2CheapCars Group

ANNUAL REPORT
FOR THE YEAR
ENDED 31 MARCH

2025

On behalf of the Board and management of 2 Cheap Cars Group Limited, we are pleased to present the Annual Report for the financial year ended 31 March 2025.

Approved for and on behalf of the Board of Directors
27 of June 2025.

Director

Director

2CheapCars Group

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2CheapCars Group

WHO WE ARE

As one of New Zealand's leading used vehicle retailers, 2 Cheap Cars has a simple proposition – providing quality, affordable vehicles to Kiwis across the nation.

The company has a solid network of 13 dealerships, a 4.1%[1] share of the used vehicle market, and continues to maintain its position as a key player in the automotive retail sector, having sold 7,675 cars this fiscal year.

What sets 2 Cheap Cars apart from other used car retailers is its vertically integrated supply chain. The company has a dedicated team in Japan, who source, inspect, and select high-quality vehicles that meet the specific needs of the New Zealand market.

Vehicles undergo comprehensive servicing and compliance checks at its Auckland hub before being groomed, photographed, and distributed across its retail network. The majority of compliance testing is undertaken in-house through its subsidiary, New Zealand Car Safety.

Having this level of direct oversight delivers significant operational efficiencies and improved cost management, while also ensuring that all aspects of the process meet the company's high standards and expectations.

2 Cheap Cars' mission remains unchanged ...
Driving Better Deals, Every Day.

DRIVING BETTER DEALS EVERY DAY

94 FTE EMPLOYEES

7,675 CARS SOLD

13 DEALERSHIPS

29 DAYS TO SELL A CAR

27% FINANCE PENETRATION

[1] Source: Autofile – based on 2 Cheap Cars' vehicle sales as a proportion of dealer-to-public used cars sold between 1 April 2024 and 31 March 2025.

2CheapCars Group

REAR VIEW MIRROR

FY25 IN REVIEW

Reflecting New Zealand's recessionary economic conditions, FY25 was a challenging and disappointing year for 2 Cheap Cars. While the business remained profitable, delivering net profit after tax (NPAT) of $3.3 million, this result did not meet expectations.

While the company believed its strategy would remain resilient against the prolonged economic down turn, in practice this has not proven to be the case. The soft market conditions, together with a sharp fall in immigration (a key consumer group) and an uncertain regulatory environment, have underscored the importance of adapting its strategy, becoming more nimble and continuing to evolve operations.

Soft market conditions saw revenue decline by 6% to $82.0 million.

While the Company's full year finance and insurance penetration rates remained stable at 27% and 36% respectively, lower sales volumes and average commission saw total F&I revenue decrease.

Gross margins were also squeezed due to pricing pressure and shifts in consumer behaviour.

Revenue was boosted by $1.7 million related to carbon credits generated and retained in the prior fiscal year, but not previously recognised due to regulatory uncertainty regarding their realisation. This revenue was then partly offset by $1.1 million of carbon credit costs associated with net credits attached to vehicles sold in FY25.

While the company was able to partially mitigate the impacts of those pressures, the result reflects a soft retail environment and rising costs that could not be fully offset.

PROFIT DELIVERED, BUT PRESSURES MOUNT

Despite the challenges, the company remained cash flow positive, generating $6.7 million in operating cash flow, and declared a final gross dividend of 2.97 cents per share. This brought the total dividend for FY25 to 6.03 cents, in line with company policy.

However, achieving profitability was hard won in the face of significant external cost increases, most notably the continued escalation of fees from third-party listing platforms. These costs rose sharply and now represent a material drag on profits.

While the company made genuine progress controlling in-house costs and insourcing parts of the value chain, the impact of external cost inflation, particularly from third-party digital advertising channels, was unavoidable and damaging.

In response, the company is now focused on improving its direct-to-consumer digital channels and reducing reliance on expensive intermediaries as a top operational priority.

SHIFTING DEMAND, STRATEGIC RESPONSE

The market changed significantly over the year. Initially, hybrid and electric vehicle (EV) sales were weaker as a delayed consequence of the removal of the Clean Car Discount. However, once Clean Car Standard fees increased in December 2024, there was a notable shift in consumer behaviour. By the last quarter of FY25, 61% of sales were hybrid and electric, up from 48% in the previous quarter, as cost-conscious customers chose lower-emission vehicles.

The company's Japanese procurement team and New Zealand operational hubs responded swiftly, ensuring the right vehicles reached the right markets.

However, the rapid pace and sustained impact of both regulatory changes and foreign exchange volatility made planning particularly challenging, as the situation was constantly evolving. This has reinforced the need for increased flexibility and agile execution.

FINANCE, INSURANCE, AND NZMF UPDATE

Finance and insurance penetration rates remained steady, with finance at 27% and insurance at 36%. However, total commission income decreased by 10% to $6.7 million, primarily due to reduced car sales.

The NZ Motor Finance loan book continued its managed wind-down, reducing from $1.8 million to $0.7m at 31 March 2025, with no new loans issued.

OUTLOOK

2 Cheap Cars enters FY26 with clear priorities: improving execution, enhancing control over marketing channels, and safeguarding margin in an increasingly competitive and costly environment.

Despite the uncertain economic landscape, the core ethos of 2 Cheap Cars remains self-evident and unchanged – there will **always** be demand for affordable, fuel-efficient vehicles. However, capturing this demand **profitably** will require continued cost management discipline, relentless focus on operational efficiency, and a step-change in digital engagement and conversion across the company's own platforms.

As an importer of Japanese used vehicles, 2 Cheap Cars remains exposed to the risks associated with regulatory changes in the treatment of carbon credits. To mitigate this risk, the company intends to expand its local vehicle acquisitions through trade-ins and wholesale channels to diversify its vehicle sourcing.

FY25 served as a reminder that profitability is not guaranteed, even when the product meets market conditions. To protect and grow earnings, the company must reduce its reliance on high-cost third-party platforms and continue developing a direct, scalable, and sustainable sales engine for future success. This is our unwavering focus in the year ahead.

Michael Stiassny
Chair

David Sena
CEO

2CheapCars Group

NEW IN FY25

JULY 2024 — Opened a new site at 98 Wairau Road on Auckland's North Shore

OCT 2024 — Swiftly relocated the Botany yard in response to health and safety concerns

MAR 2025 — Launched an exciting new flagship dealership at 620 Great South Road in Greenlane

MAR 2025 — Secured a new finance facility with ANZ Bank to support inventory purchases and operational growth

HIGHLIGHT FOR FY26

In August, 2 Cheap Cars will open a new flagship yard at **8 Clemow Road, Mt Wellington**. This site is strategically located directly in front of New Zealand's first IKEA store which is due to open in late 2025. The IKEA store is expected to generate unprecedented interest and traffic, most of which will drive past, and be exposed to, 2 Cheap Cars.

At close to **5000** square meters, **150 cars** on yard and requiring minimal capital investment, this is a major step forward for the company.

FY25
SUMMARY OF KEY RESULTS

REVENUE AND INCOME
$82.0M
v **DOWN 6%** from $86.8M

FY24 UNDERLYING EBITDA
$8.0M
v **DOWN 32%** from $11.8M

CONTRIBUTION MARGIN
$17.8M
v **DOWN 14%** from $20.7M

NPAT
$3.3M
v **DOWN 47%** from $6.2M

UNDERLYING EPS
7 CPS
v **DOWN FROM 14 CPS**

FY25 GROSS DIVIDEND
6.03 CPS
v **DOWN FROM 11.56 CPS**

NET OPERATING CASH INFLOW
$6.7M
v **DOWN $0.2M** from $6.9M

THE BOARD AND MANAGEMENT

Michael Stiassny

Independent Director | Chair

Michael has extensive business, financial, strategic advisory and governance experience. He is currently Chairman of Tower Limited and Being AI Limited, and Director of Tegel Group Holdings Limited, and New Talisman Gold Mines Limited.

With a keen interest in ensuring the justice system is accessible to everyone, Michael is a Director of leading New Zealand litigation funder, LPF Group Limited. He also dedicates significant time to start ups and championing entrepreneurship through his involvement in Founders Advisory.

Michael holds both Commerce and Law degrees from the University of Auckland and is a Chartered Fellow and past President of the Institute of Directors.

Gordon Shaw

Independent Director

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

Gordon is currently an Independent Trustee of the Nelson Bays Primary Health Trust, Chair of ProMed HR NZ Ltd. He is also a chartered member of the New Zealand Institute of Directors and a committee member of the Institute's Nelson Marlborough branch.

David Sena

Executive Director | CEO

David founded 2 Cheap Cars in 2011 with a clear vision to ensure New Zealanders could get a great deal on top quality imported used cars. From humble beginnings, David has worked tirelessly to build the contacts and relationships necessary to develop a fully integrated supply chain that could successfully deliver on that vision.

Today, 2 Cheap Cars has successfully served over 100,000 customers and David continues to leverage his extensive networks and automotive knowledge to profitably grow the business. David is proud to remain 'hands on' in the business he loves, meeting the needs of 2 Cheap Cars' customers and delivering results for his fellow shareholders.

Angus (Gus) Guerin

CFO

Gus has over two decades of finance experience, working for various global, publicly listed organisations.

After qualifying as a Chartered Account with Ernst and Young (EY), Gus worked within Fonterra's performance reporting division before embarking on a four-year stint in London where he held multiple finance roles within US-listed company, Wyndham Hotels. Since returning to New Zealand, Gus has held senior finance roles with Treasury Wines, British American Tobacco, and most recently as CFO at ArchiPro.

FINANCIAL SUMMARY

OPERATING REVENUE

The 2 Cheap Cars Group draws revenue from two divisions:

- 2 Cheap Cars, the automotive retail division, where revenue is primarily from the sale of vehicles and from agent commissions relating to the sale of third-party finance and insurance products; and
- NZ Motor Finance (NZMF) which generates finance income from existing customer loans. NZMF is no longer lending to customers, and its loan book is now in run down, with the business collecting loan receivables and recouping investments.

	2025 $'000	2024 $'000	Change %
Sale of cars	73,065	78,764	(7%)
Finance & insurance agent commissions	6,735	7,518	(10%)
Finance & interest income	370	502	(26%)
Revenue and income	**80,170**	**86,783**	**(8%)**
Other income	1,795	-	N/A
Total revenue and income	**81,965**	**86,783**	**(6%)**

The Group recorded total revenue and income of $82.0 million for the year ended 31 March 2025, a 6% decrease from FY24 ($86.8 million).

