DRIVING BETTER DEALS EVERY DAY

2CheapCars Group

ANNUAL REPORT
FOR THE YEAR ENDED
31 MARCH 2023

Management commentary
(no financial statements)

On behalf of the Board and management of 2 Cheap Cars Group Limited, we are pleased to present the Annual Report for the financial year ended 31 March 2023.

Approved for and on behalf of the Board of Directors
28th of June 2023

Director

Director

2 Cheap Cars Group Limited was formerly named NZ Automotive Investments Limited.

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Management commentary
(no financial statements)

WHO WE ARE

2 Cheap Cars is a nationwide leading retailer, selling quality, affordable vehicles and offering competitive third-party finance and insurance options.

2 Cheap Cars Group is transitioning to focus on this business alone. As a result, the NZ Motor Finance (the finance company) loan book is now in 'run down' mode.

2 Cheap Cars has 12 dealerships nationwide. We are one of NZ's largest used vehicle retailers, selling 8,367 vehicles and accounting for 4.5% market share[1] in FY23.

With a vertically integrated supply chain, 2 Cheap Cars benefits from a Japanese-based team who source, inspect and choose vehicles most suitable to the NZ market.

Once landed in NZ, vehicles arrive at our NZ processing Hub and are groomed and serviced, undergo further mechanical checks for quality control, photographed and dispatched to our dealerships. Gaining greater control over our supply chain by insourcing additional activities means we reduce costs and get vehicles online and onto yards faster.

Our mission is to deliver on our promise... 2 Cheap Cars, driving better deals, every day.

DRIVING BETTER DEALS EVERY DAY

[1] Source: Autofile – based on 2 Cheap Cars' vehicle sales as a proportion of dealer-to-public used cars sold between 1 April 2022 and 31 March 2023.

86
FTE Employees

8,367
Cars sold

12
Dealerships

17%
Digital sales

28
Days to sell a car

26%
Finance penetration

Management commentary (no financial statements)

2CheapCars Group

REAR VIEW MIRROR

FY23 in review

In the wake of well-publicised Board and management issues in the first half of the year, the priority has been to transition the Company to profitable growth, restore market confidence and importantly, shareholder value. With strong leadership and a focused plan now in place, our foundations are reset and the Company rebuild is gaining pace.

The new Board, appointed in late August 2022, committed to stabilising the Company and appointed a new CEO in January 2023.

It has been a year of reset and rebuild and much has been achieved, particularly in the fourth quarter which saw significantly improved underlying earnings and profitability. While there is considerable work still to be done, this is a gratifying result in a relatively short period.

Importantly, the Board made the decision to reset the Company's foundations to focus on the core vehicle retail business and to act only as a finance agent. Consequently, the NZ Motor Finance loan book will remain in run down mode with the business collecting the loan receivables and recouping investment.

As the business resets, the focus will be on what drives value for shareholders and what we do well; that is, selling affordable vehicles. We already have great finance and insurance solutions that generate considerable returns.

The Company's full year revenue and income increase of 25% to $82.7m was driven by a boost in sales volumes (against the same period last year), and an inflationary uplift in the prices of vehicles sold.

While the NZ dealer-to-public used vehicle market increased by 3% in the twelve months to 31 March 2023[2], 2 Cheap Cars' vehicle sales were up 6% for the year when compared with FY22.

Gross margins have notably improved in the last quarter. This reflects optimised pricing and effective promotional activity, as well as improved finance penetration. The full year contribution margin is up 18% to $14.8m.

Operating costs (excluding non-recurring costs) have risen 2.3% to $8.8m, due to an additional investment in marketing. Management is strongly focused on controlling cost increases.

Underlying EBITDA, including finance income, increased 26% to $6.0m in FY23. Higher vehicle sales volumes and improved vehicle margins in the fourth quarter contributed to the increase.

Non-recurring costs of $1.0m associated with significant changes at Board and management level are included in FY23, while a one-off lease gain of $0.9m in FY22 has seen net profit after tax (NPAT) fall to $1.3m from $2.6m in the previous corresponding period.

Underlying NPAT, excluding the non-recurring costs, increased by 18% to $2.0m in FY23.

It is worth noting that last quarter profits represent 40% of the total year's profit.

Net operating cash flow, excluding lending, has improved to $10.9m, up from $0.6m for the same period last year.

RESET AND READY TO GROW

These results indicate that the business is moving in the right direction.

There is an almost entirely new leadership team and the full year results, particularly relating to the last quarter, are testament to a renewed energy and focus.

In addition, new auditors, UHY Haines Norton Sydney, have been appointed. We also have a new trade facility in place with long-term strategic partner, Finance Now.

Finance Now has provided finance solutions to 2 Cheap Cars' customers for over nine years. They understand and actively support our business, and we can confidently plan knowing the business has access to very well-priced working capital.

The Board is confident that the turnaround promised is well underway.

[2] Source: Autofile, dealer-to-public data.

Management commentary
(no financial statements)

The engine room – 2 Cheap Cars

2 Cheap Cars sold 8,367 vehicles in FY23, up 6% on the same period last year with market share reaching 4.5%[3]. Margin was deliberately prioritised over volume in the back half of the year as management refocused the sales strategy on margin expansion.

While finance and insurance penetration rates were down for the full year, we saw significant improvement in March and that positive trend continued into April. In quarter four, we invested considerable resource to ensure our people are well equipped to sell finance and insurance, and the upside is already being seen.

Electric and hybrid electric vehicles (EV/HEVs) continue to be a sweet spot for 2 Cheap Cars, accounting for 41% of total sales, an increase of 65% over the previous year. This will continue to be a strong focus for the team, particularly hybrids.

Online vehicle sales lifted to 17% of total sales. Website development is planned to further improve the digital customer journey and take advantage of online vehicle and finance opportunities

Economic headwinds and shipping constraints are a fact of life for most NZ import businesses. 2 Cheap Cars is working to mitigate shipping issues by utilising the services of additional shipping suppliers.

Finance penetration rates decreased to 26% in FY23, down from 30% in FY22. This is due to the impacts from Credit Contracts and Consumer Finance Act lending regulations and lifts in the official cash rate (OCR). Disciplined focus from management saw finance penetration improve to 29% in March 2023. This positive trend has continued into the new financial year, accelerating to over 30%.

The Government's Clean Car regime has constrained supply, and increased the cost, of used vehicles into NZ across the industry. 2 Cheap Cars has a reliable source of used vehicles from Japan and has increased prices to offset cost pressures, further supporting the Company's strategic focus on margin expansion.

Given our very clear value proposition, we continue to see good demand for vehicles, finance and insurance.

Pricing and promotional activity has been optimised, and the business has seen an uplift in margins in Q4, resulting in enhanced profitability.

It's very pleasing to note that 2 Cheap Cars continues to be well regarded in the marketplace, receiving the highly commended used car dealer award from Reader's Digest for 2023, adding to previous accolades.

Driving commercial performance

A strong, capable and engaged team is essential to enable 2 Cheap Cars Group to reach its potential. A new strategic sales position has been created – GM Retail – to build capability and energise the sales team. We now work as one team, focused on the broader customer experience.

We're making progress to ensure we have strong leaders, a great bench and a culture that attracts talent. Our recruitment and training practices are also being refined and built on to ensure that our team has the skills and support they need to succeed.

A big part of that work is focused on developing a high-performance culture. Our people are now being incentivised through reshaped KPIs that reward value and profit delivery.

Focusing on profitability

With the Company's foundations now stable, our sights are firmly set on improving profitability through gross margin expansion. Pricing and promotional activity has been optimised and while it is early days, gross margins increased from 17% to 21% in the three months to April 2023. This has had a marked impact on profitability.

We are in a rebuilding phase, and these green shoots give us confidence that we are on the right track to restore shareholder value.

A new badge

To reflect the change to a singular focus, the NZAI brand has been retired and replaced with 2 Cheap Cars Group. That's who we are. We're proud of what we do, we're privileged to have a strong brand and it makes sense to connect with and leverage that brand at all levels, including corporate. It's a small but really important change because it signals genuine focus on what drives shareholder value.

[3] Source: Autofile, dealer-to-public data.

Dividend

As the Company transitions to deliver profitable growth, the Board has taken the prudent approach to retain capital and no final dividend will be paid. The Company anticipates recommencing dividend payments in FY24 when it is prudent to do so.

Outlook – Focus on the road ahead

With the foundations now reset, 2 Cheap Cars Group is concentrating on growing a more profitable vehicle retail business, and accelerating our finance and insurance business.

2 Cheap Cars Group has a very clear value proposition and is seeing good demand for vehicles, finance and insurance driven by immigration, the Government's Clean Car regime and the tightening economic environment. Despite the economic headwinds, our market segment is expected to remain buoyant, and our business model and brand are well-positioned to maximise customers' reduced spending power.

However, there is still a lot to achieve and we have a clear, five-point action plan moving into the 2024 financial year:

- **Gross margin expansion** – Margin delivery will take priority over market share.
- **Electric and hybrid vehicles** – Continuing to leverage our leadership position by supplying an unrivalled range of quality, affordable vehicles.
- **Supply chain** – Focusing on a quality-first approach, navigating shipping risks and gaining even greater end-to-end control.
- **Finance and insurance** – Continuing to accelerate our finance and insurance plan, an incremental and highly profitable income stream.
- **Three-year strategic property plan** – Focusing on retail locations where the 2 Cheap Cars Group scale model works well, and provides opportunities for profitable growth.

This plan will drive increased NPAT. We are seeking to double NPAT to between \$3.8m and \$4.2m in FY24 by concentrating on gross margin expansion, prudent cost management and increasing direct control of the value chain.

While there is still work to do, the foundations for a stronger, focused 2 Cheap Cars Group are in place. We have a detailed action plan, and an energised and capable leadership team to deliver it.

We would like to thank the team for their hard work in what has been a difficult year, and our shareholders for their patience and continuing support as we reset the Company's foundations.

Michael Stiassny Chair

Paul Millward CEO

2CheapCars Group

FY23 SUMMARY OF KEY RESULTS

Revenue and income
$82.7M
▲ up 25% from $66m

NPAT
$1.3M*
▼ down ($1.3m) from $2.6m
(includes $1.0m restructuring & non-recurring costs)

FY23 Underlying NPAT
$2.0M
▲ up 18% from $1.7m

Dividend
0.0 CPS
▼ down from 3.1 cps

Underlying EPS
4.4 CPS
▲ up from 3.7 cps

Operating cash flow – ex. lending
$10.9M
▲ up $10.3m from $0.6m

Q4 Underlying NPAT
$0.8M
▲ up (representing 40% of full year profit)

Retail Contribution Margin
$3.8M
▲ up 18% quarter-on-quarter

*Underlying NPAT is a non-IFRS measure that excludes non-recurring costs including restructuring.

Management commentary
(no financial statements)

THE BOARD AND MANAGEMENT

Michael Stiassny LLB

Independent Director | Chair

Michael is a Chartered Fellow and past President of the Institute of Directors. He is a Director of a number of other companies including Tegel Group Holdings Ltd and New Talisman Gold Mines Ltd, and is Chair of Tower Ltd.

Michael holds Commerce and Law degrees from the University of Auckland.

David (Yusuke) Sena

Executive Director | Co-Founder

David co-founded 2 Cheap Cars in 2011. He is responsible for all procurement and supply chain aspects for the Company including compliance, re-conditioning and logistics.

David was born in Japan, and has been influential in developing and maintaining relationships with vehicle suppliers. He has been a Director of 2 Cheap Cars Group Limited since its inception.

Gordon Shaw

Independent Director

Gordon Shaw is a New Zealand based professional director and business advisor with over 20 years' management and governance experience in the commercial, transport, vehicle retail, vehicle regulatory and Government sectors both in New Zealand and overseas.

An Independent Director of 2 Cheap Cars Group, Gordon Chairs the Audit and Risk and Remuneration Committees.

Gordon is a board member of Nelson Netball Centre Inc, and the Chair and independent director of ProMed HR NZ Ltd. He Chairs the Mapua and Districts Business Association, is a Chartered member of the NZ Institute of Directors and a committee member of the Nelson Marlborough Branch of IoD.

Paul Millward

CEO

Paul Millward was appointed CEO in January 2023. Most recently, Paul was Sales Director NZ for DB Breweries Limited (Heineken NZ) where he was responsible for a team of 130 staff and revenue of circa $750m. Under his leadership, the Company's market share, return on sales and EBIT margins have increased significantly.

Paul has 20 plus years' experience in commercial leadership. He has a sales and finance background in FMCG and in retail and medical businesses in New Zealand, England, America and Denmark. Paul graduated from the University of Waikato with a business degree - Bachelor of Management Studies (Hons).

Paul has a proven ability to lead and transform successful teams, build brands and drive profitable growth.

Haydn Marks

CFO

Haydn has over 20 years' experience in financial management and leadership across the financial services and technology sectors. Prior to joining 2 Cheap Cars Group in 2020, Haydn was CFO of the technology company, Straker Translations (ASX:STG), where he took the company to IPO on the ASX in 2018.

Haydn spent 10 years in senior finance roles in London, including with banking software company Temenos (TEMN:SWX), Credit Suisse and Visa Card. Haydn is a member of Chartered Accountants Australia and New Zealand, and holds a Bachelor of Business from Massey University.

Management commentary
(no financial statements)

2CheapCars Group

FOCUSED ON DELIVERY

Our plan is concentrating on core areas, profit delivery for 'the now' is the priority whilst starting to future proof the company for the years' to come. We are focused on five key areas, all connected, and each playing a role to drive the outcomes required for our transformation.

