The Colonial Motor Company Limited

107th Annual Report

2025

BOARD OF DIRECTORS	Ashley J Waugh, Chair	
	Graeme D Gibbons	
	Stuart B Gibbons	
	John W M Journee	
	Gillian D Watson	
	John O Hutchinson	
	John A Beveridge	Appointed 29 April 2025
CHIEF EXECUTIVE	Alexander P Gibbons	
CHIEF FINANCIAL OFFICER	Sebastian C Black	Appointed 29 May 2025
GROUP MANAGER People, Process & Technology	June E Gibbons	
GROUP MANAGER Finance	Paul Stephenson	
COMPANY SECRETARY	Jack G Tuohy	
AUDITOR	Grant Thornton New Zealand Audit Limited (Partner Ryan Campbell)	
BANKERS	ANZ Bank New Zealand Limited Bank of New Zealand Westpac New Zealand Limited	
SHARE REGISTRY	Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna, North Shore Private Bag 92119 Auckland 1142 Website: www.computershare.co.nz/investorcentre	
REGISTERED OFFICE AND ADDRESS FOR SERVICE	Level 6 57 Courtenay Place PO Box 6159 Wellington 6141 New Zealand Telephone (04) 384-9734 E-mail address cmc@colmotor.co.nz Website www.colmotor.co.nz	
PROSPECTIVE DATES FOR 2026	Interim Half Year Report	Late February
	Interim Dividend	30 March
	Preliminary Full Year Report	Late August
	Annual Report	Late September
	Final Dividend	5 October
	Annual Meeting	6 November

Shareholder enquiries can be addressed to the Registered Office or directly to the Share Registry.

The Company is able to send shareholders e-mail notifications of the announcement and release of its half year (in February) and full year results (in August) and of the Annual Report (in September). If you are not already receiving these e-mail notifications then to register for this service you can send an e-mail to our Share Registry at ecomms@computershare.co.nz from the e-mail account you wish to receive the notifications to and please put "Email Notifications" in the subject line. You will need to record the full name your shares are held in and the relevant CSN / Shareholder number – you can find that number on your Dividend Statement or Securities Transaction Statement.

Notice of 107th Annual Meeting

Notice is hereby given that the 2025 annual meeting of shareholders of

The Colonial Motor Company Limited

will be held at

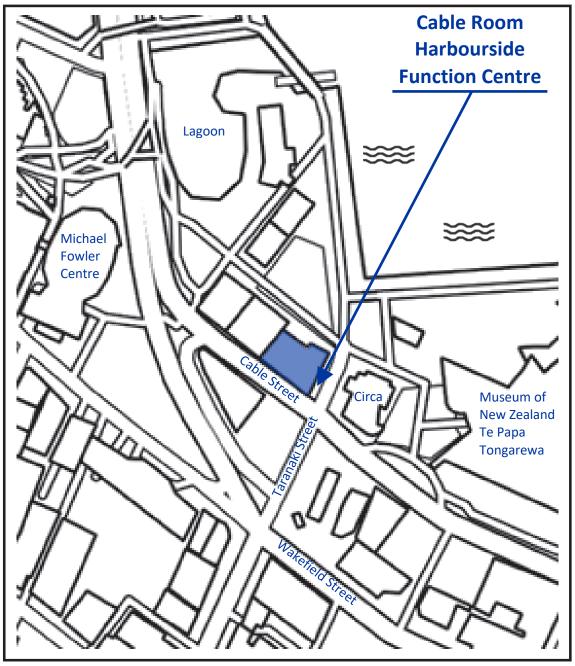
The Harbourside Function Venue, 4 Taranaki Street, Wellington

on Friday, 7 November 2025 commencing at 12:00 midday

BUSINESS

1. Chair's introduction
2. Address from the Chair
3. Report from the Group Chief Executive
4. Shareholder discussion
5. Resolutions
   To consider and if thought fit, to pass the following resolutions:
   (see explanatory notes on the next page)
   1. To re-elect John William Michael Journee as a director of the Company.
   2. To re-elect John Ormond Hutchinson as a director of the Company.
   3. To elect John Alexander Beveridge as a director of the Company.
   4. To authorise an increase in the annual remuneration payable to Directors from $330,000 to $515,000 with effect from 1 July 2025.
   5. To record the on-going appointment of Grant Thornton as auditor and to authorise the directors to fix the auditor's remuneration.
6. General business

LOCATION



Explanatory Notes – relating to the annual meeting

Voting

All voting at annual meetings must be conducted by poll. Procedures for voting, the appointment of proxies and representatives, vote counting and the announcement of the results are applied and disclosed in detail.

Proxies, representatives and postal voting

If you choose not to attend the meeting, a form is provided with this annual report for you to complete to appoint a proxy or corporate representative to vote on your behalf. If you wish you can lodge a postal vote rather than a proxy vote.

Detailed guidance is provided on the form on how to complete it for either proxy or postal voting purposes. Further copies of the form may be obtained from the Company or downloaded from our website.

Resolutions

Each of the resolutions will be considered as a separate ordinary resolution. To be passed, an ordinary resolution requires a simple majority of votes of shareholders entitled to vote and voting. Each share in the Company carries one vote.

The Board supports passing all of the resolutions.

Re-election and election of directors

The Listing Rules require that a director must not hold office (without re-election by shareholders) past the third annual meeting that follows the director's last election or 3 years, whichever is longer.

A director appointed by the Board must not hold office (without election by shareholders) past the annual meeting following the director's appointment.

Resolution 1

John Journee was last re-elected as a director at the 2022 annual meeting. He is eligible and offers himself for re-election.

John has held various senior executive positions in the retail industry in New Zealand and Australia, including with Noel Leeming and The Warehouse. He is currently a director and chair-elect of The Warehouse Group Limited, a director of Farmlands Co-operative Society Limited and a member of the Data Insights Group Limited Advisory Board. John became a director in December 2018.

Resolution 2

John Hutchinson was elected as a director at the 2022 annual meeting. He is eligible and offers himself for re-election.

John is currently the Chief Executive and Dealer Principal of Team Hutchinson Ford in Christchurch. He joined Team Hutchinson Ford in 1994 in vehicle sales and became Dealer Principal in September 2006. Previous to joining the dealership, John had worked in the UK at Investment Bank, Credit Suisse First Boston, then ran his own business in Christchurch. He is a current member and past president of the Ford Dealer Council.

Resolution 3

John Beveridge was appointed by the Board as a director with effect from 29 April 2025. He is eligible and offers himself for election.

John is an experienced director in both the public and non-public company environments and has held a number of senior management positions with both listed and unlisted companies. John's corporate career included senior management roles with Fletcher Building, where he was the CEO of Placemakers, following earlier leadership roles with Pacific Steel and Golden Bay Cement. He is currently a director of NZX-listed Steel & Tube Holdings Ltd and chair of the non-public NZ Scaffolding Group of companies.

Directors' fees

Resolution 4

Every two years it has been the Board's normal practice to review the fees paid to Directors in total and individually. The last review was undertaken in 2023.

Following the review of Directors' fees undertaken this year, which was based on a market survey by an independent source (Strategic Pay), the Board resolved to increase annual fees. Details of the increase, a breakdown and the market conditions that gave rise to it are provided in the Directors' report on page 4. Over and above the proposed increase to be applied to individual fees, there are two additional Non-Executive Directors who now need to receive fees. As a result, the total annual fees payable will exceed the currently approved maximum of $330,000 set in 2023. This resolution seeks shareholder approval to increase the maximum to $515,000.

Auditor re-appointment and remuneration

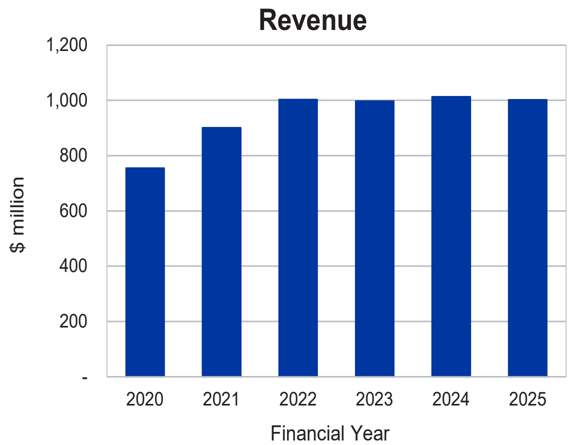
Resolution 5

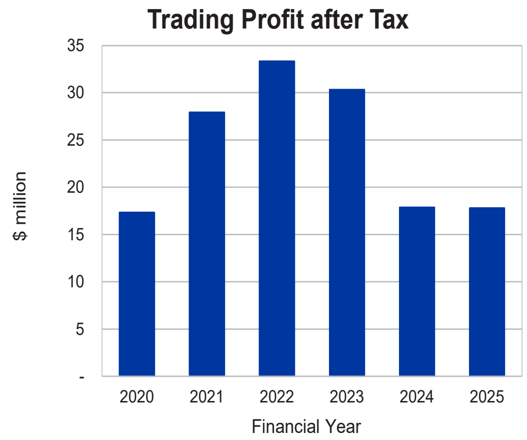
Under section 200 of the Companies Act 1993, the auditor is automatically re-appointed each year unless ineligible or replaced.

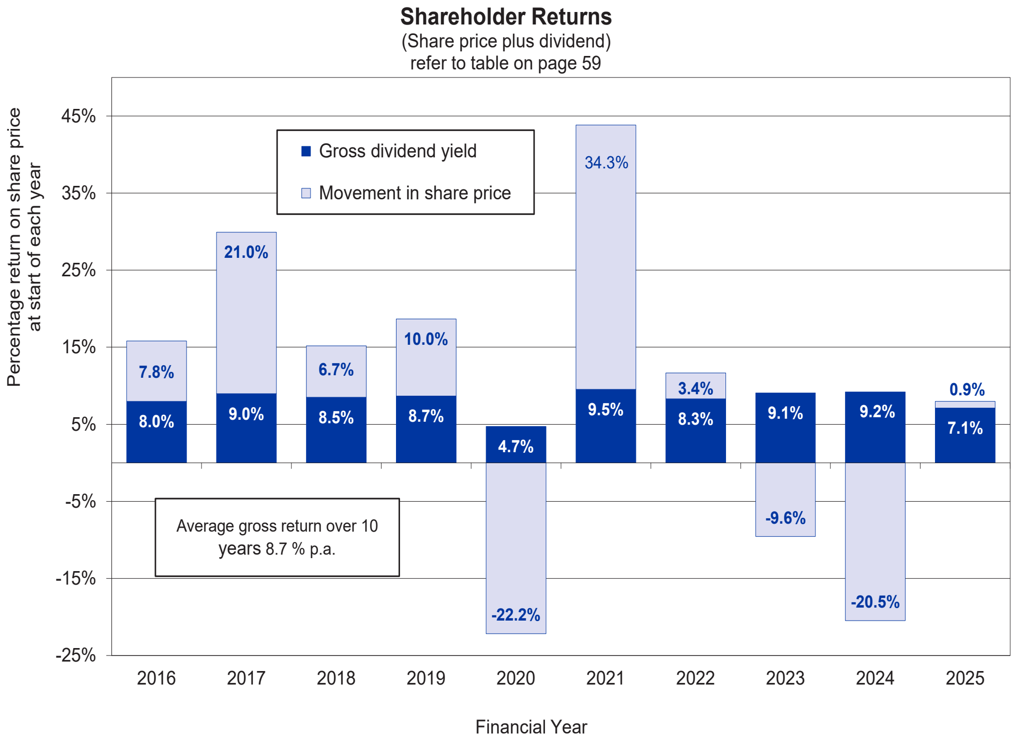
The fee paid to the auditor is disclosed in the annual report each year (refer page 18).

Facts at a glance

	2021	2022	2023	2024	2025
Revenue ($000)	901,173	1,002,848	997,225	1,012,920	1,001,621
Trading profit after tax (excluding non-trading Items) ($000)	27,924	33,345	30,339	17,884	17,831
Profit after tax attributable to shareholders ($000)	24,833	33,183	27,848	4,535	18,343
Return on average shareholders' funds					
- trading profit after tax	11.4%	11.8%	9.9%	5.9%	5.9%
- profit attributable to shareholders	10.1%	11.7%	9.1%	1.5%	6.1%
Trading margin	3.1%	3.3%	3.0%	1.8%	1.8%
Earnings per share - trading profit after tax	85.4c	102.0c	92.8c	54.7c	54.5c
- profit attributable to shareholders	76.0c	101.5c	85.2c	13.9c	56.1c
Dividend per share	55.0c	62.0c	57.0c	35.0c	35.0c
Total dividends for the year ($000)	17,982	20,271	18,636	11,443	11,443
Shares on issue at reporting date (000)	32,695	32,695	32,695	32,695	32,695
Current ratio	1.4	1.6	1.4	1.3	1.5
Shareholders' equity as a percentage of total assets	58.6%	66.2%	56.7%	49.5%	52.3%
Net tangible asset backing per share (after final dividend is paid)	$7.60	$8.78	$9.05	$8.84	$9.16







Directors' report

Your Directors have pleasure in presenting the 107th annual report and audited consolidated financial statements of The Colonial Motor Company Limited (CMC or Company) and its subsidiaries (Group) for the year ended 30 June 2025.

Revenue and profit

Revenue for the year was $1,001.6m a 1.1% decrease on the previous year's $1,012.9m. This year's revenue compares to $997.2m in 2023 and $1,002.8m in 2022.

The trading profit after tax for the year was $17.8m, down 0.3% on last year's $17.9m reflecting pressure on vehicle margins and interest costs associated with holding inventory. Trading profit after tax is not specified under Generally Accepted Accounting Practice but is a consistent measure of the underlying trading profitability of the Group before valuation changes of assets and deferred tax movements. It is also the reference point used by the Board when considering dividends.

Profit for the year attributable to shareholders was $18.3m, compared to $4.5m in 2024 that reflected last year's one off, non-cash adjustment of $12.7m made to deferred tax.

Statement of financial position

Total assets were $586.5m at year end (2024: $598.5m). Inventory reduced by $7.9m reflecting continued efforts to reduce inventory holding particularly in heavy trucks and agricultural equipment. Additions to Land & Buildings focused on the purchase of a new property in Rangiora, land previously held under a lease in Queenstown and the completion of a new build on the existing site in Masterton. The annual independent revaluation of the Group's property portfolio brought about a total increase of $4.2m. At the reporting date, shareholders' equity was $306.9m (2024: $296.4m).

Dividends

Dividends paid in respect of the 2025 financial year will total 35.0 cents per share (2024: 35.0 cents). An interim dividend of 15.0 cents was paid on 31 March 2025 and a final dividend of 20.0 cents will be paid on 6 October 2025. The dividend will carry the maximum level of imputation credits. The value of the distributions for this financial year will be $11.4m (2024: $11.4m), representing 64% (2024: 64%) of the trading profit after tax.

Total shareholder returns over the past ten years are shown in the graph on page 3.

Directors

The independent Directors at 30 June 2025 and the date of this report were A J Waugh, J W M Journee and J A Beveridge.

The Listing Rules of the New Zealand Stock Exchange specify that a director must not hold office (without re-election) past the third annual meeting following the Director's appointment or three years, whichever is longer. On that basis, the Directors to retire this year are J W M Journee and J O Hutchinson. They are eligible and are seeking re-election at the forthcoming annual meeting.

John A Beveridge was appointed as a director with effect from 29 April 2025 and as required by the Listing Rules, he will be seeking election at the annual meeting.

Directors' fees

It has been the Board's practice to review the fees paid to Directors, in total and to individuals, every two years. The last review was undertaken in 2023 when the maximum fees payable was increased to $330,000 on the approval of the shareholders. Total fees paid in the year to 30 June 2025 were $326,477 (2024 $320,355). Following the review of Directors' fees this year and based on a market research survey obtained from Strategic Pay, the Board has resolved to increase individual annual fees as follows:

Non-Executive Directors $74,250 from $63,700
Chair of the Audit & Financial Risk Committee $81,675 from $70,070
Chair of the Board $135,000 from $122,519

These increases from the 2023 rates range from 10% to 16% and are in line with similar sized companies in the Strategic Pay survey. The fees represent 90% of the mid-point of those similar sized companies and in the main the increase arises from a post-covid 'catch up' experienced by the market. Those covid years saw fees remain static, hence this 'catch up' effect.

The proposed total fee of $515,000 arises from an increase in individual fees noted above but also a change in the number and mix of Directors. The appointment of John Beveridge as a seventh Director from April and Stuart Gibbons moving to a non-executive position in July have also impacted the total fee required. The increase in the total number of Directors to seven (the maximum allowed under the Company's constitution) reflects the Board's longer term planning to prepare for the loss from the Board of senior and experienced directors, Ashley Waugh and Graeme Gibbons, due to their impending retirements within the next 18 to 24 months.

Director and company disclosures

Information required to be disclosed by the Directors and by the Company, to comply with the Companies Act 1993 and the Listing Rules, is provided on pages 54 to 60. A separate Governance Statement is provided on pages 45 to 48 and a report on the CMC Group operating strategy is on page 5.

Climate related disclosures

The Climate Statement required under the Climate Related Disclosures (CRD) standards can be found on page 49 and includes the emissions inventory.

For the Directors 11 September 2025

A J Waugh	J W M Journee
Chair of the Board	Chair of the Audit & Financial Risk Committee

CMC Group operating strategy

Management of capital resources

The Group has a strong balance sheet, with significant shareholder equity and very few long term financial commitments. The major assets on the balance sheet are property and inventory, with property funded by retained earnings and inventory funded by short term borrowing (bank borrowing, at call deposits and bailment). There is minimal goodwill.

The Group owns most of its key operational properties. The Group does not have investment properties as such, as all of the properties are occupied or intended to be occupied by our dealerships. Ownership brings greater flexibility when tailoring facilities to the Group's particular requirements. It provides security of tenure whilst conversely enabling the Group to sell and relocate as needs arise without the constraints of a long term lease.

The Group seeks to pay regular dividends calculated at 60 - 70% of trading profit. The dividends have the maximum imputation credits available to New Zealand shareholders. The remaining profit is reinvested in the business, either for controlled growth or maintaining and reinvesting in the quality of the existing assets.

This investment or reinvestment may be in the form of establishing or acquiring a dealership business, or in developing a new property for use by a dealership, or refurbishing and upgrading an existing facility.

