

06 July 2023

Market Announcement
NZX:2CC

**Trading Update Q1 FY24:
2 Cheap Cars reset progressing well**

2 Cheap Cars Group Limited (NZX:2CC) provides an update for Q1 (ending 30 June) on its key priorities as part of the plan to restore profitability and shareholder value.

- The company expects unaudited Q1 revenue to be \$19.6m (-6% vs Q1 Prior Year).
- Gross margin expansion has progressed well with unaudited Q1 gross margin % expected at 24% (+7% vs Full Year 23). Q1 gross margin, expected at \$4.7m, is up 33% YoY, despite Q1 volumes being down 26%.
- EV/HEVS leadership is further strengthened moving to 52% of total sales for Q1 (up from 41% for FY23).
- The strategy of establishing broader shipping solutions has progressed favourably to date, with stronger levels of inventory in NZ.
- Positive progress has been made regarding insourcing a portion of the company's vehicle compliance requirements. Cost and supply chain control upsides are expected to be delivered once final approval is received, expected mid-July.
- The Finance and Insurance acceleration plan has progressed well, with healthy margins and penetration for Q1 at 33% up 7% when compared to full year 23.
- Unaudited Q1 NPAT is projected to close at \$1.3m, compared with \$0.4m during the same period last year.

Based on the solid start to the year and reviewing the Year-to-go plan, which assumes fair supply and trading conditions, the company now anticipates exceeding the upper limit of its previously communicated Net Profit After Tax (NPAT) range of \$3.8m to \$4.2m. The company's NPAT guidance is revised to between \$4.2m and \$5.0m.

CEO, Paul Millward acknowledged the efforts of the team making progress on the plan.

"The team is super focussed, we're clear on what we need to do to realise the full potential of this company. Gross margin in particular is ahead of the curve, and we're managing costs well despite the pressures. There are headwinds and uncertainties especially around FX and supply chain but the team is focused on what matters".

Ends

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

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About 2 Cheap Cars Group* (2CC)

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

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