

MotorCycle
Holdings



ANNUAL REPORT

2023

Corporate Directory

REGISTERED OFFICE

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ASX TICKER CODE

MTO

DIRECTORS

Rick Dennis
David Ahmet
Peter Henley
Rob Cassen
Katie McNamara
Martin Ward
Michael Poynton

CHIEF FINANCIAL OFFICER

Bob Donovan

COMPANY SECRETARIES

Nicole Spink
Stephanie So

AUDITOR

KPMG
Level 16
Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

LOCATION OF SHARE REGISTRY

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200 Mary Street
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FINANCIAL

Statutory Revenue

↑ 26% to \$577.4m

Gross Profit

↑ 17% to \$154.6m

Gross Margin

27%

Underlying EBITDA

↑ 13% to \$55.3m

NPAT

↓ 0.4% to \$23.0m

Net Assets

↑ 27% to \$197.6 m

Full Year Dividend

20c/share

Fully franked



OPERATIONAL

New Motorcycle Retail Unit Sales
Market Share

14%

(FCAI data)

New Motorcycle Retail Unit Sales

↓ 2% vs ↓ 17%

MotorCycle
Holdings

Industry
(FCAI data)

New Motorcycle Retail Unit Sales

↓ 2% to 13,751

Used Motorcycle Retail Unit Sales

↓ 3% to 10,024



45

40 RETAIL LOCATIONS
+ 5 WHOLESALE
WAREHOUSES



900+

EMPLOYEES



100%

ALL OF THE TOP
GLOBAL BRANDS



33

YEARS OPERATION

FINANCIAL AND
OPERATIONAL
HIGHLIGHTS

From city streets, to open highways and offroad adventures — we've got every journey covered.

About Us

MOTORCYCLE HOLDINGS LIMITED IS THE LEADING MOTORCYCLE DEALERSHIP AND ACCESSORIES GROUP IN AUSTRALIA.

Our core business consists of the ownership and operation of motorcycle dealerships, engaging in the sale of new motorcycles, used motorcycles, accessories and parts, finance, insurance and mechanical protection plans and services.

The Group imports and distributes a range of motorcycles, off highway vehicles (OHVs), parts and accessories to retail customers throughout Australia and its own dealer network.

The Company represents a diverse portfolio of brands. In the new and used motorcycle categories MotorCycle Holdings sells all of the top selling motorcycle brands in Australia.

In December 2021, the Group finalised the strategic acquisition of Forbes and Davies — a leading New Zealand importer and wholesaler of motorcycle tyres, ATV tyres, riding apparel, helmets, accessories and aftermarket parts. The acquisition of Wide Bay Motorcycles was also completed in early 2022.

MOJO GROUP ACQUISITION

The acquisition of the Mojo Group, one of Australia's largest importers and wholesalers of motorcycles, genuine spare parts and accessories, was completed in October 2022.

Mojo Group is a motorcycle, scooter, all terrain vehicle (ATV), electric motorcycle, and genuine spare parts and accessories importer and distributor operating in Australia and New Zealand, with a 150-strong dealer network. It is headquartered in Altona North in Melbourne, Victoria in a 5,000m² distribution centre, backed up by a 2,000m² facility in Yatala, Queensland, increasing the warehousing capacity to 2,500 vehicles.

The acquisition provides the Group with significant growth opportunities by introducing the importation and distribution of motorcycles, ATVs, and scooters (including electric models) into our existing product offering, increasing warehouse capacity, and expanding the Group's distribution network.

OUR INDUSTRY

The motorcycle dealership industry in Australia is highly fragmented generally consisting of a large number of individual private dealership operators.

MotorCycle Holdings estimates that there are almost 700 dealerships across Australia, with only 3 operators (excluding MotorCycle Holdings) owning more than 4 locations. The fragmented nature of the market provides an opportunity for continued growth through acquisition.

MotorCycle Holdings has relationships with all major motorcycle manufacturers such as BMW, CFMOTO, Harley-Davidson, Honda, Indian, Kawasaki, KTM, Kymco, Suzuki, Triumph and Yamaha in addition to other smaller manufacturers.

The Group has 45 outlets, 40 retail and 5 wholesale, operated from dealership and retail accessory locations in Queensland, New South Wales, Victoria, the Australian Capital Territory in Australia and also New Zealand.

MotorCycle Holdings has an estimated 14% market share of all new motorcycle sales nationally (by number of motorcycles sold).

Motorcycles can be categorised into four key categories including road, off-road, Off Highway Vehicles (OHVs) and scooters.

WHERE WE OPERATE

LOCATION	SITES
QLD	25
NSW	9
ACT	2
VIC	7
NZ	2
TOTAL	45



Since 1989, MotorCycle Holdings has grown its dealership network both organically, by acquisitions and by being granted additional franchises in existing dealerships, and now operates from the largest number of locations in Australia.

About Us

(CONTINUED)

OUR ORIGINS

David Ahmet, the Founder, Managing Director and Chief Executive Officer of MotorCycle Holdings, has successfully led the expansion of the Group over many years.

David joined Yamaha Moorooka in 1988 and took a part ownership in the Yamaha Moorooka dealership in 1989 which he owned with John Oliver.

Since 1989, MotorCycle Holdings has grown its dealership network both organically, by acquisitions and by being granted additional franchises in existing dealerships, and now operates from the largest number of locations in Australia.

In 2011, the Archer Growth Fund became MotorCycle Holdings' largest shareholder following the purchase of the Oliver family's shareholding.

The company listed on the Australian Stock Exchange in 2016, becoming one of the most successful IPOs of that year.

OUR BUSINESS MODEL

MotorCycle Holdings' business model gives it competitive advantages through:

- diversified revenue streams from a variety of business divisions including new and used motorcycle sales, accessories and parts, finance, insurance and mechanical protection plans and service
- its well capitalised business which enables it to pursue acquisitions in a fragmented market and invest in a wide range of new and used motorcycle stock
- its investment in people, training and management systems provide a scalable base and when combined with a sales-based culture drives operational and dealership performance.

OUR STRATEGY

MotorCycle Holdings' business strategy is to continue to grow its core dealership business both organically and through acquisitions.

The Group also plans to grow by introducing new products, acquiring other companies involved in the motorcycle, powersports and agriculture industries and selling products internationally.

In addition, the Company plans to continue to use its centralised management processes to drive operational improvements in the dealerships it acquires in order to deliver improved financial performance in those dealerships.

OUR BRANDS

Our customers are motorcyclists who are primarily leisure riders, recreational users, commuters, farmers and adventure sports enthusiasts.

In recent years the Group has added Indian, Polaris, CFMOTO, Royal Enfield, Peugeot, and Benelli showrooms to existing MCA and TeamMoto stores, and Yamaha WaveRunners and STIHL to an existing TeamMoto site.

POSITIVE IMPACT

At MotorCycle Holdings, we are committed to making a positive impact on the environment and the communities in which we operate.

We are engaging external consultants to undertake a strategic assessment to identify relevant material ESG topics, and to determine how we can best make a positive impact.





The Group imports and distributes a range of motorcycles and off highway vehicles, parts and accessories to retail customers throughout Australia and its own dealer network.

Chair's Message



**RICK
DENNIS**

Dear shareholders

I am pleased to present my first report as Chairman of MotorCycle Holdings Limited. It is a privilege to serve as Chairman of your Company and deliver a positive financial result for FY23.

MotorCycle Holdings has not been alone in facing a challenging market, as inflation and cost of living pressures impacted the discretionary spending of consumers as we emerged from the COVID-19 pandemic.

Founded in 1989, MotorCycle Holdings is Australia's leading motorcycle dealership and accessories group. Throughout those years, the Group has had a positive track record across market cycles.

The strong relationships developed with our Original Equipment Manufacturer (OEM) partners and customers has been critical to our success and will continue to be so into the future.

The Group's strategy is growth both organically and through acquisition, to achieve further benefits of scale and diversification.

GROWTH STRATEGY

Through its history, the Company has demonstrated success in acquiring businesses at the right price and effectively integrating them into the wider group. This year was no different as we furthered our growth ambitions.

In fact, we achieved a major strategic objective on 23 September 2022 when we announced the acquisition of Mojo Group for a consideration of up to \$60 million.

Mojo Group is a motorcycle, scooter, ATV, electric motorcycle, and genuine spare parts and accessories importer and distributor operating in Australia and New Zealand, with a 150-strong dealer network. It is headquartered in Altona North (Vic) in a purpose-built 5,000-square-metre distribution centre, backed up by a 2,000-square-metre facility in Yatala (Qld) to increase total warehousing capacity to 2,500 motorcycles.

The acquisition of the Mojo Group has presented significant growth opportunities by introducing the importation and distribution of motorcycles, ATVs, and scooters (including electric models) into our existing product offering, increasing our warehouse capacity and expanding our distribution network.

Motorcycles are largely considered discretionary purchases for leisure with sales impacted by a weaker economy, and further diversification into the agricultural sector, which Mojo brings, makes strong strategic sense.

Primary producers and small business operators continue to see the benefits of using these OHV or Side-by-Side vehicles.

When operated in line with manufacturer's specifications, these products offer a safe, user-friendly experience and provide greater mobility and advantages over traditional options.

The management team has completed the acquisition and the business is performing ahead of our expectations.

A key attraction of the Mojo business was its outstanding management team and its excellent track record over many years.

I am delighted that the Mojo owners and key management team, have stayed with us. The Mojo Principals Michael Poynton and Joshua Carter have become shareholders and have taken up senior executive positions with MTO, with Michael also joining the MTO Board.

I would like to take this opportunity to thank the Mojo team for their commitment to the Group so far and for what has been a successful integration process. It has been rewarding to see how the Mojo and MTO values align and appreciate the contribution to our continued focus on our strategic objectives of building out our presence throughout Australia and New Zealand.

FINANCIAL RESULTS

Statutory net profit after tax for FY23 was \$23.0 million (2022: \$23.1 million).

Accordingly, the Board has declared a fully franked final dividend of 12 cents per ordinary share, bringing the full year dividend to 20 cents per share fully franked, which is in line with the 20 cents paid in FY22.

This dividend reflects the Company's resilience despite a challenging external environment and our commitment to adding value for shareholders.

BOARD RENEWAL

During the period under review, MTO announced details of a planned Board renewal process for the company.

I would like to acknowledge the leadership of former Chair David Foster and Director Warren Bee who retired from the Board during FY23.

David played a key role in MotorCycle Holdings' growth since joining the Board before our IPO in 2016 and then led the Board as Chair from later that year.

Warren was also a highly valued member of the Board for more than 15 years and chaired the Advisory Board prior to listing.

As part of the company's succession plan, MTO appointed two highly credentialed directors with automotive and retail experience, Mr Martin Ward and Ms Katie McNamara, to the Board.

Both Martin and Katie are proven leaders with an outstanding understanding of the motor industry. Both are experienced and well respected across the industry. They will play pivotal roles in helping to shape the Group's strategy into the future.

“The acquisition of the Mojo Group, one of Australia's largest importers and wholesalers of motorcycles, genuine spare parts and accessories, was completed in October 2022.”

CONCLUSION

On behalf of the Board, I would like to extend my thanks to David and the management team for their ongoing drive and commitment. Thanks also to all our team members — these results are not possible without your passion, hard work and dedication.

I would also like to acknowledge my fellow Directors for their counsel and valuable insights.

In closing, I would like to thank our shareholders for their continued support. I am confident that with our financial and operational strength, we are well positioned to capitalise on opportunities aligned with our growth strategy, and MotorCycle Holdings will continue to lead the industry and deliver strong returns for our shareholders.



Rick Dennis
Chair



Managing Director's Message



**DAVID
AHMET**

I am delighted to report on a year of solid financial performance and significant strategic progress at MotorCycle Holdings which saw the delivery of \$23.0 million profit and a 20 cent per share fully franked dividend for the financial year ended June 2023.

THE OPERATING ENVIRONMENT

Consistent with the global market dynamics, MotorCycle Holdings moved from a period of increased demand between 2020 and 2022 as a result of the global pandemic and then into a period of higher inflation and weaker demand for motorcycles due to cost of living pressures and higher interest rates during FY23.

Despite the less than favourable market dynamics it was a rewarding year for MotorCycle Holdings, with the Mojo Group acquisition a shining light in the performance. The strength of our balance sheet and financial position, have provided sufficient liquidity, to ensure we have the capacity to support our growth strategy.

FINANCIAL PERFORMANCE

Delivered a successful financial performance

The Company achieved an Underlying EBITDA of \$55.3 million, up 13% from the previous year.

While the Federal Chamber of Automotive Industries (FCAI) industry data for the full year indicated a 17% industry decline, MTO significantly outperformed the industry with just a 2% decline in new motorcycle retail unit sales.

New motorcycle retail unit sales declined 2% to 13,751 and used motorcycle retail unit sales declined 3% to 10,024 during the period.

The Group showed the ongoing strength of its business model increasing its market share from approximately 12% in FY22 to 14% in FY23.

Despite the inflationary environment, cost management and efficiency improvements were a key focus, including rightsizing staffing levels aligned with the changing market dynamics. It is expected the full benefits of these improvements will flow through to the FY24 performance.

As a reflection of the strong balance sheet and the confidence in our outlook, the Board approved a 12 cent fully franked, final dividend per share (20 cents per share for the full year, in line with the FY22 full year dividend).

Well positioned for growth

As at 30 June 2023, MotorCycle Holdings' net debt position of \$25 million provides the Group with the capacity in its capital structure to support future growth plans. We are a natural consolidator in the highly fragmented market and will continue to pursue appropriate greenfield and acquisition opportunities.

Strategic progress

Our financial performance in FY23 was underpinned by our acquisition of Mojo Group, which will support our growth ambitions for the future.

The acquisition has diversified MTO into a new market, motorcycle importing and distribution, and gives increased exposure to the scooter, ATV and electric motorcycle segments. The ATV segment provides greater exposure to the agricultural industry, with expenditure on farm vehicles being less discretionary than motorcycles.

The Mojo acquisition exemplifies the 'staircase approach' we are adopting in relation to our growth strategy. Adopting this prudent approach means we continue to make good money with each strategic step while adding new skills and expertise which better prepares us to take advantage of the next opportunity. The acquisition is also aligned with the broader vision of where the company wishes to be in the future.

The Mojo acquisition and the opportunity to gain increased exposure to the agricultural industry via the ATV segment has proved to be the right one.

Mojo is a distributor of motorcycle, scooter all-terrain vehicle (ATV) and ultra-terrain vehicle (UTV) brands.

It provides MTO with a number of future growth opportunities including:

- Addition of further brands/suppliers to the wholesale distribution business of Mojo
- Potential to retail current and future Mojo product in MTO dealerships
- Shared warehousing for Mojo and MTO in New South Wales, Victoria, and Queensland.
- New warehousing opportunities in locations such as New Zealand and Western Australia.

During the period under review, MTO launched its first standalone Mojo products greenfield site at Springwood in Queensland and also introduced Mojo retail product into three existing dealerships at Ipswich and Townsville in Queensland and Keilor in Victoria.

As part of the growth strategy, MTO has also leased a new warehouse in Auckland NZ and is looking forward to ramping-up the distribution of Mojo products in that country in early 2024.