By adopting an approach to capital management of:

- paying 60 - 70% of trading profit as dividend
- not overly gearing up the balance sheet by taking on significant long term debt
- not going to the shareholders for more capital

the Group is able to provide controlled growth for shareholders without shareholder dilution.

Operational Model

CMC is the parent company for a group of motor vehicle dealerships – the success of these dealerships is CMC's lifeblood.

The CEOs (Dealer Principals) of our subsidiary companies operate within a financial and operational mandate but have wide discretion and local autonomy. Their role involves balancing the often conflicting demands of the franchisor, customers, employees and profitability.

We consider each dealership business individually including its needs for reinvestment and growth opportunities.

The Group balances the need to change and adapt with an awareness that it has specific areas of expertise. The operational expertise revolves around the franchise business model, as a franchisee in a local market area or on a national basis. In this model the franchisor supplies the product and brand positioning, with the franchisee concentrating on promoting the brand and selling the product and service to the customer. The model brings its own unique challenges and opportunities.

As a response to, and to enable success in, a highly competitive and fragmented market place, particularly in metropolitan areas, we have been moving to a 'hub and spoke' model. Here the main dealership facility, which encompasses all the business's array of activities – new and used vehicle sales, parts and service – is complemented by "service only" facilities in customer convenient locations. This model is operational in South Auckland and Greater Wellington.

To be successful and grow a dealership, or establish a new one, we need to have management strength and depth and also a franchise opportunity that fits. Where we have an existing property, or can provide a property solution, this enhances our ability to take action. Ideally, we will grow by representing a new franchise partner in a number of locations rather than as a one off.

With Southpac Trucks we have expanded over time by increasing the market position of the Kenworth and DAF brands in an expanding heavy truck industry. This brings growing parts and service opportunities for that business and its network of independent parts and service dealers.

The location of our dealerships spans all of New Zealand and ranges from small to large and from single to multiple brands. The major brands with significant representation are in light vehicles - Ford and Mazda; heavy trucks - Kenworth and DAF; tractors - New Holland, Case IH and Kubota. We also take pride in our relationship with a range of other brands we partner with across our dealership network.

Chief Executive's report

As expected, new vehicle markets were challenging for our businesses to navigate this year, echoing the wider state of the New Zealand economy. Trading in the first half was subdued, particularly for new vehicles. While there were areas of improvement in the second half, it was patchy at best. The vehicle markets in general have pivoted, from extraordinary levels of demand in the 2021 to 2023 financial years, to an oversupply of new vehicles from 2024. This has been compounded by an influx of new automotive brands, all vying for a slice of the New Zealand and Australian carpark.

Given the half year position, which was down nearly 24% on the previous year, we should all be proud of the wider dealership team's ability to achieve a strong second half. The full year result is a respectable finish to the financial year in what was a tough vehicle retail market.

There always remain areas for ongoing improvement. In that vein, the message to the dealership Management Teams throughout the year was to invest time and energy into areas they can influence. These are inventory management, alignment of cost structures and a relentless focus on the fundamentals of customer service and dealership management best practice.

People

An advantage the CMC Group has, and one not easily replicated, is the comradery amongst our people. This creates a healthy balance of internal competition alongside the ability to learn and share dealership management best practice across the network. It also complements our decentralised operating model, empowering our Dealer Principals (DPs) to lead their business from the front and make strategic decisions that align with their local markets.

Our new DPs (who now make up the bulk of the leadership team) and their management staff are upskilling, utilising the building blocks and 'people investment' that have supported the Group's leadership training and internal benchmarks entrenched in recent years. These tools enable them to recognise and respond to the variable trading conditions they face.

As an essential part of continuous development, the Company is investing in sending a contingent of our Ford Dealers on a study tour in 2026. This will include the North American Dealer Association conference and an opportunity to visit the Ford Motor Company in Detroit. Attendees will engage in training, workshops and seminars as part of a rare and invaluable learning experience at a global level.

This year we welcomed Alex Delaney to the Group, taking over the reins at Fagan Motors from Keith Allen who had worked within Group since 2005. Keith served Fagan Motors faithfully and is now enjoying a well-earned retirement from the daily challenges that running a dealership presents. We also appointed Paul Shanks, a long-serving Service Manager, as the new DP of Ruahine Motors, replacing David Wills. David spent 32 years running dealerships, 13 of which were at Ruahine Motors. He is now working through his bucket list while also helping to mentor our newer DPs.

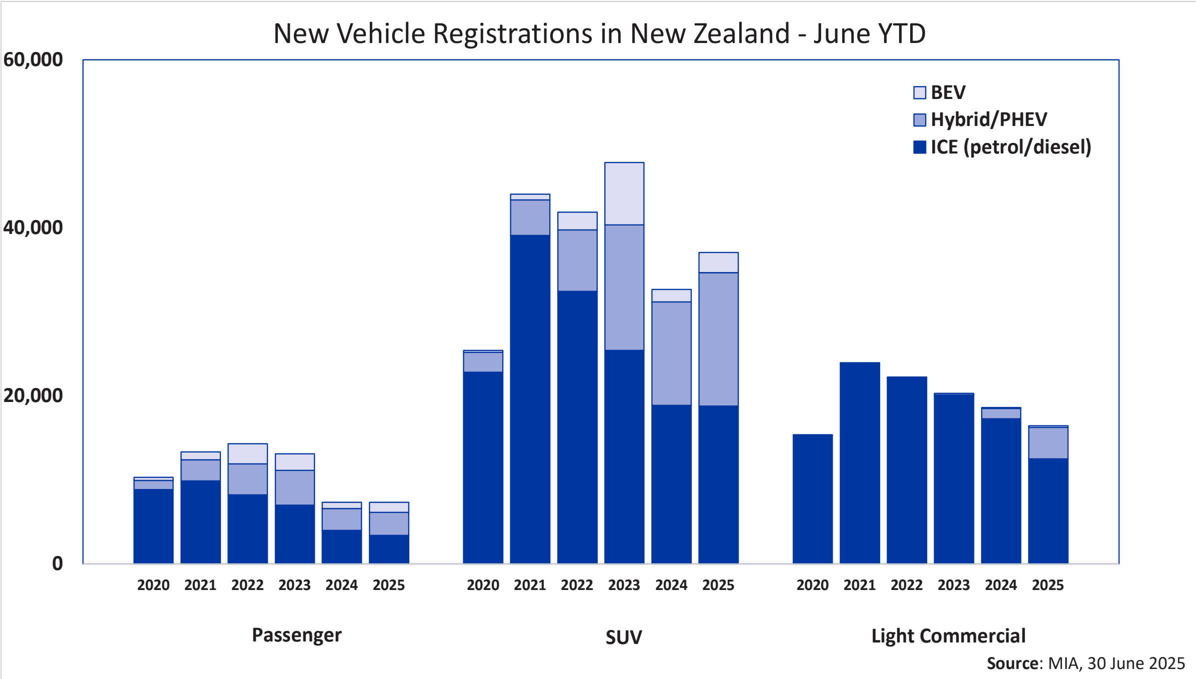
Christchurch has recently seen a milestone change, with John Luxton stepping aside as the DP of Avon City Motors and Richard Burns taking up the position. Richard was previously the DP of CMC's Mitsubishi and Nissan dealership in Queenstown. John's history with the Group dates back to 1990, holding positions in Christchurch, Te Awamutu, Invercargill and finally as our DP at Avon City Motors since 1998. His long service epitomises the commitment the Company works hard to earn and cherish from our people. John has taken on the task of establishing the JAC brand in the South Island but with an eye on retirement.

At the Group Office there is a changing of the guard underway at the CFO level. Paul Stephenson, who joined CMC in 2019, will be stepping away at the end of 2025 to pursue 'a life' (retirement). Paul's financial skills, dedication to the task and unrelenting attention to accuracy have lifted the finance and accounting functions across the Group. His successor, Sebastian (Seb) Black, who comes to us with his vital industry experience, has a task ahead of him and we welcome him to the Group Office Senior Leadership Team.

Car Dealerships

At its core, the CMC Group is a new vehicle retail business designed to support the franchises we represent from Auckland to Invercargill. Having a flat new vehicle market, with an increasing number of brands and a variety of engine types, has resulted in a tough environment for car dealers. For a number of our Metro dealerships, not benefitting from a recovering agricultural sector, meant the last financial year has been particularly challenging.

Looking at the new vehicle market over that last financial year, total market registrations were only marginally ahead of the previous year (1.3%) but within this the light commercial market, a significant segment for many of our dealers, was down 18.4%.



It is difficult to determine if the trending decline in the light commercial segment is driven by a change in customer preference, a response to the economic environment or SUVs now being seen as a more affordable choice. Equally, fleet and business owners typically replace light commercial vehicles less frequently in tougher times, a practice we are well aware of in the heavy commercial sector.

Despite this declining trend, the Ford Ranger held its share of the light commercial market and recently celebrated 10 years as the Number One selling vehicle in New Zealand. Congratulations to Ford New Zealand and their Dealer network on what is an historic milestone, something our Ford Dealers are incredibly proud to have played a pivotal role in achieving. With the recent arrival of the Hybrid Ranger and shortly the Ranger Super Duty (expected in 2026), in addition to a strong Transit range, there is plenty to keep the Blue Oval top of mind for new vehicle buyers. The Ranger Super Duty specifically represents a new sub-segment for our Ford Dealers, with a 4.5 tonne tow rating from the factory compared to the industry benchmark of 3.5 tonne.

Mazda continues to accelerate along its 2030 electrification roadmap. This progression is essential to the brand's future growth and success, particularly given the level of competition and innovation targeted at the Passenger and SUV segments. The third generation Mazda CX5 is expected to arrive towards the end of 2025. This is a model that has historically proven to be very popular but it faces an increasingly competitive market.

In terms of electrification, the motor vehicle market has adapted to a range of options, with most segments now offering comprehensive solutions between traditional internal combustion engine (ICE) and electrified vehicles. From an emissions perspective, customer choice has never been better than it is today with the price of electrified vehicles less of a barrier than previously. An individual's decision is driven by what features they need from a vehicle, each option having its pros and cons. The removal of the Clean Car Discount but retention of the Clean Car Standard (an import duty based on CO_2 emissions) has been a positive change in our view. This has removed a point of confusion while retaining a lever that is still seeking to manage vehicle emissions into the future. The challenge for regulators and the issue for manufacturers (who have long vehicle lead times) is how much forewarning will be given of any future policy changes. The recently announced move to universal road user charges (RUCs) from 2027 will pose a technical and administrative challenge in the short term. Regardless, it is a logical evolution towards a 'user pays' approach to support transport infrastructure into the future.

As already noted, the market is facing a swarm of new entrants, predominately from China, all with similar 'value propositions' to challenge the status quo. They each seek dealership facilities, showroom space and to compete for customer attention. It is difficult to see how a small, right-hand drive market like New Zealand can support the current levels of competition and associated market structure for an extended period of time. An inevitable reckoning is ahead, with brand consolidation for new and existing players the likely outcome. From a CMC Group perspective, the preference continues to be the maintenance of strong and stable long-term relationships.

Opening new dealerships is always a possibility, as is expanding brand representation. These ultimately evolve with customer preferences and manufacturers' ability to deliver products that match customer wants and needs. For the present, we feel CMC's most prudent course is to maintain a close watching brief through observing and assessing how the market adapts and responds to these new entrants and any shakeout that follows.

The challenge for any dealership is to maintain itself as a preferred destination for customers and to continue delivering a first-class customer experience. For manufacturers, more so than ever, survival now depends on navigating a complex marketplace and delivering a competitive product portfolio into the future – neither dealer nor manufacturer will succeed without the other.

The Group has experienced sustained growth in used car volumes over the last two years, with significant growth in the past year. Two factors have driven this. First, the status of the economic cycle, in which a downturn generally enhances the value proposition of used vehicles relative to new. Second, a Group focus to improve the resourcing, capacity and capability in this area of the business. The overarching goal is to create used car operations that are resilient to economic cycles and complement the new vehicle operations, so building on the strong legacy our dealerships have created in their regions.

Truck & Tractor Dealerships

Our heavy truck business experienced a challenging year amid a downturn in the overall New Zealand freight market, an inevitable consequence of generally deteriorating market conditions. Outside of the dairy and broader agribusiness sectors, where demand remained more resilient and recovered to a degree, freight volumes fell sharply across most other industries. The outcome was a reduction in national heavy truck sales of 40%, driven by a combination of the lower freight demand and operators extending the life of their existing fleets.

Southpac has been navigating increased operational complexity due to ongoing model changes for both the Kenworth and DAF product lines. The Kenworth models, that are manufactured in Melbourne to customer-specific requirements, are in the process of transitioning to the Euro 6 emissions standard. This requires upgrades to the engine and driveline components. The Next Generation DAF is a totally new truck, resulting in a complete re-tooling of the manufacturing facility at Eindhoven in the Netherlands and Leyland in the United Kingdom.

Additional DAF inventory was taken on to support customers through a prolonged period when trucks could not be supplied by the factory. The decision to hold higher levels of inventory has come at a significant cost but it is consistent with the philosophy of supporting customers over the long-term. The model transition to the new DAF truck is scheduled to be completed in 2026. While these model changes are essential in maintaining a competitive, modern fleet offering, the disruption has added complexity to sales, marketing and inventory planning that will continue to play out during the year ahead.

Southpac remains a resilient and successful business with a significant market share. As both the Kenworth and DAF model changes work their way through the system and the freight industry inevitably bounces back, Southpac will be well positioned to recover in kind. In the interim, the after-sales and parts business continue to perform well and customers enjoy what we believe is the best heavy truck after sales support in New Zealand, bar none.

The tractor business has benefitted in 2025 from the increased activity in the rural sector. The focus on supporting the Otago/Southland agri industry, over what has been a very challenging period since early 2024, has paid off and there is now what could be described as a ‘cautious spring in the step’ of the Agricentre team.

A challenge both the truck and tractor industries share are the unrelenting factory price rises driven by the manufacturers’ cost increases. These increases come at a time where truck and tractor operators are struggling to absorb their own added costs. If this price escalation continues, the risk over the medium to long term will be an opening of the door for new entrants to establish themselves in the market. We are already seeing a shift towards lower specification tractors as farmers look to offset the price increases of the more expensive models that were once a staple in their tractor shed.

Property

The world does not sit still. While a cautious approach to strategic developments has been adopted and will continue to be observed over the coming year, there are always areas of the business that require capital investment.

It was pleasing to see the new Fagan Motors Ford and Mazda showroom in Masterton completed and become fully operational earlier this year. Equally so was the acquisition of a ‘home’ for Avon City Motors in Rangiora, a significant upgrade over the previously leased facility. This is an important and substantial investment in the sales and after-sales offering of Avon City Motors in the region.

Gaining the Mitsubishi franchise in Manukau City, South Auckland, is something the DP Jason Robb and his team are incredibly proud of. The dealership has taken up residence in our Bakerfield Place property, trading as Manukau Autos. This expands the Group’s relationship with the Mitsubishi franchise by adding it to our existing dealership at Southern Lakes Motors in Queenstown and Wanaka. As a result of this change of franchise at Bakerfield Place, the Southern Autos dealership has centralised its operations on the Botany Road facility.

Nelson Kia will soon be relocating its sales and service operation to the 1 Vickerman Street property CMC acquired in 2023. Over the years, the Kia operation has progressively outgrown the existing leased facility, a good problem to have.

In Queenstown, previously leased land that adjoins the CMC-owned property on Glenda Drive has been purchased to ensure Southern Lakes Motors can continue to operate into the future off its existing site.

Given its importance to Southpac’s lower North Island operation, the greenfield development in Palmerston North, to support the heavy truck business in that region, will progress, albeit at a slower pace.

As always, we continually work together with our brand partners and dealers to support mutually beneficial property and facility representation where appropriate.

Outlook and Strategic Direction

Cautious optimism would best describe the outlook, especially given the array of automotive segments the Group operates within. New Zealand appears to be facing a two speed economic recovery between the rural and urban regions, meaning headwinds in some sectors and emerging opportunities in others. We expect competition to remain fierce and while optimisations and savings have already been made in some areas of the business, there is further room for improvement.

We anticipate a gradual lift in car dealership performance as the economy improves. However, cost of living pressures, unemployment and constrained consumer confidence remain areas of concern for our Metro Dealers in particular. This is offset somewhat by a strengthening rural sector, lower interest rates and an expectation of government stimulus via the announcement of future capital projects. The used car business remains an area of opportunity and a strategic focus for the Group.

The truck business generally lags our car dealers in the economic cycle. We therefore see a tough environment for the heavy truck industry as the likely reality this year. It will mean a challenging trading year for Southpac, albeit with the knowledge that new models are on the horizon and the business is well positioned to respond as and when the market recovers.

The Agricentre tractor business is expected to continue to see incremental benefits from the lift in the rural sector over the coming Spring.

The current financial year will be a mixed bag across the various segments of the market our Dealers and their various businesses operate in. Like the year just been, success ultimately depends on identifying the pockets of opportunity alongside the individual Dealership Teams' abilities to adapt to change and to take the opportunities available to them. As a Group, CMC's operations are resilient, the fundamentals well engrained and we continue to enjoy strong and stable business relationships with our many partners.

A thank you

With another year down, on behalf of the Management Team, I personally want to take this opportunity to thank the brilliant and loyal people who make up the CMC Group across New Zealand. Their passion, loyalty and commitment to delivering a first-class customer experience is a pivotal factor in the Company's continued success. Equally, we as a Group thank our business and franchise partners, alongside our stable shareholder base, all of whom share a view that is focused on long term mutual success.

