

21 February 2023

Peter Warren Automotive Holdings Limited

Appendix 4D and H1 FY23 Interim Report

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

- Appendix 4D – Half Year Report; and
- Interim Report for the half year ended 31 December 2022.

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

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

Media Enquiries

Jack Gordon

Citadel-MAGNUS

jgordon@citadelmagnus.com

+61 2 8234 0116 / 0478 060 362

Investor Enquiries

Maddie Seacombe

Citadel-MAGNUS

mseacombe@citadelmagnus.com

+61 2 8234 0114 / 0402 999 291

About Peter Warren

Peter Warren is an Automotive Dealership group with a rich heritage that has been operating in Australia for over 60 years. The Company operates 79 franchise operations and represents 26 OEMs across the Volume, Prestige and Luxury segments. Peter Warren operates under 7 banners consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, Penfold Motor Group and Euro Collision Centre.

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1. Company details

Name of entity:	Peter Warren Automotive Holdings Limited
ACN:	615 674 185
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	28.7% to	993,060
Profit from ordinary activities after tax attributable to the owners of Peter Warren Automotive Holdings Limited	up	27.3% to	30,159
Profit for the half-year attributable to the owners of Peter Warren Automotive Holdings Limited	up	27.3% to	30,159

Comments

The profit for the Group after providing for income tax amounted to \$30,159,000 (31 December 2021: \$23,694,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>162.91</u>	<u>143.68</u>

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

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

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

Previous period

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

9.0

9.0

On 22 February 2022, the directors declared a fully franked dividend of 9.0 cents per fully paid ordinary shares with a record date of 28 February 2022 which was paid on 31 March 2022.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

The Interim Report of Peter Warren Automotive Holdings Limited for the half-year ended 31 December 2022 is attached.

12. Signed

Signed



John Ingram
Chair

Date: 21 February 2023

Peter Warren Automotive Holdings Limited

ACN 615 674 185

Interim Report - 31 December 2022

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Peter Warren Automotive Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

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

Principal activities

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

Dividends

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

	Consolidated Half-year ended 31 Dec 2022 \$'000	Consolidated Half-year ended 31 Dec 2021 \$'000
Dividend paid on ordinary shares during the half year ended 31 December 2022 (2021: 31 December 2021)	22,350	-

On 21 February 2023, the directors declared a fully franked dividend of 11.0 cents per fully paid ordinary share with a record date of 28 February 2023 to be paid on 31 March 2023. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2022 financial statements and will be recognised in subsequent financial reports.

Operating and financial review

Financial Result Summary

Financial results for the half year ended 31 December 2022 (H1 FY23) are summarised as follows:

Statutory results	H1 FY23 \$'m	H1 FY22 \$'m	Variance %
Revenue	999.0	777.9	28.4%
EBITDA - underlying	70.6	54.0	30.8%
Acquisition related expenses	-	(2.2)	-
EBITDA - statutory	70.6	51.8	36.3%
Profit before tax - statutory	43.2	34.1	26.7%
Net Profit after tax - statutory	30.2	23.7	27.3%
Interim dividend per share (cents)	11.0	9.0	22.2%

H1 FY23 Result Overview

The strong financial result in the first half of FY23 reflects:

- The incremental contribution from the recently acquired Penfold Motor Group. (Revenue increase of \$151 million, PBT increase of \$5.9 million). The Penfold Motor Group was acquired on 1 December 2021 and has performed above expectations; and
- Delivery of organic growth with improved volumes and trading in our existing business, including focus on growing sustainable income streams, with revenue growth in our higher margin service and parts departments and the cycling of COVID affected trading in NSW in the prior year; offset by,
- Cost increases in some areas including wage increases, superannuation, interest rates and the impact of costs avoided during COVID affected trading in the prior year.

Our teams have responded well to the ever-changing market conditions and the Group has continued to adopt a proactive and disciplined approach to the management of expenses and capex. During the period there has been an ongoing focus on operating and cost efficiencies, including undertaking several procurement related activities to offset cost inflation pressures.