1. SUPPLY CHAIN LEADERSHIP

- ✓ Expand our vehicle processing Hub to unlock growth
- ✓ Actively increase supply of affordable EV & HEVs.
- Leverage our scale to drive efficiencies ↗
- Explore broader sourcing strategy ↗

2. RETAIL FOOTPRINT TO WIN

- ✓ National dealership footprint for wider reach
- ✓ Clear property strategy to broaden reach and profitably
- Refurbish and modernise dealerships ↗
- Relevant brand programme to connect ↗

3. GROSS MARGIN EXPANSION

- ✓ Increase financial penetration
- ✓ Implement and grow digital application and fulfilment
- ✓ Right value proposition - availability, price and promotion to win locally
- Continuing cost and value programme ↗

4. DIGITAL TO DELIVER

- ✓ Refine full end-to-end online buying process
- Execute on customer insights ↗
- Digital platform to "make it easy" ↗

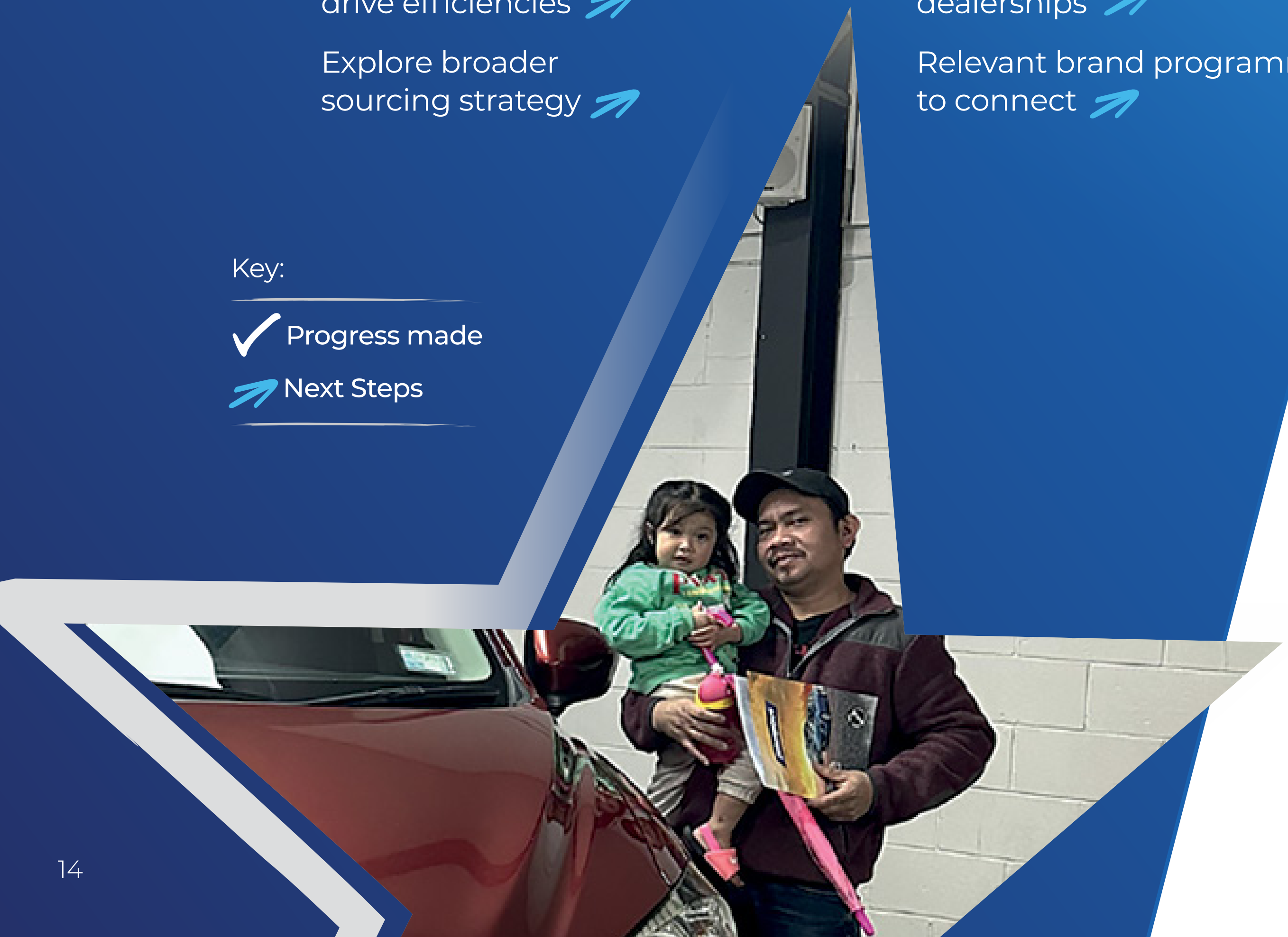
5. CUSTOMER EXPERIENCE

- Deepen connection with **135k+** followers on social media ↗
- ✓ Invest in customer care team
- ✓ Capability investment for frontline staff
- ✓ Further uplift in customer satisfaction
- ✓ Deliver customer value through partnerships

Key:

✓ Progress made

↗ Next Steps



Management commentary
(no financial statements)

2CheapCars Group

FINANCIAL SUMMARY

Operating revenue

The 2 Cheap Cars' Group draws revenue from the two divisions:

- 2 Cheap Cars, the automotive retail division, revenue is primarily from the sale of vehicles and from agent commissions relating to the sale of third-party finance and insurance products.
- NZ Motor Finance (NZMF) generates finance income from lending to customers who are financing vehicles, and from selling guaranteed asset protection insurance (GAP) and payment protection insurance (PPI) products. Finance income is recognised as either contractual income earned on loans at fair value or as finance income received at amortised cost.

Following a decision by the Board to focus on the core vehicle retailing business and to act as a finance agent, NZ Motor Finance is no longer lending to customers, and its loan book is now in 'run down' mode, with the business collecting loan receivables and recouping investments.

Changes in total revenue and income

	2023 $'000	2022 $'000	Change %
Sale of cars	74,902	56,653	32%
Finance & Insurance agent commissions	6,823	6,345	8%
Finance & interest income	979	1,233	(21%)
Revenue and income	**82,704**	**64,231**	**29%**
Other Income	33	1,725	(98%)
Total revenue and income	**82,737**	**65,956**	**25%**

The Company's total revenue and income increased by 25% to $82.7m in FY23.

Revenue from the sale of cars increased by 32% to $74.9m. This increase was driven by a boost in sales volumes against the same period last year and an inflationary uplift in the prices of vehicles sold.

Agent commissions received from finance and insurance products increased by 8% to $6.8m in FY23. Finance penetration rates decreased to 26% in FY23, down from 30% in FY22, due to the impacts of the Credit Contracts and Consumer Finance Act, lending regulations and lifts in the official cash rate (OCR). Disciplined focus from management saw the finance penetration improve to 29% in March 2023.

Finance and interest income, largely derived from the NZMF loan book, declined from $1.2m in FY22, to $0.9m in FY23. This was due to the decision to focus on the core business of retailing cars rather than lending.

Other income of $0.03m was made up of amounts received from the Government's COVID-19 Leave Support Scheme. In FY22, other income of $1.7m was made up of a one-off cash gain from the rearrangement of leases, the Government's wage subsidy and rent relief received from landlords in response to the pandemic.

Sales of hybrid/electric vehicles up by 65%

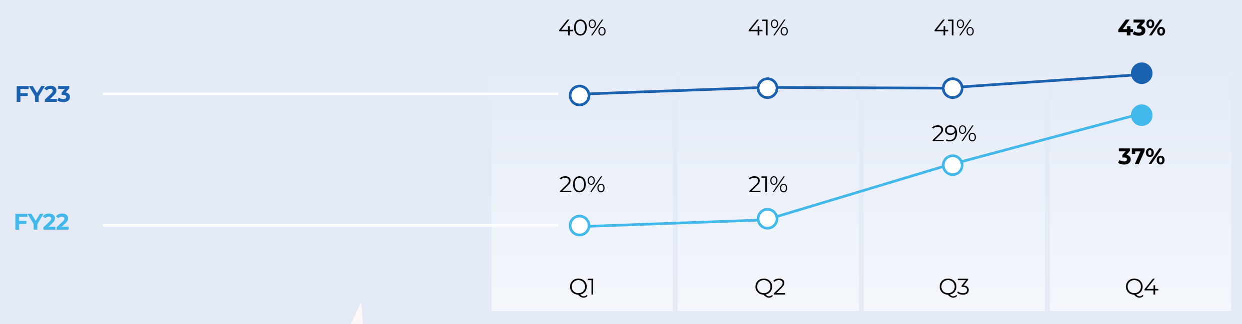
	2023 $'000	2022 $'000	Change %	2023 Mix %
Petrol Vehicles	4,908	5,785	(15%)	59%
EV / HEV Vehicles	3,459	2,097	65%	41%
Total Vehicles Sold	**8,367**	**7,882**	**6%**	**100%**

2 Cheap Cars grew its market share for FY23 to 4.5%[4], up from 4.4% in the same period last year. The business sold 8,367 vehicles in FY23, which is up 6% on the same period last year. Margin was deliberately prioritised over volume as management refocused the sales strategy on margin expansion.

2 Cheap Cars continues to be well positioned to meet the increasing demand for EV/HEVs. In FY23, the number of EV/HEVs sold as a proportion of total vehicle sales increased to 41%, up 4% on last year and growing to 43% in the last quarter of FY23.

The introduction of NZ's clean car discount scheme is the main reason for the uptake in demand for EV/HEVs.

2 Cheap Cars hybrid/electric vehicle growth



[4] Based on the NZ dealer to public market share sourced from Autofile.

Management commentary
(no financial statements)

FINANCIAL SUMMARY CONTINUED

Contribution margin

	2023 $'000	2022 $'000	Change %
Revenue and income	82,704	64,231	29%
Contribution margin	14,799	12,551	18%
Gross margin %	**18%**	**20%**	**(2%)**

The full year contribution margin is up 18% for FY23 to $14.8m. Gross margins have notably improved in the last quarter on the back of optimised pricing, effective promotional activity and improved finance penetration.

NZ Motor Finance Loan book

	2023 $'000	2022 $'000	Change %
$ Value of Loan Book	3,909	6,824	(43%)
Number of Active Loans	631	889	(29%)

As a result of the NZMF loan book being in 'run down' mode, the loan book reduced from $6.8m at the end of FY22 to $3.9m as at 31 March 2023.

NZMF made a loss of $0.16m for the year. This is due to no new lending taking place since June 2022 and from the result of reversing a fair value gain that was built up from previous years' lending.

The number of loans reduced from 889 loans in FY22 to 631 loans in FY23.

Loan book arrears are being carefully managed by the business. There is an impairment provision of 4.6% to cover expected losses on the loan book as at 31 March 2023.

Financial results

	2023 $'000	2022 $'000	Change %
Revenue and income	82,704	64,231	29%
Sundry income	33	1,725	(98%)
Total revenue and income	**82,737**	**65,956**	**25%**
Contribution margin	**14,799**	**12,551**	**18%**
Other operating expenses	8,811	8,612	2%
Interest expenses	1,090	689	58%
Depreciation & amortisation	2,134	1,779	20%
Non-recurring costs	977	-	N/A
Total operating expenses	**13,012**	**11,080**	**17%**
Earnings before taxation	**1,820**	**3,196**	**(43%)**
Earnings before tax margin	2.2%	4.8%	-54.6%
Taxation	528	602	(12%)
Net profit after tax	**1,292**	**2,594**	**(50%)**
Earnings before taxation	**1,820**	**3,196**	**(43%)**
Net consideration from re-assignment of leases	-	(885)	N/A
Non-recurring costs	977	-	N/A
Underlying earnings before taxation	**2,797**	**2,311**	**21%**
Net profit after tax	**1,292**	**2,594**	**(50%)**
One off items net of tax	704	(899)	(178%)
Underlying net profit after tax	**1,996**	**1,695**	**18%**
Underlying net profit after tax margin	2.4%	2.6%	(6.1%)

Revenue and income for FY23 was $82.7m, up 25% on FY22 for the reasons outlined above.

Operating costs (excluding non-recurring costs) have risen 2.3% to $8.8m, due to an additional investment in marketing. Despite inflationary pressures, management is strongly focused on controlling cost increases.

Non-recurring costs of $1.0m, associated with significant changes at Board and management level included in FY23 and a one-off lease gain of $0.9m in FY22, has seen NPAT fall to $1.3m from $2.6m in the previous corresponding period.

Underlying NPAT[5], excluding the non-recurring costs, increased by 18% to $2.0m in FY23. The profit in the last quarter represented 40% of the total year's profit.

The underlying earnings per share were 4.4 cents per share for FY23, up from 3.7 cents per share in FY22.

[5] Excludes non-recuring costs associated with the Board and management changes and one-off net gain from the rearrangement of leases in FY22 (Underlying NPAT and underlying EBITDA are non-IFRS measures).

2CheapCars Group

FINANCIAL SUMMARY CONTINUED

Earnings before interest, taxation, depreciation and amortisation (EBITDA)

	2023 $'000	2022 $'000	Change %
Earnings before taxation	**1,820**	**3,196**	**(43%)**
Net consideration from re-assignment of leases	-	(885)	
Non-recurring costs	977	-	
Underlying earnings before taxation	**2,797**	**2,311**	**21%**
Interest expense	1,090	689	58%
Underlying earnings before interest and taxation	**3,887**	**3,000**	**30%**
Depreciation & amortisation	2,134	1,779	20%
Underlying earnings before interest, taxation, depreciation and amortisation	**6,021**	**4,779**	**26%**
Underlying EBITDA margin	*7.3%*	*7.2%*	0.0%

The group's underlying EBITDA[5], including finance income, increased by 26% to $6.0 million in FY23. A higher volume of vehicle sales and improved vehicle margins in Q4 have contributed to the increase in underlying EBITDA including finance income.

As a result, the underlying EBITDA margin increased from 7.2% in FY22 to 7.3% in FY23.

Dividend

As the Company transitions to deliver profitable growth, the Board has taken the prudent approach to retain capital and no final dividend will be paid. The Company anticipates recommencing dividend payments in FY24 when it is prudent to do so.

A dividend of $0.3m was paid in FY23. This related to the FY22 financial year.

Cash flow

	2023 $'000	2022 $'000	Change %
Proceeds from sale of goods	**82,768**	**65,068**	**27%**
Payments to suppliers & employees	(71,160)	(63,047)	13%
Other operating activities	(700)	(1,456)	(52%)
Underlying cash flows from retail operating activities	**10,908**	**565**	**1831%**
Proceeds from loan receipts	4,450	3,514	27%
Advances to loan customers	(1,785)	(6,576)	(73%)
Cash flows from operating activities	**13,573**	**(2,497)**	**(644%)**
Net purchase & proceeds of property, plant & equipment	(167)	(414)	(60%)
Investing cash flow	**(167)**	**(414)**	**(60%)**
Free cash flow	**13,406**	**(2,911)**	**(561%)**
Borrowing repaid	(10,900)	3,380	(422%)
Dividends paid	(287)	(3,025)	(91%)
Other financing activities	(2,319)	(1,832)	27%
Cash flows from financing activities	**(13,506)**	**(1,477)**	**814%**
Net cash flow	**(100)**	**(4,388)**	**(98%)**
Effect of exchange rate	**77**	**(89)**	**(187%)**
Cash & cash equivalents	**3,767**	**3,790**	**(1%)**

2 Cheap Cars Group received $82.8m from the proceeds of the sale of vehicles and related income from its 2 Cheap Cars retail business. Receipts were up 27% on FY22.

Underlying cashflow from retail operating activities and before loan book lending has improved to $10.9m, up from $0.6m for the same period last year. This is largely due to EBITDA profit and reduced inventory levels. Reduced inventory levels have resulted from a combination of shipping constraints and more efficient stock management.

NZMF finance business lent $1.8m to customers and received $4.5m in proceeds from loan receipts.

The group repaid $10.9m in short-term debt for the year. This related to a reduction in the retail trade finance facility and debt related to the NZMF finance loan book.

As at 31 March 2023, the Company is in compliance with all banking covenants and has cash of $3.8m, no net debt.

Management commentary
(no financial statements)

FINANCIAL SUMMARY
CONTINUED

Explanation

The financial summary section should be read in conjunction with the consolidated financial statements and the related notes contained within this report. This commentary may include information regarding plans and strategies that may involve risk and uncertainties.

