

# Appendix 4E

## Preliminary final report

### 1. Company details

Name of entity:	Peter Warren Automotive Holdings Limited
ACN:	615 674 185
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

### 2. Results for announcement to the market

					\$'000
Revenues from ordinary activities	up	18.0%	to		1,612,248
Profit from ordinary activities after tax attributable to the owners of Peter Warren Automotive Holdings Limited	up	321.5%	to		37,546
Profit for the year attributable to the owners of Peter Warren Automotive Holdings Limited	up	321.5%	to		37,546

### Comments

The profit for the Group after providing for income tax amounted to \$37,546,000 (30 June 2020: \$8,908,000).

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	181.57	122.37

The net tangible assets per ordinary shares has been calculated based on 166,555,203 ordinary shares being on issue. The net tangible assets per ordinary share reported in the comparative period (30 June 2020) has been calculated based on 23,036,364 ordinary shares being on issue. This is the number of shares that would have been in existence at the end of that reporting period had the consolidation of shares, which occurred in the current period, taken place as at 1 July 2019.

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

Prior to the IPO a dividend of \$66,267,000 was paid by the Company to the former shareholders. As outlined in the prospectus, the Directors have determined that the Company will not pay, declare or recommend a further dividend in respect of the financial year ended 30 June 2021.

#### Previous period

There were no dividends paid, recommended or declared during the previous financial period.

# Appendix 4E Continued

## Preliminary final report

### 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 have been audited and an unmodified opinion has been issued.

### 11. Attachments

Details of attachments (if any):

The Annual Report of Peter Warren Automotive Holdings Limited for the year ended 30 June 2021 is attached.

### 12. Signed

Date: 27 August 2021



**John Ingram**  
Chair



Peter Warren  
Automotive  
Holdings

# Annual Report

---

30 JUNE 2021

---

ACN: 615 674 185

# Contents

Corporate directory	5
Directors' report	6
Auditor's independence declaration	28
Consolidated statement of profit and loss and other comprehensive income	29
Consolidated statement of financial position	30
Consolidated statement of changes in equity	31
Consolidated statement of cash flows	32
Notes to the consolidated financial statements	33
Independent auditor's report	80
Shareholder information	84

# Corporate directory

30 June 2021

## Directors

John Ingram – Chair  
Paul Warren  
Catherine West  
Niran Peiris

## Company secretary

Bernard Friend

## Notice of annual general meeting

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

The annual general meeting will be held at 12:00pm on Tuesday, 26 October 2021.

## Registered office

13 Hume Highway  
Warwick Farm  
NSW 2170

## Principal place of business

13 Hume Highway  
Warwick Farm  
NSW 2170

## Share register

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000

## Auditor

Deloitte Touche Tohmatsu  
Grosvenor Place  
225 George Street  
Sydney NSW 2000

## Solicitors

Hunt & Hunt Lawyers  
1 Bligh Street  
Sydney NSW 2000

## Bankers

Westpac Banking Corporation  
275 Kent Street  
Sydney NSW 2000

## Stock exchange listing

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

## Website

[www.pwah.com.au](http://www.pwah.com.au)

## Business objectives

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

## Corporate Governance Statement

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

The Corporate Governance Statement is current as at 27 August 2021 and has been approved by the Board of Directors. The Corporate Governance Statement can be found at <https://www.pwah.com.au>.

# Directors' report

30 June 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Peter Warren Automotive Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

## Directors

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

John Ingram – Chairman (appointed on 6 April 2021)

Paul Warren – Executive Director

Catherine West – Non-Executive Director (appointed on 6 April 2021)

Niran Peiris – Non-Executive Director (appointed on 6 April 2021)

Bernard Friend – Executive Director (resigned on 6 April 2021)

Jonathon Pearce – Non-Executive Director (resigned on 6 April 2021)

Christopher Coates – Non-Executive Director (resigned on 24 November 2020)

## Principal activities

The principal activities of the Group during the year were the sale of new and used motor vehicles, related spare parts inventory and trade related services. There have been no significant changes in the nature of the Group's principal activities during the year.

## Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Dividend paid on ordinary shares during the year ended 30 June 2021	27,213	–
Dividend paid on B class shares during the year ended 30 June 2021	26,742	–
Dividend paid on C class shares during the year ended 30 June 2021	11,045	–
Dividend paid on D class shares during the year ended 30 June 2021	1,267	–
	66,267	–

As outlined in the prospectus, the Directors have determined that the Company will not pay a further dividend in respect of the financial year ended 30 June 2021.

## Operating and financial review

The profit for the Group after providing for income tax amounted to \$37,546,000 (30 June 2020: \$8,908,000).

Peter Warren is an Automotive Dealership group with a rich heritage that has been operating in Australia for over 60 years. The Company operates 74 franchise operations and represents 28 OEMs across the Volume, Prestige and Luxury segments.

Peter Warren operates under 6 banners consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, and Euro Collision Centre.

## Financial Result Summary

Financial results for the year ending 30 June 2021 are summarised as follows:

Full year (\$m)	STATUTORY			PROFORMA		
	FY21 Actual	FY21 Prospectus Forecast	Var %	FY21 Actual	FY21 Prospectus Forecast	Var %
Revenue	1,635.0	1,527.0	+7%	1,621.2	1,527.0	+6%
EBITDA	102.1	70.4	+45%	108.0	76.0	+42%
Profit before tax	54.8	22.4	+144%	75.7	45.0	+68%
NPAT	37.5	15.4	+143%	52.2	31.4	+66%

### FY21 Results Review

Proforma revenue of \$1,621,210,000 was up 17.8% on FY20, exceeding our expectations. This was underpinned by heightened demand particularly in the latter part of the financial year. Total new vehicle unit growth from FY19 to FY21 has increased +0.6% (2-year CAGR) which is above the national market which declined 2.8% over the same period (2-year CAGR).<sup>1</sup>

All revenue departments, including New Vehicles, Used Vehicles, Aftermarket, Parts and Accessories, Finance and Insurance (F&I) and Service delivered growth in the year. This indicates performance beyond the buoyant market conditions, showcasing our “bundling” approach to every consumer transaction.

The strong revenue growth, combined with delivery of planned cost reductions, improved supplier terms and operating efficiencies have delivered significant operating leverage, with proforma EBITDA margin of 6.7% (FY20: 3.6%).

In addition to benefiting from strong volumes, an improved gross profit per unit was evident in the market. Proforma gross profit margins were 18.0%, some 200bps above FY20 and 110bps ahead of Prospectus forecast. Strong revenue growth in higher margin revenue categories such as service, aftermarket and F&I also contributed.

Our ongoing focus on operating efficiencies and cost reductions delivered a proforma operating cost margin of 11.4% which is an improvement of 110bps on the prior year and ahead of the Prospectus forecast by 60bps. Proforma operating costs were 1% above Prospectus forecast on revenue 6% higher than Prospectus forecast.

Operating costs have benefited from a managed cost reduction strategy, with costs savings (as a percentage of revenue) being delivered across employee benefits expense, advertising and inventory holding costs. Improvements in employee expenses were delivered in the main through a reduction in trading hours, without impacting revenues.

Interest expense, which includes floor plan interest relating to our inventory holdings, was well managed. The proforma result also includes \$2.2m of incremental depreciation relating to Warwick Farm and Southport properties which were acquired as part of the IPO.

### COVID-19 impact

Throughout the pandemic, the safety of our customers and our team has been of utmost importance. We have managed our workforce during lockdown periods in line with the business activity and relevant government regulations. We also continue to invest in our people, with 365 new apprenticeship and traineeship opportunities created during the year.

Our experiences this year have highlighted the resilience of our operating model and that order volumes recover quickly once lockdowns ease.

The FY21 statutory result includes \$535,000 (net) in JobKeeper income which is excluded from the proforma result. The Company received JobKeeper funding from the Australian Government during the financial year ended 30 June 2021 totalling \$13,850,000. The Board of Directors agreed in February 2021 to repay to the Australian Government JobKeeper funds that the Company received during the financial year ended 30 June 2021, other than those passed through to employees as a top-up to earnings as prescribed by legislation which came to \$535,000. The work undertaken to adapt our operations and deliver efficiencies during the year enabled us to repay Jobkeeper.

<sup>1</sup> VFacts Australia.

# Directors' report Continued

We continue to demonstrate our ability to adapt and respond to the current environment, fast-tracking the implementation of click & collect and contactless trading to ensure we safely manage the needs of our customers. We have made significant investments in our IT infrastructure, responding to shifting consumer trends, and enhanced our digital capabilities through new website rollouts and enhanced digital functionality.

## Significant changes in the state of affairs

On 18 February 2021, the Company changed name from PWA Holdings One Pty Limited to Peter Warren Automotive Holdings Limited. On 23 March 2021 the Company also changed from a proprietary company to a public company.

On 26 April 2021, the Company completed an initial public offering ('IPO') of 166,555,203 ordinary shares at \$2.90 per share and was admitted to the Official List of ASX Limited with the ASX code PWR. The net proceeds of the IPO after payment of fees and expenses were \$245,770,000.

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

## Matters subsequent to the end of the financial year

### Impact of COVID-19

The consequences of the Coronavirus (COVID-19) pandemic continue to be felt around the world and subsequent to 30 June 2021, trading has been impacted by lockdowns in New South Wales and, to a lesser extent, Queensland.

However, the impact has been mitigated somewhat by a strong new vehicle order bank at 30 June 2021 which has supported the delivery of new vehicles in Q1FY22.

The extent and duration of these lockdowns is unknown however, it would appear that control measures and related government policies, including the roll out of the vaccine, will begin to mitigate the risks caused by COVID-19.

We have taken proactive steps to adapt to these challenges, including adapting the sales model to click and collect, further enhancing our digital capabilities and managing our variable costs in line with trading conditions. Management continues to monitor the situation.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Likely developments and expected results of operations

### Impact of COVID-19

As at the date these financial statements are authorised for issue, the Directors of the Group have assessed that there is currently no material financial impact of the COVID-19 pandemic on the Group's financial position and results.

The extent of the future impact of the COVID-19 pandemic on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the timing and impact of proposed vaccination programs, regulations imposed by governments with respect to the outbreaks response, and the impact on customers, employees and vendors all of which are uncertain and cannot be predicted at this time.

Given the inherent unpredictability associated with the COVID-19 pandemic outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities combined with customer behaviours, the actual financial impact of the COVID-19 pandemic outbreak, if any, on the Group could be significantly different from the current status assessment disclosed above depending on how the situation evolves.

Other than these developments, the Group expects to continue its principal activities for the foreseeable future.

## Environmental regulation

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

## Information on Directors

<b>Name:</b>	John Ingram
<b>Title:</b>	Independent Non-Executive Chair
<b>Qualifications:</b>	AM, FCPA
<b>Experience and expertise:</b>	John was appointed to the Board as Non-Executive Chairman on 6 April 2021. John is an experienced director and chairman, currently also serving as the non-executive chairman of Nick Scali Limited and having previously been the managing director of Crane Group Limited.
<b>Other current directorships:</b>	Non-Executive Chairman of Nick Scali Limited
<b>Former directorships (last 3 years):</b>	Non-Executive Chairman of Shriro Holdings Limited retired on 27 February 2020.
<b>Special responsibilities:</b>	Member of the Audit and Risk Committee Member of the People and Remuneration Committee
<b>Interests in shares:</b>	142,242 ordinary shares
<b>Interests in rights:</b>	None
<b>Name:</b>	Paul Warren
<b>Title:</b>	Executive Director
<b>Qualifications:</b>	Bachelor of Business
<b>Experience and expertise:</b>	Paul, the eldest son of the Company's founder, Peter Warren, is an Executive Director of the Company. Paul joined the Company in 1975 after completing a Bachelor of Business and has over 46 years' experience working in the automotive industry. In 1982, Paul took over the executive management of the business and has been instrumental in the commercial expansion of the Group since that time, integrating many acquisitions and developing strategies for the organic growth of the Group. As part of the Listing, Paul transitioned his CEO duties to Mark Weaver but remains as an Executive Director and continues to work with Mark on strategy and M&A whilst maintaining the Company's relationships with Original Equipment Manufacturer (OEMs), financiers and large fleet customers. Paul's experience extends across all elements of the automotive industry including representation on various dealer councils, including currently serving as a Board member of the Australian Automotive Dealer Association.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities:</b>	Member of the Audit and Risk Committee Member of the People and Remuneration Committee
<b>Interests in shares:</b>	58,426,756 ordinary shares
<b>Interests in options:</b>	None

# Directors' report Continued

<b>Name:</b>	Catherine West
<b>Title:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Laws (Hons), Bachelor of Economics, Graduate Member of the Australian Institute of Company Directors
<b>Experience and expertise:</b>	Catherine was appointed to the Board as Non-Executive Director on 6 April 2021. Catherine has over 25 years' legal, business affairs and strategy experience in the media, entertainment, telecommunications and medical sectors in Australia, the UK and Europe.
<b>Other current directorships:</b>	She is currently a non-executive director of ASX-listed Nine Entertainment Co Holdings Ltd, Endeavour Group Limited and Monash IVF Group. She is also a non-executive director of the National Institute of Dramatic Art (NIDA) Foundation, the National Institute of Dramatic Art (NIDA), the Vice-President of the Sydney Breast Cancer Foundation at Chris O'Brien Lifehouse and a Governor of Wenona School.
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities:</b>	Chair of the People and Remuneration Committee Member of the Audit and Risk Committee
<b>Interests in shares:</b>	17,242 ordinary shares
<b>Interests in rights:</b>	None
<b>Name:</b>	Niran Peiris
<b>Title:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Bachelor of Economics, Bachelor of Laws
<b>Experience and expertise:</b>	Niran has an extensive background in financial services and insurance having been a Member of the Board of Management of Allianz SE, CEO of Allianz Australia and also having held a number of other executive level roles (including CFO) at Allianz and other Australian insurance companies. Prior to that he worked in accounting services firms as a tax specialist.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities:</b>	Chair of the Audit and Risk Committee Member of the People and Remuneration Committee
<b>Interests in shares:</b>	51,725 ordinary shares
<b>Interests in rights:</b>	None

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

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

### Company secretary

Bernard Friend is the Company's Chief Financial Officer and Company Secretary, responsible for the Company's accounting, finance, risk and compliance functions. Bernard has been with the Company since 1982 and has over 38 years' experience working in the automotive industry. Before joining the Company's, Bernard was an accountant at Horwath Chartered Accountants and, prior to that, the Australian Tax Office.

### Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	FULL BOARD		PEOPLE AND REMUNERATION COMMITTEE		AUDIT AND RISK MANAGEMENT COMMITTEE	
	Attended	Held	Attended	Held	Attended	Held
John Ingram	3	4	1	1	1	1
Paul Warren	12	12	1	1	1	1
Catherine West	4	4	1	1	1	1
Niran Peiris	4	4	1	1	1	1
Bernard Friend	9	9	—	—	—	—
Jonathan Pearce	9	9	—	—	—	—
Christopher Coates	4	4	—	—	—	—

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

# Directors' report Continued

## Remuneration report

### 1 Letter from Committee Chair

Peter Warren Automotive Holdings Limited (Peter Warren) marked a significant milestone in financial year 2021 (FY21) with the listing on the Australian Securities Exchange (ASX) on 27 April 2021. On behalf of the Board, I am pleased to provide our shareholders with the Company's inaugural remuneration report. Key Management Personnel include the Chief Executive Officer, other Executive Key Management Personnel and Non-Executive Directors.

This report describes the Company's director and executive remuneration framework. The description is consistent with that of the prospectus. Remuneration outcomes are reported for the full financial year ending 30 June 2021, covering the period before and after the IPO on 27 April 2021.

### Outcomes for FY21

FY21 was a year both challenging and rewarding. The COVID-19 pandemic presented operational issues as various localities on the east coast of Australia suffered from government mandated lockdowns, impacting sales and service at various times during the year. Supply chains were also disrupted, impacting new car availability and spare parts inventories. Nevertheless, demand was buoyant, enabled in part by government monetary support to a good proportion of the population, and consumer savings facilitated by both government support, and fewer opportunities to spend these savings.

Peter Warren sought government assistance (such as JobKeeper) during the financial year. The Board agreed to repay the JobKeeper funds received in FY21, other than those passed through to employees as a "top up" of their salary. Neither the receipt of JobKeeper nor repayment was included in financial performance for determining the STI outcomes for executive KMP.

The Board deliberated on STI key performance indicator (KPI) outcomes given the unusual environment and high demand. Though we benefited from an increase in consumer demand, the management team's initiative of expanding existing revenue streams, negotiating and rationalising our expense base across our business and of course delivering on a successful ASX listing, enabled us to achieve an excellent outcome for the FY21 year. Statutory Profit before tax for FY21 was \$54.797m compared to \$11.797m in FY20 and above the prospectus forecast of \$45.0m. Stemming from this management achieved maximum ratings on their STI scorecards. Nevertheless, the Board considered the appropriateness of awarding a maximum STI payout in light of the effects of the pandemic, management underlying performance and other factors, and on balance decided that the maximum payment was appropriate.

### Looking towards the future

FY21 executive KMP remuneration policies and levels were set when Peter Warren was an unlisted company prior to the appointment of the current independent directors.

As part of the listing process the Board has put in place a remuneration framework for FY22 which the Board considers is appropriate for Peter Warren as a newly listed ASX company.

The FY22 remuneration framework is described in detail in the prospectus. Executive KMP remuneration will include an STI financial target based on budgeted group net profit after tax, with an eighty percent (80%) weighting. Twenty percent (20%) will be assessed against individual measures including financial and strategic measures determined by the board. Thirty percent (30%) of the STI payment will be in the form of restricted rights which are deferred for 12 months, with malus and clawback provisions. The framework also includes an LTI grant in FY22 based on an Earnings Per Share (EPS) measure which will have a 3 year performance period commencing on 1 June 2021 and ending on 30 June 2024.

The FY22 remuneration framework is designed to attract, retain and motivate Peter Warren's executives and to align executives' interests with the creation of long term shareholder value by creating a clear link between performance, the company's strategic objectives and remuneration outcomes.

I would personally like to thank Paul Warren, Mark Weaver, Bernard Friend and the whole Peter Warren team for successfully completing the IPO process and for working with dedication and commitment to the Peter Warren business to ensure the business has thrived through a very unusual year. Peter Warren is a values driven business and the team has lived the G.I.F.T. values this year – Growth, Integrity, Focus and Teamwork. The whole team has looked after its customers and each other, and successfully executed the company strategy to create real shareholder value.

I trust you find this report informative. I encourage you to vote in favour of the report and welcome any questions at the Annual General Meeting.



**Catherine West**

Chair of the People and Remuneration Committee

## 2 Remuneration report overview

The directors of Peter Warren Automotive Holdings Limited (the Company or Peter Warren) present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2021. The Report forms part of the Directors' Report and has been prepared and audited in accordance with Section 300A of the Australian *Corporations Act 2001*.

## 3 Remuneration governance

### 3.1 People and Remuneration committee

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

The Committee's responsibilities include, among other things:

- Review and annually recommend to the Board arrangements for executive KMP, including contract terms, annual remuneration, participation in short-term incentive and long-term incentive plans;
- Review and recommend incentive performance targets to executive KMP to encourage growth and success;
- Recommend to the Board whether offers are to be made under the employee equity incentive plans in respect of a financial year and terms of the offers;
- Review and make recommendations to the Board on remuneration by gender;
- Review and recommend to the Board the remuneration arrangements for the Chair and the non-executive directors of the Board, including fees, travel, other benefits and any non-executive director equity plan;
- Oversee the process for seeking shareholder approvals in relation to remuneration arrangements, including any grants of equity to the CEO and increases to the non-executive director fee cap;
- Approving the appointment of remuneration consultants for the purposes of *Corporations Act 2001*;
- Take appropriate action to oversee that the Committee, Board and management have available to them sufficient information and external advice to oversee informed decision-making regarding remuneration;
- Oversee management's preparation of the Remuneration Report and review and recommend to the Board the remuneration report prepared in accordance with the *Corporations Act* for inclusion in the annual Directors' Report;
- Review and facilitate shareholder and other stakeholder engagement in relation to remuneration policies and practices;
- Recommend equitable remuneration structures that are aligned with the long-term interests of the Company and its shareholders and that attract and retains skilled executives;

# Directors' report Continued

- To structure short and long-term incentives both challenging and linked to the creation of sustainable shareholder returns;
- Succession planning for Key Management Personnel;
- Assist the Board with a skill matrix to identify a mix of skills, expertise, experience and diversity that the Board currently has, and potential gaps in skills and experience of the Board; and
- People and Culture strategies and policies.

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

Members of the Committee during 2021 were:

- Catherine West – Independent Non-executive Director (Chair)
- Niran Peiris – Independent non-executive Director
- John Ingram – Independent Non-executive Director

At the Committee's invitation the CEO, and other relevant managers attend meetings in an advisory capacity and co-ordinate the work of external, independent advisors as requested. All executives are excluded from any discussions impacting their own remuneration.

Under its Charter, the Committee must meet at least three times a year. The Committee was formed in April 2021 and formally met once in FY21. The Committee also met informally on a number of occasions to progress issues on foot and to design the FY22 Remuneration Framework.

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

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

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

## 3.2 Securities trading policy

The Company has adopted a securities trading policy which will apply to the Company's Directors, senior management and any other person designated by the Board from time to time. This policy is designed to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and to establish procedures in relation to such persons' dealings in the Shares. Subject to certain exceptions, the securities trading policy defines certain "blackout periods" during which trading in Shares by the Company's Directors, officers, employees, and people close to them is prohibited.

## 4 Key management personnel

Key management personnel (KMP) covered in this report are detailed below (See 9 for details of each director):

Table 1: Key Management Personnel

NAME	POSITION HELD	APPOINTED
<b>Non-Executive Directors</b>		
John Ingram	Independent Non-Executive Chairman	6 April 2021
Catherine West	Independent Non-Executive Director	6 April 2021
Niran Peiris	Independent Non-Executive Director	6 April 2021
Jonathon Pearce	Independent Non-Executive Director	From 1 July 2020 to 6 April 2021
Christopher Coates	Independent Non-Executive Director	From 1 July 2020 to 24 November 2020
<b>Executive Director</b>		
Paul Warren	Executive Director	From 1 April 2021 to 30 June 2021
	Executive Director and Chief Executive Officer	From 1 July 2020 to 31 March 2021
<b>Executives</b>		
Mark Weaver	Chief Executive Officer	From 1 April 2021 to 30 June 2021
	Chief Operating Officer	From 1 July 2020 to 31 March 2021
Bernard Friend	Chief Financial Officer	From 6 April 2021 to 30 June 2021
	Executive Director and Chief Financial Officer	From 1 July 2020 to 6 April 2021

## 5 Executive remuneration

### 5.1 Remuneration strategy

The principles of the Peter Warren remuneration policy are to:

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

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

The short-term incentive reflects achievement of challenging financial KPIs for the financial year. The incentive payments are fully self-funded from current year's profit.

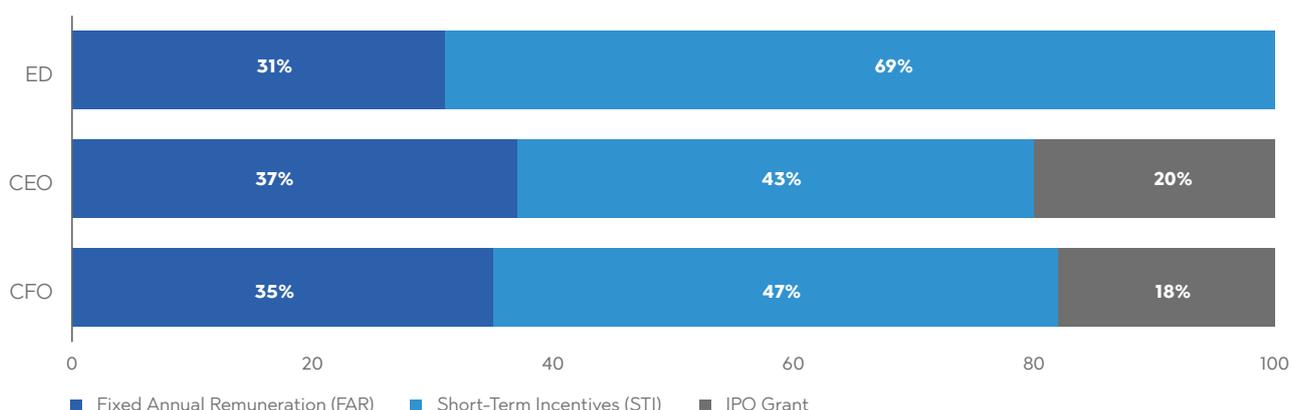
### 5.2 Remuneration Framework

Peter Warren's FY21 Executive KMP remuneration structure comprises the following elements:

- Fixed Annual Remuneration (FAR);
- Superannuation;
- Short-Term Incentive (STI); and
- IPO Grants – performance rights granted following listing.

# Directors' report Continued

The chart below displays the FY21 executive remuneration pay mix of fixed annual remuneration, maximum short-term incentive and the face value of IPO rights at grant.



## 5.2.1 Fixed Annual Remuneration (FAR)

The following table presents the FAR of the Executive KMP for FY21.

Table 2: Executive KMP Fixed Annual Remuneration (FY21)

NAME OF EXECUTIVE	POSITION	FIXED ANNUAL REMUNERATION
Paul Warren	Executive Director	\$787,500 (exclusive of superannuation)
Mark Weaver	CEO	\$525,000 (exclusive of superannuation)
Bernard Friend	CFO	\$525,000 (exclusive of superannuation)

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

An annual FAR review budget, authorised by the Board each year, is used to adjust individual FARs to ensure that their fixed remuneration remains fair and competitive for their specific skills, competence, and value to the Company.

## 5.2.2 Short-Term Incentive (STI)

Executive KMP have the opportunity to earn an annual STI which is based on a percentage of FAR. The FY21 STI reflects policies and levels that are consistent with the prospectus and when the Company was unlisted.

