

## Results announcement

| <b>Results for announcement to the market</b>  |  |                                |
|--|--|--------------------------------|
| Name of issuer   | Turners Automotive Group Limited   |                                |
| Report period  | 6 months to 30 September 2020  |                                |
| Previous reporting period  | 6 months to 30 September 2019  |                                |
| Currency   | NZD  |                                |
|  | <b>Amount (000s)</b>   | <b>Percentage change</b>       |
| Revenue from continuing operations   | \$141,024  | -17%                           |
| Total revenue  | \$147,548  | -14%                           |
| Net profit from continuing operations  | \$13,434   | 25%                            |
| Total net profit   | \$13,419   | 31%                            |
| <b>Interim dividend</b>  |  |                                |
| Amount per quoted equity security  | \$0.04000000   |                                |
| Imputed amount per quoted security   | \$0.05555556   |                                |
| Record date  | 14/01/2021   |                                |
| Dividend payment date  | 28/01/2021   |                                |
|  | <b>Current period</b>  | <b>Prior comparable period</b> |
| Net tangible assets per quoted security  | \$0.87   | \$0.75                         |
| A brief explanation of any of the figures above necessary to enable the figures to be understood | Please refer to accompanying Company Announcement                        |                                |
| <b>Authority for this announcement</b>   |  |                                |
| Name of person authorised to make this announcement  | Barbara Badish   |                                |
| Contact person for this announcement   | Todd Hunter  |                                |
| Contact phone number   | 021 722 818  |                                |
| Contact email address  | <a href="mailto:Todd.Hunter@turners.co.nz">Todd.Hunter@turners.co.nz</a> |                                |
| Date of release through MAP  | 25/11/2020   |                                |

Unaudited financial statements accompany this announcement

**TURNERS AUTOMOTIVE GROUP LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended 30 September 2020

|  | Note | Six months<br>ended<br>30/09/2020<br>Unaudited<br>\$'000 | Six months<br>ended<br>30/09/2019<br>Unaudited<br>\$'000 | Year<br>ended<br>31/03/2020<br>Audited<br>\$'000 |
|--|------|--|--|--|
| Revenue from continuing operations   | 3    | 141,024  | 170,555  | 332,174  |
| Other income   | 3    | 6,524  | 144  | 500  |
| Cost of goods sold   |      | (54,864)   | (72,589)   | (135,003)  |
| Interest expense   |      | (5,731)  | (7,729)  | (14,853)   |
| Impairment provision expense   |      | (2,149)  | (2,617)  | (6,044)  |
| Subcontracted services expense   |      | (6,583)  | (7,166)  | (17,149)   |
| Employee benefits (short term)   |      | (26,382)   | (27,790)   | (55,458)   |
| Commission   |      | (5,887)  | (7,070)  | (13,368)   |
| Advertising expense  |      | (806)  | (1,484)  | (2,743)  |
| Depreciation and amortisation expense  |      | (5,771)  | (5,865)  | (11,919)   |
| Systems maintenance  |      | (874)  | (612)  | (1,747)  |
| Claims   |      | (11,583)   | (13,094)   | (25,952)   |
| Movement in life insurance liabilities   |      | (583)  | (633)  | (836)  |
| Insurance deferred acquisition costs   |      | (563)  | (178)  | (701)  |
| Other expenses   |      | (7,057)  | (9,071)  | (17,836)   |
| <b>Profit before taxation</b>  |      | <b>18,715</b>  | <b>14,801</b>  | <b>29,065</b>                                    |
| Taxation expense   |      | (5,281)  | (4,077)  | (8,112)  |
| <b>Profit from continuing operations</b>   |      | <b>13,434</b>  | <b>10,724</b>  | <b>20,953</b>                                    |
| <b>Other comprehensive income for the period (which may subsequently be reclassified to profit/loss), net of tax</b> |      |  |  |  |
| Cash flow hedges   |      | (42)   | (466)  | (447)  |
| Revaluation of financial assets at fair value through OCI  |      | -  | -  | (310)  |
| Foreign currency translation differences   |      | 27   | 12   | (12)   |
| <b>Total comprehensive income for the period</b>   |      | <b>13,419</b>  | <b>10,270</b>  | <b>20,184</b>                                    |
| <b>Earnings per share (cents per share)</b>  |      |  |  |  |
| Basic earnings per share   | 4    | 15.70  | 12.39  | 24.35  |
| Diluted earnings per share   | 4    | 15.79  | 12.39  | 24.35  |

