

08 September 2023

Market Announcement
NZX:2CC

**Guidance upgrade and YTD update
2 Cheap Cars Expects Record Profit for FY24**

2 Cheap Cars Group Limited (NZX:2CC) today announced that due to strong trading in the first five months of FY24, profit will likely exceed the top end of previous guidance. As a result, the Company is increasing FY24 net profit after tax (NPAT) guidance to a range of **\$5.2m to \$5.7m**, up from \$4.2m to \$5.0m previously communicated in July.

The upgrade is the result of a sharp focus on achieving better gross margin, successfully addressing shipping constraints and improved performance at the processing hub. The year-to-date (YTD) (ending 31 August) figures quoted are unaudited.

The Company anticipates:

- Unaudited YTD revenue of circa \$34.1m (up 1% vs the same period in the prior year).
- Unaudited YTD gross margin of \$8.1m (up 32% vs the same period in the prior year).
- Unaudited YTD NPAT of circa \$2.4m (compared with \$0.7m during the same period in the prior year).

Company update

Strong trading in the first five months has been supported by the Company's efforts to increase inventory together with commencing compliance activity at its processing hub. The establishment of additional shipping arrangements has resulted in sustained healthy levels of inventory, while insourcing of some compliance activity has delivered both a cost upside and strengthened ability to replenish stock more quickly.

Based on this strong start, the Company now anticipates FY24 NPAT of between \$5.2m and \$5.7m, assuming continued currency stability and an unchanged regulatory environment. This compares extremely favourably to NPAT of \$1.3m achieved in FY23.

CEO, Paul Millward noted that the transformation of 2 Cheap Cars Group to restore profitability and shareholder value has progressed more quickly than expected.

"We are very focussed on gross margin delivery, and together with strengthening our people capability and successfully navigating supply chain pressures, 2 Cheap Cars Group is in great shape. The leadership team is working well together to deliver, and the brand is particularly well positioned for the current economic conditions that exist in New Zealand."

The Company's dividend policy is to target a payout ratio of between 50% and 60% of underlying NPAT, with an update to be provided at the Annual Shareholder Meeting on 28 September.

Ends

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

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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.

*2 Cheap Cars Group was previously known as NZ Automotive Investments (NZAI).