Market conditions

New vehicle demand exceeded supply, with the Group order book continuing to grow by 4% since June 2022.

New vehicles units sold were up 31% (to 13,384 units for H1 FY23) including the incremental contribution from the Penfold Motor Group. Excluding Penfolds, new vehicles units sold were up 11%, in comparison to the COVID-affected trading in the prior period.

We have experienced improvement in vehicle supply in some OEM brands, however consistency in supply, port delays and challenges associated with product mix remain. Used vehicle units sold were up 16% in the period. Excluding Penfolds, used vehicles sales were consistent with the prior year.

We are committed to supporting the transition to a sustainable future and continue to evolve our electric vehicle capabilities as customer demand increases. We continue to work with our OEM partners as we increase our electric vehicle product range.

Significant changes in the state of affairs

In the prior half-year period the Group completed the acquisition of the Penfold Motor Group, on 1 December 2021. There were no significant changes in the state of affairs of the Group during the financial half-year.

Changes in key management personnel

Mr Bernard Friend retired as Chief Financial Officer on 31 December 2022 and as Company Secretary, effective 15 December 2022. Mr Victor Cuthell commenced in the role of Chief Financial Officer on 21 November 2022 and was appointed as Company Secretary and as the person responsible for communications with the ASX in accordance with ASX Listing Rule 12.6, effective 15 December 2022.

Matters subsequent to the end of the financial half-year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

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

Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



John Ingram
Chair

21 February 2023
Sydney

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21 February 2023

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

Dear Board Members

Auditor's Independence Declaration to Peter Warren Automotive Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the board of directors of Peter Warren Automotive Holdings Limited.

As lead audit partner for the review of the half-year financial report of Peter Warren Automotive Holdings Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- Any applicable code of professional conduct in relation to review.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Tara Hill
Partner
Chartered Accountants

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Peter Warren Automotive Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



	Note	Consolidated Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Revenue	4	992,778	771,355
Other income	5	5,983	6,484
Interest revenue calculated using the effective interest method		282	34
Expenses			
Changes in inventories		56,714	5,986
Raw materials and consumables purchased		(859,724)	(635,468)
Employee benefits expense		(92,301)	(68,969)
Depreciation and amortisation expense	6	(15,136)	(11,088)
Occupancy costs		(416)	(368)
Advertising expense		(4,149)	(3,609)
Insurance expense		(4,042)	(3,447)
Motor vehicle expense		(3,971)	(3,123)
Acquisition expenses		-	(2,156)
Other expenses		(20,540)	(14,923)
Finance costs	6	(12,238)	(6,577)
Profit before income tax expense		43,240	34,131
Income tax expense		(13,081)	(10,437)
Profit after income tax expense for the half-year attributable to the owners of Peter Warren Automotive Holdings Limited		30,159	23,694
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Peter Warren Automotive Holdings Limited		<u>30,159</u>	<u>23,694</u>
		Cents	Cents
Basic earnings per share	15	17.54	14.17
Diluted earnings per share	15	17.50	14.16

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

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		20,725	52,177
Trade and other receivables		53,528	56,098
Inventories	7	333,754	273,386
Other assets		20,440	18,029
Total current assets		<u>428,447</u>	<u>399,690</u>
Non-current assets			
Other assets		1,170	153
Property, plant and equipment	8	248,093	247,025
Right-of-use assets		188,427	192,237
Intangibles		241,923	242,299
Deferred tax		18,440	20,038
Total non-current assets		<u>698,053</u>	<u>701,752</u>
Total assets		<u>1,126,500</u>	<u>1,101,442</u>
Liabilities			
Current liabilities			
Trade and other payables	9	71,227	94,201
Contract liabilities		956	1,147
Borrowings	10	260,805	207,587
Lease liabilities		16,345	15,563
Income tax		1,073	10,863
Employee benefits		23,250	21,382
Total current liabilities		<u>373,656</u>	<u>350,743</u>
Non-current liabilities			
Contract liabilities		1,048	1,063
Borrowings	10	55,417	58,917
Lease liabilities		206,980	209,460
Employee benefits		2,055	2,064
Provisions		240	240
Total non-current liabilities		<u>265,740</u>	<u>271,744</u>
Total liabilities		<u>639,396</u>	<u>622,487</u>
Net assets		<u>487,104</u>	<u>478,955</u>
Equity			
Issued capital	11	493,872	493,872
Reserves		(44,708)	(45,048)
Retained profits		37,940	30,131
Total equity		<u>487,104</u>	<u>478,955</u>

