

24 August 2023

Market Announcements Office  
ASX Limited

## Results for Announcement to the Market

### Half Year 2023 Report and Accounts

Attached are the following documents for the half year of Eagers Automotive Ltd (ASX:APE) ended 30 June 2023:

1. Appendix 4D including Commentary
2. Directors' Report including Auditor's Declaration of Independence
3. Half Year Financial Report
4. Auditor's Report

These documents are given to the ASX under listing rule 4.2A and are to be read in conjunction with our most recent annual financial report.

For more information: Keith Thornton  
Chief Executive Officer  
(07) 3608 7110

Jon Snowball  
Domestique Consulting  
0477 946 068

Authorised for release by the Board.

# Appendix 4D

## Half year report

### 1. Company details

Name of entity

Eagers Automotive Limited

ABN or equivalent company reference

87 009 680 013

Half year ended ('current period')

30 June 2023

Half year ended ('previous period')

30 June 2022

### 2. Results for announcement to the market

\$A'000's

2.1	Revenues from ordinary activities	Up	14.3%	to	4,817,629
2.2	Net profit (loss) for the period	Down	12.4%	to	216,075
2.3	Net profit (loss) for the period attributable to members	Down	19.5%	to	137,760
2.4	<b>Dividends</b>		Amount per security		Franked amount per security
	Ordinary interim dividend		24.0 cents		24.0 cents
2.5	+Record date for determining entitlements to the dividend.		4 <sup>th</sup> September 2023		
2.6	Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.				
	Refer to the attached commentary.				

### 3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per +ordinary security	\$2.16	\$2.05

#### 4.1 Control gained over entities

Name of entity (or group of entities)	F.R. Ireland Pty Ltd	
Date control gained	31 May 2023	
Contribution of such entities to the reporting entity's profit/ (loss) before tax, and internal rent from ordinary activities during the period (where material).	\$0.5 million	
Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A	

#### 4.2 Loss of control over entities

Name of entity (or group of entities)	Castle Hill Autos No. 1 Pty Ltd	
Date control lost	30 June 2023	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	\$0.8 million	
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	N/A	

## 5 Dividends

### Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
<b>Ordinary interim dividend:</b> Current year	22/09/2023	24.0¢	24.0¢	Nil¢
<b>Ordinary interim dividend:</b> Prior year	23/09/2022	22.0¢	22.0¢	Nil¢

## 6 Dividend Reinvestment Plans

The +dividend or distribution plans shown below are in operation.

The Eagers Automotive Limited Dividend Reinvestment Plan will not apply to the interim dividend.

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

## 7 Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period \$'000	Previous corresponding period \$'000
Vehicle Parts (WA) Pty Ltd	50.0%	50.0%	284	182
Mazda Parts WA	16.7%	16.7%	368	268

<b>Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):</b>	Current period \$A'000	Previous corresponding period - \$A'000
Profit/(loss) from ordinary activities before tax	652	450
Income tax on ordinary activities	-	-
<b>Profit/(loss) from ordinary activities after tax</b>	652	450
Extraordinary items net of tax	-	-
<b>Net profit/(loss)</b>	652	450
Adjustments	-	-
<b>Share of net profit/(loss) of associates and joint venture entities</b>	652	450

Sign here: 

Date: 24 August 2023

(Director)

Print name: Tim Crommelin

24 August 2023

Market Announcements Office  
ASX Limited

**Appendix 4D**  
**Half Year Report and Commentary**  
Half year ended 30 June 2023  
(ASX listing rule 4.2A)

**Eagers Automotive Delivers Strong 1H23 Result**  
**Underlying Operating Profit Before Tax Up 6.3% on 1H22**

Financial Highlights	Half Year to June 2023 \$ Million	Half Year to June 2022 \$ Million
Revenue	4,817.6	4,215.4
Underlying EBITDA <sup>(3)(4)</sup>	254.1	220.2
Statutory Profit Before Tax	216.1	246.5 <sup>(1)</sup>
Underlying Operating Profit Before Tax <sup>(2)</sup>	207.4	195.1
Ordinary Interim Dividend per Share (cents)	24.0	22.0

(1) Statutory profit before tax for 1H22 includes significant items totalling \$51.4 million related primarily to the strategic divestment of Bill Buckle Auto Group and associated property on 30 June 2022 (1H23: \$8.7 million).

### Key Highlights

- Record first half Revenue of \$4,817.6 million (1H22: \$4,215.4 million).
- Statutory Profit Before Tax of \$216.1 million (1H22: \$246.5<sup>(1)</sup> million) and Statutory Profit After Tax of \$150.5 million (1H22: \$178.7 million).
- Underlying Operating Profit Before Tax<sup>(2)</sup> of \$207.4 million (1H22: \$195.1 million).
- Statutory basic EPS of 54.4 cents per share (cps) (1H22: 67.3 cps) and Underlying<sup>(2)</sup> basic EPS of 52.2 cps (1H22: 49.1 cps).
- Record ordinary interim fully franked dividend of 24.0 cps approved for payment for 1H23, a 9.1% increase on 1H22 (22.0 cps).
- Maintained a very strong financial position with available liquidity of \$758.1 million (undrawn commitments and a record cash position). Net debt position of \$118.0 million at 30 June 2023 (31 December 2022: \$253.4 million).

#### Eagers Automotive Limited

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ASX: APE

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5 Edmund Street  
Newstead QLD 4006

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PO Box 199  
Fortitude Valley  
QLD 4006

## Operational & Strategic Highlights

- Record first half revenue driven by contribution from acquisitions, greenfield businesses, and partnerships with new market entrants, supported by improving new vehicle supply with the Company on track to exceed full year revenue growth expectations.
- Demand for new and used vehicles remains resilient.
- Total new car order bank remains very strong, marginally reducing on prior record level, primarily due to record new vehicle deliveries in June 2023, providing a strong foundation for remainder of 2023 and well into 2024.
- Margin growth in new car sales reflected in vehicles delivered in 1H23 and embedded into our order bank indicative of the evolving business model.
- Significant profit improvement in our independent pre-owned business easyauto123 and Carlins Auctions and continued strong performance from our parts and service businesses.
- Continued to outperform industry benchmarks in the financial services business for both new and used finance penetration, with margin growth achieved across finance, insurance and car care.
- Strong cost management in the high inflationary environment, with a focus on productivity improvements underpinning a sustainable strong return on sales margin.
- Accretive portfolio management with the strategic divestment of property and dealerships in Castle Hill, NSW, and the acquisition of Irelands of Cairns, QLD, a long established, multi-brand dealership group and associated property.
- Rollout of new AutoMall retail formats, including the ongoing redevelopment in Osborne Park, WA and the execution of new retail concepts in partnership with new market entrants.
- Continuing to uniquely position the Company to partner with existing OEMs and new market entrants, leveraging opportunities in the high growth electric and low emission vehicle market, while exploring new strategic partnerships in adjacent markets with a view to creating distinct market advantages.
- Subsequent to 30 June 2023, acquired additional 31.0% ownership interest in EV Dealer Group Pty Ltd, the exclusive national retail joint venture for electric and new energy vehicle manufacturer BYD.