**TURNERS AUTOMOTIVE GROUP LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 30 September 2020

|   |      | Share<br>Capital<br>\$'000 | Share<br>Options<br>Reserve<br>\$'000 | Translation<br>Reserve<br>\$'000 | Revaluation of<br>financial<br>assets at<br>fair value<br>through OCI<br>\$'000 | Cash flow<br>reserve<br>\$'000 | Retained<br>Earnings<br>\$'000 | Total<br>\$'000 |
|---|------|----------------------------|---------------------------------------|----------------------------------|---|--------------------------------|--------------------------------|-----------------|
| Balance at 31 March 2019 (audited)                                | Note | 206,395                    | 1,027                                 | (47)                             | -   | (528)                          | 19,527                         | 226,374         |
| Change in accounting policy                                       |      |                            |                                       |                                  |   |                                |                                |                 |
| Impact implementation of NZ IFRS 16                               |      | -                          | -                                     | -                                | -   | -                              | (5,666)                        | (5,666)         |
|   |      | -                          | -                                     | -                                | -   | -                              | (5,666)                        | (5,666)         |
| Balance at 1 April 2019 (restated)                                |      | 206,395                    | 1,027                                 | (47)                             | -   | (528)                          | 13,861                         | 220,708         |
| <i>Transactions with shareholders in their capacity as owners</i> |      |                            |                                       |                                  |   |                                |                                |                 |
| Capital contributions (net of issue costs)                        |      | 97                         | -                                     | -                                | -   | -                              | -                              | 97              |
| Capital buy back  |      | (3,192)                    | -                                     | -                                | -   | -                              | -                              | (3,192)         |
| Cancellation of options   |      | 1,027                      | (1,027)                               | -                                | -   | -                              | -                              | -               |
| Dividend paid   | 8    | -                          | -                                     | -                                | -   | -                              | (7,855)                        | (7,855)         |
|   |      | (2,068)                    | (1,027)                               | -                                | -   | -                              | (7,855)                        | (10,950)        |
| <i>Comprehensive income</i>                                       |      |                            |                                       |                                  |   |                                |                                |                 |
| Profit  |      | -                          | -                                     | -                                | -   | -                              | 10,724                         | 10,724          |
| Other comprehensive income  |      | -                          | -                                     | 12                               | -   | (466)                          | -                              | (454)           |
| Total comprehensive income for the period, net of tax             |      | -                          | -                                     | 12                               | -   | (466)                          | 10,724                         | 10,270          |
| Balance at 30 September 2019 (unaudited)                          |      | 204,327                    | -                                     | (35)                             | -   | (994)                          | 16,730                         | 220,028         |
| <i>Transactions with shareholders in their capacity as owners</i> |      |                            |                                       |                                  |   |                                |                                |                 |
| Dividend paid   | 8    | -                          | -                                     | -                                | -   | -                              | (6,887)                        | (6,887)         |
|   |      | -                          | -                                     | -                                | -   | -                              | (6,887)                        | (6,887)         |
| <i>Comprehensive income</i>                                       |      |                            |                                       |                                  |   |                                |                                |                 |
| Profit  |      | -                          | -                                     | -                                | -   | -                              | 10,229                         | 10,229          |
| Other comprehensive income  |      | -                          | -                                     | (24)                             | (310)   | 19                             | -                              | (315)           |
| Total comprehensive income for the period, net of tax             |      | -                          | -                                     | (24)                             | (310)   | 19                             | 10,229                         | 9,914           |
| Balance at 31 March 2020 (audited)                                |      | 204,327                    | -                                     | (59)                             | (310)   | (975)                          | 20,072                         | 223,055         |
| <i>Transactions with shareholders in their capacity as owners</i> |      |                            |                                       |                                  |   |                                |                                |                 |
| Employee share based payments                                     |      | -                          | 93                                    | -                                | -   | -                              | -                              | 93              |
| Dividend paid   | 8    | -                          | -                                     | -                                | -   | -                              | (5,162)                        | (5,162)         |
|   |      | -                          | 93                                    | -                                | -   | -                              | (5,162)                        | (5,069)         |
| <i>Comprehensive income</i>                                       |      |                            |                                       |                                  |   |                                |                                |                 |
| Profit  |      | -                          | -                                     | -                                | -   | -                              | 13,434                         | 13,434          |
| Other comprehensive income  |      | -                          | -                                     | 27                               | -   | (42)                           | -                              | (15)            |
| Total comprehensive income for the period, net of tax             |      | -                          | -                                     | 27                               | -   | (42)                           | 13,434                         | 13,419          |
| Balance at 30 September 2020 (unaudited)                          |      | 204,327                    | 93                                    | (32)                             | (310)   | (1,017)                        | 28,344                         | 231,405         |