All figures are represented in New Zealand Dollars (NZD) except where indicated. References to 'this period' or 'FY23' are to the year ended 31 March 2023. References to the 'prior period' or to 'FY22' are for the 12-month period ended 31 March 2022.

Non-GAAP measures have been included as management considers that they provide useful information for readers of the Annual Report to assist in understanding the Company's financial performance. Non-GAAP measures should not be viewed in isolation or considered as substitutes for measures reported in accordance with New Zealand equivalents to International Financial Reporting (NZ IFRS).

DRIVING BETTER DEALS EVERY DAY

Management commentary
(no financial statements)

2CheapCars Group

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

UHY Haines Norton
Chartered Accountants

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Independent Auditor's Report

To the Shareholders of 2 Cheap Cars Group Limited

Opinion

I have audited the consolidated financial statements of 2 Cheap Cars Group Limited ("the Company") and its subsidiaries ("the Group"), which comprise:

- the consolidated statement of financial position as at 31 March 2023;
- the 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; and
- the notes to the consolidated financial statements including a summary of significant accounting policies.

I am a partner with UHY Haines Norton Chartered Accountants Sydney (the Firm) and I have used the staff and resources of the Firm to perform the audit of the Group.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)") issued by the New Zealand Auditing and Assurance Standards Board. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report.

I am independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other than in my capacity as auditor, neither myself, the firm or the firm's staff have no relationship with, or interests in, the Group.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial statements of the current year. These matters were addressed

UHY Haines Norton
Chartered Accountants

in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why the audit matter is significant	How my audit addressed the key audit matter
Revenue recognition The Group has recognised revenue of \$83m (FY 2022: \$ 64m) (Note 4). The Group's net sales comprises revenue from the sale of cars, insurance agent commissions and finance agent commissions. Revenue is recognised when the control associated with a good or service (or in aggregate thereof) representing a distinct performance obligation is transferred from the Group to the customer. There are a number of factors that could affect this reported amount, including the risk for revenue recognition policies being incorrectly applied or recognised in an incorrect period. This presents a key audit matter due to the financial significance and nature of net sales in the financial statements.	To address the risk associated with revenue recognition, the following audit procedures were carried out: • Evaluated the design of management's internal controls related to revenue recognition. • Reviewed revenue recognition policies for appropriateness and compliance with relevant accounting standards. • Selected a sample of transactions and inspected supporting sales documentation, cash received and assessed whether all criteria related to revenue recognition has been met before being recognised as revenue. • Reviewed credit notes posted after year end to ascertain revenue recognition during the year. • Performed revenue cut off procedures by selecting revenue samples before and after year end and testing whether cut off on revenue was accurate. • Performed analytical procedures by comparing average gross margins by make of the cars on a year on year basis, and by analysing the movement of gross margins relative to the prior period and on a monthly basis. • Reviewed manual revenue journals as part of the journal entry testing process. • Assessed the reasonability and completeness of the revenue related disclosures to ensure compliance with the requirements of the accounting standards.
Valuation of loan receivables with waiver clauses Loan receivables have been classified into those with waiver clauses and those without. The Group has recognised loan receivables with waiver clauses at fair value through profit of loss at \$ 1.8m (FY 2022: \$ 3.4m) (Note 14). There was a fair value loss on revaluation recognised through profit or loss of \$ 222k (FY 2022: gain of \$ 8k) (Note 4 and 14). Accounting policies relevant to loan receivables	To address the risk associated with the valuation of the waiver loan receivables at fair value through profit or loss, the following audit procedures were carried out: • Evaluated the design of key controls related to valuation of loan receivables. • Reviewed the loan receivables measurements policies for appropriateness and compliance with relevant accounting standards. • Performed substantive procedures by selecting a sample of loans, agreed key information to supporting documentation and recalculated the closing fair value amount.

have been disclosed under Note 3(d), 3(i), 7 and 14. The Group has early adopted NZ IFRS 17 Insurance Contracts and applied the scope exemption allowing them to measure the loan receivables that include waiver clauses as financial assets in their entirety at fair value through profit or loss. Repayments of the loans are recognised as reductions in carrying amount, with any fair value gains or losses at each reporting date recognised in profit or loss. The determination of the fair value for loan receivables with waiver clauses requires management judgment and continuous monitoring.	• Assessed the reasonability and accuracy of management's fair value model, ensuring the valuation is in compliance with the requirements of the relevant accounting standards. • Assessed the reasonability of key management estimates and judgements by recalculating the balance using independently sourced inputs relating to key assumptions (including discount rate, default provision rate, asset and income waiver provision, etc). • Assessed the reasonability and completeness of the loan receivables related disclosures to ensure compliance with the requirements of the relevant accounting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Directors are responsible for the annual report, which includes information other than the consolidated financial statements and auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of audit opinion or assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/.

This description forms part of my auditor's report.

Restriction on use of my report

This report is made solely to the Group's shareholders, as a body. My audit work has been undertaken so that I might state to the Group's shareholders, as a body those matters which I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Group and the Group's shareholders, as a body, for my audit work, for this report or for the opinion I have formed.

Vikas Gupta
Audit Partner - UHY Haines Norton Chartered Accountants Sydney
Signed at Sydney, Australia on 28 June 2023

2 CHEAP CARS GROUP LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 March 2023

	Note	MAR 2023 $'000	MAR 2022 $'000
Revenue			
Revenue and Income	4	82,704	64,231
Sundry Income	5	33	1,725
Expenses			
Cost of sales		(67,905)	(51,680)
Administration expenses		(3,265)	(2,720)
Advertising expenses		(1,738)	(1,192)
Depreciation expenses		(2,134)	(1,779)
Employee benefits		(4,105)	(3,847)
Finance expenses	8	(1,090)	(689)
Property expenses		(680)	(853)
Profit before Income Tax		**1,820**	**3,196**
Income Tax Expense	20	(528)	(602)
Profit for the period		**1,292**	**2,594**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operations		77	(90)
Total Other Comprehensive Income		**77**	**(90)**
Total Comprehensive income for the Period		**1,369**	**2,504**
Earnings per share			
Basic earnings per share	10	0.03	0.06
Diluted earnings per share	10	0.03	0.06

The accompanying notes form part of these consolidated financial statements.

2 CHEAP CARS GROUP LIMITED

Consolidated Statement of Financial Position
As At 31 March 2023

	Note	MAR 2023 $'000	MAR 2022 $'000
Equity			
Share Capital	23	39,344	39,365
Amalgamation Reserve		(35,956)	(35,956)
Foreign Currency Translation Reserve		(8)	(85)
Retained Earnings		12,794	11,789
Total Equity		**16,174**	**15,113**
Current Liabilities			
Trade and Other Payables	16	2,743	1,890
Employee Benefit liabilities	19	834	933
Borrowings	22	900	11,800
Income tax Payable		91	-
Derivative financial liabilities	18	55	414
Related Party Payable	25	10	10
Lease liability	17	1,856	1,484
Other Current Liabilities		81	126
Total Current Liabilities		**6,570**	**16,657**
Non-Current Liabilities			
Lease Liability	17	6,078	5,833
Total Non-Current Liabilities		**6,078**	**5,833**
Total equity and liabilities		**28,822**	**37,603**
Current assets			
Cash and cash equivalents	12	3,767	3,790
Trade and other receivables	15	669	739
Other current assets	15	2,871	4,126
Income tax receivable		-	288
Loans receivable	14	1,767	2,954
Inventories	13	8,377	13,008
Total current assets		**17,451**	**24,905**
Non-current assets			
Plant, property and equipment	27	1,319	1,335
Intangible assets		5	4
Loans receivable	14	2,142	3,870
Deferred tax asset	20	445	433
Right-of-use assets	17	7,461	7,056
Total non-current assets		**11,371**	**12,698**
Total assets		**28,822**	**37,603**

Approved on behalf of the Board on 28th June 2023

Director Date 28 June 2023

Director Date 28 June 2023

The accompanying notes form part of these consolidated financial statements.

2 CHEAP CARS GROUP LIMITED

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2023

	Share Capital $'000	Retained Earnings $'000	Foreign Currency Translation Reserve $'000	Amalgamation Reserve $'000	Total Equity/ (Accumulated Losses) $'000
Balance as at 1 April 2021	**39,344**	**12,220**	**5**	**(35,956)**	**15,613**
Profit for the Period	-	2,594	-	-	2,594
Translation of Foreign Operations	-	-	(90)	-	(90)
Total Comprehensive Income for the Period	**-**	**2,594**	**(90)**	**-**	**2,504**
Share options recognised at fair value net of options lapsed	21	0	0	0	21
Dividends paid	-	(3,025)	-	-	(3,025)
Total transactions with owners of the Group	**21**	**(3,025)**	**-**	**-**	**(3,004)**
Balance as at 31 March 2022	**39,365**	**11,789**	**(85)**	**(35,956)**	**15,113**
Balance as at 1 April 2022	**39,365**	**11,789**	**(85)**	**(35,956)**	**15,113**
Profit for the Period	-	1,292	-	-	1,292
Translation of Foreign Operations	-	-	77	-	77
Total Comprehensive Income for the Period	**-**	**1,292**	**77**	**-**	**1,369**
Share options recognised at fair value net of options lapsed	(21)		-	-	(21)
Dividends paid	-	(287)	-	-	(287)
Total transactions with owners of the Group	**(21)**	**(287)**	**-**	**-**	**(308)**
Balance as at 31 March 2023	**39,344**	**12,794**	**(8)**	**(35,956)**	**16,174**

The accompanying notes form part of these consolidated financial statements.

2 CHEAP CARS GROUP LIMITED

Consolidated Statement of Cash Flows
For The Year Ended 31 March 2023

	MAR 2023 $'000	MAR 2022 $'000
Cash flows from operating activities		
Cash receipts from customers	82,768	65,068
Government Grants Received	31	351
Cash paid to suppliers and employees	(71,160)	(63,047)
Interest received	130	26
Interest paid - retail operations	(700)	(263)
Tax paid	(161)	(1,570)
Net cash inflow from operating activities before Changes in Operating Assets and Liabilities	**10,908**	**565**
Loan receivables advanced	(1,785)	(6,576)
Proceeds from loan receivables	4,450	3,514
Net cash inflow / (outflow) from operating activities	**13,573**	**(2,497)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	138	242
Purchase of property, plant and equipment	(305)	(656)
Net cash outflow from investing activities	**(167)**	**(414)**
Cash flows from financing activities		
Dividend paid	(287)	(3,025)
Interest paid - finance operations	(310)	(187)
Principal elements of lease payments	(2,009)	(1,645)
Trade finance advance / (repayments)	(10,900)	3,380
Net cash outflow from financing activities	**(13,506)**	**(1,477)**
Net decrease in cash and cash equivalents	(100)	(4,388)
Cash and cash equivalents at beginning of period	3,790	8,267
Effect of exchange rate	77	(89)
Cash and cash equivalents at end of period	**3,767**	**3,790**

The accompanying notes form part of these consolidated financial statements.

Notes to the Financial Statements

1. Reporting entity

2 Cheap Cars Group Limited (the Company) is a company domiciled in New Zealand.
The Company is incorporated in New Zealand, registered under the Companies Act 1993 and is publicly traded on the New Zealand Stock Exchange.
These consolidated financial statements comply with the requirements of the Companies Act 1993 and the Financial Markets Conduct Act 2013.
These consolidated financial statements as at 31 March 2023 comprise the Company and its subsidiaries:
2 Cheap Cars Limited, NZ Motor Finance Limited, 2CC International Limited, 2 Cheap Rental Cars Limited and Car Plus K.K. (collectively, the Group).

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP) and the requirements of the Financial Markets Conduct Act 2013.

These financial statements comply with New Zealand equivalents of International Financial Reporting Standards (NZ IFRS). As such, they also comply with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except that certain assets and liabilities are measured at fair value where stated under their specific accounting policies.

- Derivative financial instruments (Note 18)
- Loans receivable (Note 14)

(c) Functional and presentation currency

These consolidated financial statements for the Group are presented in New Zealand dollars ($), which is the Group's functional and the Group's presentation currency. All financial information presented has been rounded to the nearest thousand dollars.

d) Going Concern

The Directors consider that the Group is a going concern and the consolidated financial statements have been prepared on that basis.

(e) Critical accounting estimates and judgements

The preparation of the consolidated financial statements, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(f) Changes in accounting policies

None during the period.

(g) Changes in accounting estimates

None during the period.

(h) New and amended standards adopted by the group

The group has applied the following amendments for the first time for their annual reporting period commencing 1 April 2022:
- Property, plant and equipment: proceeds before intended use - Amendments to IAS 18
- Annual improvements to IFRS standards 2018-2020
- Onerous contracts - cost of fulfilling a contract - amendments to IFRS 3.
- Reference to the conceptual framework - amendments to IFRS 3.

Certain new accounting standards and amendments have been published that are not mandatory for 31 March 2023 reporting periods. These standards are not expected to have a material impact on the entity.

3. Significant Accounting Policies

The Group has applied the same accounting policies and methods of computation in these financial statements as its previous annual financial statements, except for those detailed in note 2(f) and (g) above.

Details of the Group's significant accounting policies are provided below.

In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intra-group transactions and balances are therefore eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries

The subsidiaries of 2 Cheap Cars Group Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest	
		MAR 2023	MAR 2022
2 Cheap Cars Limited	New Zealand	100%	100%
NZ Motor Finance Limited	New Zealand	100%	100%
2CC International Limited	New Zealand	100%	100%
2 Cheap Rental Cars Limited	New Zealand	100%	100%
Car Plus K.K	Japan	100%	100%

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Foreign currency differences arising from settlement at a different exchange rate are recognised in profit or loss.

(ii) Foreign currency monetary assets and liabilities

At balance date, foreign monetary assets and liabilities are translated to the functional currency at the closing rate and exchange variations are recognised in profit or loss.

(iii) Foreign currency non-monetary assets and liabilities

Foreign non-monetary assets and liabilities that are measured based on historical costs are translated using the exchange rate at the date of the transactions. Any foreign currency difference arising due to translating to functional currency are recognised in profit or loss.

(c) Revenue

The specific revenue recognition policies associated with the Group's distinct performance obligations (as presented in Note 4) are detailed below:

(i) Vehicles sold

Revenue is recognised at a point-in-time, with the transfer of control determined as the point purchaser takes final physical possession of the vehicle.

(ii) Insurance policies

Commission revenue is recognised on an agent basis at a point-in-time , with the transfer of control determined at the point the end customer enters into a signed insurance policy with the insurance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(iii) Sale of scrap parts

Revenue is recognised at a point-in-time, with the transfer of control determined as the point that the purchaser takes final physical possession of the scrap parts.

(iv) Commissions received (booking fee, sales, finance)

Revenue is recognised on an agent basis at a point-in-time , with the transfer of control determined as the point the end customer enters into a signed finance agreement with the finance provider (principal). As the uncertainty associated with any commission clawbacks is resolved, previously deferred revenue recognised as contract liabilities is released and recognised as revenue.

