

Autosports Group Limited

Appendix 4D

Half-year report

1. Company details

Name of entity:	Autosports Group Limited
ABN:	54 614 505 261
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	16.6% to	1,062,121
Profit from ordinary activities after tax attributable to the owners of Autosports Group Limited	up	71.8% to	34,462
Profit for the half-year attributable to the owners of Autosports Group Limited	up	71.8% to	34,462

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2022, declared on 24 August 2022. The final dividend was paid on 15 November 2022 to shareholders registered on 1 November 2022.	9.0	9.0
Interim dividend for the year ending 30 June 2023, was declared on 22 February 2023. The interim dividend will be paid on 31 May 2023 to shareholders registered on 17 May 2023.	9.0	9.0

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$34,462,000 (31 December 2021: \$20,062,000).

The profit for the half-year was impacted by other items as follows:

	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Statutory profit after tax attributable to the owners of Autosports Group Limited	34,462	20,062
Add: Non-controlling interest ¹	685	512
Add: Income tax expense	16,109	10,771
Profit before income tax expense	51,256	31,345
Add: Intangible amortisation ²	1,443	2,705
Add: Relocation expenses ³	1,077	1,559
Add: Acquisition expenses ⁴	173	100
Add: Restructure expenses ⁵	-	171
Profit before tax excluding other items	53,949	35,880

¹ Represents the 20% non-controlling interest in New Centenary Mazda Pty Ltd held by the dealer principal and 20% non-controlling interest in John Newell Holdings Pty Ltd held by the dealer principal. The previous period also includes 12% non-controlling interest in A.C.N. 633 925 050 Pty Ltd.

² Relates to non-cash amortisation of customer contracts arising on acquisitions made by the Group.

³ Relates to costs associated with relocation to new Kings Way BMW dealership. Previous period expenses relate to relocation at Lamborghini Brisbane and Audi Indooroopilly showrooms.

⁴ Relates to acquisition expenses incurred in the half-year.

⁵ Restructure expenses relate to redundancies and other non-trading expenses during the previous financial half-year.

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Profit before tax excluding other items noted above is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory result under AAS adjusted for certain items. The directors consider profit before tax excluding other items (being the impact of relocation expenses, acquisition costs and restructuring expenses) to reflect the core earnings of the Group.

Please refer to the Australian Securities Exchange ('ASX') announcement accompanying this Appendix 4D for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(14.45)	(3.87)

Net tangible assets include the right-of-use assets of \$181,460,000 (31 December 2021: \$219,819,000) and the lease liabilities of \$211,661,000 (31 December 2021: \$249,533,000) in the above calculation.

4. Control gained over entities

On 1 August 2022, the Group acquired 100% interest in *Auckland City BMW Ltd*. Refer note 14 of the financial statements for further details.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of Autosports Group Limited for the half-year ended 31 December 2022 is attached.

7. Signed

As authorised by the Board of Directors



Signed _____

James Evans
Chairman
Sydney

Date: 22 February 2023

Autosports Group Limited

ABN 54 614 505 261

Interim Report - 31 December 2022

Autosports Group Limited

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Autosports Group Limited

Directors' report

31 December 2022

The Directors present their report, together with the financial statements, on the consolidated entity ('Autosports' or 'Group') consisting of Autosports Group Limited ('Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were Directors of Autosports Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

James Evans
Nicholas Pagent
Ian Pagent
Robert Quant
Marina Go

Chairman and Independent Director
Executive Director and Chief Executive officer
Executive Director (Non-Executive Director from 1 February 2023)
Independent Director
Independent Director

Principal activities





























During the financial half-year, our principal activities included the sale of new and used motor vehicles, distribution of finance and insurance products on behalf of retail financiers and automotive insurers, sale of aftermarket products and spare parts, motor vehicle servicing and collision repair services. There have been no significant changes in the nature of principal activities.

Our operations comprise of:

- 53 franchised dealerships selling new and used prestige and luxury motor vehicles;
- 3 used motor vehicle outlets, primarily on the sale of used prestige and luxury motor vehicles;
- 4 franchised motorcycle dealerships selling new and used motorcycles; and
- 9 specialist prestige motor vehicle collision repair facilities.