**TURNERS AUTOMOTIVE GROUP LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2020**

|  | Note | 30/09/2020<br>Unaudited<br>\$'000 | 30/09/2019<br>Unaudited<br>\$'000 | 31/03/2020<br>Audited<br>\$'000 |
|--|------|-----------------------------------|-----------------------------------|---------------------------------|
| <b>Assets</b>  |      |                                   |                                   |                                 |
| Cash and cash equivalents                                | 5    | 18,864                            | 14,592                            | 32,771                          |
| Financial assets at fair value through profit or loss    |      |                                   |                                   |                                 |
| - Insurance  |      | 62,095                            | 59,934                            | 61,834                          |
| - Other  |      | 3,002                             | 3,500                             | 3,154                           |
| Trade receivables  |      | 8,116                             | 11,856                            | 8,609                           |
| Inventories  |      | 29,814                            | 36,492                            | 44,371                          |
| Finance receivables                                      | 6    | 300,749                           | 285,686                           | 293,037                         |
| Other receivables, deferred expenses and contract assets |      | 8,993                             | 13,052                            | 8,572                           |
| Reverse annuity mortgages                                |      | 4,556                             | 5,859                             | 4,913                           |
| Investment property                                      |      | 5,650                             | 5,650                             | 5,650                           |
| Financial assets at fair value through OCI               |      | 1,000                             | 1,310                             | 1,000                           |
| Property, plant and equipment                            |      | 53,623                            | 52,648                            | 52,788                          |
| Right-of-use assets                                      |      | 22,711                            | 26,768                            | 24,850                          |
| Intangible assets  |      | 166,630                           | 166,629                           | 166,843                         |
| <b>Total assets</b>                                      |      | <b>685,803</b>                    | <b>683,976</b>                    | <b>708,392</b>                  |
| <b>Liabilities</b>                                       |      |                                   |                                   |                                 |
| Other payables   |      | 35,826                            | 34,967                            | 28,048                          |
| Contract liabilities                                     |      | 2,355                             | 1,771                             | 2,085                           |
| Deferred tax   |      | 9,794                             | 11,122                            | 10,080                          |
| Tax payable  |      | 3,475                             | 1,073                             | 2,772                           |
| Derivative financial instruments                         |      | 999                               | 992                               | 985                             |
| Borrowings   | 7    | 314,392                           | 319,588                           | 350,364                         |
| Lease liabilities  |      | 27,979                            | 34,641                            | 32,511                          |
| Life investment contract liabilities                     |      | 8,112                             | 7,853                             | 7,072                           |
| Insurance contract liabilities                           |      | 51,466                            | 51,941                            | 51,420                          |
| <b>Total liabilities</b>                                 |      | <b>454,398</b>                    | <b>463,948</b>                    | <b>485,337</b>                  |
| <b>Shareholders' equity</b>                              |      |                                   |                                   |                                 |
| Share capital  |      | 204,327                           | 203,300                           | 204,327                         |
| Other reserves   |      | (1,266)                           | (1,029)                           | (1,344)                         |
| Retained earnings  |      | 28,344                            | 17,757                            | 20,072                          |
| <b>Total shareholders' equity</b>                        |      | <b>231,405</b>                    | <b>220,028</b>                    | <b>223,055</b>                  |
| <b>Total shareholders' equity and liabilities</b>        |      | <b>685,803</b>                    | <b>683,976</b>                    | <b>708,392</b>                  |
| Total assets per share (\$)                              |      | 8.02                              | 7.99                              | 8.28                            |
| Net tangible assets (\$)                                 |      | 0.87                              | 0.75                              | 0.77                            |

**TURNERS AUTOMOTIVE GROUP LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the six months ended 30 September 2020

|   | Note | Six months<br>ended<br>30/09/2020<br>Unaudited<br>\$'000 | Six months<br>ended<br>30/09/2019<br>Unaudited<br>\$'000 | Year<br>ended<br>31/03/2019<br>Audited<br>\$'000 |
|---|------|--|--|--|
| <b>Cash flows from operating activities</b>   |      |  |  |  |
| Interest received   |      | 21,268   | 22,314   | 43,874   |
| Receipts from customers   |      | 121,512  | 146,706  | 289,275  |
| Interest paid   |      | (5,657)  | (6,682)  | (12,856)   |
| Payment to suppliers and employees  |      | (90,022)   | (141,489)  | (285,795)  |
| Income tax paid   |      | (4,705)  | (8,190)  | (11,460)   |
| <b>Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities</b> |      | <b>42,396</b>  | 12,659   | 23,038   |
| Net increase in finance receivables   |      | (16,105)   | (8,863)  | (27,826)   |
| Net decrease in reverse annuity mortgages   |      | 501  | 2,787  | 3,964  |
| Net decrease of financial assets at fair value through profit or loss   |      | 733  | 3,346  | 704  |
| Net contribution from life investment contracts   |      | 221  | (814)  | 88   |
| <b>Changes in operating assets and liabilities arising from cash flow movements</b>                           |      | <b>(14,650)</b>  | (3,544)  | (23,070)   |
| <b>Net cash inflow/(outflow) from operating activities</b>  |      | <b>27,746</b>  | 9,115  | (32)   |
| <b>Cash flows from investing activities</b>   |      |  |  |  |
| Proceeds from sale of property, plant, equipment and intangibles  |      | 137  | 467  | 913  |
| Purchase of fixed assets and intangible assets  |      | (3,818)  | (15,808)   | (19,245)   |
| Investment in associate   |      | -  | (1,310)  | (1,310)  |
| Sale of investments   |      | 158  | -  | 473  |
| <b>Net cash (outflow)/inflow from investing activities</b>  |      | <b>(3,523)</b>   | (16,651)   | (19,169)   |
| <b>Cash flows from financing activities</b>   |      |  |  |  |
| Net bank loan advances/(repayments)   |      | (29,469)   | 20,663   | 61,038   |
| Principal elements of lease payments  |      | (3,499)  | (3,352)  | (6,998)  |
| Buy back of shares  |      | -  | (3,194)  | (3,192)  |
| Dividend paid   |      | (5,162)  | (7,855)  | (14,742)   |
| <b>Net cash inflow/(outflow) from financing activities</b>  |      | <b>(38,130)</b>  | 6,262  | 36,106   |
| <b>Net movement in cash and cash equivalents</b>  |      | <b>(13,907)</b>  | (1,274)  | 16,905   |
| <b>Add opening cash and cash equivalents</b>  |      | <b>32,771</b>  | <b>15,866</b>  | 15,866   |
| Translation difference  |      | -  | -  | -  |
| <b>Closing cash and cash equivalents</b>  | 5    | <b>18,864</b>  | 14,592   | 32,771   |

