

ASX ANNOUNCEMENT

21 February 2024

Peter Warren Automotive Holdings Limited**Appendix 4D and H1 FY24 Interim Report**

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

- Appendix 4D – Half Year Report; and
- Interim Report for the half year ended 31 December 2023.

Authorised for lodgement by the Board of Peter Warren Automotive Holdings Limited.

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

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About Peter Warren

Peter Warren is an Automotive Dealership group with a rich heritage that has been operating in Australia for over 60 years. The Company operates 80+ franchise operations and represents more than 27 OEMs across the volume, prestige and luxury segments. Peter Warren operates across the eastern seaboard under various banners including Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group, Bathurst Toyota and Volkswagen and Euro Collision Centre.

1. Company details

Name of entity:	Peter Warren Automotive Holdings Limited
ACN:	615 674 185
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	21.1% to	1,202,674
Profit from ordinary activities after tax attributable to the owners of Peter Warren Automotive Holdings Limited	down	28.9% to	21,438
Profit for the half-year attributable to the owners of Peter Warren Automotive Holdings Limited	down	28.9% to	21,438

Comments

The profit for the Group after providing for income tax and non-controlling interests amounted to \$21,438,000 (31 December 2022: \$30,159,000).

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	157.69	162.91

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)	WF Automotive Pty Ltd and PWA Regional Pty Ltd.
Date control gained	7 July 2023

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 30 June 2024	8.5	8.5

On 20 February 2024, the directors declared a fully franked dividend of 8.5 cents per fully paid ordinary share with a record date of 28 February 2024 to be paid on 27 March 2024.

Previous period

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the year ended 30 June 2023	11.0	11.0

On 21 February 2023, the directors declared a fully franked dividend of 11.0 cents per fully paid ordinary share with a record date of 28 February 2023 which was paid on 31 March 2023.

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.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Peter Warren Automotive Holdings Limited for the half-year ended 31 December 2023 is attached.

12. Signed

Signed



John Ingram
Chair

Date: 20 February 2024

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Peter Warren Automotive Holdings Limited

ACN 615 674 185

Interim Report - 31 December 2023

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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 half-year ended 31 December 2023.

Directors

The following persons were Directors of Peter Warren Automotive Holdings Limited during the whole of the financial half-year and up to the date of this report:

John Ingram - Independent Chairman
Niran Peiris - Lead Independent Non-executive Director
Paul Warren - Executive Director
Catherine West - Independent Non-executive Director

Principal activities

The principal activities of the Group during the half-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 half-year.

Dividends

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

	Consolidated Half-year ended 31 Dec 2023 \$'000	Half-year ended 31 Dec 2022 \$'000
Dividend paid on ordinary shares during the half-year ended 31 December 2023 (2022: 31 December 2022)	18,928	22,350

On 20 February 2024, the directors declared a fully franked dividend of 8.5 cents per fully paid ordinary share with a record date of 28 February 2024 to be paid on 27 March 2024. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2023 financial statements and will be recognised in subsequent financial reports.

Operating and financial review

Financial result summary

Financial results for the half-year ended 31 December 2023 (H1 FY24) are summarised as follows:

Financial results	H1 FY24 \$'m	H1 FY23 \$'m	Variance %
Revenue	1,203.1	999.0	20.4%
Gross profit	211.7	196.0	8.0%
EBITDA - underlying	71.3	70.6	1.0%
Acquisition related expenses	(0.6)	-	-
Mercedes Benz legal fees	(1.3)	-	-
Restructure costs	(0.7)	-	-
EBITDA	68.7	70.6	(2.7%)
EBIT	52.0	55.5	(6.3%)
PBT - statutory	31.8	43.2	(26.4%)

H1 FY24 results overview

Sales revenue growth of 20.4% reflects significant organic growth in service, parts, accessories, new cars, used cars and aftermarket products and an increase associated with the recently acquired dealerships. Both organic and acquisition growth are expected to continue.

Gross margin % declined 70bps relative to H2 FY23, reflecting the impact of the newly acquired dealerships which have a lower gross margin (-80bps) and a reduction in new car margins as a result of increasing supply (-30bps). This was partially offset by other gross profit improvements (+40 bps).