MTO is also committed to supporting the transition to a sustainable future and continues to position itself to ensure it has the electric vehicle capabilities as customer demand increases. The Company continues to work with our Original Equipment Manufacturer partners in relation to these developments.

Our acquisition strategy remains focused on acquiring strategically aligned brands and businesses in geographic locations where MotorCycle Holdings can unlock margin improvements.

“The diversification of business mix that Mojo has brought has provided a unique opportunity for MTO to leverage our scale and expertise... to explore growth opportunities.”

OUTLOOK

We expect to continue our growth momentum in the current year.

However, we expect demand for motorcycles to remain subdued due to the prevailing economic conditions.

The FY24 financial performance will be boosted by the full year revenue contribution of the Mojo acquisition.

The opening of the Mojo products greenfield site in Springwood and the introduction of Mojo products into our existing dealerships, and the expansion of the brand in New Zealand will supplement growth through FY24.

Meanwhile, our balance sheet continues to support further acquisitions and potential consolidation opportunities to further enhance our growth platform.

The diversification of business mix that Mojo has brought has provided a unique opportunity for MTO to leverage our scale and expertise and to partner with existing OEMs and new market entrants to explore growth opportunities.

In closing, I would like to thank the Board, management and all the team across MotorCycle Holdings for their outstanding efforts in delivering a strong financial result in FY23 as we integrated Mojo Group into our business. We have a lot to look forward to in FY24 and we are very well placed to continue our growth path. Thank you also to our shareholders for your continued support.



David Ahmet
Managing Director



Sustainability Report

In June 2023 the International Sustainability Standards Board (ISSB) released IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate Related Disclosures*, which incorporate recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). These standards are expected to be effective for reporting periods from 1 July 2024 for the Group.

In our 2022 annual report, we outlined our need to become more Environmental, Social, and Governance (ESG) literate and that we had sought to engage external consultants to conduct a strategic assessment to identify material ESG topics relevant to the Company. Our intention was to commence reporting on the outcomes of this assessment in our 2023 annual report, in preparation for the mandatory reporting standards.

Some of the Group's current efforts towards improving our ESG practices include:

- Diversification into the sale of electronic vehicles (EVs);
- Installation of solar panels and LED lighting in retail dealerships;
- Becoming members of the Australian Packaging Covenant Organisation (APCO) and implementing a packaging sustainability strategy;
- Ensuring our diversity policy remains appropriate and implementing measurable objectives to improve workplace diversity;
- Modern slavery reporting and benchmarking new suppliers against modern slavery risk;
- Workplace gender equality agency reporting and compliance with the *Workplace Gender Equality Act 2012* (Cth); and
- Quarterly risk reporting by Management to the Audit and Risk Committee.

The assessment is ongoing with engagement sought from key stakeholders regarding ESG metrics relevant to the Group. The Group has begun to consider the design and effectiveness of controls over the capture of non-financial data relevant to key ESG metrics. The outcome from the Group's materiality assessment is now expected to be completed by early 2024.



Our assessment of material ESG topics is ongoing with engagement sought from key stakeholders regarding ESG metrics relevant to the Group.

Directors' Report

The Directors present their report together with the consolidated financial statements of MotorCycle Holdings Limited (the Company) and its controlled entities (the Group) for the year ended 30 June 2023 and the Auditor's report thereon.



DIRECTORS

The following persons were Directors of the Company during the financial year and up to the date of this report.



Rick Dennis

CHAIR

appointed 23 December 2022

INDEPENDENT NON-EXECUTIVE DIRECTOR

appointed 1 September 2016

Rick joined the Company after a 34-year career with Ernst and Young in Australia and Asia-Pacific. He was Queensland Managing Partner from 2001 to 2007 and again for 2014. Rick established and led EY Australia's China Business Group in 2005 and was CFO and Deputy COO in the Asia-Pacific from 2010 to 2013. Rick sat on the firm's inaugural Asia-Pacific executive committee and a number of EY global Boards and committees.

Rick is currently Non-Executive Director of Apiam Animal Health Limited, Cettire Limited, Step One Clothing Ltd, AF Legal Group Limited, and Energy Resources of Australia Limited. He is also a member of the Queensland Advisory Board for AustralianSuper.

Rick has expertise in corporate finance, mergers and acquisitions, and capital raising, and is dual qualified in law and commerce.

Committee memberships:

- Chair of the Audit and Risk Committee
- Member of the Nomination and Remuneration Committee

Current Directorships of other publicly listed companies:

- Apiam Animal Health Limited (appointed November 2015)
- Cettire Limited (appointed October 2020)
- Step One Clothing Ltd (appointed August 2021)
- AF Legal Group Limited (appointed July 2022)
- Energy Resources of Australia Limited (appointed November 2022)

No former Directorships of other publicly listed companies within the last three years.



David Ahmet

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

appointed 30 June 2011

David is the Founder, Managing Director, and Chief Executive Officer of MotorCycle Holdings. David has successfully led the expansion of MotorCycle Holdings since 1989 from 1 to 45 locations.

David has 35 years' experience in motorcycle dealerships and is responsible for leading the management team and direction of the business, as well as maintaining relationships with the Company's suppliers and manufacturers. David also sits on the Board of MotorCycle Finance Pty Ltd as a representative of the Company.

No current Directorships of other publicly listed companies.

No former Directorships of other publicly listed companies within the last three years.



Peter Henley

**INDEPENDENT
NON-EXECUTIVE DIRECTOR**
appointed 1 March 2017

Peter has a long and distinguished career in financial services and in particular consumer and commercial finance. Peter previously held senior management positions at AGC Limited, and was the CEO of Nissan Finance Corp Ltd and of GE Money in Australia and in Southeast Asia.

Since retiring from executive roles in October 2006, Peter has been an Independent Non-Executive Director of Adtrans Group, MTA Insurance Ltd, Thorn Group Limited, and more recently Eagers Automotive Limited.

Peter is a Fellow of the Australian Institute of Management and a member of the AICD.

Committee memberships:

- Chair of MotorCycle Finance Joint Venture Committee
- Member of the Audit and Risk Committee
- Chair of the Nomination and Remuneration Committee

No current Directorships of other publicly listed companies.

No former Directorships of other publicly listed companies within the last three years.



Rob Cassen

**NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR**
appointed 21 December 2018

EXECUTIVE DIRECTOR

appointed 31 October 2017 until 20 December 2018

Rob has over 35 years' experience in the motorcycle and bicycle industry.

He joined the Board as part of the Company's acquisition of the Cassons Group, one of Australia's largest motorcycle and bicycle clothing and accessory distribution companies.

Rob has developed strong supplier relationships with major international and world leading brands and manufacturers and has created one of the market leading private label brands in Australia.

Committee memberships:

- Member of the Audit and Risk Committee

No current Directorships of other publicly listed companies.

No former Directorships of other publicly listed companies within the last three years.



Katie McNamara

**INDEPENDENT
NON-EXECUTIVE DIRECTOR**
appointed 1 November 2022

Katie joined the board after four years at Super Retail Group (SRG), where she was the Chief Customer and Strategy Officer, responsible for corporate strategy development and execution, analytics, marketing, and customer strategy. Pre-SRG, Katie was Vice President Asia-Pacific for IBM, and prior to this was the Chief Strategy Officer for Foster's Group/Treasury Wine estates and previously at McKinsey & Company.

Katie holds a Bachelor of Pharmacy degree with honours, and a Master of Business Administration from Melbourne Business School. She has completed executive programs in Digital Marketing at INSEAD and both Digital Transformation and Marketing at Harvard Business School.

Katie has over 25 years of consulting and Senior Executive experience, focused on developing and implementing Strategy, Growth, Innovation and large-scale change.

Committee memberships:

- Member of the Audit and Risk Committee

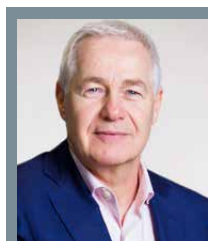
Current Directorships of other publicly listed companies:

- Mighty Craft Ltd (appointed April 2023).

No former Directorships of other publicly listed companies within the last three years.

Directors' Report

(CONTINUED)



Martin Ward

INDEPENDENT NON-EXECUTIVE DIRECTOR

appointed 1 November 2022

Martin holds a BSc. (Hons) Mathematics degree from the University of Surrey, England and completed a Harvard Business School Advanced Management Program in mid-2000.

Martin's career includes 10 years with Inchcape PLC, initially with their liquor division in the Middle East and Asia Pacific as Managing Director. In 1996, he became MD of Inchcape Motors (Australia) and in 1998 was additionally appointed Regional CEO and Director Asia Pacific/Australasia.

From 2001 to 2005 Martin was the CEO of Ford Motor Company's Sydney Retail Joint Venture. Martin joined Eagers Automotive in July 2005, and was CEO from 2006 to 2021. Martin remains as an Advisor to the Board and CEO. Martin is also a Director of Australian Automotive Dealer Association Limited.

Committee memberships:

- Member of the Audit and Risk Committee
- Member of the Nomination and Remuneration Committee

No current Directorships of other publicly listed companies.

Former Directorships of other publicly listed companies within the last three years:

- Eagers Automotive Limited (January 2006 — February 2021)



Michael Poynton

NON-INDEPENDENT EXECUTIVE DIRECTOR

appointed 17 November 2022

Bringing with him 20 years' experience in the motorcycle industry, Michael Poynton co-founder and former-CEO of Mojo Motorcycles, joined the board as Executive Director following the acquisition of Mojo Motorcycles in late 2022.

Michael has developed strong supplier relationships over the years with major global motorcycle brands. This has contributed to him being a key driver in making Mojo Motorcycles one of Australia's largest wholesale distributors, with an impressive annual growth rate recorded since its 2003 inception.

No current Directorships of other publicly listed companies.

No former Directorships of other publicly listed companies within the last three years.

Former Directors

DAVID FOSTER

Chair

appointed 23 August 2016
retired 23 December 2022

Interim Chair

appointed 22 July 2016 until
23 August 2016

Independent Non-Executive Director

appointed 8 March 2016
retired 23 December 2022

David was appointed to the board in March 2016, prior to the Company's IPO. David was subsequently appointed to the role of Interim Chair and Chair on 22 July and 23 August 2016, respectively. David retired from the Board on 23 December 2022.

WARREN BEE

Independent Non-Executive Director

appointed 30 June 2011
retired 23 December 2022

Warren was a Director of MotorCycle Holdings from June 2011 and chaired the Company's advisory Board from 2007 to 2011. Warren retired from the Board on 23 December 2022.

Company Secretary

NICOLE SPINK was appointed as Company Secretary on 28 May 2018 and holds the role of Group Financial Controller. Nicole has held CFO and other senior finance roles in both the retail and automotive industries. Nicole holds a Bachelor of Business Management, a Graduate Certificate in Business Law, and a Graduate Diploma in Applied Corporate Governance. She is a Fellow of CPA Australia, a Fellow of the Governance Institute of Australia, a Fellow of the Chartered Governance Institute, and a member of the Australian Institute of Company Directors.

STEPHANIE SO was appointed as joint Company Secretary on 21 August 2023. Ms So has over 12 years of governance experience, including working in the Listings Compliance team at ASX. She has extensive experience in advising on a variety of listing, corporate governance, and regulatory matters for listed entities.

Ms So is a Fellow of the Governance Institute of Australia and holds a Graduate Diploma in Applied Corporate Governance.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

DIRECTOR	BOARD		AUDIT AND RISK		NOMINATION AND REMUNERATION	
			COMMITTEE		COMMITTEE	
	Attended	Held	Attended	Held	Attended	Held
David Ahmet	12	13	–	–	–	–
Warren Bee ¹	7	7	2	2	2	2
Rob Cassen ²	13	13	4	4	2	2
Rick Dennis	13	13	4	4	3	3
David Foster ³	7	7	–	–	–	–
Peter Henley	13	13	4	4	3	3
Katie McNamara ⁴	6	7	1	2	–	–
Michael Poynton ⁵	7	7	–	–	–	–
Martin Ward ⁶	5	7	2	2	1	1

1 Warren Bee retired on 23 December 2023.

2 Rob Cassen retired from the Nomination and Remuneration Committee on 27 February 2023.

3 David Foster retired on 23 December 2023.

4 Katie McNamara was appointed as a Non-Executive Director on 1 November 2023, as a member of the Audit and Risk and Nomination and Remuneration Committees on 23 December 2023, and retired from the Nomination and Remuneration Committee on 27 February 2023.

5 Michael Poynton was appointed as an Executive Director on 17 November 2023.

6 Martin Ward was appointed as a Non-Executive Director on 1 November 2023, and as a member of the Audit and Risk and Nomination and Remuneration Committees on 23 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the ownership and operation of retail motorcycle dealerships, businesses engaging in the importing and wholesaling of motorcycle accessories, and businesses engaging in the importing and wholesaling of motorcycles, ATVs, and scooters following the acquisition of Mojo Group (see Note 25).

Directors' Report

(CONTINUED)

OPERATING AND FINANCIAL REVIEW

Sales revenue increased 26% to \$577,403,000 (2022: \$457,316,000). A key contributor to sales growth was the Mojo Group acquisition which was completed on 31 October 2022 and contributed external revenue of \$100,351,000 in the 8 months to 30 June 2023.

Underlying earnings before interest, tax, depreciation, and amortisation (Underlying EBITDA) increased 13% to \$55,285,000 (2022: \$49,134,000) and net profit after tax (NPAT) decreased 0.4% to \$23,014,000 (2022: \$23,115,000).

Basic earnings per share decreased 12% from 37.5 cents to 33.1 cents per ordinary share.

The Underlying EBITDA margin on revenue was 7% for the period (2022: 8%).

Bank debt of \$50,000,000 is offset by \$24,734,000 cash at bank. During the period the Group drew down \$30,000,000 to fund the acquisition of Mojo Group.

New retail motorcycle unit sales decreased 2% to 13,751 units (2022: 14,039 units), despite a national total market decline of 17% of new units retailed (as reported by the Federal Chamber of Automotive Industries).

Used retail motorcycle unit sales decreased 3% to 10,024 units (2022: 10,374 units), with a decrease in revenue of 0.1% and a gross profit decrease of 13% on last year's comparative period.

Retail parts and accessories revenue increased 8%, servicing and repair revenue increased 12%, and retail finance, insurance and mechanical protection plan income increased 9%.

Wholesale accessory external sales increased 15% to \$49,584,000 (2022: \$43,184,000) due to contributions from recent acquisitions, Mojo Group and Forbes and Davies.

Our finance joint venture delivered \$1,023,000 NPAT, a decrease of 19% from 2022. The decline in NPAT was related to increased cost of funds, which placed pressure on margins.

Inventories have increased 45% to \$155,833,000 since 30 June 2022 due to acquisitions, the supply of new motorcycle inventory recovering to pre-COVID levels, and a deliberate increase in wholesale accessories stock to minimise supply chain disruptions.

The acquisition of the Mojo Group was completed during the period for consideration of \$47,917,000 plus contingent consideration of up to \$10,000,000. Goodwill and other intangible assets acquired with the transaction total \$55,761,000. The new businesses, Mojo Motorcycles, Mojo Electric Vehicles, and Mojo Motorcycles NZ contributed \$8,450,000 net profit after tax in the 8 months since completion.