A P Gibbons
Chief Executive

Group dealerships

Company Name	Chief Executive / Dealer Principal	Franchises	Location	Web address
Southpac Trucks Ltd	Maarten Durent	Kenworth & DAF Heavy Trucks	Manukau City, Hamilton, Rotorua, Gisborne, New Plymouth, Palmerston North, Timaru & Christchurch	www.spt.co.nz
South Auckland Motors Ltd	Michael Tappenden	Ford & Mazda	Manukau City, Auckland Airport, Botany, Takanini & Pukekohe	www.southaucklandford.co.nz www.southaucklandmazda.co.nz
Southern Autos – Manukau Ltd	Darren Gibson (DP)	Suzuki & JAC Motors	Botany	www.southernautos.co.nz www.southernautosjac.co.nz
Manukau Autos Ltd	Jason Robb	Mitsubishi	Manukau City	www.manukauautos.co.nz
Energy City Motors Ltd	Russell Dempster	Ford	New Plymouth & Hawera	www.energyford.co.nz
Energy Motors Ltd	Russell Dempster Tim Paul (DP)	BYD & JAC	New Plymouth	www.energymotors.co.nz
Ruahine Motors Ltd	Paul Shanks	Ford	Waipukurau	www.ruahinemotors.co.nz
Fagan Motors Ltd	Alex Delaney	Ford & Mazda	Masterton	www.faganford.co.nz www.faganmazda.co.nz
Capital City Motors Ltd	Matthew Carman	Ford & Mazda	Lower Hutt, Wellington, Porirua & Kapiti	www.capitalcityford.co.nz www.capitalcitymazda.co.nz
M.S. Motors (1998) Ltd	Jimmy Banks	Ford	Nelson	www.msford.co.nz
		Nelson KIA Service Lane Bridgestone Tyres	Nelson Richmond Motueka & Richmond	www.nelsonkia.co.nz
Hutchinson Motors Ltd	John Hutchinson	Ford	Christchurch & Greymouth	www.teamhutchinsonford.com
		Bridgestone Tyres	Christchurch	
Avon City Motors Ltd	Richard Burns	Ford	Christchurch & Rangiora	www.avoncityford.co.nz
		Bridgestone Tyres	Christchurch	
Avon City Ltd	John Luxton	JAC Motors & Mahindra	Christchurch	www.avoncity.co.nz www.jacnz.co.nz
Timaru Motors Ltd	Nick Hutchinson	Ford & Mazda	Timaru	www.timaruford.co.nz www.timarumazda.co.nz
Dunedin City Motors Ltd	David Lavington	Ford & Mazda	Dunedin, Oamaru & Alexandra	www.dcford.co.nz www.dcmazda.co.nz
Macaulay Motors Ltd	Tim Rabbitte	Ford & Mazda	Invercargill, Queenstown & Wanaka	www.macaulayford.co.nz www.macaulaymazda.co.nz
Southern Lakes Motors Ltd	Paul Fiebiger (DP)	Mitsubishi & Nissan	Queenstown & Wanaka	www.southernlakesmotors.co.nz
Agricentre South Ltd	Grant Price	New Holland, Case IH & Kubota Tractors & Equipment Kuhn, Krone & Other Agri Equipment Yamaha motorcycles	Invercargill, Gore, Milton, Cromwell & Ranfurly	www.agricentre.co.nz
NZ Automotive Ltd	Andrew Craw	JAC Motors	New Zealand-wide distributor	www.jacnz.co.nz

Consolidated statement of financial performance
for the year ended 30 June 2025

		Notes	2025 $000	2024 $000
Revenue				
	Revenue		999,037	1,010,911
	Other revenue		2,584	2,009
Total revenue		1	1,001,621	1,012,920
Trading expenses				
	Cost of products and services sold		808,169	821,895
	Remuneration of staff		97,848	95,054
	Depreciation and amortisation		9,057	10,021
	Property occupation costs		4,933	4,746
	Marketing, promotion and training		9,693	8,433
	Other operating costs		30,005	29,605
	Interest	3	14,153	15,492
Total trading expenses		2	973,858	985,246
Trading profit before tax			27,763	27,674
Taxation				
	Current tax	4	8,548	7,952
	Deferred tax	4	209	18
	Total tax on trading		8,757	7,970
Non-controlling interest			1,175	1,820
Trading profit after tax			17,831	17,884
Non-trading items				
	Fair value revaluation of property		(47)	(735)
	Fair valuation of investments		-	117
	Total non-trading items before tax		(47)	(618)
Taxation				
	Deferred tax	4	559	(12,731)
Non-trading items after tax			512	(13,349)
Profit attributable to shareholders			18,343	4,535

Profit for the year

			2025 $000	2024 $000
Profit attributable to:	Shareholders			
	Trading profit after tax		17,831	17,884
	Non-trading items after tax		512	(13,349)
	Total attributable to shareholders		18,343	4,535
	Non-controlling interest		1,175	1,820
Profit for the year			19,518	6,355

Statistics per share

		Notes	2025	2024
Basic and diluted earnings per share		7		
	Profit attributable to shareholders (cents)		56.1	13.9
	Trading profit after tax (cents)		54.5	54.7
Dividends				
	Dividends (cents per share)		35.0	35.0
	Total dividends ($000)		11,443	11,443
Net tangible assets per share ($)			9.36	9.04

The consolidated financial statements should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income
for the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Profit for the year		19,518	6,355
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Property revaluation reserve			
Fair value movement		4,271	2,389
Deferred tax	4	(1,119)	(634)
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Cash flow hedge reserve			
Movement in fair value of hedge derivatives		795	(3,243)
Deferred tax	4	(223)	908
Total other comprehensive income for the year		3,724	(580)
Total comprehensive income for the year		23,242	5,775
Total comprehensive income for the year attributable to:			
Shareholders		21,981	4,306
Non-controlling interest		1,261	1,469
Total comprehensive income for the year		23,242	5,775

Consolidated statement of changes in equity
for the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Total equity at beginning of the year		301,561	315,922
Comprehensive income			
Profit for the year		19,518	6,355
Other comprehensive income		3,724	(580)
Total comprehensive income		23,242	5,775
Dividends paid to shareholders	21	(11,443)	(18,636)
Dividends paid to non-controlling interest		(900)	(1,500)
Total equity at end of year	19	312,460	301,561

The consolidated financial statements should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
at 30 June 2025

	Notes	2025 $000	2024 $000
Shareholders' equity			
Share capital	20	15,968	15,968
Retained earnings		172,259	165,359
Property revaluation reserve		118,738	115,586
Foreign exchange cash flow hedge reserve		16	(470)
Total shareholders' equity		306,981	296,443
Non-controlling interest		5,479	5,118
Total equity		312,460	301,561
Current liabilities			
Borrowings	24	26,546	62,665
At call deposits	23	28,074	29,325
Trade & other payables	11	47,895	55,581
Vehicle floorplan finance	22	92,451	100,032
Financial liabilities – credit contracts	13	156	436
Lease liabilities	14	2,000	2,070
Tax payable		2,599	1,302
Financial derivatives – foreign exchange	28	-	768
Total current liabilities		199,721	252,179
Non-current liabilities			
Bank borrowings	24	44,180	20,000
Financial liabilities – credit contracts	13	437	463
Lease liabilities	14	24,167	19,777
Deferred Tax	4	5,551	4,559
Total non-current liabilities		74,335	44,799
Total equity and liabilities		586,516	598,539
Current assets			
Cash & cash equivalents	12	11,996	11,473
Trade & other receivables	10	46,370	57,031
Inventory	8	242,162	250,129
Financial assets – credit contracts	13	154	431
Financial derivatives – foreign exchange	28	27	-
Total current assets		300,709	319,064
Non-current assets			
Financial assets – credit contracts	13	437	463
Intangible assets	15	1,028	1,028
Investments	17	492	492
Property, plant & equipment	9	259,600	257,703
Right of use assets	14	24,250	19,789
Total non-current assets		285,807	279,475
Total assets		586,516	598,539

For the Directors

A J Waugh
Chair of the Board

J W M Journee
Chair of the Audit & Financial Risk Committee

Authorised for issue on 11 September 2025

The consolidated financial statements should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Operating cash flows			
Receipts from customers		1,012,174	1,003,006
Interest received		53	64
Dividends received		51	158
Payments to suppliers and employees		(946,769)	(1,017,351)
Interest paid		(12,953)	(15,492)
Income taxes paid		(7,251)	(11,366)
Net operating cash flows	6	45,305	(40,981)
Investing cash flows			
Proceeds from sale of property, plant & equipment		877	296
Proceeds from sale of investments		-	977
Purchase of property, plant & equipment		(12,545)	(17,391)
Net investing cash flows		(11,668)	(16,118)
Financing cash flows			
Movement in borrowings		(16,244)	84,029
Repayment of lease liabilities		(3,277)	(3,172)
Movement in deposits		(1,250)	(2,003)
Dividends paid to shareholders		(12,343)	(20,136)
Net financing cash flows		(33,114)	58,718
Net change in cash held		523	1,619
Cash at beginning of year		11,473	9,854
Cash at end of year	12	11,996	11,473

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The consolidated financial statements should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements
for the year ended 30 June 2025

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Notes on the preparation of the consolidated financial statements

About the reporting entity

The financial statements presented are for The Colonial Motor Company Limited (the Company) and its subsidiaries (the Group). The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 (FMCA 2013). Where an FMC Reporting Entity prepares consolidated financial statements, parent company disclosures are not required and have therefore not been included in these financial statements.

The Group is a Tier 1 for profit reporting entity as set out in the External Reporting Board's Accounting Standards Framework. The Colonial Motor Company Limited is a New Zealand registered company listed on the New Zealand Stock Exchange.

The Group's principal activity is operating franchised motor vehicle dealerships. There is a list of the dealerships and the franchises they represent on page 10.

Statement of compliance

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board, Part 7 of the FMCA 2013 and the Companies Act 1993. They also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Directors on 11 September 2025.

Basis of preparation

The consolidated financial statements have been prepared

- on an historical cost basis, modified by the revaluation of certain assets and liabilities to fair value through profit or loss and other comprehensive income, and
- on the assumption that the Group is a going concern

The consolidated financial statements are presented in New Zealand Dollars, which is the Group's functional and presentation currency, rounded to the nearest thousand dollars.

Critical accounting assumptions, estimates and judgements

The Group makes assumptions, estimates and judgements concerning the future. They are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates and judgements that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities are detailed in the relevant notes of these consolidated financial statements.

Notes on accounting policies

The accounting policies set out in these notes have been applied consistently to all periods presented in these consolidated financial statements.

The following material accounting policies relate to the overall consolidated financial statements. Policies specific to particular transactions or balances are detailed within each relevant note and are highlighted by a solid blue bar as indicated below:

Specific accounting policy

Material accounting policies

Impairment

The carrying amounts of the Group's assets, with the exception of cash and debtors, are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised as an expense in the consolidated statement of financial performance.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing fair value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of the time value of money and risks specific to that asset.

In respect of all assets (except goodwill and intangibles with indefinite useful lives) an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

Goods & Services Tax

The consolidated financial statements are prepared net of Goods & Services Tax (GST) with the exception of receivables and payables which are stated including GST.

Changes in accounting policies and accounting standards

There have been no changes in the existing accounting policies during the year.

No new accounting standards which became effective from 1 July 2024 were considered to be material for the Group.

New standards, interpretations and amendments
At the date of authorisation of these consolidated financial statements, certain new interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group.

All pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. A new standard, NZ IFRS18 – Presentation and Disclosure in Financial Statements, which has issued but is not yet effective will have an impact on the Group in future reporting periods. The standard introduces new requirements around how information is presented in the financial statements including new categories for the grouping of data. The Group will adopt the standard in the June 2028 financial statements.

Notes on financial performance

1 Revenue

Revenue from Contracts with Customers

All of the revenue from contracts with customers arises from the sale of goods or services. The transaction price is measured as the fair value of the consideration received or receivable and is net of returns, trade allowances and rebates. All contracts are short term in nature.

For the supply of goods, the performance obligation is considered to be satisfied when control of the goods has been passed to the buyer. This generally happens on delivery and revenue is recognised at that time. Payment is usually required before the goods are delivered.

For the supply of services, performance obligations are considered satisfied when the service has been completed. Revenue is recognised at that time. Payment is due on completion of the service.

The Group sells some products which have extended warranty or maintenance periods. These are part of the price of the original goods or services and are not identified or treated separately. Any costs incurred by the Group in respect of these services are recovered from the manufacturers providing the extended warranties and maintenance agreements.

Other Revenue

Rental revenue arising from premises rental is accounted for on a straight line basis over the lease term. Interest comprises interest on funds invested and is recognised in the statement of financial performance as it accrues using the effective interest rate method.

	2025 $000	2024 $000
Revenue from		
Sale of products	909,909	923,111
Sale of services	89,128	87,800
Total revenue from contracts with customers	999,037	1,010,911
Interest	53	64
Other revenue	2,531	1,945
Total other revenue	2,584	2,009

2 Expenditure

Expenditure in the consolidated statement of financial performance includes:

	2025 $000	2024 $000
Auditor's remuneration		
Audit fees – statutory audit	615	604
Other services	-	-
Total auditor's remuneration	615	604
Operating lease expense	256	312
Directors' fees	309	295
Bad debts written off	116	44
Donations	46	59
Contributions to retirement savings		
CMC Workplace Savings Scheme	880	1,026
KiwiSaver	1,968	1,795
Increase/(decrease) in impairment allowance for:		
Parts inventory obsolescence	(433)	203
Used stock provision	(260)	16
Doubtful debts	21	(20)
Credit contracts	(3)	(4)

3 Interest

Interest expense comprises interest on deposits, vehicle floorplan finance, borrowings and bank overdraft facilities.

See note 27 (b) for interest rate disclosures.

Interest costs are recognised using the effective interest rate method and expensed in the period they are incurred.

4 Taxation

4(a) Tax expense

Tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of financial performance except when it relates to items recognised directly in the consolidated statement of comprehensive income.

	2025 $000	2024 $000
Trading profit before tax	27,763	27,674
Non-trading items before tax	(47)	(618)
Profit before tax for the year	27,716	27,056
Expected tax charge at 28%	7,760	7,577
Tax adjustments for:		
Non-deductible expenses	98	332
Changes in unrecognised temporary differences	284	43
Prior year adjustment	406	-
Actual current tax charge	8,548	7,952
Movement in deferred tax	(350)	12,749
Total tax expense	8,198	20,701
Effective current tax rate on trading profit before tax	30.8%	28.7%
Effective current tax rate on profit before tax	30.8%	29.4%

4(b) Deferred tax

The calculation of deferred tax uses the liability approach that recognises deferred tax assets and liabilities based on differences between the accounting and tax values of specific items in the consolidated statement of financial position.

Deferred tax assets and liabilities are carried:

- at the tax rates expected to apply when the assets are recovered or liabilities settled
- on the basis that the Group expects future profits to exceed any reversal of existing temporary differences

Deferred tax liability	2025 $000	2024 $000
At the beginning of the year	(4,559)	7,916
Movement through the consolidated statement of financial performance		
On trading profit	(209)	(18)
On non-trading property depreciation	559	(12,731)
Movement through property revaluation reserve	(1,119)	(634)
Movement through foreign currency cash flow hedge reserve	(223)	908
At the end of the year	(5,551)	(4,559)

Deferred tax assets and liabilities are attributable to the following:		
Trade and other payables	7,485	6,281
Trade and other receivables	28	22
Employee benefits	1,288	1,314
Inventories	1,143	1,287
Financial derivatives	(8)	215
Impairment allowance for finance bad debts	1	2
Property, plant and equipment	(6,790)	(5,542)
Building depreciation rule change	(8,698)	(8,138)
Deferred tax liability at the end of the year	(5,551)	(4,559)

4(c) Imputation credit account

	2025 $000	2024 $000
Imputation credits available for use in subsequent reporting periods	53,623	49,890

The New Zealand imputation regime enables tax credits to be attached to dividends paid to shareholders as a method of avoiding double-taxation of company profits.

5 Segment report

The Group is structured so that each motor vehicle dealership is managed locally under the control of a dealer principal who reports monthly to the Group Chief Executive. The Group Chief Executive is considered to be the Chief Operating Decision Maker in terms of NZ IFRS 8 - Operating Segments. The key measures used to assess dealership performance are revenue, trading profit before tax, trade receivables and inventory.

The dealerships have similar economic characteristics, financial performance (as measured by their gross profitability), products, services, processes, customers, methods of distribution and all operate in the same regulatory environment. On that basis, all of the Group's operating segments have been aggregated into a single reporting segment to most appropriately reflect the nature and financial effects of the business activities in which the Group engages and the economic environment in which it operates.

	2025			2024		
	Operating segment $000	Corporate $000	Total Group $000	Operating segment $000	Corporate $000	Total Group $000
Revenue from customers	1,000,673	895	1,001,568	1,012,028	828	1,012,856
Depreciation & amortisation	5,158	3,899	9,057	5,696	4,325	10,021
Interest income	53	-	53	64	-	64
Interest expense	7,794	6,359	14,153	8,029	7,463	15,492
Trading profit before tax	25,703	2,060	27,763	26,317	1,357	27,674
Income tax	7,441	1,107	8,548	7,612	340	7,952
Total assets	338,281	248,235	586,516	349,150	249,389	598,539
Material non-cash items						
Revaluation loss on property	-	(47)	(47)	-	(735)	(735)
Deferred tax	(232)	582	350	114	(12,863)	(12,749)

6 Reconciliation of profit for the year with operating cash flows

	2025 $000	2024 $000
Profit for the year	19,518	6,355
Adjustments for non-cash items		
Depreciation and amortisation	9,057	10,021
Revaluation of property and investments	47	618
Cancellation of lease	(403)	(119)
Movement in		
Impairment of credit contracts	(3)	(4)
Deferred tax	(350)	12,749
Movement in working capital		
Trade and other payables	(9,768)	(18,787)
Tax payable	1,297	(3,414)
Trade and other receivables	10,656	(9,573)
Inventory	15,254	(38,827)
Net cash flow from operations	45,305	(40,981)

7 Earnings per share

	2025 $000	2024 $000
Trading profit after tax	17,831	17,884
Profit after tax for the year attributable to shareholders	18,343	4,535

Weighted average number of shares on issue – see note 20

	Cents per share	Cents per share
Basic and diluted earnings per share on		
Trading profit after tax	54.5	54.7
Profit after tax attributable to shareholders	56.1	13.9

Basic and diluted earnings per share are calculated by dividing the profit after tax attributable to shareholders by the weighted average number of shares outstanding during the year.

There were no potentially dilutive ordinary shares outstanding at the reporting date (2024: none).

Notes on financial position

8 Inventory

New and used vehicles are valued at the lower of cost or net realisable value. Parts, accessories, workshop stocks, fuels and gases are recognised at cost, using where applicable, the first in first out method. Cost includes expenditure incurred in acquiring the inventory and bringing it to the existing location and condition. Due allowance has been made for obsolete and slow moving stock.

