Director of the NIDA Foundation and Chair of the Board of Governors of Wenona School.
Former directorships (last 3 years):	Endeavour Group Limited (June 2021 to 11 April 2022)
Special responsibilities:	Chair of the People and Remuneration Committee Member of the Audit and Risk Committee
Interests in shares:	17,242 ordinary shares
Interests in rights:	None

Name:	Niran Peiris
Title:	Lead Director (Independent Non-executive Director)
Qualifications:	Bachelor of Economics, Bachelor of Laws
Experience and expertise:	Niran has an extensive background in financial services and insurance having been a Member of the Board of Management of Allianz SE, CEO of Allianz Australia and also having held a number of other executive level roles (including CFO) at Allianz and other Australian insurance companies. Prior to that he worked in accounting services firms as a tax specialist.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee Member of the People and Remuneration Committee
Interests in shares:	171,568 ordinary shares
Interests in rights:	None

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Name:	**John Eastham**
Title:	Independent Non-executive Director
Qualifications:	Bachelor of Economics
Experience and expertise:	John was appointed to the Board as Non-executive Director on 15 May 2024. John has over 30 years' experience in motor dealerships in Australia. John was co-owner of Autopact from 2005, a large automotive retail business where he was CEO until 2019 and a board director and shareholder until its recent change of ownership in November 2023. Prior to that he was a partner with Horwath (now Deloitte).
Other current directorships:	None
Former directorships (last 3 years):	Autopact (June 2005 – November 2023)
Special responsibilities:	Member of the Audit and Risk Committee Member of the People and Remuneration Committee
Interests in shares:	1,744,251 ordinary shares
Interests in rights:	None

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

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

Company secretary

Victor Cuthell is the Company's Chief Financial Officer and Company Secretary, responsible for the Company's accounting, finance, risk and compliance functions.

Meetings of Directors

All Directors may attend Board Committee meetings even if they are not a member of the relevant Committee. The number of meetings of the Company's Board of Directors and of each Board Committee held during the period ended 30 June 2024 is set out below:

		Meetings of Committees	
	Directors' Meetings	Audit and Risk Committee	People and Remuneration Committee
Total number of meetings	**19**	**6**	**7**

Director	Meetings eligible to attend*	Meetings attended	Meetings eligible to attend*	Meetings attended	Meetings eligible to attend*	Meetings attended
John Ingram	19	19	6	6	7	7
Catherine West	19	19	6	6	7	7
Niran Pieris	19	17	6	6	7	7
Paul Warren	19	19	–	6	–	7
John Eastham	4	3	1	1	2	2

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

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Remuneration report

1. Letter from Committee Chair

On behalf of the Board, I am pleased to present the FY24 remuneration report for Peter Warren Automotive Holdings Limited (Peter Warren). The remuneration report provides information on the Key Management Personnel (KMP) remuneration frameworks and remuneration outcomes for the financial year ended 30 June 2024.

Group Performance

Peter Warren has experienced changing market conditions with increasing volumes of new vehicle supply and falling new car margins. This resulted in lower levels of profitability despite the extensive actions taken to manage our inventory, control our costs and implement margin improvement initiatives. Our business grew in a number of areas including service, parts, used cars and new vehicle volumes.

Executive Changes

Mr Mark Weaver stepped down from the role of Chief Executive Officer effective 1 July 2024. The Board acknowledges Mr Weaver's contribution along with his hard work and dedication over the past seven years.

Mr Andrew Doyle has been appointed to the role of Chief Executive Officer and will commence in the role on 1 October 2024. From July 2024 until Mr Doyle commences Mr Paul Warren is acting in the role of Interim Chief Executive Officer with no changes to his existing remuneration and employment arrangements.

FY24 Remuneration Framework

The Peter Warren Executive KMP remuneration framework is designed to attract, retain and motivate Peter Warren's executives and to align reward for senior executives with the creation of long-term shareholder value by creating a clear link between performance, the company's strategic objectives and remuneration outcomes.

The framework includes a mix of fixed remuneration and at-risk elements based on short-term and long-term outcomes comprising a short-term incentive (STI) with a deferred element, and a long-term incentive (LTI) with rights to shares. An exception is made for Executive Director Paul Warren, where (given his significant exposure as a shareholder) his FY24 package consisted of fixed remuneration, cash-only STI and no LTI.

Under the FY24 framework, the Executive KMP STI is structured with 70% allocated to achievement of the financial metric of Group NPAT, and 30% weighted to achievement of individual objectives focused on non-financial metrics linked to achievement of the group's strategy and operational goals.

For any STI earned, 70% is paid in cash subsequent to the release of audited results to the ASX, and thirty percent deferred for 12-months.

In FY24 the profit outcome was below FY23 and also below targeted levels. This meant that the Group NPAT component (70%) had an outcome of no payment to the Executive Director, CEO and CFO.

The outcomes of the individual objectives component (30%) for the Executive Director, CEO and CFO were mixed based on their individual objectives and performance. The outcome for the FY24 STI was 13% of maximum for Executive Director, 11% of maximum for CEO and 34% of maximum for the CFO. The CFO received an adjustment recognising additional responsibilities absorbed during the year.

FY24 is the first year that the Long Term Incentive Plan has been tested. Under the FY22 LTI Plan, performance rights were tested against the earnings per share performance threshold. The threshold was not achieved and all rights under this plan will lapse.

Under the FY24 framework, Peter Warren granted the CEO and CFO Performance Rights under the LTI. The grant, or a portion thereof, is due to vest after the FY26 financial year's results have been announced. Vesting is subject to earnings per share (EPS) performance exceeding a minimum threshold performance level and, in Mr Weaver's case, the cessation of employment terms of the LTI will be applied following his departure.

Peter Warren welcomed an additional Non-executive Director to the Board with the appointment of John Eastham from 15 May 2024. Fees for the Chair, Lead Director and Non-executive Directors remained unchanged. The total fees paid to Non-executive Directors in FY24 was $481,667. This is significantly below the aggregate pool fee approved by shareholders.

Conclusion

On behalf of the Board, I would like to thank the executive and all team members of Peter Warren for their contribution in the financial year. Peter Warren is a values driven business and the team has continued to live the G.I.F.T values this year – Growth, Integrity, Focus and Teamwork – whilst maintaining a strong foundation for future success.

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

Catherine West
Chair of the People and Remuneration Committee

2. Remuneration Overview

Key Questions	
What was the executive KMP remuneration in FY24?	

Name of executive	Position	Fixed Annual Remuneration[1]	Maximum STI	Maximum LTI
Paul Warren	ED	$468,000	$374,400	N/A
Mark Weaver	CEO	$624,000	$468,000	$249,600
Victor Cuthell	CFO	$546,000	$273,000	$218,400

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

What was the FY24 STI payout to Executive KMP?	The financial component of the STI for the Executive Director, CEO and CFO was below expectations and did not pay out. The individual non-financial component of the STI was partially paid out to the Executive Director, CEO and CFO. As a result, the outcome for the FY24 STI was 13% of maximum for Executive Director, 11% of maximum for CEO and 34% of maximum for the CFO.
What equity has vested in FY24 to executive KMP?	The FY22 Long Term Incentive Plan was tested, and no equity vested under this Plan.
Remuneration Framework	
How does the Board set performance conditions?	The Board focuses on performance conditions and hurdles on which the Board believes executives can create the best value for shareholders, are measurable and verifiable, and provide executives with meaningful and robust targets within Peter Warren's risk parameters. The framework is designed to align executives' reward with the creation of long-term shareholder value by creating a clear link between performance, the company's strategic objectives and remuneration outcomes.

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Key Questions	
What proportion of remuneration is at-risk?	The STI and LTI awards are based on performance, therefore at-risk.

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

Are there any malus or clawback provisions for incentives?	Yes. In certain situations, such as but not limited to cases of fraud, malfeasance, dishonesty, gross misconduct or material financial misstatements, the Board is able to reduce unvested entitlements or clawback vested payments.
Do all Board members, including Executive Directors, hold shares in Peter Warren?	Yes, all members of the Peter Warren board, including executive directors, hold shares in Peter Warren.
FY24 Short-Term Incentive (STI)	
What are the FY24 performance measures?	The FY24 performance measures for the KMP are 70% financial (Group NPAT) and 30% non-financial. The 30% non-financial metrics include risk and safety, strategic and operational measures. The strategic and operational measures consist of different KPI's for each executive. Strategic and operational KPIs include M&A, digital transformation, strategic relationships, safety and risk management.
Are any STI payments deferred?	Yes, 30% is deferred for 12-months and will be settled in cash in July 2025.
Are STI payments capped?	Yes, maximum STI payments are capped at a defined percentage of fixed annual remuneration (FAR) for each executive KMP.
What are the main changes since the FY23 STI plan?	There was an adjustment made to the deferral component of the FY23 STI, which resulted in the deferral for the CEO and CFO being settled in cash rather than rights, the FY24 Plan reflects this practice. The cash payment is equivalent to the nominal value of the amount deferred.
FY24 Long-Term Incentive (LTI)	
What is the performance measure?	Underlying Earnings Per Share (Underlying EPS) is the LTI performance measure. EPS was chosen as the appropriate measure as it aligns shareholder experience and provides a clear focus for executives on meeting the future earnings expectations. The measures have been determined considering various factors including internal forecasting, market expectations, market practice, benchmarking and recent performance.
What is the LTI vesting period?	1 July 2023 to 30 June 2026.
What are the main changes since the FY23 LTI plan?	There have not been any changes from the FY23 LTI Plan.
Board Fees	
How are board fees determined and adjusted?	Peter Warren reviews board fees to maintain consistency with median board fees for comparably sized industrial companies.
Were there any changes to board fees?	There were no changes to board fees in FY24. The aggregate Board Fees increased due to the appointment of an additional Director.

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3. Remuneration report overview

The directors of Peter Warren Automotive Holdings Limited (the Company or Peter Warren) present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2024. The Report forms part of the Directors' Report and has been prepared and audited in accordance with Section 300A of the Australian *Corporations Act 2001*.

4. Remuneration governances

4.1 People and Remuneration Committee

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

The Committee's responsibilities include, among other things:

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

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

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Members of the Committee during FY24 were:

- **Catherine West** – Independent Non-executive Director (Chair)
- **Niran Peiris** – Lead Independent Non-executive Director
- **John Ingram** – Independent Non-executive Director
- **John Eastham** – Independent Non-executive Director (from 15 May 2024)

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

Under its Charter, the Committee must meet at least three times a year. The Committee met seven times in FY24.

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

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

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

4.2 Securities trading policy

The Company has adopted a securities trading policy which will apply to the Company's Directors, senior management and any other person designated by the Board from time to time. This policy is designed to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and to establish procedures in relation to such persons' dealings in the Shares. Subject to certain exceptions, the securities trading policy defines certain "blackout periods" during which trading in Shares by the Company's Directors, officers, employees, and people close to them is prohibited. The policy can be found at https://pwah.com.au/site/file/17/view/PWAHSecuritiesTradingPolicy.pdf.