Revenue from car sales declined by 7% to 73.1m, primarily due to lower sales volumes and price reductions aligned with market conditions.

Finance and insurance agent commissions decreased by 10% to $6.7 million. While the penetration rates remained stable at 27% and 36%, the overall number of sales decreased, and the average commission value was also slightly lower.

Finance & interest income fell 26% year-on-year to $0.4 million, reflecting the continued wind-down of the NZ Motor Finance loan book.

The Group benefited from $1.7 million of carbon credit income recognised during the year.

SALES OF EV/HEV

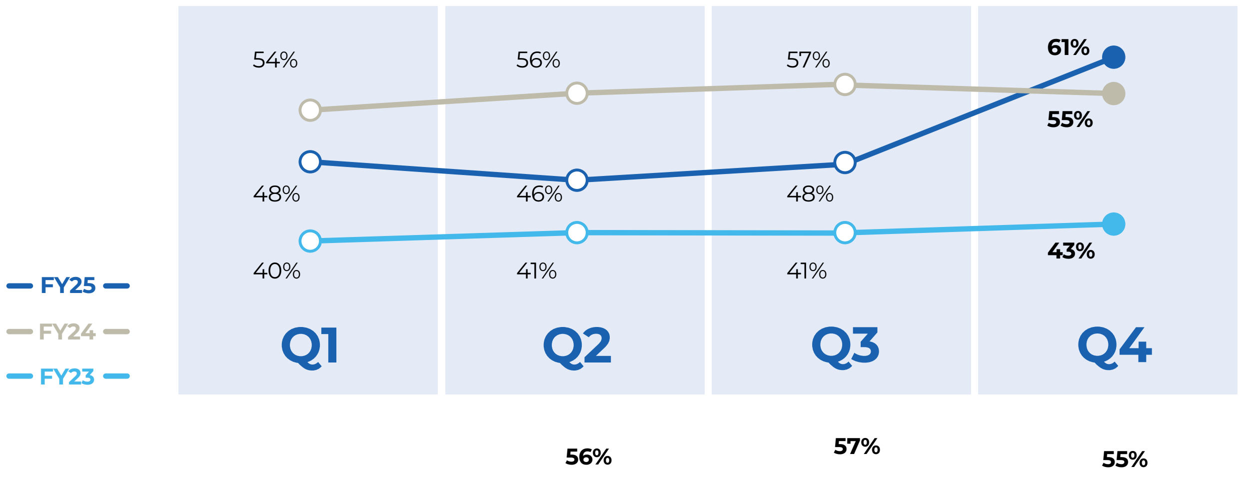
	2025 $'000	2024 $'000	Change %	2025 Mix %
Petrol vehicles	3,802	3,601	6%	50%
EV / HEV vehicles	3,873	4,568	(15%)	50%
Total vehicles sold	**7,675**	**8,169**	**(6%)**	**100%**

A significant shift in buyer behaviour emerged in FY25, driven by regulatory changes and evolving consumer priorities. The December 2024 increase to Clean Car Standard fees marked a clear inflection point in demand patterns.

In the first half of FY25, hybrid and EV sales lagged behind the prior year, reflecting a softening in consumer appetite – likely driven by price sensitivity and uncertainty around evolving regulatory costs. However, from December 2024 onward, we observed a sharp turnaround.

Hybrid/EV vehicles not only rebounded in volume but decisively overtook petrol vehicles in sales mix, climbing to 61% of monthly sales in Q4 FY25, up from 48% in Q3. This shift indicates a growing consumer preference for fuel-efficient, emissions-compliant vehicles, driven in part by the economic consequences of the new fee regime.

2 CHEAP CARS HYBRID/ELECTRIC VEHICLE GROWTH



FINANCIAL SUMMARY
Continued

CONTRIBUTION MARGIN

	2025 $'000	2024 $'000	Change %
Revenue and income	81,965	86,783	(6%)
Contribution margin	17,791	20,665	(14%)
Gross margin %	**22%**	**24%**	**-2%**

The contribution margin for FY25 was $17.8 million, down 14% from $20.7 million in FY24. This decline was primarily the result of industry-wide pricing pressure, as the Group selectively discounted to maintain turnover in a soft market. Gross margin percentage decreased from 24% to 22%.

While margin pressures existed, the Group continued to focus on internal efficiencies by insourcing more of its compliance and refurbishment activity. These initiatives helped to limit the impact of increased third-party costs and supported contribution margin stability despite volume and revenue headwinds.

NZ MOTOR FINANCE LOAN BOOK

	2025 $'000	2024 $'000	Change %
$ Value of loan book	671	1,821	(63.2%)
Number of active loans	98	403	(75.7%)

The NZMF loan book reduced from $1.8m at the end of FY24 to $0.7m as at 31 March 2025.

No new lending occurred during the year, and interest and fees income declined to $0.27m.

An impairment provision of 30.2% is held against the remaining loans receivable measure at amortised costs and an effective default rate of 32.5% has been used when valuing loans measured at fair value.

FINANCIAL RESULTS

	2025 $'000	2023 $'000	Change %
Revenue and income	80,170	86,783	(8%)
Sundry income	1,795	-	
Total revenue and income	**81,965**	**86,783**	**(6%)**
Contribution margin	**17,791**	**20,665**	**(14%)**
Other operating expenses	9,814	8,908	10%
Net interest	739	702	5%
Depreciation & amortisation	2,650	2,332	14%
Non-recurring costs	-	-	N/A
Total operating expenses	**13,203**	**11,942**	**11%**
Earnings before taxation	**4,588**	**8,722**	**(47%)**
Earnings before tax margin	*5.6%*	*10.1%*	*(44%)*
Taxation	1,288	2,481	(48%)
Net profit after tax	**3,300**	**6,241**	**(47%)**
	4.0%	*7.2%*	*(44%)*
Earnings before taxation	**4,588**	**8,722**	**(47%)**
Non-recurring costs	-	-	N/A
Underlying earnings before taxation	**4,588**	**8,722**	**(47%)**
Net profit after tax	**3,299**	**6,241**	**(47%)**
One off items net of tax	-	-	N/A
Underlying net profit after tax	**3,299**	**6,241**	**(47%)**
Underlying net profit after tax margin	*4.0%*	*7.2%*	*(44%)*

NET PROFIT AFTER TAX (NPAT)

The Group reported NPAT of $3.3 million for FY25, down from $6.2 million in FY24. This reduction reflects margin compression, increased operating expenses, and the impact of lower sales volumes.

Operating expenses increased by 10% year-on-year, primarily driven by significantly rising costs of listing fees on third-party advertising platforms.

FINANCIAL SUMMARY
Continued

EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)

	2025 $'000	2024 $'000	Change %
Earnings before taxation	**4,588**	**8,722**	**(47%)**
Net consideration from re-assignment of leases	-	-	
Non-recurring costs	-	-	
Underlying earnings before taxation	**4,588**	**8,722**	**(47%)**
Interest expense	739	702	5%
Underlying earnings before interest and taxation	**5,327**	**9,424**	**(43%)**
Depreciation & amortisation	2,650	2,332	14%
Underlying earnings before interest, taxation, depreciation and amortisation	**7,977**	**11,756**	**(32%)**
Underlying EBITDA margin	*9.7%*	*13.5%*	*(4%)*

Underlying earnings per share were 7 cents per share, down from 14 cents in FY24. The decline reflects the lower profitability of the business in FY25, consistent with overall market conditions.

DIVIDEND

The Board declared a final gross dividend of 2.97 cents per share, bringing the total gross dividend for FY25 to 6.03 cents per share. This represents 60% of reported NPAT and is in line with the Group's stated dividend policy.

DRIVING BETTER DEALS EVERY DAY

CASH FLOW

	2025 $'000	2024 $'000	Change %
Proceeds from sale of goods	**80,464**	**86,779**	**(7%)**
Payments to suppliers & employees	(72,390)	(80,947)	(11%)
Other operating activities	(2,342)	(907)	158%
Underlying cash flows from retail operating activities	**5,732**	**4,925**	**16%**
Proceeds from loan receipts	995	1,995	(50%)
Cash flows from operating activities	**6,727**	**6,921**	**(3%)**
Net purchase & proceeds of property, plant & equipment	(332)	(2,349)	(86%)
Investing cash flow	**(332)**	**(2,349)**	**(86%)**
Free cash flow	**6,395**	**4,571**	**40%**
Borrowing repaid	(563)	600	(194%)
Dividends paid	(2,915)	(1,896)	54%
Other financing activities	(2,549)	(2,149)	19%
Cash flows from financing activities	**(6,027)**	**(3,445)**	**75%**
Net cash flow	**368**	**1,126**	**(67%)**
Effect of exchange rate	**303**	**(220)**	**(238%)**
Cash & cash equivalents	**5,344**	**4,673**	**24%**

Cash flow from operating activities was $6.7 million, slightly down from $6.9 million in FY24. This result reflects lower sales volumes and higher tax payments in FY25, partially offset by improved working capital management.

Free cash flow remained strong at $6.4 million, despite increased capital expenditure of $1.3 million (FY24: $0.8 million), primarily related to leasehold improvements associated with the expansion of the Group's retail footprint. Investing cash flows were positively impacted by a $0.9 million reduction in lease guarantee deposits, enabled by the Group's new funding agreement with ANZ, which significantly reduced the requirement for cash-backed lease guarantees.

Cash and cash equivalents increased to $5.3 million at year end (FY24: $4.7 million), and the Group remained in full compliance with all banking covenants.

EXPLANATION

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

All figures are represented in New Zealand Dollars (NZD) except where indicated. References to 'this period' or 'FY25' are to the year ended 31 March 2025. References to the 'prior period' or to 'FY24' are for the 12-month period ended 31 March 2024.

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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Chartered Accountants
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Independent Auditor's Report

To the Shareholders of 2 Cheap Cars Group Limited

Opinion

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

- the consolidated statement of financial position as at 31 March 2025;
- the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including a summary of material accounting policies.

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

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") issued by the New Zealand Accounting Standards Board and IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board.