Eagers Automotive Limited (ASX: APE) ("Eagers Automotive" or "the Company"), Australia's leading automotive retail group, today announced its results for the six months ended 30 June 2023 (1H23). The Company delivered Underlying Operating Profit Before Tax<sup>(2)</sup> of \$207.4 million, compared to \$195.1 million in the prior corresponding period (pcp).

## Key Financial Highlights

Half Year to June	Half Year to June 2023 \$ Million	Half Year to June 2022 \$ Million
<b>Statutory Results</b>		
Revenue	4,817.6	4,215.4
EBITDA <sup>(3)(4)</sup>	326.2	336.2
Statutory Profit Before Tax	216.1	246.5 <sup>(1)</sup>
Statutory Profit After Tax	150.5	178.7
Ordinary Interim Dividend per Share (cents)	24.0	22.0
<b>Underlying Operating Results<sup>(2)</sup></b>		
Underlying Revenue <sup>(2)</sup>	4,817.6	4,215.4
Underlying EBITDA <sup>(3)(4)</sup>	254.1	220.2
Underlying Profit Before Tax <sup>(2)</sup>	207.4	195.1
Underlying Profit After Tax <sup>(2)</sup>	145.0	132.5

### Dividend

The Board has approved a record ordinary interim dividend of 24.0 cps fully franked for 1H23, up 9.1% on 1H22 (22.0 cps). The ordinary dividend has been approved for payment on 22 September 2023 to shareholders who are registered on 4 September 2023 (Record Date).

The record payout reflects the Company's strong financial performance underpinned by the continued strength of our balance sheet and the confidence of the Board and management team in the outlook for both the Company and the broader industry. Eagers Automotive is in a very strong financial position, well placed to navigate any cyclical market or economic headwinds.

The Company's dividend reinvestment plan (DRP) will not operate in relation to the ordinary dividend.

- (2) Underlying operating results refers to continuing operations, adjusted for significant items outlined and reconciled to statutory results on slides 31 (1H23) and 32 (comparative financial information) of the Investor Presentation. Underlying operating figures are non-financial measures and have not been subject to review by the Company's external auditors.
- (3) EBITDAI means earnings before interest, tax, depreciation, amortisation and impairment.
- (4) Interest Income associated with the impact of AASB16 Leases has been deducted in the comparative EBITDAI calculation, aligning with current year presentation.

### Financial Performance

On a statutory basis, the Company recorded a Statutory Net Profit Before Tax of \$216.1 million for 1H23 (1H22: \$246.5<sup>(1)</sup> million). The 1H23 statutory result included significant items totalling \$8.7 million net income before tax, compared to \$51.4 million in the prior period which related primarily to the strategic divestment of Bill Buckle Auto Group and associated property. Statutory Net Profit After Tax for 1H23 was \$150.5 million, compared to a profit of \$178.7 million in 1H22.



Statutory and Underlying<sup>(2)</sup> revenue increased by 14.3% to a record first half of \$4,817.6 million, driven by the contributions of the acquired Australian Capital Territory ("ACT") and South Australian businesses and the greenfield BYD retail joint venture, all acquired or formed in the second half of 2022. On a like-for-like basis<sup>(6)</sup>, Statutory and Underlying<sup>(2)</sup> revenue also increased by 1.7% to \$4,124.5 million, a strong result in the context of industry wide supply constraints, port congestion and bio security issues impacting new vehicle deliveries across the early stages of 2023.

Underlying<sup>(2)</sup> Operating NPBT<sup>(5)</sup>/Sales ratio decreased marginally to 4.3% in 1H23 (1H22: 4.6%). The margin decline is primarily driven by interruptions to supply in the first months of 2023, partially offset by continued favourable margin dynamics and the benefit from ongoing productivity and cost-out programs.

(5) NPBT means Net Profit Before Tax.

(6) Like-for-like excludes Ireland's of Cairns acquired in 2023, ACT and Newspot businesses and BYD retail joint venture acquired or formed in 2022, and the divestments of Castle Hill Autos and Bill Buckle Auto Group in 2023 and 2022 respectively.

## Segments

The Car Retailing segment delivered an Underlying<sup>(2)</sup> Operating Profit Before Tax of \$198.9 million, compared to \$192.5 million in 1H22. The increase in profit was achieved despite ongoing supply constraints and inflationary pressures, reflecting strong margins, the successful integration of businesses acquired in the second half of 2022 and the organic and greenfield growth delivered through strategic automotive retail partnerships.

The Car Retailing segment recorded a Statutory Profit Before Tax of \$211.2 million compared to a profit of \$226.9 million in 1H22. The prior half year result benefited from the gain on sale of businesses of \$36.9 million, predominately relating to the strategic divestment of Bill Buckle Auto Group.

The Company continued to focus on the growth of its Trans-Tasman, independent pre-owned business, headlined by easyauto123 and supported by its national auction business Carlins. The easyauto123 business delivered significant improvement in profitability primarily due to organic growth at established locations, a restructure of our operational footprint and disciplined cost management.

Car Retailing Statutory and Underlying<sup>(2)</sup> revenue increased by 14.3% to \$4,817.3 million (1H22: \$4,214.9 million).

The value of the property portfolio decreased to \$559.4 million as at 30 June 2023, compared with \$607.6 million at 31 December 2022. This reduction reflects the strategic divestment of a property associated with the sale of our Castle Hill Autos business on 30 June 2023, partially offset by the acquisition of a property associated with a business acquired in North Queensland in 1H23.

The Property segment recorded an Underlying<sup>(2)</sup> Operating Profit Before Tax of \$11.6 million (excluding loss on a sale) for 1H23, up from \$5.1 million on the pcp. This increase in underlying profit was driven by income associated with property purchases completed since 30 June 2022, offset by the interest costs associated with debt drawn, all at fixed interest rates.

The Property segment recorded a Statutory Profit Before Tax of \$8.0 million for 1H23 compared to \$22.2 million in the pcp. The movement was driven primarily by the significant gains on sale of property associated with Bill Buckle Auto Group and a non-core parcel of land in Queensland in the pcp.

## **Financial Position**

Eagers Automotive is in a very strong financial position underpinned by a substantial property portfolio and asset base, together with \$758.1 million of available liquidity at 30 June 2023. This liquidity position includes record available cash and undrawn commitments under corporate debt facilities.

Corporate debt (Term and Capital loan facilities) net of cash on hand is \$118.0 million as at 30 June 2023, down from \$253.4 million at 31 December 2022, and the Company's leverage metrics are in a strong position, with the gearing ratio at 0.23 times as at 30 June 2023 (FY22: 0.54 times).