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

Table 3: FY21 Peter Warren STI plan

FEATURE	APPROACH
Purpose	Align individual performance and company objectives.
Eligibility	Executive KMP
Form of payment	100% Cash
Opportunity	Table 4: STI opportunity

Name (Position)	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % FAR
P Warren (ED)	\$787,500	100%	\$1,771,875	225%
M Weaver (CEO)	\$262,500	50%	\$590,625	112.5%
B Friend (CFO)	\$315,000	60%	\$708,750	135%

FEATURE	APPROACH
Performance period	1 July 2020 to 30 June 2021.
Performance measure	<p>Company's Profit Before Tax (PBT) was chosen as it is aligned with the business strategy and enables the self-funding of the incentive pool.</p> <p>FY21 STI was assessed in relation to the Company's Profit Before Tax (PBT). A target corporate budget for PBT is determined at the beginning of the year. Actual performance is measured at and confirmed on receipt of audited results. The percentage of target PBT achieved determines the percentage of target STI outcome for the executives.</p> <p>The target and maximum STI for each KMP is set out in the table above.</p>
Payment timing	The STI is paid in two installments, one at half year and the balance following the end of the financial year, once audited annual accounts are publicly disclosed.
Board discretion	Board has absolute discretion on STI performance assessment and payment.
Treatment on termination	Cessation of employment during the measurement period will result in pro rata forfeiture of STI awards.

### 5.2.3 IPO Grants

Performance rights were granted to the CEO and CFO upon listing of the Company. These rights are intended to align executives' interests with those of shareholders, as LTI grants will not be made until FY22, and will not vest until 30 June 2024. Eligible executive KMPs will be offered an LTI in FY22 as set out in the Prospectus.

Table 4: IPO Grants

FEATURE	APPROACH
Purpose	To incentivise executives and align their interests with those of shareholders.
Participants	CEO and CFO
Date of grant	6 April 2021
Instruments issued	Performance rights (rights) which are rights to acquire shares in the Company for nil consideration.
Number of instruments granted	Mark Weaver (CEO): 99,137 Bernard Friend (CFO): 90,517
Performance conditions	Board's assessment of the delivery of financial forecasts in the Prospectus must be at least "Meets Expectations" or better.
Performance and vesting period	Prospectus forecast period i.e. 27 April 2021 to 31 December 2021.
Service condition	Executives must be an employee of a Group Company until 31 December 2021.
Expiry date	15 years from grant date.
Treatment of dividends and voting rights	<p>Rights do not have voting rights or accrue dividend benefits.</p> <p>Rights are converted to shares upon exercise.</p>
Discretion and malus	The Board has sole discretion to determine that some or all rights that are unvested or subject to an exercise restriction held by a Participant lapse on a specified date if allowing the rights to be exercised would, in the opinion of the Board, result in an inappropriate benefit to the participant.
Treatment on termination	If employment with the Company is terminated before the end of the performance period for any reason, all performance rights will be forfeited immediately unless otherwise determined by the Board.
Change of control	Vesting is subject to Board discretion.

# Directors' report Continued

## 5.3 Remuneration outcomes for FY21

### 5.3.1 Company Performance

The table below provides an overview of how performance for FY21 has determined remuneration outcomes for executive KMP.

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

Table 5: Financial Performance

Financial Summary for year Ended 30 June	2021 \$'m	2020 \$'m	2019 \$'m	2018 \$'m	2017 \$'m
Revenue	1,612.2	1,366.4	1,405.3	1,435.6	830.1
Net profit/(loss) after tax	37.5	8.9	(0.4)	13.0	37.4
Basic earnings per share (cents per share)	50.15	–	–	–	–
Diluted earnings per share (cents per share)	50.12	–	–	–	–
Dividends paid (\$'m)	66.267	–	–	27.658	–
Share price at IPO	\$2.90	–	–	–	–
Closing share price	\$3.72	–	–	–	–

### 5.3.2 Short-Term Incentive (STI)

The Company outperformed its budget PBT target for FY21, exceeding maximum STI expectations for PBT. This was largely due to enhanced gross profit achievement and reduced expenses during the year. The pandemic facilitated discretionary spending for many in the community unable to spend on other discretionary items, such as international holidays, with Peter Warren a beneficiary of this spend.

Management's initiatives of driving gross profit performance across the revenue streams as well as strong expense management contributed to the outperformance. This achievement saw an STI payout of 225% (2.25 times) of target STI.

The Board devoted time in thinking through these STI outcomes. The management team performed well throughout the year, and PBT achieved the highest rating outcomes on their STI scorecards. However, the Board considered the appropriateness of awarding a maximum STI payout in light of the effects of the pandemic on the larger economy and workforce, as well as Peter Warren operations. Various lockdowns and restriction impacted sales, service, and supply, requiring management to be agile, innovative and responsive. Safety standards for our employees and communities we serve were well met. Peter Warren sought government assistance (such as Jobkeeper) during the financial year. The Board agreed to repay the JobKeeper funds received in FY21, other than those passed through to employees as a "top up" of their salary. Neither the receipt of JobKeeper nor repayment was included in determining the STI outcomes for executive KMP. While we noted the absence of an LTI plan for executives in this first year, this was to an extent balanced by the IPO grant. Prospectus and analysts' forecasts were well exceeded. On balance, the Board determined that no discretion was necessary in this instance, and that STI payments be in accord with PBT achievement.

The final STI outcomes can be seen in the tables below.

Table 6: FY21 STI outcome

Name (Position)	Actual STI Cash	Actual STI as a % of max	Target STI	Target STI as a % of FAR	Max STI	Max STI as a % of FAR
P Warren ED	\$1,771,875	100%	\$787,500	100%	\$1,771,875	225%
M Weaver CEO	\$590,625	100%	\$262,500	50%	\$590,625	112.5%
B Friend CFO	\$708,750	100%	\$315,000	60%	\$708,750	135%

### 5.3.3 Total remuneration

Table 7 below sets out the 'Realised Remuneration' of Executive KMP for 2021 in Australian dollars. It is included to complement the Statutory Remuneration disclosures to better illustrate the remuneration received by Executives in FY21 service and performance.

Table 7 details the Fixed Annual Remuneration and superannuation paid to the Executive. The Short-Term Incentive is the cash STI earned by the Executive in respect of the year.

The IPO Grant value is the value of the award that was granted in the year.

While this disclosure is non-statutory, it has been audited.

Table 7: FY21 Realised remuneration

Name (Position)	Year	FAR <sup>2</sup>	Super-annuation	Non-Monetary Benefits <sup>3</sup>	STI Payment	IPO Grant vested	Total Remuneration Realised
P Warren ED	2021	\$775,000	\$25,000	\$47,347	\$1,771,875	\$0	\$2,619,222
M Weaver CEO	2021	\$506,250	\$25,000	\$47,347	\$590,625	\$0	\$1,169,222
B Friend CFO	2021	\$518,750	\$25,000	\$47,347	\$708,750	\$0	\$1,299,847

<sup>2</sup> Fixed Annual Remuneration comprises of salary, excluding superannuation.

<sup>3</sup> The amounts disclosed as non-monetary benefits includes things such as motor vehicle, motor vehicle insurance, fringe benefit tax on motor vehicle and fuel allowance.

# Directors' report Continued

Table 8 sets out the remuneration of Executive KMP for the 2021 Financial Year in Australian Dollars and has been prepared in accordance with the requirements of Section 300A of the *Australian Corporations Act 2001* and associated accounting standards.

Table 8: 2021 Statutory remuneration

Name (Position)	Year	Base Salary	Super- annu- ation	Non- Mon- etary Benefits <sup>5</sup>	Short- term cash bonus <sup>6</sup>	Long Service Leave	SHARE-BASED PAYMENT <sup>4</sup>			Sign-on /Termi- nation payment	Total Statutory Remunera- tion	% of perform- ance- based remunera- tion
							Shares & units	Options & rights	Cash- settled			
<b>Executive Director</b>												
P Warren	2021	\$775,000	\$25,000	\$47,347	\$1,771,875	\$15,461	–	\$48,516	–	–	\$2,683,199	67.84%
<b>Executives</b>												
<b>CEO</b>												
M Weaver	2021	\$506,250	\$25,000	\$47,347	\$590,625	\$17,151	–	\$669,082	–	–	\$1,855,455	67.89%
<b>CFO</b>												
B Friend	2021	\$518,750	\$25,000	\$47,347	\$708,750	\$10,308	–	\$129,500	–	–	\$1,439,655	58.23%

Table 9: 2020 Statutory remuneration

Name (Position)	Year	Base Salary	Super- annu- ation	Non- Mon- etary Benefits <sup>5</sup>	Short- term cash bonus <sup>6</sup>	Long Service Leave	SHARE-BASED PAYMENT			Sign-on /Termi- nation payment	Total Statutory Remunera- tion	% of perform- ance- based remunera- tion
							Shares & units	Options & rights	Cash- settled			
<b>Executive Director</b>												
<b>CEO</b>												
P Warren	2020	\$712,500	\$25,000	\$48,160	–	\$9,178	–	–	–	–	\$794,838	0%
<b>Executives</b>												
<b>COO</b>												
M Weaver	2020	\$480,000	\$25,000	\$48,160	–	\$5,950	–	–	–	–	\$559,110	0%
<b>CFO</b>												
B Friend	2020	\$475,000	\$25,000	\$48,160	–	\$6,118	–	–	–	–	\$554,278	0%

4 Represents the fair value of the equity grants during the period in accordance with AASB 2 *Share-Based Payment* and includes the IPO Grants, the value of the non-recourse employee share loan and part of the equity component of the FY22 STI plan which was outlined in the prospectus.

5 The amounts disclosed as non-monetary benefits includes things such as motor vehicle, motor vehicle insurance, fringe benefit tax on motor vehicle and fuel allowance.

6 Cash Bonus paid or payable in respect of current year represents cash payments in relation to the 2021 financial year.

## 5.4 Executive KMP Share and other equity holdings

### 5.4.1 Executive KMP shareholdings

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

Table 10: KMP shareholdings

Executive	Instrument	Held at 1/7/20	Impact of share consolidation	Received on exercise of rights	Other <sup>7</sup>	Held at 30/6/21
P Warren	Ordinary shares	99,215,735	(79,372,588)	–	38,583,609	58,426,756
M Weaver	Ordinary shares	–	–	–	375,248	375,248
B Friend	Ordinary shares	1,876,243	(1,500,995)	–	(307,748)	67,500

### 5.4.2 Equity instruments details

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

#### 5.4.2.1 Rights

Table 11: Rights movement during the year

Executives	Number Granted	Grant Date	Exercise Date	Expiry Date	Performance Measure	Fair value at grant	% vested	% forfeited	Financial year to vest
M Weaver IPO Grant	99,137	6/4/21	February 2022	6/4/36	Non-market financial measure	\$2.90	–	–	30/6/22
B Friend IPO Grant	90,517	6/4/21	February 2022	6/4/36	Non-market financial measure	\$2.90	–	–	30/6/22

#### 5.4.2.2 Loan Shares

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

These Loan Shares are treated in substance and accounted for as options. Mark Weaver was granted a loan of \$1,250,000. The exercise price of \$5 per share is equal to the non-recourse loan value of \$1,250,000. 100% of the grant vested in FY21. The accounting fair value of the loan funded shares is \$1.95. The loan funded shares were valued with an expected life between 5-7 years.

### 5.4.3 Equity vesting

Loan funded shares were granted and exercised in the year. The following tables present all the equity that has vested or been granted that remain on foot.

<sup>7</sup> Other changes represent shares that were purchased or sold during the year.

# Directors' report Continued

Table 12: Options and rights over equity instruments

	Instrument	Grant Date	Held at 1/7/20	Granted as compensation	Exercised	Lapsed/ Forfeited	Impact of share consolidation	Held at 30/6/21	Vested during the year	Vested and exercisable at 30/6/21
P Warren	–	–	–	–	–	–	–	–	–	–
M Weaver	Rights	6/4/21	–	99,137	–	–	–	99,137	–	–
	Loan Funded Shares	5/11/20	–	250,000	–	–	(1,000,000)	250,000	250,000	250,000
B Friend	Rights	6/4/21	–	90,517	–	–	–	90,517	–	–

## 5.5 Key terms of Executive KMP employment contracts

### 5.5.1 Notice and termination payments

Table 13 sets out for the contractual provisions for current Executive KMP

Table 13: KMP contracts

Name (Position)	Contract Type	Notice Period for Company	Notice Period for Employee	Termination Payment	Treatment of STI on termination	Treatment of LTI on termination
P Warren Executive Director	Permanent	1 Year	1 Year	Up to 1 Year	At Board's discretion	At Board's discretion
M Weaver CEO	Permanent	1 Year	1 Year	Up to 1 Year	At Board's discretion	At Board's discretion
B Friend CFO	Permanent	1 Year	1 Year	Up to 1 Year	At Board's discretion	At Board's discretion

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

## 6 Non-Executive director remuneration

### 6.1 Remuneration Policy

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

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

Table 14 sets out the fee structure.

Table 14: Board fees

Position	Fee (inclusive of super-annuation)
Chairman	\$200,000
Non-Executive Directors	\$100,000
Audit and Risk Management Committee Chair	\$20,000
People and Remuneration Committee Chair	\$20,000

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

There are no share or performance-based plans for Peter Warren Non-Executive Directors. However, each Non-Executive Director was remunerated for services in connection with the IPO through the issue of shares worth \$50,000, inclusive of superannuation. The table below illustrates the statutory remuneration for the NEDs.

