ANNUAL REPORT 2023

Eagers Automotive Limited

ABN 87 009 680 013

5 Year Financial Summary

YEAR ENDED 31 DECEMBER	2023 $'000	2022 $'000	2021 $'000	2020 $'000	RESTATED 2019 $'000
OPERATING RESULTS FROM CONTINUING OPERATIONS					
Revenue	**9,851,681**	8,541,502	8,663,462	8,749,675	5,816,979
EBITDAI	**688,457**	652,410	651,642	625,447	342,407
Depreciation and amortisation	**(121,296)**	(116,603)	(120,428)	(166,257)	(95,217)
Impairment and property revaluations through profit and loss	**(17,451)**	(16,727)	(5,156)	(90,700)	(244,925)
EBIT	**549,710**	519,080	526,058	368,490	2,265
Finance costs	**(130,751)**	(88,245)	(79,619)	(88,384)	(65,569)
Finance income	**8,376**	11,387	10,368	(88,384)	(65,569)
Profit before tax	**427,335**	442,222	456,807	280,106	(63,304)
Income tax expense	**(128,267)**	(117,882)	(118,070)	(88,575)	(17,176)
Profit from continuing operations	**299,068**	324,340	338,737	191,531	(80,480)
GROUP TRADING RESULTS					
Loss from discontinued operations	**-**	-	(8,000)	(35,320)	(59,113)
Non-controlling interest in subsidiary	**(17,968)**	(16,173)	(12,913)	(8,921)	(2,787)
Attributable profit after tax	**281,100**	308,167	317,824	147,290	(142,380)
OPERATING STATISTICS					
Basic earnings per share - cents	**110.7**	121.3	125.2	57.6	(67.4)
Dividends per share - cents	**74.0**	71.0	70.9	25.0	25.3
Dividend franking - %	**100**	100	100	100	100

AS AT 31 DECEMBER	2023 $'000	2022 $'000	2021 $'000	2020 $'000	RESTATED 2019 $'000
FUNDS EMPLOYED					
Contributed equity	**1,173,659**	1,154,572	1,173,069	1,173,069	1,173,069
Reserves	**(653,652)**	(606,122)	(617,978)	(580,200)	(560,126)
Retained earnings	**750,095**	655,796	510,725	317,848	199,463
Non-controlling interest in subsidiary	**35,284**	37,384	21,635	13,860	9,423
Total equity	**1,305,386**	1,241,630	1,087,451	924,577	821,829
Non-current liabilities	**1,224,431**	1,261,740	1,300,548	1,443,313	1,490,490
Current liabilities	**2,190,898**	1,616,867	1,342,946	1,665,761	2,545,827
Total liabilities	**3,415,329**	2,878,607	2,643,494	3,109,074	4,036,317
Total funds employed	**4,720,715**	4,120,237	3,730,945	4,033,651	4,858,146
REPRESENTED BY					
Property, plant and equipment	**691,192**	698,393	514,374	494,266	456,058
Intangibles	**859,573**	855,022	775,295	785,574	773,174
Financial assets at fair value through OCI	**64,072**	12,118	577	2,366	2,366
Other non-current assets	**863,245**	979,385	1,067,324	1,188,502	1,245,734
Property assets held for resale	**6,546**	-	18,670	-	-
Other current assets	**2,236,087**	1,575,319	1,354,705	1,562,943	2,380,814
Total assets	**4,720,715**	4,120,237	3,730,945	4,033,651	4,858,146
OTHER STATISTICS					
Shares on issue – '000	**256,900**	255,398	256,933	256,933	256,933
Number of shareholders	**11,188**	11,439	10,767	11,159	9,955
Total Debt[1]	**1,796,127**	1,316,234	1,056,611	1,233,079	1,744,826
Net debt (total debt less bailment finance less cash) - $'000	**262,706**	253,452	128,409	129,263	314,867
Gearing ratio (debt/debt plus equity) – %	**57.9**	51.2	49.3	57.1	68.0
Gearing ratio (net debt/net debt plus total equity) – %	**17.7**	16.8	10.6	12.3	27.7

1. Bailment finance is a form of financing peculiar to the motor industry, which is provided by financiers on a vehicle-by-vehicle basis. It is short-term in nature, is generally secured by the vehicle being financed and is principally represented on the borrower's balance sheet as vehicle inventory with the liability reflected under current liabilities. Because of its short-term nature, it is excluded from net debt and the corresponding gearing ratio.

2023 Highlights

Revenue
$9.9bn

Underlying Operating Profit Before Tax [1]
$433.3m

Statutory Profit Before Tax
$427.3m

Underlying Return on Sales
4.4%

Cash At Bank
$222.2m

Strong Available Liquidity
$620.3m

Owned Property Portfolio [2]
$597.9m

2023 Records

Revenue vs Prior Year
+15.3%

Total Ordinary Dividend
74.0cps

Underlying Operating Profit Before Tax vs Prior Year
+6.9%

Key drivers

Strong Demand

Property Consolidation

Greater Productivity

Reduced Cost Base

1. Underlying operating results refers to continuing operations outlined and reconciled to statutory results on slides 34 (FY23) and 35 (comparative financial information) of the FY2023 Investor Presentation. Underlying operating figures are non-financial measures and have not been subject to audit by the Company's external auditors.
2. Owned property includes construction in progress – at cost and includes properties classified as Held for Sale.

Contents

Annual General Meeting

Our Annual General Meeting will be held at 10:00am (QLD time) on Wednesday, 22 May 2024. It will be held as a "hybrid" meeting, giving shareholders an opportunity to attend either online or in person.

Financial Calendar

2023 Financial Year End	31 December 2023
Full Year Results Announcement	22 February 2024
Final Dividend Announcement	22 February 2024
Final Dividend Record Date	15 March 2024
Final Dividend Payment Date	28 March 2024
Annual General Meeting*	22 May 2024
Half Year End	30 June 2024
Half Year Results Announcement*	August 2024
Interim Dividend Announcement*	August 2024
Interim Dividend Record Date*	September 2024
Interim Dividend Payment Date*	October 2024
2024 Financial Year End	31 December 2024

*Estimate only, subject to any changes notified to the ASX.

Chairman's Letter

Dear Shareholders

I am delighted to report on another strong year for Eagers Automotive, with the Company's financial performance again reaching record levels across a number of key metrics, while continuing to execute on our Next100 strategy.

Our full year financial results for 2023 were underpinned by significant year-on-year revenue growth of 15.3% on 2022, an increase of $1.3 billion. Importantly, this was achieved while maintaining our strong sustainable sales margins through disciplined cost management and genuine business transformation since the pre-pandemic period.

"Eagers Automotive Limited is the leading automotive retail group in Australia and New Zealand."

The Company delivered a Statutory Profit Before Tax of $427.3 million and another record Underlying Operating Profit Before Tax of $433.3 million in 2023, an increase of 6.9% on 2022.

The Board was pleased to reward shareholders with strong returns and a total dividend of 74.0 cents per share. This is the highest full year dividend in the Company's long and proud history of paying dividends every year since listing on the stock exchange in 1957. It demonstrates the Company's strong financial position and the Board's conviction in our outlook for the years ahead.

Throughout 2023 we continued to make progress on our sustainability journey, as detailed in our Sustainability Report at page 13 of this Annual Report.

Looking ahead, we will continue to operate the business in a disciplined manner and closely monitor the external macroeconomic environment. Our strong financial position provides capacity and flexibility to continue to drive revenue growth and pursue accretive expansion and acquisition opportunities.

Eagers Automotive's track record as a leader in the industry and history of consistently delivering for all of our stakeholders does not happen by chance.

I take this opportunity to thank the entire Eagers Automotive team, our executives led by Chief Executive Officer Keith Thornton and all of our people for their dedication and unwavering commitment to the ongoing prosperity of Eagers and its shareholders. Thank you also to my fellow Directors for your ongoing support and counsel.

Finally, to our shareholders, thank you for your continued support. We remain confident that sustainable growth.

Tim Crommelin
Chairman

Chief Executive Officer's Letter

Dear Shareholders

It gives me great pleasure to report on the 2023 performance of Eagers Automotive.

In 2023 the Company produced its third consecutive record underlying profit, while delivering material revenue growth. These results were supported by the continued disciplined execution of our Next100 strategy.

Operating Environment

Throughout 2023 consumer demand for new and used vehicles remained robust while supply chains slowly returned to pre-pandemic levels, with most brands having largely normalised inventory levels by the end of 2023.

The combination of consistent demand, normalising supply and the extensive pre-existing order bank across the industry culminated in a record new vehicle market in 2023.

Eagers was able to leverage these favourable market dynamics, whilst offsetting the inflationary cost pressures evident across most of the economy. In an increasing cost environment, the transformation of our operating model following the merger with AHG in 2019 has provided the foundation for a more productive cost base and supported our record profit performance.

Financial Performance

At the start of 2023 we set a clear goal to deliver material revenue growth while maintaining a higher return on sales margin compared to pre-pandemic levels. I am pleased to report that we delivered on these goals.

Turnover for 2023 was a record $9.9 billion, an increase of $1.3 billion or 15.3% on 2022. Pleasingly this growth was made up of a healthy mix of organic, greenfield and targeted scale acquisitions. This included our retail joint venture business with BYD, new innovative retail models such as the Indooroopilly Automall and greenfield partnerships with new and existing OEMs including MG, Volvo, Cupra and Chery, supplemented by the integration of scale acquisitions in the ACT and South Australia.

> **"Turnover for 2023 was a record $9.9 billion, an increase of $1.3 billion or 15.3% on 2022."**

The growth in revenue was delivered in a sustainable manner, producing a record Underlying Operating Profit Before Tax of $433.3 million, up by $28.1 million or 6.9%. This equated to a Statutory Profit Before Tax of $427.3 million. After tax the group generated a statutory profit of $299.1 million.

The financial result was aided by sustained strong margins achieved across the business, now embedded into the order bank, and the transformation of our cost base, leveraging proprietary technology and property consolidation to drive productivity efficiencies. This resulted in a return on sales margin, the key industry metric, at an historically strong level of 4.4% for the year.

From a balance sheet perspective, the group is in a very strong position with $597.9 million of owned property and available liquidity of $620.3 million. Our liquidity position, low gearing and high value property portfolio provide the Company with the capacity and flexibility to continue to pursue accretive growth opportunities into 2024 and beyond.

Strategic Progress

Our 2023 financial performance highlighted the strength of our business and the genuine business transformation we have achieved through the relentless execution of our Next100 strategy.

A disciplined focus on property consolidation, supported by the development and roll out of proprietary technology, has improved our operating model, delivering better customer outcomes with productivity levels above industry benchmarks. These initiatives have resulted in the transformation of our cost base and underpinned a step change in our return on sales margin.

Our independent used business, made up of easyauto123 and Carlins Auctions, delivered a record result for 2023 succeeding where multiple other start ups in the Independent Used Car sector have failed. This part of our business will be a beneficiary of increased new vehicle supply which will increase the volume of pre-owned vehicles traded at our dealerships.

Our Finance and Insurance results continued to be impacted by the extended lead times between order and delivery which reduces our point of sale advantage. The industry finance penetration performance , a surrogate for volume, has declined to the lowest levels seen for more than a decade. Despite this, Eagers Automotive remained relentless in our focus on this critical income driver and continued to outperform the industry with the difference between our performance and the industry the largest it has been.

We continued our growth with existing partners and new market entrants in the electric and low emission vehicle market, including new strategic partnerships in adjacent markets to create a distinct market advantage.

Finally, throughout 2023 we continued to pursue accretive growth opportunities that will benefit from our scale and operating model. The large scale acquisition of multi-franchise dealerships in Victoria provides significant scale in a region the Company had previously identified as an opportunity for growth. The addition of the Peter Kittle Toyota Business in Alice Springs is complementary to our existing Toyota operations in the Northern Territory. Both of these transactions completed in early 2024 and included the acquisition of strategic property.

Outlook

As we move into 2024 we are confident we have laid the foundations for further revenue growth via the completion and integration of large scale strategic acquisitions combined with the expected organic growth resulting from the maturing of greenfield partnerships established in 2022 and 2023.

Our material new car order book continues to underwrite deliveries even as new vehicle supply normalises, with sustained strong embedded margins and a significant run-off period.

The record new car deliveries in 2023 and the normalisation of vehicle supply will benefit our pre-owned vehicle business, finance and insurance business and service and parts, demonstrating once again the resilience of our operating model.

We always remain cautious and cognisant of the external environment, however we are confident that the advances we have made with our Next100 strategy will put us at an operating advantage to the industry going forward and underwrite our ability to outperform through whatever cycles eventuate. Relative outperformance in the industry remains a key driver for accretive growth.

Acknowledgments

I thank our customers for your ongoing loyalty and support. It is our job to earn and retain your trust, and we continue to work hard for the privilege to provide products and services to each and every customer we serve.

To all of our great team members across Australia and New Zealand, thank you for your efforts that have allowed us to yet again deliver a record result for 2023. Your energy, expertise and commitment to meeting and exceeding the expectations of our customers and other key stakeholders are fundamental to the success of our Company.

Thank you to each of our OEM partners who have trusted us to represent your brand. We will continue to work hard every day to earn and retain the right to be a preferred retail partner for your brand. As I have said many times, it is both a privilege and responsibility we take very seriously, and I look forward to continuing to work together in 2024.

To our other suppliers and partners, including financiers and landlords, your continued support is fundamental to our success and something we never take for granted.

Personally, I would like to thank the Eagers Automotive Board of Directors for your continued support, advice and guidance. All shareholders benefit from the unique experience and expertise of the Eagers Automotive Board and your direction to me and the wider leadership team is invaluable.

Finally, thank you to all our shareholders, large and small, for your on-going support. We are grateful for the confidence you have in the Company.

As always, we are excited for what the future holds for Eagers Automotive.

Keith Thornton
Chief Executive Officer

Our NEXT100 Strategy

Providing integrated mobility solutions for the next 100 years.

OPTIMISE | **DEVELOP** | **GROW**

Engage Our Customers, Everywhere

Online.

In shopping malls.

In multi-brand service hubs.

At home. At work.

Our flexible owned and leased property portfolio allows us to continue to evolve to fit our customers' lifestyles, circumstances, wants and needs.

Redefine Our Workforce

Our workforce:

Re-defined and re-imagined, based on our customers' journey.

This transformation is aimed at delivering an all new and vastly superior customer experience on a more sustainable and productive cost base.

Deliver Optimised Vehicle Finance Solutions

Capitalise on the unique position our industry occupies in the distribution of motor vehicles, with the aim of becoming the preferred provider of automotive and mobility finance solutions.

Deliver ultra-competitive, highly tailored finance solutions sourced from our extensive funding relationships.

Support Innovation

Support our partners to introduce ACE (autonomous, connected and electric) and other emerging product and service innovations.

Our partners cover circa 95% of the total market for new vehicles in Australia and are at the forefront of design, performance and innovation.

Reinvest With Discipline

Disciplined use of shareholder funds combined with rigorous review of existing and new operations to support an unrelenting focus on long term wealth creation.

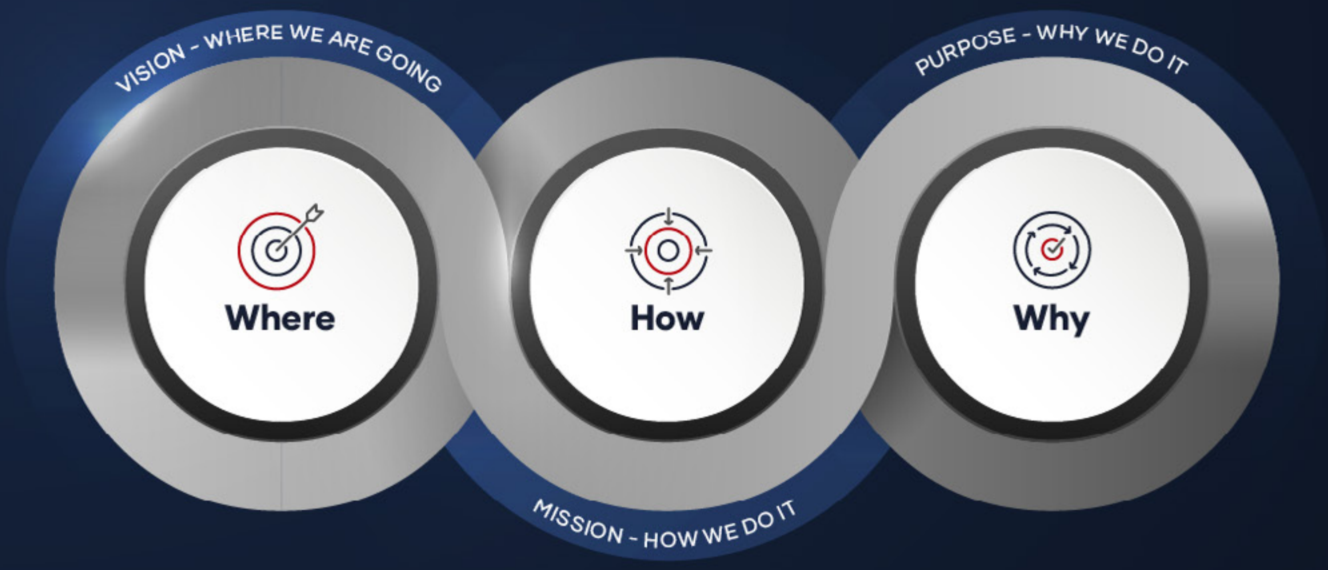
Utilise balance sheet strength to capitalise on evolving and emerging market trends.

Exceed Stakeholder Expectations

Customers. Employees. Partners. Shareholders. Community.

Our Principles

This is what we stand for and the reason why we exist. They guide our people and create a culture where everyone understands what is important for achieving success.



Our Values

Integrity

Doing what you say you'll do

Inclusiveness

Being open and recognising the contribution of all individuals

Owner's Mindset

Taking pride and ownership in your work

Agility

Being flexible and open to change

Company Profile

About us

Eagers Automotive Limited is the leading automotive retail group in Australia and New Zealand, with a long and proud history of 111 years.

Our name was changed to Eagers Automotive Limited from A.P. Eagers Limited in 2020 following our acquisition of the listed Automotive Holdings Group Limited (AHG). This new name better reflects our position in the automotive industry and recent growth, whilst also maintaining a connection to our foundation.

We are a pure automotive retail group representing a diversified portfolio of automotive brands across Australia and New Zealand.

Our core business consists of the ownership and operation of motor vehicle dealerships. We provide full facilities including the sale of new and used vehicles, service, parts and the facilitation of allied consumer finance.

Our operations are typically provided through strategically clustered dealerships, many of which are situated on properties owned by us in high profile, main road locations, with the balance leased by us.

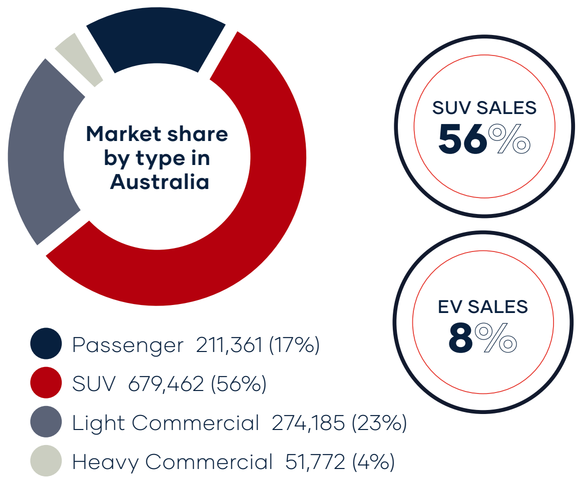
Our main operations are located in Brisbane, regional Queensland, Adelaide, Darwin, Melbourne, Perth, Sydney, the Newcastle/Hunter Valley region of New South Wales, ACT, Tasmania and Auckland.

Dividends and EPS growth

We have paid a dividend to our shareholders every year since we listed on the Australian Securities Exchange in 1957.

We have a track record of delivering Earnings Per Share (EPS) growth from acquisitions.

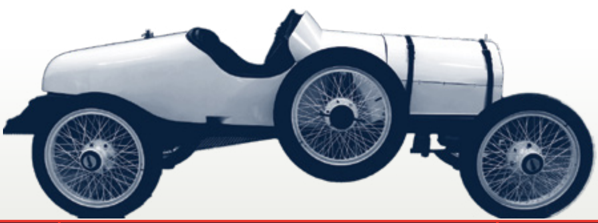
Automotive Industry New Vehicle Sales in 2023



Top 10 Brands

Australia		New Zealand	
Toyota	17.7%	Toyota	21.7%
Mazda	8.2%	Ford	10.9%
Ford	7.2%	Mitsubishi	9.0%
Kia	6.3%	Kia	6.8%
Hyundai Cars	6.2%	Hyundai	5.1%
Mitsubishi	5.2%	Suzuki	4.6%
MG	4.8%	MG	4.1%
Tesla	3.8%	Tesla	3.3%
Subaru	3.8%	Nissan	2.9%
Isuzu Ute	3.7%	Mazda	2.8%
Top 10	**66.9%**	**Top 10**	**71.2%**

Source: FY23 VFACTS Data



A History of Growth

1913 – 1922

- Our origins trace back to 1913 when Edward Eager and his son, Frederic, founded their family automotive business, E.G. Eager & Son Ltd, which continues today as one of our wholly-owned subsidiaries.
- Established the first motor vehicle assembly plant in Queensland in 1922.

1930 – 1992

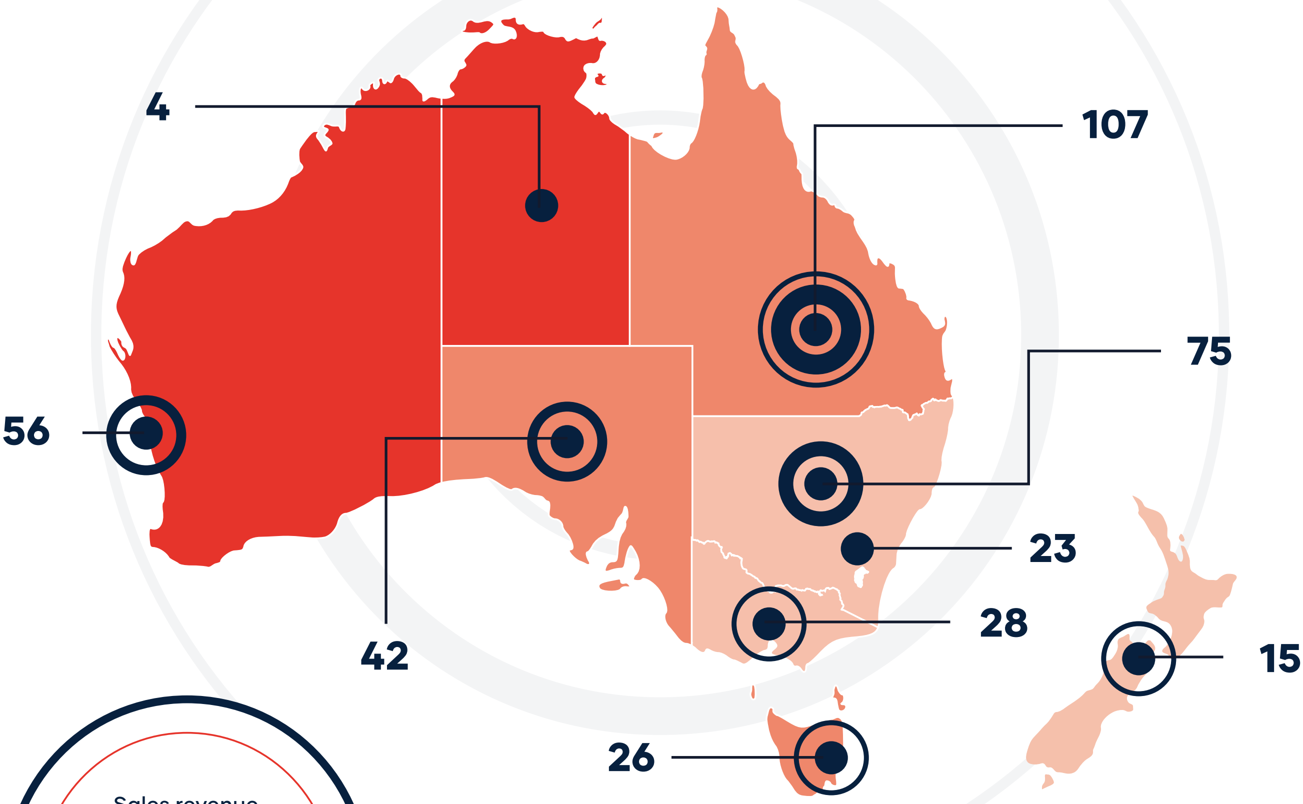
- Secured the General Motors distributorship in Queensland and Northern New South Wales in 1930.
- Listed as a public company under the name of Eager Holdings Limited in 1957.
- A merger in 1992 with the listed A.P. Group Limited saw the addition of a number of new franchises and our name change to A.P. Eagers Limited.

2005 – 2013

- Operations expanded into the Northern Territory with the acquisition of Bridge Toyota in 2005.
- In 2010, acquired the publicly listed Adtrans Group Limited, being South Australia's premier car retailer.
- Operations in South Australia were expanded with acquisition of Eblens Motors in 2011 and Main North and Unley Nissan and Renault in 2013.
- Established Precision Automotive Technology as a new business to source and distribute our own range of car care products in 2013.

Where We Operate

Eagers Automotive dealerships can be found in all States and Territories in Australia as well as in New Zealand.



*Inclusive of new and used cars, trucks, parts, service and independent pre-owned operations for FY23

Sales revenue has grown from $500m in 2000 to

$9.9Bn

in 2023

2014 – 2016

- Reynella Subaru acquired in South Australia in 2014.
- Queensland operations continued to expand through acquisition of Ian Boettcher Motos in Ipswich and Craig Black Group in south-west and central Queensland in 2014.
- Acquisition of the Crampton Automotive and Tony Ireland Groups, expanding to Toowoomba and Townsville in 2016.
- Acquisition of Motors Group Tasmania and Victorian businesses Silver Star Motors, Mercedes-Benz Ringwood and Waverley Toyota in 2016.

2018 – 2021

- Acquisition of Toowoomba Motor Group (Mitsubishi and Kia), Metro Nissan (Brisbane) and Southern Vales Nissan (Adelaide) in 2018.
- Strategic acquisitions of Toowoomba Ford (Queensland) and multiple franchises in Cardiff and Maitland (New South Wales) in 2021.
- Acquired strategic holding in AHG in 2012, which grew to full ownership in 2019, bringing significant operations in Perth, Sydney, Newcastle/Hunter Valley, Brisbane, Melbourne and Auckland (New Zealand).

2022 – 2024

- In 2022, acquired a portfolio of dealerships and properties in the Canberra regions of Belconnen, Fyshwick, Phillip, and Gungahlin giving the Company operations in every state and territory of Australia.
- Acquired Newspot (Adelaide) a multi-franchised dealership group in 2022.
- Expanded in North Queensland acquiring Ireland's of Cairns in 2023.
- Early 2024, acquisition of complementary large-scale dealership group in Melbourne and Mornington region, Victoria, and also Alice Springs Toyota in Northern Territory.

SUSTAINABILITY REPORT

**At Eagers Automotive, our vision is to be the most admired automotive group, and we know this cannot be realised without a strong people focus, considered environmental footprint and a business resilient to internal and external pressures.
This is why our sustainability strategy has People, the Planet and our Performance at its core.**

Contents

1 Introduction

Welcome to Eagers Automotive's sustainability report for 2023.

Over the past year we have focused on cementing awareness of our sustainability strategy across the Group and identifying the actions and activities that we need to start, continue, stop, and optimise for us to execute on our strategy and achieve our sustainability goals.

Sustainable Together

Our sustainability vision is to be the most admired automotive retailer by delivering sustainable growth through the optimisation of our operations, our people and our environment.

MISSION & GOALS

People

To attract and retain the best people, deliver superior customer service on a balanced and productive cost base and support sustainable communities through our dealerships and the Eagers Automotive Foundation.

Planet

To reduce our impact on, and where practicable enhance the environment through operational optimisation and collaborative partnerships.

Performance

To build a resilient business that can withstand and adapt through market cycles as well as grow and thrive in the face of change and disruption.

Sustainability Standards

This report seeks to align with the Sustainability Accounting Standards Board's (SASB) guidance for companies in the multiline and speciality retailers and distributors sector (SASB Standard), while also considering the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework.

Our company goals are also reflective of the five United Nations Sustainable Development Goals (**UN SDGs**) we believe the Group is best placed to contribute to given our prominent role in the retail automotive industry.

These five UN SDGs reflect the areas we believe Eagers Automotive Group is best placed to contribute given our prominent role in the automotive retail industry.

2 About Us

Eagers Automotive is the largest automotive retail group in Australia, with a long and proud history spanning over 110 years, more recently expanding operations to New Zealand.

During 2023 the Group represented a diverse portfolio of over 40 automotive brands across every Australian capital city as well as regional Queensland, the Newcastle/ Hunter Valley region of New South Wales, broader Tasmania and Auckland, New Zealand.

As well as the sale of new and used motor vehicles and trucks, our principal activities consist of the distribution and sale of parts, accessories and car care products, and the repair and servicing of vehicles.

In 2023 we employed 7,577 people, 7,200 in Australia and 377 in New Zealand. [1]

1. As at 31 December 2023.

3 People

People

As a publicly listed automotive retail sales and service provider, our people are integral to our long-term success, and are at the core of our business and everything that we do.

a) Employee Engagement

We recognise there is a strong link between employee engagement and business performance. To be competitive and provide a superior customer experience, we need to attract and retain the best employees, and maintain a positive and constructive company culture – a highly engaged workforce will help to achieve sustainable high-performance outcomes.

In 2023 we continued to survey our employees through our annual Employee Engagement Survey. This survey was both anonymous and confidential, conducted by an independent third-party provider, and enabled feedback to be benchmarked against a portfolio of other automotive, transportation and logistics employers.

Our overall employee engagement rate increased by 4% on the Group's 2022 results. At 72%, Eagers Automotive is performing well above the benchmark of 64% for employers in the automotive, transport and logistics industry.

The survey results highlighted that safety remains an area we are highly engaged across the Group. Employee favourability was also high in team leadership, as well as the commitment from our team members to deliver high-quality work.

b) Diversity, Equity & Inclusion

We recognise the value in having a workforce that reflects the diversity of the communities within which we operate and the need to provide an inclusive culture where people are valued and respected, regardless of their personal characteristics, circumstances, beliefs and perspectives. This is why 'Inclusiveness' is one of our four Company values

(i) Equal Opportunity and Treatment

To attract and retain a diverse workforce comprised of the most talented and engaged people we must provide equal opportunity for workforce participation, from recruitment to retention initiatives, performance management and promotional opportunities, and remuneration and succession planning. We work on the principle that all employment decisions must be based on merit and be non-discriminatory. All employees are valued according to how they perform their duties and their ability and enthusiasm for maintaining company expectations and standards.

Our leaders and managers are responsible for ensuring employees are treated fairly and with respect and dignity regardless of background or personal characteristics, in accordance with our Diversity Policy, Code of Conduct, and other governance documents.

(ii) Diversity Policy and Objectives

In accordance with our Diversity Policy, the Group's governing Board has set the following objectives for achieving diversity in the composition of the Board, senior executives, and the workforce generally:

A. Board Composition

The Board's diversity target of at least 30% female representation on the Board was achieved in March 2024.

	Female	Male
Mar 2024	33.3%	66.7%
Feb 2024	25.0%	75.0%
Feb 2023	25.0%	75.0%
Feb 2022	22.2%	77.8%
Feb 2021	20.0%	80.0%

3 People (continued)

(ii) Diversity Policy and Objectives (continued)

B. Diversity & Inclusion Training

To further embed our Company value of 'Inclusiveness' across the Group, the Board has set the objective to develop and deliver diversity and inclusion training for managers over a four-year period. The training focuses on increasing awareness of unconscious biases and understanding how differences can contribute to the development of a high-performance culture.

Other related management training, awareness and coaching provided in 2023 included in the areas of:

- **Leadership**
- **Appropriate Workplace Behaviour including Discrimination**
- **Culture and Engagement**
- **Duty of Care**
- **Mental Health Awareness and Mentally Healthy Workplaces**
- **Legislative changes impacting employment arrangements.**
- **Unconscious Bias**

C. Workforce Gender Composition

While the automotive industry is traditionally male dominated, we acknowledge the role that we can play, as Australia's largest automotive retailer, to improve the gender balance of our workforce. Our objective is to better understand relevant gender issues so that we can ensure a supportive environment for all and minimise any barriers to gender equality.

The following table shows the trends in gender representation across the Group, over the past three reporting years.

	Management			All Other Employees		
	Female	Male	Not disclosed / Non specific	Female	Male	Not disclosed / Non specific
2023	13.77%	86.23%	N/A	25.78%	74.19%	0.03%
2022	15.22%	84.78%	N/A	25.36%	74.60%	0.04%
2021	8.16%	91.84%	N/A	23.25%	76.75%	N/A

Rates are calculated to the nearest two decimal places.