Basis for Opinion

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. Other than in my capacity as auditor, neither myself, the firm or the firm's staff have no relationship with, or interests in, the Group.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial statements of the current year. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why the audit matter is significant	How my audit addressed the key audit matter
Revenue recognition The Group has recognised revenue of \$80.2m (FY 2024: \$86.8m) (Note 4). 2CC Group's net sales comprises revenue from the sale of cars, insurance agent commissions and finance agent commissions. Revenue is recognised when the control associated with a good or service (or in aggregate thereof) representing a distinct performance obligation is transferred from the Group to the customer. There are a number of factors that could affect this reported amount, including the risk for revenue recognition policies being incorrectly applied or recognised in an incorrect period. This presents a key audit matter due to the financial significance and nature of net sales in the financial statements.	To address the risk associated with revenue recognition, the following audit procedures were carried out: • Evaluated the design of management's internal controls related to revenue recognition. • Reviewed revenue recognition policies for appropriateness and compliance with relevant accounting standards. • Selected a sample of transactions and inspected supporting sales documentation, cash received and assessed whether all criteria related to revenue recognition has been met before being recognised as revenue. • Reviewed credit notes posted after year end to ascertain revenue recognition during the year. • Performed revenue cut off procedures by selecting revenue samples before and after year end and testing that revenue is recorded in the correct period. • Reviewed manual revenue journals as part of the journal entry testing process. • Assessed the reasonability and completeness of the revenue related disclosures to test compliance with the requirements of the accounting standards.

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

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

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

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

UHY
Connect to possibility

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

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

This description forms part of my auditor's report.

Restriction on use of my report

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

Vikas Gupta

Vikas Gupta
Audit Partner - UHY Haines Norton Chartered Accountants Sydney
Signed at Sydney, Australia on 27 June 2025

2 CHEAP CARS GROUP LIMITED

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 March 2025

	Note	MAR 2025 $'000	MAR 2024 $'000
Revenue			
Revenue and income	4	80,170	86,783
Sundry income	5	1,795	-
Expenses			
Cost of sales		(64,174)	(66,118)
Administration expenses		(3,155)	(2,949)
Advertising expenses		(2,339)	(1,487)
Depreciation & amortisation expenses		(2,650)	(2,332)
Employee benefits		(3,390)	(3,777)
Finance expenses	8	(739)	(702)
Property expenses		(930)	(695)
Profit before income tax		**4,588**	**8,722**
Income tax expense	19	(1,288)	(2,481)
Profit for the period		**3,300**	**6,241**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operations		303	(147)
Total other comprehensive income		**303**	**(147)**
Total comprehensive income for the period		**3,603**	**6,095**
Earnings per share			
Basic earnings per share	10	0.07	0.14
Diluted earnings per share	10	0.07	0.14

The accompanying notes form part of these consolidated financial statements.

2 CHEAP CARS GROUP LIMITED

Consolidated statement of financial position
For the year ended 31 March 2025

	Note	MAR 2025 $'000	MAR 2024 $'000
Equity			
Share capital	22	39,344	39,344
Amalgamation reserve		(35,956)	(35,956)
Foreign currency translation reserve		148	(155)
Retained earnings		17,525	17,141
Total equity		**21,061**	**20,373**
Current liabilities			
Trade and other payables	16	3,214	2,259
Employee benefit liabilities	18	862	840
Borrowings	21	114	1,500
Income tax payable		459	2,055
Derivative financial liabilities		(38)	(13)
Related party payable	23	10	10
Lease liability	17	2,084	1,689
Other current liabilities		14	36
Total current liabilities		**6,719**	**8,375**
Non-current liabilities			
Lease liability	17	5,598	5,617
Borrowings	21	823	-
Total non-current liabilities		**6,421**	**5,617**
Total equity and liabilities		**34,201**	**34,365**
Current assets			
Cash and cash equivalents	12	5,344	4,673
Trade and other receivables	15	192	514
Other current assets	15	882	2,602
Loans receivable	14	385	990
Inventories	13	14,932	13,873
Total current assets		**21,735**	**22,652**
Non-current assets			
Other non-current assets		896	1,843
Plant, property and equipment	25	2,708	1,787
Intangible assets	27	1,589	75
Loans receivable	14	286	831
Deferred tax asset	19	133	474
Right-of-use assets	17	6,854	6,702
Total non-current assets		**12,466**	**11,713**
Total assets		**34,201**	**34,365**

Approved on behalf of the Board on 29th May 2025

Director Date 29 May 2025

Director Date 29 May 2025

The accompanying notes form part of these consolidated financial statements.

2 CHEAP CARS GROUP LIMITED

Consolidated statement of changes in equity
For the year ended 31 March 2025

	Share capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Amalgamation reserve $'000	Total equity/ (accumulated losses) $'000
Balance as at 01 April 2023	**39,344**	**12,794**	**(8)**	**(35,956)**	**16,174**
Profit for the period	-	6,241	-	-	6,241
Translation of foreign operations	-	-	(147)	-	(147)
Total comprehensive income for the period	**-**	**6,241**	**(147)**	**-**	**6,095**
Dividend paid	-	(1,895)	-	-	(1,895)
Total transactions with owners of the Group	**-**	**(1,895)**	**-**	**-**	**(1,895)**
Balance as at 31 March 2024	**39,344**	**17,140**	**(155)**	**(35,956)**	**20,373**
Balance as at 01 April 2024	**39,344**	**17,140**	**(155)**	**(35,956)**	**20,373**
Profit for the period	-	3,300	-	-	3,300
Translation of foreign operations	-	-	303	-	303
Total comprehensive income for the period	**-**	**3,300**	**303**	**-**	**3,603**
Dividends paid	-	(2,915)	-	-	(2,915)
Total transactions with owners of the Group	**-**	**(2,915)**	**-**	**-**	**(2,915)**
Balance as at 31 March 2025	**39,344**	**17,525**	**148**	**(35,956)**	**21,061**

The accompanying notes form part of these consolidated financial statements.

2 CHEAP CARS GROUP LIMITED

Consolidated statement of cash flows
For the year ended 31 March 2025

	MAR 2025 $'000	MAR 2024 $'000
Cash flows from operating activities		
Cash receipts from customers	80,464	86,779
Cash paid to suppliers and employees	(72,390)	(80,947)
Interest received	133	3
Interest paid - retail operations	(80)	(362)
Tax paid / received	(2,395)	(548)
Net cash inflow from operating activities before changes in operating assets and liabilities	**5,732**	**4,926**
Proceeds from loan receivables	995	1,995
Net cash inflow from operating activities	**6,727**	**6,921**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	36	7
Purchase of property, plant and equipment	(1,312)	(812)
Purchase of intangible assets	(3)	-
Decrease / (increase) in lease guarantee deposits	947	(1,544)
Net cash outflow from investing activities	**(332)**	**(2,349)**
Cash flows from financing activities		
Dividend paid	(2,915)	(1,896)
Interest paid - finance operations	(550)	(214)
Net (repayment) /proceeds of borrowings	(563)	600
Principal elements of lease payments	(1,999)	(1,935)
Net cash outflow from financing activities	**(6,027)**	**(3,445)**
Net increase/(decrease) in cash and cash equivalents	368	1,126
Cash and cash equivalents at beginning of period	4,673	3,767
Effect of exchange rate	303	(220)
Cash and cash equivalents at end of period	**5,344**	**4,673**

The accompanying notes form part of these consolidated financial statements.

Notes to the financial statements

1. Reporting entity

2 Cheap Cars Group Ltd (the Company) is a company domiciled in New Zealand.
The Company is incorporated in New Zealand, registered under the Companies Act 1993 and is publicly traded on the New Zealand Stock Exchange.

These consolidated financial statements comply with the requirements of the Companies Act 1993 and the Financial Markets Conduct Act 2013.

These consolidated financial statements as at 31 March 2025 comprise the Company and its subsidiaries: 2 Cheap Cars Limited, NZ Motor Finance Limited, 2CC International Limited, 2 Cheap Rental Cars Limited, Car Safety NZ Limited and Car Plus K.K. (collectively, the Group).

2. Basis of preparation

(a) Statement of compliance

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

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

(b) Basis of measurement

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

• Derivative financial instruments

• Loans receivable (Note 14)

(c) Functional and presentation currency

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

d) Going concern

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

(e) Critical accounting estimates and judgements

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

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

(f) Changes in accounting policies

During the current reporting period, the Group adopted a new accounting policy for the treatment of carbon credits. Refer to Note (p) for further details on the recognition, measurement, and disclosure of carbon credits.

(g) Changes in accounting estimates

During the year management updated its estimates of expected loss provisions, the discount rate applied to loans and amended the estimated value of carbon credits, refer to Note 14 for further information.

(h) New / amended accounting standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the External Reporting Board ('XRB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not yet been adopted. New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 March 2025. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3. Material accounting policies

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

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

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

a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences.

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

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

Subsidiaries

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

Name	Country of incorporation and principal place of business	Proportion of ownership interest	
		MAR 2025	MAR 2024
2 Cheap Cars Limited	New Zealand	100%	100%
NZ Motor Finance Limited	New Zealand	100%	100%
2CC International Limited	New Zealand	100%	100%
2 Cheap Rental Cars Limited	New Zealand	100%	100%
Car Safety NZ Limited	New Zealand	100%	100%
Car Plus K.K	Japan	100%	100%

(b) Foreign currency

(i) Foreign currency transactions

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

(ii) Foreign currency monetary assets and liabilities

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

(iii) Foreign currency non-monetary assets and liabilities

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

(c) Revenue

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

(i) Vehicles sold

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

(ii) Insurance policies

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

(iii) Sale of scrap parts

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

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

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

(v) Interest revenue calculated using the effective interest method

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

Performance obligations and timing of revenue recognition

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

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

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

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

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

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

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

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

(d) Insurance contracts

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

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

- Use of interest-bearing borrowings (interest rate risk); and:
- Purchases in foreign currencies (foreign currency risk).

(e) Tax

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

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

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

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

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

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

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

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

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

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

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

(f) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined contribution plans (Kiwisaver etc.)