Table 15: NED statutory remuneration

Non-Executive Director	Year					SHARE-BASED PAYMENT	Total Statutory Remuneration
		Free	Super-annuation	Non-Monetary Benefits	Shares & Units		
J Ingram	2021	\$33,333	–	–	\$50,000	\$83,333	
C West	2021	\$18,265	\$1,735	–	\$50,000	\$70,000	
N Peiris	2021	\$18,265	\$1,735	–	\$50,000	\$70,000	
J Pearce	2021	–	–	–	–	–	
C Coates	2021	–	–	–	–	–	

Table 16: NED shareholdings

Non-Executive Director	Held at 1/7/20	Granted as compensation	Received on exercise of rights	Other <sup>8</sup>	Held at 30/6/21 <sup>9</sup>
J Ingram	–	17,242	–	125,000	142,242
C West	–	17,242	–	–	17,242
N Peiris	–	17,242	–	34,483	51,725
J Pearce	–	–	–	–	n/a
C Coates	–	–	–	–	n/a

## 7 Related party information

### 7.1 Transactions with other related parties

Transactions entered into during the year with Directors of Peter Warren are within normal employee, customer or supplier relationships on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis. These include the transactions set out below which were disclosed in the prospectus and which for the purposes of Chapter 2E of the *Corporations Act 2001*, the Directors, other than Paul Warren, consider to be on arm's length terms:

<sup>8</sup> Other changes represent shares that were purchased or sold during the year.

<sup>9</sup> J Pearce and C Coates retired before 30 June 2021 and therefore shareholding balance on 30 June 2021 is not included.

# Directors' report Continued

## 7.1.1 Warwick Farm Acquisition

On 30 April 2021, the Company completed the purchase of Warwick Farm from the Warren Family for \$120 million (paid 80% in Shares at the Offer Price and 20% in cash using the proceeds of the Offer) (Warwick Farm Acquisition). An independent valuation was undertaken by Cushman & Wakefield (Valuations) Pty Ltd to support the purchase price.

## 7.1.2 Related Party Transactions

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

	2021 \$	2020 \$
<b>Revenue received from Director related entities:</b>		
Sale of goods	1,988,397	3,581,409
Rental payments	1,067,654	1,085,135
Shared service charges	6,675,598	6,554,993
<b>Expenses paid/(payable) to Director related entities:</b>		
Lease payments	8,948,356	8,898,857
Purchase of goods	2,783,128	2,718,972
Interest payments	5,428,568	5,384,853

The Director related entities are entities owned by Paul Warren.

## 7.1.3 Peter Warren Toyota

### 7.1.3.1 Sublease

The Company subleases part of Warwick Farm to WF Automotive Pty Limited (an entity controlled by the Warren Family) which carries on the Peter Warren Toyota business from these leased premises. As part of the Warwick Farm Acquisition, the Company has renewed this sublease for a term of 12 months commencing on the 1st May 2021 with rolling options to renew for a further 12 months at a time, unless either party gives 9 months prior notice of non-renewal. In accordance with an independent market rent review undertaken by Jones Lang LaSalle Advisory Services Pty Ltd, the initial rent payable is \$746,450 (excluding GST) per annum, increasing if renewed by the greater of 3% and CPI per annum thereafter.

### 7.1.3.2 Toyota SSA

The Company also provides shared services to WF Automotive Pty Limited – for the benefit of Peter Warren Toyota and (for a limited sub-set of services only) PWA Regional Automotive Pty Limited under a shared services agreement (Toyota SSA). The services provided under the Toyota SSA include management and administrative support services such as corporate governance, IT, payroll and vehicle-related management functions such as vehicle receiving, stock control, parts management and fleet sales. Peter Warren Automotive does provide some commitments regarding the quality of the services provided and an indemnity under the Toyota SSA, however such provisions cover subject matter that is typical to be addressed in this way for such an agreement. The Toyota SSA contains limitations and exclusions of liability for the benefit of Peter Warren Automotive that are typical for an agreement of this nature.

The Toyota SSA expires on 31 March 2024. In addition to other customary termination rights, the Toyota SSA may be terminated by either party for convenience on 6 months' notice, but not so as to terminate before 1 January 2022.

Fees under the shared services agreement are charged on a cost-plus margin basis. The Company also provides certain other services to Peter Warren Toyota, which were previously undocumented, however going forward these will be provided under the Toyota SSA.

## 7.1.4 Warren Family Office

### 7.1.4.1 Leaseback

As part of the Warwick Farm Acquisition, the Company has granted a leaseback of certain office space located at Warwick Farm to the Warren Family Office.

The initial term of the lease commenced on 1 May 2021 and expires on 29 June 2026. The sublease has 2 options for a further term of 5 years each. In accordance with an independent market rent review undertaken by Jones Lang LaSalle Advisory Services Pty Ltd, the initial rent payable is \$70,975 (excluding GST) per annum, increasing by the greater of 3% and CPI per annum thereafter. The rent is reviewed to market at the commencement of the option terms.

### 7.1.4.2 Warren Family Office SSA

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

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

The shared services agreement is for a fixed term and expires on 29 June 2026. Fees under the shared services agreement are charged on a cost-plus margin basis. WF Property Holdings Pty Limited paid \$800 in FY21 for these services pursuant to that agreement.

## 7.1.5 Related Party Balances

### Receivables/(payables) with related parties

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

	2021 \$	2020 \$
Amounts receivable from Director related entities	1,277,124	538,938
Amounts payable to Director related entities	(63,316)	(510,000)

### Loan notes payable to Director related entities

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

	2021 \$	2020 \$
Loan notes payable to Director related entities	—	65,829,478

The Director related entities are entities owned by Paul Warren.

The loan notes payable were repaid during the financial year ended 30 June 2021 using funds raised from the IPO. Refer to Note 35 for further information on movements during the year.

**End of the Remuneration report.**

# Directors' report Continued

## Shares under performance rights

Unissued ordinary shares of Peter Warren Automotive Holdings Limited under performance rights at the date of this report comprise 189,564 performance rights granted on 6 April 2021. The performance rights have a \$nil exercise price.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

## Shares issued on the exercise of performance rights

There were no ordinary shares of Peter Warren Automotive Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

## Indemnity and insurance of officers

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

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

## Indemnity and insurance of auditor

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

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

## Proceedings on behalf of the Company

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

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

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

#### Officers of the Company who are former partners of Deloitte Touche Tohmatsu

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

#### Rounding of amounts

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

#### Auditor's independence declaration

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

#### Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

On behalf of the Directors



**John Ingram**  
Chair

27 August 2021

# Auditor's independence declaration

**Deloitte.**

Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Grosvenor Place  
225 George Street  
Sydney, NSW, 2000  
Australia

Phone: +61 2 9322 7000  
www.deloitte.com.au

27 August 2021

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

Dear Directors

**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 directors of Peter Warren Automotive Holdings Limited.

As lead audit partner for the audit of the financial report of Peter Warren Automotive Holdings Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;  
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



Tara Hill  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

# Consolidated statement of profit and loss and other comprehensive income

For the year ended 30 June 2021

CONSOLIDATED			
	Note	2021 \$'000	Restated 2020 \$'000
<b>Revenue</b>	6	1,612,186	1,366,378
Other income	7	22,735	24,934
Interest revenue calculated using the effective interest method		62	34
<b>Expenses</b>			
Changes in inventories		8,385	(72,709)
Raw materials and consumables purchased		(1,337,508)	(1,083,047)
Employee benefits expense		(136,978)	(121,445)
Depreciation and amortisation expense	8	(24,006)	(24,981)
Occupancy costs	8	(730)	(833)
Advertising expense		(6,653)	(9,569)
Insurance expense		(6,150)	(4,127)
Motor vehicle expense		(5,889)	(6,118)
IPO related expenses		(4,740)	–
Repayment of government grants	8	(13,315)	–
Other expenses		(29,314)	(27,958)
Finance costs	8	(23,288)	(28,582)
<b>Profit before income tax expense</b>		54,797	11,977
Income tax expense	9	(17,251)	(3,069)
<b>Profit after income tax expense for the year attributable to the owners of Peter Warren Automotive Holdings Limited</b>		37,546	8,908
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings, net of tax		2,463	–
Other comprehensive income for the year, net of tax		2,463	–
<b>Total comprehensive income for the year attributable to the owners of Peter Warren Automotive Holdings Limited</b>		40,009	8,908
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	36	50.15	16.19
Diluted earnings per share	36	50.12	16.19

Refer to note 4 for detailed information on Restatement of comparatives.

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

# Consolidated statement of financial position

As at 30 June 2021

	Note	CONSOLIDATED	
		2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		42,923	74,686
Trade and other receivables	10	56,828	55,793
Inventories	11	225,265	217,062
Other assets	12	6,726	9,252
<b>Total current assets</b>		<b>331,742</b>	<b>356,793</b>
<b>Non-current assets</b>			
Other assets	12	153	354
Property, plant and equipment	13	229,837	25,000
Right-of-use assets	14	118,120	204,196
Intangibles	15	145,621	140,121
Deferred tax	9	21,429	17,581
<b>Total non-current assets</b>		<b>515,160</b>	<b>387,252</b>
<b>Total assets</b>		<b>846,902</b>	<b>744,045</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	63,362	55,882
Contract liabilities	17	1,212	507
Borrowings	19	181,859	204,770
Lease liabilities	18	11,549	14,482
Income tax		14,424	4,476
Employee benefits	20	16,981	14,020
<b>Total current liabilities</b>		<b>289,387</b>	<b>294,137</b>
<b>Non-current liabilities</b>			
Contract liabilities	17	1,929	2,054
Borrowings	19	—	88,222
Lease liabilities	18	135,145	228,048
Employee benefits	20	1,462	1,278
Provisions	21	250	330
<b>Total non-current liabilities</b>		<b>138,058</b>	<b>319,932</b>
<b>Total liabilities</b>		<b>427,445</b>	<b>614,069</b>
<b>Net assets</b>		<b>419,457</b>	<b>129,976</b>
<b>Equity</b>			
Issued capital	22	478,448	163,471
Reserves	23	(48,082)	(51,307)
Retained profits/(accumulated losses)		(10,909)	17,812
<b>Total equity</b>		<b>419,457</b>	<b>129,976</b>

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

# Consolidated statement of changes in equity

For the year ended 30 June 2021

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2019	163,471	(51,307)	8,904	121,068
Profit after income tax expense for the year	–	–	8,908	8,908
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	–	8,908	8,908
Balance at 30 June 2020	163,471	(51,307)	17,812	129,976

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	163,471	(51,307)	17,812	129,976
Profit after income tax expense for the year	–	–	37,546	37,546
Other comprehensive income for the year, net of tax	–	2,463	–	2,463
Total comprehensive income for the year	–	2,463	37,546	40,009
<b>Transactions with owners in their capacity as owners:</b>				
Treasury capital (note 22)	(1,250)	–	–	(1,250)
Contributions of equity, net of transaction costs (note 22)	316,227	–	–	316,227
Share-based payments (note 23)	–	762	–	762
Dividends paid (note 24)	–	–	(66,267)	(66,267)
Balance at 30 June 2021	478,448	(48,082)	(10,909)	419,457

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

# Consolidated statement of cash flows

For the year ended 30 June 2021

CONSOLIDATED			
	Note	2021 \$'000	Restated 2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,783,855	1,525,000
Receipts from government grants		15,060	14,151
Payments to suppliers (inclusive of GST)		(1,696,665)	(1,441,535)
Repayment of government grants	8	(13,315)	–
		88,935	97,616
Interest received		62	34
Interest and other finance costs paid		(23,288)	(20,344)
Income taxes paid		(9,161)	(2,534)
Net cash from operating activities	35	56,548	74,772
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	32	(5,541)	–
Payments for property, plant and equipment	13	(125,123)	(4,262)
Payments for security deposits		(795)	(247)
Loan payment to key management personnel	30	(1,250)	–
Proceeds from disposal of investments		201	–
Proceeds from disposal of property, plant and equipment		94	–
Net cash used in investing activities		(132,414)	(4,509)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	22	227,440	–
Share issue transaction costs and IPO expenses		(14,999)	–
Repayment of related party loans	35	(88,222)	(8,454)
Dividends paid	24	(66,267)	–
Repayment of lease liabilities	35	(13,849)	(13,176)
Net cash from/(used in) financing activities		44,103	(21,630)
Net (decrease)/increase in cash and cash equivalents		(31,763)	48,633
Cash and cash equivalents at the beginning of the financial year		74,686	26,053
Cash and cash equivalents at the end of the financial year		42,923	74,686

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

# Notes to the consolidated financial statements

30 June 2021

## Note 1. General information

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

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

13 Hume Highway  
Warwick Farm  
NSW 2170

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 August 2021. The Directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

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

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

### Going concern

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

### Basis of preparation

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

### Historical cost convention

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

### Critical accounting estimates

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

### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

# Notes to the consolidated financial statements Continued

## Note 2. Significant accounting policies *continued*

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Peter Warren Automotive Holdings Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Peter Warren Automotive Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

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

### Operating segments

The Group has two operating segments being car 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 is responsible for the allocation of resources to operating segments and assessing their performance.

### Revenue recognition

The Group recognises revenue as follows:

#### Revenue from contracts with customers

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

#### New, demonstrator and used vehicles

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

#### Parts and services

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

#### Aftermarket accessories and other revenue

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

#### Finance and insurance revenue

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

#### Interest

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

#### Rent revenue

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

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

#### Other income

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

#### Commercial income and rebates

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

#### Government grants

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

#### JobKeeper support payments

JobKeeper represents JobKeeper support payments received from the Australian Government which are passed on to eligible employees during the Coronavirus ('COVID-19') pandemic. Amounts received are recognised as income on a systematic basis over the period necessary to match it with the employee benefit expense for which it is intended to compensate.