Brands

The number next to each brand represents the number of dealerships held by the Group as at 22 February 2023.

MOTOR VEHICLES (56)			MOTORCYCLES (3)	COLLISION REPAIR FACILITIES (9)
 Audi 6	 BENTLEY 3	 JAGUAR 2	 BMW MOTORRAD 3	 Audi 1
 VOLVO 3	 BMW 9*	 LAND-ROVER 2	 DUCATI 1	 Mercedes-Benz 2
 Mercedes-Benz 3	 Mazda 2	 ASTON MARTIN 1		 BMW 4*
 LAMBORGHINI 2	 FERRARI 2*	 McLaren 1		 VOLVO 1
 MASERATI 2	 MINI 7*	 ROLLS ROYCE 2		 Audi 1
 PRESTIGE AUTO TRADERS 3	 VW 4	 SUBARU 1		 Audi 1
 KIA 1				 BENTLEY 1

* Includes acquisition of Motorline BMW, Mini and Alpina and Gold Coast BMW and Mini on 1 February 2023

Autosports Group Limited

Directors' report

31 December 2022

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Final dividend for the year ended 30 June 2022 of 9.0 cents (2021: 7.0 cents) per ordinary share	18,090	14,070

On 22 February 2023, the directors declared a fully franked interim dividend for the year ending 30 June 2023 of 9.0 cents per ordinary share, to be paid on 31 May 2023 to shareholders registered on 17 May 2023. This equates to a total estimated distribution of \$18,090,000, based on the number of ordinary shares on issue as at 31 December 2022. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2022 financial statements and will be recognised in the subsequent financial period.

Operating and financial review

The profit for the Group after providing for income tax and non-controlling interest amounted to \$34,462,000 (31 December 2021: \$20,062,000).

The following tables demonstrate the Group's financial performance normalised to exclude the impact of acquisition, impairment and restructure expenses ('other items').

The profit for the half-year was impacted by other items as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Statutory profit after tax attributable to the owners of Autosports Group Limited	34,462	20,062
Add: Non-controlling interest ¹	685	512
Add: Income tax expense	16,109	10,771
Profit before income tax expense	51,256	31,345
Add: Intangible amortisation ²	1,443	2,705
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Add: Restructure expenses ⁵	-	171
Profit before tax excluding other items	53,949	35,880

¹ Represents the 20% non-controlling interest in New Centenary Mazda Pty Ltd held by the dealer principal and 20% non-controlling interest in John Newell Holdings Pty Ltd held by the dealer principal. The previous period also includes 12% non-controlling interest in A.C.N. 633 925 050 Pty Ltd.

² Relates to non-cash amortisation of customer contracts arising on acquisitions made by the Group.

³ Relates to costs associated with relocation to new Kings Way BMW dealership. Previous period expenses relate to relocation at Lamborghini Brisbane and Audi Indooroopilly showrooms.

⁴ Relates to acquisition expenses incurred in the half-year.

⁵ Restructure expenses relate to redundancies and other non-trading expenses during the previous financial half-year.

Profit before tax excluding other items noted above is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory result under AAS adjusted for certain items. The directors consider profit before tax excluding other items (being the impact of relocation expenses, acquisition costs and restructuring expenses) to reflect the core earnings of the Group.

For further commentary on the results for the half-year ended 31 December 2022, please refer to the Australian Securities Exchange ('ASX') announcement accompanying this Report.

Significant changes in the state of affairs

On 1 August 2022, the Group acquired 100% interest in Auckland City BMW Limited for \$51,037,000 (net of cash). Refer to note 14 of notes to the financial statements for further details relating to the acquisition.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Autosports Group Limited
Directors' report
31 December 2022

Matters subsequent to the end of the financial half-year

On 1 February 2023, the Group acquired trading assets and liabilities of Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI. The acquisition is subject to final completion adjustments. The final consideration is estimated at \$66.0 million funded by existing cash reserves and \$30.0 million debt facility.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



James Evans
Chairman



Nicholas Pagent
Chief Executive Officer

22 February 2023
Sydney

22 February 2023

The Directors
Autosports Group Limited
565 Parramatta Road
Leichhardt 2040
Australia

Dear Directors

Auditor's Independence Declaration to Autosports Group 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 Autosports Group Limited.