Total inventory levels increased to \$1,121.3 million as at 30 June 2023, up from \$1,059.3 million at 31 December 2022, driven by the acquisition of the ACT and South Australian businesses and the commencement of the greenfield BYD retail joint venture in the second half of 2022. Eagers Automotive continues to maintain significant equity ownership in used vehicle inventory.

The Company remains focused on cash management, generating a record cash position of \$353.0 million as at 30 June 2023, driven by operating cash flows of \$348.2 million, supplemented by proceeds from the sale of the Castle Hill Autos business and associated property. Strong operating cash flows for the period enabled the acquisition of a strategic property and business, the continued investment in the delivery of new automotive retail formats and payment of dividends.

In June 2022, Eagers Automotive announced its intention to conduct an on-market share buy-back of up to 10% of issued share capital. The buy-back was extended in June 2023 for a further 12 months and to date the Company has bought back 1.6 million shares, which represents 0.6% of shares on issue at the time of the buy-back announcement. The buy-back reflects the Board's prudent focus on active capital management and is testament to the Company's strong balance sheet and available liquidity.

## Outlook

The strong performance of the business over the first half of 2023 and expectations for full year revenue growth underpins confidence this performance can be maintained through the remainder of the year and into 2024.

While moderating from the highs of 1H22, demand remains resilient and we expect demand to be broadly in line with supply across the industry for the full year. This balanced supply and demand environment, linked to our material order bank with strong embedded margin, provides a formidable hedge and underwrites our expectations of a sustainably strong return on sales margin.

The momentum within the business remains strong into the second half of 2023, with forecast deliveries by our major OEM partners indexing materially above 1H23. When combined with general industry wide easing of new vehicle supply, we expect these higher volumes (with continued strong embedded margins) to benefit our second half performance by capitalising on the operating leverage inherent in our business.

In addition to these underlying market dynamics, the unique combination of organic, greenfield and acquisition initiatives completed in 2022 and 1H23 provide the foundation for the Company to exceed its guidance of \$1 billion in revenue growth for FY23.

We continue our relentless focus on driving productivity across all parts of our business. Eagers Automotive remains uniquely positioned to combine our scale with proprietary technology and strategic partnerships to transform the cost base of our business and drive materially higher productivity. This will in turn underwrite a step change in our return on sales margin over time. The deliberate structural changes to our business processes, redefined employee productivity and an optimised property footprint will help mitigate any cyclical downturns in volume and / or margins.

The Company is always mindful of external macroeconomic factors and will continue to be disciplined in our approach to costs and investments. Irrespective of the external cycle however, we will continue to consistently execute against our clearly communicated Next 100 Strategy.

The strength of our balance sheet, evidenced by our liquidity position, low gearing and high value property portfolio, provides the Company with the capacity and flexibility to pursue accretive growth opportunities while insulating the business in the event of any material headwinds.

Through the second half of 2023, Eagers Automotive is focused on continuing to create value for shareholders by:

- Exceeding full year revenue growth expectations for FY23 by continuing to execute organic, greenfield and acquisition initiatives;
- Disciplined cost management and capitalising on strong second half new vehicle supply commitments supporting a strong return on sales margin outcome;

- Evolution of our independent pre-owned car strategy supported by distinct inventory sourcing streams and proprietary technology initiatives maintaining sustainable and profitable growth in easyauto123;
- Execution of our AutoMall strategy to deliver innovative automotive retail formats providing an enhanced customer experience on a sustainably lower long term cost base;
- Leveraging our leading position in the New Energy Vehicle market across both passenger cars and light truck segments, as adoption of low and zero emission vehicles accelerates rapidly via changes in consumer preferences, supported by incentives and mandates stimulating fleet churn and incremental demand;
- Implementing our unique proprietary technology initiatives to realise further productivity improvements;
- Disciplined review of accretive acquisition opportunities consistent with our Next100 Strategy, while executing on greenfield opportunities with both existing and new partners; and
- Reviewing strategic partnerships in adjacent markets with a view to creating distinct market advantages.

In 2024 and beyond we are focused on new opportunities which are emerging in an evolving automotive retail industry including:

- Expansion of our Australian & New Zealand operations through the consolidation and rationalisation of existing partnerships combined with new market entrants while continually striving to be a preferred partner for both existing and new OEM partners;
- Playing a leading role in the transition to New Energy Vehicles with existing OEM partners and new entrants to the new energy passenger vehicle and light truck markets;
- Investing in preferred partnership arrangements to create competitive advantages in adjacent markets, such as novated leasing and fleet management, that act as enablers to our growth ambitions; and
- Exploring the opportunity to enter new markets by establishing the Company as a preferred retail partner as the global industry continues to evolve and new opportunities become available.



**Tim Crommelin**  
Director

24 August 2023

**For more information:**

Keith Thornton  
Chief Executive Officer  
(07) 3608 7110

Jon Snowball  
Domestique Consulting  
0477 946 068

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

**Eagers Automotive First Half 2023 Analyst and Investor Call – 10:00am AEST Thursday  
24 August 2023**

Participants can register to receive dial-in details for the call using the following link:

<https://register.vevent.com/register/BI1930eaa5a54949259854f45ba4a97d9e>

Participants may also wish to join a webcast of the results briefing using this link:

<https://edge.media-server.com/mmc/p/3bvmam2h/>

Note: All national sales figures are based on Federal Chamber of Automotive Industry statistics sourced through VFACTS.

**EAGERS AUTOMOTIVE LIMITED** ACN 009 680 013  
**DIRECTORS' REPORT**

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The Directors present their report on the consolidated entity consisting of Eagers Automotive Limited ("the Company") and the entities it controlled at the end of, or during, the half year ended 30 June 2023.

**Directors**

T B Crommelin, N G Politis, D T Ryan, M J Birrell, S A Moore, D S Blackhall, G J Duncan and M V Prater were Directors of the Company during the whole of the half year and they continue in office at the date of this report.

**Review of Operations and Results**

The consolidated entity achieved a net profit after tax of \$150.5 million for the half year ended 30 June 2023 (2022HY: \$178.7 million). Further review of the consolidated entity's operations during the half year and the results of those operations are included in pages 1 to 8 of the commentary at the front of this report.

**Dividends**

The Board has determined to pay a fully franked interim ordinary dividend of 24.0 cents per share (2022: 22.0 cents per share) on 22 September 2023 to shareholders registered on 4 September 2023 ("Record Date").

The Company's dividend reinvestment plan ("DRP") will not operate in relation to the interim dividend.

**Auditor's Independence Declaration**

A copy of the Auditor's independence declaration under section 307C of the Corporations Act 2001 is **attached**.

**Rounding of Amounts to Nearest Thousand Dollars**

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.



**Tim Crommelin**  
**Director**

Brisbane  
24 August 2023

24 August 2023

The Board of Directors  
Eagers Automotive Limited  
5 Edmund Street,  
Newstead Qld 4006

Dear Board Members

### **Auditor's Independence Declaration - Eagers Automotive 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 Eagers Automotive Limited.