During the reporting year, programs, activities and awareness events to support and promote a gender diverse workplace included:

- Eagers' Fearless Female+ Forum
- Eagers' GROW Program
- Harmony Week
- Matariki Celebrations
- International Women's Day
- National Reconciliation Week
- NAIDOC Week
- Neurodiversity Celebration Week.

D. Cultural Diversity Recognition

We continue to focus on improving our data gathering capabilities to meet the Board's objective to better understand and report on the cultural heritage and diversity of our workforce.

According to the respondents of our 2023 Employee Engagement Survey, while Australia, New Zealand, United Kingdom and Asia are the prominent places of origin of our employees, more than 64 other places of origin are also represented, and our employees speak more than 53 different languages.

People

c) Reward and Recognition

Appropriate and adequate rewards and recognition are an important driver of employee engagement and we are proud that many of our employees have chosen to have long careers with us. To celebrate our long tenured employees, we recognise annual service anniversaries that begin after 10 years with us, and every subsequent five-year anniversary.

We are committed to meeting and where reasonably practicable, exceeding, all legal and employee payment obligations. In recognition of this commitment, the Group set the goal to remunerate all Group employees above the minimum wage by the end of 2023. We are pleased to report that for 2023 all employees have been remunerated above the minimum wage.

Minimum Wage Employee Rate

	2023	2022	2021
Whole of Group	0.0%	0.9%	1.4%

Rates are calculated to the nearest one decimal place.

The SASB Standards require the reporting of averaged labour rates. As the broad variety of roles within the Group means the reporting of averaged labour rates may not reflect accurately for our Group and is therefore of limited extrinsic value, we have elected not to report these averages.

d) Career Development and Training

With a history of over 100 years in the automotive industry and a NEXT100 strategy guiding the Group through the next 100 years of operations, we continue to invest in the future of the automotive industry and the people that will make it a success into the future.

(i) Learning and Development

We value continuous learning that supports role performance, customer service improvements and the achievement of professional goals. In that regard, we provide training in many areas including:

- Sales and service development
- Car care
- Finance and insurance
- Leadership and workforce management (including advanced and emerging leadership programs)
- Manufacturer and product-specific training
- Systems training

Company-sponsored training and educational opportunities are also available on a case-by-case basis in areas such as executive education, future leadership and sponsored higher education.

(ii) Apprenticeships

We have various apprenticeship and traineeship opportunities available in Automotive Trades and Services, as well as Administration.

In 2023 the Group employed 789 apprentices, including 303 new apprentices. During the year, 111 apprentices completed their training to become qualified in trades such as Technicians, Service Advisors and Parts Interpreters.

We provide many benefits to support our apprentices during their training. These vary by region however they include payment of technical fees, free or discounted tools, the opportunity to salary sacrifice some expenses, and discounts on vehicles, parts and servicing.

3 People (continued)

e) Labour Practices

The regular monitoring of certain labour practices helps us to identify actual or potential workplace issues, including cultural issues, and to put in place actions to mitigate or address these issues. Potential indicators include employee turnover and employment violations, details of which are set out below.

(i) Turnover

Employee turnover rates across the Group remained stable in 2023, with slight increases compared to 2022. Voluntary turnover includes resignations and retirements, while involuntary turnover includes dismissal, redundancy and non-renewal of contracts.

Group-wide Turnover Rate

	2023	2022	2021
Voluntary	33.4%	33.0%	30.2%
Involuntary	4.3%	3.2%	3.0%

Rates are calculated to the nearest one decimal place.

Improving employee retention strategies and uniting employees through periods of growth continues to be a priority. A refreshed Employee Handbook was developed and implemented during the reporting period which is provided to all new starters as part of their onboarding and serves as an important reference tool for existing employees. It introduces employees to Eagers Automotive, including what we do, our history, our values and guiding principles, workplace health and safety, and the employment basics.

(ii) Labour Law and Other Violations

In 2023 we did not incur any monetary loss as a result of legal proceedings associated with labour law violations or employment discrimination.

f) Balancing Work Goals with Life Goals

As a large business with diverse operations and roles, we recognise that flexibility presents differently across the Group. We are committed to living our 'Inclusiveness' Company value and to attracting and retaining the best employees, while also meeting our stakeholder expectations and strategic objectives. To do so, our approach is to consider flexibility in all its forms to enable an engaged, inclusive and high performing workplace culture that balances work goals with life goals.

(i) Parental Leave Policy

We continued to support new parents through our recently revised and harmonised Parental Leave Policy. This policy provides supplementary payments to any payments made under the Australian and New Zealand Government's paid parental leave schemes so that eligible employees can maintain their usual average pay for a period of up to 12 weeks during their parental leave.

(ii) Employee Assistance Program

We continue to provide employees and immediate family members with access to our Employee Assistance Program. Services include independent, free and confidential counselling and support in areas such as mental health, relationships, exercise, sleep and financial counselling, as well as a library of self-serve health and wellbeing resources.

People

g) Health, Safety and Wellbeing

We manage the health, safety and wellbeing of our people at work in accordance with our Workplace Health, Safety and Environment (**WHSE**) Policy, Risk Management Procedure, integrated WHSE software platform and other supporting documents and systems. Our health and wellbeing activities during 2023 included:

- **Safe Work Month safety campaign focusing on hazard identification and near miss reporting**
- **Implementation of the hazardous chemical management platform - Chemwatch, and contractor induction platform - Rapid Induct**
- **Development of a hazardous chemical banned products list and a chemical substitution trial to reduce health and environmental risks.**
- **Risk assessment activities for psychosocial risks and electric vehicle safety risks**
- **Commencement of Safety Leadership Programs across various regions**

h) Modern Slavery

Eagers Automotive Group continues to mature its approach to the identification and understanding of modern slavery risks in its operations and supply chain, and to strengthen its controls to mitigate these risks, in line with its obligations under the *Modern Slavery Act 2018* (Cth).

We increased awareness of modern slavery and the Group's commitment to the mitigation of modern slavery practices through the release of our Modern Slavery Policy and commenced roll out of general awareness modern slavery training in late 2023. We also strengthened our modern slavery governance through the release of a Modern Slavery Response Procedure and revised Complaints Management Policy and Whistleblower Policy.

3 People (continued)

Celebrating Eagers Automotive Foundation 10th Anniversary

(i) Supporting our Community – Eagers Automotive Foundation and local charitable initiatives

Celebrating its 10th anniversary this year, the Eagers Automotive Foundation's vision is to create a lasting spirit of giving within the Eagers Automotive network for those in need. Employees have the option to donate a portion of their salary to the Foundation through our Workplace Giving Program and are encouraged to propose charities and causes close to their heart for the Foundation to support. As all Foundation administration expenses are paid by Eagers Automotive Limited, we ensure that 100% of donations received are delivered to intended recipients.

Our dealerships also have a longstanding history of supporting the communities within which they operate, through donations, sponsorships and fundraising activities. Together with the Foundation, in 2023 we provided approximately $1 million in monetary and in-kind contributions to community and charitable causes.

13Yarn

In WA, AMCAP partnered with 13YARN to spread awareness of the 13YARN crisis line through branding on maintenance service kits. 13YARN is an Aboriginal & Torres Strait Islander crisis support line funded by the Australian Government with the support of Lifeline and developed in collaboration with Gayaa Dhuwi (Proud Spirit) Australia. It is run by Aboriginal and Torres Strait Islander people.

AMCAP ships around 4,000 maintenance service kits every month with multiple touch points - AMCAP staff, the logistics / transport providers with their large warehousing facilities, on the back of trucks travelling to remote locations and eventually the hundreds of stakeholders that see and engage with these kits on a daily basis on mine sites. This is a visual reminder to all that help is always available and only a phone call away.

As part of this partnership, AMCAP hosted a launch event hosted by Ernie Dingo where internal and external guests were entertained with a performance by Wadumbah Aboriginal Dance Club.

Keith's Closet - Supporting Mental Health

We were proud to raise money through a charity golf day for Keith's Closet – Supporting Mental Health.

Keith's Closet believes that people acquiring mental health services should have access to clothing, accessories, essential items and homewares in times of need whether in hospital or in the community.

People

National Tree Day

As part of our objective to build positive community relationships and make positive environmental impacts, a number of our Toyota dealerships across the country engaged with local schools and early childhood centres to promote National Tree Day, while also beautifying school ground. These engagements involved a variety of activities including the donation of trees, gardening apparel and lunch to fuel tree planting participants, as well as educating the children on how to care for seedlings as they grow and the importance of connecting with nature and giving back to the environment.

Kids Rehab at the Childrens Hospital Westmead

Over $90,000 in monetary and in-kind contributions were donated to Kids Rehab at The Children's Hospital at Westmead - part of the Sydney Childrens Hospitals Foundation. Kids Rehab, one of the largest paediatric rehabilitation units in Australia, cares for over 4,300 children and young people in NSW who have a range of disabilities including Acquired Brain Injury, Cerebral Palsy, Limb Loss, Spinal Cord Injury / Disease, Spina Bifida and Complex Musculoskeletal Disorders. Our contributions came from a number of charity events throughout the year, including platinum sponsorship of the Emerald Ball and an annual charity golf day.

Backpacks 4 SA Kids

The Eagers Automotive Foundation and a number of our SA dealerships held charity events and toy donation drives, as well as donated time throughout the year in support of Backpacks for SA Kids, which aims to give every child from newborn to 18 years old entering emergency care a gift for Christmas.

National Breast Cancer Foundation (NBCF)

This year we continued our partnership and fundraising activities in support of the National Breast Cancer Foundation. As well as raising valuable funds, our AMCAP business continued to create breast cancer awareness through pink NBCF branded cabinets and containers.

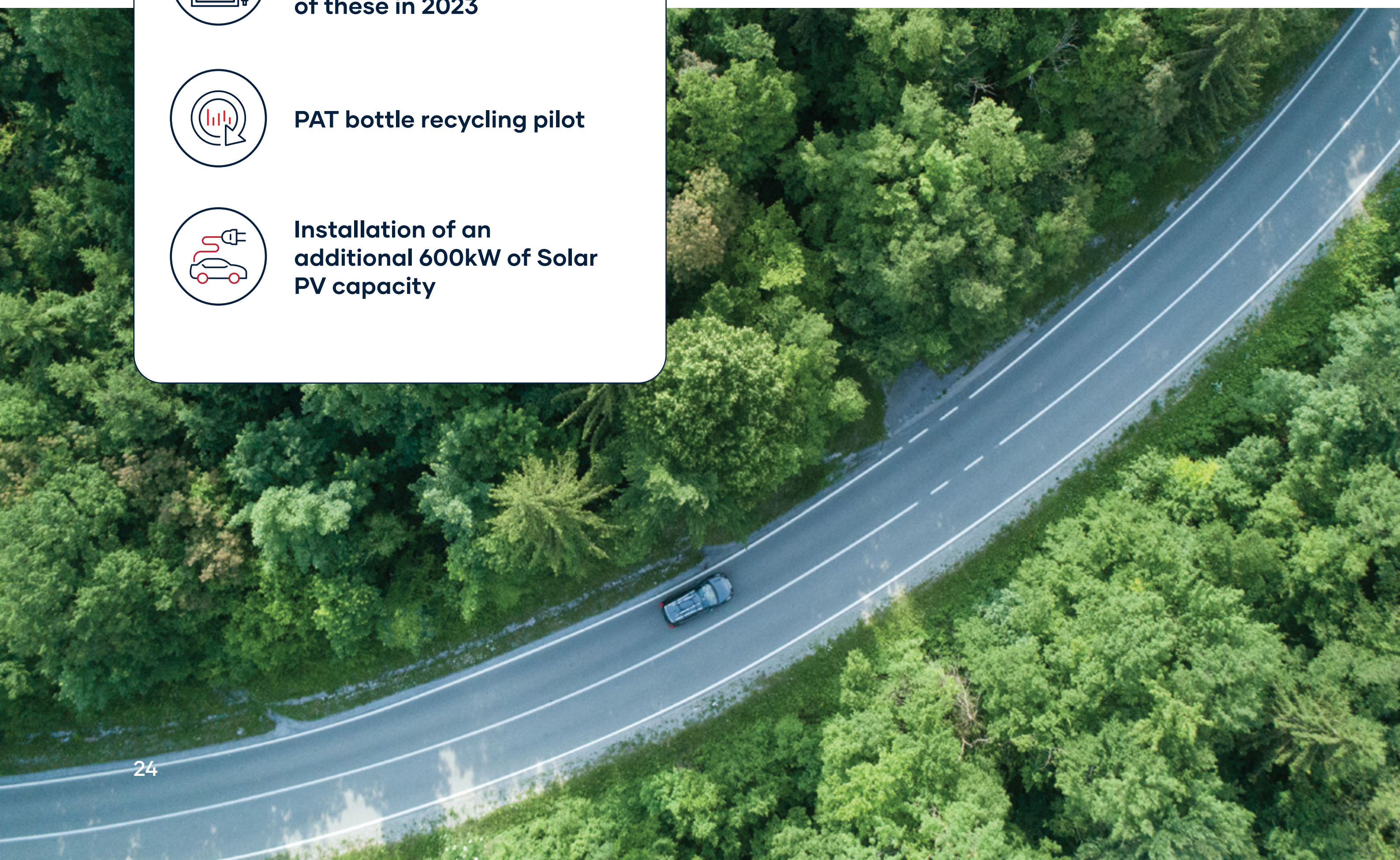
4 Planet

Climate Change and the environment

The occurrence of serious weather events affecting our areas of business are not only a continuing reminder of the risks that natural disasters pose to our property, assets and operations, but also of the broader consequences of poor environmental management and inaction.

Key Highlights

- **Establishment of a Sustainability Steering Committee**
- **46 UPSSs decommissioned, handed back or divested, 9 of these in 2023**
- **PAT bottle recycling pilot**
- **Installation of an additional 600kW of Solar PV capacity**



Planet

a) Environment

Our business activities can be both impacted by, and have an impact on, the environment in which we operate. Our efforts have and will continue to focus on incorporating business resilience activities into our strategic and operational planning, and activities that reduce our environmental impact, enhance our physical environment, as well as improve customer and employee experience and satisfaction.

(i) Hazardous Chemicals

A. Chemical Risk Management

Our operations involve the handling, storage and sale of hazardous chemicals such as paints, solvents, fuel, degreasers, aerosols and oil. Our WHSE risk management approach aligns with our overarching risk management approach.

Our centralised safety management system and use of Chemwatch, an externally run online platform, enables the application of specific control measures for each site, including the development and maintenance of chemicals registers, Safety Data Sheets, chemical composition awareness to aid decision making, signage and employee training in the safe handling and use of chemicals.

Appropriate governance documents and processes are in place to support operations including our WHSE Policy, Environmental Aspects/Impacts Register, WHSE Risk Management Procedure, and site and business-based risk profile registers.

B. Hazardous Chemical Handling and Elimination

While chemical use and management is primarily guided by vehicle manufacturer requirements and those of the third-party products we on-sell, programs have been introduced to help mitigate the environmental and safety implications of certain hazardous chemicals used within our operations.

We work with key chemical supply partners to eliminate the use of harmful chemicals in products (such as detailing products) and source safer alternatives for use by our employees and contractors.

Annual reviews of our spray-painting activities are completed to mitigate safety and environmental risks. Going forward, all new spray-painting plant and operations will use water-based paints to further reduce the need for harmful solvents.

Our underground petroleum storage systems (**UPSSs**) management program continued in 2023, aimed at mitigating the safety and environmental risks associated with UPSSs if they were to deteriorate over time. To date a total of 68 UPSSs have fallen within the program, 46 of which have been decommissioned, handed back (if within a leased site) or divested (if subject to a property sale), 9 of these during the 2023 reporting period.

4 Planet (continued)

Climate Change and the environment

(ii) Waste Management

Improving waste management practices continues to be an area of focus across the Group, with initiatives introduced, under investigation or planned to address specific site and operational impacts and requirements under a reduce, reuse and recycle approach.

Reduce, reuse and recycle

During 2023, the Group continued to leverage technology to not only improve customer and employee experience but also to reduce paper usage, increase information security, and reduce physical storage expenses. This was enabled through the roll out of electronic contracts and the implementation of a new document management system.

This year, Precision Automotive Technology (**PAT**), the Group's wholly-owned provider of premium aftermarket car care products, worked closely with its supplier to develop and pilot a bottle recycling program. If the pilot is successful, the intention is that the recycling initiative will be more broadly rolled out across the Group's other regions.

At our parts distribution centres and service centres, packaging initiatives have focused on reducing the use of single-use plastic, substituting plastic products with paper equivalents (i.e. plastic bags and tape) and reusing cardboard boxes for repackaging goods where appropriate (dependant on size, shape and weight considerations).

Other recycling initiatives deployed throughout our sites include the recycling of:

- **Plastics (such as pallet wrapping, bumpers and mouldings)**
- **Paper, cardboard and timber pallets**
- **Metal (predominantly manufacturer's transport frames, damaged panels, and doors)**
- **E-waste (redundant IT equipment)**
- **Lead acid batteries and tyres.**

Planet

b) Climate Change

As a group of companies operating across Australia and New Zealand, we recognise the social and environmental impacts of climate change and our responsibility in minimising our environmental footprint to mitigate these impacts. In this section we provide an overview of the Group's climate change governance arrangements, as well as greenhouse gas (**GHG**) emissions for the reporting period, and current mitigation activities to reduce the impact of our operations on the environment.

(i) Climate Change Governance

We have integrated climate change governance into our existing governance processes and sought to embed responsibility for the risks associated with climate change throughout our business.

Climate and sustainability related issues are considered by the Board as relevant, for example, when reviewing and guiding strategy and setting performance objectives.

This reporting period the Audit and Risk Committee Charter and Remuneration and Nomination Committee Charter were revised to specifically address each Committee's role in considering sustainability related matters when undertaking its responsibilities.

To further the Group's sustainability strategy, a Sustainability Steering Committee was established with cross-functional representation. The Committee is tasked with assisting management to drive a sustainability culture throughout the Group by planning and prioritising sustainability initiatives, maintaining oversight of the performance of these initiatives, and providing updates to the Executive Leadership Team on the Group's progress.

(ii) Climate Change Risks and Opportunities

As a retailer of new and used vehicles, regulatory demands and consumer expectations are a driving force behind our original equipment manufacturers (**OEMs**) transitioning to low emission vehicles and this, as well as the physical impacts of extreme weather events, will continue to impact our business, presenting both risks and opportunities.

Overall, we are well placed to respond to climate related risks due to:

- Our diversified vehicle brand approach which places us in a strong competitive position to adapt to shifting consumer preferences
- Our diversified business model which enables us to balance risks and leverage new opportunities, and
- Our broad geographic base which enables us to maintain operations in the face of isolated extreme weather events.

Together these factors increase business resilience and maintain financial stability.

4 Planet (continued)

Climate Change and the environment

(iii) Greenhouse Gas (GHG) Emissions

Although our businesses, as retailers, generate a relatively modest level of GHG emissions, we are committed to playing our part in the broader emission reduction response and supporting our OEM partners in their emissions reductions journey.

A. Scope 1 and Scope 2 emissions and reduction initiatives

An annual review of the emissions and energy consumption of the Group's Australian operations is undertaken as part of our compliance with Australia's national greenhouse and energy reporting requirements (**NGERS**).

Our main sources of Scope 1 emissions are emissions from transport fuel (i.e. Diesel, petrol and liquefied petroleum gas (**LPG**)). Our NGERS reporting for the 2022-2023 reporting period shows an increase in Scope 1 emissions of 9%, likely attributable to a number of business acquisitions, including the acquisition of portfolios of dealerships in the ACT and South Australia in 2022.

Our main source of Scope 2 emissions derives from purchased electricity. While our NGERS reporting for the 2022-2023 showed an increase in electricity usage across the Group, up approximately 13% from the 2020-2021 reporting period (and likely attributable to the aforementioned business acquisitions), actual Scope 2 emissions reduced by approximately 5% due to an increase in renewable energy mix.

Our total Scope 1 (direct) and Scope 2 (indirect) emissions for the NGERS reporting year 2022 – 2023, in comparison to the previous years were:

T CO2-e	2022-23	2021-22	2020-21
Scope 1	31,670	29,067	33,009
Scope 2	24,762	26,104	29,561
TOTAL	**56,432**	**55,171**	**62,570**

The Group continues to focus on energy efficiency and renewable initiatives as well as site consolidations, which serves to minimise energy consumption and emission increases, despite business growth. Our emissions data collection and reporting processes are maturing, and we are currently investigating the most appropriate metrics by which to report our emissions trends that also considers our company's growth strategy.

We have continued to roll out our solar replacement and installation program with an additional 6 solar photovoltaic (**PV**) systems installed in 2023, each providing 100Kw of electricity. This amounts to an additional 600 kW of Solar PV capacity installed throughout 2023, which combined with existing systems of 2.75 mW, can generate approximately 5.5 Gwh of electricity annually.

The Group continued to pro-actively manage the commercial installation of energy efficient lighting (i.e. LEDs) and more efficient and environmentally friendly air conditioning systems. The rollout of light sensor and timer devices also continued, which together support localised reduction strategies in energy consumption, as well as cost management in the face of increasing electricity pricing over the past few years.

B. Leading the new energy vehicle transition and supporting our OEM Partners

The evolution from largely internal combustion engines (**ICE**) to low emission technologies is a significant change to the automotive industry. This year the Eagers Automotive Group continued to lead the new energy vehicle (**NEV**) transition by:

- **Supporting the NEV visions of existing OEM partners, including through NEV promotion, education and awareness**
- **Positioning the Company to become the preferred retail partner for new NEV market entrants**
- **Diversifying into the electric truck segment**
- **Investing in infrastructure across its network to support NEV adoption.**

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION & PRODUCTION

Planet

C. OEM partner targets

Our OEM partners have set targets aimed at reducing CO_2 emissions across their operations and value chains, and relevantly, through the increase in NEV offerings.

The table below provides a summary of the targets set by 12 of the top 15 OEM brands sold in Australia and represented by the Group, which accounted for 69.3% of all new vehicle sales in Australia in 2023.

OEM	TARGET	TARGET YEAR
1	• Achieve carbon neutrality for GHG emissions throughout the lifecycle	2050
	• Global battery electric vehicle sales target of 3.5 million each year	2030
	• Reduce average GHG emissions by more than 50% from new vehicles compared to 2019 levels	2035
2	• Endeavour for carbon neutrality throughout the entire supply chain	2050
	• 25-40% of new vehicles to be electric, depending on each region's electrification policies or more stringent regulations	2030
3	• All vehicles, production facilities and suppliers to be carbon neutral	2050
	• Europe to be carbon neutral including zero emissions for all vehicle sales	2035
	• 50% of global sales to be electric with 100% of car sales in Europe to be electric	2030
4	• All vehicles, production facilities and suppliers to be carbon neutral	2045
	• Global sales of 1.6 million electric vehicles representing an average 52% market share in key markets	2030
	• Achieve 100% renewable energy overseas and in Korea by 2040	2030
5	• Achieve carbon neutrality and 100% renewable energy. Expand application of hydrogen technologies and encourage supply chain to achieve carbon neutrality	2045
6	• Achieve carbon neutrality including for the entire supply chain	2050
	• Electric vehicles to be 100% of all vehicles sales	2035
	• CO2 emissions from new vehicles to be 50% below 2018 levels	2030

OEM	TARGET	TARGET YEAR
7	• Targeting carbon neutrality and reduce the average well to wheel CO2 emissions from new vehicles by at least 90%, compared with 2010	2050
	• Apply electrification technologies to all vehicles produced and sold	2035
	• Increase the ratio of electric vehicles and hybrid cars to at least 40% of the gross number of vehicles sold globally	2030
8	• Zero GHG emissions from operations and across product life cycles	2050
	• Reduce CO2 emissions by 50% from 2013 levels	2030
9	• To be net carbon neutral	2050
	• Reduce vehicles' CO2 emissions in production by 50% and emit 30% less CO2 on average per vehicle over the entire life cycle compared with 2018	2030
	• Electric vehicles globally to be 20% of sales	2025
10	• To be carbon neutral across the life cycle of its products	2050
	• Introduce 27 new electrified models, including 19 new electric vehicles with the aim that every all-new vehicle will be electrified in key markets resulting in an electrification mix of 50%+ globally across the two brands	2030
11	• Total climate neutrality	2050
	• Reduce CO2 emissions per vehicle and kilometre driven by 40% on 2019 levels across its entire value chain. A 50% reduction in CO2 emissions per vehicle during use and an 80% reduction during production compared to 2019	2030
12	• To be net carbon neutral along the entire value chain in the new vehicle fleet including utilising 100% renewable energy	2039
	• Reduction of CO2 emissions per vehicle in the new vehicle fleet by at least 50% along all stages of the value chain. Ready to go all-electric wherever market conditions allow	2030

5 Performance

Sustainable growth

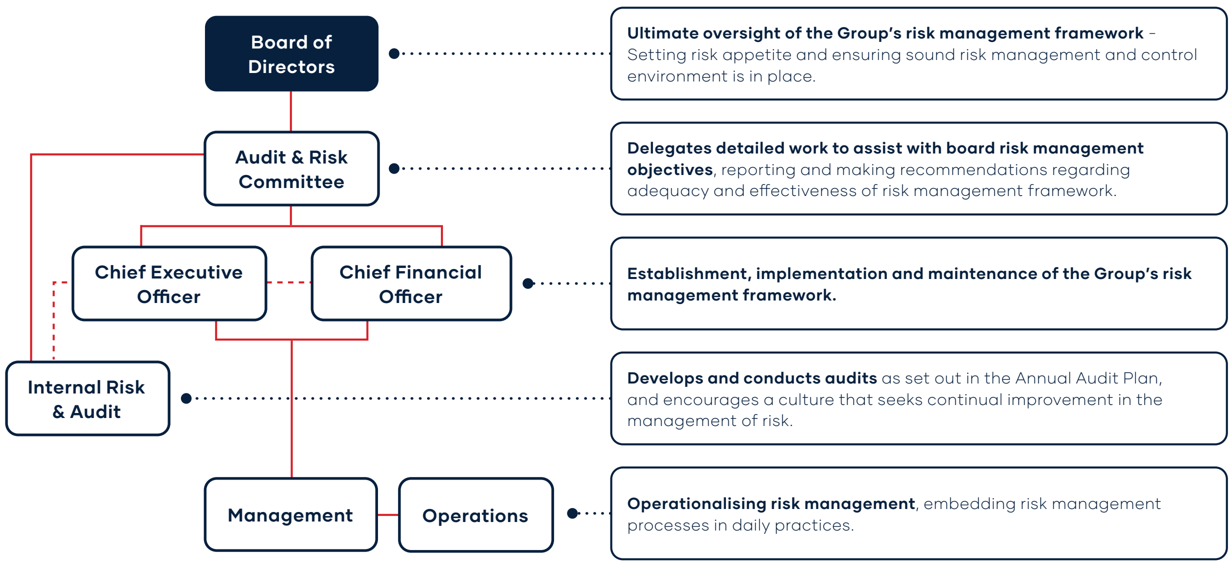
Performance

a) Risk Management

Robust risk management processes and practices integrated into our work culture are important for the resilience and long-term sustainability of our business. Our risk management framework provides the tools to identify and report on key business risks, including sustainability related risks.

When identifying risks, changes in external and internal context and indicators of emerging risks are considered. The risk analysis examines consequences and likelihood to determine a risk rating that supports the priority of actions for managing risks. The risk matrix provides parameters for risk analysis to ensure a consistent approach. Following assessment, risk management plans and controls for individual risks are developed and implemented by management. Risks are assessed on a bi-annual basis.

The below diagram sets out the roles and responsibilities of key risk functions within the Group.



b) Privacy and Information Security

In response to the increasing cyber security risk landscape, a dedicated Chief Information Security Officer was appointed in 2023 to assist the Chief Information Officer oversee the Group's cyber security and response framework.

Strategies deployed by the Group to help protect, detect, monitor, assess and strengthen resilience to cyber threats and privacy breaches include:

- continuous monitoring of the network
- vulnerability assessments
- technical and system tools and protections
- employee privacy and cyber security education and training
- IT, cyber security, information management and privacy related policies, guidelines and incident response documents.

Eagers Automotive became aware of a cyber incident in late December 2023. This was announced to the market in late December 2023, and reported to relevant privacy regulators in early January 2024. Accordingly, any further information on the cyber incident will be included in the Group's Sustainability Report for the 2024 calendar year.

c) Ethics and Integrity

Our commitment to a culture of honesty, accountability and ethical behaviour is reflected in our adoption of 'Integrity' as one of our four corporate values. Ethical behaviours are promoted through a suite of Group-wide policies and procedures, including Anti-Bribery and Corruption Policy, Code of Conduct, Diversity Policy and Whistleblower Policy, many of which were reviewed and updated during the year, and our newly developed Employee Manual and Appropriate Workplace Behaviours Policy.

We encourage and support our employees, customers and stakeholders to speak up about unethical behaviour and our integrity reporting framework provides a safe avenue through which concerns (including eligible whistleblower disclosures) can be raised. Anyone can confidentially and anonymously raise a concern via YourCall, an external and independently operated complaints avenue. Employees can also choose to report issues directly to their managers or other senior personnel in accordance with our Complaints Management Policy, which was also reviewed and revised this year.

6 Appendix

Disclaimer and Disclosures

This report contains forward-looking statements in relation to Eagers Automotive Limited and its controlled entities (collectively the **Eagers Automotive Group** or **Group**), including statements setting out the Group's intent, goals, objectives, initiatives, commitments and current expectations in relation to the Group's business and operations, external conditions and risk management practices.

This report also includes forward-looking statements regarding climate change and other environmental and social considerations. While these statements are based on the Group's good faith assumptions as to the risks and opportunities likely to affect the Group's business and operations in the future, the Group does not give any assurance that any assumptions will eventuate or prove correct or accurate, as there are many intervening factors which are outside the control of the Group. As such, no undue reliance should be placed on these statements.

The Eagers Automotive Group also advises that due to its decentralised business structure and maturing approach to sustainability reporting, data and information gathered and reported may be incomplete or inaccurate, despite the Group's best efforts. The continued development, implementation and improvement of appropriate data gathering tools and systems is a key focus for the Group going forward.

Topic	Accounting Metric	Page
Energy Management in Retail & Distribution	Total energy consumed	28
Data Security	Description of approach to identifying and addressing data security risks	30
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	30
Labour Practices	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	19
	(1) Voluntary and (2) involuntary turnover rate for in-store employees	20
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	20
Workplace Diversity & Inclusion	Percentage of gender representations for (1) management and (2) all other employees	18
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	18
Product Sourcing, Packaging & Marketing	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	25
	Discussion of strategies to reduce the environmental impact of packaging	26

Board of Directors

Timothy Boyd Crommelin BCom, FSIA, FSLE

Chairman of Board
Independent Director
Member of Remuneration & Nomination Committee

Non-executive Director since February 2011. Chairman since May 2013. Director of Morgans Holdings (Australia) Limited since 1991, having served as their Chairman from 2010 to 2023. Director of University of Queensland Endowment Foundation (UQEF). Trustee of Australian Cancer Research Foundation. Former Director of Senex Energy Ltd (2010 to April 2022). Former Deputy Chairman of Queensland Gas Company Ltd (2006 to 2009). Broad knowledge of corporate finance, risk management and acquisitions and over 40 years' experience in the stockbroking and property industry.

Nicholas George Politis AM, BCom

Director

Non-executive Director since May 2000. Motor vehicle dealer. Executive Chairman of WFM Motors Pty Ltd, Eagers Automotive Limited's largest shareholder. Vast automotive retail industry experience and Director of a substantial number of proprietary limited companies.

Daniel Thomas Ryan BEc, MBus, FAICD

Director
Member of Remuneration & Nomination Committee

Non-executive Director since January 2010. Director and Chief Executive Officer of WFM Motors Pty Ltd, Eagers Automotive Limited's largest shareholder. Director of a substantial number of proprietary limited companies. Significant management experience in automotive, transport, manufacturing and retail industries.

Marcus John Birrell

Independent Director
Member of Audit & Risk Committee

Non-executive Director since July 2016. Former Director of Australian Automotive Dealer Association Limited (2014 to 2017). Distinguished career in the automotive industry, including 38 years at manufacturer, financier and retail level and 21 years as Executive Chairman of Birrell Motors Group.

Sophie Alexandra Moore BBus, CA, FFin

Director
Chief Financial Officer

Joined the Company as Chief Financial Officer in August 2015. Appointed as an executive Director in March 2017. Executive responsibility for accounting, taxation, internal audit, payroll and treasury functions. Previous senior finance roles with PricewaterhouseCoopers and Flight Centre Travel Group Limited. Admitted as a chartered accountant in 1997.

