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ASX Announcement

Full Year Results Update

The last few months of FY20 were overshadowed by the COVID-19 pandemic. The knock-on effects of the pandemic on the automotive industry resulted in significant fluctuations in new car sales in the last quarter of FY20. According to Vfacts data, new car sales saw the sharpest decline in 23 years in April 2020, down 48.5% on PCP followed by a recovery through to June 2020.

Autosports Group's operations focus on the luxury and prestige segments on the East Coast of Australia which performed better than the overall new car market. Total new vehicle sales (according to VFACTS) were down 13.7% in FY2020 whereas the luxury market was down only 1.1%.

On a preliminary basis and subject to the completion of Autosports Group's full year report and audit by the external auditors, it is expected that Autosports Group will report total revenue of \$1.7 billion and normalised net profit before tax (**NPBT**) of \$23.1 million (FY2019 Revenue: \$1.69 billion, normalised NPBT: \$29.3 million).

Normalised NPBT excludes the impact of the expected impairment, intangible amortisation, one-off costs associated with acquisitions, the results and associated costs of closure of dealerships and the effects of AASB16 "Leases".

Autosports Group conducted a review of its goodwill carrying value in respect of the full year ended 30 June 2020. Following completion of the impairment testing process, Autosports Group expects to recognise a non-cash goodwill impairment charge of \$109.2M for the full year ended 30 June 2020 comprising \$55.4M for the half year ended 30 June 2020 plus \$53.7M previously announced for the half year ended 31 December 2019.

The impairment is a non-cash accounting adjustment and will have no impact on Autosports Group's normalised earnings or cashflows. The impairment relates to an independent external determination of an increase in WACC rates (weighted average cost of capital) and Autosport Group's forecast cashflows reflecting higher levels of economic uncertainty due to the COVID-19 pandemic.

The final impairment outcome is subject to audit and the finalisation of the full-year results which are planned to be released on Friday 28 August 2020.

This announcement was approved by the CEO of Autosports Group Limited.

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