As lead audit partner for the review of the interim financial report of Autosports Group Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David Haynes
Partner
Chartered Accountants

Autosports Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$'000	\$'000
Revenue	4	1,062,084	910,779
Interest revenue		37	6
Expenses			
Changes in inventories		48,253	(24,343)
Raw materials and consumables purchased		(889,761)	(711,932)
Employee benefits expense		(88,067)	(69,646)
Depreciation and amortisation expense		(25,505)	(26,442)
Occupancy costs		(2,926)	(3,360)
Acquisition and restructure expenses		(1,250)	(1,830)
Other expenses		(38,602)	(33,269)
Finance costs		(13,007)	(8,618)
Profit before income tax expense		51,256	31,345
Income tax expense		(16,109)	(10,771)
Profit after income tax expense for the half-year		35,147	20,574
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	11	(804)	-
Other comprehensive income for the half-year, net of tax		(804)	-
Total comprehensive income for the half-year		34,343	20,574
Profit for the half-year is attributable to:			
Non-controlling interest		685	512
Owners of Autosports Group Limited		34,462	20,062
		35,147	20,574
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		685	512
Owners of Autosports Group Limited		33,658	20,062
		34,343	20,574
		Cents	Cents
Basic earnings per share	15	17.15	9.98
Diluted earnings per share	15	16.98	9.88

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Autosports Group Limited
Consolidated statement of financial position
As at 31 December 2022

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		46,969	90,817
Trade and other receivables	6	64,010	58,731
Inventories		286,916	217,454
Other assets		22,303	14,617
Total current assets		420,198	381,619
Non-current assets			
Property, plant and equipment		193,028	172,298
Right-of-use assets	8	181,460	203,147
Intangibles	7	494,346	445,784
Deferred tax		21,674	21,721
Total non-current assets		890,508	842,950
Total assets		1,310,706	1,224,569
Liabilities			
Current liabilities			
Trade and other payables	9	146,568	152,762
Contract liabilities		2,737	1,610
Income tax payable		23,501	17,331
Employee benefits		22,985	20,887
Borrowings	10	333,801	249,826
Lease liabilities		33,946	36,653
Total current liabilities		563,538	479,069
Non-current liabilities			
Trade and other payables	9	4,668	-
Employee benefits		3,390	3,339
Borrowings	10	96,097	93,936
Lease liabilities		177,715	198,732
Total non-current liabilities		281,870	296,007
Total liabilities		845,408	775,076
Net assets		465,298	449,493
Equity			
Issued capital		475,637	475,637
Reserves	11	3,474	4,506
Accumulated losses		(19,606)	(35,978)
Equity attributable to the owners of Autosports Group Limited		459,505	444,165
Non-controlling interest		5,793	5,328
Total equity		465,298	449,493

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Autosports Group Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2021	475,637	3,306	(61,214)	4,376	422,105
Profit after income tax expense for the half-year	-	-	20,062	512	20,574
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	20,062	512	20,574
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	383	-	-	383
Dividends paid (note 12)	-	-	(14,070)	(32)	(14,102)
Balance at 31 December 2021	475,637	3,689	(55,222)	4,856	428,960

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2022	475,637	4,506	(35,978)	5,328	449,493
Profit after income tax expense for the half-year	-	-	34,462	685	35,147
Other comprehensive income for the half-year, net of tax	-	(804)	-	-	(804)
Total comprehensive income for the half-year	-	(804)	34,462	685	34,343
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 11)	-	(228)	-	-	(228)
Dividends paid (note 12)	-	-	(18,090)	(220)	(18,310)
Balance at 31 December 2022	475,637	3,474	(19,606)	5,793	465,298