Gregory James Duncan OAM, BEc, FCA

Independent Director
Chairman of Remuneration & Nomination Committee
Member of Audit & Risk Committee

Non-executive Director since December 2019. Director of advisory and investment firm JWT Bespoke Pty Ltd (2013 to present). Former owner and Executive Chairman of Trivett Automotive Group, Australia's largest prestige automotive business. Former Director of Automotive Holdings Group Ltd (2015 to 2019). Mr Duncan was also Chairman of Cox Automotive Australia Board of Management (2016 to March 2021).

David Scott Blackhall BCom, MBA, FAICD

Independent Director
Chairman of Audit & Risk Committee

Non-executive Director since December 2019. Over half a century of automotive industry experience with manufacturers, including at Managing Director level, as dealer principal and owner of various automotive franchises. Chairman (since November 2021) and Chief Executive (2016 to 2019) of Australian Automotive Dealer Association. Managing Director of corporate advisory firm Raglan Ridge Advisors. Former Director of Automotive Holdings Group Ltd (2019).

Michelle Victoria Prater BBus, CPA, ACIS, AICD

Director

Non-executive Director since February 2020. Executive Chairman of APPL Group (2004 to present), a property development and investment group with an extensive automotive property portfolio including significant properties leased to Eagers Automotive dealerships. Former executive roles at corporate and operational levels with Automotive Holdings Group Ltd (1993 to 2004) including as an executive Director (2002 to 2004).

Katrina Susan McNamara BPharm (hons), MBA, GAICD

Independent Director

Non-Executive Director since 21 March 2024. More than 25 years' experience in strategy, marketing and technology, including at Super Retail Group, as Chief Strategy & Customer Officer, at IBM, leading the digital strategy and iX (Digital customer practice) business unit across the Asia Pacific region, at Foster's and Treasury Wine Estates, as Director of Strategy and Mergers & Acquisitions, and at McKinsey and Company. Director of Motorcycle Holdings Limited (ASX:MTO) since 2022. Managing Director of Mighty Craft Limited (ASX:MCL), having been appointed in late 2023 on a part-time basis to lead their Board's strategic review.

Executive Management

Keith Thomas Thornton, BEc

Chief Executive Officer

Commenced with the Company in July 2002. Prior to his appointment as Chief Executive Officer in February 2021, Keith had been responsible for the group's automotive operations since June 2007, most recently as Chief Operating Officer from January 2017 until February 2021.

Keith is a licensed motor dealer with substantial automotive retail and wholesale experience in volume, niche and prestige industry sectors. Keith also brought significant industry experience to the Company, having previously worked for various automotive manufacturers. Keith is an Alternate Director of Australian Automotive Dealer Association Limited (2014 to present).

Edward Geschke BA, MBA

Chief Operating Officer, Automotive

Responsible for the Company's Franchised Automotive and Independent Used operations across Australia and New Zealand. Since commencing in the automotive industry as a trainee sales consultant with the Company in 2004, Edward has risen to hold many operational management positions with the Company across Australia. Most recently, he was Executive General Manager of the Company's operations in Western Australia from 2019 to 2022, leading integration of AHG's largest State operation into the merged Eagers Automotive. Edward is also a graduate of the Harvard Business School's General Management Program

Denis Gerard Stark LLB, BEc

Company Secretary

Commenced with the Company in January 2008. Responsible for company secretarial and governance support to the Board of Directors and the CEO, and governance advice to the executive leadership team, with prior group accountabilities for legal, property, insurance and investor relations functions. Significant previous senior executive, company secretarial and legal experience with public companies and in private legal practice, having been admitted as a solicitor in Queensland in 1994 and Victoria in 1997.


eagers automotive

DIRECTORS' REPORT

Directors' Report

The Directors of Eagers Automotive Limited ABN 87 009 680 013 (**the Company** or **Eagers**) present their report together with the consolidated financial report of the Company and its controlled entities (**the Group**) for the year ended 31 December 2023 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the year, and their qualifications, experience and special responsibilities, are detailed on page 32.

Company Secretary

The Company Secretary and his qualifications and experience are detailed on page 33.

Directors' Meetings

The number of Board meetings (including meetings of Board committees) held during the year under review and the number of meetings attended by each Director were:

	Board Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
T B Crommelin[2]	10	10			5	5
N G Politis[3]	6	10				
D T Ryan[2,3]	8	10			5	5
M J Birrell[1]	9	10	5	5		
S A Moore	10	10				
G J Duncan[1,2]	10	10	5	5	5	5
D S Blackhall[1]	10	10	5	5		
M V Prater	10	10				

1. Audit & Risk Committee members
2. Remuneration & Nomination Committee members
3. Mr Politis and Mr Ryan did not attend meetings which considered proposals for the Company to acquire businesses associated with them

Principal Activities

The Group's principal activities during the year consisted of the selling of new and used motor vehicles, distribution and sale of parts, accessories and car care products, repair and servicing of vehicles, provision of extended warranties, facilitation of finance and leasing in respect of motor vehicles, and the ownership of property and investments. The products and services supplied by the Group were associated with, and integral to, the Group's motor vehicle dealership operations. There were no significant changes in the nature of the Group's activities during the year.

Directors' Report (continued)

Financial & Operational Review

Eagers Automotive Limited (ASX: **APE**) ("**Eagers Automotive**" or "**the Company**"), Australia's leading automotive retail group, today announced its results for the 12 months ended 31 December 2023 (**FY23**). The Company delivered record Underlying Operating Profit Before Tax[1] of $433.3 million, compared to $405.2 million in the prior corresponding period (**pcp**).

Financial Summary

	Full Year to December 2023 $ Million	Full Year to December 2022 $ Million
Statutory Results		
Revenue	**9,851.7**	8,541.5
EBITDAI[2, 3]	**688.5**	652.4
Statutory Profit Before Tax	**427.3**	442.2
Statutory Profit After Tax	**299.1**	324.3
Total Ordinary Dividend per Share (cents)	**74.0**	71.0
Underlying Operating Results[1]		
Underlying Revenue[1]	***9,851.7***	*8,541.5*
Underlying EBITDAI[2, 3]	***546.0***	*471.1*
Underlying Profit Before Tax[1]	***433.3***	*405.2*
Underlying Profit After Tax[1]	***303.3***	*283.1*

Dividend

The Board has approved a record ordinary final dividend of 50.0 cps fully franked for FY23, up 2.0% on FY22 (49.0 cps). The ordinary dividend has been approved for payment on 28 March 2024 to shareholders who are registered on 15 March 2024 (**Record Date**). When combined with the ordinary interim dividend paid in September 2023, the total ordinary dividend based on FY23 earnings is a record 74.0 cps (FY22 ordinary dividend: 71.0 cps) fully franked.

The record payout reflects the Company's strong financial performance which has been underpinned by a relentless focus on execution of the Next100 strategy, driving business transformation, and the continued confidence of the Board and management team in the outlook for both the Company and the broader industry. Eagers Automotive is in an extremely strong financial position, well placed to navigate the impacts of any cyclical market or macro-economic headwinds.

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

Dividends paid to members during the year under review were as follows:

Year ended 31 December	**2023 $'000**	2022 $'000
Final dividend for the year ended 31 December 2022 of 49.0 cents per share (2021: 42.5 cents) paid on 31 March 2023.	**125,145**	109,197
Interim ordinary dividend for 2023 of 24.0 cents (2022: 22.0 cents) per share paid on 22 September 2023	**61,656**	56,487
	186,801	165,684

1. Underlying operating results refers to continuing operations, adjusted for significant items outlined and reconciled to statutory results on slides 34 (FY23) and 35 (comparative financial information) of the Investor Presentation. Underlying operating figures are non-financial measures and have not been subject to review by the Company's external auditors.
2. EBITDAI means earnings before interest, tax, depreciation, amortisation and impairment.
3. Interest Income associated with the impact of AASB16 Leases has been deducted in the comparative EBITDAI calculation, aligning with current year presentation.

Directors' Report (continued)

Financial & Operational Review (continued)

Financial Performance

The Company achieved a Statutory Net Profit Before Tax of $427.3 million for FY23, compared to $442.2 million in the pcp. The FY23 statutory profit before tax included significant items of $(6.0) million, primarily related to the impact of AASB16 on the business. Statutory Net Profit After Tax for FY23 was $299.1 million, compared to $324.3 million in FY22.

Statutory and Underlying[1] revenue increased by 15.3% to $9,851.7 million, driven by a full year contribution from the business acquisitions in the Australian Capital Territory (**ACT**) and South Australia, combined with a normalisation of new vehicle supply. On a like-for-like basis, Statutory and Underlying[1] revenue increased by 4.7% to $8,401.3 million.

Underlying[1] Operating NPBT[2]/Sales ratio decreased to 4.4% in FY23 (FY22: 4.7%). The decline was driven by recent acquisitions which are being optimised as part of their integration into the business, partially offset by continued favourable margin dynamics and the benefit from ongoing productivity and cost-out programs.

Segment performance

The Car Retailing segment delivered a record Underlying[1] Operating Profit Before Tax of $419.1 million, compared to $397.4 million in FY22. The increase in profit was achieved despite ongoing inflationary pressures, reflecting strong margins, the successful integration of recent business acquisitions and the organic and greenfield growth delivered through strategic partnerships.

The Car Retailing segment recorded a Statutory Profit Before Tax of $434.2 million compared to a profit of $432.3 million in FY22. The result benefited from the gain on sale of businesses of $7.7 million, predominately relating to the strategic divestment of Castle Hill Autos group (with statutory items totalling $29.2 million recognised in the prior year, primarily relating to the strategic divestment of Bill Buckle Auto Group).

The Company continued to focus on the growth of its national, independent pre-owned business, headlined by easyauto123 and supported by its national auction business Carlins. The independent pre-owned business delivered a record result in 2023 through disciplined scaling of the business and leveraging the unique business economics.

Car Retailing Statutory and Underlying[1] revenue increased by 15.3% to $9,851.3 million (2022: $8,540.6 million).

The value of the property portfolio marginally decreased to $597.9 million at 31 December 2023, compared with $607.6 million at 31 December 2022 (including assets held for sale).

The Property segment recorded an Underlying[1] Operating Profit Before Tax of $16.4 million (excluding impairment and gains on sale), compared to $13.5 million in 2022. This increase in underlying[1] profit was driven by income associated with recent property purchases, offset by the interest costs associated with debt drawn.

The Property segment recorded a Statutory Profit Before Tax of $12.8 million for 2023 compared to $30.5 million in the pcp. The movement was driven primarily by the significant gains on sale of property associated with Bill Buckle Auto Group and a non-core parcel of land in Queensland in the pcp.

Financial Position

Eagers Automotive is in a very strong financial position holding a substantial property portfolio and asset base, together with $620.3 million of available liquidity at 31 December 2023. This liquidity position includes available cash and undrawn commitments under corporate debt facilities.

Corporate debt (Term and Capital loan facilities) net of cash on hand marginally increased to $262.7 million as at 31 December 2023, up from $253.4 million at 31 December 2022, and the Company's leverage metrics remain in a strong position, with the gearing ratio at 0.48 times as at 31 December 2023 (FY22: 0.54 times).

Total inventory levels increased to $1,620.0 million as at 31 December 2023, up from $1,059.3 million at 31 December 2022, driven by normalisation in supply in 2023 and the ongoing growth in the greenfield BYD retail joint ventures. Eagers Automotive continues to maintain significant equity ownership in used vehicle inventory.

The Company continues to focus on cash management, retaining a strong cash position of $222.2 million as at 31 December 2023. Strong operating cash flows of $416.3 million, supplemented by proceeds from the sale of Castle Hill Autos and associated property, enabled the acquisition of strategic property and businesses, the continued investment in the delivery of new automotive retail formats and payment of dividends.

Outlook

In 2023 we delivered significant revenue growth, ending the year with a record $9.9 billion in turnover, up $1.3 billion or 15.3%. This growth was balanced across organic growth, establishing new greenfield businesses and integrating scale acquisitions completed in 2022. All three categories benefitted from normalised new vehicle supply which resulted in a record new vehicle market in 2023.

Throughout the year we have laid the foundation for approximately $1.0 billion in revenue growth for 2024, with this growth to be delivered through further strategic acquisitions and the expected organic growth resulting from the maturing greenfield partnerships and businesses established in 2022 and 2023.

Our key Net Profit before Tax margin as a percentage of turnover (referred to as our Return on Sales %) remained strong and materially above pre-pandemic levels, at 4.8% on a like for like basis and 4.4% on a reported basis, reflecting the opportunity for further upside in the financial performance of recent acquisitions and greenfield operations.

1. Underlying operating results refers to continuing operations, adjusted for significant items outlined and reconciled to statutory results on slides 34 (FY23) and 35 (comparative financial information) of the Investor Presentation. Underlying operating figures are non-financial measures and have not been subject to review by the Company's external auditors.
2. NPBT means Net Profit Before Tax.

Directors' Report (continued)

Financial & Operational Review (continued)

Outlook (continued)

Looking forward we expect to see the following dynamics drive our results:

- Consistent new car market performance with demand for new cars underpinned by the post pandemic reversion to normal new car deliveries (skewed toward business buyers), aided by ongoing incentives for lower emission vehicles and our material order bank.
- Record 2023 new vehicle deliveries and the normalisation of vehicle supply will benefit the pre-owned vehicle business, finance and insurance performance, and service and parts, demonstrating the resilience of the automotive retail model.
- The Company continuing to use our scale and technology enabled operating platform to perform at industry leading productivity levels, with a material operating model advantage to the industry.
- We are uniquely positioned with scale, brand portfolio and geographic advantages that are complementary to our market leading National Independent Pre-Owned Business, strategic fleet partners and the market leading positioning on EV and low emission vehicles.

We continue to execute on our Next 100 Strategy to improve our operating model in a manner to deliver better customer outcomes on a materially lower and more sustainable cost base. This focus on productivity, which has accelerated over the last three years, should not be underestimated as it will underwrite our ability to outperform through whatever cycles eventuate.

We will continue to explore strategic growth across the Australia and New Zealand market, in adjacent markets that support our core business and ensure we are best placed to deliver on a generational change to a lower emission car and truck future.

We continue to closely monitor the external macroeconomic environment and will continue to operate the business in a disciplined manner. The strength of our balance sheet, evidenced by our liquidity position, low gearing and high value property portfolio, provides the Company with the capacity and flexibility to pursue accretive growth opportunities while insulating the business in the event of any material headwinds.

Significant Changes in the State of Affairs

In the Directors' opinion there was no significant change in the state of affairs of the Group during the financial year that is not disclosed in this report or the consolidated financial report.

Matters Subsequent to the End of the Financial Year

The Directors are not aware of any matter or circumstance not dealt with in this report or the consolidated financial report (refer to Note 31) that has arisen since the end of the year under review and has significantly affected or may significantly affect the Group's operations, the results of those operations or the state of affairs of the Group in future financial years.

Environmental Regulation

The Group's property development and service centre operations are subject to various environmental regulations. Environmental licences are held for particular underground petroleum storage tanks.

Planning approvals are required for property developments undertaken by the Group in relevant circumstances. Authorities are provided with appropriate details and to the Directors' knowledge developments during the year were undertaken in compliance with planning requirements in all material respects.

Management works with regulatory authorities, where appropriate, to assist compliance with regulatory requirements. There were no material adverse environmental issues during the year to the Directors' knowledge.

Directors' Report (continued)

Risk Management

Eagers Automotive recognises the importance of maintaining an effective risk management framework as part of good corporate governance. We are committed to high standards of risk management in the way we operate our business and actively identify and manage risks that may impact our ability to sustain future performance and deliver on long-term strategic objectives.

Identified key risks[1], and the actions Eagers is taking to mitigate them, are outlined below in alphabetical order.

Risk description

Challenging macro-economic conditions

Eagers Automotive has operations across Australia and in New Zealand. Changes in the state of these economies, including rising unemployment, inflation, and rising interest rates, can put pressure on consumer spending, which may impact our business.

Cyber security and business resilience

Eagers Automotive uses information technology systems to conduct business activities. Although risk mitigation measures are in place, it is possible these might not prevent or detect unauthorized access to systems and data, which may impact our business.

Geopolitical events

In a connected, global industry, all businesses including Eagers Automotive can be prone to the impacts of external geo-political events around the globe, which could impact our representation of particular brands which may be associated with a particular geographic or political region.

Original equipment manufacturers (OEM)

Eagers Automotive has the right to sell new vehicles and OEM parts and service pursuant to agreements with the OEMs. The success of our business and our ability to grow relies on retaining relationships with existing OEMs and developing new ones. Changes to OEM distribution models also have the potential to impact our business.

Privacy and data management

Eagers Automotive collects and uses personal information to conduct business activities. Although risk mitigation measures are in place, it is possible these might not prevent or detect unauthorized access to data, which may impact reputation and stakeholder confidence and lead to regulatory action.

Supply chain disruption

Eagers Automotive sells new vehicles and parts manufactured overseas. Global supply chains make us susceptible to supply chain interruptions, such as those resulting from key component shortages, severe weather events, transport interruptions and trade and port issues, which may adversely impact our business.

Workplace health, safety and environment (WHSE)

Automotive industry employees are subject to an inherent risk of workplace incidents, given their proximity to the operation and servicing of motor vehicles and warehouse facilities. Incidents could impact our employees, our business and our reputation and lead to regulatory action.

1. Including environmental and social risks, if any.

Directors' Report (continued)

Risk Management (continued)

How we respond
Our diversified geographic footprint mitigates the impact of regional differences in economic conditions. We actively monitor external indicators and incorporate consideration of economic conditions and future expectations into our strategic and operational plans. We undertake financial reviews and forecast cash flows and revenues to manage our capital position considering the economic environment.
We have a dedicated Information / Cyber Security team, led by our Chief Information Officer and our Chief Information Security Officer, that protects, detects, monitors, assesses and strengthens our resilience to cyber threats. We have a cyber framework that governs information security across the group. We continuously monitor our network and conduct vulnerability assessments. We focus on educating and training our employees to enhance awareness of privacy and cyber security threats. Manual work-arounds may be available if needed to assist Eagers to return to business as usual in the event of an incident
We prioritise maintaining effective relationships with our OEM partners. We have actively grown the diversity of our OEM brands and business model. We closely monitor higher risk markets and participate inindustry representation.
We prioritise maintaining effective relationships with our OEM partners. We have actively grown the diversity of our OEM brands and business model. We continue to focus on the development of non-franchise businesses such as easyauto123 and Carlins Automotive Auctioneers.
Our privacy policy governs how we collect, use, disclose and hold personal information. We have an incident management process designed to promptly address data security incidents. We focus on educating and training our employees to enhance awareness of privacy and cyber security threats.
Our diversified brand portfolio and geographic footprint mitigate against disruption to supply chains. We continue to focus on the development of nonfranchise businesses such as easyauto123 and Carlins Automotive Auctioneers. We closely monitor and manage inventory at a regional and national level. We maintain strong relationships with key suppliers.
We have a WHSE management framework, including risk identification, safe work procedures, training, awareness, incident reporting and injury management. We have invested in systems to support real time injury reporting and management. We are committed to providing safe facilities for our people. Our safety teams undertake safety inspections and regular reporting to the Board.

Directors' Report (continued)

REMUNERATION REPORT

Contents

Directors' Report (continued)

1. Introduction and Key Management Personnel (KMP)

This report outlines the remuneration arrangements for the Company's KMP, which include Directors and executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

The information provided in this report has been prepared in accordance with the requirements under the *Corporations Act 2001* and relevant Accounting Standards. This report forms part of the Directors' Report and unless otherwise indicated the following sections have been audited in accordance with section 308 (3c) of the *Corporations Act 2001*.

The KMP for FY23 were:

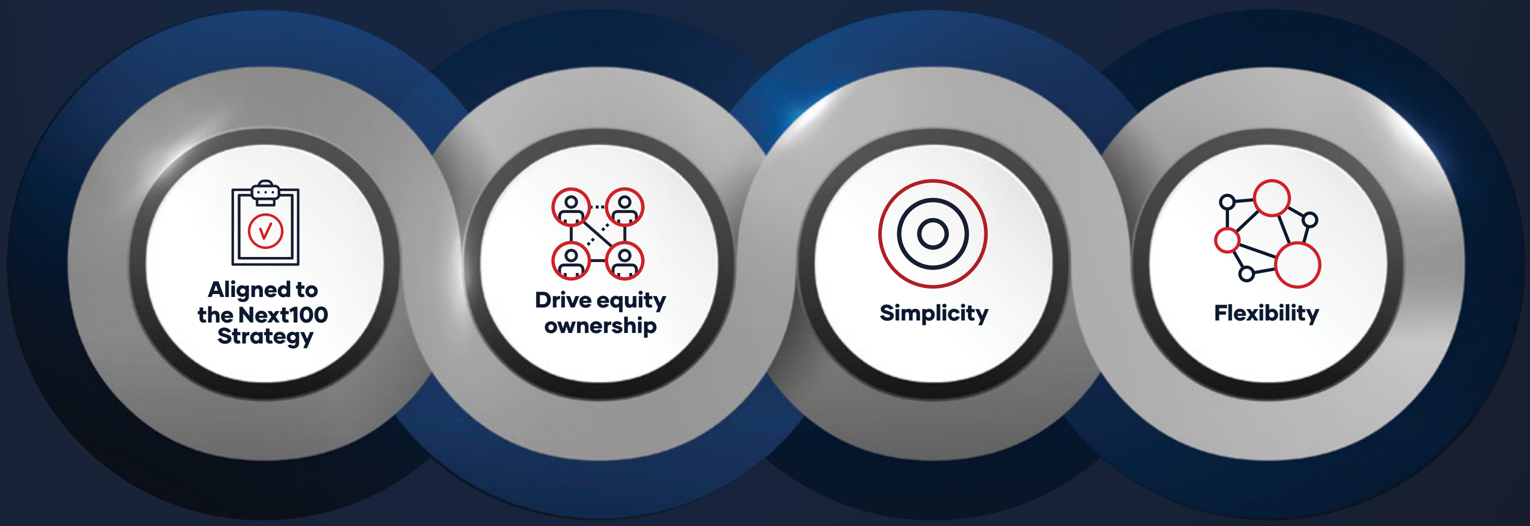
Name	Position	Term as KMP in FY23
Non-executive Directors (NEDs)		
Tim Crommelin	Chair	Full year
Nick Politis	Director	Full year
Daniel Ryan	Director	Full year
Marcus Birrell	Director	Full year
Greg Duncan	Director	Full year
David Blackhall	Director	Full year
Michelle Prater	Director	Full year
Executive Directors		
Sophie Moore **(CFO)**	Director, Chief Financial Officer	Full year
Other Executive KMP		
Keith Thornton **(CEO)**	Chief Executive Officer	Full year
Edward Geschke **(COO)**	Chief Operating Office – Automotive	Full year
Denis Stark **(CS)**	Company Secretary	Full year

There have been no changes to KMP since the reporting date.

Directors' Report (continued)

2. Remuneration Strategy and Principles

The Company's remuneration strategy and principles, which guide our remuneration framework, are outlined below.



Linked to the achievement of long-term financial and non-financial objectives

Linked to long-term value creation for shareholders

Easily explained to and understood by internal and external stakeholders

Enables the Board to apply appropriate judgement where in the interests of the Company to do so, with the rationale to be disclosed transparently if and where discretion is used

Our Remuneration Strategy

Remuneration packages are intended to reflect the individual's duties and responsibilities, be competitive in attracting and retaining quality talent and be aligned to shareholder interests.

Directors' Report (continued)

3. Remuneration Governance

The Company's remuneration governance structure provides oversight of the Company's remuneration practices and policies.

The following diagram illustrates the remuneration governance framework.

Board

The Board is responsible for approving and reviewing the remuneration arrangements for NEDs and the CEO, based on recommendations of the Remuneration & Nomination Committee. The Board also reviews the CEO's performance on a continual basis.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee reviews and makes recommendations to the Board regarding NED and CEO remuneration arrangements and KMP equity plans. These reviews take place at least annually, taking into account relevant factors including market conditions.

Management

The CEO, in consultation with the Remuneration & Nomination Committee, sets and reviews the remuneration arrangements of other executive KMP ensuring the appropriateness of their reward framework and reviews their performance at least annually.

Remuneration advisors

External advisors may be engaged directly by the Board or through the Remuneration & Nomination Committee to provide advice or information relating to KMP that is free from the influence of management.

No such external advisors were engaged during FY23. As reported in previous years, KPMG was engaged in FY20 and early FY21 to assist with a remuneration review, which led to improvements to our remuneration structures in FY21 which continue today.

KPMG's engagement did not involve providing any remuneration recommendations as defined by the *Corporations Act 2001.*

4. FY23 Business Performance

During FY23, despite a challenging external environment, the Company achieved strong growth in respect of key financial and non-financial metrics, which has been reflected in record financial results for the year.

In considering the Company's performance, benefit to shareholders and appropriate remuneration for executives, the Board has regard to various financial and non-financial metrics, including those shown in the table below, which detail the Company's performance for the five-year period ended 31 December 2023.

	2023	2022	2021	2020	2019
Statutory net profit after tax **(NPAT)** ($ million)	**299.1**	324.3	330.7	156.2	(139.6)
Statutory earnings per share **(EPS)** – basic (cents)	**110.7**	121.3	125.2	57.6	(67.4)
Dividend per share (cents)	**74.0**	71.0	70.9	25.0	25.3
Share price at year end ($)	**14.48**	10.85	13.44	13.29	10.24

5. No Changes to Remuneration Framework

There have been no material changes to the remuneration framework since our previous remuneration report was approved by shareholders in May 2023.

Our remuneration framework was updated in FY21 to include significant improvements following a comprehensive review by the Board.

As part of the review, the Board engaged with shareholders, proxy advisors and other stakeholders to understand their concerns. Independent external advice was also obtained to assist with the review, as previously reported.

Directors' Report (continued)

6. Executive Remuneration Framework

Total Fixed Remuneration (TFR)	Short-Term Incentives (STI)	Long-Term Incentives(LTI)
There have been no changes to the TFR structure that was introduced in FY21, summarised as follows: - Each executive KMP receives a competitive base pay (plus superannuation) to reflect the market for a comparable role. - Base pay is reviewed annually and on promotion to ensure it remains competitive with the market. - Benefits may include use of motor vehicles, insurance and health and fitness programs.	**There have been no changes to the STI plan that was introduced in FY21, summarised follows:** - The focus of the STI plan is on creation of shareholder value by rewarding the achievement of both **financial and non-financial performance hurdles**. - Clear STI performance hurdles aligned with shareholder interests. - Performance is measured annually. - **Delivered in a mix of cash and performance rights** (not options). - Performance rights for a four-year period (FY21 to FY24) were allocated on the initial grant date in February FY21, with the number of rights determined using 'fair value' methodology. - **Two financial hurdles** must be achieved for any rights to vest. - **Graded vesting.** - If rights vest, they convert to ordinary shares subject to **holding lock** until February 2025 or cessation of employment. - If **employment ceases**, there is no award for the year in which employment ceases unless the Board determines otherwise. - There is no **re-testing.** - **Change-in-control** - in line with market practice, the Board has discretion to determine an appropriate treatment for unexercised awards in the event of a change-in-control event. - **Clawback and malus** – equity awards may lapse or be forfeited, at the discretion of the Board, in certain circumstances including fraudulent behaviour, serious misconduct or where the awards vested as a result of a material misstatement in the financial statements.	**There have been no changes to the LTI plan that was introduced in FY21, summarised as follows:** - The focus of the LTI plan is on creation of shareholder value by rewarding achievement of **financial performance hurdles.** - The hurdles are measured over a **four-year performance period** (FY21 to FY24). - Clear LTI performance hurdles assessed wholly against financial measures aligned with shareholder interests. - Performance is measured only at the end of the four-year period. - **Delivered in share options** (not cash or performance rights). - Options have an exercise price of $12.32 per option, being the share price on the initial grant date in February 2021. - Options for the four-year period were allocated on the initial grant date, with the number of options determined using 'fair value' methodology. - **Two financial hurdles** must be achieved for any options to vest: 1. Interest cover ratio of at least 2.5 times; and 2. Compound annual growth in underlying EPS above FY20 baseline of 52.0 cents per share (**Baseline**): • 50% of options will vest at 9.0% EPS growth over the four-year period. • 100% of options will vest at 10% EPS growth over the four-year period. - **Graded vesting.** - If options vest and are exercised, they will convert to ordinary shares at the end of the four-year period. - If **employment ceases**, all unvested options will lapse, unless the Board determines otherwise. - There is **no re-testing.** - **Change-in-control** - in line with market practice, the Board has discretion to determine an appropriate treatment for unexercised awards in the event of a change-in-control event. - **Clawback and malus** – equity awards may lapse or be forfeited, at the discretion of the Board, in certain circumstances, including fraudulent behaviour, serious misconduct or where the awards vested as a result of a material misstatement in the financial statements
	CEO	
	- **Non-financial hurdles** - up to one-third of base pay, by cash payment, subject to strategic and sustainability hurdles (split evenly between strategic and sustainability). - **Financial hurdles** – up to two-thirds of base pay, by a mix of cash payment and rights, subject to two financial hurdles (both of which must be achieved): 1. Interest cover ratio of at least 2.5 times; and 2. Compound annual growth in underlying EPS above FY20 baseline of 52.0 cents per share (**Baseline**): • At 7.0% EPS growth, $200,000 in cash and $200,000 of rights will vest. • At 7.5% EPS growth, a further $200,000 of rights will vest. • At 8.0% EPS growth, a further $200,000 of rights will vest.	- Maximum award - 50% of base pay per annum over the four-year period, subject to achievement of the **two financial hurdles** referred to above.

Directors' Report (continued)

6. Executive Remuneration Framework (continued)

<table>
<tr><th>Total Fixed Remuneration (TFR)</th><th>Short-Term Incentives (STI)</th><th>Long-Term Incentives(LTI)</th></tr>
<tr><td></td><td colspan="2">CFO</td></tr>
<tr><td></td><td>- Performance rights - up to one-third of base pay, subject to two financial hurdles (both of which must be achieved):
1. Interest cover ratio of at least 2.5 times; and
2. Compound annual growth in underlying EPS above the Baseline:
• At 7.5% EPS growth, 50% of rights will vest.
• At 8.0% EPS growth, 100% of rights will vest.
- Up to 42% of base pay, by cash payment, subject to:
• Non-financial hurdles - 60% of payment subject to strategic and sustainability hurdles (split evenly between strategic and sustainability).
• Financial hurdles – 40% of payment subject to financial hurdle of 7% compound annual growth in underlying EPS above the Baseline.</td><td>- Maximum award - 17% of base pay per annum over the four-year period, subject to the achievement of the two financial hurdles referred to above.</td></tr>
<tr><td></td><td colspan="2">COO</td></tr>
<tr><td></td><td>- No performance rights.
- Up to $200,000, by cash payment, subject to business units achieving specified non-financial hurdles (split between strategic and sustainability hurdles).
- The COO does not participate in the STI plan. He was appointed to the role after that plan had commenced. He is however entitled to a commission plan.
- The commission plan applies only to the COO.
- The commission plan is subject to a cap.
- The commission plan consists of a cash payment equal to a percentage of net profit before tax of relevant business units. It therefore has a direct link to the Company's financial performance.
- Commission plans are commonly used for senior management in the automotive industry, where fixed remuneration is set relatively low and variable remuneration forms a larger proportion of the remuneration mix.</td><td>- Maximum award - 50% of base pay per annum over the four-year period, subject to the achievement of the two financial hurdles referred to above.</td></tr>
<tr><td></td><td colspan="2">CS</td></tr>
<tr><td></td><td>- Performance rights of up to 20% of base pay, subject to two financial hurdles (both of which must be achieved):
1. Interest cover ratio of at least 2.5 times; and
2. Compound annual growth in underlying EPS above the Baseline:
• At 7.5% EPS growth, 50% of rights will vest.
• At 8.0% EPS growth, 100% of rights will vest.
- Up to 29% of base pay, by cash payment, subject to:
• Non-financial hurdles - 80% of payment subject to strategic and sustainability hurdles (split evenly between strategic and sustainability).
• Financial hurdles – 20% of payment subject to financial hurdle of 7% compound annual growth in underlying EPS above the Baseline.</td><td>- Maximum award 10% of base pay per annum over the four-year period, subject to the achievement of the two financial hurdles referred to above.</td></tr>
</table>

Directors' Report (continued)

7. Overview of Performance Hurdles

In FY23, Eagers continued to focus on the delivery of sustainable operational excellence while delivering against the Company's Next100 Strategy.

Executive remuneration plans aligned the following **Financial, Sustainability** and **Strategic** performance hurdles:

- **Financial** hurdles are quantitative measures that are aligned across the senior executive team to ensure common objectives are communicated and shared while also incorporating an element of STI performance, payable only when the Company performs financially.
- **Sustainability** hurdles are qualitative measures centred on each executive playing a productive role in developing sustainable business practices across operational, safety, risk, culture, governance and other ESG measures.
- **Strategic** hurdles are a blend of quantitative and qualitative, measuring progress against our Next100 Strategy initiatives and also specific strategic projects initiated by the Company from time to time.