5. Key management personnel

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

Table 1: Key Management Personnel

Name	Position Held	Appointed	KMP Tenure
Non-executive Directors			
John Ingram	Independent Non-executive Chair	6 April 2021	Full year
Niran Peiris	Lead Independent Non-executive Director	6 April 2021	Full year
Catherine West	Independent Non-executive Director	6 April 2021	Full year
John Eastham	Independent Non-executive Director	15 May 2024	Partial year
Executive Director			
Paul Warren	Executive Director	1 April 2021	Full year
Executives			
Mark Weaver	Chief Executive Officer	1 April 2021	Full year
Victor Cuthell	Chief Financial Officer	21 November 2022	Full year

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6. Executive remuneration

6.1 Remuneration strategy

The principles of the Peter Warren remuneration policy are to:

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

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

The short-term incentive is designed to reflect achievement of challenging financial and non-financial KPIs for the financial year. The incentive payments vary with annual profit.

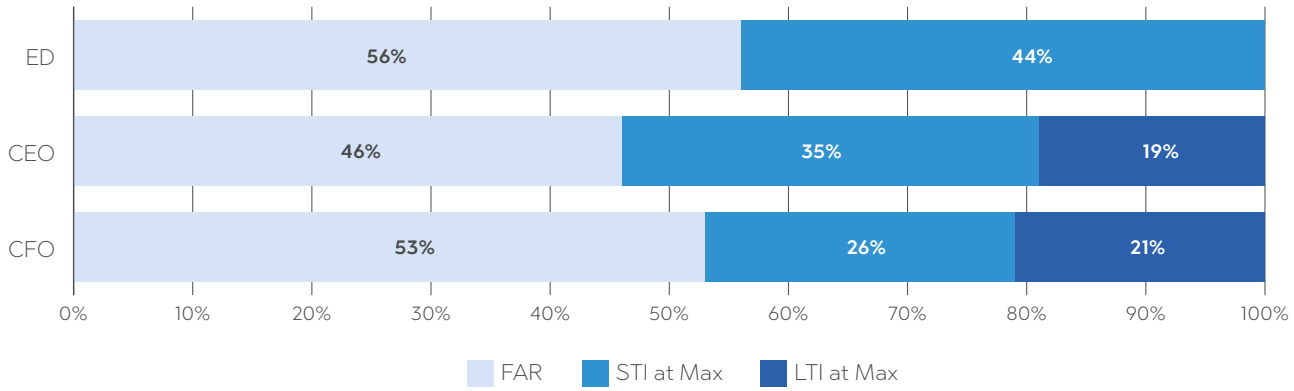
The long-term incentive reflects achievement of sustainable returns for shareholders. It aligns interests of Executive KMP with those of shareholders.

6.2 Remuneration Framework

Peter Warren's FY24 Executive KMP remuneration structure comprises the following elements:

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

The chart below displays the FY24 executive KMP remuneration pay mix of fixed annual remuneration (excluding superannuation and non-monetary benefits), maximum short-term incentives, and the face value of long-term incentives.



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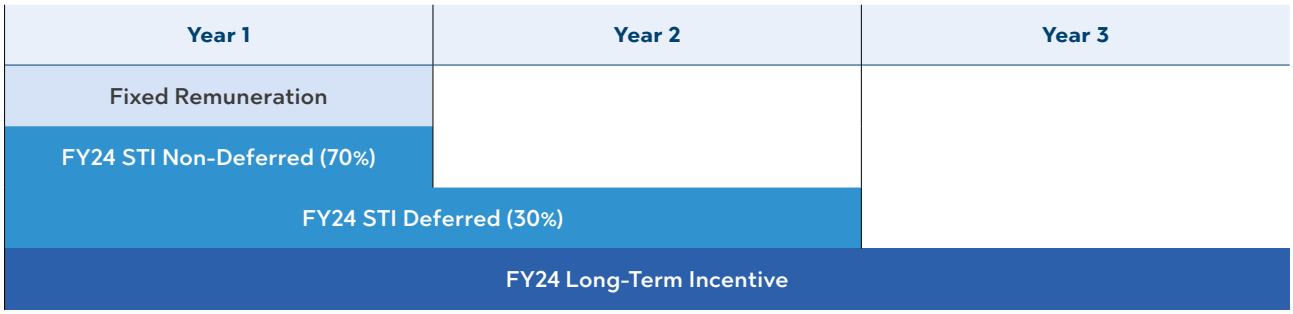
The chart below displays the FY24 executive remuneration vesting timeline.



Fixed Annual Remuneration (FAR)

The following table presents the Fixed Annual Remuneration (FAR) of the Executive KMP for FY24. The FAR excludes superannuation and non-monetary benefits such as a company motor vehicle.

Table 2: Executive KMP Fixed Annual Remuneration (FY24)

Name of executive	Position	Fixed Annual Remuneration
Paul Warren	Executive Director	$468,000
Mark Weaver	CEO	$624,000
Victor Cuthell	CFO	$546,000

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

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

Short-Term Incentive (STI)

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

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

Table 3: FY24 Peter Warren STI plan

Feature	Approach
Purpose	To align individual performance with company objectives.
Eligibility	Executive KMP
Form of payment	70% Cash 30% Deferred for 12 months and settled in cash in July 2025.
Opportunity	**Table 4: STI opportunity**

Name (Position)	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % FAR
P Warren ED	$187,200	40%	$374,400	80%
M Weaver CEO	$249,600	40%	$468,000	75%
V Cuthell CFO	$218,400	40%	$273,000	50%

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Feature	Approach
Performance period	1 July 2023 to 30 June 2024.
Performance measure	Performance measures comprise a mix of financial and non-financial metrics linked to targets aligned to the Group's strategy. The weightings vary by position. The financial KPI is Group net profit after tax (NPAT). Non-financial KPIs vary for each executive KMP, they include risk and safety, strategic, and operational KPIs.
Payment timing	70% of the STI outcome will be a cash reward subsequent to the release of audited results to the ASX. The 30% FY24 STI deferred component will be settled in cash in July 2025.
Board discretion	The Board has absolute discretion on STI performance assessment, payment and vesting.
Cessation of employment	Cessation of employment during the measurement period will result in forfeiture of award opportunity, unless otherwise determined by the Board. If the participant resigns after the end of the measurement period any deferred STI payable will remain subject to the original conditions, unless the Board determines otherwise. If the participant is dismissed for cause after the end of the measurement period any deferred STI will not be payable.
Malus and/or clawback	In certain situations, such as but not limited to fraud, malfeasance, dishonesty, gross misconduct or material financial misstatements, the board has discretion to reduce unvested entitles and claw back vested incentive payments.

Table 5: STI measure weightings

	Financial	Non-financial		
Name (Position)	**Group NPAT**	**Risk and Safety**	**Strategic**	**Operational**
P Warren ED	70%	7.5%	22.5%	0%
M Weaver CEO	70%	10%	10%	10%
V Cuthell CFO	70%	10%	10%	10%

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Long-Term Incentive (LTI)

Executive KMP can receive an LTI grant based on a percentage of FAR.

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

Table 6: FY24 Peter Warren LTI plan

Feature	Approach
Purpose	To focus executives on critical long-term performance requirements and align their interests with those of shareholders.
Eligibility	CEO and CFO
Form of payment	Performance rights (PRs) to acquire shares in Peter Warren for nil consideration. A PR has a nil exercise price. Each PR is a right to the value one Peter Warren share. PRs do not carry a right to vote or to dividends. Ordinary shares received on exercise of PRs will have voting and dividend entitlements.
LTI Opportunity	**Table 7: LTI opportunity**

Name (Position)	Maximum LTI	Rights Granted
M Weaver CEO	$249,600	102,392
V Cuthell CFO	$218,400	89,593

Allocation value	Volume Weighted Average Price (VWAP) for the month of June 2023. The allocation value for the FY24 LTI Rights is $2.4377.
Performance period	1 July 2023 to 30 June 2026
Performance Rights vesting date	Following measurement of audited results for FY26.
Performance measures	Underlying Earnings per share (Underlying EPS). Threshold and maximum requirements will be provided in disclosures relating to the performance period end.
Vesting scale	In setting EPS hurdles, the Board considered industry conditions and the long-term growth strategy of the company. The EPS performance vesting scale details will be fully disclosed with the actual performance and vesting outcomes in disclosures following the performance period year end.

Table 8: LTI vesting scale

	% of LTI Rights Vesting
Below threshold	0%
Threshold	50%
Between threshold and maximum	Vest on a straight-line basis between 50% at threshold and 100% at maximum
Maximum	100%

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Feature	Approach
Exercise Period	Rights will vest as soon as practical and are automatically exercised on vesting, following both the audit of the Company's accounts subsequent to the measurement period and the approval by the Board. No exercise notice is required.
Malus and/or clawback	In certain situations, such as but not limited to cases of fraud, malfeasance, dishonesty, gross misconduct or material financial misstatements, the Board is able to reduce unvested entitlements or clawback vested payments.
Restriction on hedging	Hedging of entitlements by executives is not permitted.
Cessation of employment	The Board will determine, subject to compliance with applicable law, the treatment of a Right if a participant ceases to be employed by a Group Company prior to the vesting of a Right, or a Right ceasing to be subject to any disposal restrictions as a term of the invitation at the time of cessation. It is anticipated that in the case of termination for cause or resignation where the notice period will not be served, all unvested rights will be forfeited, unless otherwise determined by the Board. It is anticipated that in the case of cessation of employment due to resignation with notice, redundancy or other circumstances specified by the Board, pro-rata forfeiture based on the period of the measurement period remaining will apply, unless otherwise determined by the Board.

6.3 Remuneration outcomes for FY24

Company Performance

The table below provides an overview of how performance for FY24 has determined remuneration outcomes for executive KMP.

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

Table 9: Financial Performance

Financial Summary for year ended 30 June	2024 $'m	2023 $'m	2022 $'m	2021 $'m	2020 $'m
Revenue	2,475.1	2,073.1	1,711.3	1,612.2	1,366.4
Net profit/(loss) after tax	37.4	56.4	56.5	37.5	8.9
Basic earnings per share (cents per share)	20.99	32.78	33.37	50.88	–
Diluted earnings per share (cents per share)	20.87	32.67	33.33	50.85	–
Dividends paid ($'m)	33.554	41.261	15.473	66.267	–
Share price at IPO	–	–	–	$2.90	–
Closing share price	$1.69	$2.46	$2.13	$3.72	–
STI outcome (average % of maximum)	19%	55%	100%	–	–
LTI outcome (% of maximum)	TBD after FY26 results	TBD after FY25 results	0%	–	–

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Short-Term Incentive (STI) Outcomes

The financial KPI (70% component) for FY24 was net profit after tax (NPAT). In FY24 the profit outcome was below targeted levels. This meant that the Group NPAT component had an outcome of no payment to the Executive Director, CEO and CFO.

The individual non-financial performance measures (30% component) comprised of 7.5% risk and safety and 22.5% strategic objectives for the Executive Director and 10% risk and safety, 10% strategic and 10% operational for the CEO and CFO. The non-financial metrics included specific KPIs related to M&A, digital transformation, strategic relationships, safety and risk management.

The Board deliberated on the STI outcome and determined that the individual non-financial STI paid out in part for the Executive Director, CEO, and the CFO.

As a result, the outcome for the FY24 STI was 13% of maximum for Executive Director, 11% of maximum for CEO, and 34% of maximum for the CFO. The Board exercised discretion in the 34% of maximum for the CFO in recognition of additional responsibilities absorbed during the year.

As set out above, the 30% deferred component will be settled by a cash payment in July 2025.

The final STI outcomes are in the table below.