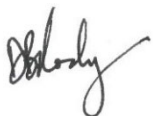
As lead audit partner for the review of the half-year financial report of Eagers Automotive Limited for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David Rodgers  
Partner  
Chartered Accountants

**Eagers Automotive Limited**

ABN 87 009 680 013

**Half Year Financial Report  
30 June 2023**



# Eagers Automotive Limited

ABN 87 009 680 013

## Half Year Financial Report - 30 June 2023

### Contents

	Page
Financial Report	
Condensed Consolidated Statement of Profit or Loss	1
Condensed Consolidated Statement of Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	6
Notes to the Condensed Consolidated Financial Statements	7
Directors' Declaration	22
Independent Auditor's Review Report to the Members	23

**Eagers Automotive Limited**  
**Condensed Consolidated Statement of Profit or Loss**  
**For the half year ended 30 June 2023**

		<b>Half year ended</b>	
		<b>30 June</b>	30 June
		<b>2023</b>	2022
	Notes	<b>\$'000</b>	\$'000
Revenue	5	<b>4,817,629</b>	4,215,407
Finance income		<b>5,381</b>	5,676
Other gains	6	<b>6,669</b>	54,240
Share of net profits of associates	14	<b>652</b>	450
Raw materials and consumables purchased		<b>(3,921,124)</b>	(3,421,368)
Employee benefits expense		<b>(360,271)</b>	(334,009)
Finance costs		<b>(57,925)</b>	(38,879)
Depreciation and amortisation expense		<b>(57,548)</b>	(54,746)
Impairment of non-current assets		<b>-</b>	(1,727)
Other expenses		<b>(217,388)</b>	(178,501)
<b>Profit before tax</b>		<b>216,075</b>	246,543
Income tax expense	7	<b>(65,528)</b>	(67,844)
<b>Profit for the period</b>		<b>150,547</b>	178,699
Attributable to:			
Owners of Eagers Automotive Limited		<b>137,760</b>	171,081
Non-controlling interests		<b>12,787</b>	7,618
		<b>150,547</b>	178,699
		<b>Cents</b>	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share		<b>54.4</b>	67.3
Diluted earnings per share		<b>54.3</b>	67.1

*The above Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.*

**Eagers Automotive Limited**  
**Condensed Consolidated Statement of Other Comprehensive Income**  
**For the half year ended 30 June 2023**

	<b>Half year ended</b>	
	<b>30 June</b>	30 June
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Profit for the period</b>	<b>150,547</b>	178,699
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(158)	(3,310)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in the fair value of financial assets at fair value through other comprehensive income	16,582	-
<b>Total other comprehensive income for the period, net of tax</b>	<b>16,424</b>	(3,310)
<b>Total comprehensive profit for the period</b>	<b>166,971</b>	175,389
Total comprehensive profit attributable to:		
Owners of Eagers Automotive Limited	154,184	167,771
Non-controlling interests	12,787	7,618
	<b>166,971</b>	175,389

*The above Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Eagers Automotive Limited**  
**Condensed Consolidated Statement of Financial Position**  
**As at 30 June 2023**

		<b>Consolidated</b>	
		<b>30 June</b>	31 December
	Notes	<b>2023</b>	2022
		<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents		352,954	190,434
Trade and other receivables		346,374	275,300
Inventories		1,121,277	1,059,301
Prepayments and deposits		33,882	21,680
Finance lease receivables		23,794	39,104
Assets classified as held for sale		6,546	-
<b>Total current assets</b>		<b>1,884,827</b>	1,585,819
<b>Non-current assets</b>			
Loans receivable		32,089	32,468
Financial assets at fair value through other comprehensive income	11	90,533	12,118
Investments in associates	14	2,426	2,331
Other non-current receivables		21,889	19,048
Property, plant and equipment		643,769	698,393
Intangible assets	8	860,806	855,022
Deferred tax assets		128,521	142,116
Other non-current assets		10,026	10,575
Right-of-use assets		562,535	564,109
Finance lease receivables		110,345	198,238
<b>Total non-current assets</b>		<b>2,462,939</b>	2,534,418
<b>Total assets</b>		<b>4,347,766</b>	4,120,237
<b>Current liabilities</b>			
Trade and other payables		500,619	375,672
Borrowings - bailment and other current loans		1,061,967	939,324
Current tax liabilities		9,164	16,331
Provisions		108,777	104,527
Deferred revenue		12,486	12,924
Lease liabilities		148,992	168,089
<b>Total current liabilities</b>		<b>1,842,005</b>	1,616,867
<b>Non-current liabilities</b>			
Borrowings		453,625	376,910
Deferred revenue		15,301	15,922
Provisions		15,961	14,227
Lease liabilities		750,988	854,681
<b>Total non-current liabilities</b>		<b>1,235,875</b>	1,261,740
<b>Total liabilities</b>		<b>3,077,880</b>	2,878,607
<b>Net assets</b>		<b>1,269,886</b>	1,241,630
<b>Equity</b>			
Contributed equity		1,153,659	1,154,572
Reserves		(590,882)	(606,122)
Retained earnings		668,411	655,796
Equity attributable to equity owners of Eagers Automotive Limited		<b>1,231,188</b>	1,204,246
Non-controlling interests		38,698	37,384
<b>Total equity</b>		<b>1,269,886</b>	1,241,630

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Eagers Automotive Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
**For the half year ended 30 June 2023**

	Notes	Issued capital \$'000	Asset revaluation reserve \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Business combination reserve \$'000	Investment revaluation reserve \$'000	Retained earnings \$'000	Attributable to owners of the parent \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>Balance at 1 January 2023</b>		1,154,572	36,502	(89,171)	(1,914)	(479,042)	(72,497)	655,796	1,204,246	37,384	1,241,630
Profit for the period		-	-	-	-	-	-	137,760	137,760	12,787	150,547
Other comprehensive income		-	-	-	(158)	-	16,582	-	16,424	-	16,424
<b>Total comprehensive income for the period</b>		-	-	-	<b>(158)</b>	-	<b>16,582</b>	<b>137,760</b>	<b>154,184</b>	<b>12,787</b>	<b>166,971</b>
Share-based payments expense		-	-	2,839	-	-	-	-	2,839	-	2,839
Dividends provided for or paid	3	-	-	-	-	-	-	(125,145)	(125,145)	(12,353)	(137,498)
Share buy-back		(913)	-	-	-	-	-	-	(913)	-	(913)
Recognition of non-controlling interests on acquisition		-	-	-	-	-	-	-	-	880	880
Income tax on items taken to or transferred directly from equity		-	-	1,072	-	-	(5,095)	-	(4,023)	-	(4,023)
		(913)	-	3,911	-	-	(5,095)	(125,145)	(127,242)	(11,473)	(138,715)
<b>Balance at 30 June 2023</b>		<b>1,153,659</b>	<b>36,502</b>	<b>(85,260)</b>	<b>(2,072)</b>	<b>(479,042)</b>	<b>(61,010)</b>	<b>668,411</b>	<b>1,231,188</b>	<b>38,698</b>	<b>1,269,886</b>