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

(g) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets are depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

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

Leasehold improvements	6.0% - 30.0% SL
Furniture and fittings	6.0% - 30.0% SL
Motor vehicles	7.0% - 40.0% SL
Computer equipment	7.0% - 67.0% SL
Workshop equipment	7.0% - 67.0% SL

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

(h) Inventories

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

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

(i) Financial instruments

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

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

(i) Financial assets – classification and subsequent measurement

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

At amortised cost

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

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

Impairment allowances for trade receivables

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

Impairment allowances for loans receivable

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

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

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

- significant financial difficulty of the borrower;

- a breach of contract, such as a default or being more than 90 days past due;

- granting to the borrower a concession for economic or contractual reasons relating to the borrower's financial difficulty; that the Group would not consider otherwise; or

- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

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

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

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

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

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

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

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

At fair value through profit or loss (derivatives)

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

(ii) Financial liabilities - classification and subsequent measurement

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

At amortised cost

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

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

At fair value through profit or loss (derivatives)

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

(iii) Derecognition of financial assets and financial liabilities

Financial assets

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

Financial liabilities

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

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

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

(iv) Impairment of non-financial assets

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

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

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

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

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

(j) Share capital

Ordinary shares

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

(k) Goods and services tax

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

(l) Reserves

Amalgamation reserve

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

(m) Leases

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

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

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

(i) Initial measurement

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

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

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

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

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

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

(ii) Subsequent measurement

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

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

(iii) Remeasurement

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

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

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

(iv) Modifications to lease agreements

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

Increases in scope:

• If the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price (i.e. market rate) for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

• In all other cases (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the revised discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

Decreases in scope:

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

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

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

(n) Government grants

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

(o) Finance income and finance expenses

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

Finance expenses comprise interest expense on borrowings.

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

(p) Intangible assets

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

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

- Trademarks 10 years
- Software 5 years

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

- Carbon credits have been recognised at cost, which represents the value attributed to the credits at the time they were earned or incurred. At the time the credits were originally earned, the business was participating in the Fleet Average Scheme. Under this scheme, credits were generated based on fleet-wide emissions performance relative to regulatory thresholds. These credits are not revalued subsequently and are carried at cost unless impaired.

(q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

2CheapCars Group

Notes to and forming part of the consolidated the financial statements

4. Revenue from contracts with customers

	MAR 2025 $'000	MAR 2024 $'000
Sale of cars	73,065	78,764
Fair value gain/(loss) on revaluation	(105)	(86)
Interest on bank accounts, short term deposits and investments	202	85
Loan fees and interest	273	503
Agent commissions received		
- Interest agent commissions	4,379	4,899
- Insurance agent commissions	2,356	2,619
Total revenue from contracts with customers	**80,170**	**86,783**
Timing of transfer of goods and services		
Point of sale income	79,735	86,068
Over time income	435	715
Total revenue	**80,170**	**86,783**

5. Sundry income

	MAR 2025 $'000	MAR 2024 $'000
Carbon Credit Income[1]	1,713	-
Other	82	-
Total sundry income	1,795	**-**

[1] During the financial year, the Group recognised a gain relating to carbon credits generated and retained in prior reporting periods but not previously recognised as assets due to uncertainty regarding the measurement of their future economic benefits at the time.

In the 2024 calendar year, the Group became a net purchaser of carbon credits. This change has provided sufficient certainty that the retained credits from prior years will be utilised to offset future fixed price obligations, thereby meeting the recognition and measurement criteria under NZ IAS 38 Intangible Assets. Consequently, an intangible asset has now been recognised in respect of these credits.

The carbon credits were initially measured at their redemption value, being the fixed charge avoided for used vehicles under the Fleet Average scheme (NZ ETS), reflecting the value attributable to the economic benefits expected to flow to the Group.

6. Segment reporting

Description of segments

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

Reportable segments have been identified as follows:

Operating segments

As at 31 March 2025	Automotive retail $'000	Finance $'000	Other entities $'000	Inter-entity transactions $'000	Total $'000
Revenue including interest	79,928	170	10,897	(10,825)	80,170
Sundry income	1,795	-	30	(30)	1,795
Cost of sale	(66,801)	-	(8,243)	10,870	(64,174)
Interest expense - finance	-	-	-	-	-
Operating expense	(9,437)	(141)	(2,886)	-	(12,464)
Operating profit	**5,485**	**29**	**(202)**	**15**	**5,327**
Dividend received	-	-	4,792	(4,792)	-
Interest expense - trading	(623)	(135)	(6)	25	(739)
Net profit before tax	**4,862**	**(106)**	**4,584**	**(4,752)**	**4,588**

As at 31 March 2024	Automotive retail $'000	Finance $'000	Other entities $'000	Inter-entity transactions $'000	Total $'000
Revenue including interest	86,306	423	11,005	(10,950)	86,784
Sundry income	(5)	-	25	(20)	-
Cost of sale	(68,773)	1	(8,296)	10,950	(66,118)
Interest expense - finance	-	-	-	-	-
Operating expense	(7,621)	(203)	(3,418)	-	(11,242)
Operating profit	**9,907**	**222**	**(685)**	**(20)**	**9,424**
Dividend received	-	-	-	-	-
Interest expense - trading	(570)	(169)	(6)	43	(702)
Net profit before tax	**9,337**	**53**	**(691)**	**23**	**8,722**

7. Determination of fair values

Face value versus carrying amounts

The carrying amount of financial assets and liabilities has been determined to be a reasonable approximation of their fair value.

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

8. Finance expenses

	Note	MAR 2025 $'000	MAR 2024 $'000
Interest expense on financial liabilities measured at amortised cost		(79)	(214)
Interest expense on lease liabilities	17	(550)	(362)
Other		(110)	(126)
Finance expenses		**(739)**	**(702)**

9. Key operating expenses

Key operating expenses includes the following:	Note	MAR 2025 $'000	MAR 2024 $'000
Audit fees		(139)	(103)
Amortisation		(14)	-
Depreciation - property, plant and equipment	25	(356)	(261)
Depreciation - right-of-use assets	17	(2,280)	(2,065)
Wages and salaries		(3,092)	(3,497)
Kiwisaver contributions		(158)	(172)

10. Earnings per share

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

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

Numerator	MAR 2025 $'000	MAR 2024 $'000
Profit for the period	3,300	6,241
Denominator		
Weighted average number of shares	45,554,500	45,554,500
EPS basic	0.07	0.14
EPS diluted	0.07	0.14

11. Dividends

	MAR 2025 $'000	MAR 2024 $'000
Final dividend	1,907	-
Interim dividend	1,008	1,895
Total	**2,915**	**1,895**

12. Cash and cash equivalents

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

	Held with credit rating 31 Mar 2025	Credit rating	Interest 31 March 2025	Interest 31 Mar 2024	MAR 2025 $'000	MAR 2024 $'000
Cash at Bank	ANZ Bank	AA-	1.75%	-	4,123	120
	ASB Bank	AA-	3.61%	5.36%	67	3,422
	Mizuho Bank	A	0.02%	0.02%	1,116	871
	Xe		-	-	38	260

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

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

13. Inventories

	MAR 2025 $'000	MAR 2024 $'000
Gross stock on hand	15,138	14,094
Inventory provision	(206)	(221)
Total inventories	**14,932**	**13,873**

The cost of inventory recognised in the period 31 March 2025 is $58,241,068.

The carrying value of inventory pledged as security as the Group's borrowings as at 31 March 2025 is $12,911,444.

14. Loans receivable

Determination of fair values

Loans and receivables – At amortised cost book value	Book value
Loans and receivables – At fair value through profit and loss	Discounted cash flow

Opening balance (1 April 2023)	Amortised cost	Fair value through profit and loss	Total
Gross carrying value	2,241	1,769	4,010
Less: Impairment allowance	(101)	-	(101)
Total loans receivable	**2,140**	**1,769**	**3,909**
Movements during the period			
Advances of loans to customers	(1,585)	(864)	(2,448)
Repayments of loans by customers	442	-	442
Movement in accrued interest	15	-	15
Movement in Impairment allowance	(7)	-	(7)
Fair value gain/(loss) on revaluation	-	(89)	(89)
Total movements	**(1,135)**	**(953)**	**(2,088)**
Gross carrying value	1,113	816	1,930
Less: Impairment allowance	(109)	-	(109)
Total loans receivable	**1,005**	**816**	**1,821**
Closing balance (31 March 2024)			
Current portion	603	496	1,099
Non-current portion	510	321	831
Less: Impairment allowance	(109)	-	(109)
Total loans receivable	**1,005**	**816**	**1,821**

Opening balance (1 April 2024)	Amortised cost	Fair value through profit and loss	Total
Gross carrying value	1,113	816	1,930
Less: Impairment allowance	(109)	-	(109)
Total loans receivable	**1,005**	**816**	**1,821**
Movements during the period			
Advances of loans to customers	-	-	-
Repayments of loans by customers	(728)	(550)	(1,278)
Movement in accrued interest	119	113	232
Other accrued repayments	22	29	51
Movement in impairment allowance	(50)	-	(50)
Fair value gain/(loss) on revaluation	-	(104)	(104)
Total movements	**(637)**	**(512)**	**(1,150)**
Gross carrying value	526	304	830
Less: Impairment allowance	(159)	-	(159)
Total loans receivable	**367**	**304**	**671**
Closing balance (31 March 2025)			
Current portion	305	239	544
Non-current portion	221	65	286
Less: Impairment allowance	(159)	-	(159)
Total loans receivable	**367**	**304**	**671**

The effective interest rate on loans receivable at amortised cost are 9.95% - 17.95%

Loans receivable measured at amortised cost (financial assets which represent solely payments of principal and interest) have been impaired at 30.2%, using the expected credit loss model.

Loans receivable measured at fair value (financial instruments that include waiver based clauses) are modelled at fair value and include an effective default risk impairment rate of 32.5% which is factored into the valuation inputs.

The Company ceased additional lending in July 2022 with the remaining loan book now being wound down.