Inventory, particularly of vehicles, is reviewed on a transaction by transaction basis as part of normal commercial trading. Estimates and judgement are required to ensure that carrying values do not exceed net realisable values at the reporting date.

Parts inventory is reviewed regularly for slow-moving or obsolete stock. At each reporting date an impairment allowance is recognised based on the age of stock and historical evidence of inventory held for a similar timeframe. The movement in the parts obsolescence allowance is as a result of a combination of the realisation and scrapping of aged stock during the reporting period.

	2025 $000	2024 $000
Vehicles	205,935	216,774
Parts, accessories, workshop fuels and gases	40,122	37,547
Impairment allowance	(3,895)	(4,192)
Total inventory	242,162	250,129
Total inventory write-down including parts, parts obsolescence and vehicles	(408)	353

9 Property, plant & equipment

Land & buildings
Land and buildings owned by the Group are categorised as property, plant & equipment because they are owned specifically for use in the revenue generating operations of its subsidiaries.

All land and buildings, other than properties held for sale (if any), were independently valued at reporting date by Quotable Value Limited to comply with Property Institute New Zealand Professional Practice Standards and International Valuation Standards.

All property has been classified as level 2 in the fair value hierarchy specified in NZ IFRS 13 – Fair Value Measurement because there is an observable active market for these type of assets.

All property was valued at its highest and best use by applying a direct sales comparison approach, which derives fair values by comparing the property to similar assets that have recently sold on the open market.

Any revaluation surplus is credited to the property revaluation reserve unless it reverses a revaluation decrease for the same asset previously recognised in profit or loss. In that case, the surplus is credited to profit or loss to the extent of the decrease previously charged. Any revaluation deficit is recognised through profit or loss unless it directly offsets a previous surplus in the same asset in the property revaluation reserve.

Other property, plant & equipment
Property, plant & equipment other than land and buildings are carried at cost less accumulated depreciation and impairment losses. Cost includes all expenditure that is directly attributable to the acquisition of the asset. Software that is integral to the functionality of the related equipment is capitalised as part of the asset.

Depreciation
Land is not depreciated. The economic life of buildings has been assessed at between 33 and 100 years and buildings are depreciated accordingly. Any accumulated depreciation on buildings at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Other plant and equipment has been depreciated over its estimated useful life on an accounting basis that the Group considers best reflects the decline in the economic service potential of each class of assets. The general rate bands are shown below:

Furniture, fittings and equipment 7.5 – 60% of Diminishing Value
Service vehicles 18 – 36% of Diminishing Value

Carrying values and depreciation rates are reviewed at each reporting date to ensure depreciation rates are appropriate.

	Land & buildings	Furniture, fittings & equipment	Service vehicles	Total
	$000	$000	$000	$000
Cost or fair value at 30 June 2023	138,651	30,753	10,918	180,322
Accumulated depreciation	-	(20,601)	(4,085)	(24,686)
Revaluation	96,323	-	-	96,323
Net book value at 30 June 2023	234,974	10,152	6,833	251,959
Additions	6,193	2,306	8,892	17,391
Disposals	(72)	(63)	(5,502)	(5,637)
Depreciation	(3,200)	(2,239)	(2,226)	(7,665)
Movement in revaluation	1,655	-	-	1,655
Net book value at 30 June 2024	239,550	10,156	7,997	257,703
Cost or fair value at 30 June 2024	141,572	34,403	13,120	187,095
Accumulated depreciation	-	(22,247)	(5,123)	(27,370)
Revaluation	97,978	-	-	97,978
Net book value at 30 June 2024	239,550	10,156	7,997	257,703
Additions	6,704	1,637	4,184	12,525
Disposals	(103)	(180)	(7,747)	(8,030)
Depreciation	(3,199)	(2,064)	(1,559)	(6,822)
Movement in revaluation	4,224	-	-	4,224
Net book value at 30 June 2025	247,176	9,549	2,875	259,600
Comprised of:				
Cost or fair value at 30 June 2025	144,974	31,557	7,641	184,172
Accumulated depreciation	-	(22,008)	(4,766)	(26,774)
Revaluation	102,202	-	-	102,202
Net book value at 30 June 2025	247,176	9,549	2,875	259,600

	2025	2024
	$000	$000
Revaluation deficit recognised as non-trading items through the statement of financial performance	(47)	(735)
Capital work in progress included in the value of land & buildings at reporting date. Capital work in progress is not subject to depreciation until completed and brought into use	1,715	2,270

Capital commitments

Commitments to the future acquisition of new dealership facilities and development projects to existing facilities	188	1,952

If land and buildings were measured at cost the carrying value would be $144,976k (2024: $141,572k)

10 Trade and other receivables

	2025 $000	2024 $000
Trade receivables	40,714	54,312
Impairment allowance for expected credit losses	(99)	(78)
	40,615	54,234
Other receivables	5,136	2,553
Prepayments	619	244
Total trade and other receivables	46,370	57,031
Bad debts written off in year	116	44

The net carrying value of trade receivables and prepayments is considered to be their fair value.

The Group has adopted the simplified model of recognising lifetime expected credit losses as none of the trade or other receivables contain a significant financing component.

In measuring expected credit losses, the trade receivables have been assessed on a collective basis as they share similar credit risks. Expected loss rates are based on historic trading patterns over the last 5 years adjusted for anticipated changes in the 12 months following reporting date.

The items included in other receivables do not share the same credit risks as trade receivables and no credit loss is expected to arise.

Trade receivables are written off as bad debts when there is no expectation of recovery.

On the above basis the expected credit loss of trade receivables is as follows:

	2025 $000	2024 $000
Expected credit loss rate	0.24%	0.14%
Gross carrying amount	40,714	54,312
Expected credit loss	99	78
Movements in the loss allowance are as follows:		
Balance at 1 July	78	98
Allowance recognised in the statement of financial performance	21	(20)
Allowance recovered	-	-
Balance at 30 June	99	78

11 Trade and other payables

Trade and other payables are stated at amortised cost and includes benefits accrued for employees including unpaid wages and incentives and annual leave.

Trade and other payables are all due within one year.

The Group has finance arrangements with a number of providers who pay manufacturers for new vehicles under normal trade terms. These liabilities have a maximum term of one year and are disclosed separately. See note 22 for more details.

	2025 $000	2024 $000
Trade payables	29,423	36,861
Employee benefits	9,022	8,669
Other payables	9,450	10,051
Total trade and other payables	47,895	55,581

12 Cash and cash equivalents

	2025 $00	2024 $000
Bank accounts in funds	11,996	11,473
Net cash and cash equivalents	11,996	11,473

These balances include all cash and cash equivalents.

Bank overdrafts are payable at call.

The Company guarantees the amounts owing by its subsidiaries under overdraft facilities and the subsidiaries guarantee the indebtedness of the Company.

Aggregate limit on bank overdrafts	6,635	6,635

13 Credit contracts

Dealerships arrange finance for customers to buy vehicles with a number of finance companies. Before the customers enter into the finance agreements, information is gathered and provided to the finance companies to check that customers meet their creditworthiness, affordability and other criteria. Dealerships make the initial loans to the customer but instantaneously assign them to the finance company.

Credit contracts with Motor Trade Finance Limited
Credit contracts with Motor Trade Finance Limited (MTF) differ from the other finance companies. MTF retains the right of recourse to the dealership if a particular customer defaults on their payments. Accounting for the MTF credit contracts results in creating a receivable from the customer (which is collected by MTF due to the assignment) and an equal and opposite liability for the amount that may become payable to MTF if the customer defaults. In the normal course of business, the receivable and liability for each finance deal reduce in parallel as customers make routine repayments.

The financial liabilities under credit contracts at reporting date consist of the outstanding balances on customers' accounts. The movement in the liability is detailed in note 26.

Financial receivables – credit contracts
There is a risk if customers fail to make the necessary repayments that the receivable will not be recoverable and the liability will remain payable to MTF. Factors that mitigate this risk include:

- credit checks that are carried out when the finance is arranged
- timely credit control practices
- the number of outstanding loans means there is no concentration of credit risk on a restricted number of debtors
- security over the vehicles that are financed so that, if other measures fail, the vehicles can be repossessed and sold to offset bad debts

Bad debts
If customers default and the sale proceeds of the vehicle do not cover the outstanding balance, the deficit is recognised as an expense in the statement of financial performance.

Impairment
The balances are routinely reviewed for impairment and an allowance is made for amounts that are unlikely to be recovered. The impairment allowance is calculated as a percentage of net amounts outstanding under the credit contracts based on historic trading patterns.

Amounts owed by customers are recoverable over a number of years. To determine the percentage used for the impairment allowance, estimates are based on historical data for contracts in default.

Financing agreements outstanding at reporting date that have been assigned to MTF with recourse have the following repayment schedule:

	2025 $000	2024 $000
Up to 1 year	156	436
1 to 2 years	281	261
2 to 3 years	142	91
3 to 4 years	14	99
4 to 5 years	-	12
Total	593	899
Impairment allowance	(2)	(5)
Carrying value of receivables	591	894

Number of credit contracts	27	48
Value of impaired accounts written off in the year ($000)	-	-
Actual arrears past due at 30 June ($000)	-	-
Arrears as a percentage of total	-	-
Total value of accounts in arrears at 30 June ($000)	5	12
Accounts in arrears as a percentage of total	0.84%	1.29%

The amounts payable by customers under the financial assets – credit contracts, including future interest, have the following repayment profile, which is the maximum amount the Group may be required to pay if subject to recourse under its contractual obligations.

	2025 $000	2024 $000
Less than 1 year	208	509
1 to 2 years	315	297
More than 2 years	170	229
Total	693	1,035

14 Leases

With the exception of low value assets and short term leases, at the start date of an operating lease the Group recognises a right of use asset, representing the right to use the underlying asset, and a lease liability, representing the obligation to make lease payments.

The right of use asset is initially measured at cost comprising the lease liability recognised, any initial direct costs including lease payments made before the commencement date, less any incentives. Right of use assets are then depreciated on a straight line basis over the shorter of the lease term or the estimated useful life of the assets. The Group also assesses the impairment of the right of use asset when such indicators exist.

The lease liability is recognised from the start date of the lease measured at the present value of lease payments to be made over the life of the lease. When calculating the present value of lease payments, the Group uses its incremental borrowing rate at the commencement date of the lease as the interest rate implicit in the lease is not determinable. After the commencement date, the amount of the lease liability is increased to reflect the addition of interest charges and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a change in the terms of the lease (for example a change in the length of the lease or a change in the lease payments). The term of the lease includes any rights of renewal where there is a reasonable level of certainty that the lease will be renewed.

Lease payments on low value assets or short term leases (less than 12 months) are recognised as an expense on a straight line basis over the lease term.

The Group has leases for dealership facilities, including showrooms, workshops, office space and storage areas at a number of sites across the country and for office accommodation in Wellington. With the exception of short term leases and leases on low value assets, each lease is reflected on the statement of financial position as a right of use asset and an associated lease liability. Property leases have original terms up to 24 years and most have rights to renew exercisable at the option of the Group. The majority of leases allow for a market rent increase when renewals are exercised and some have annual inflation increases.

The following table summarises the Group's leasing activities:

	Number leased	Range of remaining terms (years)	Average remaining term (years)	Number with renewal options	Number with rent reviews
Dealership facilities	30	1 to 24	7	26	27
Office building	1	5	5	1	1

The value of right of use assets by type is summarised below:

	Dealership facilities	Office building	Total
	$000	$000	$000
At 1 July 2023	18,269	930	19,199
Additions	3,908	-	3,908
Depreciation	(2,202)	(139)	(2,341)
Disposals	(977)	-	(977)
Right of use assets at 30 June 2024	18,998	791	19,789
Additions	8,734	64	8,798
Depreciation	(2,199)	(150)	(2,349)
Disposals	(1,988)	-	(1,988)
Total right of use assets at 30 June 2025	23,545	705	24,250

Lease liabilities are presented as current or non-current liabilities based on the maturity date of the underlying lease. The maturity of lease liabilities is as follows:

	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	Over 10 years
	$000	$000	$000	$000	$000	$000	$000
2025							
Lease liability	2,000	1,903	1,976	2,057	2,027	8,444	7,760
Finance charge	1,432	1,319	1,209	1,091	965	3,121	2,309
2024							
Lease liability	2,070	2,018	1,959	1,996	1,945	7,668	4,191
Finance charge	1,072	979	884	786	688	688	372

Interest costs for the year on lease liabilities was $1,200k (2024: $1,067k). This has been included in interest in the statement of financial performance.

A number of leases have right to renew options exercisable by the lessee. The Group has included all of these renewal options in the right of use asset with the exception of three properties which are sub-leased and exercise of the renewal is subject to the head lease.

The Group has a number of properties which are leased on terms which have less than 12 months to run. The cost of these leases was $523k (2024: $312k) for the year and has been included in property occupation costs in the statement of financial performance. At 30 June 2025 the total commitment on these leases was $167k (2024: $324k).

The Group owns some properties that are not completely occupied by Group companies and the space is leased to third parties. The leases are negotiated under normal commercial arrangements with varying terms, escalation clauses and renewal conditions and without undue restrictions. Rent of $1,307k (2024: $1,195k) has been included in other revenue. The rent is receivable during the non-cancellable periods of these leases according to the following schedule.

Lease receivables

	2025	2024
	$000	$000
Within one year	1,059	1,020
Between one and two years	768	600
Between two and five years	543	460
Over five years	-	12
Total operating lease receivables	2,370	2,092

15 Intangible assets

Intangible assets consist of goodwill.

Goodwill is recognised on acquisitions of subsidiaries or purchases of business assets and represents the excess of the acquisition costs over the fair value of the individually identified acquired assets and liabilities at acquisition date.

Goodwill relates to the acquisition of business assets which have no foreseeable limit to the period over which they are expected to generate cash inflows for the Group. As such they are considered to have an indefinite useful life.

The value of intangibles is compared with the “value in use” of the affected dealerships, being South Auckland Motors Ltd and Dunedin City Motors Ltd, which have been identified as the cash generating units associated with the intangibles. Impairment of the intangible assets is recognised if there is considered to be a permanent reduction in the “value in use”.

Impairment testing calculations require the use of estimates and assumptions. The calculations of “value in use” are based on the actual results for the past five reporting periods together with the projected results for the next five reporting periods. It was assumed that the results from 2026 would show an improvement in performance as the impact of lower interest rates impacts the economy.

Key assumptions relate to the general economic outlook, the size of the new and used vehicle industries and the performance of the Group’s business units in this environment.

The discount rate used in completing the cash flow forecast to assess value in use was 9.8% (2024: 10.1%).

Management considers that any reasonable change in a key assumption used in the determination of the value in use would not cause the carrying amount of goodwill to exceed the recoverable amount.

The value of intangible assets was reviewed at 30 June 2025. There was no indication of impairment below their carrying amount (2024: $Nil).

Goodwill	2025 $000	2024 $000
Balance at 1 July	1,028	1,028
Impairment loss during the year	-	-
Balance at 30 June	1,028	1,028
Cost	1,028	1,028
Accumulated amortisation and impairment	-	-
Balance at 30 June	1,028	1,028

Notes on investments

16 Subsidiaries

Subsidiaries are entities controlled by the Company. Control requires the investor to have exposure or rights to variable returns and the ability to affect those returns through power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and any revenue and expenses from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests in the results and equity of subsidiaries are shown separately in each of the consolidated financial statements. They represent the portion of the profit or loss, other comprehensive income and net assets of subsidiaries that are not held by the Group based on their respective ownership interests.

All subsidiaries are 100% owned (2024: 100%), with the exception of Southpac Trucks Limited which is 85% owned (2024: 85%). All subsidiaries have a reporting date of 30 June. All Group companies are registered in New Zealand. Subsidiary companies operate as motor vehicle dealerships and related or incidental activities. The Company provides administrative and financial services to the subsidiaries as well as leasing them, at market rates, many of the properties they occupy.

Trading subsidiaries
Agricentre South Ltd, Avon City Ltd, Avon City Motors Ltd, Capital City Motors Ltd, Dunedin City Motors Ltd, Energy City Motors Ltd, Energy Motors Ltd, Fagan Motors Ltd, Hutchinson Motors Ltd, M.S. Motors (1998) Ltd, Macaulay Motors Ltd, Manukau Autos Ltd (formerly Capital City Paint & Panel Ltd), NZ Automotive Ltd, Ruahine Motors Ltd, South Auckland Motors Ltd, Southern Autos – Manukau Ltd, Southern Lakes Motors Ltd, Southpac Trucks Ltd and Timaru Motors Ltd.

Non-trading subsidiaries
Agricentre Ltd, Avery Motors Ltd, Central Lakes Automotive Ltd, East City Ford Ltd, EV Trucks Ltd, The Motor Company Ltd, Centennial Motors Ltd, Panmure Motors Ltd, KB Ford Ltd, CMC Motors Ltd, Queenstown Motors Ltd, South Auckland Ford Ltd, Southland Tractors Ltd, Stevens Motors Ltd, CMC Motor Group Ltd and Trucks South Ltd.

Non-controlling interest
Southpac Trucks Ltd operates branches and service agencies throughout New Zealand and its principal place of business is Auckland. The summarised financial position and cash flows at the reporting date were as follows:

	2025 $000	2024 $000
Shareholders' equity	35,633	33,501
Total liabilities	108,186	139,676
Total equity and liabilities	143,819	173,177
Total assets	143,819	173,177
Net cash flows from:		
Operating activities	15,884	(34,024)
Investing activities	(950)	(1,507)
Financing activities	(16,262)	37,424
Net movement in cash held	(1,328)	1,893
Opening cash balance	4,047	2,154
Closing cash balance	2,719	4,047

17 Investments

	2025 $000	2024 $000
Shares in Motor Trade Finance Limited (MTF)	491	491
Other	1	1
Total investments	492	492

MTF shares are traded in a quoted but restricted market and are categorised as level 2 in the fair value hierarchy set out in NZ IFRS 13 – Fair Value Measurement.

Shares are carried at fair value with changes in value recognised through the statement of financial performance.

Notes on funding

18 Capital management

The Group's capital includes share capital, retained earnings and property revaluation reserves.