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Eagers Automotive Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
**For the half year ended 30 June 2023**  
(continued)

	Notes	Issued capital \$'000	Asset revaluation reserve \$'000	Share-based payments reserve \$'000	Foreign currency translation reserve \$'000	Business combination reserve \$'000	Investment revaluation reserve \$'000	Retained earnings \$'000	Attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2022</b>		1,173,069	24,078	(91,541)	1,213	(479,042)	(72,686)	510,725	1,065,816	21,635	1,087,451
Profit for the period		-	-	-	-	-	-	171,081	171,081	7,618	178,699
Other comprehensive income		-	-	-	(3,310)	-	-	-	(3,310)	-	(3,310)
<b>Total comprehensive income for the period</b>		-	-	-	<b>(3,310)</b>	-	-	<b>171,081</b>	<b>167,771</b>	<b>7,618</b>	<b>175,389</b>
Share-based payments expense		-	-	1,211	-	-	-	-	1,211	-	1,211
Shares acquired by Employee Share Trust		-	-	(681)	-	-	-	-	(681)	-	(681)
Shares issued pursuant to staff share plan		-	-	829	-	-	-	-	829	-	829
Dividends provided for or paid	3	-	-	-	-	-	-	(109,196)	(109,196)	(8,078)	(117,274)
Income tax on items taken to or transferred directly from equity		-	-	(654)	-	-	-	-	(654)	-	(654)
Transfer to retained earnings		-	(2,588)	-	-	-	-	2,588	-	-	-
Cessation of non-controlling interests		-	-	-	-	-	-	-	-	(1,302)	(1,302)
Issue of shares to non-controlling interests		-	-	-	-	-	-	-	-	5,844	5,844
		-	(2,588)	705	-	-	-	(106,608)	(108,491)	(3,536)	(112,027)
<b>Balance at 30 June 2022</b>		<b>1,173,069</b>	<b>21,490</b>	<b>(90,836)</b>	<b>(2,097)</b>	<b>(479,042)</b>	<b>(72,686)</b>	<b>575,198</b>	<b>1,125,096</b>	<b>25,717</b>	<b>1,150,813</b>

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Eagers Automotive Limited**  
**Condensed Consolidated Statement of Cash Flows**  
**For the half year ended 30 June 2023**

	<b>Half year ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2023</b>	<b>2022</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers - inclusive of GST	5,208,499	4,600,164
Payments to suppliers and employees - inclusive of GST	(4,751,431)	(4,286,494)
Receipts from insurance claims	2,537	3,500
Interest and other costs of finance paid	(57,925)	(38,879)
Income taxes paid	(61,852)	(52,315)
Dividends received	1,236	426
Interest received	7,090	6,168
<b>Net cash provided by operating activities</b>	<b>348,154</b>	<b>232,570</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of businesses	(6,443)	-
Payments for property, plant and equipment	(26,179)	(33,914)
Payments for intangible assets	(4,000)	(11,019)
Payments for shares in other corporations	(61,833)	-
Proceeds from sale of businesses - net of cash disposed	6,300	44,282
Proceeds from sale of property, plant and equipment	79,827	67,561
Receipts from subleases	8,477	11,623
<b>Net cash (used in)/provided by investing activities</b>	<b>(3,851)</b>	<b>78,533</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	1,891	829
Payments for shares acquired by the Employee Share Trust	-	(681)
Proceeds from borrowings	20,000	-
Repayment of borrowings	(8,488)	(8,256)
Purchase of shares under share buy-back arrangement	(913)	-
Transactions with non-controlling interests	-	(305)
Dividends paid to members of Eagers Automotive Limited	(125,145)	(109,196)
Dividends paid to minority shareholders of a subsidiary	(6,075)	(5,040)
Repayment of lease liabilities	(63,053)	(59,771)
<b>Net cash used in financing activities</b>	<b>(181,783)</b>	<b>(182,420)</b>
<b>Net increase in cash and cash equivalents</b>		
	<b>162,520</b>	<b>128,683</b>
Cash and cash equivalents at the beginning of the financial year	190,434	197,620
<b>Cash and cash equivalents at the end of the period</b>	<b>352,954</b>	<b>326,303</b>

*The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## **1 Significant accounting policies**

### **(a) Statement of compliance**

The condensed consolidated half year financial report ("half year report") is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* ("AASB 134"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by Eagers Automotive Limited ("the Company" and "the Group") during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### **(b) Basis of preparation**

The half year report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The Company is an entity of the kind referred to in Australian Securities and Investments Commission Corporations Instrument 2016/191, dated 24 March 2016. In accordance with that Corporations Instrument, amounts in the Directors' report and the half year report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year report are consistent with those adopted and disclosed in the company's 2022 annual financial report for the financial year ended 31 December 2022. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### **(c) New and amended Accounting Standards that are effective for the current period**

The Group has considered all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to their operations and effective for the current half year. There are no new and revised Standards and Amendments thereof and Interpretations effective for the current year that are relevant to the Group.

### **(d) Going concern**

The half year report has been prepared on the basis that the Group is a going concern, able to realise assets in the ordinary course of business and settle liabilities as and when they fall due.

The Group has maintained a robust balance sheet with net current assets of \$43 million at the balance sheet date. This includes a substantial asset base and property portfolio valued at \$559 million (including construction in progress) at June 2023 and total available liquidity of \$758 million (cash in bank of \$353 million and undrawn facilities of \$405 million). Corporate debt net of cash is \$118 million at 30 June 2023.

The Group has generated positive net cash flows from operating activities of \$348 million and profit from operations of \$151 million for the half year ended 30 June 2023.

The Group is in compliance with bank covenants at 30 June 2023 and is forecast to be compliant 12 months from signing date of the half year financial report.

Based on the strength of the Group's balance sheet and its cash flow modelling, the Directors are of the view that the Group will be able to settle all obligations as they fall due for a period of 12 months following this report. The Directors are therefore of the opinion that the preparation of the financial statements as a going concern is appropriate.



## 2 Significant changes in the current reporting period

The financial position and performance of the Group was affected by the following events and transactions during the six months to 30 June 2023:

### (a) Purchase of business and associated property

The purchase of F.R. Ireland Pty Ltd ("Ireland's of Cairns") from IdealCars (Australia) Pty Ltd was completed on 31 May 2023. The Group acquired a portfolio of dealerships and associated property for \$22.9 million with goodwill of \$3.1 million arising from the transaction.

For internal management purposes, the Ireland's of Cairns business has been allocated to the Group's QLD & NT cash generating unit.