**TURNERS AUTOMOTIVE GROUP LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six months ended 30 September 2020**

|   | Six months<br>ended<br>30/09/2020<br>Unaudited<br>\$'000 | Six months<br>ended<br>30/09/2019<br>Unaudited<br>\$'000 | Year<br>ended<br>31/03/2020<br>Audited<br>\$'000 |
|---|--|--|--|
| <b>RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES</b>            |  |  |  |
| <b>Profit/(loss)</b>  | <b>13,434</b>  | 10,724   | 20,953   |
| <b>Adjustment for non-cash items</b>  |  |  |  |
| Impairment charge on finance receivables, reverse annuity mortgages and other receivables | 2,149  | 2,844  | 6,044  |
| Net loss/(profit) on sale fixed assets  | 52   | (26)   | (33)   |
| Depreciation and amortisation   | 5,771  | 5,865  | 11,919   |
| Capitalised reverse annuity mortgage interest   | (219)  | (367)  | (613)  |
| Deferred revenues   | (639)  | (848)  | (2,892)  |
| Fair value adjustments on assets/liabilities at fair value through profit and loss        | (1,043)  | (604)  | 77   |
| Net annuity and premium change to policyholders accounts                                  | 819  | 1,183  | (500)  |
| Non-cash long term employee benefits  | 93   | -  | -  |
| Non-cash adjustments to finance receivables effective interest rates                      | (56)   | (344)  | (226)  |
| Deferred expenses   | (680)  | (1,930)  | (2,652)  |
| Fair value adjustment on contingent consideration   | -  | -  | (116)  |
| Gain on modification of a lease   | (1,133)  | -  | -  |
| <b>Adjustment for movements in working capital</b>  |  |  |  |
| Net decrease/(increase) receivables and pre-payments                                      | 464  | (1,549)  | 5,251  |
| Net decrease/(increase) in inventories  | 14,557   | 2,581  | (5,512)  |
| Net increase/(decrease) in payables   | 6,948  | 166  | (3,544)  |
| Net increase/(decrease) in contract liabilities   | 1,462  | (871)  | (1,694)  |
| Net increase in finance receivables   | (16,105)   | (8,863)  | (27,826)   |
| Net decrease in reverse annuity mortgages   | 501  | 2,787  | 3,964  |
| Net decrease of insurance assets at fair value through profit or loss                     | 733  | 3,346  | 704  |
| Net contributions/(withdrawals) from life investment contracts                            | 221  | (814)  | 88   |
| Net decrease in deferred tax liability  | (286)  | (643)  | (1,618)  |
| Net increase/(decrease) in tax payable  | 703  | (3,522)  | (1,806)  |
| <b>Net cash inflow/(outflow) from operating activities</b>                                | <b>27,746</b>  | 9,115  | (32)   |

## TURNERS AUTOMOTIVE GROUP LIMITED

### 1. ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENT, ESTIMATES AND ASSUMPTIONS

The same accounting policies included in the Group's Annual Report for the year ended 31 March 2020, together with a new government grants policy (disclosed below), have been applied when preparing these financial statements.

#### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The same significant judgments, estimates and assumptions (including basis of segmentation) included in the notes to the financial statements in the Group's Annual Report for the year to 31 March 2020 have been applied to these financial statements. The business does not experience notable seasonal variations. There has been no change to the basis of segmentation from that applied at 31 March 2020.