(v) Interest revenue calculated using the effective interest method

Interest revenue comprises interest on loans receivable and cash and cash equivalents. Interest revenue is recognised based on the effective interest method.

Performance obligations and timing of revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled to, excluding amounts collected on behalf of third parties and net of rebates, discounts and payments to customers that are not in consideration for separate goods or services provided. This represents the fair value of total consideration payable, including both cash and in the case of vehicles sold, any vehicle trade-ins.

Where the ultimate transaction price receivable is subject to variability (such as in the case of vehicle returns or clawbacks on commissions) revenue is recognised only to the extent that it is highly probable that the revenue recognised would not be subsequently reversed.

Revenue is recognised when the control associated with a good or service (or in aggregate thereof) representing a distinct performance obligation is transferred from the Group to the customer.

Where a single contract contains two or more distinct performance obligations, the total transaction price of the contract is allocated between the separate performance obligations based on their stand-alone-sales-prices, and represents the revenue to be recognised with respect to that separate performance obligation.

Revenue is recognised on an over-time basis subject to meeting specific criteria, otherwise, revenue is recognised at a point-in-time , being the point that the customer obtains control of the good or service subject to various indicators.

Payment received from customers before revenue is recognised and presented as a "Contract liability" in the consolidated statement of financial position.

Receivables resulting from revenue being recognised before the Company is able to contractually invoice for the goods or services provided is recognised and presented as a "Other current asset" in the consolidated statement of financial position.

The Group recognises revenue on a net basis as an "Agent" (rather than on a gross basis as "Principal") when
(i) it is not the party primarily responsible for fulfilling to provide goods or services to the end customer,
(ii) when it does not assume the (inventory) risk of the goods or services, and/or
(iii) it does not have discretion in setting the price payable by the end customer.

(d) Insurance contracts

NZ IFRS 17 Insurance contracts becomes effective for annual reporting periods commencing on or after 1 January 2023.

NZ IFRS 17 Insurance contracts provides a scope exception for certain contracts that provide waivers (forgiveness) of loan balances upon the occurrence of specified events. Rather than accounting for these waivers as insurance contracts, the scope exemptions permits the Group to elect to account for such loans entirely as financial instruments.

The Group has elected to apply this scope exemption. Further details of the accounting policy relating to Loans receivable to which the scope exemption directly effects can be found in Note 7.

(e) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that they relate to items recognised directly in equity or in other comprehensive income. In such cases, the tax is also recognised directly in equity or in other comprehensive income, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

(i) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,

(ii) temporary differences arising on the initial recognition of goodwill; and

(iii) temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that the timing of the reversal of the temporary differences is controlled by the Group and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Group recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Defined contribution plans (Kiwisaver etc.)

Contributions to defined contribution plans are recognised in the consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

(iii) Share-based payment arrangements

Equity Settled Transactions.
The Group has provided benefits to key management personnel in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value benefit of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, conditions linked to the price of the shares of NZ Automotive Investments (NZX:NZA - market conditions) are considered where applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The useful lives and depreciation method used for significant items of property, plant and equipment are as follows:

Leasehold improvements	6.7% - 20.0% SL
Furniture and fittings	6.3% - 50.0% SL
Motor vehicles	10.0% - 50.0% SL
Computer equipment	20.0% - 100% SL
Workshop equipment	10.0% - 50.0% SL

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

(h) Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Vehicles acquired via trade-in from car sales with customers are initially measured at their trade-in date fair value.

(i) Financial instruments

The Group recognises financial instruments when it becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. For those financial instruments that are classified as amortised cost this includes directly attributable transaction costs. For those financial instruments classified as at fair value through profit or loss, any directly attributable transaction costs are expensed in profit or loss as incurred. Financial liabilities are measured net of transaction costs.

(i) Financial assets – classification and subsequent measurement

Financial assets are classified based on whether their repayments represent solely payments of principal and interest (SPPI), and whether the instrument is held to collect those repayments, and/ or to be sold.

At Amortised cost

These financial assets represent those held to collect SPPI, and include: Trade and other receivables; Loans receivable (those that do not include waiver clauses); Cash and cash equivalents (including cash in hand, deposits held at call with banks).

These financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment.

Impairment allowances for Trade receivables

Are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated impairment allowance.

Impairment allowances for Loans receivable

Are recognised based on a forward-looking expected credit loss ("ECL") model. The methodology used to determine the amount of the allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised ("Stage 1").

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised ("Stage 2"). The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For those that are determined to be credit impaired (in default), lifetime expected credit losses along with interest income on a net basis are recognised ("Stage 3"). The Group considers a financial asset to be in default when the financial asset is more than 90 days past due, as well as observable evidence with respect to:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or being more than 90 days past due;
- granting to the borrower a concession for economic or contractual reasons relating to the borrower's financial difficulty; that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

When determining whether there has been a significant increase in credit risk since initial recognition of the financial asset, and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward looking information.

The gross carrying amount of Loans receivable is written off when the Group has no reasonable expectation of recovering the balance in its entirety or a portion thereof.

Impairment allowances for Cash and cash equivalents

Balances held with "investment grade" counterparties a significant increase in credit risk is deemed not be present.

At Fair value through profit or loss (non-derivatives)

These financial assets represent Loans receivable (that include waiver clauses). In applying the scope exemption in NZ IFRS 17 Insurance Contracts to these contracts, such that they are accounted for as financial assets in their entirety, the presence of the waiver clauses results in repayments not representing SPPI. Loans receivable includes loans on which customers voluntarily elect to opt for additional Asset Waiver and/or Income Waiver products which are offered by the Group.

Accordingly, these balances are classified and measured subsequently as at fair value through profit or loss.

Repayments of these loans are recognised as reductions in the carrying amount, with fair value gains or losses at each reporting date recognised in profit or loss.

At Fair value through profit or loss (derivatives)

Derivatives financial assets represent "in the money" derivative contracts that are classified and measured subsequently as at fair value through profit or loss, with fair value gains or losses at each reporting date recognised in profit or loss.

(ii) Financial liabilities - classification and subsequent measurement

Financial liabilities are classified as at fair value through profit or loss if it is held-for-trading, it is a derivative or it is designated as such on initial recognition, otherwise the it is classified as At Amortised cost.

At Amortised cost

Includes; Trade and other payables; Borrowings; Lease liabilities.

These financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

At Fair value through profit or loss (derivatives)

Derivatives financial liabilities represent "out of the money" derivative contracts that are classified and measured subsequently as At Fair value through profit or loss, with fair value gains or losses at each reporting date recognised in profit or loss.

(iii) Derecognition of financial assets and financial liabilities

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets.

Impairment losses are reversed when there is a change in the estimate used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All impairment losses are reversed through profit or loss, other than those related to goodwill.

(j) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(k) Goods and services tax

With the exception of trade payables and receivables, all items are stated exclusive of Goods and Services Tax.

(l) Reserves

Amalgamation reserve

The amalgamation reserve represents the difference between the fair value of consideration paid and the carrying amount of net assets in a business combination where the acquirer and acquiree are controlled by the same (ultimate) party (business combination under common control).

(m) Leases

All leases in which the Group is a lessee are accounted for by recognising a Right-of-use asset and a Lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Payments associated with all leases of low-value assets and short-term leases of equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss.

(i) Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate, however in such cases the initial present value determination assumes that the variable element will remain unchanged throughout the lease term.

Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the Lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the Lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically make-good provisions on buildings).

(ii) Subsequent measurement

Subsequent to initial measurement Lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Right-of-use assets are also subject to impairment assessment at reporting date.

(iii) Remeasurement

When the Group revises its determination of the use (or non-use) of renewal and/or termination options, the carrying amount of the lease liability is adjusted to reflect the payments to make over the revised term, which are discounted at the revised discount rate.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, however this is discounted at the original discount rate.

In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For changes in lease payments as a result of COVID-19, the carrying value of lease liabilities is revised and discounted at the original discount rate, with a corresponding adjustment to profit or loss (variable lease payment).

(iv) Modifications to lease agreements

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

Increases in scope:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price (i.e. market rate) for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the revised discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount

Decreases in scope:

Both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss.

The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date.

The right-of-use asset is adjusted by the same amount.

(n) Government grants

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the periods in which the associated expenses are recognised.

(o) Finance income and finance expenses

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(p) Intangible assets

Finite Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Trademarks 10 years

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Notes to and Forming part of the Consolidated the Financial Statements

4. Revenue from Contracts with Customers

	MAR 2023 $'000	MAR 2022 $'000
Sale of cars	74,902	56,653
Fair value gain/(loss) on revaluation	(222)	8
Contractual income earned on loans at fair value through profit or loss	508	762
Interest on bank accounts, short term deposits and investments	693	463
Agent commissions received		
- Interest agent commissions	4,427	4,132
- Insurance agent commissions	2,396	2,213
Total revenue from contracts with customers	**82,704**	**64,231**
Timing of transfer of goods and services		
Point of sale income	82,564	64,204
Over time income	139	27
Total Revenue	**82,704**	**64,231**

5. Sundry Income

	MAR 2023 $'000	MAR 2022 $'000
Gain/(loss) on sale of property, plant and equipment	2	6
Government grants received[6]	37	351
Consideration for reassignment of leases[7]	-	1,085
Other	(6)	283
Total sundry income	**33**	**1,725**

[6] During the period the Group received government grants in the form of COVID-19 related Wage subsidies from the New Zealand Government.

[7] The Group received consideration from an external party for the assignment of two leased properties.

6. Segment reporting

Description of segments

Management has determined the operating segments based on the components of the Group that engage in business activities, which have discrete financial information available and whose operating results are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors makes decisions about how resources are allocated to the segments and assesses their performance. Geographically the Group's business activities are located in New Zealand.

Reportable segments have been identified as follows:

Operating Segments

As at 31 March 2023	Automotive Retail $'000	Finance $'000	Other Entities $'000	Inter-entity transactions $'000	Total $'000
Revenue including interest	81,990	909	1,979	(2,174)	82,704
Sundry Income	(22)	3	50	2	33
Cost of sale	(68,871)	2	(1,008)	1,972	(67,905)
Interest expense - finance	-	(222)	-	-	(222)
Operating expense	(8,112)	(510)	(3,299)	1	(11,920)
Operating profit	4,985	181	(2,278)	(199)	2,689
Dividend received	-	-	287	(287)	-
Interest expense - trading	(781)	(336)	(7)	255	(869)
Net profit before tax	**4,204**	**(155)**	**(1,998)**	**(231)**	**1,820**

As at 31 March 2022	Automotive Retail $'000	Finance $'000	Other Entities $'000	Inter-entity transactions $'000	Total $'000
Revenue including interest	63,381	1,185	2,547	(2,882)	64,231
Sundry Income	1,681	16	28	-	1,725
Cost of sale	(52,649)	-	(1,567)	2,536	(51,680)
Interest expense - finance	-	(90)	-	-	(90)
Operating expense	(7,208)	(674)	(2,690)	181	(10,391)
Operating profit	5,205	437	(1,682)	(165)	3,795
Dividend received	-	-	3,025	(3,025)	-
Interest expense - trading	(361)	(441)	-	203	(599)
Net profit before tax	**4,844**	**(4)**	**1,343**	**(2,987)**	**3,196**

7. Determination of fair values

Face value versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows.

31 March 2023	Note	Carrying Amount $'000	Fair value (level 3) $'000
Assets			
Cash and cash equivalents	12	3,767	3,767
Trade receivables at amortised cost	15	669	669
Other receivables	15	2,871	2,871
Loans receivable - Amortised Cost	14	2,240	2,248
Loans receivable - Fair Value through Profit or Loss	14	1,769	1,769
Total		**11,316**	**11,324**
Current Liabilities			
Trade and Other Payables	16	2,743	2,743
Borrowings	22	900	900
Derivative financial liabilities	18	55	55
Related Party Payable	25	10	10
Total		**3,708**	**3,708**

31 March 2022	Note	Carrying Amount $'000	Fair value (level 3) $'000
Assets			
Cash and cash equivalents	12	3,790	3,790
Trade receivables at amortised cost	15	739	739
Other receivables	15	4,126	4,126
Loans receivable - Amortised Cost	14	3,456	3,673
Loans receivable - Fair Value through Profit or Loss	14	3,442	3,442
Total		**15,553**	**15,770**
Current Liabilities			
Trade and Other Payables	16	1,890	1,890
Borrowings	22	11,800	11,800
Derivative financial liabilities	18	414	414
Related Party Payable	25	10	10
Total		**14,114**	**14,114**

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables has been determined to be a reasonable approximation of the fair value of the financial instrument given the short-term nature of these financial instruments.

Borrowings relate to facilities that are repaid within a short timeframe.

Refer to Note 14 for fair value measurement information regarding Loans receivable.

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of level 3 financial instruments is provided below:

	Profit or loss		Other comprehensive income (net of tax)	
Significant unobservable inputs	Increases $'000	Decreases $'000	Increases $'000	Decreases $'000
Discount rate used (+/- 5%)	106	(97)	76	(70)
Default provision used (+/- 5%)	94	(94)	68	(68)
Waiver provision rate used (+/- 5%)	68	(68)	49	(49)

8. Finance Expenses

	Note	MAR 2023 $'000	MAR 2022 $'000
Interest expense on financial liabilities measured at amortised cost		(715)	(263)
Interest expense on lease liabilities	17	(310)	(189)
Other		(66)	(237)
Finance Expenses		**(1,090)**	**(689)**

9. Key operating expenses

Key operating expenses includes the following:	Note	MAR 2023 $'000	MAR 2022 $'000
Audit fees		(104)	(87)
Depreciation - property, plant and equipment	27	(211)	(204)
Depreciation - right-of-use assets	17	(1,924)	(1,574)
Employee benefit expenses - excluding direct wages included in cost of sale			
Wages and salaries, Including Kiwisaver contributions		(2,673)	(2,620)
Expenses related to restructuring business [8]		(977)	-
Expenses related to reassignment of leases		-	(200)

[8] The business incurred non-recurring restructuring costs of $0.98m associated with significant changes at Board and management level during the year.

10. Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of ordinary shares on issue during the year, excluding shares held as treasury stock.

Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

Numerator	MAR 2023 $'000	MAR 2022 $'000
Profit for the period	1,292	2,594
Denominator		
Weighted average number of shares	45,554,500	45,554,500
EPS basic	0.03	0.06
EPS Diluted	0.03	0.06

11. Dividends

	MAR 2023 $'000	MAR 2022 $'000
Final Dividend	287	2,296
Interim Dividend	-	729
Total	**287**	**3,025**

12. Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and short term deposits with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

	Held with Credit Rating 31 Mar 2023	Credit Rating	Interest 31 Mar 2023	Interest 31 Mar 2022	MAR 2023 $'000	MAR 2022 $'000
Cash at Bank	ASB Bank & Mitsui Bank	AA- & A-	4.61%	0.11%	3,767	3,790

As cash and cash balances are held with counterparties with "investment grade" credit ratings, there is not deemed to be a significant increase in credit risk associated with the Group's Cash and cash equivalents balance. Credit rating is as per Standard & Poor.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. See note 3(q) for the group's other accounting policies on cash and cash equivalents.