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Autosports Group Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Profit before income tax expense for the half-year		51,256	31,345
Adjustments for:			
Depreciation and amortisation		25,505	26,442
Share-based payments		880	383
Interest received		(37)	(6)
Interest and other finance costs		13,007	8,618
		90,611	66,782
Change in operating assets and liabilities:			
Decrease in trade and other receivables		145	31,847
(Increase)/decrease in inventories		(48,253)	24,343
Increase in other operating assets		(7,328)	(6,194)
Decrease in trade and other payables		(13,727)	(15,127)
Increase in contract liabilities		1,127	798
Increase in employee benefits		1,265	1,232
Increase/(decrease) in bailment finance		60,444	(42,344)
		84,284	61,337
Interest received		37	6
Interest and other finance costs paid		(13,007)	(8,618)
Income taxes paid		(11,892)	(16,136)
Net cash from operating activities		59,422	36,589
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	14	(51,037)	(10,808)
Payments for property, plant and equipment		(19,871)	(29,717)
Proceeds from disposal of property, plant and equipment		28	-
Net cash used in investing activities		(70,880)	(40,525)
Cash flows from financing activities			
Proceeds from borrowings		17,040	21,336
Repayment of borrowings		(11,034)	(11,840)
Repayment of lease liabilities		(19,174)	(17,726)
Dividends paid	12	(18,090)	(14,070)
Dividends paid to non-controlling interest		(220)	(32)
On market share purchase to settle share-based payments	11	(1,108)	-
Net cash used in financing activities		(32,586)	(22,332)
Net decrease in cash and cash equivalents		(44,044)	(26,268)
Cash and cash equivalents at the beginning of the financial half-year		90,817	96,844
Effects of exchange rate changes on cash and cash equivalents		196	-
Cash and cash equivalents at the end of the financial half-year		46,969	70,576

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Autosports Group Limited

Notes to the consolidated financial statements

31 December 2022

Note 1. General information

The financial statements cover Autosports Group Limited as a consolidated entity consisting of Autosports Group Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Autosports Group Limited's functional and presentation currency.

Autosports Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Autosports Group Head Office
555 Parramatta Road
Leichhardt NSW 2040

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements are condensed financial statements that do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Foreign currency translation

Foreign operations

The assets and liabilities of foreign operations are translated into Australian Dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian Dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2022 and are not expected to have any significant impact for the full financial year ending 30 June 2023.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Net current asset deficiency

The directors have prepared the financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The statement of financial position reflects an excess of current liabilities over current assets of \$143,340,000 as at 31 December 2022 (30 June 2022: \$97,450,000).

During the financial half-year ended 31 December 2022, the Group made a profit of \$35,147,000 (31 December 2021: \$20,574,000).

Autosports Group Limited

Notes to the consolidated financial statements

31 December 2022

Note 2. Significant accounting policies (continued)

The directors have reviewed the cash flow forecast for the Group at least through to 22 February 2024. The forecast indicates that the Group will generate net positive operating cash flows and operate within its overall finance facilities and that the Group will, therefore, be able to pay its debts as and when they fall due after considering the following factors:

- during the financial half-year, the Group generated \$59,422,000 (31 December 2021: \$36,589,000) of cash flow from operating activities;
- during the financial half-year, the Group used \$51,037,000 of available cash to fund business acquisitions and \$19,871,000 to fund additions to property, plant and equipment;
- as at 31 December 2022, the Group has undrawn capital finance facilities of \$29,201,000 (30 June 2022: \$15,199,000) out of which \$25,201,000 is earmarked for specific purposes and undrawn bailment finance facilities of \$255,856,000 (30 June 2022: \$281,715,000);
- as at 31 December 2022, the Group has cash and cash equivalents amounting to \$46,969,000 (30 June 2022: \$90,817,000); and
- the Group has the continuing support of its financiers.

The directors have concluded that it is appropriate to prepare the financial statements on the going concern basis, as they believe that the Group will comply with its future financial covenants and be able to pay its debts as and when they become due and payable from cash flows from operations and available finance facilities for at least 12 months from the date of approval of these financial statements.

Note 3. Operating segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The directors have determined that there is only one operating segment identified and located in Australia and New Zealand, being motor vehicle retailing. The information reported to the CODM is the consolidated results of the Group. The segment results are therefore shown throughout these financial statements and not duplicated here.

Refer to note 4 for information on revenue from the Group's products and services.

Note 4. Revenue

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
<i>Revenue for contracts with customers</i>		
New and demonstrator vehicles	630,826	564,356
Used vehicles	250,320	209,035
Parts	78,818	59,630
Service	73,584	58,765
Other revenue	28,536	18,993
Revenue	1,062,084	910,779

Disaggregation of revenue

All revenue is generated in Australia and New Zealand. Revenue is recognised at a point in time, except for service revenue which is recognised over time.