The Group's policy is to maintain a strong capital base to ensure that it continues as a going concern, to maintain investor, supplier and market confidence and to sustain future development of the business. The Board regularly monitors future capital requirements and costs to maintain an appropriate balance of shareholders' equity and debt. The Group generally maintains the capital structure by setting a sustainable level of dividends.

The Group issues call debt securities and maintains relationships with a number of financial institutions to ensure that adequate debt facilities are available to meet short to medium term strategic cash flow requirements and as a buffer for unexpected events. The Group complied with all of the financial covenants incorporated in the borrowing facilities (note 24) and the at call deposit trust deed (note 23) at the reporting date and at 30 June 2024. There are no other externally imposed capital requirements.

There has been no change in the Group's management of capital during the years ended 30 June 2025 or 30 June 2024.

19 Movements in equity

	Share capital (Note 20) $000	Property revaluation reserve $000	Foreign exchange cash flow hedge reserve $000	Retained earnings $000	**Total attributable to share-holders $000**	Non-controlling interest $000	**Total equity $000**
Balance at 30 June 2023	**15,968**	**113,831**	**1,514**	**179,460**	**310,773**	**5,149**	**315,922**
Dividends paid - note 21	-	-	-	(18,636)	**(18,636)**	(1,500)	**(20,136)**
Total transactions with shareholders	-	-	-	(18,636)	**(18,636)**	(1,500)	**(20,136)**
Profit for the year	-	-	-	4,535	**4,535**	1,820	**6,355**
Other comprehensive income							
Property revaluation reserve							
Fair value movement	-	2,389	-	-	**2,389**	-	**2,389**
Deferred tax	-	(634)	-	-	**(634)**	-	**(634)**
Foreign exchange cash flow hedge reserve							
Fair value movement	-	-	(2,756)	-	**(2,756)**	(487)	**(3,243)**
Deferred tax	-	-	772	-	**772**	136	**908**
Total comprehensive income	-	1,755	(1,984)	4,535	**4,306**	1,469	**5,775**
Balance at 30 June 2024	**15,968**	**115,586**	**(470)**	**165,359**	**296,443**	**5,118**	**301,561**
Dividends paid - note 21	-	-	-	(11,443)	**(11,443)**	(900)	**(12,343)**
Total transactions with shareholders	-	-	-	(11,443)	**(11,443)**	(900)	**(12,343)**
Profit for the year	-	-	-	18,343	**18,343**	1,175	**19,518**
Other comprehensive income							
Property revaluation reserve							
Fair value movement	-	4,271	-	-	**4,271**	-	**4,271**
Deferred tax	-	(1,119)	-	-	**(1,119)**	-	**(1,119)**
Foreign exchange cash flow hedge reserve							
Fair value movement	-	-	676	-	**676**	119	**795**
Deferred tax	-	-	(190)	-	**(190)**	(33)	**(223)**
Total comprehensive income	-	3,152	486	18,343	**21,981**	1,261	**23,242**
Balance at 30 June 2025	**15,968**	**118,738**	**16**	**172,259**	**306,981**	**5,479**	**312,460**

Reserves

The property revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the revaluation reserve that relates to the asset and is effectively realised, is transferred directly to retained earnings.

The foreign exchange cash flow hedge reserve comprises the cumulative balance of adjustments to uncompleted transactions that qualify as effectively hedged under NZ IFRS 9 – Financial Instruments.

20 Share capital

All shares on issue are fully paid-up and have no par value.
All ordinary shares:

- have equal voting rights
- share equally in dividends
- would share equally in any surplus on winding up

	2025 $000	2024 $000
Share capital	15,968	15,968

	Thousands of shares	Thousands of shares
Number of ordinary shares authorised and on issue	32,695	32,695
Weighted average number of ordinary shares on issue	32,695	32,695

21 Dividends

	Date paid	Cents per share	2025 $000	2024 $000
Final for the previous year	7 October 2024	20.0	6,539	13,732
Interim for the current year	31 March 2025	15.0	4,904	4,904
Dividends paid during the year			11,443	18,636

For details of the final dividend for the current year, see note 32.

22 Vehicle floorplan finance

When not purchased outright, new vehicles are funded by bailment arrangements, which represent a financial liability, accounted for at amortised cost. The vehicles are initially included in inventory at the same value.

Most of the subsidiaries have bailment facilities with finance companies to provide funding for new vehicles. The main finance company is UDC Finance Limited. Under these facilities the finance companies own the vehicles that are placed in the control of the subsidiaries as bailees and are available to display for sale to the public in the dealerships. The subsidiaries pay bailment fees (similar to interest) for the use of the vehicles. The bailment agreements are subject to financial limits. The finance company pays the manufacturer for the vehicle under the normal trade terms. The vehicles are purchased from the finance companies when they are sold to customers.

If the subsidiaries breach the bailment agreements, the finance companies retain the right to repossess and sell the vehicles and the subsidiaries must meet any shortfall of the sale proceeds from the purchase price of the vehicles.

Liabilities under bailment agreements are due for payment within the next 12 months.

	2025 $000	2024 $000
Total vehicle floorplan finance	92,451	100,032

23 At call deposits

The Company offers for subscription unsecured call debt securities (Deposits) that are repayable on demand. Acceptance of Deposits is restricted to shareholders, employees and their associates.

At reporting date the Deposits were constituted by, issued under and described in, a trust deed dated 13 September 2016 between the Company, its Guaranteeing Subsidiaries (as therein defined) and Public Trust as supervisor for the holders of Deposits (the Depositors). Under the terms of the trust deed the Guaranteeing Subsidiaries unconditionally guarantee, jointly and severally, the repayment of the deposits together with interest thereon by the Company and by each of the other Guaranteeing Subsidiaries. The governance documents, including a product disclosure statement, are available on the Disclose Register.

Interest is payable on Deposits at rates that vary from time to time as disclosed to the Depositors on the application form or as subsequently notified to Depositors in writing. The interest rate applicable at 30 June 2025 was 4.40% (2024: 5.75%).

	2025 $000	2024 $000
Deposits	28,074	29,325
Maximum amount of deposits on offer	40,000	40,000

24 Borrowings

The Group has wholesale facilities with BNZ, ANZ and Westpac, three highly respected international registered trading banks. The facility with ANZ has a maturity date of March 2026 and has been treated as current. The facility with BNZ has two components, one with a maturity date of March 2026 and one with a maturity date of March 2027. The component with a maturity date of March 2026 has been treated as current, the remainder as non-current. The facility with Westpac has maturity date of March 2027 and has been treated as non-current. The facilities are used to finance working capital and are drawn and repaid as required. During the year the combined facility limits were reduced by $10m to $95m.

Wholesale bank borrowing is transacted only by the Company. Its indebtedness is guaranteed by its trading subsidiaries to the full extent of the facilities.

The agreements with each of the banks are very similar and require the Group to meet financial criteria based on ratios derived from its financial statements. The Group also pledges to the banks not to grant security over any of its assets i.e. a “negative pledge”.

The Parent Company had a finance agreement with UDC Finance Limited to fund the purchase of new vehicles. This was repaid in full during the year.

	2025 $000	2024 $000
Bank borrowing	26,546	56,371
Vehicle borrowing	-	6,294
Borrowing – current	26,546	62,665
Bank borrowing - non current	44,180	20,000
Combined bank facility limits	95,000	105,000
Vehicle financing facility limit	-	7,000

25 Financial instruments

Financial instruments primarily comprise cash at bank, receivables, payables, credit contracts, forward exchange contracts, shares in companies, borrowings and loans.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss
- fair value through other comprehensive income

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

Measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- the assets are held to collect contractual cash flows
- the contractual terms of the assets give rise to cash flows that are only payments of principal and interest

After initial recognition, the assets are measured at amortised cost using the effective interest rate method. Discounting is ignored where the effect of discounting is not material.

Financial assets at fair value through profit or loss
Financial assets that are held under a different model than 'held to collect' or 'held to collect and sell' and assets whose cash flows are not solely payments of principal and interest are accounted for as fair value through profit or loss. All derivative financial instruments fall into this category, except for those designated and effective as hedge instruments. This category also contains any equity investments.

Assets in this category are all measured at fair value with gains or losses recognised in the statement of financial performance. The fair values of the assets in this category are determined by reference to an active market or by using an alternative valuation technique where no market exists.

Financial assets at fair value through other comprehensive income
The Group had no financial assets in this category at 30 June 2025.

Impairment of financial assets
Recognition of credit losses is not dependent on identifying a credit loss event but instead considers a broader range of information when assessing credit risk including past events, current conditions and reasonable forecasts that could affect the expected collectability of future cash flows. In applying this approach, distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition, or that have a low credit risk (Stage 1)
- financial instruments that have deteriorated in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- financial instruments that have objective evidence of impairment at the reporting date

Twelve month expected credit losses are recognised for Stage 1 instruments while lifetime expected credit losses are recognised for Stage 2 instruments. Measurement of expected credit losses is determined by a probability weighted assessment of the credit losses over the life of the instrument.

The Group makes use of a simplified approach in accounting for trade receivables. See note 10 for more information.

Measurement of financial liabilities
Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivative financial instruments that are designated and effective as hedging instruments (see note 28).

Financial instruments by category

	2025 $000	2025 $000	2024 $000	2024 $000
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
Assets				
Cash and bank accounts	-	11,996	-	11,473
Trade and other receivables	-	45,752	-	56,787
Credit contracts	-	591	-	894
Shares in companies	492	-	492	-
Financial derivatives – foreign exchange	27	-	-	-
	Financial liabilities at amortised cost	Financial derivatives at fair value	Financial liabilities at amortised cost	Financial derivatives at fair value
Liabilities				
Bank borrowings	70,726	-	76,371	-
Vehicle financing	-	-	6,294	-
At call deposits	28,074	-	29,325	-
Trade and other payables	38,445	-	45,530	-
Vehicle floorplan finance	92,451	-	100,032	-
Credit contracts	593	-	899	-
Financial derivatives – foreign exchange	-	-	-	768

26 Reconciliation of liabilities arising from financing activities

Movements in liabilities from financing activities during the year were as follows:

	At 1 July 2024 $000	Cash flows $000	Non-cash changes $000	At 30 June 2025 $000
Bank borrowing – note 24	76,371	(5,645)	-	70,726
Vehicle financing – note 24	6,294	(6,294)	-	-
At call deposits – note 23	29,325	(1,251)	-	28,074
Vehicle floorplan finance – note 22	100,032	(7,581)	-	92,451
Total short term borrowings	212,022	(20,771)	-	191,251
Credit contracts – note 13				
Short term	436	-	(280)	156
Long term	463	-	(26)	437
Lease liabilities – note 14				
Short term	2,070	(2,077)	2,007	2,000
Long term	19,777	-	4,390	24,167
Total liabilities arising from financing activities	234,768	(22,848)	6,091	218,011

	At 1 July 2023 $000	Cash flows $000	Non-cash changes $000	At 30 June 2024 $000
Bank borrowing – note 24	42,687	33,684	-	76,371
Vehicle financing – note 24	5,054	1,240	-	6,294
At call deposits – note 23	31,327	(2,002)	-	29,325
Vehicle floorplan finance – note 22	51,994	48,038	-	100,032
Total short term borrowings	131,062	80,960	-	212,022
Credit contracts – note 13				
Short term	452	-	(16)	436
Long term	757	-	(294)	463
Lease liabilities – note 14				
Short term	2,038	(2,105)	2,137	2,070
Long term	19,103	-	674	19,777
Total liabilities arising from financing activities	153,412	78,855	2,501	234,768

Notes on managing risk

27 Financial risk management

27 (a) Credit risk

Financial instruments which potentially subject the Group to concentrations of credit risk consist principally of bank balances, deposits, receivables and credit contracts.

The carrying amounts of financial assets represents the Group's maximum credit exposure.

The Group places its cash and short term investments with high credit quality financial institutions (as determined by independent credit rating agencies) and limits the amount of credit exposure to any one financial institution.

The Group performs credit evaluations on all customers requiring credit and generally does not require collateral or other security to support financial instruments with credit risk.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers included in the Group's customer base.

The rate of impairment of amounts receivable under credit contracts (note 13) is low. If the incidence of recourse requiring balances to be written off were to increase by 1% it would increase the annual amount written off through profit or loss by $0.01m (2024: $0.01m).

27 (b) Interest rate risk

The Group is not exposed to any specific interest rate risk other than normal interest rate movements on a daily basis in the New Zealand market. The specific rates that the Group was exposed to during the year were:

	2025	2024
Bank overdrafts	6.54% - 12.45%	8.98% - 14.70%
At call deposits	4.40% - 5.75%	5.75%
Borrowing and bailment facilities	4.95% - 8.60%	7.17% - 9.20%

Bank borrowings are unsecured and fall within the agreed committed facility requirements in place with the Group's bankers. These facilities have maturity dates ranging from March 2026 to March 2027 and are expected to be renewed in the normal course of business. The facilities can be drawn on or repaid at any time and interest rates are variable. Vehicle financing loans are secured against the vehicle and have terms of less than one year. The loans are drawn on or repaid as the vehicles to which they relate are returned and replaced. The interest rate is variable. The carrying value of all loans is considered to be the fair value.

Interest rate sensitivity
The effect of a movement of 1% in interest rates would be to change finance costs in the statement of financial performance and equity by $0.99m per annum (2024: $1.12m).

27 (c) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual payment obligations. The Group monitors its cash on an ongoing basis to ensure it has sufficient credit facilities to meet its obligations.

The Group obtains funding for its operations from several sources. In addition to its shareholders' funds (made up of share capital and reserves), funding is also provided by depositors through the at call deposit scheme and from banks and other financial institutions.

Financial liabilities in the form of at call deposits are repayable at call. Trade and other payables fall due within one year. The potential repayment profile of amounts due under financial liabilities – credit contracts is provided in note 13.

There is a risk that the banks may reduce or withdraw the facilities or will be unable to provide the level of funding required. The Group would then be required to obtain alternative funding which could cost more. If no alternative funding was available, the consequences would disrupt cash flows and potentially the Group may not be able to continue to pay suppliers and staff or repay depositors.

If the finance companies were to withdraw the bailment facilities described in note 22 or were unable to fund as many vehicles as required, the Group would have to seek alternative methods of funding the vehicles. This could involve bailment agreements with other providers or additional bank funding to purchase the vehicles outright. The consequences could include increased costs and disruption to the supply of new vehicles for sale.

27 (c) Liquidity risk (continued)

The Group mitigates its funding risk by adopting prudent financial management practices (such as closely monitoring its cash flows and regularly checking compliance with the financial ratios) and by maintaining open and honest relationships with the banks and finance companies.

The extent of the financing facilities is disclosed in note 24 and floorplan facilities in note 22.

27 (d) Foreign currency risk

The Group enters into fixed rate foreign exchange contracts to create cash flow hedges for the purchase of trucks on a contract-by-contract basis with firm customer orders and for units ordered for stock. Other short term transactions are covered by forward exchange contracts and accounted for at that rate.

The principal values (stated in New Zealand Dollars) of forward exchange contracts entered into and outstanding at each reporting date were denominated in the following currencies.

Currency		2025 $000	2024 $000
Australian Dollars	(AUD 21.3m)	23,100	53,750
Euros	(EUR 1.9m)	3,361	24,208
Total		26,461	77,958

Due to the close association between foreign currency commitments for imported goods, their selling price and the underlying forward exchange contracts, it is estimated that any change in the New Zealand Dollar exchange rates against the above currencies would have had minimal impact on the result and equity for the years ended 30 June 2025 or 30 June 2024.

28 Financial derivatives – foreign exchange

Foreign exchange (liability)/asset	2025 $000	2024 $000
Balance at 1 July	(768)	2,475
Movement during the year through		
Other comprehensive income	795	(3,243)
Statement of financial performance	-	-
Balance at 30 June	27	(768)

The Group uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group assesses whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is ‘an economic relationship’ between the hedged item and the hedging instrument
- the effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

Hedges that meet all the qualifying criteria for hedge accounting all fall into one category of hedge and are accounted for as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of financial performance. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The Group continues to designate all of the forward contracts as hedging instruments.

The amounts accumulated in Other Comprehensive Income are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of inventory.

29 Dealership franchise agreements

Each of the trading subsidiaries enters into agreements in their own right with the New Zealand distributor to sell and service specific brands of motor vehicle in a defined primary marketing area. As national distributors, Southpac Trucks Limited and NZ Automotive Limited have equivalent agreements with international suppliers covering the whole country. Most of these agreements (called either dealer or franchise agreements) do not have a specific duration. All of the dealer or franchise agreements contain the right for the distributor/franchisor or the dealer to terminate the arrangements at short notice. Some of these agreements have finite terms from one to three years, usually without automatic rights of renewal. If a dealership or franchise agreement is terminated or not renewed there could be a detrimental effect on the future financial performance of the Group.

The Group manages and mitigates this risk through stable and profitable operating businesses that deliver on franchise objectives in conjunction with a customer first approach. In addition, strong relationships with brand partners, at both the Group and dealership levels, focuses on delivering mutually beneficial long term outcomes to further manage this risk.

Other notes

30 Related party transactions

The Group has related party transactions with key management personnel and the CMC Group Workplace Savings Scheme.

Management personnel
Transactions with key management personnel were:

	2025 $000	2024 $000
Short term benefits (including salary, incentives, profit share, use of motor vehicles and other benefits)	7,486	7,033
Post-employment benefits (including contributions to retirement savings schemes)	276	283
Total remuneration benefits	7,762	7,316

Key management personnel includes current Directors (executive and non-executive), key management at the group office and chief executives of all trading subsidiaries.

Some key management personnel have funds on deposit with the Company by way of its unsecured at call debt securities – note 23 – on the same terms and conditions as all other depositors.

Also see remuneration of Directors on page 55 and remuneration of employees on page 56.

The CMC Group Workplace Savings Scheme

The Company is the sponsoring employer of the CMC Group Workplace Savings Scheme (the Scheme) which is a defined contribution scheme. It is categorised as an employer-related restricted workplace savings scheme registered under the FMCA 2013.

The Company ceased to be the trustee of the Scheme when a new trust deed was registered on 18 November 2016 but continues to provide administrative services to the Scheme and received fees of $0.1m during the year (2024: $0.09m).