13. Inventories

	MAR 2023 $'000	MAR 2022 $'000
Gross stock on hand	8,664	13,334
Inventory provision	(288)	(326)
Total inventories	**8,377**	**13,008**

14. Loans Receivable

Opening balance (1 Apr 2021)	Amortised Cost	Fair value through profit and loss	Total
Gross carrying value	829	2,998	3,827
Less: Impairment allowance	(24)	-	(24)
Total Loans receivable	**805**	**2,998**	**3,803**
Movements during the period			
Advances of loans to customers	3,611	2,677	6,288
Repayments of loans by customers	(1,273)	(2,241)	(3,514)
Movement in accrued interest	288	-	288
Movement in Impairment Allowance	(49)	-	(49)
Fair value gain/(loss) on revaluation	-	8	8
Total Movements	**2,577**	**444**	**3,021**
Gross carrying value	3,455	3,442	6,897
Less: Impairment allowance	(73)	-	(73)
Total Loans receivable	**3,382**	**3,442**	**6,824**
Closing balance (31 March 2022)			
Current portion	1,343	1,684	3,027
Non-current portion	2,112	1,758	3,870
Less: Impairment allowance	(73)	-	(73)
Total Loans receivable	**3,382**	**3,442**	**6,824**

Opening balance (1 Apr 2022)	Amortised Cost	Fair value through profit and loss	Total
Gross carrying value	3,455	3,442	6,897
Less: Impairment allowance	(73)	-	(73)
Total Loans receivable	**3,382**	**3,442**	**6,824**
Movements during the period			
Advances of loans to customers	622	707	1,329
Repayments of loans by customers	(2,292)	(2,158)	(4,450)
Movement in accrued interest	456	-	456
Movement in Impairment Allowance	(28)	-	(28)
Fair value gain/(loss) on revaluation	-	(222)	(222)
Total Movements	**(1,242)**	**(1,673)**	**(2,915)**
Gross carrying value	2,241	1,769	4,010
Less: Impairment allowance	(101)	-	(101)
Total Loans receivable	**2,140**	**1,769**	**3,909**
Closing balance (31 March 2023)			
Current portion	1,029	839	1,868
Non-current portion	1,212	930	2,142
Less: Impairment allowance	(101)	-	(101)
Total Loans receivable	**2,140**	**1,769**	**3,909**

The effective interest rate on Loans receivable at Amortised cost are 9.95% - 17.95%. (2021: 15.95% - 17.95%)

Loans Receivable measured at amortised cost (financial assets which represent solely payments of principal and interest) have been impaired at 4.6% (2022: 2%), using the expected credit loss model.

Loans receivable measured at fair value (financial instruments that include waiver based clauses) are modelled at fair value and include an effective default risk impairment rate of 4.6% (2022: 2%), collection costs of 1% and a discount rate of 11.1% which are factored into the inputs of the valuation.

The impairment rate used is higher than the current actual current rate of impairment, which stood at 0.51% at 31 March 2023 (31 March 2022: 0.05%). Consideration was made with reference to additional default risks that could be caused from the effects that COVID-19 could have on borrowers ability to repay debt and was taken into account when determining the impairment rate.

The following table details the risk profile of the Group's provision matrix for loan receivables collectively assessed for impairment. The provision disclosed relates to loans assured at amortised cost only. Provision on loans valued at fair value are included in the fair value gain or loss.

31 Mar 2023	Expected loss rate	Gross finance receivable $'000	Collective impairment provision $'000	Net finance receivables $'000
Current	2%	3,316	(46)	3,270
Past due up to 30 days	7%	427	(11)	416
Past due 30 - 60 days	17%	144	(12)	131
Past due 60 - 90 days	27%	7	(2)	5
91 days and over	53%	116	(30)	86
	4.6%	4,010	(101)	3,909

31 Mar 2022	Expected loss rate	Gross finance receivable $'000	Collective impairment provision $'000	Net finance receivables $'000
Current	2%	6,528	(29)	6,499
Past due up to 30 days	2%	211	(8)	203
Past due 30 - 60 days	2%	56	(8)	48
Past due 60 - 90 days	2%	71	(18)	53
91 days and over	2%	31	(10)	21
	2%	6,897	(73)	6,824

	MAR 2023 $'000	MAR 2022 $'000
Movement in the impairment provisions:		
Specific impairment provision		
Opening balance	(73)	(24)
Impairment Movement through profit or loss	(46)	(49)
Amounts written off	17	-
	(102)	(73)

15. Trade and other Receivables

	MAR 2023 $'000	MAR 2022 $'000
Trade receivables	538	461
Less: Impairment allowance	(83)	(42)
Net trade receivables	**455**	**419**
Lease deposits and bonds	214	320
Trade receivables at amortised cost	**669**	**739**

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

These financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment.

	MAR 2023 $'000	MAR 2022 $'000
Prepayments	2,600	3,797
Other current assets	271	329
Other current assets	**2,871**	**4,126**

16. Trade and other payables

	MAR 2023 $'000	MAR 2022 $'000
Trade payables	2,210	1,319
Financial liabilities at amortised cost	**2,210**	**1,319**
Contract liabilities	152	207
Other payables	381	364
Total trade and other payables	**2,743**	**1,890**

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.

17. Leases

The Group leases a number of properties and equipment in the jurisdiction from which it operates.

(i) Right of use Assets	MAR 2023 $'000	MAR 2022 $'000
Opening Balance	7,056	6,246
Additions and modifications	2,406	4,958
Less:		
Depreciation	(1,924)	(1,574)
Terminations	(78)	(2,574)
Closing Balance	**7,461**	**7,056**
(ii) Lease Liabilities		
Opening Balance	7,317	6,603
Additions and modifications	2,402	4,958
Interest	310	189
Gain on changes to leases	(12)	(154)
Less:		
Terminations	(78)	(2,574)
Repayments	(2,009)	(1,645)
COVID Relief	-	(45)
Effects of movements in exchange rates	3	(15)
Closing Balance	**7,934**	**7,317**
Current portion	1,856	1,484
Non-current portion	6,078	5,833
Total lease liabilities	**7,934**	**7,317**

(iii) Balance sheet and cash flow statement	MAR 2023 $'000	MAR 2022 $'000
Carrying amount of RoU asset (by asset class)		
• Premises	7,461	7,056
• Equipment	-	-
Total cash outflow related to leases (principal repayments)	(2,009)	(1,645)
Total cash outflow related to leases (interest)	(310)	(189)

(i) Variable lease payments

As standard industry practice, several of the Groups property leases are subject to periodic CPI increases and/or market rent reviews. A 1% increase in these payments would result in an additional $20,090 (2022: $16,510) cash outflow compared to the current period's cash outflow. (2022: 1%)

(ii) Lease term – use of renewal and termination options

The Group's property leases typically include renewal and termination options. The Group must assess whether it reasonably expects (or not) to exercise these when determining the lease term.

As at 31 March 2023, there is no leases where the group has assessed it does not reasonably expect to exercise all available renewal options, resulting in potential future lease payments not currently being included in the lease liability recognised for these leases:

(i) Amounts recognised in the financial statements

(ii) Short-term lease expense (excluding leases of 1 year or less) being $75,150 (2022: $400,186).

These are all leases that exclude 1 month or less in duration, which management have assessed do not qualify as a lease under NZ IFRS16 leases and have not been capitalised as a result.

18. Derivative financial instruments

Forward contracts were taken out during the year to provide cover for risks that could potentially arise from foreign currency fluctuations in the buying & selling of inventories. If the contracts are realised at fair market value at balance date, this would result in a foreign exchange loss on derivatives of $55k as at 31 March 2023 (31 March 2022: Foreign exchange loss of $414k).

19. Employee benefit liabilities

	MAR 2023 $'000	MAR 2022 $'000
Liability for annual leave	560	730
Wages payables	274	203
Total	**834**	**933**

20. Income tax

(a) Income tax recognised in profit or loss and other comprehensive income	MAR 2023 $'000	MAR 2022 $'000
Income tax recognised in profit or loss		
Current tax	540	558
Deferred tax	(12)	44
Total income tax expense	**528**	**602**

(b) Reconciliation of income tax expense	MAR 2023 $'000	MAR 2022 $'000
Income tax recognised in profit or loss		
Profit before income tax expense	1,820	3,196
Tax expense at the domestic tax rate (28%)	510	895
Permanent differences	52	(278)
Timing differences	(35)	(43)
Intergroup eliminations	(4)	21
Effects of tax rate in foreign jurisdictions	6	7
Income tax expense	**528**	**602**

(c) Deferred tax	MAR 2023 $'000	MAR 2022 $'000
Income tax recognised in profit or loss		
Balance at the beginning of the period	433	477
Current period movement	12	(44)
Deferred tax asset	**445**	**433**
Made Up Of:		
Deferred tax asset	2,411	2,399
Deferred tax liability	(1,966)	(1,966)
Net balance as per above	**445**	**433**

Deferred tax assets are attributable to the following:	MAR 2023 $'000	MAR 2022 $'000
Inventory provision	81	91
Employee benefits	143	179
Doubtful debt	51	32
Others	-	7
Contract liabilities	37	51
Lease liabilities	2,215	2,039
Right-of-use asset	(2,082)	(1,966)
Total	**445**	**433**

21. Imputation Credits

	MAR 2023 $'000	MAR 2022 $'000
Imputation credits at 1 April	(3,595)	(3,461)
New Zealand Tax payments, net of refunds	(142)	(1,310)
Imputation credits attached to dividends received	-	-
Imputation credits attached to dividends paid	112	1,176
Total	**(3,625)**	**(3,595)**

The imputation credits are available to shareholders of the group:

- Through the company

- Through subsidiaries

22. Borrowings

	MAR 2023 $'000	MAR 2022 $'000
Motor Vehicle Finance Credit Facility	900	3,800
Retail Trade Finance Facility	-	8,000
Total Trade finance facility	**900**	**11,800**

The Retail Trade Finance Facility was due to expire on 30 April 2023 and the Motor Vehicle Finance Credit Facility will expire on 1 October 2023. Post balance date, a new retail trade finance facility is in place. See note 30, Subsequent events for further details. The Company was in compliance with all covenants throughout the year.

23. Share capital

Number of Ordinary Shares	MAR 2023	MAR 2022
Opening balance	45,554,500	45,554,500
Total issued and authorised capital	**45,554,500**	**45,554,500**

Dollar value of Ordinary Shares	MAR 2023 $'000	MAR 2022 $'000
Opening balance	39,365	39,344
Share Option Scheme	(21)	21
Total issued and authorised capital	**39,344**	**39,365**

All issued shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group and rank equally with regard to the Group's residual assets.

24. Share-based payment arrangements

31 March 2023

The share option programme has become non active as at 31 March 2023 with the departure of the previous CEO.

31 March 2022

Refer accounting Policy in Note 3 (f)

On 1 October 2021 the group established a share option programme that entitles key management personnel to purchase shares in the group. Under this programme holders of vested options are entitled to purchase shares at a pre-determined rate at the grant date. The programme is limited to select key management personnel approved by the Board.

This Programme is active as at 31 March 2022.

Tranche	Average ESOP Value	Grant Date	Number of Instruments	Vesting Date	Contractual life
Tranche 1	0.31	1 October 2021	175,000	30 September 2024	3 years
Tranche 2	0.13	1 October 2021	150,000	30 September 2024	3 years
Tranche 3	0.62	1 October 2021	94,230	30 September 2024	3 years
			419,230		

The Vesting Conditions are linked to Profitability, Share price and Liquidity in publicly traded shares of NZ Automotive investments.

Each option entitles the holder to subscribe for one ordinary share in the group, for nil consideration, in the event that certain performance hurdles are met and they remain employed by the Company at the end of the performance period.

The Fair Value of the options was determined using a Monte Carlo option pricing model.

The significant inputs in the model were share price at grant date of $0.83, Annual Volatility of 41.6% and an annual Risk free rate of 1.52%.

25. Related parties

Identity of related parties

The group has a related party relationship with its key management personnel being the Directors and Executive Officers.

Key management personnel

Key management personnel represent the Board of Directors, and the Senior Leadership team including the Managing Directors, Chief Executive Officer and Chief Financial Officer.

	MAR 2023 $'000	MAR 2022 $'000
Short-term employee benefits	1,460	1,496
Defined contribution plans	33	45
Termination benefits	250	-
Total key management personnel remuneration	**1,743**	**1,541**

Transactions with related parties	Transactions for the period		Balance outstanding at balance date	
	MAR 2023 $'000	MAR 2022 $'000	MAR 2023 $'000	MAR 2022 $'000
Eugene Williams		10	-	-
Yusuke Sena	-	-	10	10
	-	10	**10**	**10**

26. Financial instruments - risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal finance team also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Groups competitiveness and flexibility. Further details regarding these policies as they relate to the specific financial risks that the Group is exposed to are set out below.

Through its operations, the Group is exposed to the following financial risks:

(a) Credit risk
(b) Market risk
(c) Liquidity risk
(d) Currency risk

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial asset fails to meet their contractual obligations.

The Group's exposure to credit risk is represented by the carrying amount of cash and cash equivalents and investments.

The Group only holds cash and cash equivalents and investments with financial institutions that are independently determined credit ratings of "A" or higher.

The Group has an Audit & Risk Committee that monitors credit risk as part of its wider duties.

Cash and cash equivalents held with financial institutions are presented in the table below:

'31 March 2023	Credit rating *	Cash and cash equivalents	Investments	Total
		$'000	$'000	$'000
ASB Bank	AA-	3,491	-	3,491
Mitsui Bank	A-	276	-	276
		3,767	**-**	**3,767**

'31 March 2022	Credit rating *	Cash and cash equivalents	Investments	Total
		$'000	$'000	$'000
ASB Bank	AA-	3,705	-	3,705
Mitsui Bank	A-1	85	-	85
		3,790	**-**	**3,790**

* Standard & Poor's

Interest rates on interest bearing cash and cash equivalents and investments range between 0.86% - 4.61% (2022: 0.11% - 0.86%).

(b) Market risk

Market risk arises from the Group's:
- Use of interest-bearing borrowings (interest rate risk); and
- Purchases in foreign currencies (foreign currency exchange risk).

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk from its fixed / variable rate borrowing and lease liabilities, with rates between 9.4% - 3.75% (2022: 3.3% - 3.75%).

ii. Foreign currency exchange risk

The Group currently does not have any sales transactions denominated in foreign currencies, however the Group has purchases transactions denominated in foreign currencies.

During the current reporting period the Group has purchased used cars with purchase prices denominated in foreign currencies (YEN).

To mitigate foreign exchange risk on significant purchases, the Group enters into forward exchange contracts to match the timing and amount of payments due. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period.