Note 5. Expenses

Included in 'raw materials and consumables' in profit or loss is \$11,814,000 (31 December 2021: \$8,933,000) of salaries and wages relating to direct service labour costs.

Autosports Group Limited
Notes to the consolidated financial statements
31 December 2022

Note 6. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	56,705	54,653
Other receivables	8,516	5,185
Less: Allowance for expected credit losses	(1,211)	(1,107)
	64,010	58,731

Note 7. Intangibles

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Goodwill - at cost	594,776	548,126
Less: Impairment	(109,174)	(109,174)
	485,602	438,952
Customer relationships - at cost	35,512	32,157
Less: Accumulated amortisation	(26,768)	(25,325)
	8,744	6,832
	494,346	445,784

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Customer	
	\$'000	relationships	
	\$'000	\$'000	Total
			\$'000
Consolidated			
Balance at 1 July 2022	438,952	6,832	445,784
Additions through business combinations (note 14)	46,650	3,355	50,005
Amortisation expense	-	(1,443)	(1,443)
Balance at 31 December 2022	485,602	8,744	494,346

Goodwill acquired through business combinations is allocated to one group of cash generating units ('CGU') according to the business segment, being motor vehicle retailing which is the lowest level at which management monitors goodwill.

The recoverable amount of the Group's goodwill has been determined by value-in-use calculations ('VIU'). The calculations use cash flow projections based on the business plan, prior to any future restructuring to which the Group is not yet committed, approved by management covering a five year period and a terminal growth rate.

Key assumptions

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.

The following key assumptions were used in the VIU model:

- Earnings before interest, depreciation and amortisation ('EBITDA');
- Terminal growth rate of 2.0% beyond four year period (30 June 2022: 2.0%);
- Pre-tax discount rate 14.89% (30 June 2022: 15.61%); and
- New vehicle motor growth between FY24 to FY27 including other income and rebates of 0% - 6.0% (30 June 2022: (0.7%) – 14.8% FY23 to FY27).

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Notes to the consolidated financial statements
31 December 2022

Note 7. Intangibles (continued)

As a result of the impairment testing, management has concluded that the recoverable amount of the CGU is higher than the carrying value of the assets, and therefore goodwill is not considered to be impaired.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of goodwill. The recoverable amount exceeds the carrying amount by \$162.4 million.

The directors believe that any reasonably possible change in any of the key assumptions below on which the recoverable amount is based will cause the carrying amount to equal the recoverable amount of the CGU.

Sensitivity	VIU assumptions	VIU model equals carrying amount	Change
EBITDA %	4.8% - 5.4%	4.24% - 4.84%	0.56%
Post-tax discount rate	10.90%	13.25%	2.35%
Pre-tax discount rate	15.61%	18.34%	2.73%
Terminal growth rate	2.0%	(1.37)%	3.37%
New vehicle motor growth (including rebates, aftermarket and finance and insurance) between FY2024 to FY2027	0% - 6.0%	(6.0)%	(6.0)% - 0%

Note 8. Right-of-use assets

	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Non-current assets</i>		
Right-of-use asset	369,423	371,781
Less: Accumulated depreciation	(187,963)	(168,634)
	181,460	203,147

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Property lease \$'000
Balance at 1 July 2022	203,147
Additions*	555
Additions through business combinations (note 14)	24,803
Other changes - lease modification/termination	(29,908)
Exchange differences	877
Depreciation expense	(18,014)
Balance at 31 December 2022	181,460

* Additions represents lease renewals, exercise of option and rent reviews.

Autosports Group Limited
Notes to the consolidated financial statements
31 December 2022

Note 9. Trade and other payables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Trade and other payables	99,713	92,304
GST payable	15,094	29,108
Accrued expenses	31,761	31,350
	146,568	152,762
<i>Non-current liabilities</i>		
Deferred consideration on business combinations	4,668	-
	151,236	152,762

Note 10. Borrowings

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Bailment finance	311,590	231,460
Capital loans	22,211	18,366
	333,801	249,826
<i>Non-current liabilities</i>		
Capital loans	96,097	93,936
	429,898	343,762