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

Consolidated	Issued capital \$'000	Reserves \$'000	(Accumul- ated losses) / Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	478,448	(48,082)	(10,909)	419,457
Profit after income tax expense for the half-year	-	-	23,694	23,694
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	23,694	23,694
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	15,631	-	-	15,631
Share-based payments	-	699	-	699
Balance at 31 December 2021	<u>494,079</u>	<u>(47,383)</u>	<u>12,785</u>	<u>459,481</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	493,872	(45,048)	30,131	478,955
Profit after income tax expense for the half-year	-	-	30,159	30,159
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	30,159	30,159
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	340	-	340
Dividends paid (note 12)	-	-	(22,350)	(22,350)
Balance at 31 December 2022	<u>493,872</u>	<u>(44,708)</u>	<u>37,940</u>	<u>487,104</u>

	Note	Consolidated Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,081,188	870,740
Receipts from government grants		3,098	1,979
Payments to suppliers and employees (inclusive of GST)		(1,043,658)	(822,485)
Payment for expenses relating to acquisitions		-	(1,151)
		<hr/>	<hr/>
Interest received		40,628	49,083
Interest and other finance costs paid		282	34
Income taxes paid		(11,446)	(6,383)
		<hr/>	<hr/>
Net cash from operating activities		(21,274)	(19,089)
		<hr/>	<hr/>
		8,190	23,645
Cash flows from investing activities			
Payment for business combinations, net of cash acquired		-	(85,186)
Payments for property, plant and equipment		(5,834)	(6,088)
Payments for security deposits		(98)	(1,331)
Proceeds from disposal of property, plant and equipment		14	-
		<hr/>	<hr/>
Net cash used in investing activities		(5,918)	(92,605)
Cash flows from financing activities			
Proceeds from borrowings		-	70,000
Proceeds from issue of share based payments		24	-
Dividends paid	12	(22,350)	-
Repayment of borrowings		(3,500)	(583)
Repayment of lease liabilities		(7,898)	(5,905)
		<hr/>	<hr/>
Net cash (used in)/from financing activities		(33,724)	63,512
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(31,452)	(5,448)
Cash and cash equivalents at the beginning of the financial half-year		52,177	42,923
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial half-year		<u>20,725</u>	<u>37,475</u>

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

Note 1. General information

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

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

13 Hume Highway
Warwick Farm
NSW 2170

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

Operations of the Penfolds Group was acquired on 1 December 2021 and the results have been consolidated from this date. The prior year comparatives for December 2021 include Penfolds contributions of \$1.3m.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 21 February 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Rounding of amounts

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

New or amended Accounting Standards and Interpretations adopted

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

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

Note 3. Operating segments

Identification of reportable operating segments

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

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

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

Types of products and services

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

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

Intersegment transactions were made at market rates. The Vehicle Retailing operating segment leases premises from the Property operating segment. Intersegment transactions are eliminated on consolidation. Intersegment leases have been accounted for on a cash basis.