### (b) Sale of business and associated property

The sale of Castle Hill Autos No. 1 Pty Ltd ("Castle Hill Autos") and one associated property to AMG Headquarters Eleven Pty Ltd was completed on 30 June 2023. The net gain on sale of the associated business and property approximated \$2.6 million.

### (c) Subleases with Scott's Refrigerated Logistics

There has been significant movement in the Group's finance lease receivables during the first half of 2023, associated with the termination and assignment of subleases held with Scott's Refrigerated Logistics, following the appointment of receivers in February 2023.

### (d) Significant movement in investments

There has been a significant movement in the Group's financial assets at fair value through other comprehensive income due to the purchase of shares in McMillan Shakespeare Limited, a publicly listed company. Refer to Note 11 for further details.

## 3 Dividends

	<b>Half year ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Ordinary shares</b>		
Dividends paid during the half year	<b>125,145</b>	109,196
<b>Dividends not recognised at the end of the half year</b>		
Since the end of the half year, the Directors have determined the payment of an ordinary interim dividend of 24.0 cents per fully paid ordinary share, fully franked based on tax paid at 30%.		
As at Thursday 24 August 2023, the aggregate amount of the interim dividend expected to be paid on 22 September 2023 out of retained profits at the end of the half year, but not recognised as a liability, including all shares yet to be issued, is:	<b>61,278</b>	56,525

#### **4 Segment information**

Segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the board of Directors, in order to allocate resources to the segment and to assess its performance.

The Group operates in two operating and reporting segments being (i) Car Retailing and (ii) Property. These are identified on the basis of being the components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Information regarding the Group's reporting segments is presented below:

##### **(i) Car Retailing**

Within the Car 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, service contracts, vehicle brokerage, 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. This segment includes a motor auction business and forklift rental business.

##### **(ii) Property**

Within the Property segment, the Group acquires commercial properties principally for use as facility premises for its motor dealership operations. The Property segment charges the Car Retailing segment commercial rent for owned properties occupied by that segment. The Property segment reports property assets at fair value, based on annual assessments by the Directors supported by periodic, but at least triennial, valuations by external independent valuers. Revaluation increments arising from fair value adjustments are reported internally and assessed by the chief operating decision maker, and credited in other comprehensive income through to the revaluation reserve in equity. The chief operating decision maker excludes revaluation increments arising from fair value adjustments when assessing the overall returns generated by the Property segment to the Group.

#### 4 Segment information (continued)

##### 6 months ended 30 June 2023

	Car Retailing \$'000	Property \$'000	Eliminations \$'000	Consolidated \$'000
Sales to external customers	4,817,314	315	-	4,817,629
Inter-segment sales	-	20,185	(20,185)	-
<b>Total revenue</b>	<b>4,817,314</b>	<b>20,500</b>	<b>(20,185)</b>	<b>4,817,629</b>
<b>Segment result</b>				
Operating profit before interest	254,875	17,456	-	272,331
External interest expense allocation	(52,102)	(5,823)	-	(57,925)
<b>Operating contribution</b>	<b>202,773</b>	<b>11,633</b>	<b>-</b>	<b>214,406</b>
Other expenses	(1,256)	-	-	(1,256)
Profit on termination of leases	3,400	-	-	3,400
Profit on sale of businesses	6,300	-	-	6,300
Loss on sale of properties	-	(3,652)	-	(3,652)
<b>Segment profit</b>	<b>211,217</b>	<b>7,981</b>	<b>-</b>	<b>219,198</b>
Unallocated corporate expenses				(3,123)
<b>Profit before tax</b>				<b>216,075</b>
Income tax expense				(65,528)
<b>Net profit</b>				<b>150,547</b>
Depreciation and amortisation	55,242	2,306	-	57,548
<b>Assets</b>				
Segment assets	3,836,879	510,887	-	4,347,766
<b>Liabilities</b>				
Segment liabilities	2,758,647	319,233	-	3,077,880
<b>Net assets</b>	<b>1,078,232</b>	<b>191,654</b>	<b>-</b>	<b>1,269,886</b>

#### 4 Segment information (continued)

<b>6 months ended 30 June 2022</b>	<b>Car Retailing \$'000</b>	<b>Property \$'000</b>	<b>Eliminations \$'000</b>	<b>Consolidated \$'000</b>
Sales to external customers	4,214,887	520	-	4,215,407
Inter-segment sales	-	15,953	(15,953)	-
<b>Total revenue</b>	<b>4,214,887</b>	<b>16,473</b>	<b>(15,953)</b>	<b>4,215,407</b>
<b>Segment result</b>				
Operating profit before interest	229,052	10,363	-	239,415
External interest expense allocation	(33,607)	(5,273)	-	(38,880)
<b>Operating contribution</b>	<b>195,445</b>	<b>5,090</b>	<b>-</b>	<b>200,535</b>
Business acquisition and divestment costs	(2,187)	-	-	(2,187)
Profit on sale of assets	36,894	17,129	-	54,023
Other expenses	(1,574)	-	-	(1,574)
Impairment of non-current assets	(1,727)	-	-	(1,727)
<b>Segment profit</b>	<b>226,851</b>	<b>22,219</b>	<b>-</b>	<b>249,070</b>
Unallocated corporate expenses				(2,527)
<b>Profit before tax</b>				<b>246,543</b>
Income tax expense				(67,844)
<b>Net profit</b>				<b>178,699</b>
Depreciation and amortisation	50,871	3,875	-	54,746
<b>Assets</b>				
Segment assets	3,385,900	437,947	-	3,823,847
<b>Liabilities</b>				
Segment liabilities	2,334,134	338,900	-	2,673,034
<b>Net assets</b>	<b>1,051,766</b>	<b>99,047</b>	<b>-</b>	<b>1,150,813</b>

#### Geographic information

The Group operates in two principal geographic locations, being Australia and New Zealand.

## 5 Revenue

### Revenue from contracts with customers

Half year ended 30 June 2023			
	Retailing \$'000	Property \$'000	Total \$'000
<b>Type of goods or service</b>			
New vehicles	3,134,654	-	3,134,654
Used vehicles	872,798	-	872,798
Parts	520,295	-	520,295
Service	266,054	-	266,054
Other	23,513	315	23,828
<b>Total revenue from external customers</b>	<b>4,817,314</b>	<b>315</b>	<b>4,817,629</b>
<b>Timing of revenue recognition</b>			
At a point in time	4,548,859	315	4,549,174
Over time	268,455	-	268,455
<b>Total revenue from external customers</b>	<b>4,817,314</b>	<b>315</b>	<b>4,817,629</b>
<b>Geographical markets</b>			
Australia	4,578,023	315	4,578,338
New Zealand	239,291	-	239,291
<b>Total revenue from external customers</b>	<b>4,817,314</b>	<b>315</b>	<b>4,817,629</b>
Half year ended 30 June 2022			
	Retailing \$'000	Property \$'000	Total \$'000
<b>Type of goods or service</b>			
New vehicles	2,612,977	-	2,612,977
Used vehicles	905,456	-	905,456
Parts	430,838	-	430,838
Service	242,904	-	242,904
Other	22,712	520	23,232
<b>Total revenue from external customers</b>	<b>4,214,887</b>	<b>520</b>	<b>4,215,407</b>
<b>Timing of revenue recognition</b>			
At a point in time	3,971,983	520	3,972,503
Over time	242,904	-	242,904
<b>Total revenue from external customers</b>	<b>4,214,887</b>	<b>520</b>	<b>4,215,407</b>
<b>Geographical markets</b>			
Australia	3,981,832	520	3,982,352
New Zealand	233,055	-	233,055
<b>Total revenue from external customers</b>	<b>4,214,887</b>	<b>520</b>	<b>4,215,407</b>

