

1 April 2022
Company Announcement
NZX:NZA



NZ AUTOMOTIVE INVESTMENTS LIMITED – STRENGTHENING NZD TO IMPACT FY 2022 RESULTS

New Zealand based integrated used automotive group NZ Automotive Investments Limited (**NZAI / the Company**) (NZX:NZA) advises that due to external economic factors including the war in Ukraine, weaker economic sentiment in Japan, and further bond buying by the Bank of Japan, the New Zealand Dollar has strengthened against the Japanese Yen in recent weeks. This confluence of factors has created an unexpected and sudden strengthening of the New Zealand Dollar against the Japanese Yen across the Company's FY2022 balance date.

This movement has affected the Company's foreign exchange hedge position with respect to committed inventory purchasing in the financial year ended 31 March 2022, creating a mark to market loss of \$0.7m. The foreign exchange impact relates to inventories that will be delivered in FY23 and does not economically relate to the FY22 year. Nevertheless, the Company's accounting policies will require it to recognise the impact in its FY 2022 financial statements.

As a result, the Company now expects underlying net profit after tax for the year ended 31 March 2022 to be in the range of \$1.7m to \$1.8m, down from the guidance of \$2.3m - \$2.7m announced in January 2022. Actual net profit after tax, which includes a one-off gain from the rearrangement of leases of \$0.9m, is expected to be in the range of \$2.6m to \$2.7m, down from the guidance of \$3.2m to \$3.6m previously announced. In the absence of the accounting impact of these foreign exchange movements the Company had been expecting to deliver a result towards the lower end of the guidance range.

The Company remains in compliance with all banking covenants and is in a solid financial position with cash balances of \$3.8m and net debt of \$8.0m (including the trade finance facility), as at 31 March 2022.

Ends

For further information please contact:

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About NZ Automotive Investments Limited (NZAI)

NZAI is an integrated used automotive group operating throughout New Zealand via two subsidiaries: Automotive Retail and Vehicle Finance. NZAI's mission is to deliver quality cars and financing solutions at the most affordable prices to the average New Zealander. Operating under the "2 Cheap Cars" brand, its Automotive Retail company is one of the largest used vehicle sellers in New Zealand with 12 dealerships across the country. Its Vehicle Finance company operates under the "NZ Motor Finance" brand. It was established in 2019 to diversify earnings and provide a further growth opportunity for NZAI. It originates loans entirely from cross-selling to Automotive Retail customers, which allows NZ Motor Finance to grow its finance book with minimal acquisition and administrative costs. www.nzautomotiveinvestments.co.nz