This blend of **financial, sustainability** and **strategic** hurdles focuses the senior executive team on immediate performance (as measured over the financial year) balanced against appropriate initiatives to protect and grow the Company over the medium and longer term, thereby aligning executive and shareholder interests.

Where appropriate, executives have a combination of **group** hurdles that must be achieved as well as individual hurdles applicable to their role and the function they lead across the Company. The COO, with a direct P&L responsibility, is also eligible for monthly commission payments as a key part of his remuneration plan, and this has a direct link to the Company's financial performance.

The utilisation of both group and individual performance hurdles unites the executive as '**one team**' working towards common objectives, while also recognising and rewarding individual performance.

8. Remuneration Outcomes for FY23

The CEO and senior management team have performed strongly throughout FY23 and the Board is highly satisfied with their performance and the record results achieved for shareholders.

The Company delivered strong results against key financial and non-financial metrics for FY23, as reported above in this Directors' Report. Details of the FY23 remuneration structures and outcomes awarded to executive KMP based on both Company and individual performance are as follows:

(a) STI Plan - performance outcomes for FY23

Design feature	Further detail
Eligibility	Executive KMP.
Instrument	A mix of cash and performance rights, as described in section 6 of this remuneration report.
Performance period	Performance is measured annually.
Maximum opportunity	As described in section 6 of this remuneration report.
Review of Performance	The Board, following review by the Remuneration & Nomination Committee, approved the achievement of the financial performance hurdles by the CEO and all executive KMP, the achievement of the CEO's non-financial performance hurdles and the payment of the CEO's STI award. The CEO, in consultation with the Remuneration & Nomination Committee, approved the achievement of the non-financial performance hurdles by the other executive KMP.
Achievement of Financial Hurdles	Achievement of the financial performance hurdles by the CEO and all other executive KMP was determined with reference to the Company's annual growth in underlying EPS and interest cover ratio performance hurdles, as described in section 6 of this remuneration report, having regard to the group's audited financial statements.

	FY23 Financial Performance Hurdle	FY23 Actual	Achieved
8% Compound Annual Growth in Underlying EPS	65.5 cents per share	112.4 cents per share	Yes
Interest cover ratio	At least 2.5 times	6.0 times	Yes

Directors' Report (continued)

8. Remuneration Outcomes for FY23 (continued)

(a) STI Plan - performance outcomes for FY23

Design feature	Further detail
Achievement of Strategic Hurdles	Achievement of the **Strategic** performance hurdles was determined with reference to achievement of both group and individual performance and engagement against strategic initiatives, including in these areas: Group-wide Strategic Achievements - Acquisitions of significant dealership business in Queensland and integration of acquisitions from the previous year in the ACT and South Australia. - Divestments of specific businesses that did not suit the Company's portfolio in Victoria, New South Wales and Auckland. - Organic franchised automotive growth through new representation of automotive brands and in new locations. - Organic growth with new representation of non-traditional brands such as BYD, Chery, Volvo and Cupra. - Execution of AutoMall strategy at Indooroopilly Shopping Centre, Brisbane, which now includes Cupra, MG, Fiat and Alfa. - Organic growth in independent used automotive business, including through the relocation of easyauto123 at Joondalup, WA. - Growth through our property strategy, with properties acquired in Qld and the ACT and divested in NSW. - Significant property developments, including the AutoMall site in Osborne Park, WA, and numerous dealerships across the country. - Organic growth through the Company's proprietary technology driving growth in productivity and incremental revenue opportunities in all regions. Individual Strategic Achievements - For the CEO, achievement through leading specific progress against the Next100 Strategic Plan as described above, including maximising franchised automotive outcomes via organic and acquisitive growth opportunities, and maximising used automotive business growth opportunities. - For the CFO, achievement through contributions towards specific progress against the Next100 Strategic Plan as described above, managing key financial measures for anticipated requirements while positioning the Company for Next100 execution, and leading key projects for acquisition, divestment and growth, balancing the desired outcomes with appropriate commerciality. - For the COO, achievement through contributions towards specific progress against the Next100 Strategic Plan as described above, including development and rollout of nominated strategic projects across relevant business units such as growing representation of both traditional and new brands, the AutoMall strategy, used automotive business initiatives, implementation of proprietary technology, while balancing desired outcomes with appropriate commerciality. - For the CS, achievement through contributions towards specific progress against the Next100 Strategic Plan as described above, key acquisitions, divestments and growth initiatives, balancing desired outcomes with appropriate commerciality, and establishing and maintaining governance framework for growth ambitions and Next100 Strategy.

Directors' Report (continued)

8. Remuneration Outcomes for FY23 (continued)

(a) STI Plan - performance outcomes for FY23

Design feature	Further detail
Achievement of Sustainability Hurdles	Achievement of the **Sustainability** performance hurdles was determined with reference to achievement of both group and individual performance and engagement against sustainability and performance initiatives, including in these areas: **Group-wide Sustainability Achievements** - Establishment of our Sustainability Steering Committee with multi-disciplinary representation from across the group, assisting in developing our sustainability goals, activities and culture in line with our sustainability strategy and roadmap. - Driving stakeholder engagement across the group, including through the annual employee engagement survey and our Sustainability Steering Committee. - Multiple safety initiatives implemented, including improved risk management and safety leadership programme - Environmental initiatives such as the decommissioning of underground petroleum storage systems and installation of solar photovoltaic systems. - Group-wide adherence to relevant regulatory and contractual requirements. - Foundational activities in preparation for financial sustainability reporting requirements. - Ongoing cost-out program and optimisation of businesses and property portfolio to provide for a more sustainable business and greater flexibility for implementation of omni-channel approach. **Individual Sustainability Achievements** - For the CEO, achievement through leading specific progress against the group-wide sustainability initiatives as described above, including driving group-wide stakeholder engagement, group-wide adherence to relevant regulatory and contractual requirements, and roadmap for key sustainability initiatives including ESG and diversity, while balancing desired outcomes with appropriate commerciality. - For the CFO, achievement through contributions towards specific group-wide sustainability initiatives as described above, organisational compliance with accounting and taxation obligations, adherence to relevant regulatory and contractual requirements, contributions towards nominated non-strategic projects, while balancing desired outcomes with appropriate commerciality. - For the COO, achievement through contributions towards specific group-wide sustainability initiatives as described above, including the rollout of operational projects across new and used automotive and other business units, driving employee engagement levels, safety initiatives and the cost-out program, while balancing desired outcomes with appropriate commerciality. - For the CS, achievement through contributions towards specific group-wide sustainability initiatives as described above, advisory to Board and management in respect of sustainability/ESG initiatives, governance, corporate values and operations, adherence to relevant regulatory requirements, in an environment of high transparency, ethics and integrity, and while balancing desired outcomes with appropriate commerciality.

Having regard to the group and individual achievements outlined above, all executive KMPs received 100% of their STI plan awards for FY23 following assessment by the Board, Remuneration & Nomination Committee and CEO, as described in section 6 of this remuneration report. It was considered that no reduction to maximum entitlements was warranted based on review of the individual performances during the year against these measures.

In these circumstances, payment of the full STI awards was determined to be appropriate, particularly in light of the Company's record 2023 operational and financial performance.

	% Awarded for FY23 under STI Plan	STI Paid ($)	No. of Rights Vested
CEO	100%	600,000	54,103
CFO	100%	250,000	18,034
COO	100%	200,000	-
CS	100%	75,000	4,509

Directors' Report (continued)

8. Remuneration Outcomes for FY23 (continued)

(b) Accounting Treatment of STI Plan

The cost of the CEO's STI plan will average a maximum of $600,000 per annum over the four-year period FY21 to FY24, and will only reach the maximum cost if 100% of the performance rights under the plan are to vest over the four year period (which would require at least 8% compound annual growth in underlying EPS for the four years, as described above). This is based on the fair value methodology on the initial grant date.

However, accounting standards require that the remuneration table on page 53 must include the cost of the STI plan each year based on progressive recognition of the performance rights in the period from the grant date to their vesting date, rather than their average annual cost. This has resulted in the remuneration table showing a decrease in the CEO's share-based pay for FY23 as compared to FY22. Despite this accounting treatment, the number of performance rights which vested for the CEO has actually risen from 52,265 rights in FY22 to 54,103 rights in FY23.

(c) No Equity Retention Grants and No Board Discretion

There were no equity retention grants and the Board has not exercised its discretion to award one-off bonuses to any KMP since the current remuneration framework was adopted in FY21.

(d) LTI Plan for FY23

There have been no changes to the LTI Plan since it was introduced in FY21. Performance against the LTI Plan will be measured at the end of FY24, as described in section 6 of this remuneration report.

9. Peer Comparator Group

The Board utilises a peer comparator group comprised of the following companies for the purpose of reviewing the remuneration arrangements of Eagers' most senior executives **(Peer Comparator Group)**:

- Automotive retail companies that are listed on the ASX;
- Companies in the S&P/ASX 200 consumer discretionary index;
- Automotive retailers in Australia that are not listed on the ASX; and
- Automotive retailers that are listed on recognised stock exchanges overseas.

The Peer Comparator Group is a targeted list of companies with a broad range of metrics for comparison purposes, including market capitalisation, revenue, profitability, number of employees, geographic footprint, together with industry-specific factors.

For the following reasons, the Board does not believe any meaningful comparison of the Company's senior executive remuneration practices can be made unless the comparator group includes domestic non-listed automotive retailers and foreign automotive retailers, together with a range of non-automotive ASX-listed companies:

- The comparator group needs to be broader than other ASX-listed automotive retailers as there are only three such companies and they are dwarfed by Eagers on virtually every metric, such as enterprise value, scale, revenue, profitability, number of vehicles sold, brands represented, number of employees and geographic footprint. For example, by market capitalisation, Eagers is more than 7 times larger than the next largest ASX-listed automotive retailer.
- It is difficult to find any single ASX-listed company from any industry, with metrics and industry dynamics similar to Eagers. For a meaningful comparison, it is therefore appropriate that the comparator group include a range of ASX-listed companies with a broad range of metrics for comparison purposes, such as the S&P/ASX 200 consumer discretionary index.
- The comparator group ought to include automotive retailers in the Australian market that are not listed on the ASX for these reasons:
  - Non-listed automotive retailers in Australia are Eagers' largest group of competitors for executive leadership talent. Note that all ASX-listed companies (including Eagers) account for only 15% of the national new car market, with non-listed operators accounting for the remaining 85% of the market.
  - Industry practice for remunerating senior leaders of our non-listed competitors is not typical for ASX-listed companies. It is common for the remuneration of these private operators to be comprised of a relatively low fixed base pay, a very large variable at-risk component in the form of a commission plan, and a significant equity ownership plan, including share loan plans. These arrangements are often mandated by major global suppliers and, despite being directly linked to financial performance, the creation of shareholder value and attracting, retaining and motivating key talent, are at times viewed as unattractive by analysts with limited industry experience.
- The comparator group needs to also include overseas-based automotive retailers as there is only a limited domestic pool of executive talent capable of leading an automotive retailer of Eagers' scale, brand representation, geographic footprint, complexity and industry attributes. One factor that significantly limits the pool of available domestic talent is the need for our senior leaders to have strong relationships with new vehicle suppliers, 100% of which are global suppliers located overseas.

Directors' Report (continued)

10. Executive Contractual Arrangements

Executive KMP are employed under common employment agreements. Any termination benefits would be subject to compliance with the limits set by the *Corporations Act 2001*.

The following table details key contractual terms.

Name	Duration of service agreement	Notice period by employee	Notice period by company	Payments upon termination
CEO	Ongoing	12 months	12 months	At the Board's discretion
Other executive KMP	Ongoing	6 months	6 months	At the Board's discretion

11. Non-executive Director Remuneration

There have been no changes to NED remuneration arrangements since our previous remuneration report which was approved by shareholders in May 2023.

The objectives of the Company's NED remuneration arrangements are as follows:

- To be market competitive, taking into account time commitments and responsibilities. NED fees are reviewed annually.
- To preserve NED independence by not providing any performance-related remuneration. NEDs do not participate in schemes designed for the remuneration of executives, equity schemes, incentive programmes or retirement allowance programmes, nor do they receive performance-based bonuses.
- The maximum aggregate NED fees are capped at an amount approved by shareholders. This cap is currently $1 million per annum, which was approved by shareholders at the 2020 Annual General Meeting.

Each NED receives a single fee based on his or her role as set out in the following table. Additional fees are not payable for being a Committee member.

Role	Fee (exclusive of superannuation) for FY23
Chair of the Board	$125,000 per annum
Chair of the Audit & Risk Committee	$115,000 per annum
Chair of the Remuneration & Nomination Committee	$115,000 per annum
Other NEDs	$100,000 per annum

Directors' Report (continued)

12. Statutory Disclosures

Statutory remuneration disclosures are prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and include share-based payments expensed during the financial year, calculated in accordance with AASB 2 Share based payments.

(a) Executive KMP in FY22 and FY23

Table 1 – Statutory Table of executive KMP remuneration

		Short-term benefits			Post employment benefits		Share-based payments		
Executive KMP	Year	Salary & fees ($)	Bonus & commission ($)	Non-monetary & other benefits[1] ($)	Superannuation ($)	Other post-employment benefits ($)	Performance rights & options[2] ($)	Total ($)	Performance-related percentage (%)
Keith Thornton	**2023**	**1,200,000**	**600,000**	**84,787**	**25,000**	**-**	**949,999[3]**	**2,859,786**	**54**
	2022	1,200,000	600,000	223,798	25,000	-	1,250,000[3]	3,298,798	56
Edward Geschke[4]	**2023**	**200,000**	**1,629,444 [5]**	**195,690**	**27,500**	**-**	**100,000**	**2,152,634**	**80**
	2022	133,333	1,151,487[5]	103,056	18,333	-	66,666	1,472,876	83
Sophie Moore	**2023**	**600,000**	**250,000**	**50,810**	**27,500**	**-**	**216,665**	**1,144,975**	**41**
	2022	600,000	250,000	133,692	27,500	-	316,667	1,327,860	43
Denis Stark[6]	**2023**	**271,347**	**75,000**	**79,599**	**27,500**	**-**	**54,170**	**507,616**	**25**
	2022	425,000	125,000	68,725	27,500	-	79,167	725,393	28
Total	**2023**	**2,271,347**	**2,554,444**	**410,886**	**107,500**	**-**	**1,320,834**	**6,665,011**	
	2022	2,358,334	2,126,487	529,272	98,333	-	1,712,501	6,824,927	

1. Includes benefits such as the provision of motor vehicles, insurance policy costs, health and fitness programme costs and the movement in the provision for employee entitlements. If a negative amount is shown, leave taken for the year exceeded the sum of leave accrued for the year and other benefits. This does not represent an amount paid or owed by the KMP to the Company.
2. Performance rights and options are valued using a binomial tree methodology. A pre-determined value of the portion of the rights and options attributable to the year under review has been expensed in the income statement in conformity with AASB 2 and reflected in the recipient's remuneration. Vesting is subject to the achievement of performance hurdles as detailed in this Remuneration Report.
3. Includes the cost of STI performance rights vested for the year under review. In accordance with accounting standards, the amount for vested rights each year is based on progressive recognition of the rights over the period from the grant date to their vesting date. This results in a higher cost in the earlier years of the STI plan and a lower cost in later years on the assumption that all performance hurdles will be achieved over the four-year period (FY21 to FY24). Despite this accounting treatment, the number of performance rights which vested for the CEO increased from 52,265 rights in FY22 to 54,103 rights in FY23. For further details, refer to the section "Accounting Treatment of STI Plan" on page 51.
4. Commenced as a KMP on 1 May 2022.
5. Includes $200,000 STI payment, with the balance being the COO's commission plan.
6. 60% FTE from 1 February 2023.

Directors' Report (continued)

12. Statutory Disclosures (continued)

(b) NEDs in FY22 and FY23

Table 2 – Statutory Table of NED remuneration

		Short-term benefits			Post employment benefits		Share-based payments		
NED KMP	Year	Salary & fees ($)	Bonus & commission ($)	Non-monetary & other benefits[1] ($)	Superannuation ($)	Other post-employment benefits ($)	Performance rights & options ($)	Total ($)	Performance-related percentage (%)
Tim Crommelin	**2023**	**125,000**	**-**	**960**	**13,438**	**-**	**-**	**139,398**	**-**
	2022	125,000	-	606	12,813	-	-	138,419	-
Nick Politis	**2023**	**100,000**	**-**	**960**	**10,750**	**-**	**-**	**111,710**	**-**
	2022	100,000	-	606	10,250	-	-	110,856	-
Dan Ryan	**2023**	**100,000**	**-**	**960**	**10,750**	**-**	**-**	**111,710**	**-**
	2022	100,000	-	606	10,250	-	-	110,856	-
Marcus Birrell	**2023**	**100,000**	**-**	**960**	**10,750**	**-**	**-**	**111,710**	**-**
	2022	100,000	-	606	10,250	-	-	110,856	-
David Blackhall[2]	**2023**	**115,000**	**-**	**960**	**12,362**	**-**	**-**	**128,322**	**-**
	2022	110,846	-	606	11,372	-	-	122,824	-
Greg Duncan	**2023**	**115,000**	**-**	**960**	**12,362**	**-**	**-**	**128,322**	**-**
	2022	115,000	-	606	11,788	-	-	127,394	-
Michelle Prater	**2023**	**100,000**	**-**	**960**	**10,750**	**-**	**-**	**111,710**	**-**
	2022	100,000	-	606	10,250	-	-	110,856	-
David Cowper[3]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	43,192	-	202	4,319	-	-	47,713	-
Total	**2023**	**755,000**	**-**	**6,720**	**81,162**	**-**	**-**	**842,882**	
	2022	794,038	-	4,446	81,292	-	-	879,776	

1. Includes insurance policy costs.
2. Appointed Chairman of Audit & Risk Committee on 29 March 2022.
3. Ceased as a Director on 18 May 2022.

(c) Performance Rights and Options of KMP

The following are details of all current performance rights and options which were granted to KMP over unissued ordinary shares in the Company in, before or since the year under review. A performance right is a right to acquire a share at a nil exercise price upon the achievement of performance hurdles. An option is a right to acquire a share upon payment of an exercise price and achievement of performance hurdles.

No rights or options were granted to, lapsed or were exercised by KMP during or after the year under review, except as detailed below.

i. Movement in Performance Rights of KMP

Table 3 – Grants and vesting of Performance Rights in FY23 and FY24

Name	Balance as at 1 January 2023	Rights granted	Rights lapsed	Rights vested & exercised in FY23[1]	Rights vested & exercised in FY24[2]	Balance as at 22 February 2024
CEO	162,390	nil	nil	52,265	54,103	56,022
CFO	54,130	nil	nil	17,422	18,034	18,674
COO	nil	nil	nil	nil	nil	nil
CS	13,533	nil	nil	4,355	4,509	4,669

1. These performance rights were granted for 2022. They vested, were automatically exercised and converted to ordinary shares on 23 February 2023, valued at the closing price of the underlying shares on that day. They remain subject to a trading restriction as described in section 6 of this Remuneration Report.
2. These performance rights were granted for 2023. They vested, were automatically exercised and converted to ordinary shares on 22 February 2024, valued at the closing price of the underlying shares on that day. They remain subject to a trading restriction as described in section 6 of this Remuneration Report.

Directors' Report (continued)

12. Statutory Disclosures (continued)

(c) Performance Rights and Options of KMP (continued)

ii. Movement in Options of KMP

Table 4 – Grants and exercise of Options in FY23 and FY24

Name	Balance as at 1 January 2023	Options granted	Options lapsed	Options exercised in FY23	Options vested in FY24	Balance as at 22 February 2024
CEO	869,564	nil	nil	nil	nil	869,564
CFO	144,927	nil	nil	nil	nil	144,927
COO	144,927	nil	nil	nil	nil	144,927
CS	36,232	nil	nil	nil	nil	36,232

iii. Performance Rights and Options granted to KMP

Table 5 – Details of share-based payments (Performance Rights and Options)

CEO										
	Performance Rights				Options					
Grant Date	No. granted	No. lapsed	No. exercised	Fair value	No. granted	No. lapsed	No. exercised	Fair value	End of performance period	Status
24 Feb 2021	50,463	nil	50,463	$11.89					31 December 2021	Vested 23 February 2022
	52,265	nil	52,265[1]	$11.48					31 December 2022	Vested 23 February 2023
	54,103	nil	54,103[2]	$11.09					31 December 2023	Vested 22 February 2024
	56,022	nil	nil	$10.71					31 December 2024	Unvested
					869,564	nil	nil	$2.76	31 December 2024	Unvested

1. These performance rights were granted for 2022. They vested, were automatically exercised and converted to ordinary shares on 23 February 2023, valued at the closing price of the underlying shares on that day. They remain subject to a trading restriction as described in section 6 of this Remuneration Report.
2. These performance rights were granted for 2023. They vested, were automatically exercised and converted to ordinary shares on 22 February 2024, valued at the closing price of the underlying shares on that day. They remain subject to a trading restriction as described in section 6 of this Remuneration Report.

CFO										
	Performance Rights				Options					
Grant Date	No. granted	No. lapsed	No. exercised	Fair value	No. granted	No. lapsed	No. exercised	Fair value	End of performance period	Status
24 Feb 2021	17,422	nil	17,422 [1]	$11.48					31 December 2022	Vested 23 February 2023
	18,034	nil	18,034 [2]	$11.09					31 December 2023	Vested 22 February 2024
	18,674	nil	nil	$10.71					31 December 2024	Unvested
					144,927	nil	nil	$2.76	31 December 2024	Unvested

1. These performance rights were granted for 2022. They vested, were automatically exercised and converted to ordinary shares on 23 February 2023, valued at the closing price of the underlying shares on that day. They remain subject to a trading restriction as described in section 6 of this Remuneration Report.
2. These performance rights were granted for 2023. They vested, were automatically exercised and converted to ordinary shares on 22 February 2024, valued at the closing price of the underlying shares on that day. They remain subject to a trading restriction as described in section 6 of this Remuneration Report.

Directors' Report (continued)

12. Statutory Disclosures (continued)

(c) Performance Rights and Options of KMP (continued)

iii. Performance Rights and Options granted to KMP (continued)

Table 5 – Details of share-based payments (Performance Rights and Options) (continued)

COO

	Performance Rights				Options					
Grant Date	No. granted	No. lapsed	No. exercised	Fair value	No. granted	No. lapsed	No. exercised	Fair value	End of performance period	Status
24 Feb 2021					144,927	nil	nil	$2.76	31 December 2024	Unvested

CS

	Performance Rights				Options					
Grant Date	No. granted	No. lapsed	No. exercised	Fair value	No. granted	No. lapsed	No. exercised	Fair value	End of performance period	Status
24 Feb 2021	4,205	nil	4,205	$11.89					31 December 2021	Vested 24 February 2022
	4,355	nil	4,355[1]	$11.48					31 December 2022	Vested 23 February 2023
	4,509	nil	4,509[2]	$11.09					31 December 2023	Vested 22 February 2024
	4,669	nil	nil	$10.71					31 December 2024	Unvested
					36,232	nil	nil	$2.76	31 December 2024	Unvested

1. These performance rights were granted for 2022. They vested, were automatically exercised and converted to ordinary shares on 23 February 2023, valued at the closing price of the underlying shares on that day. They remain subject to a trading restriction as described in section 6 of this Remuneration Report.
2. These performance rights were granted for 2023. They vested, were automatically exercised and converted to ordinary shares on 22 February 2024, valued at the closing price of the underlying shares on that. They remain subject to a trading restriction as described in section 6 of this Remuneration Report.

Further details of the performance rights and options granted to KMP are specified in Notes 32 and 33 to the consolidated financial report.

Directors' Report (continued)

12. Statutory Disclosures (continued)

(d) Relevant Interest in the Company's Shares Held by KMP

Table 6 – Shareholdings of KMP

Name	Year	Opening balance as at 1 January	Received from Employee Share Plan	Purchases	Sales	Closing balance as at 31 December
NED						
Tim Crommelin	**2023**	**448,286**	**nil**	**nil**	**nil**	**448,286**
	2022	438,286	nil	10,000	nil	448,286
Nick Politis	**2023**	**70,585,321**	**nil**	**100,000**	**nil**	**70,685,321**
	2022	70,005,321	nil	580,000	nil	70,585,321
Daniel Ryan	**2023**	**1,200**	**nil**	**4,000**	**nil**	**5,200**
	2022	1,200	nil	nil	nil	1,200
Marcus Birrell	**2023**	**2,000,000**	**nil**	**nil**	**nil**	**2,000,000**
	2022	2,000,000	nil	nil	nil	2,000,000
Greg Duncan	**2023**	**350,000**	**nil**	**nil**	**nil**	**350,000**
	2022	350,000	nil	nil	nil	350,000
David Blackhall	**2023**	**40,000**	**nil**	**nil**	**nil**	**40,000**
	2022	28,056	nil	11,944	nil	40,000
Michelle Prater	**2023**	**2,540,096**	**nil**	**nil**	**nil**	**2,540,096**
	2022	2,540,096	nil	nil	nil	2,540,096
David Cowper [1]	**2023**	**-**	**-**	**-**	**-**	**-**
	2022	15,053	nil	nil	nil	15,053
EXECUTIVE KMP						
CEO	**2023**	**369,869**	**52,265**	**nil**	**nil**	**422,134**
	2022	319,406	50,463	nil	nil	369,869
CFO	**2023**	**182,005**	**17,422**	**nil**	**nil**	**199,427**
	2022	121,789	96,216	nil	36,000	182,005
COO	**2023**	**15,000**	**nil**	**nil**	**nil**	**15,000**
	2022	15,000	nil	nil	nil	15,000
CS	**2023**	**157,922**	**4,355**	**nil**	**37,378**	**124,899**
	2022	176,339	4,205	nil	22,622	157,922

1. Ceased as a Director on 18 May 2022.

(e) Hedging of shares of unvested equity awards

The Board has adopted a policy which prohibits any Director or employee who participates in an equity plan from using derivatives, hedging or similar arrangements to reduce or eliminate the risk associated with the plan in relation to unvested equity award or shares that are subject to trading restrictions, without the Chair's approval. Any breach will result in the forfeiture or lapsing of the unvested equity awards or additional performance hurdles or trading restrictions being imposed, at the Board's discretion.

(f) KMP transactions

There were no related party transactions with KMP during the reporting period requiring disclosure in this Remuneration Report.

Directors' Report (continued)

Directors' Interests

The relevant interest of each Director in shares, rights and options issued by the Company as at the date of this report are as follows:

	Ordinary Shares	Share Options	Performance Rights
Tim Crommelin	448,286	-	-
Nick Politis	70,685,321	-	-
Dan Ryan	5,200	-	-
Marcus Birrell	2,000,000	-	-
Sophie Moore	217,461	144,927	18,674
Greg Duncan	350,000	-	-
David Blackhall	40,000	-	-
Michelle Prater	2,540,096	-	-

Shares Under Option

No options or performance rights were granted by the Company over unissued fully paid ordinary shares during the year under review. No options or rights have been granted since the end of the year under review.

No shares were issued as a result of the exercise of options or performance rights during or since the year under review.

At the date of this report, there are 1,992,751 unissued shares under option and 79,365 unvested performance rights.

Indemnification and Insurance

The Company's constitution provides that, to the extent permitted by law, the Company must indemnify each person who is or has been a Director or Secretary against liability incurred in or arising out of the discharge of duties as an officer of the Company or out of the conduct of the business of the Company and specified legal costs. The indemnity is enforceable without the person having to incur any expense or make any payment, is a continuing obligation and is enforceable even though the person may have ceased to be an officer of the Company.

At the start of the financial year under review and at the start of the following financial year, the Company paid insurance premiums in respect of Directors and Officers liability insurance contracts. The contracts insure each person who is or has been a Director or executive officer of the Company against certain liabilities arising in the course of their duties to the Company and its controlled entities. The Directors have not disclosed details of the nature of the liabilities covered or the amount of the premiums paid in respect of the insurance contracts as such disclosure is prohibited under the terms of the contracts.

Auditor

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

Non-Audit Services

A copy of the auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is attached and forms part of this report.

The Company may decide to employ its auditor on assignments additional to their statutory audit duties where the auditor's expertise or experience with the Group is important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided to the Group during the year are set out in Note 30 to the consolidated financial report.

In accordance with advice received from the Audit & Risk Committee, the Directors are satisfied that the provision of the non-audit services was compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the Act because all non-audit services were reviewed by the Committee to ensure they did not impact the partiality and objectivity of the auditor.

Rounding of Amounts to Nearest Thousand Dollars

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

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

Tim Crommelin
Director

Brisbane, 22 February 2024

Auditor's Declaration of Independence

Deloitte Touche Tohmatsu
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Australia

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

22 February 2024

Dear Board Members

Auditor's Independence Declaration to Eagers Automotive Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eagers Automotive Limited.

