

2CheapC★rs Group

ANNUAL SHAREHOLDERS' MEETING

28 September 2023

 **DRIVING
BETTER
DEALS
EVERY DAY**



★ Board of Directors & Senior Management



Michael Stiasny
Independent Director | Chair



David (Yusuke) Sena
Executive Director | Co-Founder



Gordon Shaw
Independent Director



Paul Millward
CEO



Angus (Gus) Guerin
CFO

★ Questions

Shareholder & Proxyholder Q&A participation

Written questions

Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the **Q&A** tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

Help

The **Q&A** tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



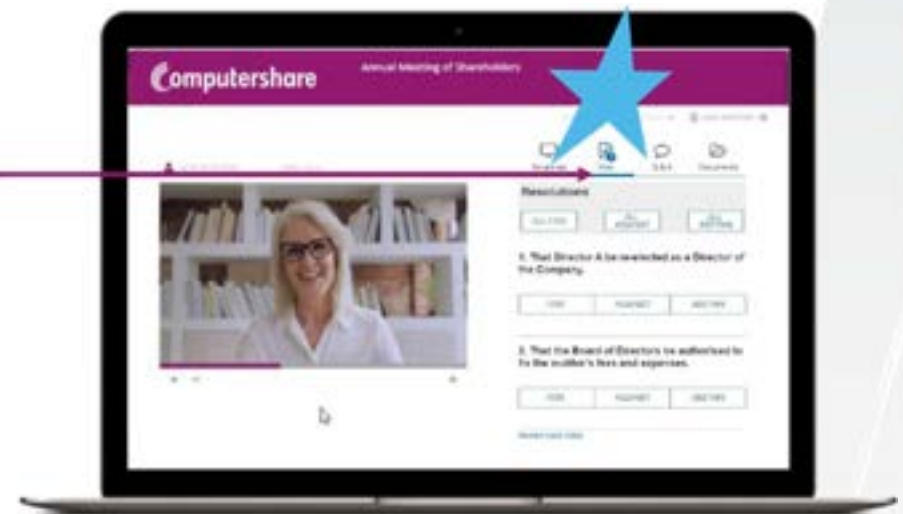
★ Voting process

Shareholder & Proxyholder voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the **Vote** tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select **Change Your Vote**.



Agenda

- 1. CHAIRMAN'S ADDRESS** Michael Stiasny, Chair
- 2. CEO'S ADDRESS** Paul Millward, CEO
- 3. FINANCIAL UPDATE** Angus Guerin, CFO
- 4. RESOLUTIONS**
- 5. GENERAL BUSINESS + Q&A**

CHAIRMAN'S ADDRESS

2CheapCars Group



CEO'S ADDRESS

2CheapCars★**Group**



★ FY23 Summary

Revenue and income

\$82.7M

▲ up 25% from \$66m

NPAT

\$1.3M*

▼ down (\$1.3m) from \$2.6m
*(includes \$1.0m restructuring & non-recurring costs)

FY23 Underlying NPAT

\$2.0M

▲ up 18% from \$1.7m

Dividend

0.0 CPS

▼ down from 3.1 cps

Underlying EPS

4.4 CPS

▲ up from 3.7 cps

Operating cash flow –
ex. lending

\$10.9M

▲ up \$10.3m from \$0.6m

Q4 Underlying NPAT

\$0.8M

▲ up (representing 40% of full year profit)

Retail contribution margin

\$3.8M

▲ up 18% quarter-on-quarter

★ Focused strategy

Winning by leveraging strengths



How to grow

- Expand hub capabilities for value
- Lead supply of affordable EV & HEVs.
- Leverage scale for efficiencies
- Broader shipping strategy

- National footprint for wider reach
- Clear “win urban” property strategy
- Refurbish dealerships
- Relevant brand programme to connect

- Increase Finance & Insurance
- Accelerate digital application and fulfilment
- Right value proposition
- Cost and value programme

