



MotorCycle Holdings Limited and its Controlled Entities

ABN 29 150 386 995

Interim Financial Report for the half year ended 31 December 2021

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Table of Contents

Directors' Report	2
Lead Auditor's Independence Declaration	4
Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Interim Statement of Financial Position	6
Consolidated Interim Statement of Changes in Equity	7
Consolidated Interim Statement of Cash Flows	8
Notes to and Forming Part of the Consolidated Interim Financial Statements	9
Directors' Declaration	17
Independent Auditor's Review Report	18

Directors' Report

The directors present their report together with the consolidated interim financial statements of MotorCycle Holdings Limited (the 'Company') and its controlled entities (the 'Group') for the six months ended 31 December 2021 and the auditor report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

David Foster Chair	Appointed 1 March 2016 (Non-Executive Director) Appointed 22 July 2016 (Chair)
David Ahmet Managing Director	Appointed 30 June 2011
Warren Bee Non-Executive Director	Appointed 30 June 2011
Rick Dennis Non-Executive Director	Appointed 23 August 2016
Peter Henley Non-Executive Director	Appointed 1 March 2017
Rob Cassen Non-Executive Director	Appointed 31 October 2017 (Executive Director) Appointed 22 December 2018 (Non-Executive Director)

Review of Operations

Sales revenue increased 8% to \$234,623,000 (2020: \$218,027,000) driven by continued strong growth in new and used motorcycle sales.

Underlying earnings before interest, tax and depreciation (Underlying EBITDA) decreased 6% to \$19,800,000 (2020: \$20,991,000) while net profit after tax (NPAT) decreased 27% to \$12,558,000 (2020: \$17,205,000). Earnings per share decreased 27% from 27.9 cents to 20.4 cents.

The Underlying EBITDA margin on sales achieved was 8.4% for the period (2020: 9.6%).

Bank debt of \$10,000,000 is offset by \$4,909,000 cash at bank as at 31 December 2021 (2020: \$7,433,000). \$4,653,000 was utilised to fund the acquisition of Forbes and Davies in New Zealand.

New motorcycle sales increased 14% to 7,699 units (2020: 6,770 units), reflecting ongoing strong demand and growth momentum across the industry. The company secured approximately 11.4% of national new bike sales during the half.

Used motorcycle sales increased 14% to 5,360 units (2020: 4,697 units) due to increasing stock availability, with a gross profit increase of 9% compared to last year's comparative period results.

Retail accessories and parts revenue decreased 15%, with our large accessory stores in NSW subject to restricted trading this year, but not in 2020. Servicing and repair revenue decreased 2%, and retail finance, insurance and mechanical protection plan income increased 1%.

Wholesale accessory external sales increased 7% to \$22,825,000 (2020: \$21,333,000), with demand expected to remain high in the second half.

The finance joint venture delivered \$624,000 NPAT an increase of 52% for the half with the contribution expected to continue to increase as the portfolio matures.

The strong result also reflects the resilience of our business model and is underpinned by the permanent operational improvements we have implemented across the group over the past 18 months.

Underlying Earnings before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA)

Management has presented the performance measure Underlying EBITDA because it monitors performance at a consolidated level and believes that this measure is relevant to an understanding of the Group's financial performance.

JobKeeper payments have been excluded from Underlying EBITDA to provide a consistent representation of the underlying performance of the Group in comparison to the previous corresponding period.

Underlying EBITDA is not a defined performance measure in IFRS Standards. The Group's definition of Underlying EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities and has not been subject to audit or review.

	31 December 2021	31 December 2020
	\$'000	\$'000
Statutory profit for the period	12,558	17,205
Income tax expense	5,245	7,309
Statutory profit before tax	<u>17,803</u>	<u>24,514</u>
Adjustments for:		
Net finance costs (excluding bailment, interest on RoU assets)	56	396
Depreciation (excluding depreciation on RoU assets)	822	809
Amortisation	1,033	1,033
JobKeeper payment	-	(5,761)
Acquisition expenses	86	-
Underlying EBITDA	<u>19,800</u>	<u>20,991</u>

Dividends

A fully franked final dividend of 10 cents per share was paid on 29 September 2021 (six months ended 31 December 2020: 5 cents per share special dividend).

A fully franked interim dividend of 12 cents per share was declared on 25 February 2022, payable on 6 April 2022 with a record date of 17 March 2022.

Subsequent Matters

On 4 February 2022 the Group completed its acquisition of certain business assets and liabilities of Wide Bay Motorcycles in Gympie, Queensland that was announced on 1 December 2021.