The Scheme holds 148,196 (2024: 148,196) ordinary shares in the Company representing 3.0% (2024: 3.1%) of its total assets. The Company is a related party to the Scheme and FMCA limits investments in related parties to 5% of total assets.

All transactions between key management personnel, the Scheme and Group companies were in the normal course of business.

31 Contingencies

There were no contingent assets or liabilities at 30 June 2025 (2024: $Nil).

The Group has provided guarantees to PACCAR Australia Pty Limited in respect of obligations owed to that company. The guarantee is in proportion to the shareholding in Southpac Trucks Limited and the maximum exposure for the Group is $1.3m.

32 Events after the reporting date

On 21 August 2025, a dividend of 20.0 cents per share was declared to be paid fully imputed on 6 October 2025, representing a total payment of $6.539 million.

Independent auditor’s report

To the Shareholders of The Colonial Motor Company Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of The Colonial Motor Company Limited (the “Company”), including its subsidiaries (the “Group”) on pages 11 to 41 which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of financial performance, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2025 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and IFRS Accounting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Why the matter is significant	How our audit addressed the key audit matter
Recognition of revenue from contracts with customers Revenue is a significant area of focus due to the high volume and value of vehicle transactions across the Group. For the year ended 30 June 2025, the Group recognised revenue of $1,001 million. There is a presumed risk of material misstatement due to fraud in revenue recognition in accordance with ISA (NZ) 240, particularly in environments where commission-based remuneration structures and system capabilities (such as forward-dating of vehicle sales) may create incentives for early or inappropriate revenue recognition. These factors increase the risk of revenue being recorded in the incorrect reporting period. While the Group's revenue recognition policies under NZ IFRS 15 are well established and consistently applied, the most significant risk remains the timing of revenue recognition — specifically, whether control of the vehicle has transferred to the customer. Due to the materiality of revenue and the associated risks, this area required significant auditor attention and was a key audit matter. The Group's accounting policies for revenue recognition and related disclosures are set out in Note 1 to the consolidated financial statements.	**In obtaining sufficient and appropriate audit evidence, we**: • Evaluated the design and operational effectiveness of internal controls over revenue recognition across all revenue streams. • Reviewed revenue recognition policies for compliance with NZ IFRS 15 and assessed the appropriateness of related disclosures. • Performed analytical procedures to identify significant or unusual trends in revenue. • Tested the operating effectiveness of key controls over the sales process, where appropriate. • Selected samples of revenue transactions and examined supporting documentation, including cash receipts, to confirm revenue is recognised when performance obligations are fulfilled. • For vehicle sales, sighted supporting evidence such as signed sales agreements, handover checklists, and delivery confirmations to assess the transfer of control. • For services revenue, reviewed repair orders and completion records (e.g. system-completed job cards) to confirm that services have been performed and the related performance obligation has been satisfied. • We checked that revenue was recorded in the right period, especially around the end of the financial year.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/.

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

Grant Thornton

R Campbell

Auckland

15 September 2025

Governance statement

The Colonial Motor Company Limited (CMC or Company) is a public company with its shares listed on the New Zealand Stock Exchange (NZX) operated by NZX Limited.

CMC's Board of Directors (Board) is committed to maintaining high standards of governance by implementing a framework of structures, practices and processes that it considers appropriate and effective. CMC's corporate governance policies and procedures and its board and committee charters, which document the framework, have been approved by the Board. Components of the system of governance are regularly reviewed. The Company's charters, codes, terms of reference and policies are reviewed annually, biennially or when necessary to meet NZX requirements. They can be found on the Company's website (www.colmotor.co.nz).

This Statement sets out how these measures meet the recommendations made in the NZX Corporate Governance Code 31 January 2025 (Code) and the requirements of the NZX Main Board Listing Rules (Listing Rules). The Board's view is that the corporate governance structures, practices and processes have, with any stated exceptions, followed the recommendations and requirements of the Code in the year to 30 June 2025 (the reporting period).

The Group is organised so that each motor vehicle dealership is incorporated as a subsidiary company of CMC and is managed locally. The CEO of each company reports to the Group Chief Executive. Each dealership also has a direct relationship with the franchisor(s) it represents.

1. Code of ethical behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

The Board ensures that, consistent with its history and industry standing, CMC conducts its dealings with all stakeholders with integrity and respect. It maintains a Directors' manual, including a code of ethics, that extends to all staff and sets out required standards of behaviour. In particular, Directors take care to comply with rules requiring disclosure of positions and occupations they have outside of CMC that may involve a conflict of interest.

The Company has a securities trading policy that complies with prevailing legislation. It requires full disclosure by Directors and senior executives, both before and after buying and selling CMC shares. All share trades by Directors and senior executives are reported to the market and Director's trades are disclosed in the Annual Report (page 56).

The Company has a protected disclosures (whistle blower) policy to comply with prevailing practice to protect employees who make disclosures of information about serious wrongdoing within the Group.

2. Board composition and performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

The Board operates under a written charter which sets out the roles and responsibilities of the Board and distinguishes them between the respective roles and responsibilities of the Board and Management.

The Company's constitution specifies that there should be between five and seven Directors – there are currently seven. The Board contains three independent Directors, as well as three non-executive Directors and one executive director who are not independent, which reflects the shareholder mix. The Board chair is an independent director who is not the Group Chief Executive. Information about each director regarding their experience, length of service, independence and ownership interests are disclosed in the Annual Report (pages 54).

As vacancies arise, new Directors are identified by the Nominations Committee of the Board. A person identified by that Committee can be appointed as a director by the Board during the year but must then stand for election at the next annual meeting. A person can also be nominated by shareholders and stand for election as a director at an annual meeting. The terms of appointment of each newly appointed Director are provided to the individual in writing. These terms include the need for Directors to utilise training to maintain their skills and contribution to the Board. Director and Board assessments and self-assessments are carried out regularly.

The constitution specifies that a Director cannot serve (without re-election) past the third annual meeting following their appointment or three years, whichever is longer.

3. Board committees

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

Where additional detailed supervision or consideration of matters affecting the Company is required, the Board establishes committees that operate by making recommendations to the Board for final resolution. There are three standing committees, each with a written charter or terms of reference that can be found on the Company's website.

Audit & Financial Risk Committee: This Committee comprises J W M Journee (Committee chair and independent director), A J Waugh (independent director) and G D Gibbons (non-executive director). From 31 January 2025, the Code requires one member of this Committee to be both an independent director and have an 'adequate accounting or financial background'. Graeme Gibbons has the requisite background but is not an independent director. The Board has determined him being non-independent does not limit or decrease the value his qualifications bring to the Committee's functions. Further, the Board has determined that the other members of the Committee have the required or alternative qualifications, experience and commercial background to satisfy the 'adequate accounting or financial background' test.

The Committee meets regularly with Management, the internal auditor and the external auditor to:

- review the adequacy of controls to identify and manage areas of potential risk and to safeguard the assets of the Group;
- maintain the independence of the external auditor and review the external audit functions generally; and
- evaluate the processes to ensure that financial records and accounting policies are properly maintained in accordance with statutory requirements and financial information provided to shareholders and the Board is accurate and reliable.

Management is delegated the responsibility for developing, maintaining and enforcing the system of internal controls. The same basic set of controls is applied across the Group. Monthly reports from each dealership form a key element of the financial control mechanism. An internal auditor works in conjunction with the external auditor to complete a review of all dealerships every year to ensure maintenance of the standard of accounting practices and for compliance with the Group's internal policies and procedures. The internal auditor regularly reports to the Committee.

Remuneration Committee: A J Waugh (Committee chair), G D Gibbons and J W M Journee make up this Committee, the purpose of which is to ensure the Directors and senior executives are fairly and reasonably rewarded for their individual contributions. The Committee meets as required during the reporting year. The Company's policy is to review remuneration levels for Directors and senior staff every two years. Directors' fees were last reviewed in August 2025 (for consideration at the 2025 Annual Meeting). Director and Management remuneration is disclosed in the Annual Report (page 41). The Company has no equity-based remuneration plan and does not require its Directors to purchase or hold CMC shares.

Nominations Committee: This Committee has the task of identifying potential Directors with skills that are complementary to the needs of the Company and the Board. All Directors serve on this Committee. The Committee utilises a skills matrix to determine 'best fit and skill set' to ensure the Company retains the cross-section of abilities required for a balanced board.

Takeover protocols: The Board has adopted a Takeover Response Manual that establishes protocols to assist Directors and Management with their response to unexpected takeover activity. The Manual summarises the key aspects of preparation and sets out governance, conflict and communication protocols for a takeover response.

4. Reporting and disclosure

The board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

The Board normally schedules eight meetings each year to monitor the progress of Management on achieving the targets and objectives the Board has set. The Board usually meets in Wellington but at least once a year it holds a meeting at a dealership in order to meet front-line staff and experience operations at first hand. Additional ad hoc meetings are held when necessary. During the reporting period, the Board held 10 meetings through a mix of physical attendance and video/teleconference. All Directors attended each meeting bar one absence from a physical meeting and two absences from two of the video conference meetings. Five meetings of the Audit & Financial Risk Committee were also held during the same period with full attendence.

The Board issues three reports annually – a Half Year Report, a Preliminary Full Year Report and an Annual Report – to provide shareholders with the information they need to monitor their investment in the Company. These reports are designed to deliver that information in a clear and concise manner. The reports are mailed to all shareholders and are available for download from the Company's website. Shareholders may register to receive email notification at the time of release of the Half Year and Preliminary Full Year reports and the Annual Report and approximately 75% of shareholders receive notifications in this way. During the reporting period, the Company also made two non-routine disclosures on NZX, one in relation to guidance and the other on the effects of a change to the rules affecting deferred tax.

A condition of listing is that the Company complies with the Listing Rules issued by NZX. The rules include the requirement to continuously disclose market sensitive information (the Company's continuous disclosure policy can be found on the website). The market acts in the position of all current and potential shareholders and disclosure via the NZX is considered adequate notification to all. However, CMC has a long-established policy of communicating directly with its shareholders whenever practical.

The Company is a climate reporting entity pursuant to the Financial Markets Conduct Act 2013 and has made the climate related disclosures via this Annual Report (page 49) and the Company's website.

The Company does not have a specific formal written diversity policy but Group policies and practices address diversity, equality of treatment and opportunity. The CMC code of ethics requires all the Group's employees to value individual differences and treat others in the workplace with respect in accordance with the Company's philosophies of equal employment opportunities and the written anti-harassment and discrimination policies.

The remuneration policy requires the Company to strive to achieve pay equity across all demographics. This is to ensure there is equitable remuneration for management and employees undertaking the same role and who have the same level of responsibility, experience and competence.

5. Remuneration

The remuneration of Directors and executives should be transparent, fair and reasonable.

As stated at section 3, remuneration of Directors and senior executives is considered by the Remuneration Committee. During its assessments, the Committee mainly refers to and relies on independent industry-related and recognised survey reports (for example from Strategic Pay) to provide suitable market-related benchmarks. The actual amounts paid to Directors are disclosed in the Annual Report, including full details for Directors (page 55). Remuneration of other staff is also disclosed in the $10,000 bands specified in company disclosure legislation (page 56).

The packages of the Group Chief Executive and senior staff are made up of fixed and variable components. The variable portions include only short-term incentives. There are no long-term incentives or share schemes in place. The variable elements are based on dealership profit and comprise higher proportions of the total than are seen in the general market. Participation in the financial performance provides a strong incentive for success. The Group has a proud record of staff retention, particularly at senior levels.

Remuneration principles and practices across the Group are required to adhere to the provisions of CMC's remuneration policy (that policy can be found on the Company's website).

6. Risk management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

The range of tools used to mitigate risk includes elements of corporate governance outlined in this Statement, the system of internal controls and management reporting and accountability. The Board reviews the Group insurance programme annually and as needs arise and with the assistance of an external insurance broker, assesses which risks to insure.

The Audit & Financial Risk Committee has particular responsibility for internal audit on which it receives regular reports from the internal auditor. Management provides that Committee with a comprehensive annual internal management and regulatory compliance summary report.

During the annual strategic planning review (and periodically throughout the year), the Board and Management review the 'whole of business' risk matrix which has captured the short and long-term risks for the Group, that have historically included climate-related risks.

Health & Safety: CMC is committed to providing healthy and safe environments for all its employees, customers, contractors and other visitors to its facilities. A comprehensive group-wide workplace safety management programme (known as GoSafe) is operated and a Health & Safety Committee is active at each subsidiary. The Group Health & Safety Manager maintains and is continually improving the Group's workplace H&S systems (both electronic and manual) that are based on a comprehensive policy and procedures manual and are subject to independent external audits. The Board receives regular detailed reports, considers H&S issues at each of its meetings and experiences first-hand the practicalities of maintaining a healthy and safe workplace during its regular dealership visits.

7. Auditors

The board should ensure the quality and independence of the external audit process.

The role of the external auditor is to report to shareholders on the truth and fairness of the financial statements prepared by Management, authorised by the Board and included in each Annual Report.

The audit partner and the Chair of the Audit & Financial Risk Committee meet at least twice a year, the auditor attends Committee meetings at least three times a year and the audit partner attends the Company's annual meetings. The scope of discussions is not limited but includes issues identified during audits, audit planning and staffing and the extent of non-audit work (if any) carried out by the audit firm. The lead audit partner is changed periodically to provide a fresh perspective and to ensure greater independence. Fees paid to the auditors are disclosed in the Annual Report (page 18).

8. Shareholder rights and relations

The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

The Board acts in a stewardship role on behalf of all shareholders. It approves the strategic direction of the Group, oversees the management of its capital resources, monitors its performance and compliance, ensures its assets are safeguarded and its workplaces are safe.

Shareholders meet in person at annual meetings to:

- consider the Company's financial performance and financial position;
- elect and/or re-elect Directors;
- record the on-going appointment of the external auditor and to authorise the audit remuneration; and
- set the maximum level of Director remuneration following reviews in alternate years. The actual amount paid to each director is disclosed in the Annual Report (page 55).

The shareholders adopted the Company's current constitution in 2004. This document outlines and details the administration of the Company and the relationship with shareholders. The constitution is available on the Company's website. The requirements of the Listing Rules are incorporated by reference into the constitution.

CMC maintains a website through which shareholders and interested stakeholders can communicate with the Company. The website also provides access to a wide variety of Company information including financial, operational, policy and historic information. Computershare Investor Services Limited maintains the register of shareholders.

Climate Statement

Introduction

The Colonial Motor Company Limited (CMC or Company) is a climate reporting entity pursuant to the Financial Markets Conduct Act 2013. The following information complies with the requirements of the New Zealand Climate Standards (NZCS1: Climate Related Disclosures, NZCS2: Adoption of NZ Climate Standards and NZCS3: General Requirements for Climate Related Disclosures) as issued by the External Reporting Board (XRB). This is the second year that CMC has reported under those standards.

The following table shows where the disclosures required by the Standards are located. CMC has utilised all the adoption provisions available in NZCS2 for the second year of reporting. These provisions delay reporting requirements in respect of anticipated financial impacts, scope 3 emissions and comparatives, and analysis of trends.

Reporting Area	Standard	Location
Governance	NZCS1 para 8-9	Governance Statement, page 45 Climate Statement, section 1
Strategy	NZCS1 para 12-16	CMC Group operating strategy, page 5 Climate Statement, section 2
Risk Management	NZCS1 para 19	Climate Statement, section 3
Metrics and Targets	NZCS1 para 22-26	Climate Statement, section 4
Emissions Inventory Methodology	NZCS3 para 47-50,52-54	Company Website www.colmotor.co.nz/investors-info/crd/

1. Governance

The Board are responsible for oversight of climate-related risks and opportunities. As part of normal business operations, any such identified risks and opportunities are considered by the Board during its scheduled meetings which occur at least eight times per year. Any climate related matters (including development of the emissions inventory) are a standing agenda item. Management reports inform the Board to enable it to meet its oversight requirements.

Where necessary, the Board seeks external advice, including from subject matter experts, to inform its decisions on climate related matters. Individual Directors are responsible for their own professional development, including keeping themselves up to date on relevant climate related topics.

Identified climate related risks and opportunities, particularly regarding transitional risks, are integrated into the strategic risk management process and considered alongside other business risks.

Management has responsibility for climate related matters associated with their roles, for example financial, insurance, property development or safety. The Management reports to the Board at every board meeting, which includes climate related topics where relevant.

2. Strategy

Business Model and Strategy

CMC's business model focuses on optimising long-term returns for shareholders, whilst also delivering for other stakeholders, customers, staff and franchise partners. Those five relationships underpin CMC's ongoing success. This is achieved through prudent financial management and a strong balance sheet, plus a commitment to employing excellent staff and providing them with the autonomy and resources to succeed. The Company's strategic priorities include maintaining strong brand positions in its markets and evolving representation where it delivers increasing long-term profitability or reduces risks to the business. The CMC business model is a decentralised one, where individual dealerships have a high degree of operational control over their business. Where strategically appropriate, the Company prefers to own the sites it operates from.

Transition Plan

As part of the existing long-term strategy, CMC continues to align the business plan with its customers and suppliers when considering and supporting low emission initiatives. The Company considers emissions reduction alongside all other risks, benefits and opportunities when making investment decisions, prioritising those that make economic and strategic sense for the business and its stakeholders. The Company continues to identify risks and opportunities from both a physical and transitional viewpoint and integrate these into strategic planning.

Current Material Impacts

In the current financial year, there were no physical impacts of climate change that materially affected CMC.

While there were a number of transitional impacts (e.g. political, economic, technological and social) in the year, none of these had a material financial impact. Examples of these included the rapid changes in demand for Low Emission Vehicles (LEVs) after the Clean Car Discount ended in 2024. This has been difficult for both manufacturers and dealers to respond to, leading to excess inventory. As a result, there was significant discounting in the first six months of the financial year. Although manufacturers provided assistance to dealers, there was still a cost to dealerships in moving LEV inventory (particularly demonstrators and the flow on impact this had on used vehicle values). The Clean Car Standard, an import tax, has impacted the range of models manufacturers bring to New Zealand and the price they charge. This affects Internal Combustion Engine (ICE) vehicles as well as LEVs. Changes to the Climate Related Disclosure regime and the uncertainty of further modifications has affected the Management's work programme.