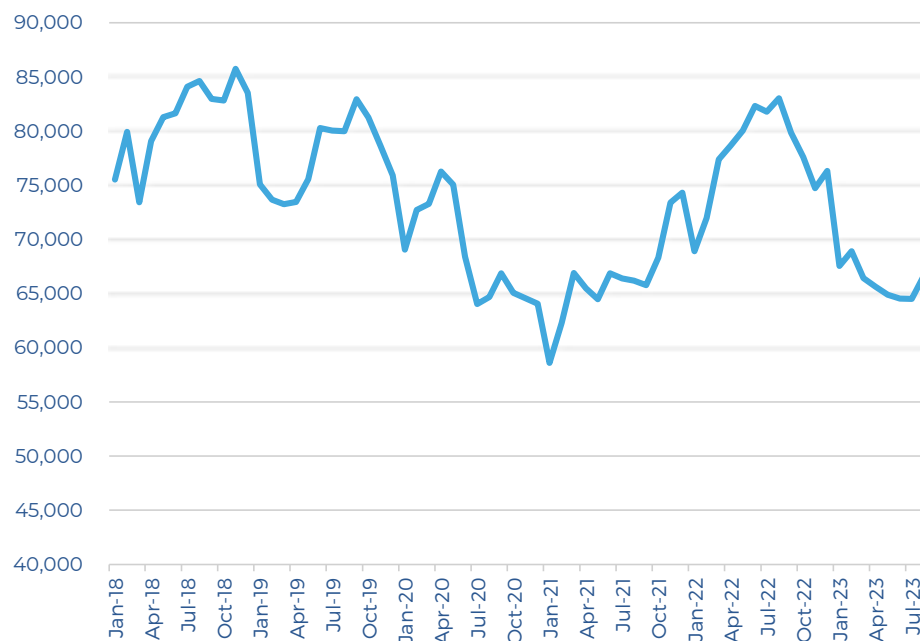
- Refine full end-to-end online buying process
- Execute on customer insights
- Digital platform to “make it easy”

Where to win

- Deepen connection with 138k+ followers on social
- Invest in customer care team
- Customer satisfaction everyday
- Deliver customer value through partnerships
- Health & safety
- Develop inclusive leaders
- Unlock a high-performance culture
- Capability investment for frontline staff
- Talent bench

★ Favourable market dynamics

TradeMe used car listings last 5 years



- Used car availability improving, but still tight due to ongoing shipping issues
- 20% of cars are more than 20 years old
- Car repairs increasingly uneconomical for insurers and consumers
- Increasing number and severity of weather events causing vehicle damage
- Registered dealer numbers in **decline** – trend expected to continue
- Significant barriers to efficiently import at scale
- New vehicle sales under pressure – people downtrading or holding for longer
- Increased demand for used cars from \$8k-\$12k. **Low cost, cost efficient** retail is the sweet spot