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

Intersegment receivables, payables and loans

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

Major customers

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

Geographic Information

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

Note 3. Operating segments (continued)

	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
Consolidated - Half-year ended 31 Dec 2022				
Revenue				
Sales to external customers	992,778	-	-	992,778
Total Revenue	992,778	-	-	992,778
Other income	5,557	4,790	(4,364)	5,983
Segment result				
Adjusted EBITDA	68,800	4,196	-	72,996
Depreciation and amortisation	(13,753)	(1,383)	-	(15,136)
Segment profit	55,047	2,813	-	57,860
Interest revenue	282	-	-	282
Finance costs	(10,780)	(1,458)	-	(12,238)
Profit before income tax expense and unallocated expenses	44,549	1,355	-	45,904
Unallocated expenses*				(2,664)
Profit before tax				43,240

* Unallocated expenses comprise public company expenses of \$1,205,000 (H1 FY22: \$693,000), acquisition expenses of \$nil (H1 FY22: \$2,156,000); key management personnel expenses of \$1,459,000 (H1 FY22: \$1,925,000).

	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
Consolidated - 31 December 2022				
Assets				
Segment assets	923,514	274,801	(71,815)	1,126,500
Liabilities				
Segment liabilities	648,431	62,780	(71,815)	639,396
Net assets	275,083	212,021	-	487,104

Note 3. Operating segments (continued)

	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
Consolidated - Half-year ended 31 Dec 2021				
Revenue				
Sales to external customers	771,355	-	-	771,355
Total Revenue	<u>771,355</u>	<u>-</u>	<u>-</u>	<u>771,355</u>
Other income	6,137	4,813	(4,466)	6,484
Segment result				
Adjusted EBITDA ²	52,085	4,451	-	56,536
Depreciation and amortisation	(9,973)	(1,115)	-	(11,088)
Segment profit	42,112	3,336	-	45,448
Interest revenue	34	-	-	34
Finance costs	(6,423)	(154)	-	(6,577)
Profit before income tax expense and unallocated expenses	<u>35,723</u>	<u>3,182</u>	<u>-</u>	<u>38,905</u>
Unallocated expenses ¹				(4,774)
Profit before tax				<u>34,131</u>

	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
Consolidated - 30 June 2022				
Assets				
Segment assets	894,668	278,875	(72,101)	1,101,442
Liabilities				
Segment liabilities	628,451	66,137	(72,101)	622,487
Net assets	<u>266,217</u>	<u>212,738</u>	<u>-</u>	<u>478,955</u>

¹ Unallocated expenses comprise public company expenses of \$1,205,000 (H1 FY22: \$693,000), acquisition expenses of \$nil (H1 FY22: \$2,156,000); key management personnel expenses of \$1,459,000 (H1 FY22: \$1,925,000).

² Reclassification of comparative information: Adjusted EBITDA totalling \$4,466,000 has been reclassified to vehicle retailing from inter-segment eliminations to align with the current year presentation.

Note 4. Revenue

	Consolidated	
	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
New and demonstrator vehicles	667,480	524,293
Used vehicles	136,012	107,223
Parts revenue	110,374	77,835
Service revenue	50,885	38,161
Finance and insurance	14,750	13,204
Aftermarket accessories	13,277	10,639
Revenue	<u>992,778</u>	<u>771,355</u>

Note 4. Revenue (continued)

Disaggregation of revenue from contracts with customers

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

Note 5. Other income

	Consolidated Half-year ended 31 Dec 2022 \$'000	Consolidated Half-year ended 31 Dec 2021 \$'000
Government grants - Boosting Apprenticeship subsidy received	2,140	2,950
Rent revenue*	427	347
Other income*	3,416	3,187
	<hr/>	<hr/>
Other income	5,983	6,484
	<hr/> <hr/>	<hr/> <hr/>

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

Government grants - Boosting Apprenticeship subsidy received

The Australian Government announced the Boosting Apprenticeship Commencements wage subsidy to support employers and Group Training Organisations to take on new apprentices and trainees. The Group received this wage subsidy during the half-year ended 31 December 2022 to the sum of \$2,140,000 (H1 FY22: \$2,950,000).