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

31 Mar 2025	Expected loss rate	Gross finance receivable $'000	Collective impairment provision $'000	Net finance receivables $'000
Current	2%	258	(5)	253
Past due up to 30 days	7%	46	(3)	43
Past due 30 - 60 days	17%	18	(3)	15
Past due 60 - 90 days	27%	34	(9)	25
91 days and over	81%	171	(139)	32
		527	**(159)**	**368**
31 Mar 2024				
Current	2%	746	(15)	731
Past due up to 30 days	7%	169	(12)	157
Past due 30 - 60 days	17%	56	(10)	46
Past due 60 - 90 days	27%	12	(3)	9
91 days and over	53%	131	(69)	61
	9.8%	1,113	(109)	1,005

	MAR 2025 $'000	MAR 2024 $'000
Movement in the impairment provisions:		
Specific impairment provision		
Opening balance	(109)	(102)
Impairment movement through profit or loss	(50)	(26)
Amounts written off	-	19
	(159)	**(109)**

15. Trade and other receivables

	MAR 2025 $'000	MAR 2024 $'000
Trade receivables	350	601
Less: Impairment allowance	(158)	(87)
Net trade receivables	**192**	**514**

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

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

Prepayments	678	2,184
Other current assets	204	418
Other receivables	**882**	**2,602**

16. Trade and other payables

	MAR 2025 $'000	MAR 2024 $'000
Trade payables	2,686	1,621
Financial liabilities at amortised cost	**2,686**	**1,621**
Contract liabilities	175	185
Other payables	353	453
Total trade and other payables	**3,214**	**2,259**

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

17. Leases

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

(i) Right of use assets	MAR 2025 $'000	MAR 2024 $'000
Opening balance	6,702	7,461
Additions and modifications	3,244	1,331
Less:		
Depreciation	(2,280)	(2,065)
Terminations	(812)	(25)
Closing Balance	**6,854**	**6,702**
(ii) Lease liabilities		
Opening balance	7,306	7,935
Additions and modifications	3,244	1,352
Interest	550	362
Gain on changes to leases	-	(14)
Less:		
Terminations	(867)	(28)
Repayments	(2,549)	(2,297)
Effects of movements in exchange rates	(2)	(5)
Closing balance	**7,682**	**7,306**
Current portion	2,084	1,689
Non-current portion	5,598	5,617
Total lease liabilities	**7,682**	**7,306**

(iii) Balance sheet and cash flow statement	MAR 2025 $'000	MAR 2024 $'000
Carrying amount of RoU asset (by asset class)		
· Premises	6,854	6,702
· Equipment	-	-
Total cash outflow related to leases (principal repayments)	(1,999)	(1,935)
Total cash outflow related to leases (interest)	(550)	(362)

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

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

(ii) Short term leases

As at 31 March 2025 Short-term lease expense (excluding leases of 1 month or less) being $154,496

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

Variable lease payments incurred for FY25 is $9,859.

18. Employee benefit liabilities

	MAR 2025 $'000	MAR 2024 $'000
Liability for annual leave	661	631
Wages payables	201	209
Total	**862**	**840**

19. Income tax

(a) Income tax recognised in profit or loss and other comprehensive income	MAR 2025 $'000	MAR 2024 $'000
Income tax recognised in profit or loss		
Current tax	947	2,510
Deferred tax	341	(29)
Total income tax expense	**1,288**	**2,481**

(b) Reconciliation of income tax expense	MAR 2025 $'000	MAR 2024 $'000
Income tax recognised in profit or loss		
Profit before income tax expense	4,588	8,722
Tax expense at the domestic tax rate (28%)	1,285	2,442
Permanent differences	(1)	10
Effects of tax rate in foreign jurisdictions	4	29
Income tax expense	**1,288**	**2,481**

(c) Deferred tax	MAR 2025 $'000	MAR 2024 $'000
Income tax recognised in profit or loss		
Balance at the beginning of the period	474	445
Current period movement	(341)	29
Deferred tax asset	**133**	**474**
Made up of:		
Deferred tax asset	2,645	2,440
Deferred tax liability	(2,512)	(1,966)
Net balance as per above	**133**	**474**

Deferred tax assets are attributable to the following:	MAR 2025 $'000	MAR 2024 $'000
Inventory provision	58	62
Employee benefits	168	155
Doubtful debt	44	24
Others	25	24
Contract liabilities	34	41
Carbon credits	(427)	-
Lease liabilities	2,146	2,044
Right-of-use asset	(1,914)	(1,875)
Total	**133**	**474**

20. Imputation credits

	MAR 2025 $'000	MAR 2024 $'000
Imputation credits at 1 April	(3,341)	(3,625)
Prior period adjustments	(22)	-
New Zealand Tax payments, net of refunds	(2,252)	(452)
RWT attached to interest received	(48)	-
Imputation credits attached to dividends received	-	(1)
Imputation credits attached to dividends paid	1,109	737
	(4,553)	(3,341)

21. Borrowings

	MAR 2025 $'000	MAR 2024 $'000
Current		
Retail Trade Finance Facility[1]	-	1,500
Mizuho bank[2]	114	-
	114	1,500
Non- current		
Term loan - Mizuho bank	823	-
	823	-

[1]During the year the Company secured competitively priced working capital finance with ANZ Bank, including a new NZD$5.0 million trade finance loan and a NZD$1.0 million commercial flexi facility. At balance date this facility had not yet been utilised. ANZ holds General Security Agreements (GSAs) over all of the Group's NZ subsidiaries, securing all present and after-acquired property.

[2]During the year, the Company secured a JPY 80 million term loan from its Japanese banking partner. The loan is structured as a principal and interest facility, repayable over 7 years, with an initial annual interest rate of 2.375%. Proceeds were used to support general working capital requirements.

The loan is guaranteed by the Osaka Credit Guarantee Corporation, a public institution that facilitates SME lending in Japan.

The Group has not pledged any direct assets as security to Mizuho Bank.
To enable the guarantee arrangement, David Sena, a director of the Company, has provided a personal guarantee to the Osaka Credit Guarantee Corporation, supported by a charge over residential property owned in his personal capacity.

22. Share capital

Number of ordinary shares	MAR 2025	MAR 2024
Opening balance	45,554,500	45,554,500
Total issued and authorised capital	**45,554,500**	**45,554,500**

Dollar value of ordinary shares	MAR 2025 $'000	MAR 2024 $'000
Opening balance	39,344	39,344
Total issued and authorised capital	**39,344**	**39,344**

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

23. Related parties

Identity of related parties

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

Key management personnel

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

	MAR 2025 $'000	MAR 2024 $'000
Short-term employee benefits	827	1,301
Director fees	324	290
Defined contribution plans	23	38
Termination benefits	109	51
Total key management personnel remuneration	**1,282**	**1,680**

Transactions with related parties	Transactions for the period		Balance outstanding at balance date	
	MAR 2025 $'000	MAR 2024 $'000	MAR 2025 $'000	MAR 2024 $'000
Yusuke Sena	-	-	10	10
	-	**-**	**10**	**10**

Indemnities

During the year, the Company entered into a Deed of Indemnity with Mr. Yusuke Sena, a related party, in respect of a personal guarantee he provided to Mizuho Bank for a JPY 80 million loan facility extended to Car Plus KK, a subsidiary of the Group. Under the deed, the Company has agreed to indemnify Mr. Sena for any liabilities incurred under the guarantee, up to the full facility amount plus associated penalties, costs, and interest. The company considers the fair value of the guarantee to be immaterial and it has not been recognised in the financial statements.

24. Financial instruments - risk management

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

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

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

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

(a) Credit risk

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

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

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

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

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

31 March 2025	Credit rating *	Cash and cash equivalents $'000	Total $'000
ANZ Bank	AA-	4,123	4,123
ASB Bank	AA-	67	67
Mizuho Bank	A	1,116	1,116
Xe		38	38
		5,344	**5,344**

31 March 2024	Credit rating *	Cash and cash equivalents $'000	Total $'000
ANZ Bank	AA-	3,422	3,422
ASB Bank	AA-	120	120
Mizuho Bank	A	871	871
Xe		260	260
		4,673	**4,673**

* Standard & Poor's

Interest rates on interest bearing cash and cash equivalents and investments range between 0.02% - 4.15% (2024: 0.02% - 5.36%).

(b) Market risk

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

i. Interest rate risk

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

The Group is exposed to interest rate risk from its variable rate borrowing and lease liabilities, with rates between 11.3% - 2.4% (2024: 9.3% - 3.3%).

ii. Foreign currency exchange risk

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

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

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

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

There are open forward exchange contracts of $2.3m at the end of the reporting period (2024: $4.0m).

The net foreign exchange loss recognised for the year was $0.44m (2024: $0.79m loss).

(c) Liquidity risk

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

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

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

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

As at 31 March 2025	**Up to 3 months**	**Between 3-12 months**	**Between 1-2 years**	**Between 2- 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	3,106	19	23	66	-	3,214
Borrowings	28	86	236	375	213	937
Lease liabilities	158	1,925	1,442	4,156	-	7,682
Total	**3,293**	**2,030**	**1,701**	**4,597**	**213**	**11,833**

As at 31 March 2024	**Up to 3 months**	**Between 3-12 months**	**Between 1-2 years**	**Between 2- 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	1,541	651	21	46	-	2,259
Borrowings	1,500	-	-	-	-	1,500
Lease liabilities	559	1,470	1,861	3,553	743	8,186
Total	**3,600**	**2,121**	**1,882**	**3,599**	**743**	**11,945**

25. Property, plant and equipment

	Leasehold improvements	**Motor vehicles**	**Furniture & fittings**	**Computer equipment**	**Workshop equipment**	**Total**
Cost	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 April 2024	889	857	737	649	203	3,335
Additions	1,122	156	27	22	12	1,339
Disposals	-	(119)	(1)	-	-	(120)
Effect of exchange rate	-	(4)	-	-	-	(4)
Balance at 31 March 2025	**2,011**	**890**	**763**	**671**	**215**	**4,550**
Accumulated depreciation						
Balance at 1 April 2024	(213)	(345)	(382)	(551)	(57)	(1,548)
Depreciation	(95)	(127)	(50)	(59)	(25)	(356)
Disposals	-	65	-	-	-	65
Effect of exchange rate	-	(3)	-	-	-	(3)
Balance at 31 March 2025	**(308)**	**(410)**	**(432)**	**(610)**	**(82)**	**(1,842)**
Net book value						
Balance at 31 March 2025	**1,703**	**480**	**331**	**61**	**133**	**2,708**

The Group has reviewed each items of property, plant and equipment and no impairment charge was recognised for the year ended 31 March 2025 (March 2024: Nil).

	Leasehold improvements	**Motor vehicles**	**Furniture & fittings**	**Computer equipment**	**Workshop equipment**	**Total**
Cost	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 April 2023	636	525	718	610	117	2,606
Additions	254	357	19	40	112	782
Disposals	(1)	(25)	-	(1)	(26)	(53)
Balance at 31 March 2024	**889**	**857**	**737**	**649**	**203**	**3,335**
Accumulated depreciation						
Balance at 1 April 2023	(158)	(266)	(337)	(487)	(38)	(1,286)
Depreciation	(55)	(78)	(45)	(64)	(19)	(261)
Disposals	-	3	-	-	-	3
Effect of exchange rate	-	(4)	-	-	-	(4)
Balance at 31 March 2024	**(213)**	**(345)**	**(382)**	**(551)**	**(57)**	**(1,548)**
Net book value						
As at 31 March 2024	**676**	**512**	**355**	**98**	**146**	**1,787**

Depreciation methodology

The Group recognises depreciation on a straight line basis.