★ Retail footprint strategy

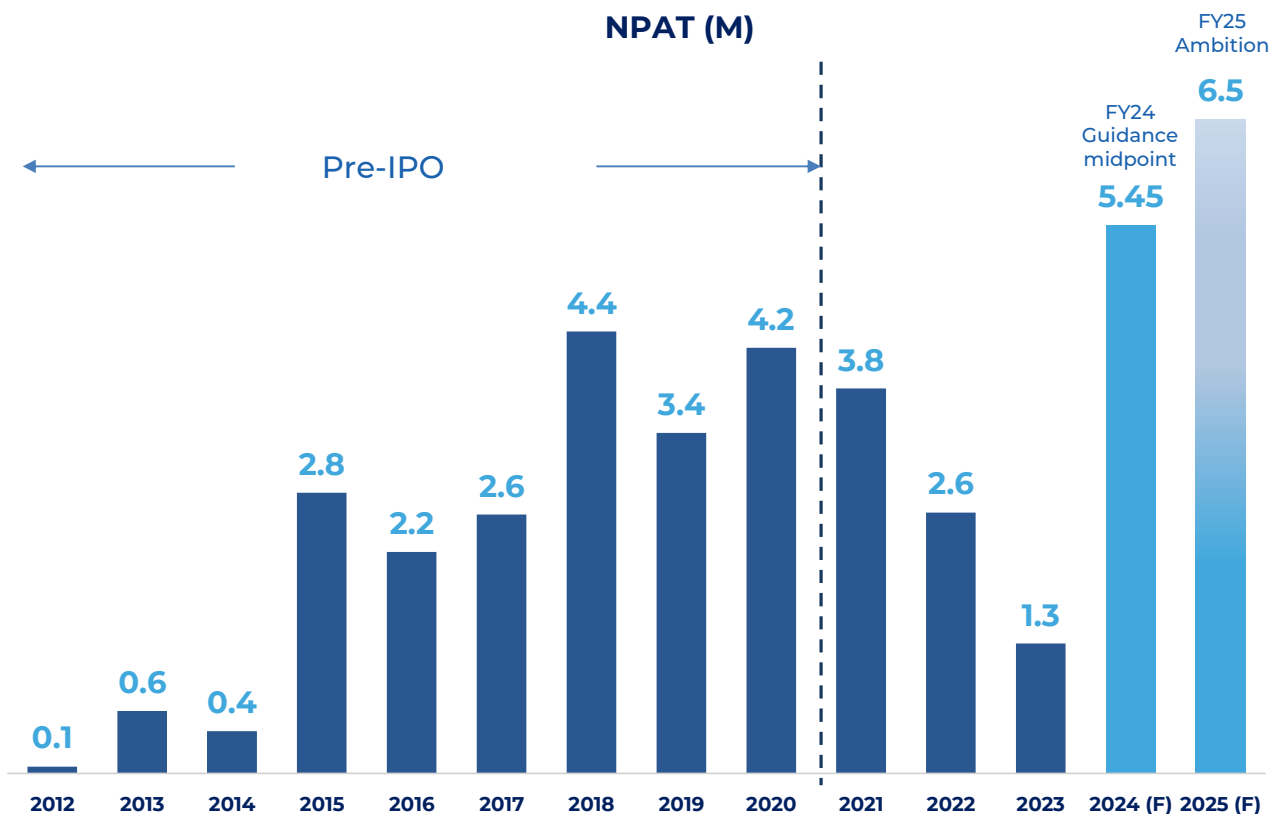


New & better branches driving profitable growth

- 12 branches: 7 in Auckland plus Hamilton, Tauranga, Palmerston North, Wellington & Christchurch
- **Strong where it matters most – Auckland**
- **Christchurch to double in size – phase one growth commenced (now 3200m2)**
- Closures where prudent – Napier
- New yards require minimal capital investment
- Two-tiered site strategy – mega & satellite
- Low overheads to run additional sites
- Refurbishment plans being progressed

★ FY25 Ambition → \$6.5m by FY25

NPAT (M)



Profitable growth levers

- Footprint expansion where right
- Increased vertical integration
- Hub efficiency
- Vehicle entry compliance growth
- Shipping stability
- Finance and insurance focus
- Data-driven pricing
- Assumes foreign exchange, supply and regulatory stability