Aside from the matter above, there have not been any matters or circumstances occurring subsequent to the end of the period that have significantly affected, or may significantly affect, the operations of the Group or the state of affairs of the Group in future periods.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the six months ended 31 December 2021.

Rounding Off

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



David Foster
Chair
25 February 2022



David Ahmet
Managing Director
25 February 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of MotorCycle Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of MotorCycle Holdings Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Ben Flaherty
Partner

Brisbane
25 February 2022

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income For the Six Months Ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$'000	\$'000
Sales revenue	6	234,623	218,027
Share of profit of equity accounted investee, net of tax		624	410
Other income	6	1,739	5,767
Cost of sales		170,404	153,748
Employee benefits expense		30,544	29,598
Finance costs		1,252	1,029
Depreciation and amortisation expense		6,925	6,742
Occupancy costs		1,371	1,301
Other expenses		8,687	7,272
Profit before tax		17,803	24,514
Income tax expense	7	5,245	7,309
Profit for the year		12,558	17,205
Other comprehensive income		202	44
Total comprehensive income for the year attributable to owners of the company		12,760	17,249
		Cents	Cents
Earnings per share			
Basic earnings per share		20.4	27.9
Diluted earnings per share		20.3	27.8

The above Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Financial Position

As at 31 December 2021

		31 December 2021	30 June 2021
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		4,909	4,668
Trade and other receivables		9,108	8,572
Inventories	8	99,782	86,237
Other assets		671	308
Total current assets		114,470	99,785
Non-current assets			
Right of use assets		43,184	43,208
Property, plant and equipment	9	11,756	11,546
Deferred tax assets		1,251	800
Goodwill and other intangible assets	10	94,251	92,505
Interest in equity accounted investees		5,412	4,506
Other assets		109	80
Total non-current assets		155,963	152,645
Total assets		270,433	252,430
Current liabilities			
Trade and other payables		17,443	17,075
Short term borrowings		28,998	22,513
Lease liabilities		9,696	10,430
Current tax liabilities		1,715	3,203
Provisions		8,313	7,681
Contract liabilities		3,311	3,245
Total current liabilities		69,476	64,147
Non-current liabilities			
Borrowings	11	10,000	5,000
Lease liabilities		35,850	34,879
Provisions		591	675
Contract liabilities		3,409	3,479
Total non-current liabilities		49,850	44,033
Total liabilities		119,326	108,180
Net assets		151,107	144,250
Equity			
Contributed equity		120,081	120,081
Share-based payment reserve		933	665
Retained earnings		30,093	23,504
Total equity		151,107	144,250

The above Consolidated Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Changes in Equity

For the Six Months Ended 31 December 2021

	Issued Capital	Retained Earnings	Share- Based Payment Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2021	120,081	23,504	665	144,250
Comprehensive income for the period				
Profit for the period	-	12,558	-	12,558
Other comprehensive income	-	202	-	202
Total comprehensive income for the period	-	12,760	-	12,760
Transactions with owners in their capacity as owners				
Dividends paid	-	(6,171)	-	(6,171)
Equity settled share-based payment	-	-	268	268
Total transactions with owners in their capacity as owners	-	(6,171)	268	(5,903)
Balance at 31 December 2021	120,081	30,093	933	151,107
Balance at 30 June 2020	120,081	4,254	254	124,589
Comprehensive income for the period				
Profit for the period	-	17,205	-	17,205
Other comprehensive income	-	44	-	44
Total comprehensive income for the period	-	17,249	-	17,249
Transactions with owners in their capacity as owners				
Dividends paid	-	(3,085)	-	(3,085)
Equity settled share-based payment	-	-	216	216
Total transactions with owners in their capacity as owners	-	(3,085)	216	(2,869)
Balance at 31 December 2020	120,081	18,418	470	138,969

The above Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Cash Flows

For the Six Months Ended 31 December 2021

	31 December 2021	31 December 2020
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	259,262	245,821
Payments to suppliers and employees (inclusive of GST)	(239,019)	(215,394)
Interest and other costs of finance paid	(1,333)	(1,029)
Income taxes paid	(7,184)	(4,084)
Net cash (used)/provided by operating activities	11,726	25,314
Cash flows from investing activities		
Payment for acquisition of businesses (net of cash acquired)	(4,653)	-
Investment in equity accounted investees	-	(250)
Payments for property, plant and equipment	(916)	(1,123)
Proceeds from sale of property, plant and equipment	38	37
Net cash (used)/provided by investing activities	(5,531)	(1,336)
Cash flows from financing activities		
Repayments of borrowings	-	(47,774)
Proceeds from borrowings	5,000	-
Repayments of lease principal	(4,783)	(5,180)
Dividend paid	(6,171)	(3,085)
Net cash (used)/provided by financing activities	(5,954)	(56,039)
Net increase/(decrease) in cash and cash equivalents	241	(32,061)
Cash and cash equivalents at the beginning of the period	4,668	39,494
Cash and cash equivalents at the end of the period	4,909	7,433