## 6 Other gains

	Notes	Half year ended	
		30 June 2023 \$'000	30 June 2022 \$'000
Gain on disposal of non-financial assets		4,021	3,653
(Loss)/gain on disposal of properties	13	(3,652)	17,129
Gain on disposal of businesses	13	6,300	33,458
		<u>6,669</u>	<u>54,240</u>

## 7 Income tax expense

### (a) Income tax expense

Current income tax expense	59,458	55,168
Deferred income tax expense	6,070	12,676
<b>Total income tax expense</b>	<u>65,528</u>	<u>67,844</u>

Deferred income tax expense included in income tax expense comprises:  
In respect of the current year

<u>6,070</u>	12,676
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### (b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit before income tax expense	216,075	246,543
Tax at the Australian tax rate of 30% (2022: 30%)	64,823	73,963
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible capital expenditure	-	695
Non-allowable expenses	383	528
Current year capital loss	1,537	-
Accounting gain on asset sales offset by capital losses	-	(10,037)
Application of capital losses against current year capital gains	-	(5,817)
Adjustment to tax expense to reflect full year expected Effective Tax Rate	-	4,501
Non deductible accounting loss	1,096	-
Non-taxable income	(1,890)	-
Sundry items	(421)	4,011
<b>Income tax expense</b>	<u>65,528</u>	<u>67,844</u>

## 8 Non-current assets - intangible assets

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units ("CGU"), or groups of CGUs, that are expected to benefit from the synergies of the combinations. Each unit or group of units to which goodwill is allocated represents the lowest level at which assets are monitored for internal management purposes.

The Group has eight groups of CGUs in the Car Retailing segment, grouped by the operating regions (QLD & NT, NSW, VIC & TAS, SA, WA, ACT, NZ & BYD) and a National Used CGU, with the lowest level for which there are independent cash flows determined to be on an operating region or State basis.

The value of intangible assets assessed for impairment is as follows:

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Intangible assets</b>		
Goodwill	<b>837,706</b>	834,619
Trade marks/brand names	<b>5,915</b>	5,915
Customer relationships	<b>3,206</b>	3,930
Other intangible assets	<b>13,979</b>	10,558
<b>Total intangible assets</b>	<b>860,806</b>	855,022

Management have considered all available sources of information (both internal and external) and concluded that there are no indicators of impairment on any CGU that would require management to estimate the recoverable amount of the CGUs at 30 June 2023. The Group's six month performance reflects the strength of our ongoing business; underpinned by resilient demand, a strong order book, industry-wide new vehicle supply constraints starting to ease, and realised benefits from the Group's ongoing productivity and cost-out programs.

During the six month period, the New Zealand CGU has underperformed against budget due to severe weather events in January and February, as well as ongoing supply constraints experienced by some suppliers/manufacturers. It is the Directors' view that these conditions, on their own, are not indicative of impairment. This CGU will continue to be monitored during the second half of the year.

## 9 Equity securities movements

	Half year ended		30-Jun-22 \$'000	30-Jun-22 \$'000
	30-Jun-23 No. of Shares	30-Jun-22 No. of Shares		
<b>Movements in ordinary shares during the half year</b>				
Ordinary shares - fully paid	(71,816)	-	(913)	-

Included in the share capital is 2,252,648 ordinary shares held by the Employee Share Trust.

### Movement in ordinary share capital during the half year

Date	Details	Number of shares	Buy-back price	\$'000
	<b>Opening balance at 1 January 2023</b>	<b>255,398,099</b>	-	<b>1,154,572</b>
25 May 2023	Share buy-back	(39,000)	\$12.86	(502)
26 May 2023	Share buy-back	(32,816)	\$12.52	(411)
	<b>Closing balance at 30 June 2023</b>	<b>255,326,283</b>		<b>1,153,659</b>

## 10 Borrowings

During the half year, the Group drew down on the term facility to the amount of \$20 million. The proceeds from the loan have been used for the purchase of shares in McMillan Shakespeare Limited, a publicly listed company, as announced on 15 June 2023. Refer Note 11 Fair Value for further information.

The Group also drew down an additional \$15.5 million via a non-cash transaction to fund the purchase of a property.



## 11 Fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

The fair value and net fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions, and traded on active liquid markets, are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes); and
- The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. Interest rate swaps are measured at the present value of future cash flows, estimated and discounted based on the applicable yield curves derived from quoted interest rates.

### Details of the Group's freehold land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

Explanation of asset classes:

- Car - Higher and Best Use ("HBU") Alternate Use refers to properties currently operated as car dealerships which have a HBU greater than that of a car dealership; and
- Franchised Automotive Dealership refers to properties operating as car dealerships with a HBU consistent with that use.

Unobservable inputs used in determination of fair values							
Class of assets & liabilities	Carrying amount		Inputs used to measure fair value	Range of unobservable inputs		Valuation technique	Key input
	30/06/23 \$'000	31/12/22 \$'000		30/06/23	31/12/22		
Level 3 Car – HBU Alternate Use	<b>41,684</b>	41,881	Adopted capitalisation rate	<b>6.2% - 8.2%</b>	6.2% - 8.1%	Direct comparison	External valuations
			Net market rental (per sqm)	<b>\$120 - \$298</b>	\$120 - \$298		
			Price per sqm land	<b>\$1,464 - \$4,807</b>	\$1,473 - \$4,826		
Level 3 Franchised Automotive Dealership	<b>478,126</b>	535,174	Adopted capitalisation rate	<b>3.3% - 11.3%</b>	4.9% - 10.1%	Summation method, income capitalisation and direct comparison	External valuations, industry benchmarks
			Net market rental (per sqm)	<b>\$6 - \$270</b>	\$4 - \$270		
			Net rent per sqm GBA	<b>\$54 - \$1,029</b>	\$54 - \$1,029		
<b>Total</b>	<b>519,810</b>	577,055					

There were no transfers between levels in the period. Note that the above table excludes construction in progress.