Underlying operating expenses excluding one-off costs and the newly acquired dealerships increased by 5.0% on H1 FY23. This was a pleasing result considering the current inflationary environment and the increases in volumes we delivered. This was achieved after a program of cost strategies including cost reductions (\$7m p.a.), cost-recovery and leveraging of fixed costs with increased volumes.

Interest costs increased by \$7.9m on the prior period and had a significant impact on our financial performance. This increase was due to higher interest rates (+\$3.9m), increased inventory levels (+\$2.1m) and acquisition-related factors (+\$1.9m).

Market conditions

The total quantity of vehicles supplied into the Australian market by OEM's has now increased, however, the mix of models and brands is not fully aligned to customer demand and inventory levels have increased. At the same time, a significant order bank remains in place and this is expected to underpin deliveries and revenues in the period ahead.

Peter Warren remains focused on the basics of automotive retail: inventory management, gross profit management and delivering a first-class customer experience. This focus will continue to support our results.

We are well positioned for the transition to New Energy Vehicles (NEV). Peter Warren currently offers 71 EV, PHEV and hybrid models across a wide range of brands and budgets. Most of our facilities are NEV ready and we continue our focus on opportunities arising from complementary offerings and the adoption of new revenue streams.

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:

	Half-year ended 31 Dec 2023	Half-year ended 31 Dec 2022
Net profit after tax	22.2	30.1
Depreciation and amortisation	16.7	15.1
Income tax expense	9.6	13.1
Net interest	20.2	12.3
Acquisition related expenses	0.6	-
Mercedes Benz legal fees	1.3	-
Restructure costs	0.7	-
Underlying EBITDA	71.3	70.6

Material business risks

As at the date of this report, the Material Business risks remain consistent with those disclosed in the Group's 2023 Annual report.

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 at 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.

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

Changes in key management personnel

There were no changes in key management personnel during the half-year ended 31 December 2023.

Matters subsequent to the end of the financial half-year

Acquisition of Macarthur Mazda, MG, Nissan and LDV

On 17 January 2024, the Group announced the planned acquisition of a multi-franchised dealership group in Macarthur, New South Wales. The businesses to be acquired are Macarthur Mazda, Macarthur MG, Macarthur Nissan and Macarthur LDV. The acquisition consideration of approximately \$27.0 million, which includes goodwill plus net assets at completion, will be funded from cash and debt. The transaction is subject to OEM approvals and is expected to complete in the coming months.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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

On behalf of the Directors



John Ingram
Chair

20 February 2024
Sydney



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 review of Peter Warren Automotive Holdings Limited for the half-year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Julie Cleary', written over a faint rectangular box.

Julie Cleary

Partner

Sydney

20 February 2024

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Peter Warren Automotive Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



		Consolidated	
		Half-year ended 31	Half-year ended 31
	Note	Dec 2023	Dec 2022
		\$'000	\$'000
Revenue	4	1,202,256	992,778
Other income	5	406	5,983
Interest revenue calculated using the effective interest method		418	282
Expenses			
Changes in inventories		73,653	56,714
Raw materials and consumables purchased		(1,065,042)	(859,724)
Employee benefits expense		(102,490)	(92,301)
Depreciation and amortisation expense	6	(16,659)	(15,136)
Occupancy costs		(423)	(416)
Advertising expense		(4,749)	(4,149)
Insurance expense		(6,241)	(4,042)
Motor vehicle expense		(4,867)	(3,971)
Acquisition expenses		(607)	-
Other expenses		(23,634)	(20,540)
Finance costs	6	(20,197)	(12,238)
Profit before income tax expense		31,824	43,240
Income tax expense		(9,629)	(13,081)
Profit after income tax expense for the half-year		22,195	30,159
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>22,195</u>	<u>30,159</u>
Profit for the half-year is attributable to:			
Non-controlling interests		757	-
Owners of Peter Warren Automotive Holdings Limited		21,438	30,159
		<u>22,195</u>	<u>30,159</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interests		757	-
Owners of Peter Warren Automotive Holdings Limited		21,438	30,159
		<u>22,195</u>	<u>30,159</u>
		Cents	Cents
Basic earnings per share	16	12.45	17.54
Diluted earnings per share	16	12.39	17.50