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<i>Total facilities</i>		
Bailment finance	567,446	513,175
Capital loans	147,509	127,501
	714,955	640,676
<i>Used at the reporting date</i>		
Bailment finance	311,590	231,460
Capital loans	118,308	112,302
	429,898	343,762
<i>Unused at the reporting date</i>		
Bailment finance	255,856	281,715
Capital loans	29,201	15,199
	285,057	296,914

Autosports Group Limited
Notes to the consolidated financial statements
31 December 2022

Note 11. Reserves

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Foreign currency reserve	(804)	-
Share-based payments reserve	4,278	4,506
	3,474	4,506

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency reserve \$'000	Share-based payments reserve \$'000	Total \$'000
Balance at 1 July 2022	-	4,506	4,506
Foreign currency translation	(804)	-	(804)
Share-based payments	-	880	880
On market share purchase in the Company to settle vested long term incentives	-	(1,108)	(1,108)
Balance at 31 December 2022	(804)	4,278	3,474

Note 12. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Final dividend for the year ended 30 June 2022 of 9.0 cents (2021: 7.0 cents) per ordinary share	18,090	14,070

On 22 February 2023, the directors declared a fully franked interim dividend for the year ending 30 June 2023 of 9.0 cents per ordinary share, to be paid on 31 May 2023 to shareholders registered on 17 May 2023. This equates to a total estimated distribution of \$18,090,000, based on the number of ordinary shares on issue as at 31 December 2022. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2022 financial statements and will be recognised in the subsequent financial period.

Note 13. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Autosports Group Limited
Notes to the consolidated financial statements
31 December 2022

Note 14. Business combinations

Auckland City BMW Ltd ('Auckland BMW')

On 1 August 2022, the Group acquired 100% of the shares in Auckland City BMW Ltd. The total consideration transferred amounted to \$61,807,000, including a \$4,487,000 payment deferred for two years. The goodwill of \$46,650,000 represents the future potential profits of the acquired business.

From the date of acquisition, Auckland BMW contributed revenues of \$72,340,000 and profit before tax of \$2,336,000.

Details of the acquisition are as follows:

	Auckland BMW Fair value \$'000
Cash and cash equivalents	6,283
Trade receivables	5,424
Inventories	21,209
Prepayments	358
Property, plant and equipment	6,531
Right-of-use assets	24,803
Customer relationships	3,355
Trade and other payables	(5,086)
Provision for income tax	(1,692)
Deferred tax liability	(655)
Employee benefits	(884)
Bailment finance	(19,686)
Lease liability	(24,803)
Net assets acquired	15,157
Goodwill	46,650
Acquisition-date fair value of the total consideration transferred	61,807
Acquisition costs expensed to profit or loss	173
<i>Cash paid net of cash acquired:</i>	
Acquisition-date fair value of the total consideration transferred	61,807
Less: cash and cash equivalents acquired	(6,283)
Less: deferred consideration payable	(4,487)
Net cash used	51,037

The purchase price allocation of the acquisition is provisional as at 31 December 2022.

Autosports Group Limited
Notes to the consolidated financial statements
31 December 2022

Note 15. Earnings per share

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Profit after income tax	35,147	20,574
Non-controlling interest	(685)	(512)
Profit after income tax attributable to the owners of Autosports Group Limited	34,462	20,062
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	201,000,000	201,000,000
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	1,969,245	2,038,794
Weighted average number of ordinary shares used in calculating diluted earnings per share	202,969,245	203,038,794
	Cents	Cents
Basic earnings per share	17.15	9.98
Diluted earnings per share	16.98	9.88

Note 16. Events after the reporting period

On 1 February 2023, the Group acquired trading assets and liabilities of Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI. The acquisition is subject to final completion adjustments. The final consideration is estimated at \$66.0 million funded by existing cash reserves and \$30.0 million debt facility.

Apart from the dividend declared as disclosed in note 12, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Autosports Group Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



James Evans
Chairman



Nicholas Pagent
Chief Executive Officer

22 February 2023
Sydney

Independent Auditor's Review Report to the members of Autosports Group Limited

Conclusion

We have reviewed the half-year financial report of Autosports Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 6 to 18.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Autosports Group Limited is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.


Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



David Haynes
Partner
Chartered Accountants

Sydney, 22 February 2023