As lead audit partner for the audit of the financial report of Eagers Automotive Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants


eagers
automotive

FINANCIAL STATEMENTS

Contents

Consolidated Statement of Profit or Loss

31 December 2023

	Notes	Consolidated 2023 $'000	2022 $'000
Revenue	3	**9,851,681**	8,541,502
Finance income	4	**8,376**	11,387
Other gains	5	**7,584**	55,182
Share of net profits of associates		**1,277**	1,067
Raw materials and consumables purchased		**(8,008,334)**	(6,900,716)
Employee benefits expense	6(a)	**(728,339)**	(678,452)
Finance costs	6(a)	**(130,751)**	(88,245)
Depreciation and amortisation expense	6(a)	**(121,296)**	(116,603)
Impairment of non-current assets	6(b)	**(17,451)**	(16,727)
Other expenses		**(435,412)**	(366,173)
Profit before tax		**427,335**	442,222
Income tax expense	7	**(128,267)**	(117,882)
Profit for the year		**299,068**	324,340
Attributable to:			
Owners of Eagers Automotive Limited		**281,100**	308,167
Non-controlling interests		**17,968**	16,173
		299,068	324,340

		Cents	Cents
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share	35(a)	**110.7**	121.3
Diluted earnings per share	35(b)	**110.5**	121.1

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

31 December 2023

		Consolidated	
	Notes	**2023 $'000**	2022 $'000
Profit for the year		**299,068**	324,340
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	23(a)	**101**	(3,127)
		101	(3,127)
Items that will not be reclassified subsequently to profit or loss			
Revaluation increment - property	15, 23(a)	**7,199**	21,446
Deferred tax expense on revaluation increment - property	17, 23(a)	**(2,160)**	(6,434)
Revaluation increment - Financial assets at fair value through other comprehensive income (FVOCI)	23(a)	**8,737**	189
Deferred tax expense on revaluation increment - Financial assets at fair value through other comprehensive income (FVOCI)	17, 23(a)	**(544)**	-
		13,232	15,201
Total other comprehensive income for the year		**13,333**	12,074
Total comprehensive profit for the year		**312,401**	336,414
TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:			
Owners of Eagers Automotive Limited		**294,433**	320,241
Non-controlling interests		**17,968**	16,173
		312,401	336,414

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

31 December 2023

	Notes	Consolidated 2023 $'000	2022 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	**222,214**	190,434
Trade and other receivables	10	**347,487**	275,300
Inventories	11	**1,620,009**	1,059,301
Other current assets		**32,871**	21,680
Finance lease receivables	14	**13,506**	39,104
Assets classified as held for sale		**6,546**	-
Total current assets		**2,242,633**	1,585,819
NON-CURRENT ASSETS			
Loans receivable	10(c)	**33,119**	32,468
Financial assets at fair value through other comprehensive income	12	**64,072**	12,118
Investments in associates		**2,422**	2,331
Other non-current receivables	10(c)	**23,954**	19,048
Property, plant and equipment	15	**691,192**	698,393
Intangible assets	16	**859,573**	855,022
Deferred tax assets	17	**137,688**	142,116
Other non-current assets		**9,494**	10,575
Right-of-use assets	13(a)(i)	**565,805**	564,109
Finance lease receivables	14	**90,763**	198,238
Total non-current assets		**2,478,082**	2,534,418
Total assets		**4,720,715**	4,120,237
CURRENT LIABILITIES			
Trade and other payables	18	**578,507**	375,672
Borrowings - bailment and other current loans	20(a)	**1,329,622**	939,324
Current tax liabilities		**13,938**	16,331
Provisions	19	**106,784**	104,527
Deferred revenue		**11,379**	12,924
Lease liabilities	13(a)(i)	**150,668**	168,089
Total current liabilities		**2,190,898**	1,616,867
NON-CURRENT LIABILITIES			
Borrowings	20(b)	**466,505**	376,910
Deferred revenue		**14,810**	15,922
Provisions	19	**15,633**	14,227
Lease liabilities	13(a)(i)	**727,483**	854,681
Total non-current liabilities		**1,224,431**	1,261,740
Total liabilities		**3,415,329**	2,878,607
Net assets		**1,305,386**	1,241,630
EQUITY			
Contributed equity	22	**1,173,659**	1,154,572
Reserves	23(a)	**(653,652)**	(606,122)
Retained earnings	23(b)	**750,095**	655,796
		1,270,102	1,204,246
Non-controlling interests		**35,284**	37,384
Total equity		**1,305,386**	1,241,630

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

Consolidated Statement of Changes in Equity

31 December 2023

CONSOLIDATED ENTITY	Notes	Issued capital $'000	Asset revaluation reserve $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Business combination reserve $'000	Investment revaluation reserve $'000	Retained earnings $'000	**Attributable to owners of the parent $'000**	Non-controlling interests $'000	**Total equity $'000**
Balance at 1 January 2023		1,154,572	36,502	(89,171)	(1,914)	(479,042)	(72,497)	655,796	**1,204,246**	37,384	**1,241,630**
Profit for the year		-	-	-	-	-	-	281,100	**281,100**	17,968	**299,068**
Other comprehensive income		-	5,039	-	101	-	8,193	-	**13,333**	-	**13,333**
Total comprehensive income for the year		-	5,039	-	101	-	8,193	281,100	**294,433**	17,968	**312,401**
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:											
Share-based payments expense	23(a)	-	-	1,821	-	-	-	-	**1,821**	-	**1,821**
Dividends provided for or paid	23(b)	-	-	-	-	-	-	(186,801)	**(186,801)**	(14,827)	**(201,628)**
Shares issued pursuant to staff share plan	23(a)	-	-	1,891	-	-	-	-	**1,891**	-	**1,891**
Share buy-back	22(b)	(913)	-	-	-	-	-	-	**(913)**	-	**(913)**
Purchase of shares from non-controlling interests		-	-	-	-	(65,839)	-	-	**(65,839)**	(7,721)	**(73,560)**
Recognition of non-controlling interests on acquisition		-	-	-	-	-	-	-	-	2,480	**2,480**
Shares issued as purchase consideration on acquisition	22(b), 25(c)	20,000	-	-	-	-	-	-	**20,000**	-	**20,000**
Income tax on items taken to or transferred directly from equity	17	-	-	1,264	-	-	-	-	**1,264**	-	**1,264**
		19,087	-	4,976	-	(65,839)	-	(186,801)	**(228,577)**	(20,068)	**(248,645)**
Balance at 31 December 2023		**1,173,659**	**41,541**	**(84,195)**	**(1,813)**	**(544,881)**	**(64,304)**	**750,095**	**1,270,102**	**35,284**	**1,305,386**

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

Consolidated Statement of Changes in Equity

31 December 2023

CONSOLIDATED ENTITY	Notes	Issued capital $'000	Asset revaluation reserve $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Business combination reserve $'000	Investment revaluation reserve $'000	Retained earnings $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2022		1,173,069	24,078	(91,541)	1,213	(479,042)	(72,686)	510,725	1,065,816	21,635	1,087,451
Profit for the year		-	-	-	-	-	-	308,167	308,167	16,173	324,340
Other comprehensive income		-	15,012	-	(3,127)	-	189	-	12,074	-	12,074
Total comprehensive income forthe year		**-**	**15,012**	**-**	**(3,127)**	**-**	**189**	**308,167**	**320,241**	**16,173**	**336,414**
Transfer to retained earnings	23(b)	-	(2,588)	-	-	-	-	2,588	-	-	-
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:											
Share-based payments expense	23(a)	-	-	2,396	-	-	-	-	2,396	-	2,396
Dividends provided for or paid	23(b)	-	-	-	-	-	-	(165,684)	(165,684)	(9,612)	(175,296)
Shares acquired by Employee Share Trust	23(a)	-	-	(681)	-	-	-	-	(681)	-	(681)
Shares issued pursuant to staff share plan	23(a)	-	-	1,295	-	-	-	-	1,295	-	1,295
Income tax on items taken to or transferred directly from equity	17	-	-	(640)	-	-	-	-	(640)	-	(640)
Share buy-back	22(b)	(18,497)	-	-	-	-	-	-	(18,497)	-	(18,497)
Purchase of shares from non-controlling interests		-	-	-	-	-	-	-	-	(1,300)	(1,300)
Issue of shares to non-controlling interests		-	-	-	-	-	-	-	-	10,488	10,488
		(18,497)	-	2,370	-	-	-	(165,684)	(181,811)	(424)	(182,235)
Balance at 31 December 2022		**1,154,572**	**36,502**	**(89,171)**	**(1,914)**	**(479,042)**	**(72,497)**	**655,796**	**1,204,246**	**37,384**	**1,241,630**

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

Consolidated Statement of Cash Flows

31 December 2023

	Notes	Consolidated 2023 $'000	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers - inclusive of GST		**10,757,368**	9,334,840
Payments to suppliers and employees - inclusive of GST		**(10,099,691)**	(8,764,033)
Receipts from insurance claims		**2,537**	7,100
Interest and other costs of finance paid		**(130,751)**	(88,245)
Income taxes paid		**(126,176)**	(96,355)
Dividends received		**4,275**	811
Interest received		**8,701**	13,425
Net cash provided by operating activities	36	**416,263**	407,543
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of businesses	26(a)	**(6,646)**	(104,553)
Payments for property, plant and equipment		**(70,296)**	(197,917)
Payments for intangible assets		**(4,000)**	(11,019)
Payments for shares in other corporations		**(61,833)**	(11,754)
Proceeds from sale of businesses	27	**9,261**	49,256
Proceeds from sale of property, plant and equipment		**83,498**	68,856
Proceeds from sale of shares in other corporations	12(a)	**18,616**	-
Receipts from subleases		**5,351**	21,282
Net cash used in investing activities		**(26,049)**	(185,849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares and other equity securities	23(a)	**1,891**	1,295
Payments for shares acquired by the Employee Share Trust	23(a)	**-**	(681)
Proceeds from borrowings		**27,000**	104,560
Purchase of shares under share buy-back arrangement	22(b)	**(913)**	(18,497)
Repayment of borrowings		**(17,575)**	(16,571)
Transactions with non-controlling interests		**(53,560)**	(305)
Dividends paid to members of Eagers Automotive Limited	8	**(186,801)**	(165,684)
Dividends paid to minority shareholders of a subsidiary		**(9,968)**	(9,612)
Repayment of lease liabilities		**(118,526)**	(122,880)
Net cash used in financing activities		**(358,452)**	(228,375)
Net increase/(decrease) in cash and cash equivalents		**31,762**	(6,681)
Cash and cash equivalents at the beginning of the financial year		**190,434**	197,620
Effects of exchange rate changes on cash and cash equivalents		**18**	(505)
Cash and cash equivalents at the end of the financial year	9	**222,214**	190,434

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

Notes to and Forming Part of the Consolidated Financial Statements

31 December 2023

1. Summary of significant accounting policies

(a) General information and basis of preparation

The financial report covers the Group (consolidated entity) of Eagers Automotive Limited ("the Company" and "the Group") and its subsidiaries (consolidated financial statements). Eagers Automotive Limited is a publicly listed company incorporated and domiciled in Australia.

The financial report has been prepared on a going concern basis, in line with AASB *101 Presentation of Financial Statements*.

The financial report was authorised for issue by the Directors on 22 February 2024.

Compliance with International Financial Reporting Standards

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial report comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

Historical cost convention

This financial report has been prepared under the historical cost convention, as modified by the revaluation of financial assets, derivatives and certain classes of property, plant and equipment to fair value.

Fair value disclosure details are outlined in detail in Note 12 and Note 15.

Functional and presentation currency

The functional and presentation currency of the Company and its subsidiaries is the Australian Dollar.

Going concern

The financial report has been prepared on the basis that the Group is a going concern in line with AASB *101 Presentation of Financial Statements*, able to realise assets in the ordinary course of business and settle liabilities as and when they fall due.

The Group has net current assets of $51.7 million as at 31 December 2023 ($45.2 million excluding assets classified as held for sale).

The Group has maintained a robust balance sheet with total available liquidity of $620.3 million (cash in bank of $222.2 million and undrawn facilities of $398.1 million, excluding bailment finance) at 31 December 2023 and a substantial asset base including a property portfolio valued at $597.9 million (including construction in progress and assets held for sale).

The Group has generated positive net cash flows from operating activities of $416.3 million and profit of $299.1 million for the year ended 31 December 2023.

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

(b) Basis of consolidation

The financial report incorporates the financial statements of Eagers Automotive Limited and entities (including structured entities) controlled by the Company and its subsidiaries. Consolidation begins when the Company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

(c) Rounding of amounts

The Company is of a kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by ASIC, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

1. Summary of significant accounting policies (continued)

(d) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or is part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, are classified as operating cash flows.

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

(e) New or revised standards and interpretations that are first effective in the current reporting year

New and revised standards and amendments thereof and interpretations effective for the current year that are relevant to the Group, and have a material impact, are:

- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates;*

  The Group has adopted *IAS 1 Presentation of Financial Statements* (IAS 1) for the first time in the current year. The amendments to IAS 1 change the requirements with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

  These changes have been reflected throughout the notes to the financial report.

- *AASB 2023-2 Amendments to Australian Accounting Standards - International Tax Reform - Pillar Two Model Rules;*

  The Group has adopted the amendments to *IAS 12 Income Taxes* (IAS 12) for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules.

  The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would not recognise information about deferred tax assets and liabilities related to Pillar Two income taxes.

  Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates;*

  The group has adopted the amendments to *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

New and revised standards and amendments thereof and interpretations effective for the current year that are relevant to the Group, but have not had a material impact, are:

- *AASB 17 Insurance Contracts - the Group does not have any contracts that meet the definition of an insurance contract under AASB 17;*
- *AASB 2022-1 Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information;*
- *AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;*

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

1. Summary of significant accounting policies (continued)

(e) New or revised standards and interpretations that are first effective in the current reporting year (continued)

The standards in issue but not yet effective, and do not have a material impact on the Group, are as follows:

- *AASB 2023-5 Amendments to Australian Accounting Standards - Lack of Exchangeability;*
- *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*
- *AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply];*
- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date and AASB 2022-6 Amendments to Australian Accounting Standards -Non-current Liabilities with Covenants;*
- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback;*
- *AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements.*

2. Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are included in the following notes:

Note	Key judgements and estimates
Note 11	Judgements required in determining the write-down required from cost to net realisable value for inventory
Note 13	Judgement required in determining the lease term of contracts with renewal options and the incremental borrowing rate on inception of the lease
Note 14	Judgement required in determining the recoverability of finance lease receivables
Note 15	Judgement required in determining the fair value of land and buildings
Note 16	Recoverability of goodwill and other intangibles with indefinite useful lives
Note 26	The fair value of assets and liabilities acquired in business combinations

Cyber Incident

The Company announced on 29 December 2023 that it had experienced a cyber incident resulting in an outage that disrupted parts of the Company's operations across Australia and New Zealand. On detecting the incident, the Company took prompt action to isolate potentially impacted systems and engaged external experts to assist with managing the Company's response. The company has launched an investigation and work continues to determine the extent of the incident and impact on personal information.

The Company has notified the Australian and New Zealand Cyber Security Centres, The Office of the Australian Information Commissioner and the NZ Office of the Privacy Commissioner.

The Company can confirm that the incident involved unauthorised access to parts of the Company's IT systems by a third party which illegally accessed and removed data. While investigations are ongoing, the third party also claims it has published data online that it alleges was removed from the Company's IT environment.

As the investigation progresses the Company has notified individuals identified who may face serious risk of data misuse. If the Company detects any further personal information has been impacted, affected individuals will be notified and the Company will provide further guidance and support in accordance with the Company's obligations.

The financial impact of the cyber incident is not material to the 2023 financial report and is not expected to be material to subsequent periods. The primary impact is related to the deferral of revenue recognition in relation to some transactions across the last 5 days of December 2023 disrupted as a result of the incident as the transaction were unable to be fully processed. The deferred transactions will be recognised in the 2024 financial year.

As the investigation continues, further updates will be provided to customers, employees, shareholders, regulators and other stakeholders.

No other matter or circumstance has occurred subsequent to the year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

3. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Consolidated revenue for the year ended 31 December 2023			
	Retailing $'000	Property $'000	Total $'000
TYPE OF GOODS OR SERVICE			
New vehicles	6,568,840	-	**6,568,840**
Used vehicles	1,658,034	-	**1,658,034**
Parts	1,039,265	-	**1,039,265**
Service	533,708	-	**533,708**
Other	51,498	336	**51,834**
Total revenue from external customers	**9,851,345**	**336**	**9,851,681**
TIMING OF REVENUE RECOGNITION			
At a point in time	9,313,713	336	**9,314,049**
Over time	537,632	-	**537,632**
Total revenue from external customers	**9,851,345**	**336**	**9,851,681**
GEOGRAPHICAL MARKETS			
Australia	9,368,606	336	**9,368,942**
New Zealand	482,739	-	**482,739**
Total revenue from external customers	**9,851,345**	**336**	**9,851,681**

Consolidated revenue for the year ended 31 December 2022			
	Retailing $'000	Property $'000	Total $'000
TYPE OF GOODS OR SERVICE			
New vehicles	5,301,413	-	5,301,413
Used vehicles	1,795,998	-	1,795,998
Parts	904,259	-	904,259
Service	489,246	-	489,246
Other	49,658	928	50,586
Total revenue from external customers	**8,540,574**	**928**	**8,541,502**
TIMING OF REVENUE RECOGNITION			
At a point in time	8,046,055	928	8,046,983
Over time	494,519	-	494,519
Total revenue from external customers	**8,540,574**	**928**	**8,541,502**
GEOGRAPHICAL MARKETS			
Australia	8,068,711	928	8,069,639
New Zealand	471,863	-	471,863
Total revenue from external customers	**8,540,574**	**928**	**8,541,502**

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

3. Revenue (continued)

(a) Recognition and measurement

Revenue

Sales revenue

Revenue from the sale of motor vehicles and parts is recognised when the performance obligation has been satisfied. The performance obligation is considered to be satisfied at a point in time when the vehicles or parts are invoiced and physically dispatched or collected which is when control of the underlying vehicles or parts transfers to the customer. Revenue is measured at the fair value of consideration receivable, net of any discounts, rebates and incentives.

Agency commission represent fees from third parties where the Group acts as an agent by arranging a third party to provide goods and services to a customer. In such cases, the Group is not primarily responsible for providing the underlying good or service to the customer. Agency commission is recognised when the performance obligation is satisfied, which per the contractual arrangement is upon the completion of the referral. Agency commissions are reported as sales revenue.

Finance and insurance commissions

The Group acts as an agent in the sale of vehicle finance and insurance products. The revenue (i.e., commission from the sale of these products) is recognised at a point in time when the performance obligation is satisfied, which is upon delivery of the vehicle and the transfer of control to the customer.

Service revenue

Service work on customers' vehicles is carried out under instruction from the customer. Service revenue is recognised over time based on when the performance obligation is satisfied, which is when services are rendered. Revenue arising from the sale of parts fitted to customers' vehicles during service is recognised at a point in time upon satisfaction of the performance obligation, which is considered by the Group to be upon delivery of the fitted parts to the customer upon completion of the service.

Other Revenue items

Warranties revenue

The Group sells extended warranties beyond those provided by the manufacturer, which further protects the customer for repairs and defects in the vehicle over a specified period. Under *AASB 15 Revenue from Contracts with Customers* (AASB 15), warranties are considered to be a distinct performance obligation as they are both regularly supplied by the Group to customers on a stand-alone basis and are available to customers from other providers in the market. As a result, where vehicles are being sold with an extended warranty included, a portion of the vehicle sale price is required to be allocated to the warranty based on the stand-alone selling price of those services. Revenue relating to the warranties is recognised over time, while the transaction price allocated to these services is recognised as a contract liability (referred to as deferred revenue) at the time of the initial sales transaction and is released on a straight-line basis over the warranty period.

Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

Interest revenue

Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

4. Finance income

	Consolidated	
	2023 $'000	2022 $'000
Finance income	**8,376**	11,387

Finance income relates to income earned on sublease arrangements on finance leases, in accordance with *AASB 16 Leases* (AASB 16).

5. Other gains

		Consolidated	
	Notes	**2023 $'000**	2022 $'000
Gain on disposal of non-financial assets		**3,551**	2,813
(Loss)/gain on disposal of property, plant and equipment	27	**(3,652)**	17,121
Gain on disposal of businesses	27	**7,685**	35,248
		7,584	55,182

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

6. Expenses

(a) Profit before income tax includes the following specific expenses:

	Notes	Consolidated 2023 $'000	Consolidated 2022 $'000
DEPRECIATION			
Buildings	15	**7,352**	9,097
Plant and equipment	15	**15,396**	15,670
Leasehold improvements	15	**7,081**	4,289
Right-of-use assets	13(a)(ii)	**88,669**	85,624
Total depreciation		**118,498**	114,680
AMORTISATION			
Customer relationships	16	**1,462**	1,462
Other intangible assets	16	**1,336**	461
Total amortisation		**2,798**	1,923
Total depreciation and amortisation		**121,296**	116,603
FINANCE COSTS			
Vehicle bailment		**64,763**	25,504
Interest on lease liabilities	13(a)(ii)	**43,207**	45,837
Syndicate interest and related costs		**22,781**	16,904
Total finance costs		**130,751**	88,245
Share-based payments[1]		**1,821**	2,396
Business acquisition and divestment costs[1]		**2,254**	3,034
Business restructuring and integration costs[1]		**-**	1,850
EMPLOYEE BENEFITS			
Employee benefits - excluding superannuation		**662,251**	619,288
Superannuation		**66,088**	59,164
Total employee benefits excluding amounts recognised in raw materials and consumables purchased		**728,339**	678,452
Employee benefits expense recognised in raw materials and consumables purchased		**111,619**	102,196
Total employee benefits expense		**839,958**	780,648

(b) Impairment expense

	Notes	Consolidated 2023 $'000	Consolidated 2022 $'000
Expected credit loss provision movement - finance lease receivables[2]	14(b)	**17,451**	15,000
Expected credit loss provision movement - trade and other receivables	10(b)	**1,278**	726
Impairment of right-of-use assets[2]	13(a)	**-**	1,727
		18,729	17,453

1. These expenses are included in the other expenses balance in the Consolidated Statement of Profit and Loss
2. These figures comprise the Impairment of non-current assets expense in the Consolidated Statement of Profit and Loss

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

7. Income Tax

(a) Income tax expense

	Notes	Consolidated 2023 $'000	2022 $'000
Current income tax expense		**125,626**	111,856
Deferred income tax expense/(benefit)	17	**2,641**	6,026
		128,267	117,882
DEFERRED INCOME TAX EXPENSE/(BENEFIT) INCLUDED IN INCOME TAX EXPENSE COMPRISES:			
In respect of the current year	17	**(861)**	4,324
In respect of the prior year		**3,502**	1,702
		2,641	6,026

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2023	2022
Profit before income tax expense	**427,335**	442,222
Tax at the Australian tax rate of 30% (2022: 30%)	**128,201**	132,667
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-taxable dividends	**(993)**	-
Non recognition of capital loss on disposal	**1,967**	-
Non deductible income / accounting loss	**941**	-
Non assessable income / accounting gains	**(2,306)**	-
Non-deductible capital expenditure	**498**	910
Non-allowable expenses	**975**	783
Application of capital losses against current year capital gains	**-**	(16,267)
Sundry items	**(1,016)**	(211)
Income tax expense	**128,267**	117,882

(c) Tax expense relating to items of other comprehensive income

	2023	2022
Aggregate deferred tax arising in the reporting period and recognised in other comprehensive income	**(2,704)**	(6,434)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

7. Income Tax (continued)

(d) Recognition and measurement

i. Taxes

Eagers Automotive Limited and its wholly-owned Australian entities are part of a tax consolidated group in accordance with Part 3-90 of the *Income Tax Assessment Act 1997.* The existence of a tax consolidated group allows for wholly-owned corporate groups to operate as a single entity for income tax purposes.

The head entity, Eagers Automotive Limited, and the wholly-owned entities in the tax consolidated group continue to account for their own income tax expense, current and deferred tax amounts in accordance with the Eagers Automotive Tax Funding Agreement. These tax amounts are measured by adopting a notional tax approach which requires each member to calculate their separate tax amounts as if each entity in the tax consolidated group continues to be a standalone taxpayer. Assets or liabilities arising for wholly-owned subsidiaries under the Tax Funding Arrangement are recognised as accounts receivable from or payable to other entities in the Group. In addition to its own income tax expense, current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and tax credits assumed from controlled entities in the tax consolidated group. The tax treatment of New Zealand operations is not material to the financial report and therefore has not been presented separately.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and to unused tax losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

8. Dividends

(a) Ordinary dividends fully franked based on tax paid @ 30%

	Consolidated	
	2023 $'000	2022 $'000
Final dividend for the year ended 31 December 2022 of 49.0 cents per share (2021: 42.5 cents) paid on 28 March 2023.	**125,145**	109,197
Interim dividend for the year ended 31 December 2023 of 24.0 cents per share (2022: 22.0 cents) paid on 21 September 2023.	**61,656**	56,487
Total dividends paid	**186,801**	165,684
DIVIDENDS PAID IN CASH DURING THE YEARS ENDED 31 DECEMBER 2023 AND 2022 WERE AS FOLLOWS:		
Paid in cash	**186,801**	165,684

(b) Dividends not recognised at year end

In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 50.0 cents per share (2022: 49.0 cents per share), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 28 March 2024 (2022: 31 March 2023) out of the retained profits at 31 December 2023 but not recognised as a liability at year end is:	**128,450**	125,145

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

8. Dividends (continued)

(c) Franked dividends

The final dividend recommended after 31 December 2023 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 December 2023.

	Consolidated	
	2023 $'000	2022 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2022: 30%)	**546,250**	529,115
Franking credits available for New Zealand subsequent reporting periods based on a tax rate of 28% (2022: 28%)	**8,919**	-
	555,169	529,115

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

i. Franking credits that will arise from the payment of the current tax liability;

ii. Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

iii. Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Impact on franking credits of dividends not recognised	**55,050**	(53,634)

9. Current assets – Cash and cash equivalents

	Consolidated	
	2023 $'000	2022 $'000
Current assets		
Cash at bank and on hand	**222,214**	190,434

The above figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows.

(a) Recognition and measurement

Cash and cash equivalents

Cash and cash equivalents include 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.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

10. Assets - Trade and other receivables

	Consolidated	
	2023 $'000	2022 $'000
Trade and other receivables	**352,901**	279,961
Allowance for expected credit losses	**(5,414)**	(4,661)
	347,487	275,300

(a) Ageing of trade receivables

The ageing of trade receivables at 31 December 2023 is detailed below:

	Consolidated			
	2023		2022	
	Gross $'000	**Provision $'000**	Gross $'000	Provision $'000
Not past due	**330,987**	**4,175**	266,328	3,703
Past due 0-30 days	**12,701**	**318**	9,061	227
Past due 31 days plus	**9,213**	**921**	4,572	731
Total	**352,901**	**5,414**	279,961	4,661

Included in the Group's trade receivables balance are debtors with a gross amount of $21.9 million (2022: $12.7 million) which are past due at the reporting date. The average age of these receivables is 62 days (2022: 62 days).

(b) Movement in expected credit losses

	Consolidated	
	2023 $'000	2022 $'000
Opening balance	**4,661**	4,064
Additional loss allowance	**1,278**	726
Amounts utilised	**(525)**	(35)
Disposal due to divestment	**-**	(94)
Closing balance	**5,414**	4,661

The Group applies the simplified approach permitted by *AASB 9 Financial Instruments* (AASB 9), which requires expected lifetime losses to be recognised from initial recognition of the receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit losses experience and expected future losses. In line with this, the Group has provided 10% for all receivables over 60 days and 2.5% for all receivables over 30 days but less than 60 days.

(c) Non-current receivables

Loans receivable	**33,119**	32,468
Other non-current receivables	**23,954**	19,048
	57,073	51,516

The Company have determined there to be an immaterial risk of default based on the nature of these financial assets and therefore, no expected credit loss (ECL) has been recognised at 31 December 2023.

(d) Recognition and measurement

Receivables

Trade receivables are recognised at the transaction price, less the expected lifetime credit losses to be recognised from initial recognition of the receivables.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

11. Current assets – Inventories

	Consolidated	
	2023 $'000	2022 $'000
New and demonstrator motor vehicles and trucks	**1,230,149**	660,044
Used vehicles and trucks	**216,953**	241,639
Parts and other consumables	**172,907**	157,618
Total inventories	**1,620,009**	1,059,301

(a) Recognition and measurement

Inventories

The inventory balances above are net amounts after applying a write-down from cost to net realisable value. The write-down recorded in the current year was $3.0 million (2022: $3.9 million). The critical estimates and judgements made in determining the write-down are outlined below.

(b) Critical accounting estimates and judgements

The accounting for inventory requires judgement in determining the net realisable value of inventory on hand and if any write-down to net realisable value is required.

Judgements made by management in determining the estimated write-down from cost include:

- Historic experience and current knowledge of the market for the products held as inventory
- Consideration of published used vehicle valuations
- Consideration of the ageing of inventory on hand or any other risk factors identified

12. Non-current assets – Financial assets at fair value through other comprehensive income

	Consolidated	
	2023 $'000	2022 $'000
Financial assets at fair value through other comprehensive income		
Shares in listed companies[1]	**63,897**	11,943
Shares in an unlisted company[2]	**175**	175
	64,072	12,118

1. The Directors have assessed the fair value of the investments as at 31 December 2023 based on the market price of the shares on the last trading day of the reporting period. These are level 1 fair value measurement assets being derived from inputs based on quoted prices that are observable.
2. The Directors have assessed the fair value of the investment as at 31 December 2023 is materially consistent with its cost of acquisition. This is a level 3 fair value measurement asset being derived from inputs other than quoted prices that are unobservable from the asset either directly or indirectly.

(a) Valuation of financial assets at fair value through other comprehensive income

Details of the Group's assets held at fair value through other comprehensive income and information about the fair value hierarchy as at 31 December 2023 are as follows:

Movements in Non-Current Assets measured at fair value through OCI				
	Level 1 - McMillan Shakespeare Ltd $'000	Level 1 - Other listed companies $'000	Level 3 - Unlisted companies $'000	Total $'000
Opening balance - 1 January 2023	-	11,943	175	12,118
Purchases	61,833	-	-	61,833
Issues	-	-	-	-
Disposals/settlements	-	(18,616)	-	(18,616)
Revaluations	1,628	7,109	-	8,737
Closing balance - 31 December 2023	**63,461**	**436**	**175**	**64,072**

There were no transfers between levels in the year.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

12. Non-current assets – Financial assets at fair value through other comprehensive income (continued)

(b) Recognition and measurement

Investments and other financial assets

Investments and other financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments and other financial assets are initially recognised at fair value, net of transaction costs. Subsequent measurement is dependent on the classification of each investment and other financial asset as outlined below.

The Group classifies its investments and other financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss (PL)); and
- Those to be measured at amortised cost.

The classification is made on an investment by investment basis and is dependent on the contractual cash flow characteristics and the business model to manage financial assets of the investment. Such matters considered in determining the classification include whether the investment is held for trading. For some of its investments, the Group has made irrevocable election at the time of initial recognition to account for the investment at fair value through other comprehensive income (FVOCI).

13. Right-of-use assets and lease liabilities

(a) Leases

i. Amounts recognised in the Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

	Consolidated	
	2023 $'000	2022 $'000
RIGHT-OF-USE ASSETS		
Property	**565,805**	564,109

CONSOLIDATED ENTITY	**Property $'000**	**Equipment $'000**	**Total $'000**
Year ended 31 December 2023			
Opening net book amount	564,109	-	564,109
Exchange differences	(5,047)	-	(5,047)
Additions	33,041	-	33,041
Disposals	(10,989)	-	(10,989)
Depreciation charge	(88,669)	-	(88,669)
Rent reviews	20,883	-	20,883
Adjustments to lease terms	52,477	-	52,477
Closing net book amount	**565,805**	**-**	**565,805**

Disposal of property right-of-use assets reported above are primarily driven by the purchase of a property previously leased ($3.2 million). The remainder of the movement relates to miscellaneous lease exits.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

13. Right-of-use assets and lease liabilities (continued)

(a) Leases (continued)

i. Amounts recognised in the Consolidated Statement of Financial Position (continued)

CONSOLIDATED ENTITY	Property $'000	Equipment $'000	Total $'000
Year ended 31 December 2022			
Opening net book amount	629,853	1,246	631,099
Exchange differences	(2,525)	-	(2,525)
Additions	21,598	-	21,598
Disposals	(17,440)	-	(17,440)
Depreciation charge	(84,378)	(1,246)	(85,624)
Impairment loss	(1,727)	-	(1,727)
Rent reviews	15,155	-	15,155
Adjustments to lease terms	3,573	-	3,573
Closing net book amount	**564,109**	**-**	**564,109**

	Consolidated	
	2023 $'000	2022 $'000
LEASE LIABILITIES		
Current	**150,668**	168,089
Non-current	**727,483**	854,681
	878,151	1,022,770

ii. Amounts recognised in the Consolidated Statement of Profit or Loss

The Consolidated Statement of Profit or Loss shows the following amounts relating to leases:

		Consolidated	
	Notes	**2023 $'000**	2022 $'000
DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS			
Buildings		**88,669**	84,378
Equipment		**-**	1,246
		88,669	85,624
Interest expense	6(a)	**43,207**	45,837
Expense relating to short-term leases		**3,053**	5,196

iii. Maturity Analysis of contracted undiscounted cashflows

	Consolidated	
	2023 $'000	2022 $'000
MATURITY ANALYSIS		
Not later than 1 year	**150,668**	168,089
Later than 1 year and not later than 5 years	**514,721**	537,006
Later than 5 years	**421,209**	577,351
Total undiscounted lease payments	**1,086,598**	1,282,446
Less: Present value adjustment	**(208,447)**	(259,676)
Present value of lease payments	**878,151**	1,022,770

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

13. Right-of-use assets and lease liabilities (continued)

(b) Recognition and measurement

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group leases land and buildings for its corporate offices, warehouses and service workshops, automotive dealerships, showrooms and retail outlets under agreements of between 1 to 15 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The financial liability is measured at the net present value of future payments under the lease, including optional renewal periods, where the Group has assessed that the probability of exercising the renewal is reasonably certain.

The weighted average remaining term on the Group's leases at 31 December 2023, including options where the Group has assessed that the probability of exercising the renewal is reasonably certain, is 8.52 years.

Right-of-use assets

The Group recognises right-of-use assets at cost at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

(c) Critical accounting estimates and judgements

Judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. At initial inception of a lease, the Group applies a policy based on location of the lease (i.e. Rural or Urban). For each reporting period after initial inception, the Group revisits each lease individually to re-assess the lease term.

The Group has the option, under some of its property leases to lease the asset for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Incremental borrowing rate

The Group has determined its incremental borrowing rate by considering the interest rate on their financing facility and applying, where considered necessary, adjustments to align this with an asset specific rate. The adjustments consider the term of the agreement, security of asset and the funds necessary to obtain the asset of a similar value in a similar economic environment. Judgement is required to assess and apply these adjustments.

The application of the incremental borrowing rate impacts the initial valuation of the lease liability and associated interest expense.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

14. Finance lease receivables

(a) Amounts receivable under finance leases

	Consolidated	
	2023 $'000	2022 $'000
Current	**13,506**	39,104
Non-current	**90,763**	198,238
Total finance lease receivables	**104,269**	237,342
Year 1	**13,506**	39,104
Year 2	**13,306**	37,548
Year 3	**12,805**	28,945
Year 4	**12,900**	27,903
Year 5	**12,900**	22,918
Onwards	**92,197**	169,941
Total undiscounted lease payments	**157,614**	326,359
Less: unearned finance income	**(32,179)**	(74,017)
Allowance for expected credit losses	**(21,166)**	(15,000)
Present value of lease payments receivable	**104,269**	237,342

(b) Movement in expected credit losses

Opening balance	**15,000**	-
Additional loss allowance	**17,451**	15,000
Amounts utilised during the period	**(11,285)**	-
Closing balance	**21,166**	15,000

(c) Recognition and measurement

Sub-lease arrangements

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. As a result of the sub-leasing arrangements entered into following the previous business divestments, the Group has recognised a current finance lease receivable of $13.5 million, and a non current finance lease receivable of $90.8 million.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return of the Group's net investment outstanding in respect of the leases.

All subleases are back-to-back arrangements.

The back-to-back subleases have terms between 1 and 13 years. Leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

(d) Critical accounting estimates and judgements

Calculation of loss allowance

When measuring the ECL for finance lease receivables, the Group uses reasonable and supportable forward-looking macroeconomic information and how these drivers will affect each other, and the history of default.