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

		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		23,912	50,635
Trade and other receivables		81,135	68,855
Inventories	7	449,348	360,992
Income tax refund due		4,374	1,675
Other assets		16,371	11,131
Total current assets		<u>575,140</u>	<u>493,288</u>
Non-current assets			
Other assets		2,830	2,175
Property, plant and equipment	8	277,487	275,457
Right-of-use assets		184,349	182,592
Intangibles	9	292,236	241,548
Deferred tax		10,391	9,794
Total non-current assets		<u>767,293</u>	<u>711,566</u>
Total assets		<u>1,342,433</u>	<u>1,204,854</u>
Liabilities			
Current liabilities			
Trade and other payables	10	82,663	87,153
Contract liabilities		1,061	1,179
Borrowings	11	411,162	304,512
Lease liabilities		18,917	17,360
Employee benefits		26,023	23,739
Total current liabilities		<u>539,826</u>	<u>433,943</u>
Non-current liabilities			
Contract liabilities		888	866
Borrowings	11	69,875	51,917
Lease liabilities		204,288	201,702
Employee benefits		2,287	1,925
Provisions		260	260
Total non-current liabilities		<u>277,598</u>	<u>256,670</u>
Total liabilities		<u>817,424</u>	<u>690,613</u>
Net assets		<u>525,009</u>	<u>514,241</u>
Equity			
Issued capital	12	493,872	493,872
Reserves		(24,472)	(24,863)
Retained profits		47,742	45,232
Equity attributable to the owners of Peter Warren Automotive Holdings Limited		<u>517,142</u>	<u>514,241</u>
Non-controlling interests		7,867	-
Total equity		<u>525,009</u>	<u>514,241</u>

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

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	493,872	(45,048)	30,131	478,955
Profit after income tax expense for the half-year	-	-	30,159	30,159
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	30,159	30,159
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	340	-	340
Dividends paid (note 13)	-	-	(22,350)	(22,350)
Balance at 31 December 2022	<u>493,872</u>	<u>(44,708)</u>	<u>37,940</u>	<u>487,104</u>

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 half-year	-	-	21,438	757	22,195
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	21,438	757	22,195
Acquisition of subsidiary with non-controlling interests	-	-	-	7,110	7,110
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	391	-	-	391
Dividends paid (note 13)	-	-	(18,928)	-	(18,928)
Balance at 31 December 2023	<u>493,872</u>	<u>(24,472)</u>	<u>47,742</u>	<u>7,867</u>	<u>525,009</u>

		Consolidated	
		Half-year	Half-year
		ended 31	ended 31
	Note	Dec 2023	Dec 2022
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,394,800	1,081,188
Receipts from government grants		711	3,098
Payments to suppliers and employees (inclusive of GST)		<u>(1,341,270)</u>	<u>(1,043,756)</u>
		54,241	40,530
Interest received		418	282
Interest and other finance costs paid		(19,260)	(11,446)
Income taxes paid		<u>(13,260)</u>	<u>(21,274)</u>
Net cash from operating activities		<u>22,139</u>	<u>8,092</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	15	(36,386)	-
Payments for property, plant and equipment	8	(5,391)	(5,834)
Proceeds from disposal of property, plant and equipment		<u>95</u>	<u>14</u>
Net cash used in investing activities		<u>(41,682)</u>	<u>(5,820)</u>
Cash flows from financing activities			
Proceeds from issue of share-based payments		-	24
Dividends paid	13	(18,928)	(22,350)
Proceeds from borrowings		37,000	-
Repayment of borrowings		(16,542)	(3,500)
Repayment of lease liabilities		<u>(8,710)</u>	<u>(7,898)</u>
Net cash used in financing activities		<u>(7,180)</u>	<u>(33,724)</u>
Net decrease in cash and cash equivalents		(26,723)	(31,452)
Cash and cash equivalents at the beginning of the financial half-year		<u>50,635</u>	<u>52,177</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>23,912</u></u>	<u><u>20,725</u></u>

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

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 half-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 February 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

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 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.

Note 3. Operating segments

Identification of reportable operating segments

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

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

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

Types of products and services

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

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. Intersegment leases have been accounted for on a cash basis.