# Notes to the consolidated financial statements Continued

## Note 2. Significant accounting policies *continued*

### Government grants *continued*

#### Government wage subsidy received

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

#### Income tax

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

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

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

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

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

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

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

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

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

### **Current and non-current classification**

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

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

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

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

### **Cash and cash equivalents**

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

### **Trade and other receivables**

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

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

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

### **Inventories**

#### **New and demonstrator vehicles**

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

#### **Used vehicles**

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

#### **Spare parts and accessories**

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

#### **Other inventory**

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

# Notes to the consolidated financial statements Continued

## Note 2. Significant accounting policies *continued*

### Investments and other financial assets

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

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

### Financial assets at amortised cost

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

### Impairment of financial assets

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

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

### Property, plant and equipment

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

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

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

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

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

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

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

### **Right-of-use assets**

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

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

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

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

### **Intangible assets**

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

### **Goodwill**

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

### **Business combinations**

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

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

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

# Notes to the consolidated financial statements Continued

## Note 2. Significant accounting policies *continued*

### **Business combinations** *continued*

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

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

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

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

### **Impairment of non-financial assets**

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

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

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Contract liabilities**

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

## **Borrowings**

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

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

## **Floor plan finance**

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

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

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

## **Lease liabilities**

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

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

## **Finance costs**

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

## **Provisions**

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

# Notes to the consolidated financial statements Continued

## Note 2. Significant accounting policies *continued*

### Employee benefits

#### Short-term employee benefits

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

#### Other long-term employee benefits

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

#### Defined contribution superannuation expense

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

#### Share-based payments

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

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

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

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

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

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

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

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

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

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

### **Fair value measurement**

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

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

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

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

### **Issued capital**

Ordinary shares are classified as equity.

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

### **Treasury capital**

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

### **Dividends**

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

### **Earnings per share**

#### **Basic earnings per share**

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

#### **Diluted earnings per share**

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

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

# Notes to the consolidated financial statements

Continued

## Note 2. Significant accounting policies *continued*

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

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

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

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

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

### Rounding of amounts

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

### Comparatives

Comparatives in profit or loss have been restated to align with the current year presentation. There has been no material effect on the net result for the year. A reconciliation of the restatement is disclosed in note 4.

Certain comparatives in the statement of financial position have been reclassified to align with the current year presentation. This includes the transfer of \$2,273,000 from 'other payables and accruals' to 'employee benefits' and the transfer of \$1,627,000 from 'cash and cash equivalents' and '\$7,625,000' from trade and other receivables to 'other assets'.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of these financial statements, the Group has not applied the following new and revised Australian Accounting Standards and Interpretations that have been issued but are not yet effective:

AASB 17	Insurance Contracts
AASB 10 and AASB 128 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to AASB 101	Classification of Liabilities as Current or Non-current
Amendments to AASB 3	Reference to the Conceptual Framework
Amendments to AASB 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to AASB 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018–2020 Cycle	Amendments to AASB 1 <b>First-time Adoption of International Financial Reporting Standards</b> , AASB 9 <b>Financial Instruments</b> , AASB 16 <b>Leases</b> , and AASB 141 <b>Agriculture</b>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

### Note 3. Critical accounting judgements, estimates and assumptions

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

#### Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### Revaluation of property, plant and equipment

The Group carries its land and buildings at fair value. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. The Directors determine the fair value by reference to transactions involving properties of a similar nature, location and condition. The land and building were acquired on 30 April 2021 and an independent valuation was undertaken to support the purchase price paid for these properties. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in note 26.

#### Provision for impairment of inventories

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

#### Goodwill and other indefinite life intangible assets

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

#### Lease term

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

# Notes to the consolidated financial statements Continued

## Note 4. Restatement of comparatives

### Reclassifications

The following reclassifications to the statement of profit or loss and other comprehensive income (and related notes) have been made to provide more relevant information to the users of the financial statements.

The more significant changes relate to:

- Reclassification of warranty revenue which results in an increase in revenue and decrease in raw materials and consumables purchased.
- Shared services income and expense that were disclosed net in the prior year. The reclassification results in an increase in other income and increase in employee benefits expense.
- Elimination of inter-department charges that resulted in a decrease in revenue, increase in other income and decrease in employee benefits expense.

Additionally, revenue in the previous year has been separated into revenue from contracts with customers and other income (\$18,530,000); and raw material and consumables purchased has been separated into raw materials and consumables purchased and changes in inventory (\$72,709,000) to align with the current year presentation.

These reclassifications have no impact on retained earnings or net profit and are included below.

### Statement of profit or loss and other comprehensive income

	CONSOLIDATED		
	2020 \$'000 Reported	\$'000 Adjustment	2020 \$'000 Restated
<b>Revenue</b>	1,347,326	19,052	1,366,378
Other income	–	24,934	24,934
Interest revenue calculated using the effective interest method	194	(160)	34
<b>Expenses</b>			
Changes in inventories	–	(72,709)	(72,709)
Raw materials and consumables purchased	(1,104,859)	21,812	(1,083,047)
Employee benefits expense	(125,161)	3,716	(121,445)
Depreciation and amortisation expense	(25,073)	92	(24,981)
Loss on disposal of assets	(149)	149	–
Advertising expense	(9,466)	(103)	(9,569)
Insurance expense	(3,893)	(234)	(4,127)
Motor vehicle expense	(9,389)	3,271	(6,118)
Occupancy costs	–	(833)	(833)
Other expenses	(28,967)	1,009	(27,958)
Finance costs	(28,586)	4	(28,582)
<b>Profit before income tax expense</b>	11,977	–	11,977
Income tax expense	(3,069)	–	(3,069)
<b>Profit after income tax expense for the year attributable to the owners of Peter Warren Automotive Holdings Limited</b>	8,908	–	8,908
Other comprehensive income for the year, net of tax	–	–	–
<b>Total comprehensive income for the year attributable to the owners of Peter Warren Automotive Holdings Limited</b>	8,908	–	8,908
	<b>Cents Reported</b>	<b>Cents Adjustment</b>	<b>Cents Restated</b>
Basic earnings per share	16.19	–	16.19
Diluted earnings per share	16.19	–	16.19

## Note 5. 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 is responsible for the allocation of resources to operating segments and assessing their performance. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation, amortisation and unallocated expenses comprising IPO expenses, public company expenses and key management personnel expenses as disclosed in note 27). 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. They also facilitate financing for vehicle purchases through third-party sources. New vehicles, vehicle parts, and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers.

**Property** Within the Property segment, the Group holds commercial properties principally for use as premises for its motor dealership operations. The Property segment charges the Vehicle Retailing segment commercial rentals for owned properties occupied by that segment. The Property segment reports property assets at fair value, based on an annual assessment by the Directors 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 excludes revaluation increments arising from fair value adjustments when assessing the overall returns generated by this segment to the Group.

### Intersegment transactions

Intersegment transactions were made at market rates. The Vehicle Retailing operating segment leases premises from the Property operating segment. Intersegment transactions are eliminated on consolidation.

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

### Intersegment receivables, payables and loans

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

### Major customers

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

### Geographic Information

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

# Notes to the consolidated financial statements

Continued

## Note 5. Operating segments *continued*

Consolidated – 2021	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	1,612,186	–	–	1,612,186
<b>Total Revenue</b>	1,612,186	–	–	1,612,186
Other income	8,290	2,693	(1,563)	9,420
<b>Segment result</b>				
EBITDA	112,354	2,478	(1,563)	113,269
Depreciation and amortisation	(23,636)	(370)	–	(24,006)
<b>Segment profit</b>	88,718	2,108	(1,563)	89,263
Interest revenue	62	–	–	62
Finance costs	(23,288)	–	–	(23,288)
<b>Profit/(loss) before income tax expense and unallocated expenses</b>	65,492	2,108	(1,563)	66,037
Unallocated expenses				(11,240)
<b>Profit before tax</b>				54,797
<b>Assets</b>				
Segment assets	644,662	202,240	–	846,902
<b>Liabilities</b>				
Segment liabilities	427,296	149	–	427,445
<b>Net assets</b>	217,366	202,091	–	419,457

Consolidated – 2020	Vehicle Retailing \$'000	Property \$'000	Inter-segment eliminations \$'000	Total \$'000
<b>Revenue</b>				
Sales to external customers	1,366,378	–	–	1,366,378
Other revenue	–	–	–	–
<b>Total Revenue</b>	1,366,378	–	–	1,366,378
Other income	24,934	–	–	24,934
<b>Segment result</b>				
EBITDA	67,414	–	–	67,414
Depreciation and amortisation	(24,981)	–	–	(24,981)
<b>Segment profit</b>	42,433	–	–	42,433
Interest revenue	34	–	–	34
Finance costs	(28,582)	–	–	(28,582)
<b>Profit/(loss) before income tax expense and unallocated expenses</b>	13,885	–	–	13,885
Unallocated expenses				(1,908)
<b>Profit before tax</b>				11,977
<b>Assets</b>				
Segment assets	744,045	–	–	744,045
<b>Liabilities</b>				
Segment liabilities	614,069	–	–	614,069
<b>Net assets</b>	129,976	–	–	129,976

## Note 6. Revenue

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
New and demonstrator vehicles	1,095,273	887,443
Used vehicles	239,058	221,529
Parts revenue	153,638	145,402
Service revenue	73,512	70,481
Finance and insurance	27,821	22,709
Aftermarket accessories	22,884	18,814
Revenue	1,612,186	1,366,378

### 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 7. Other income

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Government grants	15,060	14,151
Rent revenue*	1,130	1,085
Rent concessions	–	1,775
Other income*	6,545	7,923
Other income	22,735	24,934

\* Includes amounts received from related parties. Refer to note 30.

### Government grants

Government grants received during the financial year ended 30 June 2021 represent grants received from the Government comprising of JobKeeper support payments and the Boosting Apprenticeship Commencements wage subsidy. Government grants received during the year comprise the following:

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
COVID-19 JobKeeper grant received (a)	13,850	14,151
Boosting Apprenticeship subsidy received (b)	1,210	–
Government grants received	15,060	14,151

#### (a) COVID-19 JobKeeper grant received

During the Coronavirus ("COVID-19") pandemic, the Group received JobKeeper funding from the Australian Government during the financial year ended 30 June 2021 totalling \$13,850,000 (2020: \$14,151,000). The Board of Directors agreed in February 2021 to repay to the Australian Government JobKeeper funds that the Group received during the financial year ended 30 June 2021, other than those passed through to employees as a top-up to earnings as prescribed by legislation which came to \$535,000. As the payment is voluntary, the repayment has been included as an expense in the profit or loss (refer to note 8).

# Notes to the consolidated financial statements Continued

## Note 7. Other income *continued*

### Government grants *continued*

#### (b) Boosting Apprenticeship subsidy received

The Australian Government has 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 financial year ended 30 June 2021 to the sum of \$1,210,000.

## Note 8. Expenses

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Profit before income tax includes the following specific expenses:		
<b>Finance costs</b>		
Interest and finance charges paid/payable on loans from related parties	7,263	8,238
Interest and finance charges paid/payable on lease liabilities	12,022	13,490
Bailment interest	4,003	6,854
<b>Finance costs</b>	<b>23,288</b>	<b>28,582</b>
<b>Depreciation</b>		
Buildings	281	–
Leasehold improvements	130	84
Plant and equipment	4,494	4,653
Motor vehicles	259	293
Right-of-use assets	18,842	19,951
<b>Total depreciation</b>	<b>24,006</b>	<b>24,981</b>
<b>Lease related expenses</b>		
Interest expense on lease liabilities	12,022	13,490
Expense relating to short-term leases	730	987
	2021 \$'000	2020 \$'000
<b>Employee benefits expenses:</b>		
Share-based payments	962	–
Defined contribution superannuation expense	11,501	10,045
Employee benefits expense excluding share-based payments and superannuation (a)	124,515	111,400
	136,978	121,445
<b>Repayment of government grants</b>		
Repayment of COVID-19 JobKeeper grant (b)	13,315	–

(a) Employee benefits expenses excludes service labour amounting to \$21,595,000 (2020: \$22,366,000) which is included in raw materials and consumables purchases.

(b) Repayment of JobKeeper represents voluntary repayment of government grants. Refer to note 7 for further details.