Table 10: FY24 STI outcome

Name (Position)	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % of FAR	Actual Cash STI	Actual Deferred STI	Actual STI	Actual STI as a % of max
P Warren ED	$187,200	40%	$374,400	80%	$34,398	$14,742	$49,140	13%
M Weaver CEO	$249,600	40%	$468,000	75%	$34,944	$14,976	$49,920	11%
V Cuthell CFO	$218,400	40%	$273,000	50%	$64,106	$27,474	$91,580	34%

Long Term Incentive (LTI) Outcomes

The FY22 Long Term Incentive Plan was introduced in July 2021. The performance period for this plan was 1 July 2021 to 30 June 2024 and Earnings Per Share (EPS) was the performance measure.

In setting EPS hurdles, the Board considered industry conditions and the long-term growth strategy of the company.

The vesting scale for this performance vesting metric is as follows:

Performance	FY24 EPS	Vesting
Threshold	$0.273	50%
Maximum	$0.294	100%
Pro-rata vesting between threshold and maximum. Nil vesting below threshold.		

Performance was assessed at the end of the financial year, and as threshold performance was not met, all rights under this plan will lapse.

EPS is defined as Underlying NPAT attributable to ordinary equity holders divided by the Basic Number of Shares. Underlying NPAT excludes amortisation of acquired intangible assets, transaction costs associated with acquisitions, gains and losses on sale of assets and property revaluations and includes impairment expenses.

Performance Measure	Threshold	Outcome	Percentage payable	Percentage lapsed
EPS CAGR	$0.273	$0.217	0%	100%

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Total remuneration

Table 11 sets out the remuneration of Executive KMP for the 2024 Financial Year in Australian Dollars and has been prepared in accordance with the requirements of Section 300A of the Australian *Corporations Act 2001* and associated accounting standards.

Table 11: Statutory remuneration

Name (Position)	Year	Base Salary	Super-annuation	Non-monetary benefits[1]	Performance based short-term cash bonus[2]	Long Service Leave	Performance based Share Based Payment[3]			Other payment	Total Statutory Remun-eration
							Shares & units	Options & rights	Cash-settled		
Executive Director											
P Warren ED	2024	$468,000	$27,500	$49,795	$49,140	$4,988	–	($42,747)	–	–	$556,676
	2023	$448,269	$27,500	$53,211	$149,143	($22,137)	–	$21,403	–	–	$677,389
Executive											
M Weaver CEO	2024	$624,000	$27,500	$49,795	$49,920	$13,074	–	($86,220)	–	$613,491[4]	$1,291,560
	2023	$600,000	$27,500	$53,211	$198,000	$8,302	–	$127,729	–	–	$1,014,742
V Cuthell CFO	2024	$546,000	$27,500	$50,045	$91,580	–	–	$15,461	–	–	$730,586
	2023	$289,034	$16,875	$32,218	$129,159	–	–	$54,351	–	–	$521,637

1. The amounts disclosed as non-monetary benefit includes items such as motor vehicle, motor vehicle insurance, fringe benefit tax on motor vehicle and fuel allowance.
2. Cash Bonus paid or payable in respect of current year represents cash payments in relation to the 2023 and 2024 financial year.
3. Represents the fair value of the equity grants during the period in accordance with AASB 2 *Share-based payment* and includes the equity component of the FY24 LTI, FY23 LTI, and FY22 LTI. The amounts disclosed are net of expense reversals for the FY22 and FY23 LTI plans. The FY22 LTI has been tested and rights have not vested. The FY23 LTI is unlikely to meet threshold performance and therefore the expense has been reversed.
4. Payments to employee in relation to notice period. The arrangements also involve payment of statutory annual leave entitlements and a payment of $66,946 in respect of historically accrued long service leave. The total termination benefits paid were $665,471 (which excludes mandatory statutory payments).

6.4 Executive KMP Share and other equity holdings

Executive KMP shareholdings

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

Table 12: KMP shareholdings

Executive	Instrument	Held at 1/7/23	Received on exercise of rights[1]	Other[2]	Held at 30/6/24
P Warren	Ordinary shares	63,580,000	38,985	663,031	64,282,016
M Weaver	Ordinary shares	474,385	69,307	–	543,692
V Cuthell	Ordinary shares	–	–	–	–

1. Includes rights earned on dividends during the deferral period.
2. Other changes represent shares that were purchased or sold during the year.

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Equity instruments details

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

Rights

Table 13: Rights movement during the year

Executive	Number Granted	Grant Date	Performance Measure	Performance Period	Fair value at grant	Vested Number	Unvested Number
P Warren FY22 STI Deferral	35,673	14/9/22	–	–	$2.04	35,673	–
P Warren FY22 Deferred STI dividends	3,312	25/8/23	–	–	–	3,312	–
P Warren FY22 LTI	22,171	23/9/21	Underlying EPS	1/7/21 – 30/6/24	$3.06	–	22,171[2]
Mark Weaver FY24 LTI	102,392	8/8/23	Underlying EPS	1/7/23 – 30/6/26	$2.47	–	102,392
M Weaver FY23 LTI	100,000	21/9/22	Underlying EPS	1/7/22 – 30/6/25	$2.84	–	100,000
M Weaver FY22 STI Deferral	63,419	14/9/22	–	–	$2.04	63,419	–
M Weaver FY22 Deferred STI dividends	5,888	25/8/23	–	–	–	5,888	–
M Weaver FY22 LTI	39,758	23/9/21	Underlying EPS	1/7/21 – 30/6/24	$3.06	–	39,758[2]
V Cuthell FY24 LTI	89,593	8/8/23	Underlying EPS	1/7/23 – 30/6/26	$2.47	–	89,593
V Cuthell FY23 LTI[1]	87,500	22/11/22	Underlying EPS	1/7/22 – 30/6/25	$2.85	–	87,500

1. V Cuthell commenced in the role of CFO on 21 November 2022.
2. Rights that will lapse subsequent to 30 June 2024 but were measured based on performance up to 30 June 2024.

Loan Shares

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

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

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Equity vesting

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

Table 14: Options and rights over equity instruments

Executive	Instrument	Grant Date	Held at 1/7/23	Granted as compen-sation	Exer-cised	Lapsed/ Forfeited	Held at 30/6/24	Vested during the year	Unvested	Vested and exerci-sable at 30/6/24
P Warren	FY22 STI rights	14/9/22	35,673	–	35,673	–	–	35,673	–	–
P Warren	FY22 STI deferral dividend rights	25/8/23	–	3,312	3,312	–	–	3,312	–	–
P Warren	FY22 LTI rights	23/9/21	22,171	–	–	–	22,171[1]	–	22,171[1]	–
M Weaver	FY24 LTI Rights	8/8/23	–	102,392	–	–	102,392	–	102,392	–
M Weaver	FY23 LTI Rights	21/9/22	100,000	–	–	–	100,000	–	100,000	–
M Weaver	FY22 STI Rights	14/9/22	63,419	–	63,419	–	–	63,419	–	–
M Weaver	FY22 STI deferral dividend rights	25/8/23	–	5,888	5,888	–	–	5,888	–	–
M Weaver	FY22 LTI Rights	23/9/21	39,758	–	–	–	39,758[1]	–	39,758[1]	–
M Weaver	Loan Funded Shares	5/11/20	250,000	–	–	–	250,000	–	–	250,000
V Cuthell	FY24 LTI Rights	8/8/23	–	89,593	–	–	89,593	–	89,593	–
V Cuthell	FY23 LTI Rights	22/11/22	87,500	–	–	–	87,500	–	87,500	–

1. Rights that will lapse subsequent to 30 June 2024 but were measured based on performance up to 30 June 2024.

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6.5 Key terms of Executive KMP employment contracts

Notice and termination payments

Table 15 sets out for the contractual provisions for current Executive KMP.

Table 15: Executive KMP termination contract terms

Name (Position)	Contract Type	Notice Period for Company	Notice Period for Employee	Termi-nation Payment	Treatment of STI on termi-nation	Treatment of LTI on termi-nation	Fixed Annual Remun-eration	Maximum STI	Maximum LTI
P Warren ED	Permanent	1 Year	1 Year	Up to 1 Year	At board's discretion	At board's discretion	$468,000	$374,400	N/A
M Weaver CEO	Permanent	1 Year	1 Year	Up to 1 Year	At board's discretion	At board's discretion	$624,000	$468,000	$249,600
V Cuthell CFO	Permanent	6 months	6 months	Up to 6 months	At board's discretion	At board's discretion	$546,000	$273,000	$218,400

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

7. Non-executive director remuneration

7.1 Remuneration Policy

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

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

Table 16: Board fees

Position	Fee (inclusive of superannuation)
Chair	$200,000
Lead Director	$125,000
Non-executive Directors	$100,000
Audit and Risk Management Committee Chair	$20,000
People and Remuneration Committee Chair	$20,000

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

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

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The table below provides NED statutory remuneration.

Table 17: NED statutory remuneration

Non-executive Director	Year	Fee	Super-annuation	Non-Monetary Benefits	Shares & Units	Total Statutory Remuneration
J Ingram	2024	$200,000				$200,000
	2023	$200,000	–	–	–	$200,000
C West	2024	$108,108	$11,892			$120,000
	2023	$108,597	$11,403	–	–	$120,000
N Peiris	2024	$130,631	$14,369			$145,000
	2023	$114,253	$11,997	–	–	$126,250
J Eastham[1]	2024	$15,015	$1,652			$16,667

1. Pro rata fees based on commencement date.

Table 18: NED shareholdings

Non-executive Director	Held at 1/7/23	Granted as compensation	Received on exercise of rights	Other[1]	Held at 30/6/24
J Ingram	267,242	–	–	–	267,242
C West	17,242	–	–	–	17,242
N Peiris	81,568	–	–	90,000	171,568
J Eastham	–	–	–	1,744,251	1,744,251

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

8. Related party information

8.1 Transactions with other related parties

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

Related Party Transactions

During the financial year the Group entered into the following transactions with related entities or incurred the transactions as a result of a related entity asset or liability:

	2024 $	2023 $
Revenue received from Director related entities:		
Sale of goods	–	1,107,293
Rental payments	80,003	863,692
Shared service charges	4,800	7,903,854
Expenses paid to Director related entities or incurred from a Director related asset or liability:		
Purchase of goods	–	1,041,109
Short-term lease payments	414,327	536,936
Finance costs associated to leases	2,538,409	2,181,542
Depreciation associated to right-of-use assets	4,635,512	3,824,326

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The Director related entities are entities owned by Paul Warren.

On 7 July 2023, the Group acquired a majority share in the Toyota dealership in Warwick Farm and the Toyota and Volkswagen dealerships in Bathurst, being three related party dealerships in New South Wales. As a result of this transaction, these entities are no longer considered related party entities. As such, the sale and purchase of goods transactions with these entities are nil for FY24.

Related party leases

During the financial year the Group had lease agreements on commercial terms with various Director related entities.

Below is a summary of the right-of-use asset and lease liabilities in relation to the Director related entities.

	2024 $	2023 $
Net right-of-use asset	30,986,075	28,036,501
Current lease liability	(4,881,137)	(2,411,674)
Non-current lease liability	(37,756,798)	(37,067,116)

Warren Family Office Leaseback

The company has granted a lease to the Warren Family Office for certain office space located at Warwick Farm.

The initial term of the lease commenced on 1 May 2021 and expires on 29 June 2026. The sublease has 2 options for a further term of 5 years each. In accordance with an independent market rent review undertaken by Jones Lang LaSalle Advisory Services Pty Ltd, the initial rent payable was $70,975 (excluding GST) per annum and further anniversary increases will be reviewed by the greater of 3% and CPI per annum. Rent effective May 2024 is $85,520 per annum.