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

Intersegment receivables, payables and loans

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

Major customers

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

Geographic Information

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

Note 3. Operating segments (continued)

Consolidated - Half-year ended 31 Dec 2023

	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
Revenue				
Sales to external customers	1,202,256	-	-	1,202,256
Total Revenue	1,202,256	-	-	1,202,256
Other income	366	5,145	(5,105)	406
Segment result				
Adjusted EBITDA	68,001	4,588	-	72,589
Depreciation and amortisation	(15,177)	(1,482)	-	(16,659)
Segment profit	52,824	3,106	-	55,930
Interest revenue	418	-	-	418
Finance costs	(17,358)	(2,839)	-	(20,197)
Profit before income tax expense and unallocated expenses	35,884	267	-	36,151
Unallocated expenses ¹				(4,327)
Profit before tax				31,824

Consolidated - 31 December 2023

	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
Assets				
Segment assets	1,123,632	311,625	(92,824)	1,342,433
Liabilities				
Segment liabilities	830,487	79,761	(92,824)	817,424
Net assets	293,145	231,864	-	525,009

Unallocated expenses comprise public company expenses of \$863,000 (H1 FY23: \$1,205,000), acquisition expenses of \$607,000 (H1 FY23: \$nil); key management personnel expenses of \$1,592,000 (H1 FY23: \$1,459,000), and Mercedes Benz legal fees of \$1,265,000 (H1 FY23: \$nil).

Note 3. Operating segments (continued)

Consolidated - Half-year ended 31 Dec 2022

	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
Revenue				
Sales to external customers	992,778	-	-	992,778
Total Revenue	992,778	-	-	992,778
Other income	5,557	4,790	(4,364)	5,983
Segment result				
Adjusted EBITDA	68,800	4,196	-	72,996
Depreciation and amortisation	(13,753)	(1,383)	-	(15,136)
Segment profit	55,047	2,813	-	57,860
Interest revenue	282	-	-	282
Finance costs	(10,780)	(1,458)	-	(12,238)
Profit before income tax expense and unallocated expenses	44,549	1,355	-	45,904
Unallocated expenses ¹				(2,664)
Profit before tax				43,240

Consolidated - 30 June 2023

	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
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 \$863,000 (H1 FY23: \$1,205,000), acquisition expenses of \$607,000 (H1 FY23: \$nil); key management personnel expenses of \$1,592,000 (H1 FY23: \$1,459,000), and Mercedes Benz legal fees of \$1,265,000 (H1 FY23: \$nil).

Note 4. Revenue

	Consolidated Half-year ended 31 Dec 2023 \$'000	Half-year ended 31 Dec 2022 \$'000
New and demonstrator vehicles	819,978	667,480
Used vehicles	157,033	136,012
Parts revenue	131,133	110,374
Service revenue	63,717	50,885
Finance and insurance	15,531	14,750
Aftermarket accessories	14,864	13,277
Revenue	<u>1,202,256</u>	<u>992,778</u>

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 5. Other income

	Consolidated Half-year ended 31 Dec 2023 \$'000	Half-year ended 31 Dec 2022 \$'000
Government grants - Boosting Apprenticeship subsidy received	331	2,140
Rent revenue*	73	427
Other income*	2	3,416
Other income	<u>406</u>	<u>5,983</u>

* Includes amounts received from related parties under a shared service agreement.

Government grants - Boosting Apprenticeship subsidy received

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

Note 6. Expenses

Profit before income tax includes the following specific expenses:

Depreciation

	Consolidated Half-year ended 31 Dec 2023 \$'000	Consolidated Half-year ended 31 Dec 2022 \$'000
Buildings	1,227	1,122
Leasehold improvements	460	422
Plant and equipment	3,160	3,082
Motor vehicles	142	126
Right-of-use assets	11,098	10,008

Total depreciation

16,087 14,760

Amortisation

Customer relationships	572	376
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Total depreciation and amortisation

16,659 15,136

Finance costs

Interest and finance charges paid/payable on external loans	2,838	1,457
Interest and finance charges paid/payable on lease liabilities	6,048	5,895
Bailment interest	11,311	4,886

Total finance costs

20,197 12,238

Note 7. Inventories

Current assets

	Consolidated 31 Dec 2023 \$'000	Consolidated 30 Jun 2023 \$'000
New and demonstrator vehicles	362,388	281,626
Less: Provision for impairment	(3,071)	(3,335)
	359,317	278,291

Used vehicles

51,925 49,399

Less: Provision for impairment

(2,671) (2,532)

49,254 46,867

Spare parts and accessories

40,051 35,361

Less: Provision for impairment

(1,024) (832)