The acquisition provides the Group with significant growth opportunities by introducing the importation and distribution of motorcycles, ATVs, and scooters (including electric models) into our existing product offering, increasing warehouse capacity, and expanding the Group's distribution network.

MATERIAL BUSINESS RISKS

There are a number of material business risks of a general and specific nature which may adversely affect the future operating and financial performance of the Group. These risks include:

RISK	DESCRIPTION
Supply constraints	The Group is reliant on manufacturers and distributors to supply inventory for sale. Circumstances may arise where the quantity of inventory available for sale is restricted (for example, because of interruptions relating to COVID-19) or may be limited at the manufacturers' or distributors' discretion. If the Group is not able to meet demand for products due to interruption of supply from manufacturers or distributors, financial performance may be adversely affected.
Key suppliers	A significant component of the value of the Group resides in the arrangements with key suppliers, some of which are in overseas jurisdictions. Orders placed with key suppliers are not binding unless and until accepted by the suppliers. Accordingly, this exposes the Group to the risk that suppliers may withdraw or limit supply. If this risk materialised, this would result in loss of earnings and a deterioration in profits. It may also be difficult for the Group to enforce contractual rights in either Australia or overseas jurisdictions against suppliers.
Access to capital	The Group has experienced significant growth and is reliant on cash to support this growth. If future cash flow is not sufficient to support continued growth, financial performance may be negatively affected.
Regulatory compliance	The Group is an importer and distributor of vehicles and other goods and is responsible for ensuring the products it imports and distributes comply with Australian regulations, including mandatory safety standards. The Group is considered a 'manufacturer' of the products it imports and distributes and may be strictly liable to consumers for injury to persons or property damage suffered because of defective goods, directly liable to customers for breaches of certain statutory guarantees and may face penalties for non-compliance.
Key employees	The Group's success is dependent to a significant degree upon the efforts of key members of management. The Group relies on a high-quality management team with significant experience in the motorcycle industry. The loss of the services key members of management of the Group, or the failure to attract additional key individuals to key management roles, could have a material adverse effect on operations, including its relationships with manufacturers and distributors.
Foreign exchange	As an importer of goods, the Group is exposed to the risk that its financial performance or position will be affected by fluctuations in currencies.
Integration of Mojo Group	The acquisition of Mojo Group involves the integration of businesses that were previously operated independently. There is a risk that the integration of Mojo Group may encounter unexpected challenges or issues which could impact the financial performance of the Group.
Mojo Group acquisition liability	The Group may become directly or indirectly liable for any liabilities that Mojo Group has incurred in the past, which were not identified during its due diligence, or which are greater than expected, and for which the market standard protection (in the form of representations and warranties and indemnities) negotiated by the Company prior to its agreement to acquire Mojo Group turns out to be inadequate in the circumstances. Such liability may adversely affect the financial performance or position of Mojo Group post-implementation of the acquisition.
Retail and general economic conditions in Australia	As the products sold by the Group are discretionary items for many customers, the Group is particularly exposed to a deterioration in general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to consumer credit, government fiscal, monetary and regulatory policies, and oil prices. A prolonged deterioration in general economic and business conditions could be expected to have an adverse impact on the Group's financial performance.
Cyber risk	The Group is exposed to cyber risk including data breaches and theft of customer data. A data breach could result in significant reputational damage for the Group, disruption of operations impeding financial performance, and exposure to substantial expense for damage mitigation and restoration of business information systems.
Loss of franchise agreements	The Group's retail motorcycle dealerships operate under franchise agreements with original equipment manufacturers that are renewed on a periodic basis. The loss or non-renewal of key franchise agreements, or a change to the agency franchise model in the motorcycle industry could result in significant loss of market share, and financial performance may be negatively affected.

Directors' Report

(CONTINUED)

DIVIDENDS

Declared and paid during the financial year

A fully franked interim dividend of 8 cents per ordinary share was declared on 27 February 2023 and paid on 6 April 2023.

Declared after the end of the financial year

Directors have declared a fully franked final dividend of 12 cents per ordinary share payable on 28 September 2023 with a record date of 15 September 2023.

There is no dividend re-investment plan in operation.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS

The Group will continue to pursue its policy of increasing profitability and market share in the markets within which it operates during the next financial year.

ENVIRONMENTAL REGULATION

The Group is subject to various environmental regulations under both Federal and State legislation.

The Directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group during the period covered by this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Officers for costs incurred in their capacity as a Director or Officer, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid insurance premiums in respect of a contract to insure the Directors and Officers of the Company against a liability to the extent permitted by the *Corporations Act 2001* (Cth) (the Corporations Act). The insurance contract prohibits disclosure of the nature of liability and the amount of the premium.

During or since the end of the financial year the Company has not indemnified or made a relevant agreement to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such an officer of auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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.

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

	30 JUNE 2023 \$'000 UNAUDITED	30 JUNE 2022 \$'000 UNAUDITED ^{1,2}
Statutory profit for the period	23,014	23,115
Income tax expense	9,556	9,617
Statutory profit before tax	32,570	32,732
Adjustments for:		
Net interest costs (excluding bailment costs) ¹	4,229	2,062
Depreciation ²	13,571	11,998
Amortisation	3,399	2,067
Acquisition expenses	1,516	276
Underlying EBITDA	55,285	49,135

¹ Net interest costs have been restated for 30 June 2022 to include interest on lease liabilities recognised in accordance with AASB 16.

² Amortisation has been restated for 30 June 2022 to include amortisation of right-of-use assets recognised in accordance with AASB 16.

NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements. The total remuneration of the auditor is disclosed in Note 29 of the Financial Report.

For those activities, the Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by the Audit and Risk Committee, is satisfied that the provision of those non-audit services by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risk and reward.

Details of the amounts paid to KPMG for non-audit services provided during the year are set out below:

	30 JUNE 2023 \$
Services other than audit and review of financial statements:	
Tax compliance services	96,000
Other services	11,000
Total non-audit services	107,000

Directors' Report

(CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act is attached on page 32 and forms part of this report.

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporation Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and the consolidated financial statements which have been rounded off to the nearest thousand dollars, unless otherwise stated, in accordance with that Instrument.

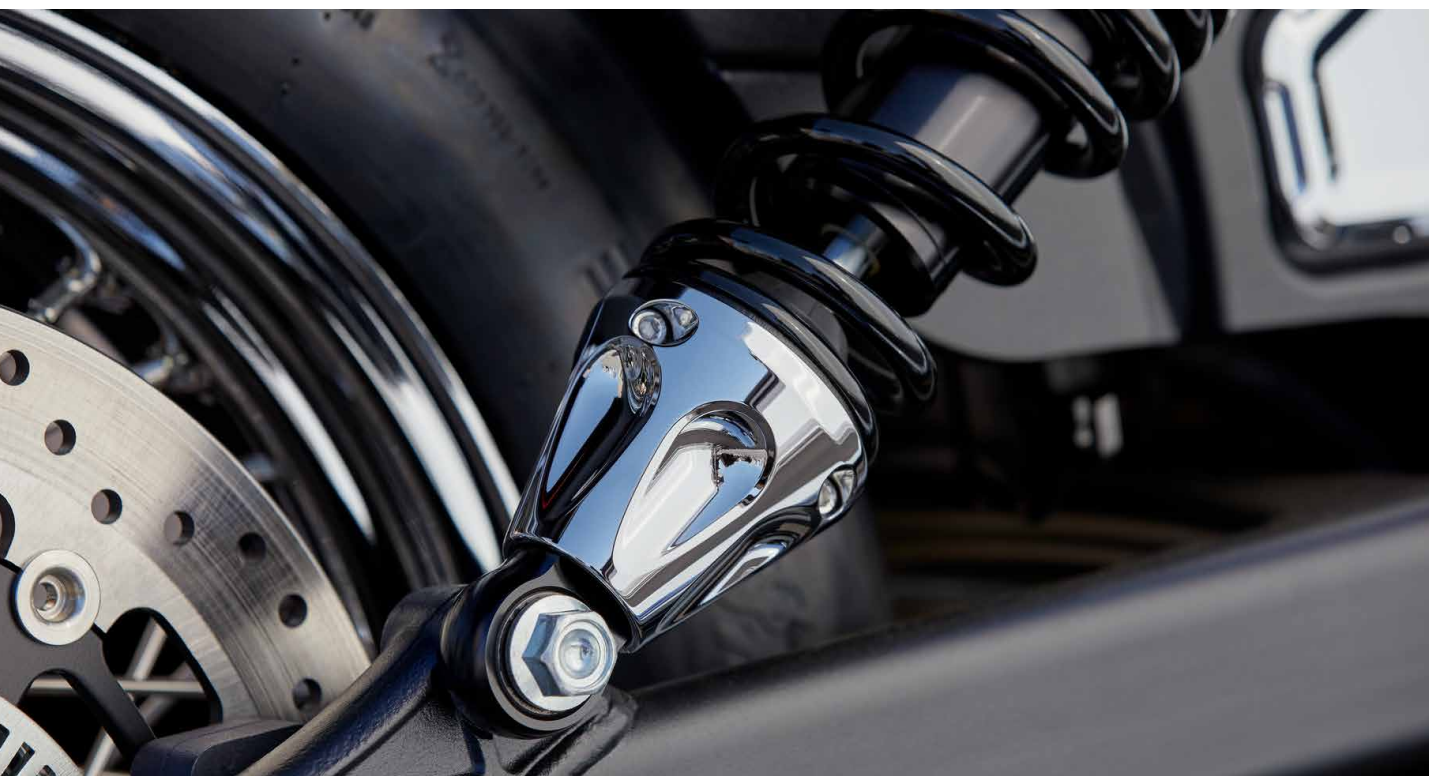
DEED OF CROSS GUARANTEE

At the date of this report and during the Financial Year, the Company is within the class of companies affected by ASIC Corporations (Wholly owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and rights or options over such shares issued by the Company, and other related bodies corporate, as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act at the date of this report is as follows:

DIRECTOR	ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
David Ahmet	11,465,478	469,987
Rob Cassen	3,413,833	-
Rick Dennis	-	-
Peter Henley	92,214	-
Katie McNamara	-	-
Michael Poynton	6,660,711	-
Martin Ward	100,000	-



Remuneration Report

The information provided in this Remuneration Report has been prepared in accordance with section 300A of the Corporations Act.

KEY MANAGEMENT PERSONNEL

The Remuneration Report outlines remuneration for those people considered to be Key Management Personnel (KMP) of the Group during the Reporting Period. KMP are persons having authority and responsibility for planning, directing, and controlling the activities of the Group.

KMP consists of:

- Non-Executive Directors; and
- Executive Directors and Senior Executives.

The table below summarises details of KMP of the Group for the financial year ended 30 June 2023, their roles, and appointment and cessation dates.

NAME	ROLE	APPOINTMENT DATE	CESSATION DATE
Current Non-Executive Directors			
Rob Cassen	Non-Independent, Non-Executive Director	21 December 2018	
Rick Dennis	Chair, Independent, Non-Executive Director	23 August 2016	
Peter Henley	Independent, Non-Executive Director	1 March 2017	
Katie McNamara	Independent, Non-Executive Director	1 November 2022	
Martin Ward	Independent, Non-Executive Director	1 November 2022	
Former Non-Executive Directors			
Warren Bee	Former Independent, Non-Executive Director	30 June 2011	23 December 2022
David Foster	Former Chair, Independent, Non-Executive Director	8 March 2016	23 December 2022
Executive Directors and Senior Executives			
David Ahmet	Managing Director	30 June 2011	
Bob Donovan	Chief Financial Officer	20 May 2019	
Michael Poynton	Non-Independent, Executive Director	17 November 2022	

REMUNERATION GOVERNANCE

The following diagrammatic representation shows the framework the Board has in place to establish and review remuneration for KMP and employees of the Group:



Remuneration Report

(CONTINUED)

NON-EXECUTIVE DIRECTOR REMUNERATION

Policy

A copy of the remuneration policy for Non-Executive Directors is available on the Company's website. The Board's Non-Executive Director remuneration policy is to:

- provide a clear fee arrangement that avoids potential conflicts of interest associated with performance incentives;
- remunerate Directors at market rates for their commitment and responsibilities; and
- obtain independent external remuneration advice when required.

Non-Executive Directors receive remuneration for undertaking their role. They do not participate in the Company's incentive plans or receive any variable remuneration. Non-Executive Directors are not entitled to retirement payments, other than compulsory superannuation contributions.

The aggregate Non-Executive Director remuneration cap approved by Shareholders prior to listing is \$600,000 per annum (inclusive of superannuation contributions). The Board determines the distribution of Non-Executive Director fees within the approved remuneration cap.

Remuneration of Non-Executive Directors

The following table sets out the annual Board and Committee fees (inclusive of superannuation) as at the date of this Report:

NON-EXECUTIVE DIRECTORS	BOARD MEMBER \$	BOARD CHAIR \$	AUDIT & RISK COMMITTEE \$	NOMINATION & REMUNERATION COMMITTEE \$	MOTORCYCLE FINANCE JV COMMITTEE \$	TOTAL FEES \$
Rob Cassen	70,000	–	5,000	–	–	75,000
Rick Dennis	80,000	95,000	10,000	5,000	–	190,000
Peter Henley	70,000	–	5,000	10,000	10,000	95,000
Katie McNamara	70,000	–	5,000	–	–	75,000
Martin Ward	70,000	–	5,000	5,000	–	80,000
Total Remuneration	360,000	95,000	30,000	20,000	10,000	515,000

EXECUTIVE DIRECTOR AND SENIOR EXECUTIVE REMUNERATION

Policy

The Board's policy for determining the nature and amount of remuneration for the Executive Director and Senior Executives is to:

- provide for both fixed and performance-based remuneration;
- provide a remuneration package based on an annual review of employment market conditions, the Group's performance, and individual performance; and
- obtain independent external remuneration advice when required.

Remuneration and other terms of employment for Senior Executives are formalised in agreements which have a provision for bonuses and other benefits which may be granted from time to time by the Board of Directors. Contracts with Executives may be terminated by either party with either three or six months' notice.

Fixed Remuneration

Fixed remuneration is a function of size and complexity of the role, individual responsibilities, experiences, skills, and market pay levels. This consists of cash salary, salary sacrifice items, and employer superannuation at the statutory contribution rate.

The Board determines an appropriate level of fixed remuneration for the Senior Executives with recommendations from the NRC. Fixed remuneration is reviewed annually following performance reviews at the end of the financial year and takes into account the role and accountabilities, relevant market benchmarks and attraction, retention, and motivation of executives in the context of the talent market.

Performance Linked Remuneration

SHORT TERM ANNUAL CASH BONUS

The Managing Director and Chief Financial Officer were eligible to participate in the Group's short-term incentive plan during the Reporting Period. Under the plan, participants have an opportunity to receive an annual cash bonus calculated as a percentage of their salary (base pay including superannuation) conditional upon on the achievement of short-term financial and non-financial performance measures at a corporate and individual level.

