

29 May 2026

Market announcement

NZX:2CC

FY26 results

Second-half momentum drives FY26 profitability

2 Cheap Cars Group Limited (NZX:2CC) today reported net profit after tax (NPAT) of \$3.2 million for the full year to 31 March 2026 (FY26), demonstrating the resilience of the Group's vertically integrated operating model despite challenging market conditions and increased Clean Car Standard costs.

The result was underpinned by a significant improvement in trading momentum during the second half, with stronger vehicle margins, improved procurement conditions and record finance and insurance (F&I) penetration rates contributing to improved profitability through the final quarter.

The FY26 result is in line with guidance provided in January 2026, when the Company advised that full-year NPAT was expected to exceed \$3.0 million.

Summary of key results

(Figures quoted are in NZ dollars. Comparisons are made against FY25.)

- **Revenue and income:** \$81.7m, down 0.3%
- **Gross margin:** \$17.4m, down 2%
- **Vehicle sales:** 7,239, compared with 7,675 units in FY25
- **EBITDA including finance income:** \$8.1m, up 1%
- **Net profit after tax (NPAT):** \$3.2m, compared with \$3.3m in FY25
- **Underlying earnings per share (EPS):** 7 cents per share (cps), unchanged from FY25
- **Final gross dividend:** 3.99 cps
- **Total FY26 gross dividend:** 6.14 cps vs 6.03 cps

Performance overview

The FY26 result reflects solid performance amid a challenging operating environment for the used vehicle sector where elevated regulatory costs, subdued consumer confidence and soft economic conditions impacted demand throughout much of the financial year.

FY26 profitability was materially impacted by increased carbon credit costs under the Clean Car Standard which adversely affected year-on-year NPAT by approximately \$1.7 million relative to FY25.

Despite these hurdles, trading materially improved during the second half. The Group benefited from improved procurement conditions and achieved stronger vehicle margins and robust finance and insurance penetration rates.

Revenue and income for FY26 were \$81.7m, broadly in line with FY25 despite softer overall vehicle volumes and continued pricing pressure across the industry.

Gross margin declined 2% to \$17.4m, reflecting ongoing margin compression – primarily as a result of carbon credit costs – through the first half of FY26. This was partially offset by improved second-half trading performance and operational efficiencies.

The Group maintained strong finance and insurance penetration rates (insurance penetration rates hit a record 44%, up from 36% the year prior) during the second half, supported by disciplined sales execution, improving procurement conditions and a more stable consumer financing environment.

Changes to carbon credit settings under the Clean Car Standard also contributed positively during the last quarter of FY26, with reduced carbon credit costs supporting profitability on vehicles imported and sold under the revised settings.

The Company's direct sourcing model (via subsidiary Car Plus K.K. in Japan), continued to support

superior inventory quality, procurement flexibility and margin optimisation.

Operating expenses remained tightly controlled throughout the year despite ongoing inflationary pressures across rent, employment, compliance and utilities costs.

The Group also continued to refine its operating model during FY26, including the adoption of a hybrid compliance strategy combining internal capability with selected outsourced providers to improve flexibility and efficiency.

Net operating cash inflow was \$4.2m for FY26, compared with \$6.7m in FY25. Inventory increased to \$18m as at 31 March 2026, reflecting continued investment in superior direct purchasing opportunities through the company's Japanese subsidiary.

As at 31 March 2026, 2 Cheap Cars remained compliant with all banking covenants and held cash balances of \$3.8m and total equity of \$22.2m.

Strategic update

The Group is continuing to invest in initiatives designed to strengthen long-term capability and improve customer acquisition efficiency.

During the year, these initiatives included increased investment into direct-to-consumer marketing channels, strengthening brand capability, and enhancing digital customer engagement initiatives aimed at reducing reliance on third-party listing platforms over time.

2 Cheap Cars Chief Executive, David Sena, said the improved second-half performance demonstrated the resilience of the business and the benefits of the operational initiatives implemented throughout the financial year.

“While the market environment remained difficult for much of the year, we saw positive momentum through the final quarter driven by improved margins, robust F&I penetration and better procurement conditions.

“Our vertically integrated sourcing model and disciplined operational focus continue to position the business well, despite the ongoing volatility across the automotive sector,” he said.

Dividend

The Board has declared a final gross dividend of 3.99 cents per share (cps), bringing total FY26 gross dividends to 6.14 cps.

This final dividend represents approximately 60% of second-half net profit after tax (NPAT), in line with the company's stated dividend policy.

Based on a share price of \$0.62 as at the announcement date, the total FY26 gross dividend represents a yield of approximately 9.9%.

The record date is 5 June 2026, and payment will be made on 19 June 2026.

Outlook for FY27

Early FY27 performance is encouraging and reinforces confidence in the Group's trajectory and resilient market positioning. While consumer demand will likely continue to be shaped by geopolitical events and domestic inflation, the Group remains prudently optimistic.

2 Cheap Cars' strong brand position – which is well suited to a recessionary market – will enable it to navigate external factors likely to continue influencing trading conditions through FY27, including interest rates, fuel and shipping costs, and ongoing regulatory settings under the Clean Car Standard.

Chairman Michael Stiassny said the Group remained well positioned to continue to navigate market

volatility due to its disciplined inventory management, flexible sourcing strategies, and focus on operational efficiencies, cash flow management and balance sheet strength.

“We are running a tight ship, and while broader market conditions remain impossible to predict, the improved trading momentum coming into the new financial year is encouraging,” he said.

Ends

This announcement has been authorised by 2CC Chair, Michael Stiasny.

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About 2 Cheap Cars Group

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 10 dealerships across the country. Our mission is to deliver on our promise... 2 Cheap Cars, driving better deals, every day.