Note 9. Income tax

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b><i>Income tax expense</i></b>		
Current tax	18,976	6,329
Deferred tax – origination and reversal of temporary differences	(2,325)	(2,712)
Adjustment recognised for prior periods	600	(548)
Aggregate income tax expense	17,251	3,069
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(2,325)	(2,712)
<b><i>Numerical reconciliation of income tax expense and tax at the statutory rate</i></b>		
Profit before income tax expense	54,797	11,977
Tax at the statutory tax rate of 30%	16,439	3,593
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-assessable and non-deductible items	20	24
Share-based payments	229	–
Other items	(37)	–
	16,651	3,617
Adjustment recognised for prior periods	600	(548)
Income tax expense	17,251	3,069

# Notes to the consolidated financial statements Continued

## Note 9. Income tax *continued*

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Deferred tax asset</b>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	134	4
Allowance for expected credit losses	128	117
Property, plant and equipment	3,600	(51)
Employee benefits	5,720	3,235
Contract liabilities	553	544
Trade and other receivables	220	614
Trade and other payables	139	40
Work in progress	(73)	(42)
Leases	8,587	11,487
Provision for inventories	(4)	352
Other items	1,044	1,281
	20,048	17,581
Amounts recognised in equity:		
Transaction costs on share issue	2,437	–
Revaluation of property, plant and equipment	(1,056)	–
	1,381	–
Deferred tax asset	21,429	17,581
Movements:		
Opening balance	17,581	14,777
Credited to profit or loss	2,325	2,712
Credited to equity	1,991	–
Adjustments recognised for prior periods	(468)	92
Closing balance	21,429	17,581

## Note 10. Trade and other receivables

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Trade receivables	57,232	56,178
Less: Allowance for expected credit losses	(425)	(412)
	56,807	55,766
Amount receivable from related parties	21	27
	56,828	55,793

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

### Allowance for expected credit losses

The Group has recognised a loss of \$149,000 (2020: \$286,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

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

	EXPECTED CREDIT LOSS RATE		CARRYING AMOUNT		ALLOWANCE FOR EXPECTED CREDIT LOSSES	
	2021 %	2020 %	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Consolidated</b>						
Not overdue	–	–	50,006	52,033	–	–
1 – 30 days overdue	5.8%	10.1%	5,950	3,045	343	306
31 – 60 days overdue	6.8%	8.8%	793	461	54	40
61 – 90 days overdue	6.1%	10.7%	427	259	26	28
Over 90 days overdue	3.2%	9.9%	56	380	2	38
			57,232	56,178	425	412

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

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Opening balance	412	244
Additional provisions recognised	149	286
Receivables written off during the year as uncollectable	(136)	(118)
Closing balance	425	412

### Note 11. Inventories

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Current assets</b>		
New and demonstrator vehicles	162,267	172,229
Less: Provision for impairment	(5,206)	(5,822)
	157,061	166,407
Used vehicles	47,410	30,930
Less: Provision for impairment	(3,107)	(2,466)
	44,303	28,464
Spare parts and accessories	23,900	22,168
Less: Provision for impairment	(910)	(753)
	22,990	21,415
Work in progress	229	132
Petrols, oils and grease	682	644
	225,265	217,062

# Notes to the consolidated financial statements

Continued

## Note 12. Other assets

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Prepayments	4,304	7,625
Term deposits	2,422	1,627
	6,726	9,252
<b>Non-current assets</b>		
Other financial assets	153	354
	6,879	9,606

### Term deposits

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

## Note 13. Property, plant and equipment

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Non-current assets</b>		
Land – at fair value	144,989	–
Buildings – at fair value	51,742	–
Leasehold improvements – at cost	4,050	485
Less: Accumulated depreciation	(705)	(447)
	3,345	38
Plant and equipment – at cost	70,291	61,176
Less: Accumulated depreciation	(41,818)	(37,485)
	28,473	23,691
Motor vehicles – at cost	2,125	1,946
Less: Accumulated depreciation	(837)	(675)
	1,288	1,271
	229,837	25,000

## Reconciliations

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

Consolidated	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2019	–	–	51	24,767	1,192	26,010
Additions	–	–	1,063	3,834	597	5,494
Disposals	–	–	(992)	(257)	(225)	(1,474)
Depreciation expense	–	–	(84)	(4,653)	(293)	(5,030)
Balance at 30 June 2020	–	–	38	23,691	1,271	25,000
Additions	156,223	52,023	3,437	9,082	358	221,123
Additions through business combinations (note 32)	–	–	–	194	22	216
Derecognition of prior leases balances*	(11,237)	(3,516)	–	–	–	(14,753)
Revaluation increments	3	3,516	–	–	–	3,519
Disposals	–	–	–	–	(104)	(104)
Depreciation expense	–	(281)	(130)	(4,494)	(259)	(5,164)
Balance at 30 June 2021	144,989	51,742	3,345	28,473	1,288	229,837

\* Land and buildings acquired during the financial year were previously leased by the Group. \$14,753,000 represents the difference between the carrying value of the right-of-use asset and the lease liability immediately prior to the acquisition. When a right-of-use asset is acquired by the lessee before the end of the lease term, the carrying value of the right-of-use asset and the corresponding lease liability are derecognised. Any difference between the carrying value of the right-of-use asset and the lease liability is recognised in property, plant and equipment.

The carrying value of plant and equipment at 30 June 2021 includes capital works in progress of \$267,000.

Additions to property, plant and equipment of \$221,123,000 were settled with \$125,123,000 in cash and \$96,000,000 by way of ordinary shares issued.

If land and buildings were carried at cost, the carrying value of land and buildings at 30 June 2021 would be \$141,470,000 and \$51,742,000 respectively.

## Valuations of land and buildings

Land and buildings are shown at fair value, based on annual assessment by the Directors supported by periodic valuations by external independent valuers, less subsequent depreciation for buildings. The land and buildings include the Warwick Farm and Southport properties which were acquired on 30 April 2021. An independent valuation was undertaken to support the purchase price paid for these properties. The Directors do not believe that there has been a material movement in fair value since the acquisition date.

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

# Notes to the consolidated financial statements

Continued

## Note 14. Right-of-use assets

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Non-current assets</b>		
Land and buildings – right-of-use	178,059	273,670
Less: Accumulated depreciation	(59,939)	(69,474)
	118,120	204,196

The Group leases buildings for its dealerships under agreements of between 1 to 10 years plus in the majority of instances options to extend generally representing 2x5 year periods. The group have generally included at least 1x5 year option period in the initial lease term given the assessed reasonable certainty of renewal, as a result of significant capital expenditure incurred and general scarcity of appropriate alternative locations.

### Reconciliations

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

Consolidated	Land and buildings – right-of-use \$'000
Balance at 1 July 2019	224,147
Depreciation expense	(19,951)
Balance at 30 June 2020	204,196
Additions	1,112
Disposals*	(68,346)
Depreciation expense	(18,842)
Balance at 30 June 2021	118,120

\* Disposals represent the cessation of leases with respect to the Warwick Farm and Southport properties. These properties were previously leased from a related party. During the financial year ended 30 June 2021, these properties were purchased by PWA Properties Pty Ltd, a subsidiary within the Group, with funds raised from the IPO.

For other AASB 16 lease related disclosures refer to the following:

- Refer note 8 for details of interest on lease liabilities and other lease payments;
- Refer note 18 for lease liabilities at the end of the reporting period;
- Refer note 25 for undiscounted future lease commitments; and
- Refer consolidated statement of cash flows for repayment of lease liabilities.

## Note 15. Intangibles

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Non-current assets</b>		
Goodwill – at cost	145,621	140,121

### Reconciliations

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

Consolidated	Goodwill \$'000
Balance at 1 July 2019	140,121
Balance at 30 June 2020	140,121
Additions through business combinations (note 32)	5,500
Balance at 30 June 2021	145,621

For the purposes of impairment testing goodwill is allocated to each of the Groups cash-generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combinations. At 30 June 2021, all the goodwill relates to the vehicle retailing segment.

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

### Impairment testing

Impairment testing of the Group's goodwill was performed as at 30 June 2021. As part of this process, management reviewed the recoverability of the carrying value of intangible assets and concluded no impairment existed, nor any reasonable possible change in assumptions would lead to impairment.

### Key assumptions

The discounted cash flow model adopted by the Directors utilises cashflow forecasts derived from the 30 June 2022 ('FY 22') financial budget approved by the Board. Management have then applied revenue growth rates across the five year period of between -1% and +2.8% (2020: Revenue growth between +2.4% and +6.9%) and applied thereafter a terminal growth of 2.0% (2020: 2.25%). The FY22 budget reflects the current market dynamics and the cost reduction initiatives undertaken in response to COVID-19. The FY22 budget did not include the possible financial impact of any possible COVID-19 related lockdowns in the projections. However, subsequent to 30 June 2021 lockdowns have occurred in New South Wales and Queensland. Whilst the duration and extent of the COVID-19 lockdowns are unknown, management have determined that any reasonably possible financial effect would not result in an impairment. Management will continue to monitor the impact of COVID-19 on the value-in-use model moving forward. The forecast growth rates and terminal growth rate are based on historical performance, current business strategies and future operating conditions. The terminal growth rate is not deemed to exceed the long-term average growth rate for the industry. A post tax discount rate of 8.5% (2020: 9.88%) was applied to the cashflows, incorporating the impact of the new lease standard (AASB 16) on the Group's cost of debt.

# Notes to the consolidated financial statements Continued

## Note 15. Intangibles *continued*

### Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The Group has performed sensitivity analysis of the reasonably possible changes in the assumptions in the model and under each of the scenarios, no impairment was identified. The sensitivities are as follows:

Assumption element	Assumption used	Sensitivity applied	Decrease in headroom
Discount rate	8.5% (post tax)	9.0% (post tax) up from 8.5%	(\$32,900,000)
Terminal Growth rate	2.0%	1.5%	(\$26,500,000)

Under each of these independent scenarios, no impairment was identified. Management believes that other reasonable changes in the key assumptions on which the recoverable amount of motor vehicle retailing's goodwill is based would not cause the CGU's carrying amount to exceed its recoverable amount.

## Note 16. Trade and other payables

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Current liabilities</b>		
Trade payables	14,758	13,617
Customer deposits	20,657	16,703
GST payable	3,125	5,151
Other payables and accruals	24,822	20,411
	63,362	55,882

Refer to note 25 for further information on financial instruments.

## Note 17. Contract liabilities

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Current liabilities</b>		
Deferred service obligations	1,212	507
<b>Non-current liabilities</b>		
Deferred service obligations	1,201	2,054
	2,413	2,561
<b>Reconciliation</b>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	2,561	2,215
Payments received in advance	474	424
Transfer to revenue – performance obligations satisfied in current periods	(622)	(78)
Closing balance	2,413	2,561

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

### Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$2,413,000 as at 30 June 2021 (\$2,561,000 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Within 12 months	1,212	503
12 to 24 months	338	734
24 to 36 months	220	349
Greater than 36 months	643	975
	2,413	2,561

### Note 18. Lease liabilities

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Current liabilities</b>		
Hire purchase	–	45
Lease liabilities – building premises	11,549	14,437
	11,549	14,482
<b>Non-current liabilities</b>		
Lease liabilities – building premises	135,145	228,048
	146,694	242,530

The average incremental borrowing rate on building premises is 5.38% (30 June 2020: 5.41%).

The hire purchase liability is secured over the related hire purchase assets.

Refer to note 25 for further information on financial instruments.

### Note 19. Borrowings

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Current liabilities</b>		
Bailment finance and equitable mortgage agreement ('EMA') vehicle funding	181,859	204,770
<b>Non-current liabilities</b>		
Loans from related parties	–	88,222
	181,859	292,992

Refer to note 25 for further information on financial instruments.

# Notes to the consolidated financial statements Continued

## Note 19. Borrowings *continued*

### Loans from related parties

The loan notes payable to related parties were repaid during the financial year ended 30 June 2021 using funds raised from the IPO.

### Total secured liabilities

The total secured liabilities are as follows:

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Bailment finance and EMA vehicle funding	181,859	204,770

### Assets pledged as security

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

### Financing arrangements

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

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Total facilities		
Bailment finance and EMA vehicle funding	360,550	367,050
Loans from related parties	–	88,222
	360,550	455,272
Used at the reporting date		
Bailment finance and EMA vehicle funding	181,859	204,770
Loans from related parties	–	88,222
	181,859	292,992
Unused at the reporting date		
Bailment finance and EMA vehicle funding	178,691	162,280
Loans from related parties	–	–
	178,691	162,280

## Note 20. Employee benefits

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Current liabilities</b>		
Employee benefits	16,981	14,020
<b>Non-current liabilities</b>		
Employee benefits	1,462	1,278
	18,443	15,298

## Note 21. Provisions

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Non-current liabilities</b>		
Lease make good	250	330

### Lease make-good

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

### Movements in provisions

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

Consolidated – 2021	Lease-make good \$'000
Carrying amount at the start of the year	330
Additional provisions recognised	10
Unused amounts reversed	(90)
Carrying amount at the end of the year	250

## Note 22. Issued capital

	CONSOLIDATED			
	2021 Shares	2020 Shares	2021 \$'000	2020 \$'000
Ordinary shares – fully paid (a)	166,555,203	115,181,818	479,698	34,550
Treasury share capital (b)	(250,000)	–	(1,250)	–
Class B shares – fully paid (c)	–	113,191,336	–	86,109
Class C shares – fully paid (d)	–	46,747,944	–	42,811
Class D share – fully paid (e)	–	1	–	1
	166,305,203	275,121,099	478,448	163,471

### (a) Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2019	115,181,818		34,550
Balance	30 June 2020	115,181,818		34,550
Share consolidation (5:1)	28 March 2021	(92,145,454)		–
Conversion of Class B Shares to Ordinary Shares	27 April 2021	22,638,267		86,109
Conversion of Class C Shares to Ordinary Shares	27 April 2021	9,349,589		42,812
Shares issued at IPO	27 April 2021	78,427,535	\$2.90	227,440
Shares issued as part consideration for property acquisition	30 April 2021	33,103,448	\$2.90	96,000
Share issue costs (net of taxation)		–	–	(7,213)
Balance	30 June 2021	166,555,203		479,698

# Notes to the consolidated financial statements Continued

## Note 22. Issued capital *continued*

### (a) Movements in ordinary share capital *continued*

#### Ordinary shares

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

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

On 27 April 2021, all Class B and Class C shares were converted to ordinary shares on a 1:1 basis.