The above Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Interim Financial Statements

1. Reporting Entity

MotorCycle Holdings Limited (the 'Company') is a company domiciled in Australia. These consolidated interim financial statements ('interim financial statements') as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in the ownership and operation of motorcycle dealerships engaging in the sale of new motorcycles, used motorcycles, accessories and parts, finance, insurance and mechanical protection plan products as well as service and repair. The Group also owns and operates a motorcycle repair business which performs smash repair work for insurers and two motorcycle accessories wholesaling businesses located in Australia and New Zealand.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 are available upon request from the Company's registered office at 68 Moss Street, Slacks Creek, Queensland or at www.mcholdings.com.au.

2. Basis of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2021.

These interim financial statements were authorised for issue by the Company's Board of Directors on 25 February 2022.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Changes in Significant Accounting Policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021.

4. Use of Judgements and Estimates

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

5. Operating Segment Information

The Group operates in two operating and reporting segments being Motorcycle Retailing and Motorcycle Accessories Wholesaling; identified on the basis of how the consolidated entity is regularly reviewed by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

	Motorcycle Retailing	Motorcycle Accessories Wholesaling	Eliminations	Consolidated	Motorcycle Retailing	Motorcycle Accessories Wholesaling	Eliminations	Consolidated
	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2020	31 December 2020	31 December 2020	31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	211,798	22,825	-	234,623	196,694	21,333	-	218,027
Inter-segment sales	-	9,645	(9,645)	-	-	13,340	(13,340)	-
Total sales revenue	211,798	32,470	(9,645)	234,623	196,694	34,673	(13,340)	218,027
Segment result								
Operating profit before interest	12,799	5,633	-	18,432	19,909	5,417	-	25,326
External interest expense allocation	(14)	(42)	-	(56)	(99)	(297)	-	(396)
Operating contribution	12,785	5,591	-	18,376	19,810	5,120	-	24,930
Share of net profit of equity accounted investees	624	-	-	624	410	-	-	410
Business acquisition costs	(86)	-	-	(86)	-	-	-	-
Segment profit	13,323	5,591	-	18,914	20,220	5,120	-	25,340
Unallocated corporate expenses				(1,111)				(826)
Profit before tax				17,803				24,514
Income tax expense				(5,245)				(7,309)
Net profit after tax				12,558				17,205
Depreciation and amortisation	5,745	1,179	-	6,924	5,588	1,154	-	6,742
Write down/(up) of inventories to net realisable value	452	46	-	498	(101)	(379)	-	(480)
	31 December 2021	31 December 2021	31 December 2021	31 December 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Segment assets	178,909	91,524	-	270,433	174,127	78,303	-	252,430
Liabilities								
Segment liabilities	98,667	20,659	-	119,326	87,010	21,170	-	108,180
Net Assets	80,242	70,865	-	151,107	87,117	57,133	-	144,250
Goodwill	50,243	30,035	-	80,278	50,243	27,256	-	77,499
Acquisition of non-current assets	889	26	-	915	1,758	344	-	2,102

6. Revenue

Disaggregation of Revenue

	Motorcycle			Motorcycle		
	Motorcycle	Accessories	Consolidated	Motorcycle	Accessories	Consolidated
	Retailing	Wholesaling		Retailing	Wholesaling	
	31 December 2021	31 December 2021	31 December 2021	31 December 2020	31 December 2020	31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New motorcycles	97,356	-	97,356	86,532	-	86,532
Used motorcycles	60,842	-	60,842	49,850	-	49,850
Parts and accessories	38,339	22,825	61,164	44,858	21,333	66,191
Service	7,780	-	7,780	7,932	-	7,932
Finance and insurance Income	7,255	-	7,255	7,162	-	7,162
Other revenue	226	-	226	360	-	360
Revenue from contracts with customers	211,798	22,825	234,623	196,694	21,333	218,027
At a point in time	209,827	22,825	232,652	194,756	21,333	216,089
Over time	1,971	-	1,971	1,938	-	1,938
	211,798	22,825	234,623	196,694	21,333	218,027
Other income						
JobKeeper payment	-	-	-	5,761	-	5,761
Boosting apprenticeships grant	1,167	-	1,167	-	-	-
Proceeds from insurance claim	561	-	561	-	-	-
Other income	11	-	11	6	-	6
	1,739	-	1,739	5,767	-	5,767

Contract Balances

	31 December 2021	30 June 2021
	\$'000	\$'000
Receivables, included in trade and other receivables	9,312	8,776
Contract liabilities	6,720	6,724

Transaction Price Allocated to Remaining Performance Obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at 31 December 2021.