26. Notes supporting statement of cash flows

Reconciliation of profit after tax with net cash flow from operating activities

	MAR 2025 $'000	MAR 2024 $'000
Net profit for the year	3,300	6,241
Non-cash items:		
Depreciation of property, plant and equipment	2,650	2,332
Carbon credits	(1,526)	-
Provisions and fair value gains	(24)	(43)
Loss/(gain) on sale of property, plant and equipment	(56)	-
Finance expense	550	214
	1,594	**2,503**
Movements in working capital:		
(Increase)/decrease in trade and other receivables	1,472	1,954
(Increase)/decrease in other current assets	1,720	269
Increase/(decrease) in trade and other payables	955	(485)
(Increase)/decrease in Inventory	(1,059)	(5,496)
Increase/(decrease) in deferred tax	341	(29)
	3,429	**(3,787)**
Cash generated from operations	8,323	4,957
Movement in income tax payable	(1,596)	1,964
Net cash flows from operating activities	**6,727**	**6,921**

27. Intangible assets

	Other Intangibles $'000	Carbon Credits[1] $'000	Total $'000
Cost			
Balance at 1 April 2024	76	-	76
Additions	3	1,713	1,716
Balance at 31 March 2025	**79**	**1,713**	**1,792**
Accumulated amortisation			
Balance at 1 April 2024	(1)	-	(1)
Amortisation	(15)	-	(15)
Transfers to inventory	-	(187)	(187)
Balance at 31 March 2025	**(15)**	**(187)**	**(203)**
Net book value			
As at 31 March 2025	**64**	**1,526**	**1,589**

[1]The Group recognised carbon credits as intangible assets during the financial year, in line with NZ IAS 38. These credits were generated in prior periods and are expected to be utilised to meet future emissions obligations. Carbon credits expire 3 years after they are granted.

The Group's credits have expiry dates ranging from 31 December 2026 to 31 December 2028. However, based on the Group's current vehicle import volumes and emissions profile, the entire balance is expected to be utilised within 18 months.

The Group carries carbon credit assets at cost less accumulated impairment losses.

The carbon credits are not amortised, as they are consumed in the ordinary course of business and effectively form part of inventory when applied to offset charges on imported vehicles. At the point of utilisation, their cost will be reclassified through cost of goods sold.

28. Contingent liabilities

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

The maximum guarantee is for $1,576,196 (March 2024: $2,368,014).

29. Subsequent events

No significant events have occurred subsequent to the balance date.

STATEMENT OF CORPORATE GOVERNANCE

This statement of Corporate Governance is correct as of 31 May 2025 and was approved by the Board on 27 June 2025

This statement outlines the principles, practices, and policies that guide the Company's operations and decision-making including the roles and responsibilities of its Board of Directors, management team, and various committees. It also outlines the Company's approach to key issues such as risk management, ethical conduct, and transparency.

The Board has set the Company's corporate governance arrangements having regard to the NZX Corporate Governance Code (Code) recommendations. The Company believes that its corporate governance practices in FY25 are materially in line with the Code published on 31 January 2025. This governance statement summarises:

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

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

Principle 1: Culture and ethical behaviour

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

Previously incorporated in the CCEB, in November 2023 the company formally adopted a standalone 'Whistle Blower' policy. This policy outlines a framework for whistle blower protection if Company personnel report a breach or suspected breach of law, regulation, Company policy or other serious wrongdoing.

The Company's Financial Products Dealing Policy, along with the Financial Markets Conduct Act 2013, imposes limitations and requirements on Directors and employees in dealing in the Company's shares.

These limitations prohibit dealing in shares while in possession of inside information and impose requirements for seeking consent to trade.

Principle 2: Board composition and performance

Board composition and performance

As at 31 March 2025 and 31 May 2025, the Board has three Directors, two of whom are Independent Directors – Michael Stiassny and Gordon Shaw, and an Executive Director David Sena.

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

Each Director has experience, skills and expertise that are of value to the Company. Profiles of Directors are available on the Company's website, and Directors' interests are disclosed on page 66 of the Company's 2025 Annual Report.

The roles and responsibilities of the Board are detailed in the Board Charter, which was most recently reviewed and approved in November 2023, and is available on the Company's website. The Board's primary objective is to act at all times in a manner designed to create and grow sustainable value for our shareholders. The Directors are expected to be cognisant of the duties and obligations imposed on them by the Company's Constitution, the NZX Listing Rules and by law.

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

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

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

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

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

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

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

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

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

Diversity

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

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

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

The Company did not comply with Recommendation 2.5 of the NZX Corporate Governance Code during the 2025 financial year. Specifically:

(i) The recommendation that the board should have a diversity policy with measurable objectives and report on progress.

(ii) This non-compliance applied for the full financial year ending 31 March 2025.

(iii) The Company has not yet implemented systems to track progress against measurable objectives under its Diversity Policy due to a lack of resource to effectively collect and analyse the required data.

(iv) In lieu of measurable objectives, the Company adopted alternative practices including monitoring gender diversity and promoting inclusive hiring practices, which are reviewed internally.

(v) These alternative practices have been approved by the Board as interim steps while systems and resources are developed to allow future tracking and disclosure of measurable diversity objectives.

The Board is committed to all objectives detailed in the Diversity and Inclusion Policy. The Board discusses diversity and inclusion with management and is confident the Company is meeting its commitments and objectives in this regard. Any issues arising through non-adherence to the Policy are discussed by the Board and resolved to ensure all Company personnel act in accordance with - and in the spirit of - the Policy.

The Company's workforce composition was as follows:

As At 31 March 2025:	Male	Female	Gender diverse
	73 (76%)	23 (34%)	-
Total employees			**96**

The Board has reviewed its required diversity profile and considers the make-up of the Board is currently sufficiently diverse for the purposes of forming a strong team, providing specialised knowledge and expertise in relevant markets and driving business performance.

As at 31 March 2025 the composition of Directors and Officers of the Company were all male.

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

As At 31 March 2025:	Male	Female	Gender diverse
Directors	3	-	-
Officers	1	-	-

As At 31 March 2024:	Male	Female	Gender diverse
Directors	3	-	-
Officers	2	-	-

Principle 3: Board Committees

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

Although recommendation 3.1 of the Code recommends that the Audit Committee should be majority independent and comprise solely of non-executive Directors, the current composition of the Board means that all Directors are currently members of all committees including David Sena who is an Executive Director (as Listing Rule 2.13.2 requires a minimum of three members in the Audit Committee).

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

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

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

The Board Committees as at 30 May 2025 were:

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

STATEMENT OF CORPORATE GOVERNANCE
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The Audit, Finance and Risk Management Committee is comprised of a majority of Independent Directors but it includes the Executive Director. The Chair of the Audit, Finance and Risk Management Committee is not the Chair of the Board.

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

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

The Remuneration Committee is comprised of a majority of Independent Directors. Management attendance at meetings of the Remuneration Committee is by invitation of the Committee, noting that the Executive Director is a member.

Attendance at Board and Committee meetings during FY25 was:

Attendee	Board	Audit, Finance and Risk Management Committee	Remuneration Committee
Michael Stiassny	15	2	2
Gordon Shaw	14	2	2
David Sena	15	2	2
Total meetings held	**15**	**2**	**2**

Principle 4: Reporting and disclosure

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

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

For the financial year ended 31 March 2025, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

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

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

A letter of representation confirming those matters was received in relation to the FY25 financial statements.

The Board has given due consideration to the importance of non-financial disclosure and recognises the importance of non-financial disclosure including environmental, economic and social and government (ESG) considerations.

However, given the size of the Company it has elected to not yet implement a formal ESG policy or provide the level of reporting on environmental, economic and social sustainability factors and processes to the level recommended in principle 4.4 of the Code, including as to how operational or non-financial targets are measured. The Company's Annual Report does discuss the role the Company is playing with respect to the implementation of lower emission vehicles in the 'FY25 in Review' section, and in the commentary provided on page 61 of this Annual Report.

Principle 5: Remuneration

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

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

At present, the weightings of remuneration for senior management are geared towards a fixed basis remuneration with a short-term incentive scheme in place for select senior management. No equity-based incentive scheme is currently in place. Fixed remuneration is determined having regard to the scale and complexity of the relevant employee's role. It includes all benefits, allowances and deductions. Adjustments to fixed remuneration are not automatic, they are based on performance and reviewed annually by the Remuneration Committee.

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

There is no requirement for the Directors to hold shares.

Details of Director and Executive remuneration (including remuneration arrangements for the CEO) in FY25 are provided on pages 67-68 of this Annual Report.

Principle 6: Risk management

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

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

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

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

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

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

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

Key risk	Description of risk	Mitigation
Import concentration risk **(Reliance on Japanese auction and export processes)**	Exposure to fluctuations in foreign exchange rates, border restrictions, and regulatory changes. Potential need to establish sourcing processes in other countries, incurring additional costs. Risks from typhoons and invasive stink bugs. Lack of appropriate mix to suit changing consumer preferences. Long-term trends in the Japanese Yen to New Zealand Dollar exchange rate may affect margins.	Forward cover on currency exchange rates. Scaling up local vehicle purchasing through trade-ins and wholesale channels. Heat treatment of imported cars during stink bug season (September-April).
Domestic & geopolitically driven economic headwinds	New Zealand economic downturn may continue to reduce consumer spending and vehicle demand. Tighter credit conditions may impact consumer financing for vehicle purchases. Global conflicts, trade tensions, and policy instability may increase macroeconomic uncertainty and foreign exchange volatility.	2CC brand positioning attracting consumers trading down to lower-priced vehicles. Strategic shift towards lower-running-cost, hybrid vehicles. Frequent reviewing of pricing strategies and product mix to align with consumer affordability and preferences.
Key person risk	Reliance on key personnel, including the founder and CEO, David Sena. Potential impact on financial performance if key personnel leave without a suitable transition period.	Ensuring suitable transition periods. Founder's significant equity stake incentivises prioritising the company's financial performance.
Regulatory risk	Changes in government laws or regulatory settings may impact the business. Credit and debit system based on vehicle emissions may expose the company to financial penalties. More stringent phase of the Clean Car Standard requiring reduction in average CO_2 emissions of imported vehicles now in force.	Utilising membership of Imported Motor Vehicle Industry Association (VIA) for monitoring of proposed and forecast policy shifts and responding quickly to legislative developments. Passing additional costs from the Clean Car Standard onto consumers. Developing more robust domestic purchasing to reduce the impact of the Clean Car Standard.