CMC has not disclosed a financial assessment of the above factors, as the individual impacts are too difficult to separate from the usual trading trends of the Group but they were not material to the profitability of the business.

Scenario Analysis Process

Scenario Analysis is a tool designed to assist strategic planning by understanding and challenging assumptions around a topic. Under NZCS1, each climate reporting entity must complete this exercise to consider how climate change could affect the business in the future.

In the previous financial year, the Company engaged an external consultant to assist the Management to establish customised scenario narratives for CMC in accordance with NZCS1 and NZCS3. These were then presented to the Board for its consideration and approval. This exercise has not been repeated in the current financial year, although the previous work continues to inform CMC's risk management and strategic approaches.

The three scenario frameworks are summarised in the table below. Narratives (hypothetical pathways of plausible actions) were mapped out for each scenario framework using three time horizons: short (2024-2030), medium (2030-2040) and long (2040-2050). The short and medium time horizons align with existing CMC strategic planning horizons which focus on automotive product and economic cycles, and the longer term is relevant to the CMC property portfolio and organisational approach.

Scenario Framework and Parameters	**Scenario 1 Orderly Transition**	**Scenario 2 Disorderly Transition**	**Scenario 3 Hot House**
Modelled global temperature increase	1.4°C	1.6°C	>3.0°C
Global policy reaction	Cohesive & immediate	Reactive & inconsistent	Minimal & consumer driven only
Regional policy variation	Aligned	Inconsistent	Self interest
Speed of technological change	Hastened & high cost	Sporadic initially but quickening with time	Market driven & low cost
Consumer sentiment / behaviour change	Aligned with low emissions	Polarised & diverging	Change only linked to cost or consumer preferences
Physical risks severity	Low	Low-moderate	High
Transition risks severity	Moderate-High	High	Low
National vehicle fleet composition	Quick transition to Low Emission Vehicles (LEV)	Mixed fleet, transitioning to LEVs in later decades	Mixed fleet
International Scenario Archetype	NGFS – Orderly RCP 1.9 SSP1: Sustainability CCC: Tailwinds IEA: NZE	NGFS – Disorderly RCP 2.6 SSP1: Sustainability CCC: Tailwinds IEA: SDS	NGFS – Hot House RCP 8.5 SSP5: Fossil Fuel Development CCC: Current Policy Reference IEA: STEPS

3. Risk Management

Risk Management Process

Climate related risks are monitored throughout the year by Management and are part of the annual strategic planning review. If there is an immediate issue, this is escalated to the Board in a timely manner. In the annual strategic risk review, different categories of business risk are assessed using a standardised risk matrix (impact vs likelihood) with a focus on short to mid-term risks (next five years) and mid to long term risks (five to ten years). The review is focused primarily on the Company but includes value chain risks to suppliers or customers where this could be material. The annual risk assessment is fed into the CMC strategic plan. Climate risks are treated in a similar way to other business risks, with assessments and controls in proportion to the perceived urgency of the risk.

Risks and Opportunities

The table below shows the anticipated and potential material risks and opportunities for CMC that could be associated with climate change impacts over the short to mid-term (2025-2040). These time frames differ slightly from the scenario analysis work, as it excludes the longer-term horizon (2040-2050) in order to better align with CMC's risk assessment time frames. The risks and opportunities are categorised as physical or transitional (social, economic, technological, political, legal).

Risk or Opportunity Description	Commentary
Property and vehicle stocks (physical)	
Assets can be physically impacted by climate change. This is likely to incur costs to prevent or repair damage. Worsening acute weather events, or chronic impacts, for example sea level change, have the potential to increase the cost of asset ownership or decrease the value of property.	• Risks are mitigated by the Company's geographical spread of assets. • Most assets are within urban commercial areas, which means they would likely benefit from any community-based mitigation, e.g. flood control works. • Insurance premiums and council rates are likely to continue to increase. • Maintaining a strong balance sheet is important to enabling CMC to respond to acute weather events. • On balance, CMC's preference to own and operate from strategically significant locations continues to be viewed as an advantage. • Future climate change impacts on a property are assessed as part of purchase, redevelopment or divestment decisions.
Consumer preferences (transitional)	
Consumer preferences are changing both in terms of personal ownership of vehicles, fuel source, efficiency and model/feature preferences. CMC is dependent on the ability of its suppliers to meet the needs of customers. This has the potential to affect CMC's product mix and profitability. Consumer preferences themselves can usually be met, but the pace of change of those preferences could be challenging especially if the direction of demand is not well signalled.	• Having access to a product portfolio that aligns with consumer demand remains a critical pillar of success in any retail operation. Maintaining customer trust, with high quality product that retains value and can be supported for long periods, is key. • The timing of new product releases will become more challenging, particularly if regulatory direction (in New Zealand or internationally) swings frequently. • New Zealand's geography and small population are likely to continue to favour private vehicle ownership and road-based transport solutions. • Diversification of operations and maintaining long-standing relationships with brand partners that have a track-record of meeting customer demand and preferences remains the best source of mitigation. • Remaining close to our customer base, to understand when to shift product features and how to support uptake, is important.
Manufacturer viability and relationships (transitional)	
Vehicle manufacturing has and will continue to be at risk during turbulent geo-political periods. The increasing pace of change is creating winners and losers amongst manufacturers. Globally, manufacturing economies are attempting to protect their domestic industries with subsidies and tariffs.	• Divergence in political preferences in Right Hand Drive (RHD) markets poses the greatest risk to a small market like New Zealand. Manufacturers do not produce solely for NZ requirements, but they can customise product. • If there is a global tightening on the supply of desirable products, manufacturers may see exiting the RHD market as a simple solution to maximising scarce resources.

Risk or Opportunity Description	Commentary
Manufacturer viability and relationships (transitional)	
CMC sells and services vehicles from both long established and newer manufacturers. Vehicles are sourced from a range of geographies both in terms of country of manufacture and where the manufacturing company is domiciled.	• Balancing relationships with brands from a variety of geo-political regions could become challenging, however diversity mitigates the risk for CMC of reliance on a single brand
Supply chain disruptions (transitional)	
New Zealand supply chains can be disrupted due to severe weather events, or by the repairs or strengthening work associated with storm damage or mitigation/adaption programmes. International supply chains and logistics to New Zealand can be disrupted by physical events. They can also be impacted by changes to shipping routes and methods. New Zealand is a minor part of global shipping networks.	• Careful inventory management and planning (in association with our brand partners) to ensure that sufficient stock is held regionally (Australasia) or locally (New Zealand) to mitigate logistics challenges. • Holding greater stock is an increased cost to the business (interest, insurance, physical space) and stock fluctuations can negatively impact cashflow. High stock reserves reduces CMC's capacity to respond quickly to market changes. • Warehousing and advanced logistics is an opportunity for CMC which has national reach in New Zealand. • The Company's brand partners are working to make their supply chains more resilient to the same risks. • Clear communication and working in tandem with brand partners is a good mitigation strategy for CMC.
Social Licence	
The automotive industry is identified as being a significant contributor to global emissions. It is therefore highly exposed to changing social and political expectations around managing climate change. CMC, while not a manufacturer of vehicles, distributes, retails and services a range of high profile brands, with sales driven by consumer demand in what is a highly competitive industry.	• As a highly visible industry, automotive businesses are exposed to political action from different directions. • Automotive is an industry with long lead-times for manufacturing and a long life for products. It is difficult to anticipate what product will be popular as social expectations diverge. • There is a wide range of expectations in society for whether and how automotive businesses should commit to climate change initiatives. As expectations diverge, it becomes increasingly difficult to identify a course of action which might be considered reasonable by the general public.
Legislative Landscape	
Requirements on businesses to provide information about climate impacts is the subject of rapid regulatory change.	• Climate Related Disclosure is in its infancy in a regulatory context. Adapting requirements from the previous voluntary arrangements is proving more complicated than expected. • In New Zealand, there have been multiple changes to the requirements within a short timeframe. Further uncertainty exists due to a number of proposed changes.

4. Metrics and Targets

Emissions Inventory

In the 2025 financial year, CMC completed its second emissions inventory for the Group. Measurement and reporting were undertaken using the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard (revised edition) as guidance. The consolidation approach is operational control, that is all Scope 1 and 2 emissions from all subsidiary companies were included in the inventory. De minimis exclusions from Scope 1 are: fugitive emissions from refrigerants in building air-conditioning, fugitive emissions from welding activities and a small amount of LPG from miscellaneous sources. Emissions from sponsorship vehicles and the activities of the CMC Workplace Savings Scheme were excluded, as the Company does not have operational control over those activities. The Company does not have any biogenic emission sources. Source data, for example kWh of electricity, were converted to emissions using a standardised emission factor. Emission factors were sourced from the most recent Ministry for the Environment guidance for the 2025 calendar year. For electricity, the averaged New Zealand 2024 emission factor was used, rather than factors specific to the quarter or to the supplier. The base year for the emission inventory is 2024. Further detail on the inventory methodology can be found on the CMC website (www.colmotor.co.nz).

In 2025, the CMC Group accounted for the following emissions in tonnes of CO_2 equivalent (tCO_2e).

	2025	2024
Scope 1	2,488	2,554
Scope 2	438	297
Total Reported Emissions	2,926	2,851
tCO_2e per $1m of Sales Revenue	2.92	2.81

The most significant source of Scope 1 emissions was from fuel used in company vehicles. This includes demonstration and service loan vehicles, as well as the internal fleet. Emissions from fuel in vehicles sold to customers is considered as Scope 3. Although Scope 2 emissions are higher in 2025 this is due primarily to an increase in the emission factor, related to New Zealand's electricity generation profile, which resulted in an increased proportion of coal and gas being used in electricity generation.

In 2025, the emissions inventory was independently verified for the first time by an external auditor, McHugh & Shaw Ltd. A limited assurance level was achieved over Scope 1 and 2 emissions. A copy of the audit opinion can be found on the CMC website at www.colmotor.co.nz/investors-info/crd/.

As allowed by the standards, Scope 3 emissions will be reported from the June 2026 year end.

Emissions Reduction Target

CMC has not yet set any target for emissions reduction. Further work is needed to understand the CMC emissions profile and what emissions targets might be appropriate for the Company.

Other Metrics and Targets

CMC does not use an internal emissions price. No elements of Management remuneration are specifically linked to climate related risks and opportunities.

5. Other disclosures

Materiality

NZ CS3 states that information must be disclosed if it is material. Materiality in this case is defined as information than may reasonably be expected to influence decision makers, including via its omission. In this climate statement, CMC has endeavoured to provide a concise and clear response to each disclosure, including where the subject of the disclosure is not present in the business. CMC assumes that the primary readers of this climate statement will already be familiar with the industry and its business model. In terms of financial impacts, CMC considers an impact to be material when it can be shown to significantly affect the financial results for the year.

Business Activity Exposed to Climate Related Risks and Opportunities

As the owner of the majority of properties from which it operates, the Group is exposed to some level of physical risk, although mitigated by geographic spread. Consultants were engaged in 2025 to model the future risk profile for property owned by CMC. As expected, some locations are more exposed to physical risks than others. In general terms, future acute hazards (e.g. extreme precipitation, extreme windspeed, and rainfall-driven flood) are more relevant to the CMC property portfolio than future chronic risks (e.g. coastal inundation, fire or drought risk). In all cases, the risk to CMC property is directly correlated to the risk to the immediate neighbourhood. CMC will consider this modelling as part of future decision making around site redevelopment projects and capital deployment.

The majority of the Company's business activities are currently in support of ICE vehicles. This exposes CMC to a variety of transition risks, given the contribution ICE engines make to emissions. CMC also sells and services a range of hybrid, plug-in hybrid and fully electric vehicles and is exposed to the rapidly changing trends in technology, price and consumer preference that impacts that market. While a transition to lower emission vehicles has the potential to impact the Company's current operating model, CMC's interests are aligned with its franchise partners in developing ways to find opportunities in this space which meet the demands of its customers.

Disclaimer

This climate statement contains disclosures that rely on evolving assessments of current and forward-looking information. It also relies on the Company's interpretation of the relevant current legislation and that interpretation is subject to the changes and reviews of the legislation that have been made or completed respectively or that remain underway. Judgements are often made based on assumptions or incomplete information. Forward-looking statements in relation to climate outcomes are inevitably inherently uncertain and subject to the limitations of the available data and the supporting assumptions. CMC gives no representation, warranty, guarantee or assurance about future business performance nor that any of the risks, opportunities or impacts identified in this report will eventuate.

Disclosures as required by the Companies Act 1993

(a) Director profiles and interests

In relation to sections 140 and 211(1)(e) of the Act, no director has declared any interest in a related party transaction with the Company during the year. The Company has received the following general disclosures of interest pursuant to section 140(2) of the Act that remain in place at the date of this report:

Ashley James Waugh, BBS
Te Awamutu

Ashley has a breadth of experience in brand and franchise management developed during an extensive business career that commenced with the Ford Motor Company in New Zealand, Australia and Taiwan. That senior management experience spans fast moving consumer goods, where he held positions with the New Zealand Dairy Board (now Fonterra) and National Foods in Australia. His governance career includes directorships in agribusinesses, with Fonterra and listed kiwifruit company Seeka Limited. Ashley's experience and roles in the listed company environment has seen him serve as Chair of Audit Committees before being elected as Chair of CMC. With his wife Catherine, they own and manage a dairy farm near Te Awamutu. Ashley became a director in November 2015.

Graeme Durrad Gibbons, BCom, CA
Wanaka

After gaining a commerce degree at Otago University, Graeme began his career with Ford New Zealand and then joined the CMC Group in 1984. He took up the role as the Group's Chief Executive in 1990 and became a director of the Company in 1995. Graeme retired as Chief Executive on 30 September 2021. He was previously a director of Motor Trade Finance Limited and Chair of its Audit Committee.

Stuart Barnes Gibbons
Lower Hutt

Stuart joined the Group in 1982 as an apprentice technician in Morrinsville. He held various roles across Group subsidiaries until his appointment as Chief Executive and Dealer Principal of Stevens Motors in 2002, holding that position until Stevens Motors was merged with Capital City Motors on 1 July 2020. Stuart managed the multi property redevelopment project for the Lower Hutt hub facility up to its completion. From July 2022 to December 2025, he took up the Group Office role of Group Manager: Strategic Development then from March to June 2025 he was the acting Dealer Principal at Fagan Motors. Stuart is a past Chair of the Ford Dealer Council. He became a director in July 2014.

John William Michael Journee, BCom
Auckland

John has held various senior executive positions in the retail industry in New Zealand and Australia, including with Noel Leeming and until 31 July 2025, interim chief executive of The Warehouse. He is currently a director and chair-elect of The Warehouse Group Limited, a director of Farmlands Co-operative Society Limited and a member of the Data Insights Group Limited Advisory Board. John became a director in December 2018.

Gillian Durrad Watson, BA
Auckland

Gillian has a business background in the real estate industry and has worked in production management in the television industry. She is a significant shareholder who has had a life-long focus and interest in the Company. Gillian is a member of the Institute of Directors and became a director in September 2021.

John Ormond Hutchinson
Christchurch

John is currently the Chief Executive and Dealer Principal of Team Hutchinson Ford in Christchurch. He joined Team Hutchinson Ford in 1994 in vehicle sales and became Dealer Principal in September 2006. Previous to joining the dealership, John had worked in the UK at Investment Bank, Credit Suisse First Boston, then ran his own business in Christchurch. He is a current member and past president of the Ford Dealer Council. John became a director in September 2022.

John Alexander Beveridge
Auckland

John is an experienced director in both the public and non-public company environments and has held a number of senior management positions with both listed and unlisted companies. John's corporate career included senior management roles with Fletcher Building, where he was the CEO of Placemakers, following leadership roles with Pacific Steel and Golden Bay Cement. He is currently a director of NZX-listed Steel & Tube Holdings Ltd and chair of the non-public NZ Scaffolding Group of companies. John became a director in April 2025.

(b) Remuneration of Directors

Remuneration and all other benefits received by the Directors who held office during the year ended 30 June 2025 are disclosed pursuant to section 211(1)(f) of the Act as follows:

	Directors' fees 2025 $	Total remuneration 2025 $	Total remuneration 2024 $
A J Waugh (Chair)	118,391	118,391	122,885
G D Gibbons	63,700	63,700	63,700
S B Gibbons	-	201,169	206,304
J W M Journee	70,070	70,070	70,070
G D Watson	63,700	63,700	63,700
J O Hutchinson	-	754,192	667,273
J A Beveridge	10,616	10,616	-

Remuneration for the Chair historically includes the provision of a motor vehicle with the estimated value of this benefit, or its cash equivalent ($25k), recorded in total remuneration. This allowance to the Chair is included within Directors' fees when determining the maximum limit that requires shareholder approval.

J W M Journee is the Audit & Financial Risk Committee Chair and receives additional fees commensurate with that position.

Executive Directors do not receive Directors' fees for acting as a director of the Company or of any subsidiary. Executive Directors acting in their capacity as employees of the Company or of a subsidiary received total remuneration including salary, incentives, superannuation contributions, use of a motor vehicle and other benefits in the year ended 30 June 2025 as disclosed above. No other employee of the Company or of any Group subsidiary retains or receives any remuneration or other benefits as a director. There are no long-term incentives or share schemes in place.

Chief Executive Officers of subsidiary companies receive a profit incentive in their remuneration based on their dealership's profit. The remuneration received by J O Hutchinson as an executive, as disclosed above, is for the 12 months to 30 June 2025 and includes a short-term profit incentive component of $541,238 (2024: $432,718). The remuneration of S B Gibbons as an executive is shown for the 12 months to 30 June 2025 and does not include a short-term profit component (2024: $15,867).

In accordance with its constitution, the Company may provide for director retirement benefits. There was no provision at June 2025 and no provisions will be required in the future.

As permitted by clause 29.4 of the Company's constitution, an insurance policy is in place in relation to Directors and Officers liability. The policy ensures that, generally, Directors will incur no monetary loss as a result of actions they undertake as Directors. Certain actions are specifically excluded, such as incurring penalties and fines that may be imposed in respect of breaches of the law.

(c) Use of company information by Directors

During the year the Board did not receive any requests from any director to use Company information provided to them in their capacity as an officer or employee that would not otherwise have been available to them.

(d) Share dealings by Directors

Directors have disclosed under Section 148(2) of the Act the following acquisitions and disposals of a relevant interest in shares in the Company between 1 July 2024 and 31 August 2025.