The short-term financial measures represent 70% of the maximum bonus payable. The measure is based on the profitability of the Group compared to the annual budget as approved by the Board. If actual profitability for the year is less than 85% of the approved budget, no short-term incentive is paid. The bonus is adjusted pro-rata where profitability is between 85% to 100% of the approved budget. The non-financial measures represent the remaining 30% of the cash bonus payable. The Board considers the Executives' contribution towards the achievement of strategic initiatives of the Group, which include acquisitions and their integration into the business, when determining whether such bonuses will be awarded. Payments made under the short-term incentive plan are assessed by the NRC and approved by the Board. The Board retains an absolute discretion on whether to pay all, a portion of, or no annual cash bonus.

The short-term financial performance measures established by the Board at the commencement of the financial year were not achieved, and the Board did not award a short-term incentive payment to participants in the short-term incentive plan.

NAME	ROLE	MAX POTENTIAL BONUS % OF SALARY	ACTUAL AMOUNT OF BONUSES INCLUDED IN FY22 REMUNERATION \$	% OF MAX BONUS
David Ahmet	Managing Director	50%	–	–
Bob Donovan	Chief Financial Officer	50%	–	–

Remuneration Report

(CONTINUED)

LONG TERM INCENTIVE PLAN (LTIP)

The LTIP was approved by Shareholders at the Company's Annual General Meeting in 2020. The purpose of the LTIP is to:

- align employee incentives with Shareholders' interests;
- encourage broad based share ownership by employees; and
- assist employee attraction and retention.

Through the LTIP, Senior Executives are incentivised to improve the Company's financial performance and generate Shareholder returns through the granting of performance rights. Performance rights constitute a right to receive ordinary shares in the capital of the Company upon the achievement of certain performance hurdles.

Performance criteria

The performance rights are subject to certain performance hurdles being met over the relevant monitoring period. These performance hurdles include:

Relative total Shareholder return (TSR)

50% of the Performance Rights are subject to relative TSR assessed over a 3-year performance period commencing 1 July 2022 and ending 30 June 2025, compared to a peer group of 12 ASX-listed companies. Vesting will occur based on the Company's positioning in the peer group. This is designed to focus executives on delivering sustainable long-term Shareholder returns. Vesting will occur based on the following performance:

PEER COMPANIES

Eagers Automotive Limited	Autosports Group Limited
Bapcor Limited	Apollo Tourism & Leisure Ltd.
Super Retail Group Limited	Fleetwood Corporation Limited
Thorn Group Limited	PWR Holdings Limited
ARB Corporation Limited	Schaffer Corporation Limited
AMA Group Limited	Sprintex Limited

TSR RANKING	PROPORTION OF THE TRANCHE 1 AWARDS THAT SATISFY THE TSR VESTING CONDITION
Less than 50th percentile	0%
50th to 75th percentile	Between 50% and 100% (as determined, on a straight-line basis)
At or above 75th percentile	100%

Earnings per share (EPS)

50% of the Performance Rights are subject to growth in the Company's EPS assessed over a 3-year performance period commencing 1 July 2022 and ending 30 June 2025, on a compound annual growth rate (CAGR) basis. Vesting will occur based on the following performance:

THE COMPANY'S EPS CAGR OVER THE PERFORMANCE PERIOD	PROPORTION OF THE TRANCHE 2 AWARDS THAT SATISFY THE EPS VESTING CONDITION
Less than or equal to 10%	0%
Greater than 10% and less than or equal to 12%	Between 50% and 100% (as determined, on a straight-line basis)
Equal to or greater than 12%	100%

KMP participation in the LTIP during the Financial Year

The Managing Director and Chief Financial Officer were eligible to participate in the LTIP during the year, comprising grants of performance rights over the Company's ordinary shares. Actual performance rights granted, forfeited and outstanding in the reporting period are set out on the next page:

DESCRIPTION OF RIGHTS	OPENING BALANCE OF RIGHTS	NUMBER OF RIGHTS GRANTED IN FY23	FAIR VALUE PER RIGHT AT GRANT DATE		GRANT DATE	PERFORMANCE PERIOD	RIGHTS FORFEITED IN FY23		RIGHTS EXERCISED IN FY23		% OF REM GRANTED AS RIGHTS DURING THE PERIOD	CLOSING BALANCE OF RIGHTS
			TSR COMPONENT	EPS COMPONENT			NUMBER	VALUE	NUMBER	VALUE		
David Ahmet, Managing Director												
FY19 LTIP	48,309	-	\$0.20	\$1.24	27 Jun 19	1 Jul 18 – 30 Jun 21	-	-	48,309	\$59,903	-	-
FY20 LTIP	262,800	-	\$1.41	\$1.65	26 Jun 20	1 Jul 19 – 30 Jun 22	-	-	262,800	\$402,084	-	-
FY21 LTIP	192,104	-	\$1.63	\$2.19	22 Mar 21	1 Jul 20 – 30 Jun 23	-	-	-	-	-	192,104
FY22 LTIP	114,583	-	\$1.84	\$2.44	25 Mar 22	1 Jul 21 – 30 Jun 24	-	-	-	-	-	114,583
FY23 LTIP	-	163,300	\$0.50	\$1.24	30 Mar 23	1 Jul 22 – 30 Jun 25	-	-	-	-	27%	163,300
Bob Donovan, Chief Financial Officer												
FY20 LTIP	41,600	-	\$1.41	\$1.65	26 Jun 20	1 Jul 19 – 30 Jun 22	-	-	41,600	\$63,648	-	-
FY21 LTIP	30,408	-	\$1.63	\$2.19	22 Mar 21	1 Jul 20 – 30 Jun 23	-	-	-	-	-	30,408
FY22 LTIP	20,778	-	\$1.84	\$2.44	25 Mar 22	1 Jul 21 – 30 Jun 24	-	-	-	-	-	20,778
FY23 LTIP	-	29,612	\$0.50	\$1.24	30 Mar 23	1 Jul 22 – 30 Jun 25	-	-	-	-	12%	29,612

Remuneration Report

(CONTINUED)

COMPANY PERFORMANCE AND REMUNERATION OUTCOMES

The various components of the way the Group remunerates KMP have been structured to support the Group's strategy and business objectives which in turn are designed to generate Shareholder wealth.

When setting targets and determining the quantum of the remuneration increases and the proportion of fixed and performance linked remuneration components, the Board refers to remuneration benchmarking reports provided by independent sources and remuneration consultants from time to time.

The at-risk component of the remuneration structure intends to reward achievement against Company and individual performance measures over a one-year timeframe. An overview of the measures is set out on page 27.

The Board retains absolute discretion to award an annual bonus. In exercising that discretion, they have regard to the remuneration policy, market conditions, Group financial performance, and affordability.

The table below summarises the Group's financial performance for FY23 compared to prior periods and correlates it to the total KMP remuneration for the respective financial years.

METRIC	FY23	FY22	FY21	FY20	FY19
Statutory Net Profit/(Loss) After Tax (\$'000)	23,014	23,115	28,299	(9,120)	8,345
Change in Share Price	(30.0%)	(25.0%)	55.6%	60.5%	(65.5%)
Earnings per Share (cents)	33.1	37.5	45.9	(14.8)	13.5
Total Dividends Paid (\$)	10,830,718	13,575,476	9,256,007	–	4,010,940
KMP Remuneration (\$)	1,931,038	2,358,066	2,681,494	1,589,465	2,371,480

KEY MANAGEMENT PERSONNEL REMUNERATION

Details of the nature and amount of each major element of remuneration of each Director and Senior Executive of the Group for the Reporting Period are:

NAME & ROLE	YEAR	SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS		LONG TERM EMPLOYEE BENEFITS			PROPORTION OF REMUNERATION PERFORMANCE RELATED		
		SALARY & FEES \$	CASH BONUS \$	NON-CASH BENEFITS \$	TOTAL \$	SUPERANNUATION BENEFITS \$	TERMINATION BENEFITS \$	LONG SERVICE LEAVE \$	SHARE BASED BENEFITS \$	TOTAL \$		
Former Non-Executive Directors												
David Foster	2023	82,231	-	-	82,231	8,634	-	-	-	-	90,865	-
Chair, Non-Executive Director	2022	159,091	-	-	159,091	15,909	-	-	-	-	175,000	-
Warren Bee	2023	39,941	-	-	39,941	4,194	-	-	-	-	44,135	-
Non-Executive Director	2022	77,272	-	-	77,272	7,727	-	-	-	-	84,999	-
Total Former Non-Executive Director Remuneration	2023	122,172	-	-	122,172	12,828	-	-	-	-	135,000	-
	2022	236,363	-	-	236,363	23,636	-	-	-	-	259,999	-
Current Non-Executive Directors												
Rick Dennis	2023	122,607	-	-	122,607	12,874	-	-	-	-	135,481	-
Chair, Non-Executive Director	2022	77,272	-	-	77,272	7,727	-	-	-	-	84,999	-
Peter Henley	2023	83,623	-	-	83,623	8,780	-	-	-	-	92,403	-
Non-Executive Director	2022	62,499	-	-	62,499	27,500	-	-	-	-	89,999	-
Rob Cassen	2023	71,005	-	-	71,005	7,456	-	-	-	-	78,461	-
Non-Executive Director	2022	72,727	-	-	72,727	7,273	-	-	-	-	80,000	-
Katie McNamara	2023	45,701	-	-	45,701	4,799	-	-	-	-	50,500	-
Non-Executive Director	2022	-	-	-	-	-	-	-	-	-	-	-
Martin Ward	2023	48,603	-	-	48,603	358	-	-	-	-	48,961	-
Non-Executive Director	2022	-	-	-	-	-	-	-	-	-	-	-
Total Current Non-Executive Director Remuneration	2023	371,539	-	-	371,539	34,267	-	-	-	-	405,806	-
	2022	212,498	-	-	212,498	42,500	-	-	-	-	254,998	-
Total Non-Executive Director Remuneration	2023	493,711	-	-	493,711	47,095	-	-	-	-	540,806	-
	2022	448,862	-	-	448,861	66,136	-	-	-	-	514,997	-
Executive Directors and Senior Executives												
David Ahmet	2023	635,500	-	-	635,500	27,500	-	12,286	249,373	924,659	27%	-
Managing Director	2022	633,531	330,000	-	963,531	28,906	-	16,059	326,472	1,334,968	49%	-
Bob Donovan	2023	272,000	-	-	272,000	28,560	-	5,079	42,287	347,926	12%	-
Chief Financial Officer	2022	270,937	149,600	-	420,537	27,094	-	7,009	53,461	508,101	40%	-
Michael Poynton	2023	91,048	-	15,444	106,492	9,560	-	1,595	-	117,647	-	-
Executive Directors	2022	-	-	-	-	-	-	-	-	-	-	-
Total Executive Directors and Senior Executive Remuneration	2023	998,548	-	15,444	1,013,992	65,620	-	18,960	291,660	1,390,232	1,843,069	-
	2022	904,468	479,600	-	1,384,068	56,000	-	23,068	379,933	1,843,069	1,843,069	-
Total KMP Remuneration	2023	1,492,259	-	15,444	1,507,703	112,715	-	18,960	291,660	1,931,038	1,931,038	-
	2022	1,353,330	479,600	-	1,832,929	122,136	-	23,068	379,933	2,358,066	2,358,066	-

Remuneration Report

(CONTINUED)

OTHER INFORMATION

Contract Duration and Termination Requirements

The Company has contracts of employment with no fixed tenure requirements with the Managing Director and Senior Executives. The notice period for each is outlined in the table below. Termination with notice may be initiated by either party. The contracts contain customary clauses dealing with immediate termination for gross misconduct and confidentiality, and post-employment restraint of trade provisions.

NAME	ROLE	NOTICE PERIOD
Executive Directors		
David Ahmet	Managing Director	Six (6) months
Michael Poynton	Executive Director	Three (3) months
Senior Executives		
Bob Donovan	Chief Financial Officer	Three (3) months

Other Transactions with Key Management Personnel

Subsidiaries of the Group have entered into property leases for business premises with David Ahmet, Rob Cassen, and Michael Poynton respectively, including with entities associated with them. The details and aggregate amounts of these transactions 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.

During the period, Mr. Ahmet divested 3 of these 11 properties, and the associated leases were assigned to unrelated parties to the Group on 1 August 2022 (1 lease) and 1 February 2023 (2 leases).

Total rental payments (excluding GST and outgoings) payable to Mr. Ahmet or entities controlled by Mr. Ahmet in respect to the properties for the year ended 30 June 2023 or for the period during which the properties were owned by Mr. Ahmet or entities controlled by Mr. Ahmet were \$1,631,000 (year ended 30 June 2022: \$1,772,000).

- (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 1 of 2 Directors and holds 50% of the shares of each lessor entity. 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 terms have all been exercised for a further 10 years and the renewals were approved by shareholders at the 2021 annual general meeting.

Total rental payments (excluding GST and outgoings) payable in respect to these properties for the year ended 30 June 2023 were \$2,470,000 (year ended 30 June 2022: \$2,328,000).

- (iii) The Group has entered into a lease in respect to a property owned by an entity which acts in concert with Michael Poynton, Executive Director. Michael Poynton is 1 of 2 Directors and holds 50% of the shares of the lessor entity. The terms of this lease were negotiated on commercial arms' length basis in June 2021 including an initial lease term of 5 years, with options to renew for a further 10 years (comprising 2 options for 5-year periods). The lease is 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).

Total rental payments (excluding GST and outgoings) payable in respect to this property since the completion of the acquisition of Mojo Group to 30 June 2023 was \$151,000 (year ended 30 June 2022: \$nil).

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The movement in the number of ordinary shares held in the Company, either directly or indirectly or beneficially, by each member of the Key Management Personnel, including their related parties, is as follows:

DIRECTOR	OPENING BALANCE 1 JULY 2022	SHARES ACQUIRED DURING THE YEAR	SHARES DISPOSED OF DURING THE YEAR	RECEIVED ON VESTING OF PERFORMANCE RIGHTS	OTHER CHANGES	CLOSING BALANCE 30 JUNE 2023
Non-Executive Directors						
Rob Cassen	3,413,833	–	–	–	–	3,413,833
Rick Dennis	5,000	–	(5,000)	–	–	–
Peter Henley	83,314	8,900	–	–	–	92,214
Katie McNamara ¹	–	–	–	–	–	–
Martin Ward ²	100,000	–	–	–	–	100,000
Executive Directors and Senior Executives						
David Ahmet	11,460,469	80,000	(386,100)	311,109	–	11,465,478
Bob Donovan	620,699	50,000	–	41,600	–	712,299
Michael Poynton ³	5,810,711	850,000	–	–	–	6,660,711
Executive Directors and Senior Executives						
Warren Bee ⁴	43,958	–	–	–	–	43,958
David Foster ⁵	49,151	–	–	–	–	49,151

1 Appointed 1 November 2022, the opening balance represents the shares held at the date of appointment.

2 Appointed 1 November 2022, the opening balance represents the shares held at the date of appointment.

3 Appointed 17 November 2022, the opening balance represents the shares held at the date of appointment. 5,769,500 subject to escrow until 31 October 2024.

4 Retired 23 December 2023, the closing balance represents the shares held at the date of retirement.

5 Retired 23 December 2023, the closing balance represents the shares held at the date of retirement.

REMUNERATION CONSULTANTS

To ensure the NRC is fully informed on remuneration matters it engages with external remuneration advisors from time-to-time. The terms of engagements outline the advisors' access to, and independence from, the Group and management. Any advice sought is used as a guide and does not serve as a substitute for the committee's consideration of remuneration matters.