*(F) = Forecast

FINANCIAL UPDATE

2CheapCars★*Group*



★ FY24 YTD (August) update

NPAT
\$2.4M

▲ up \$1.7m from \$0.7m

Gross margin
24%

▲ up 6% from 18%

Vehicles sold
3,047

▼ down 17% from 3,650

Revenue
\$34.1M

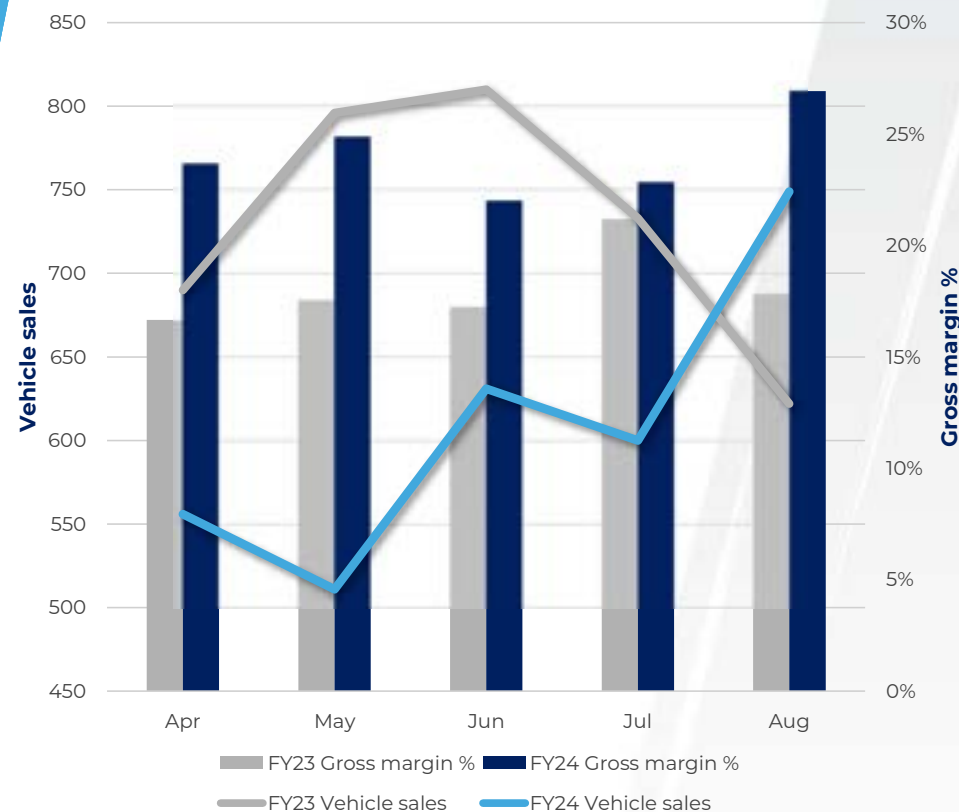
▲ up 1% from \$33.8m

Finance penetration
30%

▲ up from 26%

Operating cashflow
\$ 4.0M

▲ up \$0.3m from \$3.7m



★ FY24 Outlook

NPAT

\$5.2–5.7M

▲ up from \$1.3m

Gross margin

~23%

▲ up from 18%

2CheapCars Group

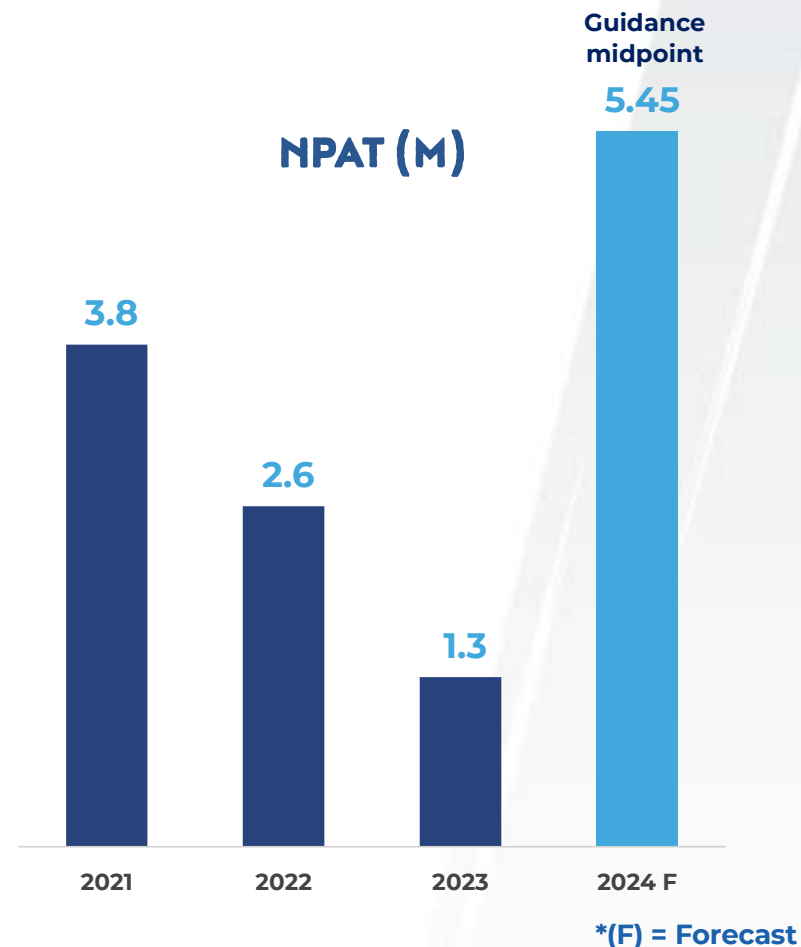
Dividend CPS

- Dividend policy – payout ratio 50%-60% of NPAT
- Based on the projected 10c per share and a share price of [62c] this is a gross yield of [16%]



2 CHEAP CARS GROUP LIMITED | 2023 ASM PRESENTATION

NPAT (M)



RESOLUTIONS

2CheapCars★**Group**



Shareholder resolutions

1. That the Board be authorised to fix the auditor's remuneration.
2. That, for the purposes of rule 7(c) of the Takeovers Code, the acquisition of 13,679,934 ordinary shares in the Company by David (Yusuke) Sena and Tompkins Wake Trustees 2022 Limited (as trustees of the Sena Family Trust) from Eugene Hamilton Williams and TLR Williams Trustee Company Limited (as trustees of the E & Co Trust), pursuant to the Agreement for Sale and Purchase of Shares in 2 Cheap Cars Group Limited is approved.

★ Proxy voting results

Resolution	For	Against	Discretionary	Abstain*
That the Board be authorised to fix the auditor's remuneration.	5,199,849	8,951	600,347	48,858
That, for the purposes of rule 7(c) of the Takeovers Code, the acquisition of 13,679,934 ordinary shares in the Company by David (Yusuke) Sena and Tompkins Wake Trustees 2022 Limited (as trustees of the Sena Family Trust) from Eugene Hamilton Williams and TLR Williams Trustee Company Limited (as trustees of the E & Co Trust), pursuant to the Agreement for Sale and Purchase of Shares in 2 Cheap Cars Group Limited is approved.	4,967,926	376,771	322,954	190,354