Note 6. Expenses

	Consolidated Half-year ended 31 Dec 2022 \$'000	Consolidated Half-year ended 31 Dec 2021 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	1,122	849
Leasehold improvements	422	74
Plant and equipment	3,082	2,594
Motor vehicles	126	118
Right-of-use assets	10,008	7,390
	<hr/>	<hr/>
Total depreciation	14,760	11,025
<i>Amortisation</i>		
Customer relationships	376	63
	<hr/>	<hr/>
Total depreciation and amortisation	15,136	11,088
<i>Finance costs</i>		
Interest and finance charges paid/payable on external loans	1,457	154
Interest and finance charges paid/payable on lease liabilities	5,895	4,271
Bailment interest	4,886	2,152
	<hr/>	<hr/>
Total finance costs	12,238	6,577
	<hr/> <hr/>	<hr/> <hr/>

Note 7. Inventories

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current assets</i>		
New and demonstrator vehicles	240,859	193,089
Less: Provision for impairment	(4,576)	(7,565)
	<u>236,283</u>	<u>185,524</u>
Used vehicles	64,097	59,835
Less: Provision for impairment	(2,803)	(3,484)
	<u>61,294</u>	<u>56,351</u>
Spare parts and accessories	35,672	31,190
Less: Provision for impairment	(928)	(911)
	<u>34,744</u>	<u>30,279</u>
Work in progress	390	316
Petrols, oils and grease	1,043	916
	<u>333,754</u>	<u>273,386</u>

Note 8. Property, plant and equipment

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Land - at fair value	130,276	130,276
Buildings - at fair value	71,541	71,541
Less: Accumulated depreciation	(3,719)	(2,597)
	<u>67,822</u>	<u>68,944</u>
Leasehold improvements - at cost	15,673	13,653
Less: Accumulated depreciation	(1,575)	(1,153)
	<u>14,098</u>	<u>12,500</u>
Plant and equipment - at cost	81,362	77,485
Less: Accumulated depreciation	(50,348)	(47,266)
	<u>31,014</u>	<u>30,219</u>
Motor vehicles - at cost	2,413	2,307
Less: Accumulated depreciation	(1,094)	(1,000)
	<u>1,319</u>	<u>1,307</u>
Construction in progress - at cost	3,564	3,779
	<u>248,093</u>	<u>247,025</u>

Note 8. Property, plant and equipment (continued)

Reconciliations

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

Consolidated	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Balance at 1 July 2022	130,276	68,944	12,500	30,219	1,307	3,779	247,025
Additions	-	-	740	2,469	152	2,473	5,834
Transfers	-	-	1,280	1,408	-	(2,688)	-
Disposals	-	-	-	-	(14)	-	(14)
Depreciation expense	-	(1,122)	(422)	(3,082)	(126)	-	(4,752)
Balance at 31 December 2022	<u>130,276</u>	<u>67,822</u>	<u>14,098</u>	<u>31,014</u>	<u>1,319</u>	<u>3,564</u>	<u>248,093</u>

Valuations of land and buildings

Land and buildings are shown at fair value, based on annual assessment by the Directors supported by periodic valuations by external independent valuers, less subsequent depreciation for buildings. An independent valuation of the land and buildings was undertaken on the Group's Southport Queensland properties in April 2022 and the Group's Warwick Farm properties during the financial year ended 30 June 2021. The Directors do not believe that there has been a material movement in fair value since the revaluation date.

