

18 August 2025

Market Announcement
NZX:2CC

Correction to Imputation Credit Account balance

2 Cheap Cars Group Limited (2CC) advises that a review of shareholding changes during the 2024 financial year has identified an overstatement of the Company's imputation credit account (ICA) balance in both the FY24 and FY25 financial statements and annual reports.

This overstatement arose from an inadvertent breach of shareholder continuity rules for imputation purposes, which occurred in October 2023. Consequently, imputation credits accumulated before 30 May 2023 were forfeited, while credits earned after this date remain available for use. The total value of forfeited imputation credits is estimated to be approximately \$3.7 million. The Company's reported ICA balances for FY24 and FY25 did not account for this.

The Company does not currently anticipate restating and reissuing the FY25 financial statements or annual report, subject to guidance received from relevant regulatory bodies and the Company's external advisers, with the required correction to be made in the FY26 financial statements and annual report.

Impact on shareholders

The Company wishes to reassure shareholders of the following:

- **No shareholder tax impact from loss of imputation credits:** All imputation credits attached to dividends already paid remain valid. Shareholders will not face any adverse tax consequences related to dividends paid since 30 May 2023 as a result of the forfeiture of imputation credits.
- **Sufficient imputation credits for future dividends:** The ICA currently holds enough imputation credits to fully impute future dividends under the existing dividend policy of paying 60% of NPAT. While there are no plans to change the dividend policy, the Company will review the availability of imputation credits if the payout ratio were to increase materially, particularly during a period of significant profit growth.
- **Dividend policy remains unchanged:** The Company's policy of distributing 60% of NPAT as dividends remains in place and is unaffected by this adjustment.

Next steps

The Company will file an amended FY24 imputation return with Inland Revenue to reflect the loss of shareholder continuity, including payment of a minor penalty for a temporarily

overdrawn balance. This adjustment will not affect the Company's ability to pay fully imputed dividends under its current dividend policy.

2 Cheap Cars remains committed to transparency and timely communication with shareholders and will keep the market informed of any material developments.

ENDS

This announcement has been authorised by 2 Cheap Cars Group Chair, Michael Stiassny.

About 2 Cheap Cars Group (2CC)

2 Cheap Cars Group is an integrated used automotive group. We are vertically integrated from procurement in Japan through to our retail branches nationwide. Operating under the "2 Cheap Cars" brand, our Automotive Retail company is one of the largest used vehicle sellers in New Zealand with 12 dealerships across the country. Our mission is to deliver on our promise... 2 Cheap Cars, driving better deals, every day.