Period ending	31 December 2022	31 December 2023	31 December 2024	31 December 2025	31 December 2026	31 December 2027 or later
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mechanical protection plans	3,311	2,069	979	268	85	8
	3,311	2,069	979	268	85	8

7. Tax Expense

The Group's consolidated effective tax rate in respect of the continuing operations for the six months ended 31 December 2021 was 30 percent (for the six months ended 31 December 2020: 30 percent).

8. Inventories

During the six months ended 31 December 2021 the Group wrote down its inventory to net realisable value by \$499,000 (six months ended 31 December 2019: write-up of \$480,000). This relates to stock obsolescence and was determined using the same principles adopted for the year ended 30 June 2021.

	31 December 2021	30 June 2021
	\$'000	\$'000
New and demonstrator motorcycles (at cost)	32,683	29,821
Less: write-down to net realisable value	(208)	(194)
New and demonstrator inventory	<u>32,475</u>	<u>29,627</u>
Used motorcycles (at cost)	14,616	14,126
Less: write-down to net realisable value	(166)	(138)
Used inventory	<u>14,450</u>	<u>13,988</u>
Parts, accessories and other consumables (at cost)	63,120	52,429
Less: write-down to net realisable value	(10,263)	(9,807)
Parts, accessories and other consumable inventory	<u>52,857</u>	<u>42,622</u>
Total inventories	<u>99,782</u>	<u>86,237</u>

9. Property, Plant and Equipment

During the six months ended 31 December 2021, the Group acquired assets with a cost of \$1,057,000 (six months ended 31 December 2020: \$1,123,000). \$141,000 of these assets were acquired through business combinations (six months ended 31 December 2020: nil).

Assets with a carrying amount of \$25,000 were disposed of during the six months ended 31 December 2021 (six months ended 31 December 2020: \$37,000), resulting in a gain on disposal of \$13,000 (six months ended 31 December 2020: gain of \$1,000), and included in 'other expenses' in the consolidated statement of profit or loss and other comprehensive income.

10. Intangible Assets and Goodwill

A reconciliation of the carrying amount of goodwill and other intangible assets is set out below:

31 December 2021	Goodwill	Trademarks	Customer contracts and relationships	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
Balance at beginning of period	101,795	5,603	15,000	2,000	124,398
Acquired through business combinations	2,779	-	-	-	2,779
Balance at end of period	104,574	5,603	15,000	2,000	127,177
Accumulated amortisation and impairment					
Balance at beginning of period	(24,296)	-	(6,130)	(1,467)	(31,893)
Amortisation expense	-	-	(833)	(200)	(1,033)
Balance at end of period	(24,296)	-	(6,963)	(1,667)	(32,926)
Carrying amounts					
Balance at beginning of period	77,499	5,603	8,870	533	92,505
Balance at end of period	80,278	5,603	8,037	333	94,251
30 June 2021					
Goodwill	Trademarks	Customer contracts and relationships	Other intangibles	Total	
\$'000	\$'000	\$'000	\$'000	\$'000	
Cost					
Balance at beginning of period	101,795	5,603	15,000	2,000	124,398
Balance at end of period	101,795	5,603	15,000	2,000	124,398
Accumulated amortisation and impairment					
Balance at beginning of period	(24,296)	-	(4,463)	(1,067)	(29,826)
Amortisation expense	-	-	(1,667)	(400)	(2,067)
Balance at end of period	(24,296)	-	(6,130)	(1,467)	(31,893)
Carrying amounts					
Balance at beginning of period	77,499	5,603	10,537	933	94,572
Balance at end of period	77,499	5,603	8,870	533	92,505

11. Loans and Borrowings

	31 December 2021	30 June 2021
	\$'000	\$'000
Non-current		
Opening balance	5,000	44,750
Repayments	-	(44,750)
Amounts drawn down	5,000	5,000
Total long term borrowings	10,000	5,000

The Group has access to a \$10,000,000 undrawn bank facility at balance date.