39,027 34,529

Work in progress

441 326

Petrols, oils and grease

1,309 979

449,348 360,992

Note 8. Property, plant and equipment

	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Non-current assets</i>		
Land - at fair value	149,276	149,276
Buildings - at fair value	80,141	80,141
Less: Accumulated depreciation	(6,085)	(4,858)
	74,056	75,283
Leasehold improvements - at cost	18,168	17,079
Less: Accumulated depreciation	(2,065)	(1,523)
	16,103	15,556
Plant and equipment - at cost	90,822	86,633
Less: Accumulated depreciation	(57,531)	(53,421)
	33,291	33,212
Motor vehicles - at cost	3,507	2,615
Less: Accumulated depreciation	(1,153)	(1,121)
	2,354	1,494
Construction in progress - at cost	2,407	636
	277,487	275,457

Reconciliations

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

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
<i>Consolidated</i>							
Balance at 1 July 2023	149,276	75,283	15,556	33,212	1,494	636	275,457
Additions	-	-	390	2,057	1,096	1,848	5,391
Additions through business combinations (note 15)	-	-	595	1,133	-	-	1,728
Transfers	-	-	22	55	-	(77)	-
Disposals	-	-	-	(6)	(94)	-	(100)
Depreciation expense	-	(1,227)	(460)	(3,160)	(142)	-	(4,989)
Balance at 31 December 2023	149,276	74,056	16,103	33,291	2,354	2,407	277,487

If land and buildings were carried at cost, the carrying value of land and buildings at half-year ended 31 December 2023 would be \$127,576,000 and \$65,456,000 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 valuation of the land and buildings was undertaken on the Group's Warwick Farm property in May 2023 and the Group's Southport Queensland properties in April 2022. The Directors do not believe that there has been a movement in the fair value of the Southport properties since the revaluation date.

Note 9. Intangibles

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Non-current assets</i>		
Goodwill - at cost	287,901	238,606
Customer relationships - at cost	6,096	4,131
Less: Accumulated amortisation	(1,761)	(1,189)
	4,335	2,942
	<u>292,236</u>	<u>241,548</u>

Reconciliations

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

Consolidated	Goodwill	Customer relationships	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2023	238,606	2,942	241,548
Additions through business combinations (note 15)	49,295	1,965	51,260
Amortisation expense	-	(572)	(572)
Balance at 31 December 2023	<u>287,901</u>	<u>4,335</u>	<u>292,236</u>

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 31 December 2023, all the goodwill relates to the vehicle retailing segment.

Management have considered all available sources of information (both internal and external) and concluded that there are no indicators of impairment on any CGU that would require management to estimate the recoverable amount of the CGU's at 31 December 2023.

Note 10. Trade and other payables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	26,804	24,759
Customer deposits and receipts in advance	23,640	29,990
Other payables and accruals	32,219	32,404
	<u>82,663</u>	<u>87,153</u>

Note 11. Borrowings

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Current liabilities - secured</i>		
Bailment finance and equitable mortgage agreement ('EMA') vehicle funding	401,662	297,512
Capital loan	9,500	7,000
	<u>411,162</u>	<u>304,512</u>
<i>Non-current liabilities - secured</i>		
Capital loan	69,875	51,917
	<u>481,037</u>	<u>356,429</u>

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Bailment finance and EMA vehicle funding	401,662	297,512
Capital loan	79,375	58,917
	<u>481,037</u>	<u>356,429</u>

Assets pledged as security

Bailment finance and EMA vehicle funding are secured over the related assets (predominantly vehicle inventory) held by the Group.

The Capital loan is secured against the Group's Warwick Farm property which has a carrying value of \$142,356,000 at 31 December 2023 (30 June 2023: \$143,173,000).

Note 11. Borrowings (continued)

Financing arrangements

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

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Total facilities		
Bailment finance and EMA vehicle funding	481,300	457,350
Capital loan	79,375	70,917
Working capital facility	20,000	20,000
	<u>580,675</u>	<u>548,267</u>
Used at the reporting date		
Bailment finance and EMA vehicle funding	401,662	297,512
Capital loan	79,375	58,917
Working capital facility	-	-
	<u>481,037</u>	<u>356,429</u>
Unused at the reporting date		
Bailment finance and EMA vehicle funding	79,638	159,838
Capital loan	-	12,000
Working capital facility	20,000	20,000
	<u>99,638</u>	<u>191,838</u>

Note 12. Issued capital

	Consolidated			
	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Ordinary shares - fully paid	172,256,068	171,920,586	495,122	495,122
Treasury share capital	(250,000)	(250,000)	(1,250)	(1,250)
	<u>172,006,068</u>	<u>171,670,586</u>	<u>493,872</u>	<u>493,872</u>

(a) Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2023	171,920,586		495,122
Performance rights exercised	25 August 2023	<u>335,482</u>		<u>-</u>
Balance	31 December 2023	<u>172,256,068</u>		<u>495,122</u>

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.