During FY23 the Company engaged PricewaterhouseCoopers (PwC) to value the Performance Rights under the LTIP. PwC did not provide any remuneration recommendations and they were not remuneration consultants to the Group as defined in the Corporations Act.

Signed in accordance with a resolution of the Directors:



Rick Dennis
Chair

29 August 2023



David Ahmet
Managing Director

29 August 2023



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Sales revenue	5	577,403	457,316
Share of profit of equity accounted investee, net of tax	16	1,023	1,256
Other income	5	1,812	4,000
Cost of sales		425,663	330,189
Employee benefits expense	6	69,322	62,080
Finance costs	7	6,310	2,022
Depreciation and amortisation expense		16,970	14,065
Occupancy costs		3,419	2,949
Other expenses	6	25,984	18,535
Profit before tax		32,570	32,732
Income tax expense	8	9,556	9,617
Profit for the year		23,014	23,115
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Equity-accounted investee — share of other comprehensive income		(30)	1,091
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign operation — foreign currency translation differences		5	(309)
Total comprehensive income for the year attributable to owners of the company		22,989	23,897

		CENTS	CENTS
Earnings per share			
Basic earnings per share	9	33.1	37.5
Diluted earnings per share	9	32.7	37.4

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTE	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Current assets			
Cash and cash equivalents	10	24,734	3,910
Trade and other receivables	11	12,079	7,073
Inventories	12	155,833	107,565
Current tax assets	8	–	304
Other assets		1,236	926
Total current assets		193,882	119,778
Non-current assets			
Right of use assets	13	48,205	45,848
Property, plant and equipment	14	13,437	11,826
Deferred tax assets	8	–	1,080
Goodwill and other intangible assets	15	147,509	94,751
Interest in equity accounted investees	16	6,767	6,437
Other assets		131	106
Total non-current assets		216,049	160,048
Total assets		409,931	279,826
Current liabilities			
Trade and other payables	17	39,668	15,402
Short term borrowings	18	48,464	24,864
Lease liabilities		11,920	10,250
Current tax liabilities		2,104	–
Provisions	19	9,673	8,374
Contract liabilities		3,111	3,082
Total current liabilities		114,940	61,972
Non-current liabilities			
Borrowings	20	50,000	20,000
Lease liabilities		39,272	38,152
Deferred tax liabilities	8	3,159	–
Provisions	19	681	582
Contract liabilities		4,307	4,114
Total non-current liabilities		97,419	62,848
Total liabilities		212,359	124,820
Net assets		197,572	155,006
Equity			
Contributed equity	21	150,728	120,081
Reserves		556	790
Retained earnings		46,288	34,135
Total equity		197,572	155,006

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	ISSUED CAPITAL \$'000	RETAINED EARNINGS \$'000	SHARE-BASED PAYMENT RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL EQUITY \$'000
Balance at 30 June 2021		120,081	23,504	665	-	144,250
Comprehensive income for the year						
Profit for the year		-	23,115	-	-	23,115
Other comprehensive income		-	1,091	-	(309)	782
Total comprehensive income for the year		-	24,206	-	(309)	23,897
Transactions with owners in their capacity as owners						
Dividends paid	21	-	(13,575)	-	-	(13,575)
Equity settled share-based payment		-	-	434	-	434
Total transactions with owners in their capacity as owners		-	(13,575)	434	-	(13,141)
Balance at 30 June 2022		120,081	34,135	1,099	(309)	155,006
Comprehensive income for the year						
Profit for the year		-	23,014	-	-	23,014
Other comprehensive income		-	(30)	-	5	(25)
Total comprehensive income for the year		-	22,984	-	5	22,989
Transactions with owners in their capacity as owners						
Dividends paid	21	-	(10,831)	-	-	(10,831)
Issue of shares related to business combinations	21	30,001	-	-	-	30,001
Exercise of performance rights	21	646	-	-	-	646
Equity settled share-based payment		-	-	(239)	-	(239)
Total transactions with owners in their capacity as owners		30,647	(10,831)	(239)	-	19,577
Balance at 30 June 2023		150,728	46,288	860	(304)	197,572

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Cash flows from operating activities			
Receipts from customers, insurance claims and government grants (inclusive of GST)		633,961	507,911
Payments to suppliers and employees (inclusive of GST)		(577,423)	(477,895)
Interest and other costs of finance paid		(6,310)	(1,290)
Income taxes paid		(10,965)	(13,381)
Net cash (used)/provided by operating activities	31	39,263	15,345
Cash flows from investing activities			
Payment for acquisition of businesses (net of cash acquired)		(14,813)	(6,674)
Payment of liability to former owners assured on acquisition of Mojo		(9,349)	–
Investment in equity accounted investees		664	415
Payments for property, plant and equipment		(3,138)	(1,962)
Proceeds from sale of property, plant and equipment		257	374
Net cash (used)/provided by investing activities		(26,379)	(7,847)
Cash flows from financing activities			
Proceeds from borrowings	20	30,000	15,000
Repayments of lease principal	13	(11,229)	(9,680)
Dividend paid	21	(10,831)	(13,575)
Net cash (used)/provided by financing activities		7,940	(8,255)
Net increase/(decrease) in cash and cash equivalents		20,824	(758)
Cash and cash equivalents at the beginning of the period		3,910	4,668
Cash and cash equivalents at the end of the period	10	24,734	3,910

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. REPORTING ENTITY

MotorCycle Holdings Limited (the Company) is a publicly listed company domiciled in Australia. Its registered office is at 68 Moss Street, Slacks Creek, Queensland, 4127. The consolidated financial statements as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the Group) and were authorised for issue by the Board of Directors on 29 August 2023.

The principal activities of the Group during the year were the ownership and operation of retail motorcycle dealerships, businesses engaging in the importing and wholesaling of motorcycle accessories, and businesses engaging in the importing and wholesaling of motorcycles, ATVs, and scooters following the acquisition of Mojo Group (see Note 25).

2. SIGNIFICANT ACCOUNTING POLICIES

A. General Information

STATEMENT OF COMPLIANCE

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act. The consolidated financial statements comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

BASIS OF PREPARATION

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The consolidated financial statements have been prepared on the basis of historical cost unless the application of fair value measurement is required by relevant accounting standards. All amounts are presented in Australian dollars and is the Company's functional and presentation currency.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191 dated 24 March 2016, and as such all financial information presented has been rounded to the nearest thousand dollars unless otherwise stated.

ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

B. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

INTEREST IN EQUITY-ACCOUNTED INVESTEEES

The Group's interest in equity-accounted investees comprises interests in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date which significant influence or joint control ceases.

BUSINESS COMBINATIONS

The acquisition method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Consideration transferred is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in profit or loss as incurred. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 25).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the initial accounting for a business acquisition is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which accounting is incomplete. The provisional amounts are adjusted during the measurement period (no longer than 12 months from the initial acquisition) on a retrospective basis by restating the comparative information presented in the financial statements.

C. Revenue

SALES REVENUE

Revenue from the sales of new and used motorcycles, parts, and accessories is recognised when the performance obligation has been satisfied, which is considered at the point in time when the motorcycle, parts, or accessories are invoiced and physically shipped to or collected by the customer.

Under the Group's standard contract terms, the customer has a right to return the product within a specified period and the Group is obliged to refund the purchase price. Under AASB 15, the Group reduces revenue by the amount of expected returns and records it as 'trade and other payables'. The Group estimates the amount of returns based on the historical data for motorcycles, parts, and accessories.

SERVICE REVENUE

Service work on customers' motorcycles is carried out under instruction from the customer. Service revenue, including revenue from the sale of parts fitted to customers' motorcycles during a service is recognised at a point in time upon satisfaction of the performance obligation, being the completion of the service.

MECHANICAL PROTECTION PLAN REVENUE

Revenue from the sale of mechanical protection plans (MPP) is recognised over time based on when the performance obligation is satisfied (usually a period of three to five years), on a straight-line basis over the period of the MPP. The premium collected from the sale of MPP is initially recognised as a contract liability. Costs related to satisfying approved customer claims under the MPP contracts are recognised in profit or loss and expensed as incurred.

INTEREST REVENUE

Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

FINANCE AND INSURANCE COMMISSION REVENUE

The Group acts as an agent in the sale of finance and insurance products. Commission revenue is recognised at a point in time when the performance obligation is satisfied, which is upon delivery of the associated motorcycle and the transfer of control to the customer.

D. Finance Costs

Interest expense on bailment finance and other borrowings is recognised using the effective interest method.

E. Taxes

INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

GOODS AND SERVICES TAX

Revenues, expenses, and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or is part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

F. Impairment of Non-financial assets

Assets that have an indefinite useful life, including Goodwill, are tested annually for impairment.

At each reporting date, the Group reviews the carrying amount of all other non-financial assets to determine whether there is any indication of impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates independent cash inflows (known as cash-generating units or CGUs). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the transaction.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

G. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

H. Receivables

Trade receivables are measured on initial recognition at the transaction price and are subsequently measured at amortised cost. The Group applies the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected credit losses to be recognised from initial recognition of the receivables. The expected credit losses are estimated using a trade receivables aging matrix, based on the Group's historical credit loss experience.

I. Inventories

Inventory on hand has been recognised as follows:

- New and demonstrator motorcycles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.
- Used motorcycles are stated at the lower of cost and net realisable value on a unit by unit basis. Net realisable value has been determined by reference to the likely net realisable value given the age of the motorcycle at year end. Costs are assigned on the basis of specific identification.
- Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items on the basis of weighted average cost.

NEW MOTORCYCLES AND RELATED BAILMENT FINANCE

Motorcycles secured under bailment plans are provided to the Group under bailment agreements between the floor plan loan providers and entities within the Group. The Group obtains title to the motorcycles immediately prior to sale. Motorcycles financed under bailment plans held by the Group are recognised as trading stock with the corresponding liability shown as owing to the finance provider.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

J. Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from price).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

K. Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date in accordance with AASB 16 *Leases*. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjustments for subsequent measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has elected to not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

L. Property, Plant and Equipment

PLANT AND EQUIPMENT

Plant and equipment is measured initially at cost. Costs include all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs included an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation, and decommissioning costs (make good costs).

The following useful lives are used in the calculation of depreciation:

- | | |
|--------------------------|------------|
| ■ Leasehold improvements | 4–20 years |
| ■ Plant and equipment | 1–5 years |
| ■ Furniture and fittings | 3–20 years |
| ■ Motor vehicles | 3–5 years |

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

DEPRECIATION

The depreciable amount of all fixed assets is depreciated on either a straight line or diminishing value basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in profit or loss.

M. Goodwill and Other Intangible Assets

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate, or business at the date of acquisition. Goodwill on acquisition of subsidiaries and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. An impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to groups of cash-generating units for the purpose of annual impairment testing (refer Note 15).

OTHER INTANGIBLE ASSETS

Other intangible assets is comprised of:

Customer Contracts and Relationships

These have been acquired by the Group through business combinations and have finite useful lives. These were initially measured at fair value less accumulated amortisation and any accumulated impairment losses, and are amortised using the straight-line method over 9-10 years.

Trademarks

These have been acquired by the Group through business combinations and have indefinite useful lives. These were initially measured at fair value. As the trademarks are renewable in nature, economically, the future lives of the brand names are deemed indefinite. The Group intends to continue using the acquired brand names for the foreseeable future. These trademarks will be assessed annually for impairment.

Other Intangible Assets

These have been acquired by the Group through business combinations and have finite useful lives. These were initially measured at fair value, and are amortised using the straight line method over 6-16 years.

N. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and recognised initially at the fair value of what is expected to be paid, and subsequently at amortised cost.

O. Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

P. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the obligation.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Q. Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave, when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions are made by the Group to defined contribution employee superannuation funds and are charged as expenses when incurred.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense with a corresponding increase in equity over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met such that the amount ultimately recognised is based on the number of awards that meet the relevant conditions at the vesting date.

R. Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

S. Earnings per Share

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends).
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

T. Equity and Reserves

ORDINARY SHARES

Incremental costs directly attributable to the issue of the ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an entity transaction is accounted for in accordance with AASB 112.

SHARE-BASED PAYMENT RESERVE

This reserve relates to the recognition of equity from equity-settled share-based payment arrangements over the vesting period of the awards.

FOREIGN CURRENCY TRANSLATION RESERVE

This reserve comprises differences arising from the translation of the financial statements of New Zealand operations in accordance with AASB 121.

U. Government Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Fair value is the amount for which an asset could be exchanged between a buyer in an arm's length transaction.

Government grants are presented in the consolidated statement of profit or loss, under Other Income. Grants in recognition of specific expenses are recognised in the consolidated statement of profit or loss in the same period as the relevant expense.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3. USE OF JUDGEMENTS AND ESTIMATES

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

RECOVERABLE AMOUNT OF GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill with a carrying value of \$116,369,000 (2022: \$81,812,000) is tested annually for impairment, based on estimates made by Directors. Further information on the goodwill impairment test can be found in Note 15. For the purpose of impairment testing conducted for the current year ended 30 June 2023 the recoverable amount has been based on fair value less cost of disposal.

CARRYING AMOUNT OF INVENTORIES

In determining the amount of write-downs of inventories, management has made judgements based on the expected net realisable value. This requires certain judgements and assumptions to be made, including but not limited to historical loss experience, inventory aging and current knowledge of the products.

4. OPERATING SEGMENT INFORMATION

Operating segments are identified based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The Group operates in two operating and reporting segments being Motorcycle Retailing and Motorcycle Wholesaling.

Motorcycle Retailing

The Group offers a diversified range of motorcycle products and services to the general public in Australia, including the sale of new and used motorcycles, parts, servicing, accessories and mechanical protection plan contracts. The segment also facilitates insurance and financing for motorcycle purchases through third-party sources.

Motorcycle and Accessories Wholesaling

The Group imports and distributes a diversified range of motorcycles, ATVs, scooters, and motorcycle parts and accessories to wholesale customers in Australia and New Zealand, including the Group's own retail outlets.

Segment profit represents the profit earned by each segment without allocation of corporate head office costs and income tax. External bailment financing and associated interest expense is allocated to Motorcycle Retailing.

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets and liabilities are allocated to reportable segments.

Inter-segment transactions, which are eliminated on consolidation, are reported on a gross-basis, and are conducted on an arm's length basis.