*Votes cast by a shareholder who abstains on an item are not counted in the calculation of the required majority.

GENERAL BUSINESS

Q&A

2CheapCars Group



THANK YOU

2CheapCars★*Group*



Important notice & disclaimer

This presentation is given on behalf of 2 Cheap Cars Group Ltd (2CC) (NZX:2CC). Information in this presentation is for general information purposes only and is not an offer or invitation for subscription or purchase of, or a recommendation to invest in 2CC securities.

The presentation should be read in conjunction with, and is subject to, 2CC's latest set of financial statements for the period ended 31 March 2023, and other market releases and information released on the NZX.

The presentation includes forward looking statements about 2CC and the environment that it operates in, which are subject to uncertainties outside of 2CC's control. 2CC's results or performance may vary from these statements. Also included are statements relating to past performance, which should not be regarded as a reliable indicator of future performance.

The presentation may contain information from third parties believed to be reliable, but no representations or warranties are made as to the accuracy or completeness of such information. Non-GAAP and non-IFRS measures are used by management and the Board believe they provide useful information for readers to assist in the understanding of 2CC's financial performance.

Non-GAAP and non-IFRS measures do not have a standardised meaning prescribed by GAAP and should not be viewed in isolation or be considered substitutes for measures reported in accordance with NZ IFRS. Further, they may not be comparable to similar financial information presented by other entities. These measures have not been independently audited or reviewed.

- **Numbers related to FY24 to 31 August 2023 are unaudited.**
- **All currency amounts are presented in NZ dollars, unless otherwise stated.**
- **Authorised for release by the Board of Directors.**