### (b) Movements in Treasury shares

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2019	–		–
Balance	30 June 2020	–		–
Treasury capital	5 November 2020	1,250,000		1,250
Share consolidation (5:1)	28 March 2021	(1,000,000)		–
Treasury capital	27 April 2021	68,966	\$2.90	200
Issue of planned shares	27 April 2021	(68,966)	\$2.90	(200)
Balance	30 June 2021	250,000		1,250

#### Treasury shares

Treasury capital includes secured share capital associated with a limited recourse loan made during the period to a key management personnel (refer to note 30 for further details of this transaction) and shares issued through the employee share trust.

### (c) Movements in Class B shares

Details	Date	Shares	\$'000
Balance	1 July 2019	113,191,336	86,109
Balance	30 June 2020	113,191,336	86,109
Share consolidation (5:1)	28 March 2021	(90,553,069)	–
Converted to ordinary shares on IPO	27 April 2021	(22,638,267)	(86,109)
Balance	30 June 2021	–	–

#### Class B shares

Class B shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

Class B shares do not have any voting rights.

On 27 April 2021, all Class B shares were converted to ordinary shares on a 1:1 basis.

#### (d) Movements in Class C shares

Details	Date	Shares	\$'000
Balance	1 July 2019	46,747,944	42,811
Balance	30 June 2020	46,747,944	42,811
Conversion Of Class D Shares to C class Shares	23 March 2021	1	1
Share consolidation (5:1)	28 March 2021	(37,398,356)	–
Converted to ordinary shares on IPO	27 April 2021	(9,349,589)	(42,812)
Balance	30 June 2021	–	–

#### Class C shares

Class C shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

Class C shares do not have any voting rights.

On 27 April 2021, all Class C shares were converted to ordinary shares on a 1:1 basis.

#### (e) Movements in Class D shares

Details	Date	Shares	\$'000
Balance	1 July 2019	1	1
Balance	30 June 2020	1	1
Converted to C class shares	23 March 2021	(1)	(1)
Balance	30 June 2021	–	–

#### Class D share

Class D share neither entitles the holder to participate in dividends (other than special dividends) nor the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

Class D share does not have any voting rights.

On 23 March 2021, all Class D shares were converted to Class C shares on a 1:1 basis.

#### Share buy-back

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

#### Capital risk management

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

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

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

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

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

# Notes to the consolidated financial statements

Continued

## Note 23. Reserves

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Asset revaluation reserve (a)	2,463	–
Share-based payments reserve (b)	762	–
Business reorganisation reserve (c)	(34,277)	(34,277)
Transactions with exited non-controlling interests (d)	(17,030)	(17,030)
	(48,082)	(51,307)

### (a) Asset revaluation reserve

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

### (b) Share-based payments reserve

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

### (c) Business reorganisation reserve

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

### (d) Transactions with exited non-controlling interests

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

## Movements in reserves

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

Consolidated	Asset revaluation reserve \$'000	Share-based payments reserve \$'000	Business reorganisation reserve \$'000	Transactions with exited non-controlling interests \$'000	Total \$'000
Balance at 1 July 2019	–	–	(34,277)	(17,030)	(51,307)
Balance at 30 June 2020	–	–	(34,277)	(17,030)	(51,307)
Revaluation – gross	3,519	–	–	–	3,519
Deferred tax	(1,056)	–	–	–	(1,056)
Share-based payments	–	962	–	–	962
Issue planned shares	–	(200)	–	–	(200)
Balance at 30 June 2021	2,463	762	(34,277)	(17,030)	(48,082)

## Note 24. Dividends

### Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Dividend paid on ordinary shares during the year ended 30 June 2021	27,213	–
Dividend paid on B class shares during the year ended 30 June 2021	26,742	–
Dividend paid on C class shares during the year ended 30 June 2021	11,045	–
Dividend paid on D class shares during the year ended 30 June 2021	1,267	–
	66,267	–

As outlined in the prospectus, the Directors have determined that the Company will not pay a further dividend in respect of the financial year ended 30 June 2021.

### Franking credits

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	31,339	40,648

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

## Note 25. Financial instruments

### Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (which included foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses difference methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

### Market risk

#### Foreign currency risk

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

#### Price risk

The Group is not exposed to any significant price risk.

# Notes to the consolidated financial statements Continued

## Note 25. Financial instruments *continued*

### Market risk *continued*

#### Interest rate risk

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

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

Consolidated	2021		2020	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bailment finance and EMA vehicle funding	2.50%	181,859	3.08%	204,770
Net exposure to cash flow interest rate risk		181,859		204,770

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

For the Group the borrowings outstanding, totalling \$181,859,000 (2020: \$204,770,000), are principal and interest payment loans. An official increase/decrease in interest rates of 1 basis point (2020: 1 basis point) would have an adverse/favourable effect on profit before tax of \$18,186 (2020: \$20,477) per annum.

#### Credit risk

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

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

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

#### Liquidity risk

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

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group utilises bailment finance facilities to fund floor plan inventory for both new and used vehicle. Information on available facilities can be found in note 19 and a description of the bailment finance facilities can be found in note 2.

## Remaining contractual maturities

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

Consolidated – 2021	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<b>Non-interest bearing</b>						
Trade payables	–	14,758	–	–	–	758
GST payable	–	3,125	–	–	–	3,125
Other payables and accruals	–	24,822	–	–	–	24,822
<b>Interest-bearing – variable</b>						
Bailment finance and EMA vehicle funding	2.50%	181,859	–	–	–	181,859
<b>Interest-bearing – fixed rate</b>						
Lease liability	5.38%	19,228	39,055	53,241	81,892	193,416
<b>Total non-derivatives</b>		<b>243,792</b>	<b>39,055</b>	<b>53,241</b>	<b>81,892</b>	<b>417,980</b>

Consolidated – 2020	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Non-derivatives</b>						
<b>Non-interest bearing</b>						
Trade payables	–	13,617	–	–	–	13,617
GST payable	–	5,151	–	–	–	5,151
Other payables and accruals	–	20,411	–	–	–	20,411
<b>Interest-bearing – variable</b>						
Bailment finance and EMA vehicle funding	3.08%	204,770	–	–	–	204,770
<b>Interest-bearing – fixed rate</b>						
Lease liability	5.41%	27,250	56,919	84,871	159,409	328,449
Loans from related parties	10.00%	–	88,222	–	–	88,222
<b>Total non-derivatives</b>		<b>271,199</b>	<b>145,141</b>	<b>84,871</b>	<b>159,409</b>	<b>660,620</b>

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

# Notes to the consolidated financial statements

Continued

## Note 26. Fair value measurement

### Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Consolidated – 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Land and buildings	–	–	196,731	196,731
Total assets	–	–	196,731	196,731

There were no assets and liabilities carried at fair value during the financial year ended 30 June 2020.

There were no transfers between levels during the financial year.

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

### Valuation techniques for fair value measurements categorised within level 3

The basis of the Directors' valuation of land and buildings is the assessed fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction at balance date, based on current prices in an active market for similar properties in the same location and condition. The Land and buildings include the Warwick Farm and Southport properties which were acquired on 30 April 2021. An independent valuation was undertaken to support the purchase price paid for these properties. The Directors do not believe that there has been a material movement in fair value since the acquisition date.

### Level 3 assets and liabilities

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

Consolidated	Land and buildings \$'000
Balance at 1 July 2019	–
Balance at 30 June 2020	–
Additions	208,246
AASB 16 write-down adjustment (note 13)	(14,753)
Gains recognised in other comprehensive income	3,519
Depreciation	(281)
Balance at 30 June 2021	196,731
Total gains for the current year included in other comprehensive income that relate to level 3 assets held at the end of the current year	3,519

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

UNOBSERVABLE INPUTS AND SENSITIVITIES	
Valuation technique	Summation, income capitalisation and direct comparison
Key input	External valuations industry benchmarks
Input	Capitalisation rate
Capitalisation rate:	
– range	4.3%-6.7%
– weighted average	6.3%
Sensitivity	A slight increase in the capitalisation rate used would result in a significant decrease in fair value and vice versa
Other key information	Rate/m <sup>2</sup> of net lettable area
Rate/m <sup>2</sup> of net lettable area:	
– range	\$98/m <sup>2</sup> -\$329/m <sup>2</sup>
– weighted average	\$288/m <sup>2</sup>
Sensitivity	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa

#### Note 27. Key management personnel disclosures

##### Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	CONSOLIDATED	
	2021 \$	2020 \$
Short-term employee benefits	5,083,154	1,811,979
Post-employment benefits	78,470	75,000
Long-term benefits	42,920	21,246
Share-based payments	997,098	–
	6,201,642	1,908,225

#### Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	CONSOLIDATED	
	2021 \$	2020 \$
<b>Audit services – Deloitte Touche Tohmatsu</b>		
Audit or review of the financial statements	530,750	243,500
<b>Other services – Deloitte Touche Tohmatsu</b>		
Tax compliance and advisory services	307,250	192,350
Tax due diligence relating to IPO	220,000	–
Investigating accountants report	840,000	–
Other services	7,500	24,021
	1,374,750	216,371
	1,905,500	459,871

# Notes to the consolidated financial statements

Continued

## Note 29. Contingent liabilities

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Bank guarantees	2,422	1,627

All bank guarantees are to cover landlord deposits on leased property.

## Note 30. Related party transactions

### Parent entity

Peter Warren Automotive Holdings Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 33.

### Key management personnel

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

### Transactions with related parties

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

	2021 \$	2020 \$
<b>Revenue received from Director related entities*:</b>		
Sale of goods	1,988,397	3,581,409
Rental payments	1,067,654	1,085,135
Shared service charges	6,675,598	6,554,993
<b>Expenses paid/(payable) to Director related entities*:</b>		
Lease payments	8,948,356	8,898,857
Purchase of goods	2,783,128	2,718,972
Interest payments	5,428,568	5,384,853

### Receivables/(payables) with related parties

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

	2021 \$	2020 \$
Amounts receivable from Director related entities*	1,277,124	538,938
Amounts payable to Director related entities*	(63,316)	(510,000)
<b>Loans payable to related parties</b>		
The following loans were outstanding at the end of the year:		
Loan notes payable to Director related entities*	—	65,829,478

\* Director related entities are entities owned by Paul Warren.

The loan notes payable to related parties were repaid during the financial year ended 30 June 2021 using funds raised from the IPO.

### Other transactions with related parties

During the year a loan in the amount of \$1,250,000 was made to a KMP of the Group (Mr. Mark Weaver). The loan is a limited recourse loan and must be repaid out of any proceeds from the sale of loan shares or distributions received in respect of the loan shares. The loan is interest free and was secured over an equivalent number C class shares acquired by the KMP, which were converted in ordinary shares in the Company on 28 March 2021, at which point the loan became secured over an equivalent number of ordinary shares. The loan has been treated as 'treasury capital' and is offset against the associated secured shares (refer to note 22). Refer to note 37 for further information on the measurement of this share-based payment.

### Terms and conditions

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

### Note 31. Parent entity information

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

#### Statement of profit or loss and other comprehensive income

	PARENT	
	2021 \$'000	2020 \$'000
Loss after income tax	(3,494)	–
Total comprehensive income	(3,494)	–

#### Statement of financial position

	PARENT	
	2021 \$'000	2020 \$'000
Total current assets	438,784	126,154
Total assets	490,887	173,154
Total current liabilities	14,423	11,435
Total liabilities	14,423	11,435
Equity		
Issued capital	478,448	163,472
Reserves	119	(643)
Accumulated losses	(2,103)	(1,110)
Total equity	476,464	161,719

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

#### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

#### Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

#### Significant accounting policies

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

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

# Notes to the consolidated financial statements

Continued

## Note 32. Business combinations

### 2021 Acquisitions

The Group acquired the Tweed Coast Mazda (1 June 2021) and Collins Honda (16 June 2021) businesses for a total consideration of \$5,541,000.

These businesses will create opportunities for increased economies of scale when integrated into our other businesses which is representative of goodwill of \$5,500,000 recognised on acquisition.

The values identified in relation to the acquisitions are provisional as at 30 June 2021.