The Group is not reliant on any external individual customer for 10% or more of the Group's revenue. The Group operates in one geographical segment being Australia and New Zealand. Revenue from overseas customers is not material to the Group.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

OPERATING SEGMENT INFORMATION	MOTORCYCLE RETAILING 30 JUNE 2023 \$'000	MOTORCYCLE & ACCESSORIES WHOLESALE 30 JUNE 2023 \$'000	ELIMINATIONS 30 JUNE 2023 \$'000	CONSOLIDATED 30 JUNE 2023 \$'000	MOTORCYCLE RETAILING 30 JUNE 2022 \$'000	MOTORCYCLE & ACCESSORIES WHOLESALE 30 JUNE 2022 \$'000	ELIMINATIONS 30 JUNE 2022 \$'000	CONSOLIDATED 30 JUNE 2022 \$'000
Sales to external customers and other income	433,912	143,491	-	577,403	414,132	43,184	-	457,316
Inter-segment sales	-	28,227	(28,227)	-	-	22,256	(22,256)	-
Total revenue and other income	433,912	171,718	(28,227)	577,403	414,132	65,440	(22,256)	457,316
Segment result								
Operating profit before interest and impairment	15,423	21,242	-	36,665	23,813	9,913	-	33,726
External interest expense allocation	(528)	(1,398)	-	(1,926)	(56)	(168)	-	(224)
Operating contribution	14,895	19,844	-	34,739	23,757	9,745	-	33,502
Business acquisition costs	(82)	(1,434)	-	(1,516)	(162)	(114)	-	(276)
Segment profit	14,813	18,410	-	33,223	23,595	9,631	-	33,226
Share of net profit of equity accounted investees				1,023		1,256		1,256
Unallocated corporate expenses				(1,676)		(1,750)		(1,750)
Profit before tax				32,570		32,732		32,732
Income tax expense				(9,556)		(9,617)		(9,617)
Net profit after tax				23,014		23,115		23,115
Depreciation and amortisation	11,371	5,599	-	16,970	11,060	3,005	-	14,065
Write down/(back) of inventories to net realisable value	918	(215)	-	703	569	(122)	-	447
Assets								
Segment assets	209,891	200,040	-	409,931	193,562	86,264	-	279,826
Liabilities								
Segment liabilities	118,219	94,140	-	212,359	105,924	18,896	-	124,820
Net Assets	91,672	105,900	-	197,572	87,638	67,368	-	155,006
Cost to acquire goodwill and other intangible assets	347	55,761	-	56,108	1,646	2,779	-	4,425
Cost to acquire property, plant, and equipment	2,631	1,092	-	3,723	1,786	176	-	1,962

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. REVENUE AND OTHER INCOME

DISAGGREGATION OF REVENUE

	MOTORCYCLE RETAILING 30 JUNE 2023 \$'000	MOTORCYCLE & ACCESSORIES WHOLESALING 30 JUNE 2023 \$'000	CONSOLIDATED 30 JUNE 2023 \$'000	MOTORCYCLE RETAILING 30 JUNE 2022 \$'000	MOTORCYCLE & ACCESSORIES WHOLESALING 30 JUNE 2022 \$'000	CONSOLIDATED 30 JUNE 2022 \$'000
New motorcycles	193,022	93,907	286,929	182,713	–	182,713
Used motorcycles	123,274	–	123,274	123,332	–	123,332
Parts and accessories	84,659	49,584	134,243	78,274	43,184	121,458
Service	17,050	–	17,050	15,200	–	15,200
Finance and insurance Income	15,411	–	15,411	14,151	–	14,151
Other revenue	496	–	496	462	–	462
Revenue from contracts with customers	433,912	143,491	577,403	414,132	43,184	457,316
At a point in time	430,131	143,491	573,622	410,579	43,184	453,763
Over time	3,781	–	3,781	3,553	–	3,553
	433,912	143,491	577,403	414,132	43,184	457,316
Other income						
Government grants	1,488	–	1,488	2,159	–	2,159
Proceeds from insurance claim	6	–	6	1,815	–	1,815
Other income	318	–	318	26	–	26
	1,812	–	1,812	4,000	–	4,000

CONTRACT BALANCES

The following table provides information about receivables and contract liabilities from contracts with customers.

	NOTE	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Receivables, gross of provisions, included in trade and other receivables	23	12,329	7,274
Contract liabilities		7,418	7,196

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 30 June 2023.

FINANCIAL YEAR ENDING	30 JUNE 2024 \$'000	30 JUNE 2025 \$'000	30 JUNE 2026 \$'000	30 JUNE 2027 \$'000	30 JUNE 2028 \$'000	30 JUNE 2029 OR LATER \$'000
Mechanical protection plans	3,119	2,246	1,270	564	188	31
	3,119	2,246	1,270	564	188	31

NATURE AND TIMING OF PERFORMANCE OBLIGATIONS, INCLUDING SIGNIFICANT PAYMENT TERMS:

Sale of new and used bikes, parts, and accessories

Customers obtain control of the goods when they are delivered to or collected by the customer. Invoices are generated at that point in time. For retail customers, payment is generally required prior to or at the time of taking control of the goods. For wholesale customers, invoices are usually payable within 30 days from end of month.

Service revenue

Revenue is recognised at a point in time and invoices are raised on completion of the service. Customers are required to make payment when collecting their motorcycle following completion of the service.

Mechanical Protection Plan (MPP) revenue

Revenue is recognised on a straight-line basis over the period of the MPP. Invoices for the full amount of the MPP policy are generated at the time the customer obtains control of the motorcycle to which the MPP relates, and payment is required at the date of invoice.

Finance and insurance commission revenue

Commissions are recognised at a point in time when the customer obtains control of the associated motorcycle. Commissions are accrued monthly, and payment is usually received monthly in arrears.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6. OTHER EXPENSES

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Other expenses		
Advertising	3,589	3,216
Bank charges	1,166	1,103
Computers and software	2,308	2,150
Freight and cartage	5,492	1,445
Insurance	2,308	1,778
Assets impaired as result of insurance claim	28	1,063
Motor vehicle expenses	1,889	1,625
Professional fees	2,642	1,382
Other expenses	6,562	4,773
	25,984	18,535
Employee benefits expense		
Salaries and wages	53,136	47,843
Superannuation contributions	6,844	5,902
Equity settled share-based payments	407	434
Other employee benefits expense	8,935	7,901
	69,322	62,080

7. FINANCE COSTS

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Bank interest expense	1,926	224
Vehicle bailment	2,168	638
Interest attributable to leases	2,303	1,837
Foreign currency (gain)/loss	(87)	(677)
	6,310	2,020

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

8. INCOME TAXES

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Income Tax Expense		
Current income tax expense	11,517	9,874
Underprovision of current tax expense in prior years	31	-
Deferred income tax expense/(benefit)	(1,992)	(257)
	9,556	9,617
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	32,570	32,732
Tax at the Australian tax rate of 30% (2022: 30%)	9,771	9,820
<i>Adjustments to income tax expense:</i>		
Difference in overseas tax rates	(12)	(10)
Recognition of opening deferred tax balance for NZ entities	(40)	-
Underprovision of current tax expense in prior years	31	-
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Non deductible expenses	156	184
Notional current income tax expense attributable to foreign operations (at 28%)	(350)	(377)
Income tax expense	9,556	9,617

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Recognised deferred tax assets and liabilities:				
Property, plant and equipment	-	106	(43)	-
Indefinite life intangible assets	-	-	(9,341)	(3,881)
Provisions — doubtful receivables	66	60	-	-
Provisions — employee benefits	2,918	2,655	-	-
Contract liabilities	2,386	2,159	-	-
Right of use assets	-	-	(14,453)	(13,556)
Lease liabilities	15,349	14,320	-	-
Other items	544	149	(585)	(932)
Deferred tax assets/(liabilities) before set-off	21,263	19,449	(24,422)	(18,369)
Set-off tax	(21,163)	(19,949)	21,263	19,949
Net deferred tax assets/(liabilities)	-	-	(3,159)	1,080

The deferred tax expense included in income tax expense in respect of the above temporary differences resulted from the following movements:

Opening balance at 1 July	1,080	800
Charged/(credited) to profit and loss	1,992	257
Deferred tax recognised directly in goodwill	(6,231)	23
Closing balance at 30 June	(3,159)	1,080

The tax rate used in the above reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

9. EARNINGS PER SHARE

	30 JUNE 2023 CENTS	30 JUNE 2022 CENTS
Basic earnings per share		
Earnings attributable to the ordinary equity holders of the Company	33.1	37.5
Diluted earnings per share		
Earnings attributable to the ordinary equity holders of the Company	32.7	37.4
RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE	\$'000	\$'000
Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	23,014	23,115
Diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	23,014	23,115
	'000	'000
Weighted average number of ordinary shares outstanding during the year	69,522	61,707
Adjustments for calculation of diluted earnings per share – performance rights and options	856	137
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	70,378	61,844

10. CASH AND CASH EQUIVALENTS

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Cash at bank and on hand	24,734	3,910
	24,734	3,910

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

11. TRADE AND OTHER RECEIVABLES

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Trade and other receivables	12,329	7,274
Provision for doubtful receivables	(250)	(201)
	12,079	7,073

12. INVENTORIES

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
New and demonstrator motorcycles (at cost)	75,828	28,151
Less: write-down to net realisable value	(342)	(225)
New and demonstrator inventory	75,486	27,926
Used motorcycles (at cost)	14,830	19,242
Less: write-down to net realisable value	(353)	(338)
Used inventory	14,477	18,904
Parts, accessories and other consumables (at cost)	76,463	70,757
Less: write-down to net realisable value	(10,593)	(10,022)
Parts, accessories and other consumable inventory	65,870	60,735
Total inventories	155,833	107,565

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

13. LEASES

The Group leases retail and warehouse facilities. The leases run for periods between 3 and 10 years, with options to renew the leases after those dates. Lease payments are renegotiated at the exercise of each option period to reflect market rates. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements. Information about leases is presented below.

Amounts for repayments of lease principal are recognised as cash outflows for financing activities in the consolidated statement of cash flows. Interest expense is recognised as a cash outflow from operating activities.

RIGHT-OF-USE ASSETS

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented separately on the balance sheet.

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Balance at 1 July	45,848	43,208
Depreciation charge for the year	(11,567)	(10,294)
Additions to right-of-use assets	13,924	12,934
Balance at 30 June	48,205	45,848
Amounts recognised in profit or loss		
Interest on lease liabilities	2,303	1,837
Expenses relating to leases of low-value assets	–	28
	2,303	1,865
Amounts recognised in statement of cash flows		
Total cash outflow for leases	13,532	11,509

EXTENSION OF OPTIONS

Some property leases contain extension options exercisable by the Group up to six months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

14. PROPERTY, PLANT AND EQUIPMENT

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Leasehold improvements		
Gross value	12,783	11,289
Accumulated depreciation	(4,968)	(4,279)
	7,815	7,010
Motor vehicles		
Gross value	3,685	2,885
Accumulated depreciation	(2,040)	(1,805)
	1,645	1,080
Plant and equipment		
Gross value	9,244	8,534
Accumulated depreciation	(6,908)	(6,285)
	2,336	2,249
Furniture, fixtures and fittings		
Gross value	4,389	4,037
Accumulated depreciation	(2,830)	(2,654)
	1,559	1,383
Other fixed assets		
Gross value	1,297	1,296
Accumulated depreciation	(1,215)	(1,192)
	82	104
Total property, plant and equipment	13,437	11,826

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

A reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year is set out below:

30 JUNE 2023	LEASEHOLD IMPROVEMENTS \$'000	MOTOR VEHICLES \$'000	PLANT AND EQUIPMENT \$'000	FURNITURE, FIXTURES & FITTINGS \$'000	OTHER FIXED ASSETS \$'000	TOTAL \$'000
Carrying amount at the start of the period	7,010	1,080	2,249	1,383	104	11,826
Additions	1,444	649	617	429	-	3,139
Acquired from business combinations	-	360	127	94	3	584
Disposals/transfers	37	(51)	(75)	(35)	(2)	(126)
Effects of movements in exchange rates	-	3	15	1	-	19
Depreciation expense	(676)	(396)	(597)	(313)	(23)	(2,005)
Carrying amount at end of period	7,815	1,645	2,336	1,559	82	13,437
30 JUNE 2022	LEASEHOLD IMPROVEMENTS \$'000	MOTOR VEHICLES \$'000	PLANT AND EQUIPMENT \$'000	FURNITURE, FIXTURES & FITTINGS \$'000	OTHER FIXED ASSETS \$'000	TOTAL \$'000
Carrying amount at the start of the period	6,844	738	2,517	1,310	136	11,545
Additions	601	510	556	295	-	1,962
Acquired from business combinations	139	114	77	26	-	356
Disposals/transfers	-	(40)	(294)	-	-	(334)
Effects of movements in exchange rates	-	-	-	-	-	-
Depreciation expense	(574)	(242)	(607)	(248)	(32)	(1,703)
Carrying amount at end of period	7,010	1,080	2,249	1,383	104	11,826

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

15. GOODWILL AND INTANGIBLE ASSETS

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

30 JUNE 2023	GOODWILL \$'000	TRADEMARKS \$'000	CUSTOMER CONTRACTS AND RELATIONSHIPS \$'000	OTHER INTANGIBLES \$'000	TOTAL \$'000
Cost					
Balance at beginning of period	106,108	5,603	15,000	2,000	128,711
Acquired through business combinations	34,509	–	7,700	13,900	56,109
Effects of movements in exchange rates	48	–	–	–	48
Balance at end of period	140,665	5,603	22,700	15,900	184,868
Accumulated amortisation and impairment					
Balance at beginning of period	(24,296)	–	(7,797)	(1,867)	(33,960)
Amortisation expense	–	–	(2,400)	(999)	(3,399)
Balance at end of period	(24,296)	–	(10,197)	(2,866)	(37,359)
Carrying amounts					
Balance at beginning of period	81,812	5,603	7,204	133	94,751
Balance at end of period	116,369	5,603	12,503	13,304	147,509

30 JUNE 2022	GOODWILL \$'000	TRADEMARKS \$'000	CUSTOMER CONTRACTS AND RELATIONSHIPS \$'000	OTHER INTANGIBLES \$'000	TOTAL \$'000
Cost					
Balance at beginning of period	101,795	5,603	15,000	2,000	124,398
Acquired through business combinations	4,425	–	–	–	4,425
Effects of movements in exchange rates	(112)	–	–	–	(112)
Balance at end of period	106,108	5,603	15,000	2,000	128,711
Accumulated amortisation and impairment					
Balance at beginning of period	(24,296)	–	(6,130)	(1,467)	(31,893)
Amortisation expense	–	–	(1,667)	(400)	(2,067)
Balance at end of period	(24,296)	–	(7,797)	(1,867)	(33,960)
Carrying amounts					
Balance at beginning of period	77,499	5,603	8,870	533	92,505
Balance at end of period	81,812	5,603	7,203	133	94,751

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

IMPAIRMENT TESTING

For the purpose of impairment testing, goodwill is allocated to the Group's three cash generating units (CGUs), being Motorcycle Retailing, Motorcycle Accessories Wholesaling, and Motorcycle Wholesaling.

- Goodwill of \$52,239,000 (2022: \$51,891,000) is allocated to the Motorcycle Retailing CGU.
- Goodwill of \$29,969,000 (2022: \$29,921,000) is allocated to the Motorcycle Accessories Wholesaling CGU.
- Goodwill of \$34,161,000 (2022: \$nil) is allocated to the Motorcycle Wholesaling CGU.

The recoverable amount of the CGU to which goodwill is allocated is determined based on the greater of its value in use and its fair value less cost of disposal.