Management has also incorporated into the calculation of the ECL any known loss events.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

15. Non-current assets – Property, plant and equipment

	Consolidated 2023 $'000	2022 $'000
FREEHOLD LAND AND BUILDINGS - AT FAIR VALUE		
Directors' valuation[1]		
Land	**253,196**	285,292
Buildings	**295,495**	291,763
Total land and buildings	**548,691**	577,055
CONSTRUCTION IN PROGRESS - AT COST		
Construction in progress	**42,696**	30,510
LEASEHOLD IMPROVEMENTS		
At cost	**43,440**	42,357
Accumulated depreciation	**(7,016)**	(5,670)
Total leasehold improvements	**36,424**	36,687
PLANT AND EQUIPMENT		
At cost	**89,222**	68,415
Accumulated depreciation	**(25,841)**	(14,274)
Total plant and equipment	**63,381**	54,141
Total property, plant and equipment	**691,192**	698,393

1. **Valuation of land and buildings**

Details of the Group's freehold land and buildings and information about the fair value hierarchy as at 31 December 2023 are as follows:

Unobservable inputs used in determination of fair values							
	Carrying value			Range of unobservable inputs			
Class of assets and liabilities	2023 $'000	2022 $'000	Inputs used to measure fair value	2023	2022	Valuation technique	Key input
Level 3 Car – HBU Alternate Use	**39,960**	41,881	Adopted capitalisation rate	**6.0% - 8.0%**	6.2% - 8.1%	Direct comparison, capitalisation of net income and discounted cash flow (DCF)	External valuations
			Net market rental (per sqm)	**$187 - $328**	$120 - $298		
			Price per sqm land	**$2,681 - $5,156**	$1,473 - $4,826		
Level 3 Franchised Automotive Dealership	**508,731**	535,174	Adopted capitalisation rate	**4.5% - 8.3%**	4.9% - 10.1%	Summation method, capitalisation of net income, direct comparison and discounted cash flow (DCF)	External valuations, industry benchmarks
			Net market rental (per sqm)	**$4 - $312**	$4 - $270		
			Net rent per sqm GBA	**$54 - $982**	$54 - $1,029		
Total	**548,691**	577,055					

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

CARRYING AMOUNTS THAT WOULD HAVE BEEN RECOGNISED IF LAND AND BUILDINGS WERE STATED AT COST

If freehold land was carried at historical cost, its current carrying value would be $259.5 million (2022: $250.5 million). If freehold buildings were carried at historical cost, its current carrying value (after depreciation) would be $295.5 million (2022: $269.6 million).

Non-current assets pledged as security

Refer to Note 20(c) for information on non-current assets pledged as security by the Group.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

15. Non-current assets – Property, plant and equipment (continued)

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year is set out below:

Consolidated 2023	Freehold land $'000	Buildings $'000	Construction in progress $'000	Leasehold improvements $'000	Plant and equipment $'000	**Total $'000**
Opening net book amount	285,292	291,763	30,510	36,687	54,141	**698,393**
Exchange differences	-	-	-	394	(1,421)	**(1,027)**
Transfers	(7,435)	25,593	(26,436)	3,300	4,978	**-**
Additions	5,239	10,132	38,622	3,524	28,369	**85,886**
Additions through business combinations	8,519	7,967	-	-	776	**17,262**
Revaluation increment - property	7,199	-	-	-	-	**7,199**
Disposals	(45,618)	(32,608)	-	(400)	(8,066)	**(86,692)**
Depreciation charge	-	(7,352)	-	(7,081)	(15,396)	**(29,829)**
Carrying amount at end of year	**253,196**	**295,495**	**42,696**	**36,424**	**63,381**	**691,192**

During the period, the Group acquired land and buildings of which $31.6 million was directly funded through capital loan facilities obtained by the Group. Refer to Note 20 for further information on movement in borrowings.

Consolidated 2022	Freehold land $'000	Buildings $'000	Construction in progress $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Opening net book amount	249,962	182,490	15,825	24,394	41,703	514,374
Exchange differences	-	-	-	-	(892)	(892)
Transfers	(20,872)	34,710	(22,645)	7,293	1,514	-
Additions	15,243	17,856	37,394	10,349	19,758	100,600
Additions through business combinations	37,083	78,094	-	-	11,185	126,362
Revaluation gain recognised in asset revaluation reserve	21,446	-	-	-	-	21,446
Disposals	(17,570)	(12,290)	(64)	(1,060)	(3,457)	(34,441)
Depreciation charge	-	(9,097)	-	(4,289)	(15,670)	(29,056)
Carrying amount at end of year	**285,292**	**291,763**	**30,510**	**36,687**	**54,141**	**698,393**

(a) Recognition and measurement

Property, plant and equipment

Land and buildings are measured at fair value. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Group considers the valuation of land and buildings every reporting date and the Group's policy requires land and buildings to be externally valued every three years. At reporting dates where an asset is not externally valued, the Group considers whether market conditions or asset specific factors support the position that the carrying value of the asset is materially in line with fair value. This includes consideration of changes in market variables such as capitalisation rates and terminal growth observable through comparable independent valuations obtained and also considers comparable market transactions. The Group also considers whether the usage of a property has changed that may alter the valuation of the property. In the current year, the Group commissioned additional valuations of additional properties above the usual cyclical valuations to reflect uncertainty driven by market conditions.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- **Buildings** 30 - 40 years
- **Plant & equipment** 3 - 10 years
- **Leasehold improvements** The shorter of the lease term and the useful life of the asset (5-30 years).

(b) Critical accounting estimates and judgements

Fair value estimation of land and buildings

Land and buildings with a carrying value of $548.7 million (2022: $577.1 million) are carried at fair value. Fair value inherently involves estimates and judgements to be made. The Directors determine the fair value of land and buildings at least annually and if required in contemplation of sale. The Directors' assessment is supported by formal independent valuations conducted periodically but at least every three years. Each year, for those properties not captured by a formal independent valuation, the Group performs a review of available market inputs to identify any properties that materially differ to current market conditions.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

16. Non-current assets – Intangibles

	Consolidated	
	2023 $'000	2022 $'000
Goodwill	**837,968**	834,619
Trade marks/brand names	**5,915**	5,915
Customer relationships	**2,468**	3,930
Other intangible assets	**13,222**	10,558
	859,573	855,022
MOVEMENT - GOODWILL		
Balance at the beginning of the financial year	**834,619**	763,988
Additional amounts recognised:		
Acquired through business combinations during the year	**3,349**	81,664
Less: Disposal of businesses	**-**	(11,033)
Balance at the end of the financial year	**837,968**	834,619
MOVEMENT - TRADE MARKS/BRAND NAMES		
Balance at the beginning of the financial year	**5,915**	5,915
Balance at the end of the financial year	**5,915**	5,915
MOVEMENT - CUSTOMER RELATIONSHIPS		
Balance at the beginning of the financial year	**3,930**	5,392
Amortisation charge	**(1,462)**	(1,462)
Balance at the end of the financial year	**2,468**	3,930
MOVEMENT - OTHER INTANGIBLE ASSETS		
Balance at the beginning of the financial year	**10,558**	-
Recognition of other intangibles	**4,000**	11,019
Amortisation charge	**(1,336)**	(461)
Balance at the end of the financial year	**13,222**	10,558

(a) Impairment tests for goodwill and other indefinite life assets

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

The Group has nine groups of CGUs in the car retailing segment, grouped by the operating regions (QLD & NT, NSW, ACT, VIC & TAS, SA, WA, NZ), national retailing rights (BYD), and a National Used CGU. Impairment testing is performed at this level.

The recoverable amount of a CGU or group of CGUs to which goodwill and other indefinite life intangible assets is allocated is determined based on the greater of its value-in-use and its fair value less costs of disposal. In the current year the Group has used value-in-use to determine the recoverable amount of the group of CGUs. Fair value is determined as being the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties at the balance date. If relevant, this fair value assessment less costs of disposal is conducted by the Directors based on their extensive knowledge of the car and truck retailing industry including the current market conditions prevailing in the industry. The value-in-use assessment is conducted using a discounted cash flow (DCF) methodology requiring the Directors to estimate the future cash flows expected to arise from the CGUs and then applying a discount rate to calculate the present value. The model assumes an inflation rate consistent with the growth rate in the discounted cash flow.

The key assumptions determined by the Directors as being the assumptions to which the CGUs recoverable amount is most sensitive are:

Cash flow growth rates

The DCF model adopted by the Directors utilises cash flow forecasts derived from the 2024 financial budgets approved by the Board to help determine year one cash flows. The budgets consider all available sources of information (both external and internal).

Year 1 - Reflects the cash flow forecasts derived from the 2024 financial budgets approved by the Board.

Year 2 to terminal period - Reflects a range of cash flow growth rates applied that does not exceed 2.3% (2022: 2.3%) in both our Australian and New Zealand operations.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

16. Non-current assets – Intangibles (continued)

(a) Impairment tests for goodwill and other indefinite life assets (continued)

Terminal growth rates

A terminal growth rate of 2.5% is applied from year four and into the terminal period (2022: 2.5%). The terminal growth rate is not deemed to exceed the long-term average growth rate for the industry and generally accepted future consumer price index (CPI) rate.

Discount rate

A post-tax discount rate of 8.5% (2022: 8.5%) was applied to the cash flows for Australian operations and a post-tax discount rate of 9.25% (2022: 8.75%) for New Zealand, incorporating the impact of AASB 16 (IFRS 16 *Leases* in New Zealand) on the Group's cost of debt. Management engaged a third party specialist to provide the discount rate utilised in the DFC value-in-use models.

Consideration of climate change

In estimating recoverable amount, the Directors have considered the potential impacts of climate change both on the Group's business model and corporate strategy. The most significant change for vehicle retailers will be the increasing rate of demand for electric vehicles (including hydrogen fuel cell electric vehicles) in preference to internal combustion engine vehicles. This change, in isolation is not expected to significantly impact the Group's business model as the Group is pivoting to supplying a greater percentage of electric vehicles to meet consumer demand. Other impacts such as the Group's desire to meet net zero emissions over time are being considered and will be reflected in the recoverable amount as the strategy progresses. There is significant headroom in all CGUs.

Sensitivity analysis performed

The Group has performed sensitivity analysis of the reasonably possible changes in the key assumptions used in the model, including reducing cash flow growth rates from a maximum of 2.3% to a fixed growth rate of 0% applied from the second forecast year through to year five, whilst holding terminal growth rate at 2.5%. Further, the Group has sensitised the discount rate from 8.5% to 9.0% in Australian operations, and from 9.25% to 9.75% in New Zealand operations. Under each of these independent scenarios, no impairment was identified. The CGU most sensitive to possible impairment is New Zealand. However, management have conducted a break even sensitivity, and note that the CGU is required to achieve a profit of $4.9m with no short term growth assumptions. Management is comfortable that this profit will be achieved.

All intangibles are allocated to the Car Retailing segment.

Conclusion

Whilst supply chain dynamics persist, the Group's fundamentals reflect the strength of our ongoing business, with continued growth of our new car order bank and realised benefits from our ongoing productivity and cost-out programs. The forecast growth rates and terminal growth rate have been based on consideration of historical performance and the expected future operating conditions.

(b) Recognition and measurement

i. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed of the acquired subsidiary or business at the date of acquisition.

ii. Customer relationships

Customer relationships acquired in a business combination where management believes there are contracted relationships in place that generate repeat transactions which creates future economic benefits and are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of five years. Customer relationships are made up of fleet customer arrangements in place for the new vehicle and servicing business.

iii. Trademarks / brand names

Trademarks / brand names are valued on acquisition where management believe there is evidence of any of the following factors: an established brand name with longevity, a reputation that may positively influence a consumer's decision to purchase or service a vehicle, and/or strong customer awareness within a particular geographic location. The trademarks and brand names are valued using a discounted cash flow methodology at acquisition. The Group's trademarks are considered to have an indefinite life as the Group expects to hold and support such trademarks through marketing and promotional support for an indefinite period. They are recorded at cost less any impairment.

iv. Franchise rights

Other intangible assets include costs associated with franchise licences which provide a benefit for more than one reporting period are amortised over the remaining term of the franchise licence. Capitalised costs associated with renewal options for franchise licences are deferred and amortised over the renewal option period. The unamortised balance is reviewed each balance date and charged to the Consolidated Statement of Profit or Loss to the extent that future benefits are no longer probable.

(c) Critical accounting estimates and judgements

Recoverability of goodwill and other intangibles with indefinite useful lives

Goodwill and other intangibles with indefinite useful lives of $843.9 million (2022: $840.5 million) are tested annually for impairment, based on estimates made by Directors. The recoverable amount of the intangibles is based on the greater of 'Value in use' or 'Fair value less costs to dispose'. Value in use is assessed by the Directors through a discounted cash flow analysis which includes significant estimates and assumptions related to growth rates, and discount rates based on the current cost of capital. Fair value less costs of disposal is assessed by the Directors based on their knowledge of the industry and any recent market transactions. The Directors have determined that the recoverable value exceeds the carrying value for each of its CGUs or groups of CGUs; therefore, no impairment charge has been recorded in 2023. A range of reasonably possible scenarios was considered and under none of these sensitivities, was impairment identified for any of the Group's CGUs or groups of CGUs.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

17. Non-current assets - Deferred tax assets

	Notes	Consolidated 2023 $'000	Consolidated 2022 $'000
Deferred tax assets		**137,688**	142,116
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:			
Book versus tax carrying value of plant and equipment		**16,788**	27,857
Right of use asset		**(169,742)**	(169,233)
Lease liability		**263,445**	306,830
Sublease receivable		**(37,630)**	(75,703)
Deferred income		**4,302**	4,516
Inventory valuation		**3,585**	2,565
Prepayments		**(2,306)**	(1,707)
Expected credit losses		**7,984**	5,901
Employee benefits		**35,127**	35,237
Other		**7,234**	6,319
Sundry items		**23,893**	16,668
Revaluation increment - Financial assets at fair value through other comprehensive income (FVOCI)		**(544)**	(57)
Revaluation of property		**(16,703)**	(18,020)
Share options trust		**2,255**	943
Net deferred tax asset		**137,688**	142,116
Movement in deferred tax:			
Opening balance at 1 January 2023		**142,116**	152,000
Deferred tax (expense)/benefit	7(a)	**861**	(4,324)
Adjustments recognised in the current year in relation to deferred tax in prior years	7(a)	**(3,502)**	(1,702)
		(2,641)	(6,026)
Deferred tax recognised in other comprehensive income			
Revaluation increment - property	23(a)	**(2,160)**	(6,434)
Disposal of property with prior period revaluation	23(a)	**-**	1,109
Revaluation increment - Financial assets at fair value through other comprehensive income (FVOCI)	23(a)	**(544)**	(57)
		(2,704)	(5,382)
Deferred tax recognised directly in equity			
Share options trust	23(a)	**1,264**	(640)
Deferred tax recognised through a business combination			
Deferred tax assets relating to business combination		**(347)**	2,164
Closing balance at 31 December 2023		**137,688**	142,116

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2023	2022
Deferred tax liabilities	**(226,923)**	(264,719)
Deferred tax assets	**364,611**	406,835
Net deferred tax asset	**137,688**	142,116

At the reporting date, the Group has no unused revenue tax losses (2022: nil) available for offset against future profits. No deferred tax asset has been recognised in respect of capital losses of $68.9 million (2022: $57.5 million) as it is not considered probable that there will be future capital gains available to utilise the capital losses. The capital losses may be carried forward indefinitely.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

17. Non-current assets - Deferred tax assets (continued)

(a) Recognition and measurement

International Tax Reform - Pillar Two Model Rule

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy. It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023 and 27 June 2023, respectively, the IASB and AASB issued amendments to IAS 12 introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules. The Group applied the temporary exception at 31 December 2023.

(b) Critical accounting estimates and judgements

Deferred Tax Asset

Recognition and measurement of deferred tax assets require certain judgements and assumptions to be made, including but not necessarily limited to the expected realisation of certain assets and liabilities and the likelihood and timing of sufficient profits available in the future.

18. Current liabilities – Trade and other payables

	Consolidated	
	2023 $'000	2022 $'000
TRADE AND OTHER PAYABLES		
Trade payables[1]	**339,864**	142,505
Other payables	**238,643**	233,167
	578,507	375,672

Other payables comprises of customer deposits held of $89.6 million (2022: $95.1 million) taxes payable of $15.9 million (2022: $10.2 million), general accruals of $112.3 million (2022: $96.6 million), with the remaining balance relating to miscellaneous payables.

1. The average credit period on purchases of goods is 30 days. No interest is charged on trade payables from the date of invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(a) Recognition and measurement

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at the fair value of what is expected to be paid, and subsequently at amortised cost, using the effective interest rate method.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

19. Liabilities - Provisions

	Consolidated	
	2023 $'000	2022 $'000
CURRENT PROVISIONS		
Annual leave	**56,040**	55,534
Long service leave	**50,744**	48,993
	106,784	104,527
NON - CURRENT PROVISIONS		
Long service leave	**8,989**	8,537
Other provisions	**6,644**	5,690
	15,633	14,227

Other provisions balance held at reporting date relates to provisions held for make good of leased property. This is for the expected cost of restoring the premises to its original condition at the end of the lease.

(a) Movements in provisions

Movements in each class of employee benefits provisions during the financial year and prior year are set out below:

	2023 $'000	2022 $'000
MOVEMENTS IN ANNUAL LEAVE PROVISION		
Opening balance	**55,534**	57,429
Leave accrued	**38,402**	37,427
Leave paid	**(37,787)**	(41,421)
Transfers	**(109)**	2,099
Closing balance	**56,040**	55,534
MOVEMENTS IN CURRENT LONG SERVICE LEAVE PROVISION		
Opening balance	**48,993**	44,341
Leave paid	**(6,994)**	(5,635)
Transfers	**(464)**	2,211
Amounts vested	**9,209**	8,076
Closing balance	**50,744**	48,993
MOVEMENTS IN NON-CURRENT LONG SERVICE LEAVE PROVISION		
Opening balance	**8,537**	8,613
Leave accrued	**9,661**	8,000
Amounts vested	**(9,209)**	(8,076)
Closing balance	**8,989**	8,537

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

20. Liabilities - Borrowings

(a) Bailment finance and other current loans

	Consolidated	
	2023 $'000	2022 $'000
Bailment finance	**1,311,207**	872,348
Capital loan	**18,415**	66,976
	1,329,622	939,324

i. Bailment finance

Bailment finance is provided on a vehicle-by-vehicle basis by various finance providers at an average interest rate of 6.22% p.a. (2022: 3.67%). Bailment finance is repayable within a short period after the vehicle is sold to a third party, generally within 48 hours.

ii. Interest rate risk exposures

Details of the Group's exposure to interest rate changes on interest bearing liabilities is set out in Note 24.

iii. Fair value disclosures

Details of the Group's fair value of interest bearing liabilities is set out in Note 24.

iv. Security

Details of the security relating to each of the secured liabilities and further information on bank loans is set out in the non-current section below.

(b) Non - current loans

	Consolidated	
	2023 $'000	2022 $'000
Term facility	**124,560**	104,560
Capital loan	**341,945**	272,350
	466,505	376,910

(c) Secured liabilities

	Consolidated	
	2023 $'000	2022 $'000
Term facility[1]	**124,560**	104,560
Capital loan[2]	**360,360**	339,326
Bailment finance[3]	**1,311,207**	872,348
	1,796,127	1,316,234

1. The term facility is secured by a general security agreement which includes registered first mortgages held by a security trustee over specific freehold land and buildings and a general charge over assets. This excludes new and used inventory and related receivables, letter of set off given by and on account of the parent entity and its subsidiaries, and a Corporate Guarantee and Indemnity unlimited as to amount given by the parent entity and its subsidiaries.
2. The capital loan is secured by registered first mortgages given by subsidiaries over specific freehold land and buildings, letter of set off given by and on account of the parent entity and its subsidiaries, and a Corporate Guarantee and Indemnity unlimited as to amount given by the parent entity and its subsidiaries.
3. Vehicle bailment finance reflects a liability payable to the consolidated entity's bailment financiers. This liability is represented by and secured over debtors included in current assets receivables in respect of recent vehicle deliveries to customers, and by new vehicles, demonstrator vehicles and some used vehicles all included in inventories (bailment stock). Refer to Note 11.

Refer to Note 24 for maturities.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

20. Liabilities - Borrowings (continued)

(c) Secured liabilities (continued)

Assets pledged as security

The carrying amounts of assets pledged as security are:

	Consolidated 2023 $'000	2022 $'000
NON-CURRENT ASSETS PLEDGED AS SECURITY		
Freehold land and buildings - first mortgage	**548,691**	577,055
Other non-current assets	**1,135,135**	1,052,900
CURRENT ASSETS PLEDGED AS SECURITY		
Inventories	**1,311,207**	872,348
Other current assets	**416,139**	353,639
Total assets pledged as security	**3,411,172**	2,855,942

(d) Financing arrangements

The Group has access to the following lines of credit at the balance date:

	Consolidated 2023 $'000	2022 $'000
Total facilities		
Term facility[1]	**382,000**	382,000
Working capital facility (includes bank overdraft)[2]	**30,000**	30,000
Capital loan[3]	**471,030**	472,545
Bailment finance[4]	**1,700,657**	1,624,700
Bank guarantees	**66,100**	66,100
	2,649,787	2,575,345
Drawn at balance date		
Term facility	**124,560**	104,560
Capital loan	**360,360**	339,326
Bailment finance	**1,311,207**	872,348
Bank guarantees	**37,837**	53,408
	1,833,964	1,369,642
Undrawn at balance date		
Term facility	**257,440**	277,440
Working capital facility (includes bank overdraft)	**30,000**	30,000
Capital loan	**110,670**	133,219
Bailment finance	**389,450**	752,352
Bank guarantees	**28,263**	12,692
	815,823	1,205,703

1. Term facility at balance date was provided on a non-amortisable (interest only) basis subject to compliance with specific covenants for a fixed term.
2. Working capital facility at balance date was provided on a non-amortisable (interest only) basis subject to compliance with specific covenants and an annual review.
3. Capital loan facility at balance date was provided on a non-amortisable (interest only) basis for a fixed term.
4. Dealerships utilise bailment finance to fund both new and used vehicle inventory. New vehicles are purchased from the original equipment manufacturer (OEM) using financing provided by a bailment finance provider, who retains title in the vehicle until it is subsequently sold by the dealership to the customer. Vehicle financed under bailment plans are recognised as inventory with the corresponding bailment liability owing to the finance providers. These facilities include a combination of fixed term and open-ended arrangements and are subject to review periods ranging from quarterly to annual. The facilities are available for drawdown by specified dealerships on a vehicle-by-vehicle basis, with repayment as it relates to an individual vehicle required immediately after the vehicle is sold.
   The Group also utilises the bailment finance facility to finance some of its used vehicle inventory.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

21. Segment information

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

The Group has historically operated in two operating and reporting segments being (i) Car Retailing, and (ii) Property. These are identified on the basis of being the components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Information regarding the Group's reporting segments is presented below.

The accounting policies of the reportable segments are the same as the Group's accounting policies as outlined within the notes to the financial report. Segment profit represents the profit earned by each segment without allocation of unrecouped corporate / head office costs and income tax. External bailment is allocated to the Car Retailing segment. Funding costs in relation to bills payable are allocated to the Car Retailing and Property segments based on notional market based covenant levels. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible, and financial assets attributable to each segment. All assets are allocated to reportable segments.

i. Car Retailing

Within the Car Retailing segment, the Group offers a diversified range of automotive products and services, including new vehicles, used vehicles, vehicle maintenance and repair services, vehicle parts, service contracts, vehicle brokerage, vehicle protection products and other aftermarket products. They also facilitate financing for vehicle purchases through third-party sources. New vehicles, vehicle parts and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers. This segment includes a motor auction business and forklift rental business.

ii. Property

Within the Property segment, the Group acquires commercial properties principally for use as facility premises for its motor dealership operations. The Property segment charges the Car Retailing segment commercial rent for owned properties occupied by that segment. The Property segment reports property assets at fair value, based on annual assessments by the Directors supported by periodic, but at least triennial, valuations by external independent valuers. There is no one customer that is responsible for 10% or more of sales.

(a) Geographic information

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

(b) Segment results

SEGMENT REPORTING 2023	Car Retailing $'000	Property $'000	Eliminations $'000	Consolidated $'000
Sales to external customers	9,851,345	336	-	9,851,681
Inter-segment sales	-	39,348	(39,348)	-
Total sales revenue	**9,851,345**	**39,684**	**(39,348)**	**9,851,681**
SEGMENT RESULTS				
Operating profit before interest	534,915	30,852	-	565,767
External interest expense allocation	(116,321)	(14,430)	-	(130,751)
Interest Income	8,376	-	-	8,376
Operating contribution	**426,970**	**16,422**	**-**	**443,392**
Business acquisition and divestment costs	(2,254)	-	-	(2,254)
Other expenses	(1,225)	-	-	(1,225)
Profit on termination of leases	3,050	-	-	3,050
Profit on sales of businesses	7,685	-	-	7,685
Loss on sale of property	-	(3,652)	-	(3,652)
Segment profit	**434,226**	**12,770**	**-**	**446,996**
Unallocated corporate expenses				(19,661)
Profit before tax				**427,335**
Income tax expense				(128,267)
Net profit				**299,068**
Depreciation and amortisation	(113,944)	(7,352)	-	(121,296)
Assets				
Segment assets	4,122,782	597,933	-	4,720,715
Liabilities				
Segment liabilities	3,025,409	389,920	-	3,415,329
Net assets	**1,097,373**	**208,013**	**-**	**1,305,386**

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

21. Segment information (continued)

(c) (b) Segment results (continued)

SEGMENT REPORTING 2022	Car Retailing $'000	Property $'000	Eliminations $'000	Consolidated $'000
Sales to external customers	8,540,574	928	-	8,541,502
Inter-segment sales	-	34,665	(34,665)	-
Total sales revenue	**8,540,574**	**35,593**	**(34,665)**	**8,541,502**
SEGMENT RESULTS				
Operating profit before interest	468,448	24,973	-	493,421
External interest expense allocation	(76,742)	(11,503)	-	(88,245)
Interest Income	11,387	-	-	11,387
Operating contribution	**403,093**	**13,470**	**-**	**416,563**
Business acquisition and divestment costs	(3,034)	-	-	(3,034)
Impairment of non-current assets	(1,727)	-	-	(1,727)
Other expenses	(3,926)	-	-	(3,926)
Profit on sale of property	-	17,121	-	17,121
Profit on sales of businesses	35,248	-	-	35,248
Profit on termination of leases	2,672	-	-	2,672
Segment profit	**432,326**	**30,591**	**-**	**462,917**
Unallocated corporate expenses				(20,695)
Profit before tax				**442,222**
Income tax expense				(117,882)
Net profit				**324,340**
Depreciation and amortisation	(107,506)	(9,097)	-	(116,603)
Assets				
Segment assets	3,522,360	597,877	-	4,120,237
Liabilities				
Segment liabilities	2,509,721	368,886	-	2,878,607
Net assets	**1,012,639**	**228,991**	**-**	**1,241,630**

(d) Recognition and measurement

Operating segments

Operating segments are identified based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

22. Contributed equity

(a) Paid up capital

	Consolidated			
	2023 Shares	2022 Shares	**2023 $'000**	2022 $'000
Ordinary shares - fully paid	**256,900,410**	255,398,099	**1,173,659**	1,154,572

Ordinary shares confer on their holders the right to participate in dividends declared by the Board and to vote at general meetings of the Company.

At the reporting date, the Employee Share Trust held 2,252,648 outstanding shares, which are reported in share capital (2022: 2,509,566).

(b) Movements in ordinary share capital

Date	Details	Number of shares	Share price	$'000
01-Jan-2023	**Opening balance at 1 January 2023**	**255,398,099**	**-**	**1,154,572**
25-May-2023	Share buy-back	(39,000)	$12.86	(502)
26-May-2023	Share buy-back	(32,816)	$12.52	(411)
03-July-2023	Shares issued as purchase consideration on acquisition	1,574,127	$12.71	20,000
31-Dec-2023	**Closing balance at 31 December 2023**	**256,900,410**	**-**	**1,173,659**
01-Jan-2022	**Opening balance at 1 January 2022**	**256,933,106**	**-**	**1,173,069**
26-Aug-2022	Share buy-back	(152,289)	$13.13	(2,000)
30-Aug-2022	Share buy-back	(19,880)	$12.57	(250)
15-Sep-2022	Share buy-back	(7,995)	$12.74	(102)
16-Sep-2022	Share buy-back	(120,569)	$12.73	(1,535)
19-Sep-2022	Share buy-back	(80,408)	$12.77	(1,026)
20-Sep-2022	Share buy-back	(145,690)	$12.75	(1,857)
23-Sep-2022	Share buy-back	(127,322)	$12.68	(1,615)
26-Sep-2022	Share buy-back	(161,629)	$12.16	(1,966)
27-Sep-2022	Share buy-back	(93,967)	$11.55	(1,086)
28-Sep-2022	Share buy-back	(39,011)	$11.63	(454)
29-Sep-2022	Share buy-back	(65,920)	$11.39	(751)
30-Sep-2022	Share buy-back	(99,997)	$11.17	(1,117)
04-Oct-2022	Share buy-back	(24,992)	$10.91	(273)
19-Oct-2022	Share buy-back	(12,359)	$11.56	(143)
20-Oct-2022	Share buy-back	(60,000)	$11.10	(666)
21-Oct-2022	Share buy-back	(18,001)	$10.97	(197)
10-Nov-2022	Share buy-back	(31,886)	$11.77	(375)
16-Nov-2022	Share buy-back	(35,000)	$11.99	(420)
17-Nov-2022	Share buy-back	(8,865)	$11.90	(106)
22-Nov-2022	Share buy-back	(5,000)	$11.98	(60)
07-Dec-2022	Share buy-back	(35,000)	$11.64	(407)
07-Dec-2022	Share buy-back	(2,016)	$11.60	(23)
08-Dec-2022	Share buy-back	(10,496)	$11.57	(121)
12-Dec-2022	Share buy-back	(25,504)	$11.50	(293)
20-Dec-2022	Share buy-back	(30,000)	$11.09	(333)
21-Dec-2022	Share buy-back	(20,000)	$11.10	(222)
22-Dec-2022	Share buy-back	(27,856)	$11.08	(309)
23-Dec-2022	Share buy-back	(44,925)	$10.80	(485)
28-Dec-2022	Share buy-back	(14,261)	$10.75	(153)
29-Dec-2022	Share buy-back	(14,000)	$10.68	(150)
30-Dec-2022	Share buy-back	(169)	$10.73	(2)
31-Dec-2022	**Closing balance at 31 December 2022**	**255,398,099**	**-**	**1,154,572**

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

23. Reserves and retained earnings

(a) Reserves:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Asset revaluation reserve	**41,541**	36,502
Share-based payments reserve	**(84,195)**	(89,171)
Foreign currency translation reserve	**(1,813)**	(1,914)
Business combination reserve	**(544,881)**	(479,042)
Investment revaluation reserve	**(64,304)**	(72,497)
	(653,652)	(606,122)

Movements:

	Notes	Consolidated 2023 $'000	Consolidated 2022 $'000
ASSET REVALUATION RESERVE:			
Balance at the beginning of the financial year		**36,502**	24,078
Revaluation increment - property	15	**7,199**	21,446
Deferred tax on revaluation increment - property	17	**(2,160)**	(6,434)
Transfer to retained earnings relating to properties sold	23(b)	**-**	(3,697)
Deferred tax - transfer to retained earnings relating to properties sold	17, 23(b)	**-**	1,109
Balance at the end of the financial year		**41,541**	36,502
SHARE-BASED PAYMENTS RESERVE:			
Balance at the beginning of the financial year		**(89,171)**	(91,541)
Payments received from employees for exercised options		**-**	1,295
Shares acquired by the Employee Share Trust		**-**	(681)
Employee share schemes - value of employee services		**1,821**	2,396
Shares issued pursuant to staff share plan		**1,891**	-
Deferred tax	17	**1,264**	(640)
Balance at the end of the financial year		**(84,195)**	(89,171)
FOREIGN CURRENCY TRANSLATION RESERVE:			
Balance at the beginning of the financial year		**(1,914)**	1,213
Other comprehensive income		**101**	(3,127)
Balance at the end of the financial year		**(1,813)**	(1,914)
BUSINESS COMBINATION RESERVE:			
Balance at the beginning of the financial year		**(479,042)**	(479,042)
Movement during the period	25(c)	**(65,839)**	-
Balance at the end of the financial year		**(544,881)**	(479,042)
INVESTMENT REVALUATION RESERVE:			
Balance at the beginning of the financial year		**(72,497)**	(72,686)
Revaluation increment - Financial assets at fair value through other comprehensive income (FVOCI)	12	**8,737**	189
Deferred tax on revaluation increment - Financial assets at fair value through other comprehensive income (FVOCI)	17	**(544)**	-
Balance at the end of the financial year		**(64,304)**	(72,497)

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

23. Reserves and retained earnings (continued)

(b) Retained earnings

	Consolidated	
	2023 $'000	2022 $'000
Retained profits at the beginning of the financial year	**655,796**	510,725
Net profit for the year	**299,068**	324,340
Less: NCI share	**(17,968)**	(16,173)
Transfer to retained earnings (net of tax)	**-**	2,588
Dividends provided for or paid	**(186,801)**	(165,684)
Retained profits at the end of the financial year	**750,095**	655,796

(c) Nature and purpose of other reserves

i. Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in Note 15(a).

ii. Investment revaluation reserve

The investment revaluation reserve represents the cumulative gains and losses arising on assets held at FVOCI that have been recognised in other comprehensive income as described in Note 12.

iii. Foreign currency translation reserve

The foreign currency translation reserve is used to recognise the cumulative net movement in foreign assets, liabilities and results held by foreign subsidiaries since acquisition.

iv. Share-based payments reserve

The share-based payment reserve is used to recognise the fair value of performance rights expected to vest and the fair value of equity expected to be issued under various share incentive schemes referred to in Notes 32 and 33.

v. Business combination reserve

The business combination reserve is used to recognise difference between the value of consideration paid to acquire the non-controlling interest, the carrying value of the non-controlling interest and the value of shares acquired, as described in Note 25(c).