Details of the acquisitions are as follows:

	Fair value \$'000
Inventories	1,116
Other current assets	4
Plant and equipment	216
Other payables	(74)
Employee benefits	(272)
Borrowings	(949)
Net assets acquired	41
Goodwill	5,500
Acquisition-date fair value of the total consideration transferred	5,541
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	5,541

### Note 33. Interests in subsidiaries

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

#### Ownership interest

Name	Principal place of business/ Country of incorporation	2021 %	2020 %
PWA Holdings Two Pty Limited	Australia	100%	100%
PWA Holdings Three Pty Limited	Australia	100%	100%
Peter Warren Automotive Pty Limited	Australia	100%	100%
WP Automotive Pty Limited	Australia	100%	100%
North Shore Automotive Pty Limited	Australia	100%	100%
Sydney North Shore Automotive Pty Limited	Australia	100%	100%
Frizelle Investments Pty Limited	Australia	100%	100%
James Frizelle's Automotive Group Pty Limited	Australia	100%	100%
Southport Mazda Pty Limited*	Australia	80%	80%
Robina Mazda Pty Limited*	Australia	80%	80%
Lismore Mazda Pty Limited*	Australia	80%	80%
Sunshine Group Pty Limited	Australia	100%	100%
PWA Properties Pty Ltd	Australia	100%	—
PlatesQ Pty Ltd	Australia	100%	—
Peter Warren Automotive Investments Pty Ltd	Australia	100%	—
Peter Warren Automotive Holdings Limited Employee Share Trust**	Australia	100%	—

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

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

# Notes to the consolidated financial statements Continued

## Note 34. Deed of cross guarantee

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

Peter Warren Automotive Holdings Limited  
 PWA Holdings Two Pty Limited  
 PWA Holdings Three Pty Limited  
 Peter Warren Automotive Pty Limited  
 WP Automotive Pty Limited  
 North Shore Automotive Pty Limited  
 Sydney North Shore Automotive Pty Ltd  
 Frizelle's Investments Pty Ltd  
 James Frizelle's Automotive Group Ltd  
 PWA Properties Pty Ltd  
 Peter Warren Automotive Investments Pty Ltd

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

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

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

	2021 \$'000	2020 \$'000
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue	1,500,499	1,288,412
Other income	22,735	24,934
Interest revenue calculated using the effective interest method	62	34
Raw materials and consumables purchased	(1,232,594)	(1,088,192)
Employee benefits expense	(124,829)	(117,025)
Depreciation and amortisation expense	(22,155)	(23,103)
Other expenses	(67,930)	(45,526)
Finance costs	(21,472)	(26,588)
<b>Profit before income tax expense</b>	<b>54,316</b>	<b>12,946</b>
Income tax expense	(17,017)	(3,360)
<b>Profit after income tax expense</b>	<b>37,299</b>	<b>9,586</b>
<b>Other comprehensive income</b>		
Gain on the revaluation of land and buildings, net of tax	2,463	–
Other comprehensive income for the year, net of tax	2,463	–
<b>Total comprehensive income for the year</b>	<b>39,762</b>	<b>9,586</b>

Statement of financial position	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Cash and cash equivalents	39,292	68,337
Trade and other receivables	57,167	54,630
Inventories	213,555	207,867
Other assets	6,726	9,252
	316,740	340,086
<b>Non-current assets</b>		
Other assets	153	354
Property, plant and equipment	229,837	25,000
Right-of-use assets	100,782	181,653
Intangibles	145,622	140,121
Deferred tax	20,447	16,366
	496,841	363,494
<b>Total assets</b>	813,581	703,580
<b>Current liabilities</b>		
Trade and other payables	60,615	52,066
Contract liabilities	1,212	390
Borrowings	169,694	194,483
Lease liabilities	10,405	13,292
Income tax	14,424	4,525
Employee benefits	16,981	11,747
	273,331	276,503
<b>Non-current liabilities</b>		
<b>Contract liabilities</b>	632	1,788
Borrowings	—	88,222
Lease liabilities	115,600	202,574
Employee benefits	1,462	1,280
Provisions	230	300
	117,924	294,164
<b>Total liabilities</b>	391,255	570,667
<b>Net assets</b>	422,326	132,913
<b>Equity</b>		
Issued capital	478,448	163,471
Reserves	(48,082)	(51,307)
Retained profits/(accumulated losses)	(8,040)	20,749
<b>Total equity</b>	422,326	132,913

# Notes to the consolidated financial statements

Continued

## Note 35. Cash flow information

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

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Profit after income tax expense for the year	37,546	8,908
Adjustments for:		
Depreciation and amortisation	24,006	24,981
Net loss on disposal of property, plant and equipment	10	149
Share-based payments	762	–
IPO expenses	4,740	–
Non-cash interest	–	8,238
Change in operating assets and liabilities:		
Decrease in trade and other receivables and other assets	2,290	10,215
Decrease/(increase) in inventories	(30,947)	4,497
Increase in deferred tax assets	(1,858)	(2,803)
Increase in trade and other payables	7,406	17,624
Increase/(decrease) in contract liabilities	(148)	43
Increase in provision for income tax	9,948	3,339
Increase/(decrease) in other provisions	2,793	(419)
Net cash from operating activities	56,548	74,772

### Non-cash investing and financing activities

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Additions to the right-of-use assets	1,260	–
Share issued as consideration for land and buildings	96,000	–
Extinguishment of lease liabilities	83,247	–
	180,507	–

### Changes in liabilities arising from financing activities

Consolidated	Loans from related parties \$'000	Lease liabilities \$'000	Total \$'000
Balance at 1 July 2019	88,438	255,705	344,143
Net cash used in financing activities	(8,454)	(13,180)	(21,634)
Interest accrued	8,238	–	8,238
Other changes	–	5	5
Balance at 30 June 2020	88,222	242,530	330,752
Net cash used in financing activities	(88,222)	(13,849)	(102,071)
Acquisition of leases	–	1,260	1,260
Termination of leases	–	(83,247)	(83,247)
Balance at 30 June 2021	–	146,694	146,694

Note 36. Earnings per share

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Profit after income tax attributable to the owners of Peter Warren Automotive Holdings Limited	37,546	8,908
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	74,869,114	55,024,220
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	44,166	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	74,913,280	55,024,220
	Cents	Cents
Basic earnings per share	50.15	16.19
Diluted earnings per share	50.12	16.19

The weighted average number of ordinary shares for the year ended 30 June 2020 has been restated for the effect of the capital reorganisation that took place on 28 March 2021. During the capital reorganisation all class B and class C shares were converted into ordinary shares in the Company after which all ordinary shares were consolidated on a ratio of 5 to 1. In accordance with AASB 133 'Earnings per share', the weighted average number of ordinary shares for the comparative period are calculated based on the number of shares that would have been in existence had the capital reorganisation occurred on 1 July 2019.

**Before restatement**

	Number
Weighted average number of ordinary shares used in calculating basic earnings per share (before restatement)	115,181,818
Weighted average number of B class shares used in calculating basic earnings per share	113,191,336
Weighted average number of C class shares used in calculating basic earnings per share	6,747,944
Weighted average number of D class shares used in calculating basic earnings per share	1
Adjustment required by AASB 133 'Earnings per share'	(220,096,879)
<b>After restatement</b>	
Weighted average number of ordinary shares used in calculating basic earnings per share	55,024,220

# Notes to the consolidated financial statements

Continued

## Note 37. Share-based payments

### IPO Grant

On 17 May 2021, Mark Weaver, the Chief Executive Officer ('CEO') and Bernard Friend, the Chief Financial Officer ('CFO') were granted 99,137 and 90,517 performance rights respectively following the Company's successful completion of the IPO ('IPO Grant'). The vesting conditions of the performance rights will be that the CEO and CFO remain employed by a Group Company until 31 December 2021 and the Board's subjective assessment of the delivery of financial forecasts set out in the Prospectus, dated 6 April 2021. If either vesting condition is not satisfied, then the participants will forfeit their performance rights in full. The performance rights will issue for nil acquisition price and also have a nil exercise price. The accounting fair value of the IPO Grant is \$2.90.

2021		Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
Grant date	Exercise price					
06/04/2021	\$0.00	–	189,654	–	–	189,654
		–	189,654	–	–	189,654

No performance rights are exercisable at 30 June 2021.

### Loan shares

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

These Loan Shares are treated in substance and accounted for as options. Mark Weaver was granted a loan of \$1,250,000. The exercise price of \$5 per share is equal to the non-recourse loan value of \$1,250,000. 100% of the grant vested in FY21. The accounting fair value of the loan funded shares is \$1.95. The loan funded shares were valued with an expected life between 5-7 years.

## Note 38. Events after the reporting period

### Impact of COVID-19

The consequences of the Coronavirus (COVID-19) pandemic continue to be felt around the world and subsequent to 30 June 2021, trading has been impacted by lockdowns in New South Wales and, to a lesser extent, Queensland.

However, the impact has been mitigated somewhat by a strong new vehicle order bank at 30 June 2021 which has supported the delivery of new vehicles in Q1FY22.

The extent and duration of these lockdowns is unknown however, it would appear that control measures and related government policies, including the roll out of the vaccine, will begin to mitigate the risks caused by COVID-19.

We have taken proactive steps to adapt to these challenges, including adapting the sales model to click and collect, further enhancing our digital capabilities and managing our variable costs in line with trading conditions. Management continues to monitor the situation.

No other matter or circumstance has arisen since 30 June 2021 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.

# Directors' declaration

30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements.

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

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

On behalf of the Directors



**John Ingram**  
Chair

27 August 2021

# Independent auditor's report

To the members of Peter Warren Automotive Holdings Limited

**Deloitte.**

Deloitte Touche Tohmatsu  
ABN 74 490 121 060  
Grosvenor Place  
227 George Street  
Sydney, NSW, 2000  
Australia

Phone: +61 2 9322 7000  
www.deloitte.com.au

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

### *Opinion*

We have audited the 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 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Recoverability of inventory measured at net realisable value</b></p> <p>As disclosed in Notes 2 and 11, management have recognised write-downs on the Group’s demonstrator and used vehicle inventory to determine the net realisable value (“NRV”) at 30 June 2021.</p> <p>The assessment of the write down and required provision required to estimate the NRV of demonstrator and used vehicle inventory requires management to exercise judgement based on the age, condition, and brand of the vehicle and historic sales outcomes.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Understanding management’s processes and judgements applied in estimating the NRV of demonstrator and used vehicles;</li> <li>• Evaluating the design and implementation of identified relevant manual controls over the demonstrator and used vehicle NRV assessment;</li> <li>• Obtaining management’s assessment of used and demonstrator vehicle inventory valuation including reports prepared by management’s expert and evaluating the appropriateness of methodology and assumptions;</li> <li>• Evaluating the competency, objectivity and independence of management’s expert;</li> <li>• Validating the ageing and cost, on a sample basis, of demonstrator and used vehicles at the year-end as key inputs used into management’s calculation of the write down to NRV;</li> <li>• Evaluating management’s judgements in estimating used and demonstrator vehicle NRV on a sample basis by:               <ul style="list-style-type: none"> <li>○ comparing the assessed NRV of vehicles to their respective post year-end sales;</li> <li>○ evaluating the carrying value of vehicle inventory to external third-party valuation data;</li> <li>○ a comparison to historical sales data; and</li> <li>○ assessing historical accuracy of inventory NRV adjustments to subsequent sales.</li> </ul> </li> <li>• Assessing the appropriateness of the Group’s disclosures in Notes 2 and 11 to the financial statements.</li> </ul>

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2021, but does not include the financial report and our auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the

other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we 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.

# Independent auditor's report Continued

## **Deloitte.**

### *Responsibilities of the Directors for the Financial Report*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Report*

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

Tara Hill  
Partner  
Chartered Accountants

Sydney, 27 August 2021

# Shareholder information

30 June 2021

The shareholder information set out below was applicable as at 20 August 2021.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	ORDINARY SHARES		PERFORMANCE RIGHTS OVER ORDINARY SHARES	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	344	0.11	–	–
1,001 to 5,000	853	1.50	–	–
5,001 to 10,000	299	1.33	–	–
10,001 to 100,000	162	2.19	2	100.00
100,001 and over	30	94.87	–	–
	1,688	100.00	2	100.00
Holding less than a marketable parcel	–	–	–	–

## Equity security holders

### Twenty largest quoted equity security holders

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

	ORDINARY SHARES	
	Number held	% of total shares issued
WF Property Holdings Pty Ltd	33,103,448	19.88
The Warren Family Pty Ltd	25,323,308	15.20
J P Morgan Nominees Australia Pty Limited	19,482,970	11.70
Citicorp Nominees Pty Limited	10,391,814	6.24
UBS Nominees Pty Ltd	10,355,821	6.22
National Nominees Limited	10,297,744	6.18
BNP Paribas Nominees Pty Ltd	9,260,176	5.56
Quadrant Private Equity No. 5A Pty Limited	7,826,593	4.70
Wildash (Qld) Pty Ltd	7,620,221	4.58
Quadrant Private Equity No. 5B Pty Limited	4,817,596	2.89
HSBC Custody Nominees (Australia) Limited	4,457,385	2.68
Quadrant Private Equity No. 5C Pty Limited	3,041,008	1.83
HSBC Custody Nominees (Australia) Limited – A/C 2	2,995,676	1.80
Brispot Nominees Pty Ltd	1,894,233	1.14
CS Fourth Nominees Pty Limited	1,465,768	0.88
Morgan Stanley Australia Securities (Nominee) Pty Limited	884,924	0.53
S G P Pty Ltd	712,972	0.43
DMP & Associates Pty Limited	712,972	0.43
BNP Paribas Noms Pty Ltd	658,330	0.40
CS Third Nominees Pty Limited	649,193	0.39
	155,952,152	93.66

## Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares issued	189,654	2

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

Name	Class	Number held
Mark Weaver	Performance rights over ordinary shares issued	99,137
Bernard Friend	Performance rights over ordinary shares issued	90,517

## Substantial holders

Substantial holders in the Company are set out below:

	ORDINARY SHARES	
	Number held	% of total shares issued
Warren Family	58,426,756	35.08
BlackRock Group	17,241,379	10.35
Quadrant Private Equity	15,685,197	9.42
Perpetual Limited	9,533,621	5.72
Ellerston Capital Limited	8,466,651	5.08

## Voting rights

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

### Ordinary shares

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

There are no other classes of equity securities.

## Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	The date of the announcement of the Group's half-year results to 31 December 2021	82,072,445

This page has been left blank intentionally.