

**26 August 2024**

Market Announcement

**NZX:2CC**

### **Business performance market update**

2 Cheap Cars Group Limited (NZX:2CC) today advised that the Company's business performance for the four months ending 31 July 2024 has been negatively affected by the prolonged economic downturn. While anticipating the recessionary environment will continue for the rest of the financial year, the Company remains committed to delivering a result close to its stable year-on-year profit guidance.

The Company notes that inflation and exchange rate volatility have had some impact on pricing, while the cost of living crisis has resulted in falling finance and insurance penetration rates.

In addition, due to major health and safety concerns stemming from a substantial landslide risk at a neighbouring property, the 2CC site located at 36 Smales Road, East Tamaki, has been compelled to shut down. Although it is hoped the closure is temporary, the timeline for addressing the issues at the adjacent property to guarantee the site's safety remains uncertain. All vehicles and staff have been relocated to other Auckland branches; however, there will be an impact on trading until the site is able to reopen.

CEO, David Sena said that despite these difficulties, the underlying business continues to make good progress with strategy implementation.

"Our focus remains on delivering gross margin expansion and prudent cost management. We have increasing control of the value chain at our Auckland hub and some exciting property developments to be announced shortly when finalised. While it's a tough trading environment for many New Zealand businesses right now, we are working hard to ensure we deliver steady net profit after tax (NPAT)," he said.

The Company will provide a further trading update at the Annual Shareholder Meeting in September.

**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.