24. Financial instruments

(a) Overview

The Group has exposure to the following key risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rate risk)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout the financial report.

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Directors have established an Audit and Risk Committee (the Committee) which is responsible for monitoring, assessing and reporting on the Group's risk management system. The Committee provides regular reports to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks. The Committee is assisted in its oversight by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

24. Financial instruments (continued)

(a) Overview (continued)

The Group's principal financial instruments comprise bank loans, bailment finance, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for and fund the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised as follows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Further, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Trade receivables consist of a large number of customers, spread across geographical areas. The Group applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and forward-looking information.

With respect to credit risk arising from financial assets of the Group (comprised of cash, cash equivalents, receivables, finance lease receivables and other loans receivable), the Group's maximum exposure to credit risk at the balance date, excluding the value of any collateral or other security, is the carrying amount as disclosed in the Consolidated Statement of Financial Position and notes to the financial report.

The Group's credit risk on liquid funds is limited as the counter parties are major Australian banks with favourable credit ratings assigned by international credit rating agencies.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and monitor market risk exposures within acceptable parameters, whilst optimising the return on risk.

i. Interest rate risk

The Group's policy is to keep between 0% and 50% of its borrowings at fixed rates of interest. As at 31 December 2023, 17% (2022: 23%) of the Group's borrowings were at a fixed rate of interest.

ii. Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 50 basis points higher or lower and all other variable were held constant, the Group's net profit after tax would increase/decrease by $9.4 million (2022: $6.8 million) per annum. This is mainly due to the Group's exposures to interest rates on its variable rate borrowings.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the period.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

24. Financial instruments (continued)

(b) Credit risk

i. Exposure to credit risk

The carrying amount of financial assets (as per Note 10) represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date was:

	Consolidated	
	2023 $'000	2022 $'000
Trade and other receivables	**352,901**	279,961
Less: Allowance for expected credit losses	**(5,414)**	(4,661)
	347,487	275,300
Other non-current receivables	**57,073**	51,516
	404,560	326,816

ii. Impairment losses

The ageing of trade receivables at reporting date is detailed in Note 10.

iii. Fair values and exposures to credit and liquidity risk

Detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial report approximate their fair value.

FINANCIAL ASSETS		
Trade and other receivables net of expected credit losses	**347,487**	275,300
Cash and cash equivalents	**222,214**	190,434
Other non-current receivables	**57,073**	51,516
	626,774	517,250
FINANCIAL LIABILITIES		
Term facility	**124,560**	104,560
Capital loan	**360,360**	339,326
Bailment finance	**1,311,207**	872,348
Trade and other payables	**578,507**	375,672
	2,374,634	1,691,906

Maturity profile

The following table provides a maturity profile for the Group's financial instruments that are exposed to interest rate risk at the balance date. The amounts disclosed in the table are gross contractual undiscounted cash flows (principal and interest) required to settle the respective liabilities. The interest rate is based on the rate applicable as at the end of the financial period.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

24. Financial instruments (continued)

(b) Credit risk (continued)

iii. Fair values and exposures to credit and liquidity risk (continued)

CONTRACTUAL MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

AT 31 DECEMBER 2023	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 -5 years $'000	5+ years $'000	Total $'000
INTEREST BEARING							
FLOATING RATE							
Financial assets							
Cash and cash equivalents	222,214	-	-	-	-	-	**222,214**
Trade Debtors	1,079	1,079	1,079	1,079	1,079	15,478	**20,873**
	223,293	**1,079**	**1,079**	**1,079**	**1,079**	**15,478**	**243,087**
Average interest rate	4.11%	7.49%	7.49%	7.49%	7.49%	7.49%	
Financial liabilities							
Bailment finance	1,311,576	-	-	-	-	-	**1,311,576**
Term facility	9,826	272,929	213,106	-	-	-	**495,861**
Capital loan	9,771	9,771	9,771	9,771	76,579	31,545	**147,208**
	1,331,173	**282,700**	**222,877**	**9,771**	**76,579**	**31,545**	**1,954,645**
Average interest rate	4.11%	2.79%	2.54%	6.42%	6.42%	6.39%	
FIXED RATE							
Financial liabilities							
Capital loan	**23,819**	**43,025**	**60,274**	**26,399**	**18,866**	**129,412**	**301,795**
Average interest rate	3.17%	3.16%	3.15%	3.16%	3.15%	3.14%	
NON-INTEREST BEARING							
Financial assets							
Trade debtors and other receivables	**371,441**	**-**	**-**	**-**	**-**	**18,719**	**390,160**
Financial liabilities							
Trade and other payables	**578,507**	**-**	**-**	**-**	**-**	**-**	**578,507**

Please refer to Notes 13(a)(iii) and 14(a) for ageing of lease liabilities and finance lease receivables, respectively.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

24. Financial instruments (continued)

(b) Credit risk (continued)

iii. Fair values and exposures to credit and liquidity risk (continued)

CONTRACTUAL MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

AT 31 DECEMBER 2022	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 -5 years $'000	5+ years $'000	Total $'000
INTEREST BEARING							
FLOATING RATE							
Financial assets							
Cash and cash equivalents	190,434	-	-	-	-	-	190,434
Average interest rate	1.31%	-	-	-	-	-	
Financial liabilities							
Bailment finance	872,348	-	-	-	-	-	872,348
Term facility	7,437	7,437	271,409	213,168	-	-	499,451
Capital loan	2,358	2,358	2,358	2,358	2,358	19,422	31,212
	882,143	**9,795**	**273,767**	**215,526**	**2,358**	**19,422**	**1,403,011**
Average interest rate	4.08%	1.66%	1.65%	1.05%	5.24%	5.24%	
FIXED RATE							
Financial liabilities							
Capital loan	**75,396**	**24,363**	**43,563**	**60,783**	**26,877**	**149,599**	**380,581**
Average interest rate	3.33%	3.18%	3.18%	3.17%	3.19%	3.18%	
NON-INTEREST BEARING							
Financial assets							
Trade debtors and other receivables	**294,348**	**-**	**-**	**-**	**-**	**32,468**	**326,816**
Financial liabilities							
Trade and other payables	**375,672**	**-**	**-**	**-**	**-**	**-**	**375,672**

iv. Estimation of fair value

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments:

Loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries

(a) Deed of Cross Guarantee

		Equity Holding		Member of DOCG		Membership Group		2016/785 Opt In/Out		23-0919 Opt In/Out	
NAME OF ENTITY		**2023 %**	2022 %	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Eagers Automotive Limited	*	**100**	100	**Y**	Y	**C**	C				
A.P. Ford Pty Ltd	*	**100**	100	**Y**	Y	**C**	C	**Opt Out**			
A.P. Group Ltd	*	**100**	100	**Y**	Y	**C**	C	**Opt In**			
A.P. Motors (No.1) Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
A.P. Motors (No.2) Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
A.P. Motors (No.3) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
A.P. Motors Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
ACM Autos Holdings Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
ACM Autos Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
ACM Liverpool Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
ACN 132 712 111 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Adtrans Australia Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Adtrans Automotive Group Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Adtrans Corporate Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Adtrans Group Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Adtrans Sydney Pty Ltd (formerly Adtrans Hino Pty Ltd)	*	**100**	100	**Y**	Y	**C**	C				
Adtrans Truck Centre Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Adtrans Trucks Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
Adtrans Used Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Adverpro Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
AHG 1 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C		Opt In		
AHG Automotive Mining and Industrial Solutions Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Coatings Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Finance 2005 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Finance Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Franchised Automotive Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG International Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Management Company Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
AHG Newcastle Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Property Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
AHG Services (NSW) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Services (QLD) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Services (VIC) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Services (WA) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Trade Parts Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHG Training Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
AHG WA (2015) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHGCL 2016 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
AHGSW 2018 Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
AP Townsville Pty Ltd		**78**	78	**Y**	Y	**EC**	EC			**Opt In**	
APE Cars Mgmt Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Associated Finance Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Auckland Auto Collection Limited	*	**100**	100	**Y**	Y	**C**	C				
Austral Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

		Equity Holding		Member of DOCG		Membership Group		2016/785 Opt In/Out		23-0919 Opt In/Out	
NAME OF ENTITY		**2023 %**	2022 %	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
AUT 6. Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Auto Ad Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Automotive Holdings Group (Victoria) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Automotive Holdings Group Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
BASW Pty Ltd		**80**	80	**Y**	Y	**EC**	EC			**Opt In**	
Big Rock 2005 Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Big Rock Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Bill Buckle Holdings Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Bill Buckle Leasing Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
Black Auto CQ Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Boonarga Welding Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Bradstreet Motors Holdings Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Bradstreet Motors Pty Limited		**80**	80	**Y**	Y	**EC**	EC				
Bridge NT Pty Ltd	*	**100**	-	**Y**	N/A	**C**	N/A				
Cardiff Car City Holdings Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Cardiff Car City Pty Limited		**80**	80	**Y**	Y	**EC**	EC				
Carlin Auction Services (NSW) Pty Ltd		**53**	53	**N**	Y	**N/A**	N/A				
Carlins Automotive Auctioneers (QLD) Pty Ltd		**53**	53	**N**	N	**N/A**	N/A				
Carlins Automotive Auctioneers (S.A) Pty Ltd		**53**	53	**N**	N	**N/A**	N/A				
Carlins Automotive Auctioneers (WA) Pty Ltd		**53**	53	**N**	N	**N/A**	N/A				
Carlins Automotive Auctioneers Pty Ltd		**53**	53	**N**	N	**N/A**	N/A				
Carlins Group Holdings Pty Ltd		**53**	53	**N**	N	**N/A**	N/A				
Carsplus Australia Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Carzoos Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
Castle Hill Autos No. 1 Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
Castlegate Enterprises Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
CFD (2012) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C	**Opt In**			
CH Auto Pty Ltd	*	**100**	100	**Y**	Y	**C**	C		Opt In		
Chellingworth Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
City Auto (2016) Holdings Pty Ltd		**80**	80	**Y**	Y	**EC**	EC			**Opt In**	
City Auto (2016) Pty Ltd		**80**	80	**Y**	Y	**EC**	EC			**Opt In**	
City Automotive Group Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
City Motors (1981) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Crampton Automotive Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Drive A While Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
Dual Autos Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Duncan Autos 2005 Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
Duncan Autos Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
E.G. Eager & Son Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
EACAB Pty Ltd		**78**	78	**Y**	Y	**EC**	EC			**Opt In**	
Eagers ACT Pty Ltd	*	**100**	100	**Y**	Y	**C**	C		Opt In		
Eagers ACT Rentals Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Eagers ACT Cars MGMT Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Eagers Finance Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Eagers MD Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Eagers Nominees Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

		Equity Holding		Member of DOCG		Membership Group		2016/785 Opt In/Out		23-0919 Opt In/Out	
NAME OF ENTITY		**2023 %**	2022 %	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Eagers NT Pty Ltd	*	**100**	-	**Y**	N/A	**C**	N/A				
Eagers Retail Pty Ltd	*	**100**	100	**Y**	Y	**C**	C		Opt Out		
Eagers TACT Pty Ltd		**80**	80	**Y**	Y	**EC**	EC			**Opt In**	
Eagers VIC Pty Ltd (formerly Essendon Auto (2017) Pty Ltd)	*	**100**	100	**Y**	Y	**C**	C				
EASST Pty Ltd		**85**	85	**Y**	Y	**EC**	EC			**Opt In**	
Easy Auto 123 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Eurocars (SA) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
EV Dealer Group Pty Ltd		**80**	49	**N**	N/A	**N/A**	N/A				
Falconet Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Ferntree Gully Autos Holdings Pty Ltd		**100**	100	**N**	N	**N/A**	N/A				
Ferntree Gully Autos Pty Ltd		**100**	100	**N**	N	**N/A**	N/A				
Finmo Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
F.R. Ireland Pty Ltd		**78**	-	**Y**	N/A	**EC**	N/A				
Giant Autos (1997) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Giant Autos Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Graham Cornes Motors Pty Ltd		**90**	90	**Y**	Y	**EC**	EC				
Grand Autos 2005 Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Highland Autos Pty Ltd		**80**	80	**Y**	Y	**EC**	EC			**Opt In**	
Highland Kackell Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
HM (2015) Holdings Pty Ltd		**100**	100	**N**	N	**N/A**	N/A				
HM (2015) Pty Ltd		**100**	100	**N**	N	**N/A**	N/A				
IB MD Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
IB Motors Pty Ltd	*	**100**	100	**Y**	Y	**C**	C		Opt In		
Janasen Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
Janetto Holdings Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Kingspoint Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Leaseline & General Finance Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Lionteam Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
LWC International Limited	*	**100**	100	**Y**	Y	**C**	C				
LWC Limited	*	**100**	100	**Y**	Y	**C**	C				
Maitland City Motor Group Holdings Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Maitland City Motor Group Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Matchacar Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
MB VIC Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
MBSA Motors Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
MCM Autos Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
MCM Sutherland Pty Ltd	*	**100**	100	**Y**	Y	**C**	C	**Opt In**			
Melbourne City Autos (2012) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Melbourne Truck and Bus Centre Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
Melville Autos 2005 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Melville Autos Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Mornington Auto Group (2012) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Motors Group (Glen Waverley) Pty Ltd		**87.5**	87.5	**Y**	Y	**EC**	EC			**Opt In**	
Motors TAS Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Newcastle Commercial Vehicles Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

		Equity Holding		Member of DOCG		Membership Group		2016/785 Opt In/Out		23-0919 Opt In/Out	
NAME OF ENTITY		**2023 %**	2022 %	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
North City (1981) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
North City 2005 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Northside Autos 2005 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Northside Nissan (1986) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Northwest (WA) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Novated Direct Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
NSW Vehicle Wholesale Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Nuford Ford Pty Ltd	*	**100**	100	**Y**	Y	**C**	C	**Opt Out**	Opt In		
Nundah Motors Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
OPM (2012) Holdings Pty Ltd	*	**100**	80	**Y**	Y	**C**	EC				
OPM (2012) Pty Ltd	*	**100**	80	**Y**	Y	**C**	EC				
Osborne Park Autos Pty Ltd	*	**100**	100	**Y**	Y	**C**	C	**Opt Out**	Opt In		
Penrith Auto (2016) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Perth Auto Alliance Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Precision Automotive Technology Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
PT (2013) Pty Ltd		**92.5**	92.5	**Y**	Y	**EC**	EC			**Opt In**	
Rent Two Buy Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
RL Sublessor Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Sabalan Holdings Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Sabalan Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Shemapel 2005 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
South West Queensland Motors Pty Ltd		**80**	80	**Y**	Y	**EC**	EC				
Southeast Automotive Group Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Southern Automotive Group Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Southside Autos (1981) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Southside Autos 2005 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Southwest Automotive Group Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Submo Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
SWGT Pty Ltd	*	**100**	100	**Y**	Y	**C**	C		Opt Out		
Total Autos (1990) Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Total Autos 2005 Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Vehicle Storage & Engineering Pty Ltd		**100**	100	**N**	Y	**N/A**	C				
VMS Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
WA Trucks Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Webster Trucks Mgmt Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Western Equipment Rentals Pty Ltd		**-**	100	**N/A**	N	**N/A**	N/A				
Widevalley Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
WS Motors Pty Ltd		**78**	78	**Y**	Y	**EC**	EC			**Opt In**	
WS Vehicle Sales Pty Ltd (formerly Cheap Cars QLD Pty Ltd)		**78**	78	**Y**	Y	**EC**	EC				
Zupp Holdings Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Zupps Aspley Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Zupps Gold Coast Pty Ltd		**-**	100	**N/A**	Y	**N/A**	C				
Zupps Mt Gravatt Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				
Zupps Parts Pty Ltd	*	**100**	100	**Y**	Y	**C**	C				

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

C - Member of the Closed Group

EC - Member of the Extended Closed Group

All entities noted as members of the Deed of Cross Guarantee (DOCG) above, were parties to a Deed of Cross Guarantee with Eagers Automotive Limited pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 which has been lodged with and approved by Australian Securities and Investments Commission as at 31 December 2023. Under the DOCG each of these companies guarantee the debts of the other named companies. Entities which have opted in or out of the relief for the current or prior year are noted in the 2016/785 columns in the table above.

All subsidiaries that are either directly controlled by Eagers Automotive Limited, or are wholly owned within the Group, have ordinary class of shares and are incorporated in Australia or New Zealand.

On 21 December 2023 the Company announced that it has obtained relief from the Australian Securities and Investments Commission from the requirement for certain of it's non-wholly owned subsidiaries to have their individual financial reports audited each year.

To be eligible for the relief, the subsidiaries must be party to the Eagers group Deed of Cross Guarantee.

The relief applies only to the individual subsidiaries and does not affect the financial reporting or audit obligations of the parent company, Eagers Automotive Limited. Entities which have opted in to the relief for the current year are noted in the 23-0919 columns in the above table.

As a party to the deed of cross guarantee, each of the wholly-owned subsidiaries (marked *) is relieved from the requirement to prepare and lodge an audited financial report.

The table below provides details of the Eligible Subsidiaries which may be eligible to rely on the relief, and whether or not that Eligible Subsidiary relied on the relief for the financial year ended 31 December 2023:

Entity name	Reliance on relief
ACM Autos Holdings Pty Ltd	No
ACM Autos Pty Ltd	No
BASW Pty Ltd	Yes
Boonarga Welding Pty Ltd	No
Bradstreet Motors Holdings Pty Ltd	No
Bradstreet Motors Pty Ltd	No
Cardiff Car City Holdings Pty Ltd	No
Cardiff Car City Pty Ltd	No
City Auto (2016) Holdings Pty Ltd	Yes
City Auto (2016) Pty Ltd	Yes
EACAB Pty Ltd	Yes
AP Townsville Pty Ltd	Yes
WS Vehicle Sales Pty Ltd	No
WS Motors Pty Ltd	Yes
FR Ireland Pty Ltd	No
Eagers MD Pty Ltd	No
Eagers TACT Pty Ltd	Yes
EASST Pty Ltd	Yes
Graham Cornes Motors Pty Ltd	No
Grand Autos 2005 Pty Ltd	No
Highland Autos Pty Ltd	Yes
IB MD Pty Ltd	No
Maitland City Motor Group Holdings Pty Ltd	No
Maitland City Motor Group Pty Ltd	No
MCM Autos Pty Ltd	No
Motors Group (Glen Waverley) Pty Ltd	Yes
OPM (2012) Holdings Pty Ltd	No
OPM (2012) Pty Ltd	No
PT (2013) Pty Ltd	Yes
Sabalan Holdings Pty Ltd	No
Sabalan Pty Ltd	No
South West Queensland Motors Pty Ltd	No

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

The following entities obtained relief under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 in 2022, but were ineligible for relief in 2023:

Entity name	Ineligibility date
A.P. Ford Pty Ltd	31 December 2023
Nuford Ford Pty Ltd	31 December 2023
Osborne Park Autos Pty Ltd	31 December 2023

The following entities joined the DOCG in 2023 by assumption deed:

Entity name	Assumption date
Bridge NT Pty Ltd	15 December 2023
Eagers NT Pty Ltd	15 December 2023
F.R. Ireland Pty Ltd	01 June 2023

The following entities were removed from the DOCG in 2023 via revocation deed:

Entity name	Revocation date
A.P. Motors (No.2) Pty Ltd	23 June 2023
AHG Management Company Pty Ltd	23 June 2023
AHG Property Pty Ltd	23 June 2023
AHG Training Pty Ltd	23 June 2023
AHGSW 2018 Pty Ltd	23 June 2023
Drive A While Pty Ltd	23 June 2023
Janasen Pty Ltd	23 June 2023
Matchacar Pty Ltd	23 June 2023
Novated Direct Pty Ltd	23 June 2023
Vehicle Storage & Engineering Pty Ltd	14 October 2023
Zupps Gold Coast Pty Ltd	23 June 2023

The following entities were deregistered in 2023:

Entity name	Deregistration date
A.P. Motors (No.1) Pty Ltd	03 April 2023
A.P. Motors (No.2) Pty Ltd	01 October 2023
Adtrans Trucks Pty Ltd	03 April 2023
Adverpro Pty Ltd	03 April 2023
AHG Management Company Pty Ltd	01 October 2023
AHG Property Pty Ltd	01 October 2023
AHG Training Pty Ltd	01 October 2023
AHGSW 2018 Pty Ltd	01 October 2023
Bill Buckle Leasing Pty Ltd	03 April 2023
Carzoos Pty Ltd	03 April 2023
Drive A While Pty Ltd	01 October 2023
Duncan Autos 2005 Pty Ltd	03 April 2023
Duncan Autos Pty Ltd	03 April 2023
Janasen Pty Ltd	01 October 2023
Matchacar Pty Ltd	01 October 2023
Melbourne Truck and Bus Centre Pty Ltd	03 April 2023
Novated Direct Pty Ltd	01 October 2023
Nundah Motors Pty Ltd	03 April 2023
VMS Pty Ltd	03 April 2023
Western Equipment Rentals Pty Ltd	03 April 2023
Zupps Gold Coast Pty Ltd	01 October 2023

The following entities were subject to a notice of disposal in 2023:

Entity name	Notice of disposal date
Castle Hill Autos No. 1 Pty Ltd	30 June 2023

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

i. Members of the closed group

A Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position, comprising the Company and entities which are members of the Closed Group, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 December 2023 is set out below:

DEED OF CROSS GUARANTEE	**2023 $'000**	2022 $'000
CONSOLIDATED STATEMENT OF PROFIT OR LOSS		
Profit before tax from continuing operations	**257,840**	292,086
Income tax benefit/(expense) from continuing operations	**(86,499)**	(87,203)
Profit for the period from continuing operations	**171,341**	204,883
Loss for the period from discontinued operations	**-**	-
Profit for the year	**171,341**	204,883
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	**158,467**	171,515
Trade and other receivables	**266,509**	224,849
Inventories	**1,079,449**	844,733
Prepayments and deposits	**21,154**	15,129
Finance lease receivable	**13,506**	39,104
	1,539,085	1,295,330
Assets classified as held for sale	**6,546**	-
Total current assets	**1,545,631**	1,295,330
Non-current assets		
Other loans receivable	**37,397**	32,474
Financial assets at fair value through other comprehensive income	**64,072**	12,119
Investments in associates	**2,422**	1,845
Other non-current receivables	**23,954**	19,048
Property, plant and equipment	**667,847**	677,897
Intangible assets	**680,553**	685,695
Deferred tax assets	**125,579**	127,568
Other non-current assets	**9,494**	10,575
Right-of-use assets	**489,022**	509,197
Finance lease receivable	**90,763**	198,238
Total non-current assets	**2,191,103**	2,274,656
Total assets	**3,736,734**	3,569,986

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

i. Members of the closed group (continued)

DEED OF CROSS GUARANTEE	2023 $'000	2022 $'000
Current liabilities		
Trade and other payables	**197,345**	160,356
Borrowings - bailment and other current loans	**884,949**	737,517
Current tax liabilities	**12,224**	3,085
Provisions	**87,185**	85,286
Deferred revenue	**5,182**	7,321
Lease liabilities	**135,984**	156,515
Total current liabilities	**1,322,869**	1,150,080
Non-current liabilities		
Borrowings	**466,505**	376,910
Deferred revenue	**14,810**	15,922
Provisions	**13,602**	11,939
Lease liabilities	**651,498**	796,369
Total non-current liabilities	**1,146,415**	1,201,140
Total liabilities	**2,469,284**	2,351,220
Net assets	**1,267,450**	1,218,766
Equity		
Contributed equity	**1,173,659**	1,154,572
Reserves	**(674,888)**	(625,353)
Retained earnings	**768,679**	689,547
	1,267,450	1,218,766
Non-controlling interests	**-**	-
Total equity	**1,267,450**	1,218,766

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

ii. Members of the extended closed group

Entities that are parties to the Deed of Cross Guarantee and controlled by Eagers Automotive Limited.

A Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position, comprising the entities that are parties to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 31 December 2023 is set out below:

DEED OF CROSS GUARANTEE	**2023 $'000**	2022 $'000
CONSOLIDATED STATEMENT OF PROFIT OR LOSS		
Profit before tax from continuing operations	**394,839**	427,012
Income tax benfit/(expense) from continuing operations	**(118,234)**	(112,642)
Profit for the period from continuing operations	**276,605**	314,370
Loss for the period from discontinued operations	**-**	-
Profit for the year	**276,605**	314,370
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	**160,059**	173,573
Trade and other receivables	**331,071**	271,578
Inventories	**1,365,700**	1,043,490
Other current assets	**27,166**	20,244
Finance lease receivable	**13,506**	39,104
Assets classified as held for sale	**6,546**	-
Total current assets	**1,904,048**	1,547,989
Non-current assets		
Other loans receivable	**38,156**	33,506
Financial assets at fair value through other comprehensive income	**64,072**	12,119
Investments in associates	**2,422**	2,331
Other non-current receivables	**23,954**	19,048
Property, plant and equipment	**685,490**	696,958
Intangible assets	**839,536**	841,183
Deferred tax assets	**136,368**	140,000
Other non-current assets	**9,494**	10,575
Right-of-use assets	**562,824**	564,109
Finance lease receivable	**90,763**	198,238
Total non-current assets	**2,453,079**	2,518,067
Total assets	**4,357,127**	4,066,056

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(a) Deed of Cross Guarantee (continued)

ii. Members of the extended closed group (continued)

DEED OF CROSS GUARANTEE	2023 $'000	2022 $'000
Current liabilities		
Trade and other payables	**325,435**	270,919
Borrowings - bailment and other current loans	**1,174,125**	932,482
Current tax liabilities	**14,304**	14,403
Provisions	**107,371**	105,091
Deferred revenue	**9,772**	12,433
Lease liabilities	**146,204**	164,846
Total current liabilities	**1,777,211**	1,500,174
Non-current liabilities		
Borrowings	**466,505**	376,910
Deferred revenue	**14,810**	15,922
Provisions	**14,369**	12,904
Lease liabilities	**728,813**	853,308
Total non-current liabilities	**1,224,497**	1,259,044
Total liabilities	**3,001,708**	2,759,218
Net assets	**1,355,419**	1,306,838
Equity		
Contributed equity	**1,173,659**	1,154,572
Reserves	**(655,657)**	(606,123)
Retained earnings	**807,779**	723,996
	1,325,781	1,272,445
Non-controlling interests	**29,638**	34,393
Total equity	**1,355,419**	1,306,838

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

25. Investments in subsidiaries (continued)

(b) Information relating to Eagers Automotive Limited ('the parent entity')

	2023 $'000	2022 $'000
Financial performance		
Profit for the year	**248,194**	203,025
Financial position		
ASSETS		
Current assets	**125,423**	17,943
Non-current assets	**664,712**	673,872
Total assets	**790,134**	691,815
LIABILITIES		
Current liabilities	**16,372**	11,226
Non-current liabilities	**-**	-
Total liabilities	**16,372**	11,226
Net assets	**773,762**	680,589
EQUITY		
Issued capital	**1,173,660**	1,154,572
Retained earnings	**201,432**	140,634
RESERVES		
Asset revaluation reserve	**1,683**	1,683
Business combination reserve	**(479,042)**	(479,042)
Investment revaluation reserve	**(39,351)**	(48,087)
Share-based payments reserve	**(84,620)**	(89,171)
Total equity	**773,762**	680,589

Refer Notes 28(a) and 28(b) in respect of guarantees entered into by the parent entity in relation to debts of its subsidiaries

(c) Information relating to other transactions relating to investments in subsidiaries during the year

During the period the group also acquired an additional 31% ownership interest in EV Dealer Group Pty Ltd for a total consideration of $70 million. This consideration was comprised of $50 million in cash and $20 million of shares in Eagers Automotive Limited. This transaction has been recorded within equity. At the completion of this transaction, the Group now has an 80% ownership interest in the BYD retail joint venture, with the remaining 20% retained by EVDirect.com.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

26. Business acquisitions

(a) Acquisition of other businesses

The Group acquired the following businesses during the 2023 year as detailed below:

Year	Name of business	Date of acquisition	Principal activity	Proportion acquired
2023	Ireland's of Cairns	31 May 2023	Motor Vehicle Dealer	100%

ALLOCATION OF PURCHASE CONSIDERATION

The purchase price of the businesses acquired has been allocated as follows:

	Ireland's of Cairns $'000
Cash used to acquire business	6,646
Consideration financed through capital loan	16,486
Total purchase consideration	**23,132**
CONSOLIDATED FAIR VALUE AT ACQUISITION DATE	
Net assets acquired	
Cash	994
Receivables, prepayments	1,897
Inventory	14,319
Property[1]	16,486
Plant and equipment	776
Deferred tax assets	409
Creditors, borrowings and provisions	(15,098)
Net assets acquired	**19,783**
Acquisition cost	23,132
Goodwill on acquisition[2]	**3,349**

1. The acquisition includes property which was directly funded through capital loan facilities obtained by the Group.
2. Goodwill arose on the business combinations at the date of acquisition as the consideration paid for the combination included amounts in relation to the benefit of expected synergies and further revenue and profit growth.

Revenue and profit contribution

The acquired Ireland's of Cairns business contributed revenues of $49.1 million and net profit of $1.1 million to the group for the period from 31 May 2023 to 31 December 2023.

If the Ireland's of Cairns acquisition had occurred on 1 January 2023, the contribution to consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been $84.1 million and $1.9 million respectively.

Other new businesses

During the period the Group registered the following entities with the Australian Securities and Investments Commission:

- Bridge NT Pty Ltd
- Eagers NT Pty Ltd

(b) Recognition and measurement

Business combinations

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 16(b)(i)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss but only after assessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of acquisition. The discount rate used is the Australian Government bond rate that matches the future maturity period.

If the initial accounting for a business acquisition is incomplete by the end of the reporting period in which the acquisition occurs, the Group reports provisional amounts for the items for which accounting is incomplete. The provisional amounts are adjusted during the measurement period (no longer than 12 months from the initial acquisition) on a retrospective basis by restating the comparative information presented in the financial report.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

26. Business acquisitions (continued)

(c) Critical accounting estimates and judgements

i. The fair value of assets and liabilities acquired in business combinations

Acquisitions made by the Group have required some judgements and estimates to be made. The Directors have judged that no identifiable intangible assets have been acquired in the business combinations other than Goodwill. Experts were engaged to determine the fair value of assets acquired at the acquisition date. Additionally as part of the acquisition and negotiation process, judgements have been made as to the fair value of vehicle and parts inventory, warranties and other assets and liabilities acquired.

27. Business divestments

(a) Business disposal and discontinued operations

The Group sold the following businesses during the 2023 year as detailed below:

Year	Name of business	Date of sale	Principal activity	Proportion disposed
2023	Castle Hill Autos No. 1 Pty Ltd	30 June 2023	Automotive Business	100%
2023	Essendon Nissan	5 September 2023	Automotive Business	100%
2023	West Auckland Nissan	29 November 2023	Automotive Business	100%

	Consolidated 2023 $'000
NET ASSETS DISPOSED OF	
Receivables, prepayments and cash	5,810
Inventory	7,431
Property	71,852
Plant and equipment	944
Intangible assets	24
Creditors, borrowings and provisions	(12,633)
Net assets disposed	73,428
Total consideration received (100% cash)	77,461
Liabilities paid on our behalf	-
Sale consideration for businesses	9,261
Sale consideration for properties	68,200
Total sale consideration	77,461
Gain on sale of businesses	7,685
Loss on sale of properties	(3,652)
Total gain on sale	4,033

The Directors have considered these disposals during the twelve month period to 31 December 2023 in the context of *AASB 5 Non-current Assets Held for Sale* (AASB 15), and they have determined that the disclosure requirements of discontinued operations do not apply. This judgement has been made based on all of the available facts and circumstances surrounding the sale and the impact of the related segments and remaining businesses, noting this is not a separate major line of business.

Other divestments

During the year the Group deregistered the following entities with the Australian Securities and Investments Commission:

- Janasen Pty Ltd
- Matchacar Pty Ltd
- Melbourne Truck and Bus Centre Pty Ltd
- Novated Direct Pty Ltd
- Nundah Motors Pty Ltd
- VMS Pty Ltd
- Western Equipment Rentals Pty Ltd
- Zupps Gold Coast Pty Ltd

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

28. Contingent liabilities

(a) Parent entity

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial and trade arrangements entered into by its subsidiaries. It is not anticipated that the parent entity will become liable for any amount in respect thereof. At 31 December 2023 no subsidiary was in default in respect of any arrangement guaranteed by the parent entity and all amounts owed have been brought to account as liabilities in the financial report.