Note 9. Trade and other payables

	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current liabilities</i>		
Trade payables	18,133	26,430
Customer deposits and receipts in advance	19,643	36,191
GST payable	277	2,789
Other payables and accruals	33,174	28,791
	<u>71,227</u>	<u>94,201</u>

Note 10. Borrowings

	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current liabilities - secured</i>		
Bailment finance and equitable mortgage agreement ('EMA') vehicle funding	253,805	200,587
Capital loan	7,000	7,000
	<u>260,805</u>	<u>207,587</u>
<i>Non-current liabilities - secured</i>		
Capital loan	55,417	58,917
	<u>316,222</u>	<u>266,504</u>

Note 10. Borrowings (continued)

Capital loan

During the previous financial year ended 30 June 2022, the Group obtained a new \$96 million debt facility, which is secured against the Group's Warwick Farm property. The loan bears a variable interest rate based on the Australian Alliance Automotive Finance ('AAAF') Wholesale Rate plus a margin of 0.5%. The loan is repayable in fixed monthly instalments which are not available to be redrawn and interest is payable monthly in arrears. The debt facility matures on 29 November 2031.

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Bailment finance and EMA vehicle funding	253,805	200,587
Capital loan	62,417	65,917
	<u>316,222</u>	<u>266,504</u>

Assets pledged as security

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

The Capital loan is secured against the Group's Warwick Farm property which has a carrying value of \$116,308,000 at 31 December 2022 (30 June 2022: \$117,019,000).

Financing arrangements

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

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Total facilities		
Bailment finance and EMA vehicle funding	471,850	474,050
Capital loan	88,417	91,917
	<u>560,267</u>	<u>565,967</u>
Used at the reporting date		
Bailment finance and EMA vehicle funding	253,805	200,587
Capital loan	62,417	65,917
	<u>316,222</u>	<u>266,504</u>
Unused at the reporting date		
Bailment finance and EMA vehicle funding	218,045	273,463
Capital loan	26,000	26,000
	<u>244,045</u>	<u>299,463</u>

Note 11. Issued capital

	Consolidated			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	171,920,586	171,920,586	495,122	495,122
Treasury share capital	(250,000)	(250,000)	(1,250)	(1,250)
	<u>171,670,586</u>	<u>171,670,586</u>	<u>493,872</u>	<u>493,872</u>

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

Note 12. Dividends

Dividends

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

	Consolidated	
	Half-year ended 31 Dec 2022	Half-year ended 31 Dec 2021
	\$'000	\$'000

Dividend paid on ordinary shares during the half year ended 31 December 2022 (2021: 31 December 2021)

<u>22,350</u>	<u>-</u>
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On 21 February 2023, the directors declared a fully franked dividend of 11.0 cents per fully paid ordinary share with a record date of 28 February 2023 to be paid on 31 March 2023. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2022 financial statements and will be recognised in subsequent financial reports.

Note 13. Changes in key management personnel

Mr Bernard Friend retired as Chief Financial Officer on 31 December 2022 and as Company Secretary, effective 15 December 2022. Mr Victor Cuthell commenced in the role of Chief Financial Officer on 21 November 2022 and was appointed as Company Secretary and as the person responsible for communications with the ASX in accordance with ASX Listing Rule 12.6, effective 15 December 2022.

Note 14. Contingent liabilities

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000

Bank guarantees

<u>4,772</u>	<u>4,674</u>
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All bank guarantees are to cover landlord deposits on leased properties and performance of franchise agreement terms.

Note 15. Earnings per share

	Consolidated	
	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Profit after income tax attributable to the owners of Peter Warren Automotive Holdings Limited	<u>30,159</u>	<u>23,694</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	171,920,586	167,177,201
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	<u>374,957</u>	<u>189,654</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>172,295,543</u>	<u>167,366,855</u>
	Cents	Cents
Basic earnings per share	17.54	14.17
Diluted earnings per share	17.50	14.16

Note 16. Events after the reporting period

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

The Directors declare that:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



John Ingram
Chair

21 February 2023
Sydney

Independent Auditor's Review Report to the Members of Peter Warren Automotive Holdings Limited

Conclusion

We have reviewed the half-year financial report of Peter Warren Automotive Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 20.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Tara Hill
Partner
Chartered Accountants
Sydney, 21 February 2023

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