### 2. SEGMENTAL INFORMATION

#### OPERATING SEGMENTS

| Revenue                             | Revenue               |                       |                                 | Revenue               |                       |                                 | Revenue               |                       |                                 |
|-------------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|---------------------------------|
|                                     | Total segment revenue | Inter-segment revenue | Revenue from external customers | Total segment revenue | Inter-segment revenue | Revenue from external customers | Total segment revenue | Inter-segment revenue | Revenue from external customers |
|                                     | 30/09/2020            | 30/09/2020            | 30/09/2020                      | 30/09/2019            | 30/09/2019            | 30/09/2019                      | 31/03/2020            | 31/03/2020            | 31/03/2020                      |
|                                     | Unaudited             | Unaudited             | Unaudited                       | Unaudited             | Unaudited             | Unaudited                       | Audited               | Audited               | Audited                         |
|                                     | \$'000                | \$'000                | \$'000                          | \$'000                | \$'000                | \$'000                          | \$'000                | \$'000                | \$'000                          |
| Automotive retail                   | 98,044                | (1,896)               | 96,148                          | 117,832               | (1,982)               | 115,850                         | 229,512               | (4,634)               | 224,878                         |
| Finance                             | 23,164                | -                     | 23,164                          | 22,750                | -                     | 22,750                          | 45,744                | -                     | 45,744                          |
| Credit management                   | 7,022                 | -                     | 7,022                           | 9,885                 | -                     | 9,885                           | 17,939                | -                     | 17,939                          |
| Insurance                           | 21,696                | (548)                 | 21,148                          | 22,641                | (430)                 | 22,211                          | 45,236                | (1,129)               | 44,107                          |
| Corporate & other                   | 66                    | -                     | 66                              | 3                     | -                     | 3                               | 6                     | -                     | 6                               |
|                                     | 149,992               | (2,444)               | 147,548                         | 173,111               | (2,412)               | 170,699                         | 338,437               | (5,763)               | 332,674                         |
| <b>Operating profit</b>             |                       |                       |                                 |                       |                       |                                 | <b>30/09/2020</b>     | 30/09/2019            | 31/03/2020                      |
|                                     |                       |                       |                                 |                       |                       |                                 | <b>Unaudited</b>      | Unaudited             | Audited                         |
|                                     |                       |                       |                                 |                       |                       |                                 | <b>\$'000</b>         | \$'000                | \$'000                          |
| Automotive retail                   |                       |                       |                                 |                       |                       |                                 | 7,773                 | 7,341                 | 13,829                          |
| Finance                             |                       |                       |                                 |                       |                       |                                 | 7,629                 | 6,492                 | 12,167                          |
| Credit management                   |                       |                       |                                 |                       |                       |                                 | 2,986                 | 3,608                 | 6,494                           |
| Insurance                           |                       |                       |                                 |                       |                       |                                 | 4,539                 | 2,613                 | 6,215                           |
| Corporate & other                   |                       |                       |                                 |                       |                       |                                 | (4,212)               | (5,253)               | (9,640)                         |
| Profit/(loss) before taxation       |                       |                       |                                 |                       |                       |                                 | 18,715                | 14,801                | 29,065                          |
| Income tax                          |                       |                       |                                 |                       |                       |                                 | (5,281)               | (4,077)               | (8,112)                         |
| Profit attributable to shareholders |                       |                       |                                 |                       |                       |                                 | 13,434                | 10,724                | 20,953                          |

## TURNERS AUTOMOTIVE GROUP LIMITED

|                   | Interest revenue |            |            | Interest expense |            |            | Depreciation and amortisation expenses |            |            |
|-------------------|------------------|------------|------------|------------------|------------|------------|--|------------|------------|
|                   | 30/09/2020       | 30/09/2019 | 31/03/2020 | 30/09/2020       | 30/09/2019 | 31/03/2020 | 30/09/2020                             | 30/09/2019 | 31/03/2020 |
|                   | Unaudited        | Unaudited  | Audited    | Unaudited        | Unaudited  | Audited    | Unaudited                              | Unaudited  | Audited    |
|                   | \$'000           | \$'000     | \$'000     | \$'000           | \$'000     | \$'000     | \$'000                                 | \$'000     | \$'000     |
| Automotive retail | 832              | 2,416      | 3,904      | (1,209)          | (2,198)    | (3,967)    | (4,524)                                | (3,848)    | (7,960)    |
| Finance           | 19,939           | 20,135     | 40,579     | (2,723)          | (3,551)    | (6,912)    | (412)                                  | (382)      | (717)      |
| Credit management | -                | 4          | 5          | (17)             | (20)       | (39)       | (153)                                  | (114)      | (249)      |
| Insurance         | 936              | 1,273      | 2,276      | (42)             | (47)       | (91)       | (596)                                  | (1,407)    | (2,783)    |
| Corporate & other | 3                | 4          | 6          | (1,743)          | (1,958)    | (3,930)    | (86)                                   | (114)      | (210)      |
|                   | 21,710           | 23,832     | 46,770     | (5,734)          | (7,774)    | (14,939)   | (5,771)                                | (5,865)    | (11,919)   |
| Eliminations      | (3)              | (45)       | (86)       | 3                | 45         | 86         | -                                      | -          | -          |
|                   | 21,707           | 23,787     | 46,684     | (5,731)          | (7,729)    | (14,853)   | (5,771)                                | (5,865)    | (11,919)   |

### Other material non-cash items

|   | Revenue    |            |            | Expenses   |            |            |
|---|------------|------------|------------|------------|------------|------------|
|   | 30/09/2020 | 30/09/2019 | 31/03/2020 | 30/09/2020 | 30/09/2019 | 31/03/2020 |
|   | Unaudited  | Unaudited  | Audited    | Unaudited  | Unaudited  | Audited    |
|   | \$'000     | \$'000     | \$'000     | \$'000     | \$'000     | \$'000     |
| Gain on modification of a lease               | 1,133      | -          | -          | -          | -          | -          |
| Automotive retail - impairment provisions     | -          | -          | -          | 152        | (129)      | (126)      |
| Finance - impairment provisions               | -          | -          | -          | (2,226)    | (2,488)    | (5,888)    |
| Insurance - reverse annuity mortgage interest | 219        | 367        | 613        | -          | -          | -          |
|   | 1,352      | 367        | 613        | (2,074)    | (2,617)    | (6,014)    |