Warren Family Office SSA

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

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

The shared services agreement is for a fixed term and expires on 29 June 2026. Fees under the shared services agreement are charged on a cost-plus margin basis. WF Property Holdings Pty Limited paid $4,800 in FY24 (FY23: $4,800) for these services pursuant to that agreement.

Related Party Balances

Receivables/(payables) with related parties

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

	2024 $	2023 $
Amounts receivable from Director related entities	3,902	1,217,667
Amounts payable to Director related entities	–	(431,383)

End of the Remuneration report.

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Shares under performance rights

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

	Exercise price	Number of rights
FY22 Long term incentive	$0.00	144,182
FY23 Long term incentive	$0.00	420,832
FY24 Long term incentive	$0.00	440,929
		1,005,943

Shares issued on the exercise of performance rights

The following ordinary shares of Peter Warren Automotive Holdings Limited were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Date shares were issued	Exercise price	Number of shares issued
12 September 2022	25 August 2023	$0.00	306,984
25 August 2023	25 August 2023	$0.00	28,498

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

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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 28 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 28 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 KPMG Australia

There are no officers of the Company who are former partners of KPMG Australia.

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the Directors

John Ingram
Chair

20 August 2024
Sydney

Auditor's Independence Declaration

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Peter Warren Automotive Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Peter Warren Automotive Holdings Limited for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Julie Cleary

Partner

Sydney

20 August 2024

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Revenue	5	2,473,542	2,060,377
Other income	6	700	12,143
Interest revenue calculated using the effective interest method		874	531
Expenses			
Changes in inventories		81,865	82,345
Raw materials and consumables purchased		(2,138,356)	(1,762,933)
Employee benefits expense	7	(203,239)	(183,938)
Depreciation and amortisation expense	7	(34,597)	(30,791)
Profit/(loss) on disposal/write off of assets		5	17
Occupancy costs	7	(1,050)	(903)
Advertising expense		(9,491)	(8,818)
Insurance expense		(12,418)	(8,808)
Motor vehicle expense		(9,577)	(8,461)
Acquisition expenses		(717)	(799)
Other expenses		(50,537)	(41,097)
Finance costs	7	(43,581)	(27,743)
Profit before income tax expense		53,423	81,122
Income tax expense	8	(15,980)	(24,760)
Profit after income tax expense for the year		37,443	56,362
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		–	19,320
Other comprehensive income for the year, net of tax		–	19,320
Total comprehensive income for the year		37,443	75,682
Profit for the year is attributable to:			
Non-controlling interest	23	1,358	–
Owners of Peter Warren Automotive Holdings Limited		36,085	56,362
		37,443	56,362
Total comprehensive income for the year is attributable to:			
Non-controlling interests	23	1,358	–
Owners of Peter Warren Automotive Holdings Limited		36,085	75,682
		37,443	75,682

	Note	Cents	Cents
Basic earnings per share	36	20.99	32.78
Diluted earnings per share	36	20.87	32.67

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 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Assets			
Current assets			
Cash and cash equivalents		35,184	50,635
Trade and other receivables	9	101,957	68,855
Inventories	10	476,896	360,992
Income tax refund due		2,643	1,675
Other assets	11	16,817	11,131
Total current assets		633,497	493,288
Non-current assets			
Other assets	11	3,303	2,175
Property, plant and equipment	12	278,175	275,457
Right-of-use assets	13	206,787	182,592
Intangibles	14	319,938	241,548
Deferred tax	8	10,464	9,794
Total non-current assets		818,667	711,566
Total assets		1,452,164	1,204,854
Liabilities			
Current liabilities			
Trade and other payables	15	105,099	87,153
Contract liabilities	16	1,289	1,179
Borrowings	18	459,191	304,512
Lease liabilities	17	19,633	17,360
Employee benefits	19	26,832	23,739
Total current liabilities		612,044	433,943
Non-current liabilities			
Contract liabilities	16	659	866
Borrowings	18	84,192	51,917
Lease liabilities	17	227,599	201,702
Employee benefits	19	2,455	1,925
Provisions	20	270	260
Total non-current liabilities		315,175	256,670
Total liabilities		927,219	690,613
Net assets		524,945	514,241
Equity			
Issued capital	21	493,872	493,872
Reserves	22	(25,158)	(24,863)
Retained profits		47,763	45,232
Equity attributable to the owners of Peter Warren Automotive Holdings Limited		516,477	514,241
Non-controlling interests	23	8,468	–
Total equity		524,945	514,241

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

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

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

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2023	493,872	(24,863)	45,232	–	514,241
Profit after income tax expense for the year	–	–	36,085	1,358	37,443
Other comprehensive income for the year, net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	36,085	1,358	37,443
Acquisition of subsidiary with non-controlling interests	–	–	–	7,110	7,110
Transactions with owners in their capacity as owners:					
Share-based payments (note 22)	–	(295)	–	–	(295)
Dividends paid (note 24)	–	–	(33,554)	–	(33,554)
Balance at 30 June 2024	493,872	(25,158)	47,763	8,468	524,945

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 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,802,301	2,350,735
Receipts from government grants		510	4,737
Payments to suppliers and employees (inclusive of GST)		(2,667,285)	(2,220,253)
		135,526	135,219
Interest received		874	531
Interest and other finance costs paid		(43,581)	(26,568)
Income taxes paid		(17,805)	(35,335)
Net cash from operating activities	35	75,014	73,847
Cash flows from investing activities			
Payment for business combinations, net of cash acquired	32	(64,451)	–
Payments for property, plant and equipment	12	(10,682)	(10,464)
Proceeds from disposal of property, plant and equipment		462	116
Net cash used in investing activities		(74,671)	(10,348)
Cash flows from financing activities			
Proceeds from borrowings		47,000	–
Proceeds from issue of share based payments		–	43
Dividends paid	24	(33,554)	(41,261)
Repayment of borrowings		(10,025)	(7,000)
Repayment of lease liabilities	35	(19,215)	(16,823)
Net cash used in financing activities		(15,794)	(65,041)
Net decrease in cash and cash equivalents		(15,451)	(1,542)
Cash and cash equivalents at the beginning of the financial year		50,635	52,177
Cash and cash equivalents at the end of the financial year		35,184	50,635

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

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Notes to the Consolidated Financial Statements

30 June 2024

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Note 1. General information

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

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

13 Hume Highway
Warwick Farm
NSW 2170

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 20 August 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policies

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Going concern

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

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for land and buildings which are carried at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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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 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Peter Warren Automotive Holdings Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Peter Warren Automotive Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

Non-controlling interests 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 interests 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 interests in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the statement of profit or loss.

Operating segments

The Group has two operating segments, being vehicle retailing and property. Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance. The Board of Directors are identified as the CODM.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

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

New, demonstrator and used vehicles

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

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Note 2. Material accounting policies *continued*

Parts and services

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

Aftermarket accessories and other revenue

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

Finance and insurance revenue

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

Agency commission

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

Interest

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

Rent income

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

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

Other income

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

Commercial income and rebates from suppliers

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

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Government grants

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

Government wage subsidy received

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

Income tax

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

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

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

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

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

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

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

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

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

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

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Note 2. Material accounting policies *continued*

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Inventories

New and demonstrator vehicles

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

Used vehicles

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

Spare parts and accessories

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

Other inventory

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

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Investments and other financial assets

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

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

Financial assets at amortised cost

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

Impairment of financial assets

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

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

Property, plant and equipment

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

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

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Note 2. Material accounting policies *continued*

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

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

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

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

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

Construction in progress

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

Right-of-use assets

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

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

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

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

Intangible assets

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

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Goodwill

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

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 5 – 5.5 years.

Business combinations

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

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

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

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

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

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

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

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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Note 2. Material accounting policies *continued*

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 which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

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

Borrowings

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

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

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

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

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

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

Lease liabilities

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

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

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Finance costs

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

Provisions

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

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

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

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

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

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

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Note 2. Material accounting policies *continued*

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

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

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

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

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

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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

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

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

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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Treasury capital

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

Dividends

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

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

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

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

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

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

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 2024. The adoption of these Accounting Standards and Interpretations is not expected to have a significant impact on the Group's financial statements.

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Note 3. Critical accounting judgements, estimates and assumptions

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

Revaluation of property, plant and equipment

The Group carries its land and buildings at fair value. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. The Directors have assessed that the highest and best use of the properties for the purposes of assessing fair value are as a single automall/precinct. The Directors determine the fair value by reference to transactions involving properties of a similar nature, location and condition, in addition to periodically engaging valuation specialists to obtain independent valuations for land and buildings. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in note 26.

Provision for impairment of inventories

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

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. Goodwill is monitored at a group cash generating unit level. The recoverable amount has been calculated using a value-in-use model. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Lease term

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

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Note 4. Operating segments

Identification of reportable operating segments

The Group has two operating segments being Vehicle Retailing and Property. Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance. There is no aggregation of operating segments.

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

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

Types of products and services

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

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

Intersegment transactions

Intersegment transactions were made at market rates. The Vehicle Retailing operating segment leases premises from the Property operating segment. Intersegment transactions are eliminated on consolidation. All leasing transactions with parties external to the Group are included in the Vehicle Retailing operating segment.

Intersegment receivables, payables and loans

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

Major customers

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

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Note 4. Operating segments *continued*

Geographic Information

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

Consolidated – 2024	Vehicle Retailing $'000	Property $'000	Inter-segment eliminations $'000	Total $'000
Revenue				
Sales to external customers	2,473,542	–	–	2,473,542
Total Revenue	2,473,542	–	–	2,473,542
Other income	567	10,289	(10,156)	700
Segment result				
Adjusted EBITDA	128,882	8,974	–	137,856
Depreciation and amortisation	(31,648)	(2,949)	–	(34,597)
Segment profit	97,234	6,025	–	103,259
Interest revenue	874	–	–	874
Finance costs	(37,406)	(6,175)	–	(43,581)
Profit/(loss) before income tax expense and unallocated expenses	60,702	(150)	–	60,552
Unallocated expenses*				(7,129)
Profit before tax				53,423
Assets				
Segment assets	1,234,024	328,044	(109,904)	1,452,164
Liabilities				
Segment liabilities	940,527	96,596	(109,904)	927,219
Net assets	293,497	231,448	–	524,945

* Unallocated expenses comprise public company expenses of $1,937,000 (2023: $1,649,000); acquisition expenses of $717,000 (2023: $799,000); key management personnel expenses of $3,060,000 (2023: $3,327,000); and Mercedes Benz legal fees of $1,415,000 (2023: $nil).

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

* Unallocated expenses comprise public company expenses of $1,937,000 (2023: $1,649,000); acquisition expenses of $717,000 (2023: $799,000); key management personnel expenses of $3,060,000 (2023: $3,327,000); and Mercedes Benz legal fees of $1,415,000 (2023: $nil).

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Note 5. Revenue

	Consolidated	
	2024 $'000	2023 $'000
New and demonstrator vehicles	1,669,266	1,379,666
Used vehicles	335,398	282,841
Parts revenue	270,676	233,198
Service revenue	134,541	106,938
Finance and insurance	33,116	30,351
Aftermarket accessories	30,545	27,383
Revenue	2,473,542	2,060,377

Disaggregation of revenue from contracts with customers

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

Note 6. Other income

	Consolidated	
	2024 $'000	2023 $'000
Government grants – Boosting Apprenticeship subsidy received	562	3,375
Rent revenue*	133	864
Other income*	5	7,904
Other income	700	12,143

* Includes amounts received from related parties under a shared service agreement. Refer to note 30.