Director	Number of shares acquired/(disposed)	Date of transaction	Price per share	Type of interest
S B Gibbons	21,660	14 March 2025	$6.70	Beneficial
G D Gibbons	21,660	14 March 2025	$6.70	Beneficial
S B Gibbons	6,666	15 April 2025	$6.75	Beneficial
G D Gibbons	6,666	15 April 2025	$6.75	Beneficial
G D Gibbons	117,392	15 May 2025	Nil *	Non-Beneficial
S B Gibbons	(474,348)	22 May 2025	Nil **	Non-Beneficial

* Became sole (previously joint) executor of a deceased estate
** Transfer to beneficiaries of a family trust

Directors disclosed no other transactions in the shares of the Company during the period.

(e) Composition of the Board

At the reporting date, six Directors were male and one female. Of the 21 Group officers, there was one female officer and the rest were male (2024: 6 Directors – 5 male and 1 female, 18 officers – 17 male and 1 female).

(f) Remuneration of employees

During the year to 30 June 2025 the number of employees in the Group, not being Directors of The Colonial Motor Company Limited, who received remuneration (including salary, incentives, superannuation contributions, use of a motor vehicle and other benefits) which exceeded $100,000 were as follows:

Remuneration $			Number of employees 2025	Number of employees 2024	Remuneration $			Number of employees 2025	Number of employees 2024
100,001	-	110,000	54	55	300,001	-	310,000	2	-
110,001	-	120,000	55	48	310,001	-	320,000	4	-
120,001	-	130,000	31	30	320,001	-	330,000	1	1
130,001	-	140,000	19	26	330,001	-	340,000	1	2
140,001	-	150,000	23	19	340,001	-	350,000	1	-
150,001	-	160,000	22	15	350,001	-	360,000	1	1
160,001	-	170,000	13	12	360,001	-	370,000	-	2
170,001	-	180,000	16	12	370,001	-	380,000	1	1
180,001	-	190,000	8	9	380,001	-	390,000	1	-
190,001	-	200,000	7	2	390,001	-	400,000	1	2
200,001	-	210,000	7	8	400,001	-	410,000	1	2
210,001	-	220,000	4	4	470,001	-	480,000	-	1
220,001	-	230,000	2	5	500,001	-	510,000	-	2
230,001	-	240,000	8	5	520,001	-	530,000	-	1
240,001	-	250,000	3	3	550,001	-	560,000	1	-
250,001	-	260,000	1	4	620,001	-	630,000	-	1
260,001	-	270,000	4	3	670,001	-	680,000	1	-
270,001	-	280,000	2	-	720,001	-	730,000	1	-
280,001	-	290,000	1	-	1,010,001	-	1,020,000	1	-
290,001	-	300,000	1	1	1,430,001	-	1,440,000	-	1
							Total	299	278
							Total full time equivalent employees	1,049	1,068

The remuneration package of the Group Chief Executive, A P Gibbons, in the year to 30 June 2025 was $721,315 (2024: $623,023) comprising a fixed component (including salary, motor vehicle and superannuation contributions) of $387,850 (2024: $416,347) and an annual short term incentive component of $333,465 (2024: $206,676) based on the current year's trading performance.

Disclosures as at 30 June 2025 as required by the New Zealand Stock Exchange Listing Rules

(a) Director independence

The following Directors were Independent Directors at the reporting date:
A J Waugh (Chair)
J W M Journee (Audit & Financial Risk Committee Chair)
J A Beveridge

The following Directors were not Independent Directors at the reporting date:
G D Gibbons (Non-Executive)
S B Gibbons (Non-Executive)
G D Watson (Non-Executive)
J O Hutchinson (Executive)

(b) Directors' relevant interests at 30 June 2025

	Shares in which the director has a beneficial interest solely or jointly		Shares in which the director has a non-beneficial interest		Shares held by associated person of the director	
	2025	2024	2025	2024	2025	2024
G D Gibbons	731,482	703,156	2,696,859	2,579,467	205,201	199,506
S B Gibbons	2,101,625	2,073,299	176,087	650,435	6,151	6,151
A J Waugh	9,758	9,758	-	-	376	376
J W M Journee	2,613	2,613	-	-	-	-
G D Watson	614,069	614,069	369,810	369,810	105,000	105,000
J O Hutchinson	4,000	4,000	-	-	1,514	1,514
J A Beveridge	-	-	-	-	-	-

(c) Substantial Product Holders

As required by section 293 of the Financial Markets Conduct Act 2013 (Act), the Substantial Product Holders as at 30 June 2025 (from whom a notice under the Act had been received and the date of each such notice) are presented in the following table. Regardless of whether some or all of their holdings are held individually or jointly and/or beneficially or non-beneficially, a Substantial Product Holder is required by the Act to provide a notice to the Company.

Substantial Product Holder	Notice date	Shares held jointly *(with one or more other substantial product holder)*	Shares held individually or jointly *(with a non-substantial product holder)*	%
S B & A D Gibbons and L B Rogerson		1,868,554		5.71
S B Gibbons	22 May 2025		409,158	1.25
A D Gibbons	9 September 2024		-	-
L B Rogerson	9 September 2024		281,410	0.86
P L Bennett and J P Gibbons		2,049,141		6.27
P L Bennett	14 May 2025		900,346	2.75
J P Gibbons	21 October 2020		169,860	0.52
R H & S J Wilson and S H Majors		1,795,081		5.49
R H Wilson	16 October 2024		300,478	0.92
S J Wilson	16 October 2024		2,051	0.01
S H Majors	16 October 2024		8,217	0.02
G D Gibbons and Others		1,224,835		3.75
G D Gibbons	22 March 2021		670,656	2.05
G D Gibbons and S D Wood		1,249,632		3.82
S D and D M Wood		209,223		0.64
S D Wood	14 May 2025		413,369	1.26

Issued and fully paid capital as at 30 June 2025 was made up of 32,694,632 ordinary shares. The above disclosures include voting securities arising by reason of joint holdings, powers of attorney and directorships as specifically required by section 280(1) of the Act. No shares have been counted more than once in the Substantial Product Holder notices disclosure table.

A number of shares identified under J P Gibbons are also jointly held or have trustees in common with D M Gibbons and L C Bennett.

A number of shares identified under S B Gibbons are also jointly held or have trustees in common with J H Smith and A F Peake.

A number of shares identified under G D Gibbons are also jointly held or have trustees in common with A K Gibbons, D M Wood, R D Gibbons, A D & G V Beaumont, D D & B W Harrison and G D & I W Watson.

(d) Distribution of shareholders and shareholdings

This distribution information reflects the position as at 31 August 2024.

Individual shareholding	Number of shareholders		Number of shares	
	Number	%	Number	%
1 - 999	347	22.5	149,761	0.5
1,000 - 9,999	884	57.3	2,851,224	8.7
10,000 - 99,999	249	16.1	6,548,099	20.0
100,000 - 999,999	61	4.0	19,750,469	60.4
1,000,000 +	2	0.1	3,395,079	10.4
Total	1,543	100.0	32,694,632	100.0

(e) Five year summary of shareholder return on investment - 30 June year ended

Year	Share price at 30 June	Dividends paid - cps Date	Net	Gross	Gross dividend yield %	Change in share price cps	Total gross return cps	Gross shareholder return %
2025	$6.90	31/03/25	15.0	48.6	7.1	6.0	54.6	8.0
		07/10/24	20.0					
2024	$6.84	25/03/24	15.0	79.2	9.2	(176.0)	(96.8)	(11.3)
		02/10/23	42.0					
2023	$8.60	27/03/23	15.0	86.1	9.1	(91.0)	(4.9)	(0.5)
		03/10/22	47.0					
2022	$9.51	28/03/22	15.0	76.4	8.3	31.0	107.4	11.7
		04/10/21	40.0					
2021	$9.20	29/03/21	15.0	65.3	9.5	235.0	300.3	43.8
		05/10/20	32.0					

Note: Yields are calculated on the share price at the beginning of each year. The share price at 30 June 2020 was $6.85.

Fifty largest shareholdings as at 31 August 2025

	Shares	%
AD & SB Gibbons & LB Rogerson	1,868,554	5.7
SJ & RH Wilson &SH Majors	1,526,525	4.7
DM & JP Gibbons & PL Bennett	878,056	2.7
Graeme Durrad Gibbons	731,482	2.2
BR & CM Gibbons & PL Bennett	677,208	2.1
PL & LC Bennett & JP Gibbons	649,030	2.0
Diana Durrad Harrison	630,078	1.9
Robert Durrad Gibbons	623,930	1.9
Gillian Durrad Watson	614,069	1.9
AD & GV Beaumont & GD Gibbons	605,215	1.9
Alison Durrad Beaumont	603,454	1.9
MI & C Louisson & RM Carruthers	563,777	1.7
JP & DM Gibbons & PL Bennett	522,055	1.6
GD & AK Gibbons & SD Wood	510,012	1.6
JG, J & CG Harrison	458,317	1.4
Sara Durrad Wood	413,369	1.3
GD & IW Watson & GD Gibbons	369,810	1.1
RD Gibbons, SD Wood & GD Gibbons	369,810	1.1
SD & DM Wood & GD Gibbons	369,810	1.1
Citibank Nominees (New Zealand) Limited	362,576	1.1
DD & BW Harrison & GD Gibbons	354,810	1.1
CG & JG Harrison	335,244	1.0
Accident Compensation Corporation	329,938	1.0
RJT Investments Limited	325,006	1.0
KS, SKE & J Bale	324,244	1.0
E A Romans	323,482	1.0
Rebecca Hope Wilson	300,478	0.9
Leanne Barnes Rogerson	281,410	0.9
SH Majors, RH & SJ Wilson	268,556	0.8
David Grindell	252,000	0.8
K Enright & C Louisson	251,366	0.8
Leslie Ernest Gibbons	244,131	0.7
Gary Kenneth Gibbons	243,048	0.7
Jody Phillippa Gibbons	243,048	0.7
CM Louisson & N Tarsa	241,804	0.7
Stuart Barnes Gibbons	233,071	0.7
James Picot Gibbons	228,208	0.7
Pauline Lucy Bennett	223,138	0.7
MC Duurentijdt, JT van Gaal & KD Trustees Limited	215,983	0.7
Donna Claire Gibbons	215,233	0.7
DM & SD Wood	209,223	0.6
Bruce Robert Gibbons	206,372	0.6
CG & AJ Harrison & JA Flygenring & P&M Trustees No 2 Limited	188,118	0.6
JH Smith, AF Peake & SB Gibbons	176,087	0.5
CMC Workplace Savings Scheme Trustee Limited	148,196	0.5
KS, SK & MG Bale	147,929	0.5
Helen Ailsa Louisson	140,870	0.4
New Zealand Depository Nominee Limited – Sharesies Limited *	136,597	0.4
Ian Forbes Michie	135,730	0.4
June Elsie Gibbons	132,542	0.4
Total of fifty largest shareholdings	20,402,999	62.4
Total shares on issue	32,694,632	100.0

* Represents 1,038 individual holders of CMC share

Today the CMC Group's core business is the operation of Ford dealerships each holding a franchise in its own right from the Ford Motor Company of NZ Ltd. A number of these dealerships also hold Mazda franchises. CMC, through Southpac Trucks, is the NZ distributor and retailer of Kenworth and DAF heavy duty trucks and in Southland/Otago, Agricentre South retails New Holland, Case IH and Kubota tractors and equipment.

The Colonial Motor Company originated from William Black's coachbuilding factory which started operations in 1859 at 89 Courtenay Place, Wellington. In 1881 it was taken over by Rouse & Hurrell, who expanded the business with new three storied premises calling it Rouse & Hurrell's Empire Steam and Carriage Works. This partnership was formed into a limited liability company in 1902 with Mr Edward Wade Petherick the first Secretary of the Company. The Ford Motor Car Agency was taken up in 1908 and in August 1911 a new name "The Colonial Motor Company Limited" was registered.

On Ford Canada's recommendation a dominant shareholding and control was acquired by Mr Charles Corden Larmour and the sale of this majority holding and control to Mr Hope Gibbons and his family interests was concluded in April 1918 after negotiations in 1916. At that time there were 17 Authorised Ford Dealers in New Zealand of which 10 were in the South Island. In 1919 the Company restructured with a new memorandum and articles but the 1911 name was retained and remains the same today. 2018 marked the company's 100th Annual Report.

The nine storied building at 89 Courtenay Place, designed by architect J M Dawson to Ford plans, opened as the tallest Wellington construction in 1922. It was the first motor vehicle assembly plant in New Zealand - vehicles starting in boxes at the top and driving out completed at the bottom. The Company later built assembly plants at Fox Street, Auckland and Sophia Street, Timaru. This was the age of the Model T with Ford market share reaching a peak of 27% in 1926. The 'CMC' Building was sold in 2005.

In 1936, Ford Motor Company of New Zealand Limited established an assembly plant at Seaview, Lower Hutt, and took over the distribution of Ford products in New Zealand. CMC then concentrated on the retail side of the business, operating the retail garages it then owned. The 1930's and 1940's were a time of survival with the depression, excess stock of new product, and then no new vehicles available during the war years and petrol rationing until 1950. Service became the key to remaining in business.

Shortly after the end of the war the supply of new vehicles was resumed and the 30 years up to 1980 saw the Group consolidate. The Dealer organisation that developed proved to be one of the best retail motor groups in New Zealand. Over this period nearly every Dealership was either rebuilt, fully refurbished or relocated and new Dealerships were opened in East, West and South Auckland to cater for Auckland growth.

CMC was listed on the NZ Stock Exchange in May 1962.

For the 50 years up to 1987, New Zealand had import licensing, local assembly of vehicles and heavy additional sales taxes to control overseas funds. The new vehicle industry under this regime peaked in 1973 and again in 1984 at 123,000 units. The dismantling of controls and the arrival of second hand imports from Japan saw the industry fall to just 66,500 new vehicles in 1992. It wasn't until 2014, 30 years later, that the new vehicle industry again reached the level seen in 1984.

The late 1980's and all through the 1990's was a period of change and adaptation. Over a decade, most smaller Ford dealerships either closed down or merged with their neighbours. This resulted in fewer but larger Ford dealerships. CMC closed or sold its smaller dealerships and acquired others to expand its city and provincial locations. Nelson was acquired during this period. Compounding the changes were the international decisions of Ford Motor Company to sell its tractor and heavy truck businesses which resulted in Ford in NZ ceasing to import both products.

Most of the CMC dealership tractor departments were closed, with the exception of Southland. This business has since grown to become Agricentre South Ltd, retailing New Holland & Kubota tractors in Southland and Case IH tractors in Southland / Otago with locations in Invercargill, Gore, Milton, Cromwell and Ranfurly.

In 1994 CMC acquired a major interest in Southpac Trucks, the NZ distributor for Kenworth and Foden (since retired) and more recently, DAF, heavy duty trucks which are all part of the USA based PACCAR organisation. Southpac Trucks has since grown into a major player in the NZ heavy truck industry with locations in Manukau City, Hamilton, Rotorua, New Plymouth, Palmerston North, Gisborne, Timaru and Christchurch together with a nationwide network of independent parts & service dealers.

Guinness Peat Group plc (GPG) made a takeover offer for CMC in October 1995. Among the sellers who enabled GPG to acquire 33.9% were some original Gibbons Family shareholders. As part of a plan to maximise value to shareholders, Directors resolved to rationalise the Company's non-dealership property holdings, repay the surplus funds to shareholders and focus the Company on its core motor trade activities.

In June 1997, GPG sold its shares to the MBM Group of Malaysia. Over the following years, MBM sold down its holding in CMC, with many of the shares acquired by members of the Gibbons family. MBM sold its final block of 24.9% to a large number of individuals in 2003, resulting in the addition of 300 shareholders to CMC.

In 1999, CMC's Auckland Dealerships joined with Ford Motor Company and three other Ford dealerships to form Auckland Auto Collection Limited (AACL). This move represented the biggest change in the Ford franchise arrangements in New Zealand for over 60 years. During 1999, this new business acquired the Mazda Dealerships in Auckland and Mazda Motors joined CMC and Ford as a shareholder. From 2002, the business operated as three Ford and Mazda dealerships - North Harbour, John Andrew and South Auckland. CMC sold its shareholding back to AACL in May 2005 and, in return, acquired the South Auckland Dealership.

On 16 June 2003, Ford Motor Company celebrated its centennial and the production of the original Model A Fordmobile with CMC and its forebears having been actively involved with Ford for 95 of those 100 years. In celebration of this long relationship, a history of the Company's operations and activities, "Ford Ahead", was written and published by Roger Gardner.

During the 2000's CMC also acquired the Mazda franchises in Invercargill, Dunedin, Timaru, Wellington, Lower Hutt and Masterton. These were run as dual dealerships with the existing Ford dealerships. The policy of adding Mazda to Ford dealerships ended when Ford USA sold its interest in Mazda Japan in 2009.

It has been part of the Company's philosophy and success to own property sites from which its retail subsidiary companies operate.

In 2014 CMC acquired Jeff Gray BMW & MINI with locations in Wellington, Christchurch, Palmerston North and Hastings. The business was subsequently sold in November 2016.

In recent years CMC has increased its franchise representation in a number of locations as separate dealerships or aligned with existing businesses and now includes: Suzuki, Nissan, Kia, Isuzu, BYD, MItsubishi, Mahindra; Yamaha motorcycles. In 2024 CMC signed an agreement with JAC Motors to distribute vehicles in New Zealand.

Details of the Group's current dealerships, locations and the franchises they represent are detailed on page 10 in the report.

Greenhouse gas emissions are now driving the power source for vehicles away from fossil fuel and the internal combustion engine to clean sources – electricity, hydrogen, bio fuel or others yet-to-be identified.

The current major shareholdings in CMC are individual descendants of Hopeful & Jessie Gibbons, who collectively hold over 60% of the Company shares. There are also many descendants of the original 1902 subscribers to the Rouse & Hurrell Carriage Building Company Limited who remain shareholders today.

Throughout the Company's history, change has always been with us and our ability to adapt in good times and in bad has ensured ongoing wellbeing and prosperity. As well, it has always been recognised that dedicated, skilled and enthusiastic people have been, and will continue to be, the key to the Company's future.