12. Dividends Paid and Declared

The following dividends were declared and paid by the Company during the interim period:

	For the six months ended 31 December 2021	For the six months ended 31 December 2020
	\$'000	\$'000
Final dividend of 10 cents per share, fully franked, paid on 29 September 2021 (2020: special dividend of 5 cents per share)	6,171	3,085

After the reporting date, the following dividends were proposed by the Board of Directors. The dividends have not been recognised as liabilities at the end of the reporting period.

	For the six months ended 31 December 2021	For the six months ended 31 December 2020
	\$'000	\$'000
Interim dividend of 12 cents per share fully franked, to be paid on 6 April 2022 (2020: 10 cents per share, fully franked)	7,405	6,171

13. Leases with Related Parties

Subsidiaries of the Group have entered into property leases for business premises with David Ahmet and Rob Cassen respectively, including with entities associated with them. The aggregate amount of transactions with key management personnel are as follows:

- (i) The Group has entered into 13 leases in respect to 11 properties that are part owned by David Ahmet, Managing Director and Chief Executive Officer, or that are part-owned by an entity controlled by David Ahmet.

The terms of these leases were negotiated on commercial arms' length basis in 2011 and contain customary terms and conditions including an initial lease term of 5 years, with options to renew for a further 15 years (comprising 3 options for 5-year periods). The leases are subject to a formal market review at each option renewal (the rent must not be less than the previous rent, unless the parties agree otherwise).

The first 5-year option terms were exercised in 2016. Those lease terms expired on 30 June 2021 and options have been exercised for a further 5-year term, with one 5-year option remaining. The leases were subject to a formal market review and the renewals were approved by shareholders at the 2021 annual general meeting. The parties have agreed the market rents for the renewed terms.

Total rental payments (excluding outgoings) payable in respect to these 11 properties for the six months ended 31 December 2021 were \$888,000 (six months ended 31 December 2020: \$963,000).

- (ii) The Group has entered into leases in respect to 3 properties that are owned by entities which act in concert with Rob Cassen, Non-executive Director. Rob Cassen is one of two directors of each lessor entity and holds 50% of the shares.

The terms of these leases were negotiated on commercial arms' length basis in July 2011, December 2012 and July 2013 and each contain customary terms and conditions including initial lease terms of 10 years, with options to renew each lease for a further 10 years. The leases are subject to a formal market review at each option renewal (the rent must not be less than the previous rent, unless the parties agree otherwise).

The option to renew the lease term expiring on 30 June 2021 has been exercised for a further 10 years and the renewal was approved by shareholders at the 2021 annual general meeting. The parties have agreed the market rent for the renewed term.

Total rental payments (excluding outgoings) payable in respect to these properties for the six months ended 31 December 2021 were \$1,277,000 (six months ended 31 December 2020: \$1,321,000).

14. Business Combinations

The Group completed the following business combination as part of its growth strategy:

Date	Name	Type	Location
30 November 2021	Forbes and Davies	Certain business assets and liabilities	Auckland, New Zealand

The business combination forms part of the wholesale segment and contributed revenue of \$358,000 and net profit after tax of \$2,000 for the six months ended 31 December 2021 from the date of acquisition. The Group would have reported \$236,773,000 in consolidated revenue and \$12,572,000 in consolidated net profit after tax for the six months ended 31 December 2021 had the business combinations occurred at the beginning of the reporting period.

Below is a summary of the total purchase consideration, net identifiable assets acquired, and goodwill recognised from these business combinations:

	Total \$'000
Inventory - parts and accessories	1,717
Property, plant and equipment	141
Other assets	16
Total assets acquired	1,874
Net identifiable assets acquired	1,874
Goodwill recognised	2,779
Net assets acquired	4,653
Purchase consideration - cash	4,653
Total purchase consideration - cash	4,653

15. Subsequent Events

On 4 February 2022 the Group completed its acquisition of certain business assets and liabilities of Wide Bay Motorcycles in Gympie, Queensland that was announced on 1 December 2021.

Aside from the matter above, there have not been any matters or circumstances occurring subsequent to the end of the period that have significantly affected, or may significantly affect, the operations of the Group or the state of affairs of the Group in future periods.

Directors' Declaration

In the opinion of the directors of MotorCycle Holdings Limited ("the Company"):

1. the consolidated interim financial statements and notes set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance, for the six-month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



David Ahmet
Managing Director

Dated at Brisbane this 25th day of February 2022



Independent Auditor's Review Report

To the shareholders of MotorCycle Holdings Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of MotorCycle Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of MotorCycle Holdings Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2021;
- Consolidated interim statement of profit or loss and other comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises MotorCycle Holdings Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Ben Flaherty
Partner

Brisbane
25 February 2022