Government grants – Boosting Apprenticeship subsidy received

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

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Note 7. Expenses

	Consolidated	
	2024 $'000	2023 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	2,441	2,261
Leasehold improvements	900	855
Plant and equipment	6,506	6,154
Motor vehicles	349	263
Right-of-use assets	23,190	20,507
Total depreciation	33,386	30,040
Amortisation		
Customer relationships	1,211	751
Total depreciation and amortisation	34,597	30,791
Finance costs		
Interest and finance charges paid/payable on external loans	6,175	3,196
Interest and finance charges paid/payable on lease liabilities	12,689	11,797
Bailment interest	24,717	12,750
Total finance costs	43,581	27,743
Lease related expenses		
Expense relating to short-term leases	1,050	903
Employee benefits expenses		
Share-based payments	(295)	822
Defined contribution superannuation expense	20,964	17,412
Employee benefits expense excluding share-based payments and superannuation*	182,570	165,704
	203,239	183,938

* Employee benefits expenses excludes service labour amounting to $35,538,000 (2023: $27,968,000) which is included in raw materials and consumables purchased.

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Note 8. Income tax

	Consolidated	
	2024 $'000	2023 $'000
Income tax expense		
Current tax	16,301	22,768
Deferred tax – origination and reversal of temporary differences	(330)	1,907
Adjustment recognised for prior periods	9	85
Aggregate income tax expense	15,980	24,760
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(330)	1,907
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	53,423	81,122
Tax at the statutory tax rate of 30%	16,027	24,337
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-assessable and non-deductible items	61	341
Other items	(117)	(3)
	15,971	24,675
Adjustment recognised for prior periods	9	85
Income tax expense	15,980	24,760
Amounts charged directly to equity		
Deferred tax assets	–	8,280
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in the statement of profit or loss:		
Tax losses	274	367
Allowance for expected credit losses	243	188
Property, plant and equipment	2,250	690
Employee benefits	8,895	7,385
Contract liabilities	334	408
Trade and other receivables	(48)	(69)
Trade and other payables	36	97
Work in progress	(98)	(93)
Right-of-use assets	(62,036)	(54,778)
Lease liabilities	74,308	65,898
Provision for inventories	(4,544)	(3,102)
Customer relationships	(1,409)	(882)
Other items	1,796	2,613
	20,001	18,722

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	Consolidated	
	2024 $'000	2023 $'000
Amounts recognised in equity:		
Transaction costs on share issue	609	1,218
Revaluation of property, plant and equipment	(10,146)	(10,146)
	(9,537)	(8,928)
Deferred tax asset	10,464	9,794
Movements:		
Opening balance	9,794	20,038
Credited/(charged) to profit or loss	330	(1,907)
Charged to equity	–	(8,280)
Additions through business combinations	(111)	–
Adjustments recognised for prior periods	451	(57)
Closing balance	10,464	9,794

Note 9. Trade and other receivables

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Trade receivables	102,854	69,471
Less: Allowance for expected credit losses	(901)	(628)
	101,953	68,843
Amount receivable from related parties	4	12
	101,957	68,855

Refer to note 30 for further details on amount receivable from related parties.

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Note 9. Trade and other receivables *continued*

Allowance for expected credit losses

The Group has recognised a loss of $276,000 (2023: $67,000) in the statement of profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

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	**2024 %**	**2023 %**	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Not overdue	–	–	94,587	62,104	–	–
1 – 30 days overdue	10.4%	9.1%	5,752	5,391	599	492
31 – 60 days overdue	11.0%	5.1%	1,741	1,085	192	55
61 – 90 days overdue	14.4%	7.0%	467	641	67	45
Over 90 days overdue	13.9%	14.4%	307	250	43	36
			102,854	69,471	901	628

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

	Consolidated	
	2024 $'000	**2023 $'000**
Opening balance	628	661
Additional provisions recognised	276	67
Receivables written off during the year as uncollectable	(3)	(100)
Closing balance	901	628

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Note 10. Inventories

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
New and demonstrator vehicles	382,807	281,626
Less: Provision for impairment	(3,655)	(3,335)
	379,152	278,291
Used vehicles	59,084	49,399
Less: Provision for impairment	(2,819)	(2,532)
	56,265	46,867
Spare parts and accessories	40,726	35,361
Less: Provision for impairment	(1,100)	(832)
	39,626	34,529
Work in progress	445	326
Petrols, oils and grease	1,408	979
	476,896	360,992

As at 30 June 2023, included in inventory is flood damaged new vehicle stock of $111,000 with a corresponding provision of $92,000. As at 30 June 2024, there is no flood damaged stock included in inventory.

Note 11. Other assets

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Prepayments	5,794	5,470
Term deposits	10,313	4,875
Other financial assets	710	786
	16,817	11,131
Non-current assets		
Other financial assets	3,303	2,175
	20,120	13,306

Term deposits

Term deposits are maintained as security over the Group's bank guarantees (note 29).

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Note 12. Property, plant and equipment

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Land – at fair value	149,276	149,276
Buildings – at fair value	85,992	80,141
Less: Accumulated depreciation	(8,940)	(4,858)
	77,052	75,283
Leasehold improvements – at cost	18,881	17,079
Less: Accumulated depreciation	(2,506)	(1,523)
	16,375	15,556
Plant and equipment – at cost	88,251	86,633
Less: Accumulated depreciation	(59,223)	(53,421)
	29,028	33,212
Motor vehicles – at cost	3,411	2,615
Less: Accumulated depreciation	(1,121)	(1,121)
	2,290	1,494
Construction in progress – at cost	4,154	636
	278,175	275,457

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Reconciliations

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

Consolidated	Land $'000	Buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Balance at 1 July 2022	130,276	68,944	12,500	30,219	1,307	3,779	247,025
Additions	–	–	2,447	7,109	549	359	10,464
Transfers	–	–	1,464	2,038	–	(3,502)	–
Disposals	–	–	–	–	(99)	–	(99)
Revaluation increments	19,000	8,600	–	–	–	–	27,600
Depreciation expense	–	(2,261)	(855)	(6,154)	(263)	–	(9,533)
Balance at 30 June 2023	149,276	75,283	15,556	33,212	1,494	636	275,457
Additions	–	71	729	4,002	1,560	4,320	10,682
Additions through business combinations (note 32)	–	–	595	2,094	–	–	2,689
Transfers	–	4,144	395	(3,737)	–	(802)	–
Disposals	–	(5)	–	(37)	(415)	–	(457)
Depreciation expense	–	(2,441)	(900)	(6,506)	(349)	–	(10,196)
Balance at 30 June 2024	149,276	77,052	16,375	29,028	2,290	4,154	278,175

If land and buildings were carried at cost, the carrying value of land and buildings at 30 June 2024 would be $127,576,000 and $68,402,000 respectively (30 June 2023: $127,576,000 and $66,683,000 respectively).

Valuations of land and buildings

Land and buildings are shown at fair value, based on annual assessment by the Directors supported by periodic valuations by external independent valuers, less subsequent depreciation for buildings. An independent desktop valuation was undertaken in June 2024 on the Group's Southport Queensland properties and an independent valuation on the Group's Warwick Farm property in May 2023.

No revaluation increment has been recorded in the current year in relation to the Southport properties. Directors have undertaken an assessment on the Warwick Farm property and concluded there is no movement in the fair value.

Refer to note 26 for further information on fair value measurement.

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Note 13. Right-of-use assets

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Land and buildings – right-of-use	324,683	279,120
Less: Accumulated depreciation	(117,896)	(96,528)
	206,787	182,592

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

Reconciliations

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

Consolidated	Land and buildings – right-of-use $'000
Balance at 1 July 2022	192,237
Additions	1,777
Remeasurements	9,085
Depreciation expense	(20,507)
Balance at 30 June 2023	182,592
Additions	55
Additions through business combinations (note 32)	37,631
Remeasurements	9,699
Depreciation expense	(23,190)
Balance at 30 June 2024	206,787

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

- note 7 for details of interest on lease liabilities and other lease payments;
- note 17 for lease liabilities at the end of the reporting period;
- note 25 for undiscounted future lease commitments; and
- consolidated statement of cash flows for repayment of lease liabilities.

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Note 14. Intangibles

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Goodwill – at cost	315,240	238,606
Customer relationships – at cost	7,098	4,131
Less: Accumulated amortisation	(2,400)	(1,189)
	4,698	2,942
	319,938	241,548

Reconciliations

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

Consolidated	Goodwill $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2022	238,606	3,693	242,299
Amortisation expense	–	(751)	(751)
Balance at 30 June 2023	238,606	2,942	241,548
Additions through business combinations (note 32)	76,634	2,967	79,601
Amortisation expense	–	(1,211)	(1,211)
Balance at 30 June 2024	315,240	4,698	319,938

Impairment testing

For the purposes of impairment testing goodwill is allocated to each of the Group's cash-generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combinations. At 30 June 2024, all goodwill relates to the vehicle retailing segment.

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

Impairment testing of the Group's goodwill was performed as at 30 June 2024. As part of this process, management reviewed the recoverability of the carrying value of intangible assets and concluded no impairment existed.

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Note 14. Intangibles *continued*

Key assumptions

The discounted cash flow model adopted utilises cashflow forecasts derived from the 30 June 2025 ('FY25') financial budget approved by the Board. Management have then applied revenue growth rates across the four year period from FY26 to FY29 and thereafter applied a terminal growth rate. The forecast 5 year compound annual revenue growth rate ('CAGR'), terminal growth rate and gross margin assumptions have taken into account historical performance, current business strategies and future operating conditions. The terminal growth rate adopted does not exceed the long-term average growth rate for the industry. A post tax discount rate was applied to the cashflows. The key assumptions are set out below:

Assumption	FY24	FY23
Discount rate (post-tax)	9.5%	9.75%
Gross margin	16.5%	17.4%
Revenue growth rate (CAGR)	4.6%	4.3%
Terminal growth rate	2.0%	2.0%

Sensitivity

The Group has performed sensitivity analysis of the reasonably possible changes in the key assumptions used in the model. Under each of these scenarios, no impairment was identified.

Note 15. Trade and other payables

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Trade payables	24,802	24,759
Customer deposits and receipts in advance	25,471	29,990
GST payable	4,702	3,075
Other payables and accruals	50,124	29,329
	105,099	87,153

Refer to note 25 for further information on financial instruments.

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Note 16. Contract liabilities

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Deferred service obligations	1,289	1,179
Non-current liabilities		
Deferred service obligations	659	866
	1,948	2,045
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	2,045	2,210
Payments received in advance	262	244
Transfer to revenue – performance obligations satisfied in current periods	(359)	(409)
Closing balance	1,948	2,045

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

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $1,948,000 being 30 June 2024 ($2,045,000 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2024 $'000	2023 $'000
Within 12 months	1,289	1,179
12 to 24 months	173	199
24 to 36 months	150	155
Greater than 36 months	336	512
	1,948	2,045

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Note 17. Lease liabilities

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Lease liabilities – building premises	19,633	17,360
Non-current liabilities		
Lease liabilities – building premises	227,599	201,702
	247,232	219,062

The average incremental borrowing rate on building premises is 5.60% (30 June 2023: 5.27%).