The Group does not apply hedge accounting to these transactions, and they are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. They are considered level 2 fair value measurements being based on the present value of future cash flows based on the forward exchange rates at the reporting date.

There are open forward exchange contracts of $5.2m at the end of the reporting period (2022: $6.3m).

The net foreign exchange loss recognised for the year was $0.32m (2022: $0.78m loss).

(c) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this the Group maintains a monthly forecast on its future cash position to ensure it can meet financial obligations when they fall due.

The Board receives monthly financial statements which include statements of financial position, performance and cash flows, as well as budge/forecast variance reports, to ensure it holds or will hold cash equivalents to meet its obligations.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

As at 31 March 2023	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	2,357	339	20	27	-	2,743
Borrowings	900	-	-	-	-	900
Lease liabilities	486	1,370	1,357	3,240	1,481	7,934
Total	**3,743**	**1,709**	**1,377**	**3,267**	**1,481**	**11,577**

As at 31 March 2023	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	1,809	26	48	7	-	1,890
Borrowings	11,800	-	-	-	-	11,800
Lease liabilities	380	1,104	1,409	2,620	1,804	7,317
Total	**13,989**	**1,130**	**1,457**	**2,627**	**1,804**	**21,007**

27. Property, plant and equipment

	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Workshop equipment	Total
Cost	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2022	511	593	644	578	112	2,438
Additions	125	26	102	44	8	305
Disposals	-	(94)	(28)	(12)	(4)	(138)
Balance at 31 March 2023	**636**	**525**	**718**	**610**	**117**	**2,605**
Accumulated depreciation						
Balance at 1 April 2022	(115)	(238)	(297)	(429)	(24)	(1,103)
Depreciation	(43)	(52)	(42)	(59)	(14)	(211)
Disposals	-	15	2	1	1	19
Effect of exchange rate	-	9	-	-	-	9
Balance at 31 March 2023	**(158)**	**(266)**	**(337)**	**(487)**	**(38)**	**(1,286)**
Net Book Value						
As at 31 March 2023	**477**	**259**	**381**	**123**	**79**	**1,319**

The Group has reviewed each items of property, plant and equipment and no impairment charge was recognised for the year ended 31 March 2023 (March 2022: Nil).

	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Workshop equipment	Total
Cost	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2021	706	349	602	519	62	2,238
Additions	213	255	70	68	50	656
Disposals	(408)	(11)	(28)	(9)	-	(456)
Balance at 31 March 2022	**511**	**593**	**644**	**578**	**112**	**2,438**
Accumulated depreciation						
Balance at 1 April 2021	(212)	(181)	(273)	(382)	(14)	(1,062)
Depreciation	(42)	(66)	(35)	(51)	(10)	(204)
Disposals	139	4	11	4	-	158
Effect of exchange rate	-	5	-	-	-	5
Balance at 31 March 2022	**(115)**	**(238)**	**(297)**	**(429)**	**(24)**	**(1,103)**
Net Book Value						
As at 31 March 2022	**396**	**355**	**347**	**149**	**88**	**1,335**

Depreciation Methodology

The group recognises depreciation on a Straight line basis.

28. Notes supporting statement of cash flows

Reconciliation of Profit after tax with Net Cash Flow from Operating Activities

Deferred tax assets are attributable to the following:	**MAR 2023**	**MAR 2022**
	$'000	$'000
Net Profit for the year	1,292	2,594
Non-cash / Non-operating items:		
Depreciation of property, plant and equipment	2,134	1,779
Amortisation of intangible fixed assets		
Loss/(gain) on sale of property, plant and equipment	(2)	(6)
Foreign exchange	77	(90)
Income tax expense	528	602
Finance expense	(255)	277
	-	-
	2,482	**2,562**
Movements in working capital:		
(Increase)/decrease in trade and other receivables	4,528	(3,669)
Increase/(decrease) in trade and other payables	801	(1,298)
(Increase)/decrease in Inventory	4,631	(1,116)
	9,960	**(6,083)**
Cash generated from operations	13,734	(927)
Income taxes paid	(161)	(1,570)
Net cash flows from operating activities	**13,573**	**(2,497)**

29. Contingent liabilities

ASB Bank Limited has given a guarantee to the landlord on behalf of the Group to secure premises.

The maximum guarantee is for $1,316,959 (March 2022: $1,643,000).

30. Subsequent events

The retail trade finance facility with ASB was due to expire on 30 April and has been extended until 31 May 2023 to provide the business time to execute a new trade facility. The Company executed a new retail trade facility agreement with Finance Now, with a limit of $5.0m, effective 1 June 2023.

The company closed down the Napier dealership as at 31 May 2023.

There are no other significant events have occurred subsequent to balance date. (2022: None)

STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE

This statement of Corporate Governance is correct as of 30 May 2023 and was approved by the Board on 28 June 2023

The Board of 2 Cheap Cars Group Limited is committed to ensuring that it has best practice corporate governance principles in place and high standards of business behaviour and accountability. The Company is committed to conducting business in the right way, ethically and in line with its legal and regulatory obligations.

The Board has set the Company's corporate governance arrangements. They have regard to the recommendations set out in the NZX Corporate Governance Code (Code). The Company believes that its corporate governance practices in FY23 are materially in line with the Code published on 17 June 2022. This governance statement summarises:

- The Company's corporate governance practices.
- The areas where the recommendations of the Code are not fully complied with; and
- Those areas where further work is being undertaken to ensure full compliance.

The Company takes a continuous improvement approach to corporate governance such that its policies are reviewed on a regular basis in line with best practice. Key governance policies and charters can be viewed on the Company's website at www.2cheapcars.co.nz/investors/.

Principle 1: Culture and ethical behaviour

The Company has adopted a written Code of Culture and Ethical Behaviour (CCEB) that is a statement of the Company's core values. It sets out explicit expectations for ethical decision making and personal behaviour for the Board of Directors (Directors, and the Board) and employees. The CCEB is available to all Directors, volunteers, employees and contractors of the Company and its subsidiaries (2 Cheap Cars Group personnel), and is publicly available on the Company's website.

The CCEB establishes a framework for 'whistle blower' protection if Company personnel report a breach or suspected breach of law, regulation, Company policy or other serious wrongdoing.

The Company's Financial Products Dealing Policy, along with the Financial Markets Conduct Act 2013, imposes limitations and requirements on Directors and employees in dealing in the Company's shares. These limitations prohibit dealing in shares while in possession of inside information, and impose requirements for seeking consent to trade.

Principle 2: Board composition and performance

On 19 July 2022, four members of the Board resigned. Resignations, effective from 21 August 2022, were from two Independent Directors - Charles Bolt and Tim Cook, a Non-executive Director - Tracy Rowsell and Executive Director - Eugene Williams. These Board positions were replaced by two current Independent Directors - Michael Stiassny and Gordon Shaw, who were appointed by the remaining Executive Director - David Sena.

Michael Stiassny and Gordon Shaw were nominated for election at the Company's Annual Shareholders Meeting held on 2 September 2022. They were unanimously voted in as Independent Directors, confirming their respective roles. Michael Stiassny was confirmed as the Board Chairperson.

Samantha Sharrf temporarily joined the Board for six months as an Independent Director, allowing Gordon Shaw to take the vacant Chief Executive Officer role on a temporary basis. At this time, Gordon Shaw became an Executive Director. On 9 January 2023, Paul Millward was appointed as the Company's Chief Executive Officer. On 1 February 2023, after a hand-over period with Paul, Gordon Shaw again became an Independent Director and Samantha Sharif stepped down from the Board.

As at 31 May 2023, the Board has three Directors, two of whom are Independent Directors – Michael Stiassny and Gordon Shaw and an Executive Director David Sena.

In order for a Director to be independent, the Board has determined that he or she must not be an employee of the Company or any of its subsidiaries and have no disqualifying relationships. Independence is determined by the Board in accordance with the independence requirements of the NZX Listing Rules; and having regard to the factors described in the Code.

Each Director has experience, skills and expertise that are of value to the Company. Profiles of Directors are available on the Company's website, and Directors' interests are disclosed on page 73 of the Company's 2023 Annual Report.

The roles and responsibilities of the Board are detailed in the Board Charter. This is reviewed from time to time and is available on the Company's website. The Board's primary objective is to act at all times in a manner designed to create and grow sustainable value for our shareholders. The Directors are expected to be cognisant of the duties and obligations imposed on them by the Company's Constitution, the NZX Listing Rules and by law.

The Board has delegated authority for day-to-day leadership and management of the business to the CEO, who in turn has sub-delegated authority to other Company management with specified financial and non-financial limits.

The Company's Delegations of Authority Policy is reviewed annually by the Board.

The number of elected Directors, and the procedure for their retirement and election at annual meetings, is determined in accordance with the Company's Constitution and the NZX Listing Rules.

Management commentary
(no financial statements)

STATEMENT OF CORPORATE GOVERNANCE
Continued

The Company has not established a separate nominations committee to recommend Director appointments to the Board (in accordance with Recommendation 3.4 of the Code), as this function is carried out by the whole Board. All Directors are involved in the consideration of Board composition and nominations and take into account a number of factors including qualifications, capability, experience, judgment and skills, and the ability to work with other Directors. Shareholders may also nominate candidates for election to the Board. Reference checks are carried out on all candidates and key information about candidates is provided to shareholders to assist their decision as to whether or not to elect or re-elect a candidate. Board members enter into written agreements with the Company, outlining the terms of their appointment.

Directors are encouraged to undertake appropriate training and education to ensure they remain up-to-date on best practice to perform their duties. In addition, management provide regular updates on relevant industry and Company issues such as briefings from Senior Executives.

All Directors have access to Executives to discuss issues, get information on specific areas in relation to matters to be discussed at Board meetings and for other areas as they consider appropriate. Subject to the approval of the Board Chair, Committees and Directors have the right to seek independent professional advice where the Committee or individual deems it necessary to carry out their functions. This advice is at the Company's expense.

The Company has arranged a policy of Director and Officer' liability insurance with Vero Liability Insurance Limited. This policy covers Directors and Officers so that any monetary loss suffered by them, as a result of actions undertaken by them as a Director or Officer, is insured to specified limits (and subject to legal requirements and/or restrictions).

The Chair meets regularly with Directors to discuss and assess individual performance of the Directors.

In accordance with its Charter, the Board will review and assess its performance as a whole on an annual basis, and in such manner as the Board deems appropriate.

Diversity

The Company is committed to equal employment opportunities and treating all individuals fairly and with respect. The Company has a diverse workforce and recognises that everyone has individual differences which can be leveraged to create stronger teams and drive stronger business performance.

The Company's approach to diversity is outlined in the Company's Diversity and Inclusion Policy, which is available on the Company's website. Key areas of focus are:

- Recruitment and retention of a diverse workforce
- Creating a supportive working environment
- People development
- Recognition and reward based on merit.

The Board has set diversity objectives in accordance with the Diversity and Inclusion Policy; however, they are not currently being measured (as recommended under Recommendation 2.5 of the Code).The Board has reviewed its required diversity profile and considers the make-up of the Board is currently sufficiently diverse for the purposes of forming a strong team, providing specialised knowledge and expertise in relevant markets and driving business performance.

The Board considers that while the Company has performed in accordance with its Diversity and Inclusion Policy, this is an area that should attract greater focus in the next financial year.

Although there were one to two female Directors on the Board throughout the year, as at 31 March 2023 the composition of Directors and Officers of the Company were all male.

As At 31 March 2023:	Male	Female
Directors	3	-
Officers	2	-

As At 31 March 2022:	Male	Female
Directors	4	2
Officers	2	-

(An Officer is a person who is concerned or who takes part in the management of the Company's business and reports directly to the Board or the CEO).

STATEMENT OF CORPORATE GOVERNANCE
Continued

Principle 3: Board Committees

The Board has delegated a number of its responsibilities to Committees to assist in the execution of the Board's responsibilities. The use of Committees allows issues requiring detailed consideration to be dealt with separately by members of the Board who have specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board. However, the Board retains ultimate responsibility for Committee functions, and determines their responsibilities. Copies of relevant Committee Charters can be found on the Company's website.

Although the Code recommends that the Audit Committee should be majority independent and comprise solely of non-executive Directors, the current composition of the Board means that all Directors are currently members of all committees. Committees are comprised of a majority of Independent Directors.

Members of the Board can attend any Committee meeting and minutes of Committee meetings are available to all members. Each Committee is empowered to seek any information it requires from the Company's personnel to undertake their duties. Committees can also get independent legal or other professional advice.

Special purpose Committees may be formed to review and monitor specific projects with senior management. In the case of a takeover offer, the Company would engage expert legal and financial advisors to provide advice.

Formal 'takeover protocols' have been developed and formally adopted by the Board (in compliance with Recommendation 3.6 of the Code). The Company's Takeovers Code can be found on the Company's website.

The Board Committees as at 30 May 2023 were:

Committee	Role	Members
Audit, Finance and Risk Management Committee	The main purpose of this Committee is to assist the Board in providing oversight of matters relating to the quality and integrity of financial reporting, independence and performance of the external auditors, effectiveness and objectivity of the internal audit programme and oversight of business risks and compliance activities.	Gordon Shaw (Chair) Michael Stiassny David Sena
Remuneration Committee	This Committee has been established to assist the Board in fulfilling its responsibilities in relation to the following matters: 1.Formal and transparent method for determining Directors' remuneration. 2.Remuneration of the CEO. 3.Review of the remuneration recommendations made by the CEO for the senior management team. 4.Consideration and review of any incentive plans or payment targets and calculations for the CEO and senior management team. 5.Review of the overall Company-wide salary and incentive policies.	Gordon Shaw (Chair) Michael Stiassny David Sena

The Audit, Finance and Risk Management Committee is comprised of a majority of Independent Directors and only Non-Executive Directors. The Chair of the Audit, Finance and Risk Management Committee is not the Chair of the Board.

Audit, Finance and Risk Management Committee Charter sets out the policies and practices of the Board of Directors regarding the financial audit and risk management processes and is available on the Company's website.

Employees of the Company only attend meetings of the Audit, Finance and Risk Management Committee at the invitation of the Committee.

The Remuneration Committee is comprised of a majority of Independent Directors. Management attendance at meetings of the Remuneration Committee is by invitation of that Committee.

Management commentary
(no financial statements)

Attendance at Board and Committee meetings during FY23 was:

Attendee	Board	Audit, Finance and Risk Management Committee	Remuneration Committee
Michael Stiassny	6	2	3
Gordon Shaw	6	2	3
David Sena	13	2	3
Eugene Williams	8	1	-
Tracy Rowsell	8	1	-
Charles Bolt	8	1	-
Tim Cook	8	1	-
Total Meetings Held	**14**	**3**	**3**

Principle 4: Reporting and disclosure

The Company is committed to keeping investors and the market informed of all material information about the Company and its performance in a timely manner. In addition to all information required by law, the Company seeks to provide sufficient meaningful information to ensure stakeholders and investors are well informed.