## 2.2 SEGMENT ASSETS AND LIABILITIES

|                   | Segment assets |            |            | Segment liabilities |            |            |
|-------------------|----------------|------------|------------|---------------------|------------|------------|
|                   | 30/09/2020     | 30/09/2019 | 31/03/2020 | 30/09/2020          | 30/09/2019 | 31/03/2020 |
|                   | Unaudited      | Unaudited  | Audited    | Unaudited           | Unaudited  | Audited    |
|                   | \$'000         | \$'000     | \$'000     | \$'000              | \$'000     | \$'000     |
| Automotive retail | 110,056        | 154,086    | 129,496    | 69,942              | 109,438    | 92,078     |
| Finance           | 321,778        | 285,416    | 308,696    | 248,717             | 221,927    | 241,086    |
| Credit management | 41,320         | 36,074     | 38,268     | 8,429               | 7,544      | 7,585      |
| Insurance         | 137,034        | 132,943    | 134,236    | 72,664              | 73,502     | 73,133     |
| Corporate & other | 188,914        | 196,128    | 216,174    | 72,066              | 73,257     | 91,423     |
|                   | 799,102        | 804,647    | 826,870    | 471,818             | 485,669    | 505,305    |
| Eliminations      | (113,299)      | (120,671)  | (118,478)  | (17,420)            | (21,721)   | (19,968)   |
|                   | 685,803        | 683,976    | 708,392    | 454,398             | 463,948    | 485,337    |

Five reportable segments have been identified as follows:

Automotive retail - remarketing (motor vehicles, trucks, heavy machinery and commercial goods) and purchasing goods for sale.

Finance - provides asset based finance to consumers and SME's.

Credit management - collection services, credit management and debt recovery services to the corporate and SME sectors. Geographically the collections services segment business activities are located in New Zealand and Australia.

Insurance - marketing and administration of a range of life and consumer insurance and saving products.

Corporate & other - corporate centre.



## TURNERS AUTOMOTIVE GROUP LIMITED

### 3. REVENUE

Revenue from continuing operations includes:

|   | Six months<br>ended<br>30/09/2020<br>Unaudited<br>\$'000 | Six months<br>ended<br>30/09/2019<br>Unaudited<br>\$'000 | Year<br>ended<br>31/03/2020<br>Audited<br>\$'000 |
|---|--|--|--|
| Interest income                               | 21,707   | 23,787   | 46,684   |
| Sales of goods                                | 65,747   | 86,073   | 167,264  |
| Commission and other sales revenue            | 23,933   | 25,731   | 52,714   |
| Finance related insurance commissions         | 1,535  | 1,539  | 3,397  |
| Loan fee income                               | 1,403  | 1,784  | 2,958  |
| Insurance and life investment contract income | 18,674   | 20,715   | 39,676   |
| Collection income                             | 6,293  | 9,833  | 17,709   |
| Bad debts recovered                           | 430  | 347  | 591  |
| Other revenue                                 | 1,302  | 746  | 1,181  |
|   | <b>141,024</b>   | <b>170,555</b>   | <b>332,174</b>                                   |

Other income includes:

|   |              |            |            |
|---|--------------|------------|------------|
| Gain on sale of investments                   | 6            | -          | 35         |
| Dividend income                               | 4            | 104        | 367        |
| Gain of sale of property, plant and equipment | 39           | 40         | 61         |
| Fair value gain on contingent consideration   | -            | -          | 37         |
| Government subsidies                          | 5,342        | -          | -          |
| Gain on modification of a lease               | 1,133        | -          | -          |
|   | <b>6,524</b> | <b>144</b> | <b>500</b> |

### 4. SHARE CAPITAL AND EARNINGS PER SHARE

|   | 30/09/2020<br>Unaudited | 30/09/2019<br>Unaudited | 31/03/2020<br>Audited |
|---|-------------------------|-------------------------|-----------------------|
| <b>Number of ordinary shares</b>                        |                         |                         |                       |
| Opening balance   | 85,554,710              | 86,888,064              | 86,888,064            |
| Shares issued for the dealer share scheme               | -                       | 40,752                  | 40,752                |
| Shares purchased and cancelled under the share buy back | -                       | (1,374,106)             | (1,374,106)           |
|   | <b>85,554,710</b>       | <b>85,554,710</b>       | <b>85,554,710</b>     |

Basic earnings per share

The calculation of basic earnings per share at 30 September and 31 March was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, as follows:

|   | Six months<br>ended<br>30/09/2020<br>Unaudited | Six months<br>ended<br>30/09/2019<br>Unaudited | Year<br>ended<br>31/03/2020<br>Audited |
|---|--|--|--|
| Profit for the Period (\$'000)                                      | 13,434   | 10,724   | 20,953                                 |
| Weighted average number of ordinary shares at the end of the period | 85,554,710                                     | 86,560,829                                     | 86,055,495                             |
| Basic earnings per share (cents per share)                          | 15.70  | 12.39  | 24.35                                  |