Refer to note 25 for further information on financial instruments.

Note 18. Borrowings

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities – secured		
Bailment finance and equitable mortgage agreement ('EMA') vehicle funding	447,491	297,512
Capital loan	11,700	7,000
	459,191	304,512
Non-current liabilities – secured		
Capital loan	84,192	51,917
	543,383	356,429

Refer to note 25 for further information on financial instruments.

As at 30 June 2024, the Group has a debt facility which is secured against the Group's Warwick Farm property. The loan bears a variable interest rate based on the Australian Alliance Automotive Finance ('AAAF') Wholesale Rate plus a margin of 0.5%. The loan is repayable in fixed monthly instalments which are not available to be redrawn and interest is payable monthly in arrears. The debt facility comprises of loans that mature between 29 November 2031 and 28 February 2034.

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Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	2024 $'000	2023 $'000
Bailment finance and EMA vehicle funding	447,491	297,512
Capital loan	95,892	58,917
	543,383	356,429

Assets pledged as security

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

The Capital loan is secured against the Group's Warwick Farm property which has a carrying value of $143,162,000 at 30 June 2024 (2023: $143,173,000).

Financing arrangements

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

	Consolidated	
	2024 $'000	2023 $'000
Total facilities		
Bailment finance and EMA vehicle funding	503,700	457,350
Capital loan	95,892	70,917
Working capital facility	20,000	20,000
	619,592	548,267
Used at the reporting date		
Bailment finance and EMA vehicle funding	447,491	297,512
Capital loan	95,892	58,917
Working capital facility	–	–
	543,383	356,429
Unused at the reporting date		
Bailment finance and EMA vehicle funding	56,209	159,838
Capital loan	–	12,000
Working capital facility	20,000	20,000
	76,209	191,838

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Note 19. Employee benefits

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Employee benefits	26,832	23,739
Non-current liabilities		
Employee benefits	2,455	1,925
	29,287	25,664

Note 20. Provisions

	Consolidated	
	2024 $'000	2023 $'000
Non-current liabilities		
Lease make good	270	260

Lease make good

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

Movements in provisions

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

Consolidated – 2024	Lease make good $'000
Carrying amount at the start of the year	260
Additional provisions recognised	10
Carrying amount at the end of the year	270

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Note 21. Issued capital

	Consolidated			
	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares – fully paid (a)	172,256,068	171,920,586	495,122	495,122
Treasury share capital (b)	(250,000)	(250,000)	(1,250)	(1,250)
	172,006,068	171,670,586	493,872	493,872

(a) Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	171,920,586		495,122
Balance	30 June 2023	171,920,586		495,122
Performance rights exercised	25 August 2023	335,482	$0.00	–
Balance	30 June 2024	172,256,068		495,122

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

(b) Movements in Treasury shares

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	250,000		1,250
Balance	30 June 2023	250,000		1,250
Balance	30 June 2024	250,000		1,250

Treasury shares

Treasury capital includes secured share capital associated with a limited recourse loan made during the period to a key management personnel and shares issued through the employee share trust.

Share buy-back

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

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Note 21. Issued capital *continued*

Capital risk management

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

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

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

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

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

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 22. Reserves

	Consolidated	
	2024 $'000	2023 $'000
Asset revaluation reserve (a)	23,673	23,673
Share-based payments reserve (b)	2,476	2,771
Business reorganisation reserve (c)	(34,277)	(34,277)
Transactions with exited non-controlling interests (d)	(17,030)	(17,030)
	(25,158)	(24,863)

(a) Asset revaluation reserve

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

(b) Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

(c) Business reorganisation reserve

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

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(d) Transactions with exited non-controlling interests

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

Movements in reserves

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

Consolidated	Asset revaluation reserve $'000	Share-based payments reserve $'000	Business reorganisation reserve $'000	Transactions with exited non-controlling interests $'000	Total $'000
Balance at 1 July 2022	4,353	1,906	(34,277)	(17,030)	(45,048)
Revaluation – gross	27,600	–	–	–	27,600
Deferred tax	(8,280)	–	–	–	(8,280)
Share-based payments	–	822	–	–	822
Receipts from issue of share-based payments	–	43	–	–	43
Balance at 30 June 2023	23,673	2,771	(34,277)	(17,030)	(24,863)
Share-based payments	–	(295)	–	–	(295)
Balance at 30 June 2024	23,673	2,476	(34,277)	(17,030)	(25,158)

Note 23. Non-controlling interests

The non-controlling interest represents the 20% non-controlling interest in Warwick Farm Automotive Pty Ltd held by the dealer principal and 5% non-controlling interest in PWA Regional Automotive Pty Ltd held by the dealer principal.

Movements in the non-controlling interest are as follows:

	Consolidated	
	2024 $'000	2023 $'000
Net assets	59,568	–
Net assets attributable to NCI	8,468	–
Revenue	235,774	–
Profit	8,444	–
Total comprehensive income	8,444	–
Profit allocated to NCI	1,358	–

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Note 24. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2024 $'000	2023 $'000
Final dividend for the year ended 30 June 2022 of 13 cents per fully paid ordinary share (fully franked)	–	22,350
Interim dividend for the year ended 30 June 2023 of 11 cents per fully paid ordinary share (fully franked)	–	18,911
Final dividend for the year ended 30 June 2023 of 11 cents per fully paid ordinary share (fully franked)	18,928	–
Interim dividend for the year ended 30 June 2024 of 8.5 cents per fully paid ordinary share (fully franked)	14,626	–
	33,554	41,261

On 20 August 2024, the Directors declared a fully franked dividend of 6.0 cents per fully paid ordinary shares with a record date of 4 September 2024 to be paid on 2 October 2024.

Franking credits

	Consolidated	
	2024 $'000	2023 $'000
Franking account balance at 30 June	58,147	58,557
Imputation credits that will arise from the payment of the current tax liability	(2,987)	(1,675)
Adjusted franking account balance	55,160	56,882
Imputation credits that will arise from the payments of dividends declared but not recognised in the financial statements	(4,429)	(8,105)
Adjusted franking account balance after payment of recognised dividend amounts	50,731	48,777

Note 25. Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (which included foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses 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 monthly basis.

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Market risk

Foreign currency risk

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

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

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

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

	2024		2023	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bailment finance and EMA vehicle funding	6.52%	447,491	5.18%	297,512
Capital loan	6.68%	95,892	5.15%	58,917
Net exposure to cash flow interest rate risk		543,383		356,429

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

For the Group the borrowings outstanding, totalling $543,383,000 (2023: $356,429,000), are principal and interest payment loans. An official increase/decrease in interest rates of 50 basis point (2023: 50 basis point) would have an adverse/favourable effect on profit before tax of $2,717,000 (2023: $1,782,000) per annum.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected credit loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

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

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group utilises bailment finance facilities to fund floor plan inventory for both new and used vehicles. Information on available facilities can be found in note 18 and a description of the bailment finance facilities can be found in note 2.

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Note 25. Financial instruments *continued*

Remaining contractual maturities

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

Consolidated – 2024	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	24,802	–	–	–	24,802
GST payable	–	4,702	–	–	–	4,702
Other payables and accruals	–	50,124	–	–	–	50,124
Interest-bearing – variable						
Bailment finance and EMA vehicle funding	6.52%	472,208	–	–	–	472,208
Capital loan	6.68%	17,820	17,032	46,316	41,824	122,992
Interest-bearing – fixed rate						
Lease liability	5.60%	32,976	33,022	94,208	175,032	335,238
Total non-derivatives		602,632	50,054	140,524	216,856	1,010,066

Consolidated – 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	24,759	–	–	–	24,759
GST payable	–	3,075	–	–	–	3,075
Other payables and accruals	–	29,329	–	–	–	29,329
Interest-bearing – variable						
Bailment finance and EMA vehicle funding	5.18%	310,262	–	–	–	310,262
Capital loan	5.15%	10,404	9,966	27,328	26,415	74,113
Interest-bearing – fixed rate						
Lease liability	5.27%	29,103	27,354	80,051	155,723	292,231
Total non-derivatives		406,932	37,320	107,379	182,138	733,769

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

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Note 26. Fair value measurement

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

Valuation techniques for fair value measurements categorised within level 3

The basis of the Directors' valuation of land and buildings is the assessed fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction at balance date, based on current prices in an active market for similar properties in the same location and condition. An independent desktop valuation was undertaken in June 2024 on the Group's Southport Queensland properties and an independent valuation on the Group's Warwick Farm property in May 2023.

No revaluation increment has been recorded in the current year in relation to the Southport properties. Directors have undertaken an assessment on the Warwick Farm property and concluded there is no movement in the fair value.

Level 3 assets and liabilities

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

Consolidated	Land and buildings $'000
Balance at 1 July 2022	199,220
Gains recognised in other comprehensive income	27,600
Depreciation	(2,261)
Balance at 30 June 2023	224,559
Additions and transfers	4,215
Disposals	(5)
Depreciation	(2,441)
Balance at 30 June 2024	226,328

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Note 26. Fair value measurement *continued*

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

Unobservable inputs and sensitivities	2024	2023
Valuation technique	Summation, income capitalisation and direct comparison	Summation, income capitalisation and direct comparison
Key input	External valuations industry benchmarks	External valuations industry benchmarks
Input	Capitalisation rate	Capitalisation rate
Capitalisation rate		
– range	5.75%-6.5%	5.0%-6.4%
– weighted average	6.3%	6.2%
Sensitivity	A slight increase in the capitalisation rate used would result in a significant decrease in fair value and vice versa	A slight increase in the capitalisation rate used would result in a significant decrease in fair value and vice versa
Other key information	Rate/m^2 of net lettable area	Rate/m^2 of net lettable area
Rate/m^2 of net lettable area		
– range	\$239/m^2-\$577/m^2	\$239/m^2-\$577/m^2
– weighted average	\$383/m^2	\$382/m^2
Sensitivity	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa

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

Note 27. 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	
	2024 \$	2023 \$
Short-term employee benefits	3,045,520	3,024,920
Post-employment benefits	110,413	111,316
Long-term benefits	18,062	(13,059)
Share-based payments	(113,506)	203,483
	3,060,489	3,326,660

Changes in key management personnel

Mark Weaver has stepped down from the role of Chief Executive Officer effective 1 July 2024.

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Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG Australia, the auditor of the Company:

	Consolidated	
	2024 $	2023 $
Audit services – KPMG Australia (2023: Deloitte Touche Tohmatsu)		
Audit or review of the financial statements	557,393	642,000
Other services – KPMG Australia (2023: Deloitte Touche Tohmatsu)		
Tax compliance and advisory services	–	224,146
Regulatory assurance services	5,000	–
Other consulting services	13,000	14,000
	18,000	238,146
	575,393	880,146

Note 29. Contingent liabilities

	Consolidated	
	2024 $'000	2023 $'000
Bank guarantees	10,313	4,875

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

Note 30. Related party transactions

Parent entity

Peter Warren Automotive Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the Directors' report.