For the purpose of impairment testing conducted for the current year, the recoverable amount has been determined on a fair value less cost of disposal basis. The fair value less cost of disposal assessment is conducted using a discounted cash flow (DCF) methodology requiring the directors to estimate the future cash flows expected to arise from the cash generating units and then applying a discount rate to calculate the present value (level 3 value). The DCF model adopted by the directors was based on the FY24 budget approved by the board. The key assumptions used in the estimate of the recoverable amount include:

	RETAIL CGU		ACCESSORIES WHOLESALE CGU		WHOLESALE CGU	
	30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022
Pre-tax discount rate	13.3%	13.3%	13.6%	13.1%	25.0%	–
Post-tax discount rate	9.3%	9.5%	9.5%	10.5%	17.5%	–
Terminal growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	–
Budgeted 0-1 year EBITDA growth rate	(37.4%)	(9.7%)	10.8%	22.6%	38.7%	–
Budgeted 1-2 year EBITDA growth rate	(11.0%)	5.0%	6.3%	5.0%	6.3%	–
Budgeted 3-5 year EBITDA growth rate	19.5%	5.0%	7.6%	5.0%	6.1%	–

The discount rate was a post-tax measure estimated based on the historical industry weighted average cost of capital, with a possible debt leveraging of 10% for the Motorcycle Accessories Wholesaling CGU and 20% for the Motorcycle Retailing CGU at a market interest rate of 2.9%. The discount rate of 9.3% used was for the Motorcycle Retailing CGU, 9.5% for the Motorcycle Accessories Wholesaling CGU, and 17.5% for the Motorcycle Wholesaling CGU.

Cash flow projections were based on the board-approved budget for FY24 as the basis for year 1, management's estimate of forecast growth rates for years 2 through 5, and a terminal growth rate thereafter. The terminal growth rate of 2.5% was determined based on management's estimate of the long-term average industry growth rate, consistent with assumptions that a market participant would make.

Assumptions used in determining the FY24 budget take into account available internal and external data about the outlook for operating conditions in the Group's CGUs and past experience and include:

- New and used motorcycle sales were projected by taking into account the Group's sales levels experienced during FY23 and potential impacts of uncertainties in the outlook for economic conditions. New motorcycle sales are projected to reduce by up to 5%, and sales of used motorcycles are also expected to reduce by up to 5%.
- Other departments in the Motorcycle Retailing CGU were projected to remain flat in a difficult market because of price rises and as a result of full year contributions and integration of new businesses.

- Growth in the Motorcycle Accessories Wholesaling CGU results from a better stock and supply chain position, growth in New Zealand, and the implementation of a new warehouse management system.
- The Motorcycle Wholesaling CGU actual FY23 result was annualised for a full year contribution.
- Expenses were projected to increase 7% with inflation, wage rises, and new businesses owned for the whole year.

FY25 to FY28 growth rates for all CGUs were estimated taking into account past experience and expected industry trading conditions based on broad economic conditions remaining poor in FY25 and recovering to FY23 levels over the following 3 years. In the Motorcycle Retailing CGU, with a relatively fixed cost base in motorcycle dealerships, small falls and rises in the number of motorcycles retailed lead to larger changes in EBITDA.

The estimated recoverable amount of the Motorcycle Retailing CGU exceeded its carrying amount by \$27,107,000. Total units were budgeted to decrease in FY24 due to economic conditions, remain depressed in FY25, and gradually increase back to current levels over FY26 to FY28. Unit sale prices and expenses were forecast to increase in line with projected inflation.

The estimated recoverable amount of the Motorcycle Accessories Wholesaling CGU exceeded its carrying amount by \$27,447,000. Growth results from a better stock and supply chain position, growth in New Zealand, and the implementation of a new warehouse management system.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Sales were forecast to grow in New Zealand as new brands are added for distribution, and grow 7.2% over FY26 to FY28, a small growth above inflation. Expenses were forecast to increase in line with projected inflation.

The estimated recoverable amount of the Motorcycle Wholesaling CGU exceeded its carrying amount by \$53,051,000. FY24 was budgeted based on the FY23 actual result annualised for a full year contribution, with growth in units projected at 2.5% in FY26, FY27, and FY28. Sale prices and expenses were forecast to increase in line with projected inflation.

16. EQUITY-ACCOUNTED INVESTEEES

MotorCycle Finance Pty Ltd (MCF) is a joint venture in which the Group has joint control and a 50% ownership interest.

The joint venture was established to provide secured loans to customers directly for the purchase of motorcycles.

MCF is structured as a separate entity and the Group has a residual interest in the net assets of MCF. Accordingly, the Group has classified its interest in MCF as a joint venture. In accordance with the agreement under which MCF is established, the Group and the other investor in the joint venture have agreed to make additional contributions to their interest to make up any losses, if required. This commitment has not been recognised in these financial statements.

The following table summarises the financial information of MCF as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in MCF.

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Interest in joint venture	6,767	6,437
	6,767	6,437

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Assets		
Cash and cash equivalents	5,847	4,752
Loans and other receivables	87,591	83,072
Derivative financial instruments	2,280	2,365
Other assets	202	86
	95,920	90,275
Liabilities		
Trade and other payables	593	672
Interest-bearing loans	81,549	76,295
Other liabilities	244	434
	82,386	77,401
Net assets (100%)	13,534	12,874
Group's share of net assets (50%)	6,767	6,437
Carrying amount of interest in joint venture	6,767	6,437
Finance income	4,429	3,703
Other revenue	3,692	3,617
Interest expense	(2,252)	(1,288)
Other expense	(2,945)	(2,445)
Income tax benefit/(expense)	(877)	(1,076)
Profit/(loss) after tax	2,047	2,511
Other comprehensive income/(loss)	(59)	2,182
Total comprehensive income (100%)	1,988	4,693
Group's share of total comprehensive income (50%)	994	2,347

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

17. TRADE AND OTHER PAYABLES

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Trade payables ¹	19,268	8,861
Other payables ²	20,400	6,541
	39,668	15,402

1 The average credit period on purchases of goods is 30 days. No interest is charged on trade payables from the date of invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

2 Includes \$10,000,000 deferred consideration for Mojo, see Note 25.

18. Loans and Borrowings – Current

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Bailment finance	48,464	24,864
	48,464	24,864

Bailment finance is provided on a motorcycle-by-motorcycle basis by various finance providers and currently bears interest at a rate from 9–14% per annum. (2022: 6–11%). Bailment finance is considered a current liability and repayable immediately upon the sale of each individual motorcycle.

This liability is represented by and secured by a charge over the motorcycles subject to the bailment agreements and various levels of security and indemnities.

19. PROVISIONS

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Employee benefits	9,052	8,296
Other provisions	621	78
Current provisions	9,673	8,374
Employee benefits	681	582
Non-current provisions	681	582

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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20. LOANS AND BORROWINGS — NON-CURRENT

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Opening balance	20,000	5,000
Proceeds from loans and borrowings	30,000	15,000
Total long-term borrowings	50,000	20,000

The interest-bearing loan is secured on a fixed and floating charge over the present and future interest of all assets and undertakings of the Group's controlled entities. The loan has a maturity date of 10 July 2025. The weighted average interest rate as at 30 June 2023 was 5.97%.

FINANCING ARRANGEMENTS

The Group has access to the following lines of credit at balance date:

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Total facilities		
Bank facilities	50,000	20,000
Bailment finance	80,739	76,239
	130,739	96,239
Used at balance date		
Bank facilities	50,000	20,000
Bailment finance	48,464	24,864
	98,464	44,864
Unused at balance date		
Bank facilities	—	—
Bailment finance	32,275	51,375
	32,275	51,375

21. CAPITAL AND RESERVES

ORDINARY SHARES

		NUMBER OF SHARES	ISSUE PRICE \$	\$'000
Movements in ordinary shares				
Date	Details			
1 July 2021	Opening balance	61,706,710		120,081
30 June 2022	Closing balance	61,706,710		120,081
31 October 2022	Issue of consideration shares	11,539,000	2.60	30,001
10 March 2023	Exercise of performance rights	431,549		646
30 June 2023	Closing balance	73,677,259		150,728

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

DIVIDENDS

The following dividends were declared and paid by the Company:

	30 JUNE 2023 CENTS PER SHARE	30 JUNE 2023 \$'000	30 JUNE 2022 CENTS PER SHARE	30 JUNE 2022 \$'000
Dividends on ordinary shares				
2022 final dividend (2022: 2021 final dividend)	12.0	4,937	10.0	6,171
2023 interim dividend (2022: 2022 interim dividend)	8.0	5,894	12.0	7,404
Total dividends on ordinary shares	20.0	10,831	22.0	13,575

Directors have declared a final dividend of 12 cents per share amounting to \$8,841,000 payable on 28 September 2023 with a record date of 15 September 2023.

The amount of franking credits available at the 30% tax rate as at 30 June 2023 to frank dividends for subsequent financial years, is \$59,822,000 (2022: \$53,094,000).

22. SHARE-BASED PAYMENT ARRANGEMENTS

During the 2018 financial year, the Group established a long-term incentive plan (LTIP) following Shareholder approval at the 2017 Annual General Meeting. The LTIP was reapproved at the 2020 Annual General Meeting. The LTIP allows for the granting of performance rights which constitute a right to receive ordinary shares in the capital of the Company upon the achievement of certain performance hurdles. Currently, the LTIP is limited to KMP and Senior Executives.

The fair values of these performance rights were calculated on grant date and recognised over the period to vesting. The vesting of the performance rights is based on the achievement of specified compound annual growth in the Group's earnings per share and relative total Shareholder returns.

The key terms and conditions related to the LTIP are as follows:

TRANCHE	GRANT DATE	NUMBER OF PERFORMANCE RIGHTS ISSUED	VESTING CONDITIONS ¹	PERFORMANCE PERIOD
2021 Tranche 1	22 December 2020	151,597	Relative TSR	1 July 2020 to 30 June 2023
2021 Tranche 2	22 December 2020	151,597	EPS CAGR	1 July 2020 to 30 June 2023
2022 Tranche 1	25 March 2022	94,799	Relative TSR	1 July 2021 to 30 June 2024
2022 Tranche 2	25 March 2022	94,799	EPS CAGR	1 July 2021 to 30 June 2024
2023 Tranche 1	10 March 2023	166,743	Relative TSR	1 July 2022 to 30 June 2025
2023 Tranche 2	10 March 2023	166,743	EPS CAGR	1 July 2022 to 30 June 2025
		826,278		

¹ Further details of the vesting conditions are disclosed in the Remuneration Report.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

MEASUREMENT OF FAIR VALUES

The fair value of the performance rights granted under the LTIP has been measured as follows:

- Tranche 1 — Monte Carlo simulation
- Tranche 2 — Black Scholes model

Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payments plans were as follows:

	2023 TRANCHE 1	2023 TRANCHE 2	2022 TRANCHE 1	2022 TRANCHE 2
Fair value at grant date	\$0.50	\$1.24	\$1.84	\$2.44
Share price at valuation date	\$1.60	\$1.60	\$2.91	\$2.91
Expected volatility	40%	40%	45%	45%
Annual dividend yield	10.50%	10.50%	7.50%	7.50%
Risk-free interest rate	3.40%	3.40%	1.79%	1.79%
Test date	1 September 2025	1 September 2025	31 August 2024	31 August 2024

The expected volatility has been based on an evaluation of the historical volatility of the Company's and comparable companies' share price, particularly over the historical period commensurate with the expected term.

RECONCILIATION OF OUTSTANDING PERFORMANCE RIGHTS

The number of performance rights under the LTIP were as follows:

	NUMBER OF PERFORMANCE RIGHTS	
	30 JUNE 2023	30 JUNE 2022
Opening balance	950,621	824,626
Granted during the year	333,486	189,598
Forfeited during the year	(45,490)	(55,956)
Exercised during the year	(431,549)	(7,647)
Closing balance	807,068	950,621

RECOGNISED SHARE-BASED PAYMENTS EXPENSE

The value of performance rights expensed during the year was \$407,000 (2022: \$434,000). Of this amount, \$292,000 is attributable to key management personnel remuneration (2022: \$379,000).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL INSTRUMENTS — FAIR VALUE AND RISK

Overview

The Group has exposure to the following key risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the objectives, policies, and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has established an Audit and Risk Committee, which is responsible for monitoring, assessing, and reporting on the consolidated entity's risk management system. The committee provides regular reports to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

The Audit & Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The Group's principal financial instruments comprise bank loans, bailment finance, cash, and short-term deposits. The main purpose of these financial instruments is to raise finance for and fund the Group's operations. The Group has various other financial instruments such as trade receivables and trade creditors which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Further, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of debtors and other receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for doubtful debts that represents its estimate of expected credit losses in respect of trade and other receivables.

The Group's credit risk on liquid funds is limited as the counter parties are major Australian banks with favourable credit ratings assigned by international credit rating agencies.

EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as the reporting date was:

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Trade and other receivables	12,329	7,274
	12,329	7,274

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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IMPAIRMENT LOSSES

The maximum credit period on trade sales is 60 days. No interest is charged on the trade receivables from the date of invoice or when past due. The Group applies a simplified approach to measure expected credit losses from trade receivables using an allowance matrix. Trade receivables comprise a large number of small balances. These balances are allocated into different stages of delinquency between current and write-off. Loss rates for each stage are then applied based on historical loss experience.

Included in the Group's trade receivables balance are debtors with a carrying amount of \$1,889,000 (2022: \$550,000), which are past due at the reporting date. Of this balance the Group has provided \$250,000 (2022: \$201,000) for these balances. The Group registers security interests over goods supplied on credit on the Personal Property and Securities Register as collateral and maintains a trade credit insurance policy.

LIQUIDITY RISK

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Information on available facilities can be found in Note 20.

MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and monitor market risk exposures within acceptable parameters, whilst optimising the return on risk.

INTEREST RATE RISK

The Group is exposed to interest rate risk as a consequence of its financing facilities as set out in Notes 18 and 20. The Group's policy is to manage its interest cost using variable rate debt.

As at 30 June 2023 0% (2022: 0%) of the Group's borrowings were at a fixed rate of interest, with all funds borrowed at floating rates. There is no history of fixing interest rates, and the Group has no intention of fixing interest rates in the immediate future.

INTEREST RATE SENSITIVITY

The sensitivity analyses below have been determined based on the exposure to interest rates at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50-basis points higher or lower and all other variables were held constant, the Group's net profit before tax would increase/decrease by \$250,000 (2021: \$100,000) per annum. This is mainly due to the Group's exposures to interest rates on its variable rate borrowings.

FOREIGN CURRENCY RISK

The Group is exposed to currency risk to the extent that there is a mismatch between the currency in which sales and purchases are denominated and applicable functional currencies. The currency in which these transactions are denominated is primarily the US dollar.

At any point in time, the Group uses forward exchange contracts to hedge its purchases in respect of forecast sales and purchases over the following six months, all with a maturity date of less than one year from reporting date.

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the period.

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FAIR VALUE MEASUREMENTS

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting their future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying value amount, as the impact of discounting is not significant.

MATURITY PROFILE

The below table provides a maturity profile for the Group's financial liabilities at balance date. The amounts disclosed in the table are gross contractual undiscounted cash flows (principal and interest) required to settle the respective liabilities. The interest rate is based on the rate applicable as at the end of the financial period.