Treasury shares

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

Note 13. Dividends

Dividends

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

	Consolidated Half-year ended 31 Dec 2023 \$'000	Consolidated Half-year ended 31 Dec 2022 \$'000
Dividend paid on ordinary shares during the half-year ended 31 December 2023 (2022: 31 December 2022)	18,928	22,350

On 20 February 2024, the directors declared a fully franked dividend of 8.5 cents per fully paid ordinary share with a record date of 28 February 2024 to be paid on 27 March 2024. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2023 financial statements and will be recognised in subsequent financial reports.

Note 14. Contingent liabilities

	Consolidated 31 Dec 2023 \$'000	Consolidated 30 Jun 2023 \$'000
Bank guarantees	7,111	4,875

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

On 25 October 2022, an incident occurred at our Arundel facility resulting in a fatality. This has been under investigation by Workplace Health and Safety Queensland (WHSQ) and the conclusions of that investigation have not yet been advised. The potential exposure (if any) is unknown at the date of this report and as such no provision has been recorded in the financial statements.

Note 15. Business combinations

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 (80%) and the Toyota and Volkswagen dealerships in Bathurst (95%).

The goodwill of \$49.295 million represents the future potential profits from the acquired dealerships to further the Group's consolidation strategy with an investment in Australia's market leader OEM, Toyota.

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 31 December 2023.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	7,628
Trade receivables	2,570
Inventories	14,714
Plant and equipment	1,728
Right-of-use assets	6,290
Customer relationships	1,965
Deferred tax asset	119
Trade payables	(11,007)
Provision for income tax	(100)
Deferred tax liability	(590)
Employee benefits	(1,135)
Borrowings	(14,063)
Lease liability	(6,290)
Net assets acquired	1,829
Goodwill	49,295
Non-controlling interests at fair value	(7,110)
Acquisition-date fair value of the total consideration transferred	44,014
Representing:	
Cash paid or payable to vendor	44,014
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	44,014
Less: cash and cash equivalents acquired	(7,628)
Net cash used	36,386

The values identified in relation to the acquisition are provisional as at 31 December 2023.

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

Note 16. Earnings per share

	Consolidated Half-year ended 31 Dec 2023 \$'000	Half-year ended 31 Dec 2022 \$'000
Profit after income tax	22,195	30,159
Non-controlling interests	(757)	-
Profit after income tax attributable to the owners of Peter Warren Automotive Holdings Limited	21,438	30,159
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	172,155,240	171,920,586
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	847,623	374,957
Weighted average number of ordinary shares used in calculating diluted earnings per share	173,002,863	172,295,543
	Cents	Cents
Basic earnings per share	12.45	17.54
Diluted earnings per share	12.39	17.50

Note 17. Events after the reporting period

Acquisition of Macarthur Mazda, MG, Nissan and LDV

On 17 January 2024, the Group announced the planned acquisition of a multi-franchised dealership group in Macarthur, New South Wales. The businesses to be acquired are Macarthur Mazda, Macarthur MG, Macarthur Nissan and Macarthur LDV. The acquisition consideration of approximately \$27.0 million, which includes goodwill plus net assets at completion, will be funded from cash and debt. The transaction is subject to OEM approvals and is expected to complete in the coming months.

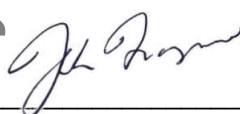
Apart from the dividend declared as disclosed in note 13, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

The Directors declare that:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



John Ingram
Chair

20 February 2024
Sydney

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Independent Auditor's Review Report

To the shareholders of Peter Warren Automotive Holdings Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Peter Warren Automotive Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Peter Warren Automotive Holdings Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 17 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Peter Warren Automotive Holdings Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

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

We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Julie Cleary

Partner

Sydney

20 February 2024

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