**Weighted number of shares**

|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Opening balance   | 85,554,710        | 86,888,064        | 86,888,064        |
| Shares issued for the dealer share scheme               | -                 | 5,345             | 23,111            |
| Shares purchased and cancelled under the share buy back | -                 | (332,580)         | (855,680)         |
|   | <b>85,554,710</b> | <b>86,560,829</b> | <b>86,055,495</b> |

## TURNERS AUTOMOTIVE GROUP LIMITED

### Diluted earnings per share

The calculation of diluted earnings per share at 30 September and 31 March was based on the diluted profit attributable to shareholders and a diluted weighted average number of ordinary shares outstanding as follows:

|  | Six months<br>ended<br>30/09/2020<br>Unaudited | Six months<br>ended<br>30/09/2019<br>Unaudited | Year<br>ended<br>31/03/2020<br>Audited |
|--|--|--|--|
| <b>Continuing operations (\$'000)</b>                | <b>13,434</b>                                  | 10,724   | 20,953                                 |
| Add: Long term incentive expense relation to options | 93   | -  | -                                      |
| Profit for the year (\$'000)                         | <b>13,527</b>                                  | 10,724   | 20,953                                 |
| <i>Weighted number of ordinary shares (diluted)</i>  |  |  |  |
| Weighted average number of shares (basic)            | <b>85,554,710</b>                              | 86,560,829                                     | 86,055,495                             |
| Effect of the exercise of options                    | <b>122,943</b>                                 | -  | -                                      |
| Weighted average number of shares (diluted)          | <b>85,677,653</b>                              | 86,560,829                                     | 86,055,495                             |
| Diluted earnings per share (cents per share)         | <b>15.79</b>                                   | 12.39  | 24.35                                  |

### 5. CASH AND CASH EQUIVALENTS

|                           | 30/09/2020<br>Unaudited<br>\$'000 | 30/09/2019<br>Unaudited<br>\$'000 | 31/03/2020<br>Audited<br>\$'000 |
|---------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| Cash and cash equivalents | <b>18,864</b>                     | 14,592                            | 32,771                          |

The Group's insurance business is required to comply with the solvency standards for licensed insurers issued by the Reserve Bank of New Zealand. The solvency standards specify the level of assets the insurance business is required to hold in order to meet solvency requirements, consequently all cash and cash equivalents held in the insurance business may not be available for use by the wider Group. The Group's insurance business' cash and cash equivalents at 30 September 2020 were \$4.7m (30 September 2019: \$3.0m; 31 March 2020: \$1.5m).

Cash and cash equivalents at 30 September 2019 of \$4.3m (30 September 2019 :\$2.9m; 31 March 2020 : \$5.1m) belongs to the Turners Marquee Warehouse Trust 1 and is not available to the Group.

### 6. FINANCE RECEIVABLES

|  | 30/09/2020<br>Unaudited<br>\$'000 | 30/09/2019<br>Unaudited<br>\$'000 | 31/03/2020<br>Audited<br>\$'000 |
|--|-----------------------------------|-----------------------------------|---------------------------------|
| Gross finance receivables                    | <b>311,851</b>                    | 299,962                           | 307,498                         |
| Deferred fee revenue and commission expenses | <b>8,154</b>                      | 5,808                             | 7,244                           |
| Provision for impairment                     | <b>(19,256)</b>                   | (20,084)                          | (21,705)                        |
|  | <b>300,749</b>                    | 285,686                           | 293,037                         |

#### Securitisation

The Group has a wholesale funding facility with the Bank of New Zealand (BNZ) under which it securitises finance receivables through The Turners Marquee Warehouse Trust 1 (the Trust). Under the facility, BNZ provides funding to the Trust secured by finance receivables sold to the Trust from the finance segment. The facility is for a 24 month term that will be renewed annually. The facility is for \$250m.

The Trust is a special purpose entity set up solely for the purpose of purchasing finance receivables from the finance sector with the BNZ funding up to 92% of the purchase price with the balance funded by sub-ordinated notes from the Group. The New Zealand Guardian Trust Company Limited has been appointed Trustee for the Trust and NZGT Security Trustee Limited as the security trustee. The Company is the sole beneficiary.

The Group has the power over the Trust, exposure, or rights, to variable returns from its involvement with the Trust and the ability to use its power over the Trust to affect the amount of the Group's returns from the Trust. Consequently the Group controls the Trust and has consolidated the Trust into the Group's financial statements.

## TURNERS AUTOMOTIVE GROUP LIMITED

The Group retains substantially all the risks and rewards relating to the finance receivables sold and therefore the finance receivables do not qualify for derecognition and remain on the Group's consolidated statement of financial position.

During the reporting period \$58.4m finance receivables were sold to the Trust (30 September 2019: \$67.0m; 31 March 2020: \$149.4m). As at 30 September 2020 the carrying value of financial receivables in the Trust was \$211.0m (30 September 2019: \$177.8m; 31 March 2019: \$210.2m).