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Note 30. Related party transactions *continued*

Transactions with related parties

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

	2024 $	2023 $
Revenue received from Director related entities:*		
Sale of goods	–	1,107,293
Rental payments	80,003	863,692
Shared service charges	4,800	7,903,854
Expenses paid/payable to Director related entities:*		
Lease payments	7,378,674	6,321,334
Purchase of goods	–	1,041,109
Receivables/(payables) with related parties		
The following balances were outstanding at the end of the year:		
Amounts receivable from Director related entities*	3,902	1,217,667
Amounts payable to Director related entities*	–	(431,383)

* Director related entities are entities owned by Paul Warren

Terms and conditions

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

Note 31. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $'000	2023 $'000
Profit after income tax	27,115	44,913
Total comprehensive income	27,115	44,913

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Statement of financial position

	Parent	
	2024 $'000	2023 $'000
Total current assets	4,362	3,798
Total assets	772,982	744,617
Total current liabilities	286	344
Total liabilities	251,948	216,843
Equity		
Issued capital	493,872	493,872
Reserves	1,833	2,128
Retained profits	25,329	31,774
Total equity	521,034	527,774

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

The parent entity had no guarantees other than the deed of cross guarantee in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

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

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

Note 32. Business combinations

2024 Acquisitions

Acquisition of Warwick Farm Toyota and Bathurst Toyota and Volkswagen

On 7 July 2023, the Group acquired a majority share in three related party dealerships in New South Wales, being the Toyota dealership at Warwick Farm at 80% and the Toyota and Volkswagen dealerships in Bathurst at 95%. The goodwill of $49.3 million represents the future potential profits from the acquired dealerships.

Acquisition of Macarthur Mazda, Nissan, MG & LDV

On 1 March 2024, the Group acquired a dealership in New South Wales, being Macarthur Mazda, Nissan, MG and LDV. The goodwill of $24.8 million represents the future potential profits from the acquired dealerships.

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Note 32. Business combinations *continued*

Other acquisitions

On 4 June 2024, the Group acquired a dealership in New South Wales, being Cowra Toyota. The goodwill of $2.5 million represents the future potential profits from the acquired dealerships.

Acquisition related costs have been excluded from the consideration transferred and been recognised as an expense in the profit and loss for the period ended 30 June 2024.

From the date of acquisition, the businesses acquired during the year contributed revenues of $270,706,000 and profit before tax of $11,277,000.

Details of the acquisition are as follows:

	Warwick Farm Toyota and Bathurst Toyota and Volkswagen Fair value $'000	Macarthur Mazda, Nissan, MG & LDV Fair value $'000	Other Fair value $'000	Total $'000
Cash and cash equivalents	7,628	326	1	7,955
Trade and other receivables	2,570	919	21	3,510
Inventories	14,714	20,019	181	34,914
Other assets	–	248	–	248
Plant and equipment	1,728	791	170	2,689
Right-of-use	6,290	30,812	529	37,631
Customer relationships	1,965	1,002	–	2,967
Deferred tax asset	119	–	–	119
Trade and other payables	(11,007)	(1,427)	(168)	(12,602)
Provision for income tax	(100)	138	–	38
Deferred tax liability	(590)	(301)	–	(891)
Employee benefits	(1,135)	(744)	(110)	(1,989)
Borrowings	(14,063)	(20,013)	–	(34,076)
Lease liabilities	(6,290)	(30,812)	(529)	(37,631)
Net assets acquired	1,829	958	95	2,882
Goodwill	49,295	24,799	2,540	76,634
Non-controlling interest	(7,110)	–	–	(7,110)
Acquisition-date fair value of the total consideration transferred	44,014	25,757	2,635	72,406
Representing:				
Cash paid or payable to vendor	44,014	25,757	2,635	72,406
Cash used to acquire business, net of cash acquired:				
Acquisition-date fair value of the total consideration transferred	44,014	25,757	2,635	72,406
Less: cash and cash equivalents	(7,628)	(326)	(1)	(7,955)
Net cash used	36,386	25,431	2,634	64,451

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As part of the Warwick Farm Automotive acquisition the Group also acquired 100% of used vehicles from WF Automotive for $1,273,000.

As part of the Macarthur Nissan, MG and LDV acquisition the Group also acquired 100% of used vehicles from Macarthur District Motors for $1,215,000.

Note 33. Interests in subsidiaries

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

		Ownership interest	
Name	Principal place of business/ Country of incorporation	2024 %	2023 %
PWA Holdings Two Pty Limited	Australia	100%	100%
PWA Holdings Three Pty Limited	Australia	100%	100%
Peter Warren Automotive Pty Limited	Australia	100%	100%
WP Automotive Pty Limited	Australia	100%	100%
North Shore Automotive Pty Limited	Australia	100%	100%
Sydney North Shore Automotive Pty Limited	Australia	100%	100%
Frizelle Investments Pty Limited	Australia	100%	100%
James Frizelle's Automotive Group Pty Limited	Australia	100%	100%
Southport Mazda Pty Limited*	Australia	80%	80%
Robina Mazda Pty Limited*	Australia	80%	80%
Lismore Mazda Pty Limited*	Australia	80%	80%
Tweed Heads Mazda Pty Limited*	Australia	80%	80%
Sunshine Group Pty Limited	Australia	100%	100%
PWA Properties Pty Limited	Australia	100%	100%
ACN 648 007 407 Pty Limited	Australia	100%	100%
Peter Warren Automotive Investments Pty Limited	Australia	100%	100%
Peter Warren Automotive Holdings Limited Employee Share Trust**	Australia	100%	100%
Penfold Motors Burwood Pty Limited	Australia	100%	100%
Doncaster European Pty Limited	Australia	100%	100%
Doncaster European Unit Trust	Australia	100%	100%
Frankston Motors Pty Limited	Australia	100%	100%
Frankston Mazda Unit Trust	Australia	100%	100%
Burwood Mazda Pty Limited*	Australia	80%	80%
Bayside Mazda Pty Limited*	Australia	80%	80%
ACN 655 387 885 Pty Limited	Australia	100%	100%
Warwick Farm Automotive Pty Limited	Australia	80%	100%
PWA Regional Automotive Pty Limited	Australia	95%	–
Rinoak Pty Limited	Australia	80%	–

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

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

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Note 34. Deed of cross guarantee

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

Peter Warren Automotive Holdings Limited
PWA Holdings Two Pty Limited
PWA Holdings Three Pty Limited
Peter Warren Automotive Pty Limited
WP Automotive Pty Limited
North Shore Automotive Pty Limited
Sydney North Shore Automotive Pty Limited
Frizelle's Investments Pty Limited
James Frizelle's Automotive Group Pty Limited
PWA Properties Pty Limited
Peter Warren Automotive Investments Pty Limited
ACN 648 007 407 Pty Limited
ACN 655 387 885 Pty Limited
Penfold Motors Burwood Pty Limited
Doncaster European Pty Limited
Frankston Motors Pty Limited

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

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

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

Statement of profit or loss and other comprehensive income	2024 $'000	2023 $'000
Revenue	1,941,093	1,768,631
Other income	700	12,142
Interest revenue calculated using the effective interest method	719	531
Raw materials and consumables purchased	(1,603,829)	(1,440,215)
Employee benefits expense	(159,593)	(145,294)
Depreciation and amortisation expense	(29,335)	(26,829)
Other expenses	(73,735)	(63,029)
Finance costs	(34,872)	(23,708)
Profit before income tax expense	41,148	82,229
Income tax expense	(12,662)	(25,093)
Profit after income tax expense	28,486	57,136
Other comprehensive income		
Gain on the revaluation of land and buildings, net of tax	–	19,320
Other comprehensive income for the year, net of tax	–	19,320
Total comprehensive income for the year	28,486	76,456

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Statement of financial position	2024 $'000	2023 $'000
Current assets		
Cash and cash equivalents	24,257	42,687
Trade and other receivables	88,473	73,729
Inventories	399,020	325,272
Income tax refund due	2,987	1,675
Other assets	13,380	10,767
	528,117	454,130
Non-current assets		
Other assets	3,303	2,175
Property, plant and equipment	270,755	272,712
Right-of-use assets	152,015	145,757
Intangibles	286,819	241,548
Deferred tax	7,223	7,371
	720,115	669,563
Total assets	1,248,232	1,123,693
Current liabilities		
Trade and other payables	86,245	80,210
Contract liabilities	525	1,179
Borrowings	376,471	270,966
Lease liabilities	15,919	14,508
Employee benefits	23,804	22,278
	502,964	389,141
Non-current liabilities		
Contract liabilities	588	182
Borrowings	84,192	51,917
Lease liabilities	167,120	159,670
Employee benefits	2,455	1,925
Provisions	240	230
	254,595	213,924
Total liabilities	757,559	603,065
Net assets	490,673	520,628
Equity		
Issued capital	460,102	493,685
Reserves	(25,158)	(24,863)
Retained profits	47,261	51,806
Non-controlling interests	8,468	–
Total equity	490,673	520,628

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Note 35. Cash flow information

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

	Consolidated	
	2024 $'000	2023 $'000
Profit after income tax expense for the year	37,443	56,362
Adjustments for:		
Depreciation and amortisation	34,597	30,791
Profit on disposal of property, plant and equipment	(5)	(17)
Share-based payments	(295)	822
Change in operating assets and liabilities:		
Increase in trade and other receivables and other assets	(36,158)	(10,592)
Increase in inventories	(80,990)	(87,605)
Increase in bailment finance and EMA vehicle funding	115,903	96,925
(Decrease)/increase in deferred tax assets	(1,442)	10,244
Increase/(decrease) in trade and other payables	9,863	(7,050)
Decrease in contract liabilities	(97)	(165)
Decrease in provision for income tax	(930)	(11,906)
Increase in other provisions	1,644	2,240
Decrease in customer deposits	(4,519)	(6,202)
Net cash from operating activities	75,014	73,847

Non-cash investing and financing activities

	Consolidated	
	2024 $'000	2023 $'000
Remeasurements to the right-of-use assets	9,699	9,085
Addition to the right-of-use assets	55	1,777
	9,754	10,862

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Changes in liabilities arising from financing activities

Consolidated	Borrowings – Capital loan $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2022	65,917	225,023	290,940
Cash used in financing activities	(7,000)	(16,823)	(23,823)
Remeasurement of leases	–	10,862	10,862
Balance at 30 June 2023	58,917	219,062	277,979
Cash used in financing activities	36,975	(19,215)	17,760
Lease additions	–	55	55
Changes through business combinations (note 32)	–	37,631	37,631
Remeasurement of leases	–	9,699	9,699
Balance at 30 June 2024	95,892	247,232	343,124

Note 36. Earnings per share

	Consolidated	
	2024 $'000	2023 $'000
Profit after income tax	37,443	56,362
Non-controlling interest	(1,358)	–
Profit after income tax attributable to the owners of Peter Warren Automotive Holdings Limited	36,085	56,362

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	171,955,516	171,920,586
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	926,566	594,793
Weighted average number of ordinary shares used in calculating diluted earnings per share	172,882,082	172,515,379

	Cents	Cents
Basic earnings per share	20.99	32.78
Diluted earnings per share	20.87	32.67

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Note 37. Share-based payments

Performance rights issued

FY24 Long Term Incentive

Performance rights issued during the year ended 30 June 2024, were issued in accordance with the Group's Long Term Incentive (Equity) Plan. The performance rights are subject to one performance measure (underlying EPS) and vest over a 3 year period from 1 July 2023 to 30 June 2026. There is no exercise price.

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

FY23 Long Term Incentive

Performance rights issued during the year ended 30 June 2023, were issued in accordance with the Group's Long Term Incentive (Equity) Plan. The performance rights are subject to one performance measure (underlying EPS) and vest over a 3 year period from 1 July 2022 to 30 June 2025. There is no exercise price.