The Company's Continuous Disclosure Policy sets out the principles and requirements of this commitment to timely and balanced disclosures.

For the financial year ended 31 March 2023, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The CEO and the CFO are required to provide a letter of representation to the Board confirming that:

- The 2 Cheap Cars Group's financial statements have been prepared in accordance with accepted accounting standards in New Zealand, are free of material misstatements, including omissions, give a true and fair view of the financial performance and position of the 2 Cheap Cars Group and the financial records have been properly prepared.
- The representations are based on a sound system of risk management, internal compliance and controls that provide for the implementation of the policies adopted by the Board; and
- 2 Cheap Cars Group's risk management and internal control systems are operating effectively in all material respects.

A letter of representation confirming those matters was received in relation to the FY23 financial statements.

The Board has given due consideration to the importance of non-financial disclosure and recognises the importance of non-financial disclosure including environmental, economic and social and government (ESG) considerations. However, given the size of the Company it has elected to not yet implement a formal ESG policy or provide the level of reporting on environmental, economic and social stability factors and processes to the level recommended in principle 4.3 of the Code. The Company's Annual Report does discuss the role the Company is playing with respect to the implementation of lower emission vehicles in the 'FY23 in Review' section, and in the commentary provided on pages 68-69 of this Annual Report.

Principle 5: Remuneration

Remuneration of Directors and the senior management team is the key responsibility of the Remuneration Committee. External advice has been sought to ensure remuneration is benchmarked to the market for senior management positions.

The Company has adopted a Remuneration Policy that relates to Non-Executive Directors and senior managers. The Remuneration Policy is designed to ensure that remuneration practices of the Company are fair and appropriate, and that there is a clear link between remuneration and performance.

At present, the weightings of remuneration for senior management are geared towards a fixed basis remuneration with a short-term incentive scheme in place for select senior management. No equity-based incentive scheme is currently in place. An equity-based incentive scheme will be in place for the CEO in FY24.

Fixed remuneration is determined having regard to the scale and complexity of the relevant employee's role. It includes all benefits, allowances and deductions. Adjustments to fixed remuneration are not automatic, they are based on performance and reviewed annually by the Remuneration Committee.

Remuneration of Non-Executive Directors is determined by the Board on the recommendation of the Remuneration Committee.

There is no requirement for Directors to hold shares.

Details of Director and Executive remuneration (including remuneration arrangements for the CEO) in FY23 are provided on pages 74-75 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE
Continued

Principle 6: Risk management

The Board has overall responsibility for the Company's system of risk management and internal controls, and procedures are in place to provide control within the management and reporting structure.

In addition, the Audit, Finance and Risk Management Committee provides an additional and more specialised oversight of Company risks. The Audit, Finance and Risk Management Committee Charter provides detail around the specific responsibilities of the Committee related to risk management.

The Committee reviews and recommends to the Board for approval the Company's half year and annual financial statements. The Committee also advises the Directors as to whether the Company's financial statements comply with applicable laws and regulations.

Monthly management reporting is provided to the Board in order to monitor the Company's performance against budget and other objectives. The responsibilities of the Audit, Finance and Risk Management Committee include :

- Ensuring that management is implementing, and reporting to the Committee, the Company's risk management framework (including the maintenance of the risk register) and policies.
- Reporting to the Board on the development of existing risks and the emergence of new risks.
- Reporting to the Board on the main risks to the Group's performance, how these main risks are being managed under the Group's risk management framework and on any incident involving fraud or other breakdown of internal controls.

A structured framework is in place for capital expenditure. This includes appropriate authorisation and approval levels that place an emphasis on the commercial logic for an investment. Under a formal Delegation of Authority policy, the Board has set limits on management's ability to incur expenditure, enter into contracts and acquire or dispose of assets.

Risk profiles that identify, assess, monitor and report the Company's key business risks are formally reviewed by the Board annually as part of the Board's risk assessment process. Risk profiles also identify key risk mitigation strategies which are in place as shown below.

Key Risk	Description of Risk	Mitigation
Import Concentration Risk	Almost all of the Company's vehicles are imported from Japan. The Company is therefore fully reliant on the auction and export process as it stands in Japan, and is exposed to fluctuations in foreign exchange rates, border restrictions and regulation changes. If the Company could no longer source most of its cars from Japan, it may need to set up a similar process in one or more other countries, incurring costs in doing so. Japan is exposed to typhoons and is home to marmorated stink bugs, an invasive pest to New Zealand, both presenting a level of specific risk to importing from Japan	While the Company takes forward cover on currency exchange rates, long-term trends in the Japanese Yen to New Zealand dollar exchange rate cannot be fully hedged and may affect margins. During stink bug season (September to April), all imported cars are heat treated, adding a small additional cost. NZ's Ministry of Primary Industries usually refuses entry for any ship where a stink bug is discovered (unless the cargo ship has been heat treated). This has affected used car imports from Japan in the past, affecting available inventory and sales.
Key Person Risk	The Company's operation is reliant on certain key personnel, including its founder David Sena. If the key person was to leave the Company without a suitable transition period, financial performance could be materially affected.	This risk can be mitigated with suitable transition periods. Further, the founder has a sizeable cornerstone equity stake in the business, incentivising him to prioritise the Company's financial performance over the medium to longer term.

Management commentary
(no financial statements)

Key Risk	Description of Risk	Mitigation
Regulatory Risk	The Company's importation costs on vehicle purchases have increased in FY23 since the Government introduced the Clean Car Discount rebate scheme and the Clean Car Standard. The Clean Car Discount rebate scheme is targeted at consumers to encourage them to purchase vehicles that emit less carbon dioxide (CO_2). Consumers receive a rebate on certain vehicles that emit lower levels of CO_2 or no CO_2 and may pay a penalty if the vehicles they purchase emit higher levels. The Clean Car Standard for used light vehicles requires vehicle importers to lower the carbon dioxide emissions of the vehicles they are importing or pay a fine. There is a credit / debit system that has been introduced. The business faces a risk that vehicle import costs could continue to rise, and may have to pay penalties on some vehicles it imports.	The Government has introduced new regulations in the past, such as the electronic stability control system requirement for all used light passenger vehicles imported from 1 March 2020, and the Company has proven it can adapt its procurement model to adhere to new requirements. The Company has adapted to new clean car regimes and is meeting its customers' needs through procurement of smaller cars that are more fuel efficient, as well as a mix of fully electric and hybrid electric vehicles. The Company expects that fuel efficiency standards will continue to evolve and will monitor and comply with the standards. Any additional costs incurred by the Company during the importation process are directly passed on to consumers through higher retail pricing. Given all used car importers are subject to the same requirements, 2 Cheap Cars' market position as one of the more affordable used car dealerships is expected to be maintained. The Company is currently in a credit position under the Clean Car standard scheme.
	NZMF's vehicle finance loan book exposes the Company's balance sheet to poor performing loans. If a significant number of NZMF loans default, the Company's financial performance could be materially affected.	The Company has stringent lending criteria and processes, including thorough checks into the borrower's credit worthiness, employment status and ability to service the requested loan. Under Responsible Lending Guidelines, the Company is also required to ensure that the requested loan is suitable for the specific clients' needs and circumstances of the borrower. In addition, the Company has professional back-end or collection and recovery systems in place using qualified and approved third party collection houses and agents. This allows the Company to deal with any arrears at the earliest possible stage and if the arrears become problematic, it can engage the services of experienced collectors and recovery services to take the required action to enforce repayment.

Health and Safety

The Board is responsible for monitoring corporate risk assessment processes; this is not delegated to a subcommittee. Staying safe, keeping others safe and being corporately responsible are fundamental to the Company.

The Board is committed to ensuring a high-quality, safe and healthy environment for everyone who works at the Company, its visitors and partners. This means that the Company makes the safety and wellbeing of the Company's employees and contractors a top priority.

People safety is a key priority and an essential component to everything the Company does. The Company is committed to developing, improving and reinforcing its safety culture. Key to this commitment is improving leadership capacity and simplifying tools and systems. Paragraph 2.3.3 of the Board Charter describes how the Company manages its health and safety risks.

The Board receives monthly reports on health and safety performance, including performance against plan and 'near miss' reporting.

The Company seeks to provide a healthy and safe workplace with a key performance indicator (KPI) goal of zero serious harm accidents and incidents. This was achieved, with no major incidents, during the FY23 period. The Company strives to create an environment where employees report all near miss accidents and incidents, however minor, with the objective to identify potential harm and promote continuous improvement.

Vehicles are the biggest risk area for our staff. This includes risks associated with vehicle movements at our dealerships as well as in our logistics and vehicle processing Hub.

2 Cheap Cars Group engages a third-party specialist to perform health and safety reviews. These reports are focused on the identification of site hazards, with recommendations of appropriate corrective actions to ensure staff are working in a safe environment and all relevant compliance is adhered to.

All staff are provided with the Company handbook which contains the risk management policy, health and safety policy and guidelines for keeping safe while at work. Staff are required to read and confirm that they have received this.

Principle 7: Auditors

For the year ended 31 March 2023, UHY Haines Norton Sydney was the external auditor of the Company.

The Audit, Finance and Risk Management Committee monitors the ongoing independence, quality and performance of the external auditors and audit partner rotation. The Audit, Finance and Risk Management Committee Charter establishes a framework for the Company's relationship with its external auditors in accordance with Recommendation 7.1 of the Code.

The Committee pre-approves any non-audit work undertaken by UHY Haines Norton Sydney. UHY Haines Norton Sydney did not provide any non-audit services to the Company or its subsidiaries during FY23.

The fees paid for audit services in FY23 are identified on page 45 of the Company's 2023 Annual Report. The Company's external auditors are expected to attend the 2023 Annual Shareholders' Meeting.

Given the size of the Company, it does not have an internal audit function. Through the normal operations of the Company, a number of internal controls are embedded within the business, including but not limited to; risk management, information systems, security, health and safety, conflicts of interest and prevention and detection of fraud.

Principle 8: Shareholder rights and relations

The Company aims to promote open and regular communication with shareholders and interested stakeholders and seeks to encourage effective participation at Company shareholder meetings, distributing shareholder communications in accordance with NZX Listing Rules and relevant legislation.

The Company uses a variety of channels and technologies to keep its shareholders informed and to allow access to information such as market announcements through NZX, the Company's share registry, the Company's website, results conference calls, shareholder roadshows, annual reports and annual meetings of shareholders. The Company also provides options for its shareholders to communicate with the Company, and the Company's share registry, electronically.

All market releases carry contact details for shareholders to communicate with the Company. The Company responds to all shareholder communications within a reasonable timeframe.

Shareholders are actively encouraged to attend the annual meeting and may raise matters for discussion at this event, they can also vote on major decisions which affect the Company. Voting is by poll, upholding the 'one share, one vote' philosophy. Shareholders can also vote by proxy ahead of meetings without having to physically attend those meetings.

Notices of annual or special meetings of the shareholders are posted on the Company's website and to the NZX as soon as possible, and at least 20 working days prior to the meeting.

In addition to shareholders, the Company has a wide range of stakeholders and maintains open channels of communication for all audiences such as brokers, the investing community and the New Zealand Shareholders' Association, as well as staff, suppliers and customers.

The Company has a number of policies which uphold stakeholder interests, including but not limited to the Continuous Disclosure Policy and Financial Products Dealing Policy.

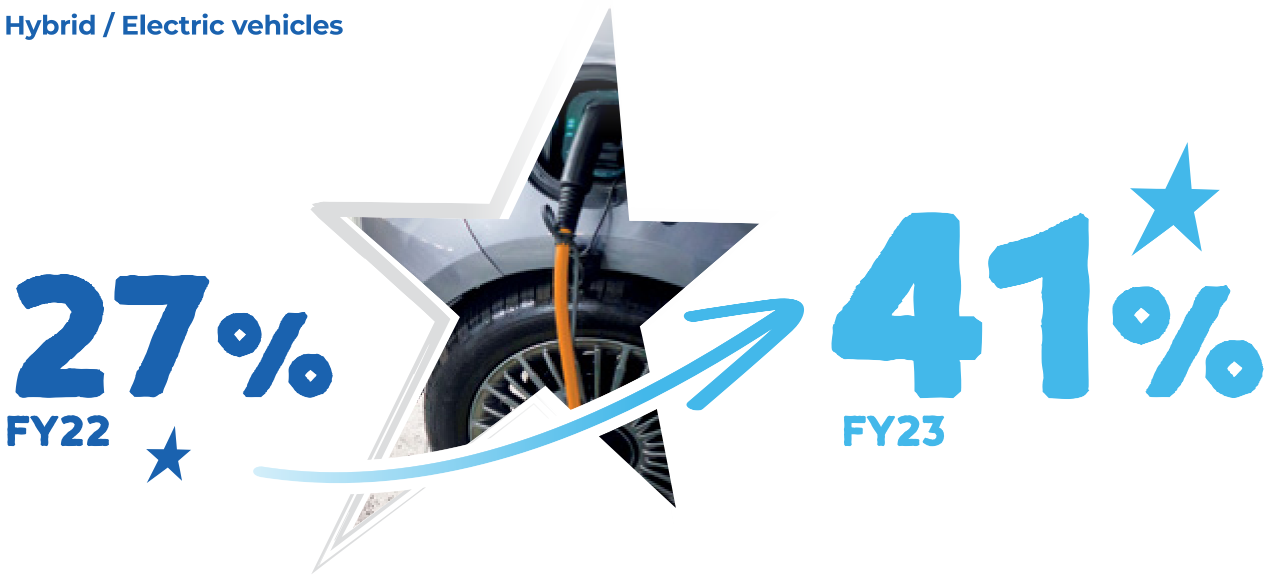
Environmental

2 Cheap Cars is committed to being more sustainable and to developing practices that minimise impact on the environment. The Company has several initiatives in place to support the role it should play in this area.

Contribution to reducing New Zealand's transport emissions
It is part of the Company's strategy to sell a higher proportion of lower carbon emitting vehicles to consumers, contributing to an overall reduction in carbon emissions in NZ. 2 Cheap Cars is aligned with the Government's clean car programme to increase the demand for low emission vehicles.

In the financial year ended 31 March 2023, 41% of all vehicles sold by 2 Cheap Cars were lower emitting, that is, EV and HEVs. 2 Cheap Cars is a market leader in selling such a high proportion of low emitting vehicles in NZ; we intend to retain this leadership position and continuing to make a difference in this important area.

Hybrid / Electric vehicles



Reducing the Company's internal emissions

2 Cheap Cars Group recognises the need to protect the natural environment and believes that a clean and unpolluted environment is a benefit to all.

A large portion of the Company's emissions is derived from the transportation of vehicles in the form of emissions, from shipping between Japan and NZ, and from transporting vehicles nationally, from the vehicle processing Hub in Auckland to dealerships across the country.