(b) Deed of cross guarantee

Eagers Automotive Limited operates a deed of cross guarantee lodged with the Australian Securities and Investments Commission as at 31 December 2023. Under the deed of cross guarantee each company within the Closed Group guarantees the debts of the other companies. The maximum exposure of the parent entity in relation to the cross guarantees is $3.00 billion (2022: $2.76 billion). Refer to Note 25 for a listing of subsidiaries party to the deed.

29. Commitments for expenditure

(a) Capital commitments

Capital expenditure for land, buildings, plant and equipment contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated	
	2023 $'000	2022 $'000
Within one year	**31,740**	11,343

30. Remuneration of auditor

	Consolidated	
	2023 $'000	2022 $'000
Deloitte and related network firms[1]		
Audit or review of financial reports:		
Group	**1,072**	1,011
Subsidiaries and joint operations	**702**	283
	1,774	1,294
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**32**	16
Other services:		
Tax compliance services	**315**	453
Regulatory compliance services	**20**	47
Other	**116**	6
Total remuneration for other services	**451**	506
Other auditors and their related network firms		
Audit of subsidiary financial reports	**50**	-
	2,307	1,816

1. The auditor of Eagers Automotive Limited is Deloitte Touche Tohmatsu.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

31. Subsequent events

Results of General Meeting to Approve Acquisition of Dealership Group in Victoria

In 2023, the Company announced that it had agreed to acquire a portfolio of dealerships and key strategic properties located across Melbourne and the Mornington region of Victoria from a group of companies associated with Mr Nick Politis for a combination of cash and shares in the Company.

On 30 January 2024, the Company held a General Meeting of shareholders to pass the proposed resolution, to acquire the dealerships and the properties, and to enter into the leases and to issue the consideration shares. On the same day, the Company announced the results of its General Meeting of shareholders in which the resolution was passed on a poll, with 99.13% of votes in favour.

Completion is expected to take place on or about 29 February 2024.

32. Key management personnel

The remuneration report included in the Directors' Report sets out the remuneration policies of the Group and the relationship between these policies and the Group's performance.

The following have been identified as key management personnel (KMP) with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the financial year.

The specified Directors and Executives of Eagers Automotive Limited during the financial year were:

(a) Details of key management personnel

i. Directors

T B Crommelin	Chairman (non-executive)
S A Moore	Director and Chief Financial Officer
N G Politis	Director (non-executive)
D T Ryan	Director (non-executive)
M J Birrell	Director (non-executive)
G J Duncan	Director (non-executive)
D S Blackhall	Director (non-executive)
M V Prater	Director (non-executive)

ii. Executives

D G Stark	Company Secretary
K T Thornton	Chief Executive Officer
E Geschke	Chief Operating Officer - Automotive

(b) Compensation of key management personnel

The aggregate compensation made to key management personnel of the Company and the Group is set out below.

	Consolidated	
	2023 $'000	2022 $'000
Short term	**5,998**	5,813
Post employment benefits	**189**	180
Share based payments	**1,321**	1,713
	7,508	7,706

(c) Option holdings of key management personnel

Details of options held by key management personnel can be found in Note 32(f).

(d) Loans to key management personnel

There are no loans to key management personnel.

(e) Other transactions with key management personnel

Other transactions with key management personnel are detailed in Note 34.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

32. Key management personnel (continued)

(f) Share-based payments

Plan M: EPS Performance Rights and Options – Key Executives

The Group has an Earnings Per Share (EPS) based performance rights and option compensation scheme for specific executive officers which commenced in 2021. The fair value of these performance rights and options is calculated on grant date and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

PERFORMANCE RIGHTS **Award date 24 February 2021**				
Vesting date	28-Feb-22	28-Feb-23	28-Feb-24	28-Feb-25
Expiry date	28-Feb-22	28-Feb-23	28-Feb-24	28-Feb-25
Share price at grant date	$ 12.32	$ 12.32	$ 12.32	$ 12.32
Expected life	1.0 years	2.0 years	3.0 years	4.0 years
Volatility	38%	38%	38%	38%
Risk free interest rate	0.06%	0.08%	0.21%	0.42%
Dividend yield	3.5%	3.5%	3.5%	3.5%

PERFORMANCE OPTIONS **Award date 24 February 2021**	
Vesting date	28-Feb-25
Expiry date	30-Apr-25
Share price at grant date	$ 12.32
Exercise price	$ 12.32
Expected life	4.1 years
Volatility	38%
Risk free interest rate	0.44%
Dividend yield	3.5%

PERFORMANCE RIGHTS

Number	Grant date	End performance period	Expiry date	Fair value at grant date
54,668	24-Feb-21	31-Dec-21	28-Feb-22	$ 11.89
74,042	24-Feb-21	31-Dec-22	28-Feb-23	$ 11.48
76,646	24-Feb-21	31-Dec-23	28-Feb-24	$ 11.09
79,365	24-Feb-21	31-Dec-24	28-Feb-25	$ 10.71

PERFORMANCE OPTIONS

Number	Grant date	End performance period	Expiry date	Fair value at grant date
2,173,910	24-Feb-21	31-Dec-24	30-Apr-25	$ 2.76

No performance rights were forfeited or expired during the year. 74,042 Plan M rights were issued during the year.
No options were granted during the year

The value of the performance rights expensed during the year was $495,835, with a cumulative expense being recognised at 31 December 2023 of $2,987,509 (2022: $2,491,674). The value of the performance options expensed during the year was $1,324,988, with a cumulative expense being recognised at 31 December 2023 of $4,299,984 (2022: $2,974,996).

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

33. Other share-based payments

Plan K: EPS Performance Rights and Options – Key Executives

The Group has an Earnings Per Share (EPS) based performance rights and options compensation scheme for one specific executive officer which commenced in 2016. The fair value of these performance rights and options is calculated on grant date and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

PERFORMANCE RIGHTS Award date 31 March 2016				
Vesting date	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
Expiry date	31-Mar-24	31-Mar-24	31-Mar-24	31-Mar-24
Share price at grant date	$9.75	$9.75	$9.75	$9.75
Expected life	1.0 year	2.0 years	3.0 years	4.0 years
Volatility	27%	27%	27%	27%
Risk free interest rate	1.95%	1.88%	1.90%	1.98%
Dividend yield	3.8%	3.8%	3.8%	3.8%

PERFORMANCE OPTIONS Award date 31 March 2016				
Vesting date	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
Expiry date	31-Mar-24	31-Mar-24	31-Mar-24	31-Mar-24
Share price at grant date	$9.75	$9.75	$9.75	$9.75
Exercise price	$10.34	$10.34	$10.34	$10.34
Expected life	4.5 years	5.0 years	5.5 years	6.0 years
Volatility	27%	27%	27%	27%
Risk free interest rate	2.03%	2.08%	2.13%	2.18%
Dividend yield	3.8%	3.8%	3.8%	3.8%

One specific executive has been granted rights and options under the EPS share incentive plan (Plan K). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS targets being achieved and vesting occurring. The number of rights and options granted under the plan is as follows:

PERFORMANCE RIGHTS				
Number	Grant date	End performance period	Expiry date	Fair value at grant date
7,987	31-Mar-16	31-Dec-16	31-Mar-24	$9.39
8,296	31-Mar-16	31-Dec-17	31-Mar-24	$9.04
8,620	31-Mar-16	31-Dec-18	31-Mar-24	$8.70
8,960	31-Mar-16	31-Dec-19	31-Mar-24	$8.37

PERFORMANCE OPTIONS				
Number	Grant date	End performance period	Expiry date	Fair value at grant date
48,076	31-Mar-16	31-Dec-16	31-Mar-24	$1.56
46,012	31-Mar-16	31-Dec-17	31-Mar-24	$1.63
44,910	31-Mar-16	31-Dec-18	31-Mar-24	$1.67
43,859	31-Mar-16	31-Dec-19	31-Mar-24	$1.71

No performance rights or options were forfeited or expired during the year. A total of 182,857 options were exercised during the year.

No costs of the share plan were expensed during 2023 (2022: nil). The share plan was fully expensed by the end of 2019, with a cumulative expense being recognised of $599,980.

Recognised share-based payments expenses

Refer Note 23(a) for movements in the share-based payments reserve.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

34. Related parties

Key management personnel

Other information on key management personnel has been disclosed in the Directors' Report.

Remuneration and retirement benefits

Information on the remuneration of key individual management personnel has been disclosed in the Remuneration Report included in the Directors' Report.

Other transactions of Directors and Director-related entities

The aggregate amount of "Other transactions" with key management personnel are as follows:

i. Mr N G Politis is a director and shareholder of a number of companies involved in the motor industry with whom the consolidated entity transacts business. These transactions, sales of $1,872,323 (2022: $1,074,893) and purchases of $859,686 (2022: $1,005,027) during the last 12 months, are primarily the sale and purchase of spare parts and accessories. During the year, the Group also purchased a property located in the ACT for $8,229,000, and leased a property owned by Mr N G Politis, with future lease payments valued at $828,559, also in the ACT. These transactions were carried out under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transactions were at arm's length.

ii. Mr M Birrell is a director and owner of a number of properties leased by subsidiaries of Eagers Automotive Limited. The lease transactions of $882,121 (2022: $1,412,805) have been carried out under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transactions were at arm's length. During the period $13,200 (2022: $109,956) was received in relation to short term sub-lease arrangements.

    Furthermore, in the prior year Mr M Birrell purchased stock with a value of $8,212 from one of the subsidiaries, with the transactions being carried out under terms and conditions no more favourable than those which is reasonable to expect to have been applied if the transactions were at arm's length. No stock was purchased in the current year.

    Mr M Birrell is a director and owner of a company involved in the provision of finance to the motor vehicle industry with whom the consolidated entity transacts business. These transactions, totalling $59,967 (2022: $89,900), are commissions paid to the consolidated entity and are carried out under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transactions were at arm's length.

iii. Ms M Prater is a director and owner of a number of properties leased by subsidiaries of Eagers Automotive Limited. The lease transactions of $13,256,552 (2022: $nil as Ms M Prater was not a related party) have been carried out under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transactions were at arm's length.

iv. Controlled entities may, from time to time, sell motor vehicles, parts and servicing of motor vehicles for domestic use to directors of entities in the consolidated entity or their director-related entities within a normal employee relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the directors or their director-related entities at arm's length in the same circumstances.

Wholly-owned Group

The parent entity of the wholly-owned group is Eagers Automotive Limited. Information relating to the wholly-owned group is set out in Note 25.

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

35. Earnings per share

(a) Basic earnings per share

	Consolidated 2023 Cents	Consolidated 2022 Cents
From operations attributable to the ordinary equity holders of the company	**110.7**	121.3

(b) Diluted earnings per share

	2023	2022
From operations attributable to the ordinary equity holders of the company	**110.5**	121.1

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated 2023 $'000	Consolidated 2022 $'000
BASIC EARNINGS PER SHARE		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:		
Profit for the year	**299,068**	324,340
Less: attributable to non-controlling interest	**(17,968)**	(16,173)
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**281,100**	308,167
DILUTED EARNINGS PER SHARE		
Profit for the year attributable to share holders of the parent	**281,100**	308,167
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**281,100**	308,167

	2023 Number	2022 Number
Weighted average number of ordinary shares outstanding during the year	**253,847,590**	254,010,439
Shares deemed to be issued for no consideration in respect of employee options	**622,803**	553,128
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	**254,470,393**	254,563,567

Notes to and Forming Part of the Consolidated Financial Statements (continued)

31 December 2023

36. Reconciliation of net profit after tax to the net cash inflows from operations

	Notes	Consolidated 2023 $'000	2022 $'000
Net profit after tax		**299,068**	324,340
Depreciation and amortisation	6(a)	**121,296**	116,603
Impairment expense	6(b)	**17,451**	16,727
Share of profits of associates		**(1,277)**	(1,067)
Gain on disposal of non-financial assets	5	**(3,551)**	(2,813)
Loss/(gain) on sale of property, plant and equipment	5, 27	**3,652**	(17,121)
Employee share scheme expense		**1,821**	2,396
Gain on sale of businesses	5, 27	**(7,685)**	(35,248)
(INCREASE)/DECREASE IN ASSETS -			
Receivables		**(72,187)**	(46,340)
Inventories		**(560,708)**	(185,252)
Prepayments		**(11,188)**	(2,893)
Non-current receivables		**(3,825)**	-
Deferred tax assets		**4,428**	9,884
INCREASE/(DECREASE) IN LIABILITIES -			
Creditors (including bailment finance)		**630,357**	209,552
Provisions		**3,662**	2,927
Deferred revenue		**(2,658)**	(1,057)
Taxes payable		**(2,393)**	16,905
Net cash inflow from operating activities		**416,263**	407,543

37. Changes in liabilities arising from financing activities

The below table represents the cash and non-cash movements in financing activities for 2023:

	1 January 2023	Financing cashflows	Termination of leases	Fair value adjustments/ rent reviews	Property acquisitions	New leases	**31 December 2023**
Term facility	104,560	20,000	-	-	-	-	**124,560**
Capital loan	339,326	(10,575)	-	-	31,609	-	**360,360**
Lease liabilities	1,022,770	(118,526)	(136,500)	74,543	-	35,864	**878,151**
Total	**1,466,656**	**(109,101)**	**(136,500)**	**74,543**	**31,609**	**35,864**	**1,363,071**

The below table represents the cash and non-cash movements in financing activities for 2022:

	1 January 2022	Financing cashflows	Termination of leases	Fair value adjustments/ rent reviews	Property acquisitions	New leases	31 December 2022
Term facility	-	104,560	-	-	-	-	104,560
Capital loan	326,029	(16,571)	-	-	29,868	-	339,326
Lease liabilities	1,126,145	(122,880)	(20,150)	17,225	-	22,430	1,022,770
Total	**1,452,174**	**(34,891)**	**(20,150)**	**17,225**	**29,868**	**22,430**	**1,466,656**

Directors' Declaration

The Directors declare that:

a. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b. In the Directors' opinion, the consolidated financial statements and notes set out on pages 61 to 121 are in accordance with the *Corporations Act 2001*, including:

   i. Complying with Accounting Standards and the *Corporate Regulations 2001*, and

   ii. Giving a true and fair view of the financial position and performance of the Company and the consolidated entity;

c. In the Directors' opinion, the consolidated financial statements and notes are in accordance with International Financial Reporting Standards, and a statement of compliance with these standards is included in Note 1(a);

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

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee referred to in the ASIC Corporation Instrument is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

The Directors declare that, in their opinion, there are reasonable grounds to believe that the Company and its subsidiaries to which the ASIC Corporation Instrument applies, as detailed in Note 25 to the consolidated financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

On behalf of the Directors,

Tim Crommelin
Director

Brisbane, 22 February 2024

Independent Auditor's Report

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eagers Automotive Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Independent Auditor's Report

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Impairment testing of goodwill and other intangible assets with indefinite useful lives As disclosed in Note 16 (a), management has performed impairment testing on goodwill and other intangible assets with indefinite useful lives with a total value of $843.9 million (PY: $840.5 million). No impairment was identified. The recoverable amount of the Group's cash generating units and groups of cash generating units ("CGUs") to which goodwill has been allocated has been determined by management using the 'value-in-use' approach, which incorporates significant judgement related to the estimation of future cash flows, short term growth rates, long term growth rates and an appropriate discount rate. Accordingly, this is considered to be a key audit matter.	Our audit procedures included, but were not limited to: • Obtaining an understanding of and assessing the judgements made in identifying the Group's CGUs and the level at which goodwill is allocated and tested for impairment. • Obtaining an understanding of the methodology applied by management in developing the impairment assessments including the underlying key assumptions. • Obtaining an understanding of management's process in preparing the impairment models used to estimate the recoverable amount of each CGU. • Performing risk assessment procedures to identify the CGUs that displayed an elevated risk of impairment at 31 December 2023. These risk assessment procedures included, but were not limited to: o Assessing management's historical forecasting accuracy through retrospective analysis of the actual results to forecast. o Considering comparable company multiples, in relation to the CGUs implied multiples. o In conjunction with our internal valuation specialists, assessing the reasonableness of key assumptions, including growth rates and discount rates. • In line with management's disclosure in Note 16 (a) where it is noted that the New Zealand CGU is most sensitive to impairment, our risk assessment procedures identified a focus on this CGU was warranted and accordingly the following additional audit procedures were performed: o Assessing the mathematical accuracy and integrity of management's impairment model. o In conjunction with our internal valuation specialists, assessing the methodology used to estimate the recoverable amount and challenging the reasonableness of key assumptions, including forecast cash flows, growth rates and the discount rate. o Performing independent sensitivity analysis on key assumptions. • Evaluating the adequacy of the related disclosures included within the financial report in Note 16.

Independent Auditor's Report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Letter, Chief Executive Officer's Message, Company Profile, 2023 Highlights, Sustainability Report, Controlled Entities and the Shareholder Information which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material

Independent Auditor's Report (continued)

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uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 31 December 2023 as set out on pages 42 to 57 of the Directors Report.

In our opinion, the Remuneration Report of Eagers Automotive Limited, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants

Brisbane, 22 February 2024

Controlled Entities

As at 31 December 2023

Entity Name	ACN
A.C.N. 132 712 111 PTY LTD	132 712 111
A.P. FORD PTY. LTD.	010 602 383
A.P. GROUP PTY LTD	010 030 994
A.P. MOTORS (NO.3) PTY. LTD.	010 585 252
A.P. MOTORS PTY. LTD.	010 579 996
ACM AUTOS HOLDINGS PTY LTD	621 081 552
ACM AUTOS PTY LTD	121 604 082
ACM LIVERPOOL PTY LTD	121 604 055
ADTRANS AUSTRALIA PTY. LTD.	008 278 171
ADTRANS AUTOMOTIVE GROUP PTY LTD	007 866 917
ADTRANS CORPORATE PTY LTD	056 340 928
ADTRANS GROUP PTY LTD	008 129 477
ADTRANS SYDNEY PTY LTD	127 369 260
ADTRANS TRUCK CENTRE PTY LTD	106 764 327
ADTRANS USED PTY. LTD.	074 561 514
AHG 1 PTY LTD	116 779 198
AHG AUTOMOTIVE MINING AND INDUSTRIAL SOLUTIONS PTY LTD	162 034 111
AHG COATINGS PTY LTD	609 750 558
AHG FINANCE 2005 PTY LTD	112 854 387
AHG FINANCE PTY LTD	064 015 676
AHG FRANCHISED AUTOMOTIVE PTY LTD	128 362 185
AHG INTERNATIONAL PTY LTD	147 802 211
AHG NEWCASTLE PTY LTD	600 832 755
AHG SERVICES (NSW) PTY LTD	132 055 728
AHG SERVICES (QLD) PTY LTD	132 055 737
AHG SERVICES (VIC) PTY LTD	145 856 328
AHG SERVICES (WA) PTY LTD	132 055 700
AHG TRADE PARTS PTY LTD	609 816 257
AHG WA (2015) PTY LTD	603 598 750
AHGCL 2016 PTY LTD	615 618 678
AP TOWNSVILLE PTY LTD	600 279 927
APE CARS MGMT PTY LTD	632 136 906
ASSOCIATED FINANCE PTY. LIMITED	009 677 678
AUCKLAND AUTO COLLECTION LIMITED	NZCN939375
AUSTRAL PTY LTD	009 662 202
AUT 6. PTY LTD	008 985 886
AUTO AD PTY LTD	605 815 021
AUTOMOTIVE HOLDINGS GROUP (QUEENSLAND) PTY LTD	127 499 683
AUTOMOTIVE HOLDINGS GROUP (VICTORIA) PTY LTD	158 935 249
AUTOMOTIVE HOLDINGS GROUP PTY LTD	111 470 038
BASW PTY LTD	601 452 199
BIG ROCK 2005 PTY LTD	112 854 403
BIG ROCK PTY LTD	008 968 867
BILL BUCKLE HOLDINGS PTY LIMITED	062 951 106

Entity Name	ACN
BLACK AUTO CQ PTY LTD	135 015 191
BOONARGA WELDING PTY LTD	099 480 903
BRADSTREET MOTORS HOLDINGS PTY LTD	602 181 386
BRADSTREET MOTORS PTY LIMITED	061 172 183
BRIDGE NT PTY LTD	670 979 889
CARDIFF CAR CITY HOLDINGS PTY LTD	602 181 751
CARDIFF CAR CITY PTY LIMITED	062 072 299
CARLIN AUCTION SERVICES (NSW) PTY LTD	069 462 148
CARLINS AUTOMOTIVE AUCTIONEERS (QLD) PTY LTD	648 699 325
CARLINS AUTOMOTIVE AUCTIONEERS (S.A) PTY LTD	639 409 537
CARLINS AUTOMOTIVE AUCTIONEERS (WA) PTY LTD	121 606 826
CARLINS AUTOMOTIVE AUCTIONEERS PTY LTD	069 430 182
CARLINS GROUP HOLDINGS PTY LTD	619 469 966
CARSPLUS AUSTRALIA PTY LTD	082 428 279
CASTLEGATE ENTERPRISES PTY LTD	088 414 715
CFD (2012) PTY LTD	158 508 233
CH AUTO PTY LTD	600 297 783
CHELLINGWORTH PTY LTD	112 854 467
CITY AUTO (2016) HOLDINGS PTY LTD	611 922 993
CITY AUTO (2016) PTY LTD	611 928 968
CITY AUTOMOTIVE GROUP PTY LIMITED	067 985 602
CITY MOTORS (1981) PTY LTD	008 973 402
CRAMPTON AUTOMOTIVE PTY LTD	057 283 253
DUAL AUTOS PTY LTD	113 068 830
E. G. EAGER & SON PTY. LTD.	009 658 306
EACAB PTY LTD	652 679 000
EAGERS ACT CARS MGMT PTY LTD	659 468 934
EAGERS ACT PTY LTD	658 497 753
EAGERS ACT RENTALS PTY LTD	658 934 224
EAGERS FINANCE PTY. LTD.	009 721 288
EAGERS MD PTY LTD	009 727 753
EAGERS NOMINEES PTY. LTD.	009 723 488
EAGERS NT PTY LTD	672 223 200
EAGERS RETAIL PTY. LTD.	009 662 211
EAGERS TACT PTY LTD	658 497 299
EAGERS VIC PTY LTD	616 989 596
EASST PTY LTD	651 942 264
EASY AUTO 123 PTY LTD	148 136 314
EUROCARS (SA) PTY LTD	114 124 346
EVDEALER GROUP PTY LTD	657 632 758
F.R. IRELAND PTY. LTD.	009 983 126
FALCONET PTY. LTD.	008 936 409
FERNTREE GULLY AUTOS HOLDINGS PTY LTD	613 081 208
FERNTREE GULLY AUTOS PTY LTD	145 562 401
FINMO PTY LTD	621 801 054

Controlled Entities (continued)

As at 31 December 2023

Entity Name	ACN
GIANT AUTOS (1997) PTY LTD	078 830 770
GIANT AUTOS PTY LTD	112 854 832
GRAHAM CORNES MOTORS PTY. LTD.	008 123 993
GRAND AUTOS 2005 PTY LTD	112 854 878
HIGHLAND AUTOS PTY LTD	121 604 297
HIGHLAND KACKELL PTY LTD	121 805 785
HM (2015) HOLDINGS PTY LTD	605 790 065
HM (2015) PTY LTD	605 791 142
IB MD PTY LTD	169 210 173
IB MOTORS PTY LTD	169 209 607
JANETTO HOLDINGS PTY LTD	104 649 505
KINGSPOINT PTY LTD	104 766 565
LEASELINE & GENERAL FINANCE PTY. LTD.	010 131 361
LIONTEAM PTY LTD	112 854 458
LWC INTERNATIONAL LIMITED	NZBN 9429031129497
LWC LIMITED	NZBN 9429033893587
MAITLAND CITY MOTOR GROUP HOLDINGS PTY LTD	602 179 000
MAITLAND CITY MOTOR GROUP PTY LTD	112 526 431
MB VIC PTY LTD	608 791 877
MBSA MOTORS PTY LTD	132 711 892
MCM AUTOS PTY LTD	121 606 862
MCM SUTHERLAND PTY LTD	121 606 808
MELBOURNE CITY AUTOS (2012) PTY LTD	150 616 747
MELVILLE AUTOS 2005 PTY LTD	112 854 421
MELVILLE AUTOS PTY LTD	107 617 774
MORNINGTON AUTO GROUP (2012) PTY LTD	150 616 890
MOTORS GROUP (GLEN WAVERLEY) PTY LTD	164 997 228
MOTORS TAS PTY LTD	608 791 680
NEWCASTLE COMMERCIAL VEHICLES PTY LTD	157 829 626
NORTH CITY (1981) PTY LTD	008 974 061
NORTH CITY 2005 PTY LTD	113 532 077
NORTHSIDE AUTOS 2005 PTY LTD	112 854 805
NORTHSIDE NISSAN (1986) PTY LTD	008 974 070
NORTHWEST (WA) PTY LTD	158 935 294
NSW VEHICLE WHOLESALE PTY LIMITED	140 971 259
NUFORD FORD PTY LTD	112 854 449
OPM (2012) HOLDINGS PTY LTD	623 139 177
OPM (2012) PTY LTD	158 377 452
OSBORNE PARK AUTOS PTY LTD	112 854 476
PENRITH AUTO (2016) PTY LTD	611 323 150
PERTH AUTO ALLIANCE PTY LTD	089 353 346
PRECISION AUTOMOTIVE TECHNOLOGY PTY LTD	163 233 207
PT (2013) PTY LTD	162 030 015
RENT TWO BUY PTY LTD	165 880 562
RL SUBLESSOR PTY LTD	639 689 320

Entity Name	ACN
SABALAN HOLDINGS PTY LTD	602 181 117
SABALAN PTY LTD	002 698 188
SHEMAPEL 2005 PTY LTD	112 854 412
SOUTH WEST QUEENSLAND MOTORS PTY LTD	600 279 589
SOUTHEAST AUTOMOTIVE GROUP PTY LTD	103 071 290
SOUTHERN AUTOMOTIVE GROUP PTY LTD	103 181 237
SOUTHSIDE AUTOS (1981) PTY LTD	008 968 821
SOUTHSIDE AUTOS 2005 PTY LTD	112 854 369
SOUTHWEST AUTOMOTIVE GROUP PTY LTD	096 279 480
SUBMO PTY LTD	637 015 457
SWGT PTY LTD	098 706 051
TOTAL AUTOS (1990) PTY LTD	009 162 387
TOTAL AUTOS 2005 PTY LTD	112 854 896
VEHICLE STORAGE & ENGINEERING PTY LTD	121 604 242
WA TRUCKS PTY LTD	112 854 341
WEBSTER TRUCKS MGMT PTY LTD	632 136 899
WIDEVALLEY PTY. LTD.	065 389 120
WS MOTORS PTY LTD	608 791 804
WS VEHICLE SALES PTY LTD	616 472 729
ZUPP HOLDINGS PTY. LTD.	009 824 462
ZUPPS ASPLEY PTY. LTD.	009 900 298
ZUPPS MT GRAVATT PTY LTD	009 695 694
ZUPPS PARTS PTY. LTD.	009 842 648
Southside Autos (1981) Pty Ltd	008 968 821
Southside Autos 2005 Pty Ltd	112 854 369
Southwest Automotive Group Pty Ltd	096 279 480
SUBMO Pty Ltd	637 015 457
SWGT Pty Ltd	098 706 051
Total Autos (1990) Pty Ltd	009 162 387
Total Autos 2005 Pty Ltd	112 854 896
Vehicle Storage & Engineering Pty Ltd	121 604 242
VMS Pty. Ltd.	121 604 037
WA Trucks Pty Ltd	112 854 341
Webster Trucks Mgmt Pty Ltd	632 136 899
Western Equipment Rentals Pty Ltd	131 269 184
Widevalley Pty Ltd	065 389 120
WS Motors Pty Ltd	608 791 804
Zupp Holdings Pty. Ltd.	009 824 462
Zupps Aspley Pty. Ltd.	009 900 298
Zupps Gold Coast Pty. Ltd.	009 681 261
Zupps Mt Gravatt Pty Ltd	009 695 694
Zupps Parts Pty. Ltd.	009 842 648

Shareholder Information

As at 25 March 2024

Distribution of Equity Securities

Range	Ordinary Shareholders	Percentage of Units
1-1,000	5,746	0.92
1,001-5,000	3,915	3.60
5,001-10,000	843	2.41
10,001-100,000	809	7.88
100,001 and over	111	85.19
Total	**11,424**	**100.00**

The company's quoted securities consist of 258,684,137 ordinary fully paid shares (ASX:APE). 503 shareholders hold less than a marketplace parcel of 37 shares at $13.88 per share.

Equity Security Holders

		Ordinary Shares	
Twenty Largest Quoted Equity Security Holders		**Number of Shares Held**	**Percentage of Shares Issued**
1	WFM MOTORS PTY LTD	70,553,037	27.27
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,995,070	10.05
3	CITICORP NOMINEES PTY LIMITED	25,441,092	9.83
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,220,814	5.88
5	JOVE PTY LTD	12,396,588	4.79
6	ARGO INVESTMENTS LIMITED	6,083,588	2.35
7	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	5,864,230	2.27
8	MUTUAL TRUST PTY LTD	5,348,239	2.07
9	NATIONAL NOMINEES LIMITED	5,058,969	1.96
10	ALAN PIPER INVESTMENTS (NO1) PTY LTD	4,936,250	1.91
11	BNP PARIBAS NOMS PTY LTD	2,628,352	1.02
12	BERNE NO 132 NOMINEES PTY LTD	2,444,101	0.94
13	CPU SHARE PLANS PTY LIMITED	2,176,002	0.84
14	BIRRELL INVESTMENTS PTY LTD	2,000,000	0.77
15	FOUR LEAF FAMILY PTY LTD	2,000,000	0.77
16	N G P INVESTMENTS (NO2) P/L	1,910,097	0.74
17	BNP PARIBAS NOMINEES PTY LTD	1,845,712	0.71
18	BERNE NO 132 NOMINEES PTY LTD	1,574,127	0.61
19	HEGFORD PTY LTD	1,381,652	0.53
20	LG MCGRATH INVESTMENTS PTY LTD	1,328,632	0.51
Total		**196,186,552**	**75.84**

Substantial Shareholders

Substantial holders[1] in the Company are set out below:

	Notice Date	No of Shares[1]
WFM MOTORS PTY LTD, its group companies and Nicholas George Politis	29 Feb 2024	72,469,048
VERNON CHARLES WHEATLEY	17 Nov 2019	15,356,763

1. As disclosed in substantial holding notices received by the Company

Shareholder Information (continued)

As at 25 March 2024

Performance Rights and Options

79,365 unvested performance rights and 1,992,751 unvested options are on issue to 12 holders pursuant to the Company's equity incentive plans. Vesting is subject to achievement or waiver of pre-determined performance hurdles. Performance rights and options do not have any dividend or voting rights.

Employee Incentive Scheme

No shares were purchased during the reporting period for the purposes of the Company's employee incentive scheme.

On-market Buy-back

The Company does have a current on-market share buy-back.

Voting Rights

The following voting rights attach to ordinary shares, subject to the Company's constitution:

- A shareholder entitled to attend and vote at a meeting may do so in person or by proxy, attorney or corporate representative.
- On a show of hands, each shareholder entitled to vote has one vote.
- On a poll, each shareholder entitled to vote has one vote for each fully paid share and a fraction for each partly paid share.
- If a share is held jointly with two or more holders in attendance, only the holder whose name appears first in the register may vote.

Corporate Governance Statement

The Company's Corporate Governance Statement is located on the Company's website at

https://www.eagersautomotive.com.au/shareholders/corporate-governance/

Corporate Directory

Eagers Automotive Limited
ABN 87 009 680 013

Incorporation
Incorporated in Queensland
on 17 April 1957

Registered Office
5 Edmund Street
Newstead QLD 4006
Australia

Postal Address
PO Box 199
Fortitude Valley QLD 4006
Australia

Telephone
(07) 3608 7100

Facsimile
(07) 3608 7111

Website
www.eagersautomotive.com.au

Auditor
Deloitte Touché Tohmatsu
Riverside Centre
123 Eagle Street
Brisbane QLD 4001

Share Registry
Computershare
Investor Services Pty Limited
Level 1
200 Mary Street
Brisbane QLD 4000

Enquiries within Australia:
1300 552 270

Enquiries outside Australia:
+61 3 9415 4000

Board of Directors

Tim Crommelin, Chairman,
Non-executive Director

Nick Politis,
Non-executive Director

Dan Ryan,
Non-executive Director

Marcus Birrell,
Non-executive Director

Sophie Moore,
Executive Director and Chief Financial Officer

Greg Duncan,
Non-executive Director

David Blackhall,
Non-executive Director

Michelle Prater,
Non-executive Director

Katie McNamara,
Non-executive Director

Chief Executive Officer
Keith Thornton

Company Secretary
Denis Stark

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