## 11 Fair value (continued)

Details of the Group's assets held at fair value through other comprehensive income and information about the fair value hierarchy as at 30 June 2023 are as follows:

Class of financial assets and liabilities	Unobservable inputs used in determination of fair values		Valuation technique	Key input
	Carrying amount			
	30/06/23 \$'000	31/12/22 \$'000		
Level 1 Financial assets at fair value through other comprehensive income - listed	<b>90,358</b>	11,943	Quoted bid prices in an active market.	Quoted bid prices in an active market.
Level 3 Financial assets at fair value through other comprehensive income - unlisted	<b>175</b>	175	Net asset assessment and available bid prices from equity participants.	Pre-tax operating margin taking into account managements' experience and knowledge of market conditions and financial position. Market information based on available bid prices.
<b>Total</b>	<b>90,533</b>	12,118		

The below table represents the movements in assets held at fair value through other comprehensive income during the first half of 2023.

	Level 1 McMillan Shakespeare Ltd \$'000	Level 1 Other listed entities \$'000	Level 3 Unlisted entities \$'000	Total \$'000
Opening balance - 1 January 2023	-	11,943	175	<b>12,118</b>
Purchases	61,833	-	-	<b>61,833</b>
Issues	-	-	-	-
Disposals/Settlements	-	-	-	-
Revaluations	9,978	6,604	-	<b>16,582</b>
<b>Closing balance - 30 June 2023</b>	<b>71,811</b>	<b>18,547</b>	<b>175</b>	<b>90,533</b>

There were no transfers between levels in the period.

## 12 Acquisitions

The Group acquired the following business during the first half of 2023 as detailed below:

Year	Name of entity	Date of acquisition	Principal activity	Proportion acquired
2023	F.R. Ireland Pty Ltd	31 May 2023	Motor Vehicle Dealer	100%

### Allocation of purchase consideration

**30 June**  
**2023**  
**\$'000**

Cash used to acquire business	6,443
Non-cash acquisition of property	16,486
<b>Total purchase consideration</b>	<b>22,929</b>

The transaction has been accounted for using the acquisition method of accounting. The net assets acquired in the business combination are as follows:

**30 June**  
**2023**  
**\$'000**

Cash	2,833
Receivables, prepayments	1,942
Inventory	14,973
Property	16,486
Plant and equipment	766
Creditors, borrowings and provisions	(17,691)
Deferred tax assets	541
Net assets acquired	<b>19,850</b>
Acquisition cost	22,929
<b>Goodwill on acquisition</b>	<b>3,079</b>

The initial accounting for the acquisition of Ireland's of Cairns has only been provisionally determined at the end of the half year. At the date of finalisation of this half year report, the necessary valuations and other calculations had not been finalised and the fair value of the net assets acquired and resulting goodwill noted above have therefore only been provisionally determined based on the Directors' best estimate of the likely fair value.

### 13 Disposal of business and associated property

The Group sold the following business during the first half of 2023 as detailed below:

Year	Name of entity	Date of sale	Principal activity	Proportion disposed
2023	Castle Hill Autos No. 1 Pty Ltd	30 June 2023	Automotive Business	100%

	<b>30 June 2023 \$'000</b>
Receivables, prepayments	2,642
Inventory	7,758
Plant and equipment	540
Property	71,852
Creditors, borrowings and provisions	(10,940)
<b>Net assets disposed</b>	<b>71,852</b>
Sale consideration for businesses	6,300
Sale consideration for properties	68,200
<b>Total sale consideration</b>	<b>74,500</b>
Gain on sale of businesses	6,300
Loss on sale of properties	(3,652)
<b>Total gain on sale</b>	<b>2,648</b>

Due to the proximity of the disposal to the end of the half year reporting period, the accounting for the Castle Hill Autos disposal will remain provisionally determined at 30 June 2023 with the determination of the fair value of the disposed identifiable assets and liabilities to be finalised during the measurement period, as allowed by AASB 3 *Business Combinations*. The final completion amount will be settled in cash.

The Directors have considered this disposal during the six month period to June 2023 in the context of AASB 5 *Non-current Assets Held For Sale and Discontinued Operations*, and they have determined that the disclosure requirements of discontinued operations do not apply. This judgement has been made based on all of the available facts and circumstances surrounding the sale and the impact of the related segments and remaining businesses.

## 14 Investments in associates

Name of company	Ownership interest		Consolidated	
	30-Jun-23 %	31-Dec-22 %	30-Jun-23 \$'000	31-Dec-22 \$'000
<b>Unlisted securities</b>				
Vehicle Parts (WA) Pty Ltd	50.00	50.00	1,719	1,846
Mazda Parts WA	16.67	16.67	707	485
			<b>2,426</b>	<b>2,331</b>

### Vehicle Parts (WA) Pty Ltd

Vehicle Parts (WA) Pty Ltd provides warehousing and distribution of automotive parts and accessories for Subaru in Western Australia.

### Mazda Parts WA

Mazda Parts WA provides distribution of automotive parts and accessories for Mazda in Western Australia.

Detailed in the table below is the share of associates' net profit recognised in the financial period ending 30 June 2023:

	Half year ended	
	30-Jun-23 \$'000	30-Jun-22 \$'000
Vehicle Parts (WA) Pty Ltd	284	182
Mazda Parts WA	368	268
<b>Share of net profit from equity accounted associates</b>	<b>652</b>	<b>450</b>

## 15 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

## **16 Subsequent events**

### **Ownership increase in BYD retail joint venture**

On 3 July 2023, the Company announced that it had acquired an additional 31% ownership interest in EV Dealer Group Pty Ltd, the exclusive national retail joint venture for electric and new energy vehicle manufacturer BYD. Completion of the acquisition was effected on 3 July 2023.

The additional 31% ownership interest was acquired from EVDirect.com for a total consideration of \$70 million, comprised of \$50 million in cash and \$20 million of shares in Eagers Automotive Limited.

The Company now has an 80% ownership interest in the BYD retail joint venture, with the remaining 20% retained by EVDirect.com.

The Directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that Eagers Automotive Limited will be able to pay its debts as and when they become due and payable.
- (b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



T B Crommelin  
Director

Brisbane, 24 August 2023

# Independent Auditor's Review Report to the Members of Eagers Automotive Limited

## Report on the Half-year Financial Report

### *Conclusion*

We have reviewed the half-year financial report of Eagers Automotive Limited (the "Company"), which comprises the condensed consolidated statement of financial position as at 30 June 2023, and the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on page 22.

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

- Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Half-Year Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

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

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our review of the half-year financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### *Directors' Responsibilities for the Half-Year Financial Report*

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



## *Auditor's Responsibilities for the Review of the Half-Year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



DELOITTE TOUCHE TOHMATSU



DELOITTE TOUCHE TOHMATSU



David Rodgers  
Partner  
Chartered Accountants

Brisbane, 24 August 2023



Marinus Schoeman  
Partner  
Chartered Accountants

Brisbane, 24 August 2023