STATEMENT OF CORPORATE GOVERNANCE
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Health and safety

The Board is directly responsible for monitoring corporate risk assessment processes and is committed to ensuring a high quality, safe and healthy environment for everyone who works at the Company, its visitors, customers and partners.

The Company is committed to developing, improving and reinforcing its safety culture. Key to this commitment is continuously improving leadership capacity and simplifying tools and systems. Paragraph 2.3.3 of the Board Charter describes how the Company manages its health and safety risks.

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

The Company seeks to provide a healthy and safe workplace with a KPI goal of zero serious harm accidents and incidents. No serious harm accidents occurred in FY25. The Company strives to create an environment where employees report all near miss accidents and incidents, however minor, with the objective to identify potential harm and promote continuous improvement.

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

The Company engages a third-party specialist to perform health and safety reviews, ensuring staff are working in the safest possible environment. These reviews identify site hazards, ensure full compliance and recommend any appropriate corrective actions. The latest review was presented to the Board in March 2024, with agreed improvement actions completed by 30 April 2024.

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

Principle 7: Auditors

For the year ended 31 March 2025, UHY Haines Norton Sydney was the external auditor of the Company.

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

The Committee pre-approves any non-audit work undertaken by UHY Haines Norton Sydney. UHY Haines Norton Sydney did not provide any non-audit services to the Company or its subsidiaries during FY25.

The fees paid for audit services in FY25 are identified on page 40 of the Company's 2025 Annual Report. The Company's external auditors are expected to attend the 2025 Annual Shareholders' Meeting.

For the purposes of recommendation 7.3 of the Code, given the comparatively small Company size, there is no discrete internal audit function. However, a number of controls are embedded within the Company's normal operations, including but not limited to: risk management; information systems; security; health and safety; conflicts of interest; and fraud prevention and detection.

Principle 8: Shareholder rights and relations

The Company maintains open channels of communication with shareholders and interested stakeholders. It also seeks to encourage effective participation at Company shareholder meetings, distributing shareholder communications in accordance with the NZX Listing Rules and any relevant legislation.

The Company uses a variety of channels and technologies to keep its shareholders informed. Information is available via market announcements through NZX, the Company's share registry, the Company's website, results conference calls, annual reports and annual shareholder meetings. Shareholders are also able to communicate electronically with both the Company and its share registry.

All market releases carry the Company's contact details and the Company undertakes to respond to all shareholder communications within a reasonable timeframe.

Shareholders are encouraged to attend the annual meeting and may raise matters for discussion at this event. They can also vote on major decisions which affect the Company. Voting is by poll, upholding the 'one share, one vote' philosophy. Shareholders can also vote by proxy ahead of meetings.

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

The Company has moved to holding an online only annual meeting, given the very low historic turnout and the disproportionate cost involved given the Company's size. However, shareholders can still engage with the Company through various means, as noted above.

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

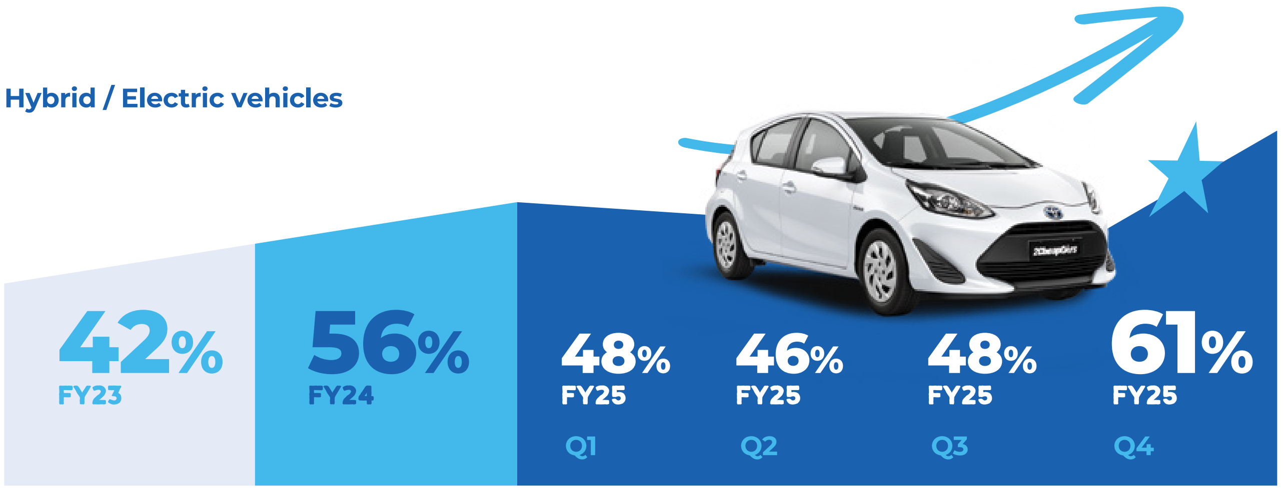
Environmental

2 Cheap Cars core business contributes to the reduction of New Zealand's carbon emissions through the sale of hybrid and electric vehicles, and the Company's own environmentally responsible operational practices.

As a recognised leader in New Zealand's low-emission used vehicle market, 2 Cheap Cars promotes and sells significant volumes of electric and hybrid vehicles. This commitment has historically yielded strong results, with EV/HEV sales making up 56% of total vehicle sales in FY2024.

The removal of the Clean Car Discount eventually led to weaker sales of hybrid and EVs in the first nine months of FY25. However, after Clean Car Standard fees increased in December 2024, consumer interest in low-emission vehicles once again surged, with hybrid and EVs accounting for 61% of total monthly sales in Q4 FY25.

Hybrid / Electric vehicles



Reducing the Company's internal emissions

2 Cheap Cars acknowledges the importance of environmental preservation and values the benefits of a clean, pollution-free environment.

The Company's emissions are primarily generated by vehicle transportation, including shipping between Japan and New Zealand, and national distribution from the processing hub in Auckland to dealerships across the country.

The Company is committed to reducing emissions from national road transportation of our vehicles by selecting fuel efficient and alternative fuel carriers wherever possible.

The Company's strategic decision to insource as many operational activities as possible is reducing the need to transport vehicles to and from external suppliers. Once the vehicles are landed in Auckland, compliance procedures, panel and paint, and mechanical repairs are increasingly done inhouse which has significantly reduced emissions.

The Company notes that internal carbon offset initiatives will remain a significant part of our sustainability efforts:

- 70% of the company-owned vehicles are hybrid.
- The vehicle processing hub has been upgraded with energy-efficient LED lighting and day/night sensors to minimise power consumption.
- We adhere to best practices for waste disposal and the use of chemical substances.
- Recycling is an integral part of our waste management program. We collect used oil from the vehicle service process and provide it to an external company for eco-friendly recycling. We also recycle old vehicle batteries.
- To reduce paper usage, we encourage the use of electronic filing.
- Energy usage at the vehicle processing hub is regularly audited to enable us to consistently improve energy and water consumption wherever possible.

Social

We understand that our people are the heart of our business. Therefore, 2 Cheap Cars is dedicated to providing employees with a safe working environment, good conditions and ensuring their wellbeing.

As an industrial business, we prioritise health and safety. In FY23, we conducted an external Health and Safety review, focusing on our Auckland Hub operations, and implemented a clear action plan to maintain high workplace health and safety standards. These standards are extended to our car yards and other operational sites. Our commitment is to ensure a safe and healthy workplace culture is maintained and that we achieve zero serious harm accidents and incidents each year. We are pleased to report this goal was successfully achieved in the FY25 period.

The safety of our team members, visitors, and customers remains our highest priority, and we are dedicated to ensuring everyone returns home safely each day.

In addition, we undertake a variety of activities and provide services to ensure our people are well-supported including:

- Providing employees with access to the Xero Assistance programme which offers free and confidential mental health counselling and resources.
- 2 Cheap Cars is an equal opportunity employer that benefits from having a diverse employee base. We have people from a range of different cultures and backgrounds and we are committed to providing equal opportunities for all staff.

Governance

2 Cheap Cars is committed to maintaining strong governance practices that promote transparency, accountability, and ethical conduct. We have established a robust governance framework that includes clear policies and procedures, regular board and management oversight, and ongoing engagement with stakeholders.

Our governance practices are designed to ensure that we operate in a responsible and sustainable manner, and we regularly review them.

STATUTORY DISCLOSURES

Top 22 shareholders

The names of the largest 22 shareholders of 2 Cheap Cars shares as at 30 May 2025 are listed below:

	Name	Number of shares held	% of issued capital
1	SENA & CO LIMITED	34,586,927	75.9%
2	FORSYTH BARR CUSTODIANS LIMITED	1,442,133	3.2%
3	NEW ZEALAND DEPOSITORY NOMINEE LIMITED	1,252,539	2.7%
4	ACCIDENT COMPENSATION CORPORATION	1,235,419	2.7%
5	CITIBANK NOMINEES (NEW ZEALAND) LIMITED	1,007,678	2.2%
6	AUSTEN HERBERT STEWART KYLE	725,000	1.6%
7	LORRAINE MARY MCCAFFREY	480,000	1.1%
8	HUMI SENA	250,000	0.5%
8	IAN ARCHIBALD HURST & GLORIA FAYE HURST	250,000	0.5%
10	HONG REINER	223,045	0.5%
11	MARK HENRY PUMPHREY	201,830	0.4%
12	ERIC ANTHONY FREDERICK BENNIK	178,136	0.4%
13	JONATHAN MICHAEL ALAN PURDEY & WITHERS TSANG AND CO TRUSTEES LIMITED	170,000	0.4%
14	NICHOLAS DAVID SANDLANT	150,000	0.3%
15	DAVID MITCHELL ODLIN	131,000	0.3%
16	BLACK DUCK INVESTMENTS LIMITED	111,714	0.2%
17	MICHAEL PETER STIASSNY	102,139	0.2%
18	JAMES ALAN GRAHAM	100,500	0.2%
19	DESMOND ANTHONY PENDER & KATHLEEN MARIE PENDER	100,000	0.2%
19	PHILIP BOWMAN	100,000	0.2%
19	SIMON WILLIAM PERVAN & JANE PERVAN & BANCO TRUSTEES LIMITED	100,000	0.2%
19	XU XIAO	100,000	0.2%
	Total top 22 shareholders	**42,998,060**	**94.4%**
	Remaining shareholders	2,556,440	5.6%
	Total shares on issue	**45,554,500**	**100%**

Spread of 2 Cheap Cars Group security holders

As at 30 May 2025 the spread of shareholders is set out in the table below:

Range	Number of holders	Shares	% of holders	% of shares
1 to 1000	38	19,893	18%	0%
1001 to 5000	55	172,023	26%	0%
5001 to 10,000	36	302,314	17%	1%
10,001 to 100,000	66	2,462,210	31%	5%
100,001 and over	18	42,598,060	8%	94%
Totals	**213**	**45,554,500**	**100%**	**100%**

Substantial product holders

The following substantial product holder information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. The table below sets out the names of the persons who as at 31 March 2025 were registered as substantial product holders in the company. The total number of voting securities (fully paid ordinary shares) of the Company as at 31 March 2025 was 45,554,500.