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

FY22 Long Term Incentive

Performance rights issued during the year ended 30 June 2022, were issued in accordance with the Group's Long Term Incentive (Equity) Plan. The performance rights are subject to one performance measure (underlying EPS) and vest over a 3 year period from 1 July 2021 to 30 June 2024. There is no exercise price.

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

Restricted rights issued

FY22 Short Term Incentive – deferred equity

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

Set out below are summaries of rights granted under the Group's Long Term Incentive (Equity) Plan and Short Term Incentive (Equity) Plan:

2024	Grant date	Fair Value	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
FY22 long term incentive	23/09/2021	$3.06	$0.00	61,929	–	–	–	61,929
FY22 long term incentive	19/01/2022	$2.90	$0.00	82,253	–	–	–	82,253
FY22 short term incentive – deferred equity	12/09/2022	$2.04	$0.00	306,984	28,498	(335,482)	–	–
FY23 long term incentive	01/02/2023	$2.79	$0.00	420,832	–	–	–	420,832
FY24 long term incentive	13/10/2023	$2.50	$0.00	–	440,929	–	–	440,929
				871,998	469,427	(335,482)	–	1,005,943

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

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

Loan shares

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

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

Note 38. Events after the reporting period

Acquisition of Brisbane Ferrari

On 2 July 2024, the Group completed the acquisition of a Ferrari dealership in Brisbane. The acquisition is subject to final completion adjustments. The total estimated purchase price of $7.1 million is comprised of provisional goodwill ($7.0 million) and estimated net assets ($0.1 million). The acquisition was funded from cash.

Apart from the dividend declared as disclosed in note 24, no other matter or circumstance has arisen since 30 June 2024 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.

Consolidated Entity Disclosure Statement

As at 30 June 2024

Section 295(3A) of the *Corporations Act 2001* requires a Consolidated Entity Disclosure Statements (CEDS) be included in the financial report.

This statement includes details of all consolidated entities including names, ownership interests, place of incorporation and tax residency as at the end of the financial year. All consolidated entities are Australian Tax Residents as defined in the *Income Tax Assessment Act 1997*. No judgment was required in determining tax residency as the Group's operations are solely based in Australia.

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident
Peter Warren Automotive Holdings Limited	Body corporate	Australia	–	Australian
PWA Holdings Two Pty Limited	Body corporate	Australia	100%	Australian
PWA Holdings Three Pty Limited	Body corporate	Australia	100%	Australian
Peter Warren Automotive Pty Limited	Body corporate	Australia	100%	Australian
WP Automotive Pty Limited	Body corporate	Australia	100%	Australian
North Shore Automotive Pty Limited	Body corporate	Australia	100%	Australian
Sydney North Shore Automotive Pty Limited	Body corporate	Australia	100%	Australian
Frizelle Investments Pty Limited	Body corporate	Australia	100%	Australian
James Frizelle's Automotive Group Pty Limited	Body corporate	Australia	100%	Australian
Southport Mazda Pty Limited	Body corporate	Australia	80%	Australian
Robina Mazda Pty Limited	Body corporate	Australia	80%	Australian
Lismore Mazda Pty Limited	Body corporate	Australia	80%	Australian
Tweed Heads Mazda Pty Limited	Body corporate	Australia	80%	Australian
Sunshine Group Pty Limited	Body corporate	Australia	100%	Australian
PWA Properties Pty Limited	Body corporate	Australia	100%	Australian
ACN 648 007 407 Pty Limited (formerly known as PlatesQ Pty Ltd)	Body corporate	Australia	100%	Australian
Peter Warren Automotive Investments Pty Limited	Body corporate	Australia	100%	Australian
Peter Warren Automotive Holdings Limited Employee Share Trust	Trust	Australia	N/A	Australian
Penfold Motors Burwood Pty Limited	Body corporate	Australia	100%	Australian
Doncaster European Pty Limited	Body corporate	Australia	100%	Australian
Doncaster European Unit Trust	Trust	Australia	N/A	Australian
Frankston Motors Pty Limited	Body corporate	Australia	100%	Australian
Frankston Mazda Unit Trust	Trust	Australia	N/A	Australian
Burwood Mazda Pty Limited	Body corporate	Australia	80%	Australian
Bayside Mazda Pty Limited	Body corporate	Australia	80%	Australian
ACN 655 387 885 Pty Limited	Body corporate	Australia	100%	Australian
Warwick Farm Automotive Pty Limited	Body corporate	Australia	80%	Australian
PWA Regional Automotive Pty Limited	Body corporate	Australia	95%	Australian
Rinoak Pty Limited	Body corporate	Australia	80%	Australian

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Directors' Declaration

30 June 2024

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 2024 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;
- 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 34 to the financial statements; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

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

On behalf of the Directors

John Ingram
Chair

20 August 2024
Sydney

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Independent Auditor's Report

to the members of Peter Warren Automotive Holdings Limited

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Independent Auditor's Report

To the shareholders of Peter Warren Automotive Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Peter Warren Automotive Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024;
- Notes, including material accounting policies;
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and 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 fulfilled our other ethical responsibilities in accordance with these requirements.

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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 of the current period.

This matter was 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 this matter.

Goodwill ($315m)	
Refer to Note 14 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 22% of total assets). We focused on the significant forward-looking assumptions the Group applied in their value in use model, including: • Forecast cash flows, revenue growth rate (Revenue CAGR), gross margin and terminal growth rate of the Group. During the current year, challenging consumer sentiment and competitive market conditions, have impacted the Group through margin pressure. These conditions increase the possibility of goodwill being impaired; • Forecast gross margin, which in addition to the risk and uncertainties described above, is highly sensitive in the Group's model to small changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy; and • Discount rates which are complicated in nature and vary according to the conditions and environment that the specific cash generating unit (CGU) is subject to from time to time, and the model's approach to incorporating risks into the cash flows or discount rates.	Working with our valuation specialists, our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards; • We assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas; • We compared the forecast cash flows contained in the value in use model to Board approved forecasts; • We assessed the accuracy of the Group's previous forecasts to inform our evaluation of forecasts incorporated in the model; • We challenged the Group's significant forecast cash flow, Revenue CAGR, gross margin and terminal growth assumptions, in light of the expected continuation of competitive market conditions. We applied increased scepticism to forecasts in areas where previous forecasts were not achieved. We compared forecast revenue CAGR and terminal growth rate to published studies of industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance, business and customers, and our industry experience; • We checked the consistency of the revenue CAGR to the Group's stated plan and strategy, past performance of the Group, and our experience regarding the feasibility of these in the industry in which they operate; • We independently developed a discount rate range using publicly available data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in;

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The Group's model for the annual testing of goodwill for impairment uses a Board approved budget, and a range of internal and external sources as inputs to the assumptions. The Group have not met prior forecasts, raising our concern for reliability of current forecasts. Complex modelling using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• We considered the sensitivity of the model by varying key assumptions, such as discount rate, revenue CAGR, gross margin and terminal growth rate within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures; and • We assessed the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Peter Warren Automotive Holdings Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the Corporations Act, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the Corporations Act, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Peter Warren Automotive Holdings Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 24 to 40 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Julie Cleary

Partner

Sydney

20 August 2024

Shareholder Information

30 June 2024

The shareholder information set out below was applicable as at 13 August 2024.

Distribution of equity securities

	Ordinary shares		FY22 LTI performance rights over ordinary shares		FY23 LTI performance rights over ordinary shares		FY24 LTI performance rights over ordinary shares	
	Number of holders	% of total shares	Number of holders	% of total rights	Number of holders	% of total rights	Number of holders	% of total rights
1 to 1,000	580	25.23	–	–	–	–	–	–
1,001 to 5,000	809	35.19	–	–	–	–	–	–
5,001 to 10,000	443	19.27	6	34.23	–	–	–	–
10,001 to 100,000	409	17.79	5	65.77	13	100.00	13	76.78
100,001 and over	58	2.52	–	–	–	–	1	23.22
	2,299	100.00	11	100.00	13	100.00	14	100.00
Holding less than a marketable parcel	132	5.74	–	–	–	–	–	–

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
WF Property Holdings Pty Ltd	33,103,448	19.22
The Warren Family Pty Ltd	31,139,583	18.08
BNP Paribas Nominees Pty Ltd	16,571,480	9.62
S M A Motors Pty Limited	15,705,197	9.12
Citicorp Nominees Pty Limited	15,523,400	9.01
UBS Nominees Pty Ltd	9,849,452	5.72
Frizelle Family Company Pty Ltd	6,215,007	3.61
J P Morgan Nominees Australia Pty Limited	2,945,229	1.71
JA & RA Eastham Pty Ltd	1,664,251	0.97
Golden Way Investments Proprietary Limited	1,552,719	0.90
Hog Pty Ltd	1,552,719	0.90
Netwealth Investments Limited	1,385,252	0.80
S.A.J. Nominees (Vic) Pty Ltd	1,293,932	0.75
HSBC Custody Nominees (Australia) Limited – GSI EDA	1,265,063	0.73
Wildash (Qld) Pty Ltd	1,011,179	0.59
Prudential Nominees Pty Ltd	1,000,000	0.58
HSBC Custody Nominees (Australia) Limited	928,286	0.54
Neweconomy Com Au Nominees Pty Limited	848,408	0.49
BNP Paribas Nominees Pty Ltd	758,674	0.44
DMP & Associates Pty Limited	739,972	0.43
Merrill Lynch (Australia) Nominees Pty Limited	727,100	0.42
	145,780,351	84.63

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Unquoted equity securities

	Number on issue	Number of holders
FY22 LTI performance rights over ordinary shares	144,182	11
FY23 LTI performance rights over ordinary shares	420,832	13
FY24 LTI performance rights over ordinary shares	440,929	14

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Mark Weaver	FY22 LTI performance rights over ordinary shares	39,758
Mark Weaver	FY23 LTI performance rights over ordinary shares	100,000
Mark Weaver	FY24 LTI performance rights over ordinary shares	102,392

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Warren Family	64,282,016	37.32
Regal Funds Management Pty Limited	18,623,299	10.81
Magellan Financial Group Limited	17,498,228	10.16
S.M.A Motors Pty Limited	15,705,197	9.12
UniSuper Limited	15,425,607	8.96

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.

Corporate Directory

30 June 2024

Directors

John Ingram – Chair
Paul Warren
Catherine West
Niran Peiris
John Eastham

Company Secretary

Victor Cuthell

Notice of annual general meeting

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

The annual general meeting will be held on Tuesday, 22 October 2024

Closing date for receipt of Director nominations: Tuesday, 20 August 2024

Registered office

13 Hume Highway
Warwick Farm NSW 2170

Tel: +61 2 8777 5858

Principal place of business

13 Hume Highway
Warwick Farm NSW 2170

Tel: +61 2 8777 5858

Share register

Link Market Services Limited

Level 12
680 George Street
Sydney NSW 2000

Tel: +61 2 8280 7001

Auditor

KPMG Australia

300 Barangaroo Avenue
Sydney NSW 2000

Solicitors

Gilbert + Tobin

200 Barangaroo Avenue
Barangaroo NSW 2000

Bankers

Westpac Banking Corporation

275 Kent Street
Sydney NSW 2000

Stock exchange listing

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

Website

www.pwah.com.au

Business objectives

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

Corporate Governance Statement

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

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

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