### 7. BORROWINGS

|                          | 30/09/2020     | 30/09/2019 | 31/03/2020 |
|--------------------------|----------------|------------|------------|
|                          | Unaudited      | Unaudited  | Audited    |
|                          | \$'000         | \$'000     | \$'000     |
| Secured bank borrowings  | 282,851        | 271,945    | 312,320    |
| Deferred borrowing costs | (62)           | (217)      | (116)      |
|                          | <b>282,789</b> | 271,728    | 312,204    |
| Non-bank borrowings      |                |            |            |
| Motor Trade Finance      | 6,751          | 23,155     | 13,382     |
| Bonds                    | 25,000         | 25,000     | 25,000     |
| Deferred issue costs     | (148)          | (295)      | (222)      |
|                          | <b>24,852</b>  | 24,705     | 24,778     |
| Total borrowings         | <b>314,392</b> | 319,588    | 350,364    |

#### Secured bank borrowings

The Group has a syndicated funding facility with the Bank of New Zealand and ASB Bank, a self liquidating trade finance facility with ASB Bank and securitisation facility with the Bank of New Zealand.

The bank borrowings are secured by a first-ranking general security agreement over the assets of the Company and its subsidiaries, excluding DPL Insurance Limited, Turners Finance Limited and EC Credit (Aust.) Limited. The Group's securitisation financing arrangement is described under finance receivables.

#### Motor Trade Finance

Turners Finance Limited is a shareholder of a motor trade based company called Motor Trade Finance Limited (MTF). MTF provides the services of a finance company, including funding, on a full recourse basis back to its shareholders.

MTF provides finance to Turners Finance Limited to fund the finance receivables. The MTF funding is secured by a chattel security over the Turners Finance Limited's customer's asset securing the finance receivable and by a general security over the assets of Turners Finance Limited.

Turners Finance Limited has also given undertakings to MTF as the nature and conduct of its business, and overall quality of the finance receivables and aggregate. Turners Finance has complied with these undertakings in the current and prior financial year.

#### Bonds

On 1 October 2018 Turners Automotive Group issued secured subordinated fixed rate bonds with a fixed maturity on 30 September 2021. Interest is fixed at 5.5% and is paid quarterly in arrears in equal amounts. The bonds rank behind the indebtedness owing under the bank facilities and are guaranteed by Turners Automotive Group Limited, Oxford Finance Limited, Buy Right Cars (2016) Limited, EC Credit (NZ) Limited, Estate Management Services Limited, Payment Management Services Limited, EC Web Services Limited, Turners Group NZ Limited, Turners Fleet Limited and Turners Property Holdings Limited.

## TURNERS AUTOMOTIVE GROUP LIMITED

### 8. DIVIDENDS

|   | Six months<br>ended<br>30/09/2020<br>Unaudited<br>\$'000 | Six months<br>ended<br>30/09/2019<br>Unaudited<br>\$'000 | Year<br>ended<br>31/03/2020<br>Audited<br>\$'000 |
|---|--|--|--|
| Quarterly dividend for the year ended 31 March 2019 of \$0.04 per fully paid ordinary share, imputed, payable on 30 April 2019.                                     | -  | 3,489  | 3,489  |
| Final dividend for the year ended 31 March 2020 of \$0.06 (31 March 2019: \$0.05) per fully paid ordinary share, imputed paid on 24 July 2020 (2019: 18 July 2019). | 5,162  | 4,366  | 4,366  |
| Quarterly dividend for the year ended 31 March 2020 of \$0.04 per fully paid ordinary share, imputed, paid on 22 October 2019.                                      | -  | -  | 3,441  |
| Quarterly dividend for the year ended 31 March 2020 of \$0.04 per fully paid ordinary share, imputed, paid on 30 January 2020.                                      | -  | -  | 3,446  |
| <b>Total dividends provided for or paid</b>   | <b>5,162</b>   | <b>7,855</b>   | <b>14,742</b>                                    |

#### *Dividends not recognised at the end of the half year:*

In addition to the above dividends, since the end of the period the directors have recommended the payment of the following dividends expected to be paid out of retained earnings at 30 September 2020, but not recognised as a liability at the end of the period:

|   |       |       |   |
|---|-------|-------|---|
| Quarterly dividend for the year ended 31 March 2021 of \$0.04 (31 March 2020: \$0.04) per fully paid ordinary share, imputed, payable on 22 October 2020 (2020: 22 October 2019). | 3,440 | 3,441 | - |
| Quarterly dividend for the year ended 31 March 2021 of \$0.04 (31 Mar 2020: \$0.04) per fully paid ordinary share, imputed, payable on 28 January 2021 (2020: 30 January 2020).   | 3,422 | 3,466 | - |

### 9. CONTINGENT LIABILITY

#### Buy Right Cars

The hearing of the legal action brought against the Company by the vendor of the business disputing the quantum of the final earn out concluded in the High Court on 25 September 2020, judgement is pending. The directors consider that on balance of probabilities no payment will be made to the vendor.