Substantial product holder	Number of ordinary shares in which relevant interest is held
Yusuke Sena	34,586,927
	34,586,927

Directors' shareholdings

As at 31 March 2025. the Directors(s) of the company had the following relevant interests in the Company's shares:

Directors	Number of ordinary shares in which relevant interest is held
Yusuke Sena	34,586,927
Michael Stiassny	102,139
Gordon Shaw	10,181
	34,597,108

STATUTORY DISCLOSURES
Continued

Disclosure of Directors' interests

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

The following are particulars of general disclosures of interest by Directors holding office as at 31 March 2025 under section 140(2) of the Companies Act 1993. The Director will be regarded as interested in any and all transactions between the Company or any of its subsidiaries with the disclosed entity. Particulars of entries made during the year are noted in brackets for the purposes of section 211(1)(e) of the Companies Act 1993. In addition to the information set out below, the following other interests were disclosed in the Company's interest register: the authorisation of Directors' remuneration; and entry into the Directors and officers liability insurance policies, both as further detailed on page 67.

Director / Entity	Relationship
Gordon Shaw	
2 Cheap Cars Group Limited	Director
2 Cheap Cars Limited	Director
2 Cheap Rental Cars Limited	Director
2CC International Limited	Director
Car Safety NZ Limited	Director
NZ Motor Finance Ltd	Director
Institute of Directors (IoD) - Nelson Malborough Branch	Committee Member
Nelson Bays Primary Health Trust	Independent Trustee
ProMed HR New Zealand Ltd	Chair/Independent Director

Director / Entity	Relationship
Michael Stiassny	
2 Cheap Cars Group Limited	Chair
2 Cheap Cars Limited	Director
2 Cheap Rental Cars Limited	Director
2CC International Limited	Director
Car Safety NZ Limited	Director
NZ Motor Finance Ltd	Director
Car Plus KK	Director
(Being AI Limited)	(Chair)
Founders Advisory Ltd	Director
LPF Group Ltd	Director
MS10 Ltd	Director
New Talisman Gold Mines Ltd	Director
Tower Ltd	Chair

Director / Entity	Relationship
Yusuke Sena	
2 Cheap Cars Group Limited	Shareholder/Director
2 Cheap Cars Limited	Director
2 Cheap Rental Cars Limited	Director
2CC International Limited	Director
Car Plus KK	Director
Car Safety NZ Limited	Director
(Sena & Co Ltd)	(Director)

STATUTORY DISCLOSURES
Continued

Share dealings of Directors during the financial period

Directors disclosed under section 148(2) of the Companies Act 1993 the following acquisition or disposals of relevant interests in the Company's shares during FY25 and details of share transactions were entered in the Companies interest register.

Registered holder	Date of acquisition / disposal	Consideration	Number of ordinary shares	Nature of transaction	Nature of relevant interest
Yusuke Sena & Tompkins Wake Trustees 2022 Limited	5-Dec-24	Issuance of shares in Sena & Co Limited	(34,586,927)	Transfer of shares from Yusuke Sena & Tompkins Wake Trustees 2022 Limited to Sena & Co Limited	Registered holder and beneficial owner (as trustee and beneficiary of the Sena Family Trust)
Sena & Co Limited	5-Dec-24	The issue of shares in Sena & Co Limited to Yusuke Sena & Tompkins Wake Trustees 2022 Limited	34,586,927	Transfer of shares to Sena & Co Limited from Yusuke Sena & Tompkins Wake Trustees 2022 Limited	Sole director and joint sole shareholder of Sena & Co Limited as trustee of the Sena Family Trust (with Tompkins Wake Trustees 2022 Limited). Yusuke Sena is also a beneficiary of the Sena Family Trust.

Directors' remuneration

The total pool of Directors fees available to Non-Executive Directors for the year ended 31 March 2025 was $650,000, which was approved by shareholders. Of this, $324,004 was paid to Non-Executive Directors in FY25. The table below sets out the total of the remuneration and the value of other benefits received by each Director during the year.

The Directors of subsidiary companies as set out on page 69 are not remunerated in those positions.

Board remuneration per annum	
Board Chair	$208,000
Non Executive Director	$80,000
Board Committee Chair	$12,000
Board Committee Member	$6,000

Board remuneration for the Company and its subsidiaries in FY25:

Director	Directors fees	Salary	Other benefits	Subtotal
Yusuke Sena		403,804	11,287	415,090
Michael Peter Stiassny	220,000			220,000
Gordon Shaw	104,004			104,004
	324,004	**403,804**	**11,287**	**739,094**

Salary payments to Mr. Sena relate to his executive role within the company and include annual leave accrued but not taken, as well as annual leave that was cashed out during the year. Other benefits comprise KiwiSaver contributions.

Directors' insurance

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

Employee remuneration

The following table shows the number of current and former employees of the Company (not being Directors of the Company) who received remuneration and other benefits in their capacity as employees during FY25 the value of which exceeded $100,000. The remuneration amounts include all monetary amounts and benefits actually paid during the year, including the face value of any long term incentive vested during the year (which for FY25 was nil).

Remuneration range	FY25 Number of employees	FY24 Number of employees
100,000 to 109,999	3	0
110,000 to 119,999	5	4
120,000 to 129,999	3	5
130,000 to 139,999	3	2
140,000 to 149,999	2	6
150,000 to 159,999	1	1
170,000 to 179,999	2	0
190,000 to 199,999	0	1
200,000 to 209,999	0	1
220,000 to 229,000	1	0
260,000 to 270,000	0	1
350,000 to 359,999	0	1
360,000 to 369,000	1	0
390,000 tp 399,000	1	0
580,000 to 589,999	0	1
	22	**23**

CEO remuneration

The CEO's remuneration as at 31 March 2025 consisted of a base salary, KiwiSaver contributions, and a one-off payment relating to the cashing out of accrued annual leave. The CEO's remuneration is reviewed annually by the Remuneration Committee and approved by the Board.

David Sena's remuneration during the FY25 year consisted of a base salary of $360,000, which did not increase during the year. In addition, David received a one-off payment of $20,769 relating to the cashing out of accrued annual leave.

STATUTORY DISCLOSURES
Continued

Subsidiaries of 2 Cheap Cars Group Limited contained within the group

The following persons held office as directors of 2CC Group's six subsidiaries as at 31 March 2025.

Subsidiary	Jurisdiction	Directors
2 Cheap Cars Limited	New Zealand	Michael Peter Stiassny Yusuke Sena Gordon Shaw
NZ Motor Finance Limited	New Zealand	Michael Peter Stiassny Gordon Shaw
Car Safety NZ Limited	New Zealand	Michael Peter Stiassny Yusuke Sena Gordon Shaw
2CC International Limited	New Zealand	Michael Peter Stiassny Yusuke Sena Gordon Shaw
Car Plus KK	Japan	Michael Peter Stiassny Yusuke Sena Humi Sena
2 Cheap Rental Cars Limited *(ceased trading)*	New Zealand	Michael Peter Stiassny Yusuke Sena Gordon Shaw

Other information

Directors

As at 31 March 2025 the Company's Board comprised the following Directors: Micheal Peter Stiassny, Yusuke Sena and Gordon David Shaw.

Transactions directors are interested in

During the year, the Company secured a JPY 80 million term loan from its Japanese banking partner. The loan is structured as a principal and interest facility, repayable over 7 years, with an initial annual interest rate of 2.375%. Proceeds were used to support general working capital requirements. The loan is guaranteed by the Osaka Credit Guarantee Corporation, a public institution that facilitates SME lending in Japan. The Group has not pledged any direct assets as security to Mizuho Bank.

To enable the guarantee arrangement, David Sena, a director of the Company, has provided a personal guarantee to the Osaka Credit Guarantee Corporation, supported by a charge over residential property owned in his personal capacity. Consequently, the Company granted David Sena an indemnity in respect of amounts payable by him under the Guarantee, subject to certain exclusions, which indemnity is capped at JPY80,000,000.

Use of Company information

No disclosures were made in the Company's interests register under sections 145(2) and 145(3) of the Companies Act 1993.

NZX waivers

No waivers were granted by NZX or relied on by the Company during FY25.

Exercise of NZX disciplinary powers

The NZX did not take any disciplinary action against the Company during FY25. In particular, there was no exercise of powers by NZX under NZX Listing Rule 9.9.3 (relating to powers to cancel, suspend or censure an issuer) with respect to the Company.

Donations

No donations made by the Company or its Subsidiaries in FY25.

Credit rating

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

Auditor remuneration

UHY Haines Norton is the appointed auditor of the 2 Cheap Cars Group. During FY25, the Group paid audit fees of $139k, as detailed in note 9 of the financial statements. Zero non-audit service fees were paid to UHY Haines Norton during the year.

COMPANY DIRECTORY

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

Registered office
102 Mays Road
Onehunga
Auckland 1061

Head office
102 Mays Road
Onehunga
Auckland 1061

Directors
Michael Stiassny
Gordon Shaw
Yusuke Sena

Bankers
ANZ Bank

Solicitors
MinterEllisonRuddWatts

Independent auditors
UHY Haines Norton Sydney

Share register
Computershare

2CheapCars Group

2 Cheap Cars Group Limited

102 Mays Road
Onehunga
Auckland 1061
Ph: 09 869 3330