The Company has implemented several sustainability initiatives to help offset its carbon footprint. These are:

- 90% of all Company owned cars driven by staff are hybrid or fully electric.
- The vehicle processing Hub warehouse has been equipped with LED light bulbs to light the building more efficiently. The Company has installed lighting with day/night sensors to consume less power.
- We follow best practice when disposing of garbage and using chemical substances.
- Effective recycling is a natural part of our waste disposal programme. The business collects oil, extracted during the vehicle service process, which is provided to an external company that recycles the used oil in an environmentally friendly method. Old vehicle batteries are also recycled.
- We encourage the use of electronic filing to reduce paper usage.
- Company energy usage - We completed an audit of the energy use at the vehicle processing Hub and have now installed utility meters. Once calibrated, we have access, via a portal, that will display and record electricity and water consumption. Irregularities will be flagged, with this process giving us the ability to consistently improve energy and water consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Social

Our people
Supporting our team is of high importance to the success of 2 Cheap Cars Group. The Company is committed to providing employees with a safe working environment and a focus on wellbeing.

Flexible working conditions such as hybrid work from home, support for relevant office staff and flexible working hours for production staff and office staff are in place as needed.

Being an industrial based business, the Company takes health and safety very seriously. Staying safe, keeping others safe, and being corporately responsible are fundamental to the Company and we aim to provide a healthy and safe workplace with a KPI goal of zero serious harm accidents and incidents. This was achieved with no major incidents during the FY23 period.

The business runs conferences and team building events with staff and suppliers to enhance employee engagement and relationships.

The Company offers staff access to the Xero Assistance programme. This programme provides free and confidential mental health counselling and resources to our staff.

2 Cheap Cars Group has a diverse employee base. We have people from a range of different cultures and backgrounds and we are committed to providing equal opportunities for all staff.

Community
2 Cheap Cars is a humble business, proud to be part of the wider NZ community. We're focused on 'Driving better deals every day' to ensure that we source and retail a wider range of quality cars that are more affordable by leveraging the Company's vertically integrated business to sell the best value vehicles possible.

The finance business, NZMF, is signed up to the Financial Markets Authority's responsible lending code. When the business was lending, the team assessed the needs and means of each individual customer and tailored appropriate financial products to suit their needs. Whilst running the ledger down, we ensure we are flexible and we work with customers in hardship situations.

Future areas of focus

We are progressing our leadership expectations model to grow our pool of capability, focusing on high-potential team members.

We have a continued focus on having a diverse organisation across all areas including our retail operations, supply chain and support staff.

Management commentary
(no financial statements)

STATUTORY DISCLOSURES

Top 20 share holders

The names of the largest 20 holders of 2 Cheap Cars Group Limited shares as at 30 May 2023 are listed below:

	Name	Number of Shares held	% of issued capital
1	Yusuke Sena & Tompkins Wake Trustees 2022 Limited	20,906,993	45.9%
2	Eugene Williams & Tlr Williams Trustee Company Limited	15,161,435	33.3%
3	Citibank Nominees (New Zealand) Limited - NZCSD	1,017,491	2.2%
4	Hobson Wealth Custodian Limited	993,052	2.2%
5	Accident Compensation Corporation - NZCSD	537,500	1.2%
6	Nicolas Carl Purcell	500,000	1.1%
7	Forsyth Barr Custodians Limited	293,133	0.6%
8	Ace Finance Limited	290,000	0.6%
9	Austen Herbert Stewart Kyle	288,223	0.6%
10	Humi Sena	250,000	0.5%
11	Ian Archibald Hurst & Gloria Faye Hurst	250,000	0.5%
12	Leveraged Equities Finance Limited	208,028	0.5%
13	Doo Hyuk Kim	174,167	0.4%
14	Jonathan Michael Alan Purdey & Martin James Blockley & Withers Tsang And Co Trustees Limited	170,000	0.4%
15	Nicholas David Sandlant	150,000	0.3%
16	Foundation Equities & Contracting Limited	133,300	0.3%
17	Mark Henry Pumphrey	129,000	0.3%
18	National Nominees Limited - NZCSD	111,452	0.2%
19	Samantha Hielkje Sharif	108,000	0.2%
20	Desmond Anthony Pender & Kathleen Marie Pender	100,000	0.2%
	Total Top 20 Holders	**41,771,774**	**91.7%**
	Remaining Holders	3,782,726	8.3%
	Total Shares On Issue	**45,554,500**	**100%**

Forsyth Barr Custodians holds 3,727,462 shares on behalf of Eugene Williams. For the purpose of this disclosure these shares have been included in the holdings of Eugene Williams and TLR Williams Trustee Company Limited set out in the table above. New Zealand Depository Nominee Limited holding 1,530,777 shares has been excluded from the above list in line with NZX rule 3.7.1 (c)

STATUTORY DISCLOSURES
Continued

Spread of 2 Cheap Cars Group security holders

As at 30 May 2023 the spread of shareholders is set out in the table below:

Range	Number of holders	Shares	% of Holders	% of Shares
1 to 1000	26	16,402	15%	0%
1001 to 5000	41	135,237	24%	0%
5001 to 10,000	25	215,291	15%	0%
10,001 to 100,000	56	1,985,019	33%	4%
100,001 and over	20	43,202,551	12%	95%
Totals	**168**	**45,554,500**	**100%**	**100%**

Substantial product holders

The following substantial product holder information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. The table below sets out the names of the persons, who as at 31 March 2023, were registered as substantial product holders in the company. The total number of voting securities (fully paid ordinary shares) of the Company as at 30 May 2023 was 45,554,500.

Substantial product holder	Number of ordinary shares in which relevant interest is held
Yusuke Sena	20,906,993
Eugene Williams	15,161,435
	36,068,428

Directors' Shareholdings
As at 30 May 2023 the Directors(s) of the company had the following relevant interests in the Company's shares:

Directors	Number of ordinary shares in which relevant interest is held
Yusuke Sena	20,906,993
Gordon Shaw	10,000
	20,916,993

The Sena Trustees previously had a relevant interest in shares in 2 Cheap Cars Group Limited held by Eugene Williams and TLR Williams Trustee Company Limited as trustees of the E & Co Trust (the Williams Trustees) which were subject to trading arrangements agreed in the Sale Process Deed dated 15 February 2021 (Sale Process Deed) entered into between the parties. Those trading arrangements expired on 1 April 2023, in accordance with the terms of the Sale Process Deed, such that on and from 1 April 2023 the Sena Trustees no longer had a relevant interest in any shares in 2 Cheap Cars Group Limited held by the Williams Trustees.

Escrow Arrangements
On 30 May 2023, being the first day after the date on which 2 Cheap Cars Group Limited released to NZX its results announcement in respect of the full year ended 31 March 2023, the escrow restrictions set out in the Escrow Deed ended such that 2 Cheap Cars Group Limited no longer has a relevant interest in any of the Escrowed Shares.

Through the Nicsam Trust, Martin Blockey is the beneficial owner of 170,000 shares currently jointly held by himself and 2 Cheap Cars Group Limited. 2 Cheap Cars Group Limited holds a conditional call option on these shares and the shares are held under escrow conditions until the 7th of May 2024.

STATUTORY DISCLOSURES
Continued

Disclosure of Directors' interests

The Company maintains an interests register in accordance with the Companies Act 1993 in which Directors interests are recorded.

The following are particulars of general disclosures of interest by Directors holding office as at 31 March 2023 under section 140(2) of the Companies Act 1993. The Director will be regarded as interested in any and all transactions between the Company or any of its subsidiaries with the disclosed entity. Particulars of entries made during the year are noted in brackets for the purposes of section 211(1)(e) of the Companies Act 1993. In addition to the information set out below, the following other interests were disclosed in the Company's interest register: the authorisation of Directors' remuneration; and entry into the Directors and officers' liability insurance policies.

Director / Entity	Relationship
Gordon Shaw	
Institute of Directors (IoD) - Nelson Malborough Branch	Committee Member
Nelson Netball Centre Inc.	Board Member
Business Leaders' Health & Safety Forum	Steering Group Member
ProMed HR New Zealand Ltd	Chairperson
NZ Automotive Investments	Independent Director
Car Safety NZ Limited	Director
Mapua & Districts Business Association	Chairperson

Director / Entity	Relationship
Michael Staissny	
LPF Group Ltd	Director
MS10 Ltd	Director
Tower Ltd	Chair
Tower Insurance Ltd (Solomon Islands Branch)	Director
New Talisman Gold Mines Ltd	Director
NZ Automotive Investments Limited	Director
Founders Advisory No 3 Ltd	Director
Founders Advisory No 7 Ltd	Director
Founders Advisory Ltd	Director
LPF Litigation Funding No. 28 Ltd	Director
West24 Ltd	Director
LPF Litigation Funding No 30 Ltd	Director
LPF Litigation Funding No 29 Ltd	Director
Cocooil Holdings Ltd	Director
Founders Advisory No 25 Ltd	Director
NZ Motor Finance Ltd	Director
Car Safety NZ Limited	Director

Director / Entity	Relationship
Yusuke Sena	
2 Cheap Rental Cars Limited	Director
2 Cheap Cars Limited	Director
2CC International Limited	Director
Car Plus KK	Director
Lan Limited	Beneficiary
Car Safety NZ Limited	Director

Management commentary
(no financial statements)

STATUTORY DISCLOSURES
Continued

Share dealings of Directors during the financial period.

Directors disclosed under section 148(2) of the Companies Act 1993 had no acquisitions or disposals of relevant interests in 2 Cheap Cars Group Limited shares during FY23.

Directors' renumeration

The total pool of Directors' fees available to Non-Executive Directors for the year ended 31 March 2023 was $650,000, which was approved by shareholders. Of this, $261,306 was paid to Non-Executive Directors in FY23. The table below sets out the total of the remuneration and the value of other benefits received by each Director during the year.

Board Remuneration per annum	
Chairman Of The Board	$150,000
Non Executive Director	$60,000
Board Committee Chair	$12,000
Board Committee Member	$6,000

Board Remuneration in FY23:

Director	Directors fees	Salary	Other Benefits	Subtotal
Karl Smith	5,589		9,692	5,589
Yusuke Sena		304,623	6,285	314,315
Eugene Williams		135,652		141,937
Charles Bolt	56,881			56,881
Tracy Rowsell	28,370			28,370
Michele Kernahan	1,733			1,733
Michael Peter Stiassny	91,935			91,935
Samantha Hielkje Sharif	37,484			37,484
Gordon Shaw*	14,000			14,000
Tim Cook	25,313			25,313
	261,306	**440,275**	**15,977**	**717,558**

* Gordon Shaw was the Interim CEO holding the position between August 2022 and January 2023. During the financial year Gordon Shaw received $201,125 as the interim CEO.

Directors' insurance

In accordance with the Companies Act 1993, 2 Cheap Cars Group Limited has taken out an insurance policy to insure its directors and officers against potential liabilities and costs incurred in any proceeding, except to the extend prohibited by law.

STATUTORY DISCLOSURES
Continued

Employee remuneration

The following table shows the number of current and former employees of the Company (not being Directors of the Company) who received remuneration and other benefits in their capacity as employees during FY23 the value of which exceeded $100,000. The remuneration amounts include all monetary amounts and benefits actually paid during the year, including the face value of any long term incentive vested during the year (which for FY23 was nil).

Remuneration Range	FY23 Number Of Employees	FY22 Number Of Employees
100,000 to 109,999	3	2
110,000 to 119,999	3	3
120,000 to 129,999	2	1
130,000 to 139,999	1	2
140,000 to 149,999	1	1
150,000 to 159,999	1	1
160,000 to 169,999	2	0
200,000 to 209,999	0	0
210,000 to 219,999	0	1
250,000 to 260,000	0	1
260,000 to 270,000	1	0
420,000 to 430,000	1	0
430,000 to 440,000	0	1
	15	**13**

CEO remuneration

The CEO's remuneration as at 31 March 2023 consisted of a base salary and Short Term Incentive (STI). The CEO's remuneration is reviewed annually by the Remuneration Committee and approved by the Board.

Paul Millward's remuneration during the FY23 year was a mix of base salary, certain allowances and short term incentives. The base salary was $365,000 and Car Allowance of $30,000. Given that Paul's tenure began in the final quarter of the fiscal year, there was no short term incentive payment made in respect of FY23.

His total potential short term incentive plan payment is 30% of salary, or $109,500 for FY24. The targets that are needed to be met are being carefully evaluated by the Remuneration Committee.

Long term incentive plan
A long term incentive scheme is planned to be in place for the CEO for the FY24.

Management commentary
(no financial statements)

STATUTORY DISCLOSURES
Continued

Subsidiaries of 2 Cheap Cars Group Limited contained within the group.

The following persons listed below held office as directors of 2 Cheap Cars Group Limited's six subsidiaries as at 31 March 2023.

Subsidiary	Jurisdiction	Directors	Ceased Directors
2 Cheap Cars Limited	New Zealand	Yusuke Sena	Eugene Williams
NZ Motor Finance Limited	New Zealand	Michael Peter Stiassny Samantha HielkjeSharif	Martin Blockley Yusuke Sena
2CC International Limited	New Zealand	Yusuke Sena	Eugene Williams
Car Plus KK	Japan	Yusuke Sena Humi Sena	
2 Cheap Rental Cars Limited (Ceased Trading)	New Zealand	Yusuke Sena	Eugene Williams

Other Information

Directors

As at 31 March 2023, the Board comprised the following Directors: Yusuke Sena, Gordon David Shaw and Micheal Peter Stiassny. As at 31 March 2023 Gordon David Shaw was considered by the Board to be an Independent Director. The factors relevant to the determination of independence are set out on page 61 of the Company's 2023 Annual Report.

NZX waivers

No waivers were granted by NZX or relied on by the Company during FY23.

Exercise Of NZX Disciplinary Powers
The NZX did not take any disciplinary action against the Company during FY23. In particular, there was no exercise of powers by NZX under NZX Listing Rule 9.9.3 (relating to powers to cancel, suspend or censure an issuer) with respect to the Company.

Donations

No donations in FY23.

Credit Rating

2 Cheap Cars Group Limited does not have a credit rating.

Auditor renumeration

UHY Haines Norton is the appointed auditor of the group. During the year ended 31 March 2023, the amount paid by the Company as audit fees was 104k, as detailed in Note 9 of the Financial Statements. The Non-Audit service paid to UHY Haines Norton during the year was nil.

Management commentary
(no financial statements)

COMPANY DIRECTORY

Nature of business
Used automotive vehicle retailer and motor vehicle finance provider

Registered office
102 Mays Road
Onehunga
Auckland 1061

Head office
102 Mays Road
Onehunga
Auckland 1061

Directors
Michael Stiassny (Appointed 21 August 2022)
Gordon Shaw (Appointed 21 August 2022)
Yusuke Sena

Bankers and Trade Finance Partner
ASB Bank
Finance Now

Solicitors
Lowndes Jordan

Independent Auditors
UHY Haines Norton Sydney

Share Register
Computershare Auckland

DRIVING BETTER DEALS EVERY DAY

Management commentary
(no financial statements)

2 Cheap Cars Group Limited

102 Mays Road
Onehunga
Auckland 1061
Ph: 09 869 3330

Management commentary
(no financial statements)