	LESS THAN 1 YEAR \$'000	1-2 YEARS \$'000	2-5 YEARS \$'000	5+ YEARS	TOTAL \$'000	INTEREST RATE
As at 30 June 2023						
Financial liabilities						
Bailment (current)	48,464	–	–	–	48,464	9–14%
Borrowings	2,983	2,983	50,082	–	56,048	5.97%
Lease liabilities	14,039	12,140	22,197	11,111	59,757	
Forward exchange contracts						
–outflow	22,293	–	–	–	22,293	
–inflow	(22,686)	–	–	–	(22,686)	
Trade and other payables	39,668	–	–	–	39,668	
	104,761	15,393	72,279	11,111	203,544	
As at 30 June 2022						
Financial liabilities						
Bailment (current)	24,864	–	–	–	24,864	6–11%
Borrowings	598	598	20,614	–	21,810	2.99%
Lease liabilities	12,041	10,692	21,815	10,010	54,558	
Forward exchange contracts						
–outflow	10,188	–	–	–	10,188	
–inflow	(10,920)	–	–	–	(10,920)	
Trade and other payables	15,402	–	–	–	15,402	
	52,173	11,290	42,429	10,010	115,902	

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24. LIST OF SUBSIDIARIES

All subsidiaries are either directly controlled by MotorCycle Holdings Limited or are wholly owned within the group, have ordinary class of shares and are incorporated in Australia or New Zealand.

NAME OF ENTITY	PLACE OF INCORPORATION	EQUITY HELD 30 JUNE 2023 %	EQUITY HELD 30 JUNE 2022 %
Cassons Pty Ltd	Australia	100%	100%
Forbes & Davies (NZ) Limited	New Zealand	100%	100%
Innovative Dealership Solutions Pty Ltd	Australia	100%	100%
Kymco (Aust) Pty Ltd	Australia	100%	–
Mojo Electric Vehicles Pty Ltd	Australia	100%	–
Mojo Motorcycles NZ Limited	New Zealand	100%	–
Mojo Motorcycles Pty Ltd	Australia	100%	–
Motor Cycle Accessories Supermarket Pty Ltd	Australia	100%	100%
Motorcycle Holdings Group Unit Co Pty Ltd	Australia	100%	100%
Motorcycle Holdings IDS Pty Ltd	Australia	100%	100%
Motorcycle Holdings Operations Pty Ltd	Australia	100%	100%
Motorcycle Holdings TCO Pty Ltd	Australia	100%	100%
Motorcycle Holdings Unit Co Pty Ltd	Australia	100%	100%
Motorcycle Riding School Pty Ltd	Australia	100%	100%
MW Motorcycles Pty Ltd	Australia	100%	100%
Myway Services Pty Ltd	Australia	100%	100%
Netpark Pty Ltd	Australia	100%	100%
North Ride Pty Ltd	Australia	100%	100%
Pushgate Pty Ltd	Australia	100%	100%
Shoreway Pty Ltd	Australia	100%	100%
Stanbay Pty Ltd	Australia	100%	100%
Team Moto Pty Limited	Australia	100%	100%
Trinder Avenue Motors Pty Ltd	Australia	100%	100%

The Team Moto Unit Trust, the Innovative Dealership Solutions Unit Trust, and the MotorCycle Holdings Group Unit Trust are fixed unit trusts directly controlled by MotorCycle Holdings Limited and are wholly owned within the group but are not members of the Deed of Cross Guarantee. See Note 27.

25. BUSINESS COMBINATIONS

FUTURE SPORT MOTORCYCLES

On 5 August 2022 the Group acquired business assets and liabilities of Future Sport Motorcycles located in Townsville, Queensland as part of its growth strategy.

The business combination forms part of the motorcycle retailing segment and contributed revenue of \$5,798,000 and net profit after tax of \$26,000 for period ended 30 June 2023 from the date of acquisition. The Group would have reported \$578,177,000 in consolidated revenue and \$23,017,000 in consolidated net profit after tax for the year ended 30 June 2023 had the business combination occurred at the beginning of the reporting period.

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Below is a summary of the total purchase consideration, net identifiable assets acquired, and goodwill recognised as part of this business combination:

	TOTAL \$'000
Inventory — motorcycles (net of bailment)	23
Inventory — parts and accessories	337
Property, plant and equipment	53
Total assets acquired	413
Trade and other payables	20
Employee entitlements	13
Total liabilities assumed	33
Net identifiable assets acquired	380
Goodwill recognised	347
Total purchase consideration — cash	727

MOJO GROUP

On 31 October 2022 the Group acquired 100% of Mojo Motorcycles Pty Ltd and Mojo Electric Vehicles Pty Ltd (together, 'Mojo Group'), one of Australia's largest importers and wholesalers of motorcycles, genuine spare parts, and accessories.

In the 8 months to 30 June 2023, Mojo Group contributed external revenue of \$100,351,000 and net profit after tax of \$8,450,000. The Group would have reported \$631,242,000 in consolidated revenue and \$27,308,000 in consolidated net profit after tax for the year ended 30 June 2023 had the business combination occurred at the beginning of the reporting period.

CONSIDERATION TRANSFERRED

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	TOTAL \$'000
Cash	17,916
Equity instruments (11,539,000 ordinary shares)	30,001
Total consideration transferred	47,917
Contingent consideration	10,000
Total purchase consideration	57,917

The fair value of the ordinary shares issued is based on the issue price of consideration shares of \$2.60 per share on 31 October 2022.

Contingent consideration payable is based on net profit before tax of Mojo Group in the 12-month period following completion. Where net profit before tax is:

- greater than \$14,500,000, the contingent consideration will be \$10,000,000;
- equal to or greater than \$10,000,000 but less than \$14,500,000, the contingent consideration will be \$5,000,000; or
- less than \$10,000,000, the contingent consideration will be \$nil.

Contingent consideration has been recognised in trade and other payables in the consolidated statement of financial position. Management have performed an assessment on the probability that the contingent consideration will fall due, and based on current and expected performance, have assessed it as highly probable that the net profit before tax of Mojo Group will exceed \$14,500,000. As such the full consideration has been accrued as at 30 June 2023 (see Note 17).

On acquisition, the Group assumed a liability to the former shareholders of the Mojo Group of \$9,349,000. This balance was sequentially settled by the Group and paid in addition to the \$57,917,000 consideration price.

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ACQUISITION-RELATED COSTS

The Group incurred acquisition-related costs of \$1,434,000 relating to external legal fees and due diligence related costs. These amounts have been included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

PROVISIONAL IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition:

	TOTAL \$'000
Cash and cash equivalents	3,830
Trade and other receivables	1,731
Inventories	24,063
Property, plant and equipment	532
Lease right-of-use assets	1,361
Other intangible assets	21,600
Other assets	105
Total assets acquired	53,222
Trade and other payables	9,768
Dividends payable to prior shareholders	9,349
Lease liabilities	1,456
Current tax liability	1,822
Deferred tax liability	6,235
Employee and other provisions	836
Total liabilities assumed	29,466
Net identifiable assets acquired	23,756

Trade and other receivables do not comprise any amounts expected to be uncollectable at the date of acquisition.

GOODWILL

Goodwill arising from the acquisition has been recognised as follows:

	TOTAL \$'000
Total consideration transferred	57,917
Fair value of net identifiable assets	(23,756)
Goodwill	34,161

The goodwill recognised is attributable to the assembled workforce, buyer-specific operational synergies, and future period earnings. \$6,400,000 of this goodwill has been recognised as a result of a deferred tax liability arising from the initial recognition of identifiable intangible assets. None of the goodwill recognised is expected to be deductible for tax purposes.

There are no contingent liabilities associated with the acquisition.

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26. PARENT ENTITY

Information relating to MotorCycle Holdings Limited (the Parent Entity) at 30 June 2023 is presented below and is in line with the Group's accounting policies.

	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Financial position		
Assets		
Current assets	–	304
Non-current assets	200,410	145,550
	200,410	145,854
Liabilities		
Current liabilities	2,104	–
Non-current liabilities	3,159	–
	5,263	–
Equity		
Issued capital	150,728	120,081
Retained earnings	43,558	24,674
Reserves	861	1,099
	195,147	145,854
Financial performance		
Profit/(loss) for the year	29,715	27,696
Total comprehensive income	29,715	27,696

27. DEED OF CROSS GUARANTEE

MotorCycle Holdings Limited, the Parent Entity, has entered into a Deed of Cross Guarantee with each of its eligible wholly owned subsidiaries, under which each entity guarantees the debts of other members of the Group. By entering into this Deed of Cross Guarantee it allows the Group to use ASIC Corporations (Wholly owned Companies) Instrument 2016/785 which provides relief from the Corporations Act financial reporting requirements for wholly owned subsidiaries.

The table in Note 24 details the Group's corporate structure and those entities that are wholly owned and form part of the Group's Deed of Cross Guarantee. Financial statements for the entities within the Deed of Cross Guarantee are set out below.

CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Revenue and other income	558,963	443,854
Share of profit/(loss) of equity accounted investee net of tax	1,023	1,256
Expenditure	(521,318)	(410,623)
Finance costs	(6,098)	(1,850)
Profit/(loss) before tax	32,570	32,637
Income tax expense	(9,556)	(9,479)
Profit/(loss) for the year	23,014	23,158
Other comprehensive income	(25)	1,091
Total comprehensive income for the year	22,989	24,249

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 JUNE 2023 \$'000	30 JUNE 2022 \$'000
Cash and cash equivalents	24,562	2,757
Trade and other receivables	12,153	6,329
Inventories	151,483	101,368
Current tax assets	–	442
Other assets	1,236	914
Total current assets	189,434	111,810
Non-current assets		
Right of use assets	46,058	42,583
Property, plant and equipment	12,754	10,809
Deferred tax assets	–	1,080
Goodwill and other intangible assets	147,509	92,084
Investment in subsidiaries	20,963	3,883
Interest in equity accounted investees	6,767	6,437
Other assets	129	103
Total non-current assets	234,180	156,979
Total assets	423,614	268,789
Current liabilities		
Trade and other payables	57,914	8,125
Short term borrowings	46,445	24,180
Lease liabilities	11,309	9,406
Current tax liabilities	2,104	–
Provisions	9,119	7,939
Contract liabilities	3,283	3,299
Total current liabilities	130,174	52,949
Non-current liabilities		
Borrowings	50,000	20,000
Lease liabilities	37,576	35,603
Deferred tax liabilities	3,159	–
Provisions	639	557
Contract liabilities	4,494	4,322
Total non-current liabilities	95,868	60,482
Total liabilities	226,042	113,431
Net assets	197,572	155,358
Equity		
Contributed equity	150,728	120,081
Reserves	556	1,099
Retained earnings	46,288	34,178
Total equity	197,572	155,358

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

28. CONTINGENCIES

PARENT ENTITY

Unsecured guarantees, indemnities, and undertakings have been given by the Parent Entity in the normal course of business in respect of financial and trade arrangements entered into by its subsidiaries. It is not anticipated that the Parent Entity will become liable for any amount in respect thereof. At 30 June 2023 no subsidiary was in default in respect of any arrangement guaranteed by the Parent Entity.

29. AUDITOR'S REMUNERATION

AUDITORS OF THE GROUP — KPMG	30 JUNE 2023 \$	30 JUNE 2022 \$
Audit or review of the financial report — Group	535,000	356,000
Other services:		
– tax compliance services	96,000	162,000
– other services	11,000	37,000
	107,000	199,000

30. RELATED PARTIES

The remuneration report included in the Directors' Report sets out the remuneration policies of the consolidated entity and the relationship between these policies and the consolidated entity's performance.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	30 JUNE 2023 \$	30 JUNE 2022 \$
Short term employee benefits	1,507,703	1,832,930
Share-based payments	291,660	379,933
Post employment benefits	112,715	122,136
Other long term benefits	18,960	23,068
	1,931,038	2,358,066

There are no loans to key management personnel.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

OTHER TRANSACTIONS OF DIRECTORS AND DIRECTOR RELATED ENTITIES

Subsidiaries of the Group have entered into property leases for business premises with David Ahmet, Rob Cassen, and Michael Poynton respectively, including with entities associated with them. The details and aggregate amounts of these transactions 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.

During the period, Mr. Ahmet divested 3 of these 11 properties, and the associated leases were assigned to unrelated parties to the Group on 1 August 2022 (1 lease) and 1 February 2023 (2 leases).

Total rental payments (excluding GST and outgoings) payable to Mr. Ahmet or entities controlled by Mr. Ahmet in respect to the properties for the year ended 30 June 2023 or for the period during which the properties were owned by Mr. Ahmet or entities controlled by Mr. Ahmet were \$1,631,000 (year ended 30 June 2022: \$1,772,000).

- (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 1 of 2 Directors and holds 50% of the shares of each lessor entity. 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 terms have all been exercised for a further 10 years and the renewals were approved by shareholders at the 2021 annual general meeting.

Total rental payments (excluding GST and outgoings) payable in respect to these properties for the year ended 30 June 2023 were \$2,470,000 (year ended 30 June 2022: \$2,328,000).

- (iii) The Group has entered into a lease in respect to a property owned by an entity which acts in concert with Michael Poynton, Executive Director. Michael Poynton is 1 of 2 Directors and holds 50% of the shares of the lessor entity. The terms of this lease was negotiated on commercial arms' length basis in June 2021 including an initial lease term of 5 years, with options to renew for a further 10 years (comprising 2 options for 5-year periods). The lease is 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).

Total rental payments (excluding GST and outgoings) payable in respect to this property since the completion of the acquisition of Mojo Group to 30 June 2023 was \$151,000 (year ended 30 June 2022: \$nil).

OTHER RELATED PARTIES

The Group is entitled to finance commission revenue from its joint venture, MCF (refer Note 16). Total finance revenue recognised by the Group for the year ended 30 June 2023 was \$2,494,000 (2022: \$2,565,020), of which \$245,000 (2022: \$151,000) was receivable at 30 June 2023.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

31. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 JUNE 2023 \$	30 JUNE 2022 \$
Net profit after tax	23,014	23,115
Add/(less) non-cash movements		
Depreciation and amortisation	16,970	14,065
(Profit)/loss from equity-accounted investee	(1,023)	(1,256)
Equity settled share-based payment	407	434
Effects of movements in exchange rates	(62)	288
(Increase)/decrease in assets		
Receivables	(5,006)	(158)
Inventories	(48,268)	(21,328)
Loss on disposal of non-current assets	(131)	–
Deferred tax assets	1,384	(584)
Deposits and prepayments	(337)	
Acquired through business combinations	26,259	2,355
Increase/(decrease) in liabilities		
Payables	24,266	(1,699)
Bailment finance liability	23,600	2,351
Provisions	1,398	1,072
Contract liabilities	222	
Taxes payable	5,264	(3,203)
Acquired through business combinations	(28,693)	(107)
Net cash inflow from operating activities	39,291	15,345

32. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2023

The Directors make the following Directors' Declaration for the year ended 30 June 2023:

1. In the opinion of the Directors of MotorCycle Holdings Limited (the Company):
 - (a) the consolidated financial statements and notes that are set out on pages 34 to 72 and the Remuneration report in the Directors' report, are in accordance with the Corporations Act, including:
 - I. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - II. complying with *Australian Accounting Standards and the Corporations Regulations 2001*;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.
4. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



David Ahmet
Managing Director

Dated at Brisbane this 29th day of August 2023



Rick Dennis
Chair

Dated at Brisbane this 29th day of August 2023

SHAREHOLDER INFORMATION

AS AT 19 JULY 2023

SUBSTANTIAL SHAREHOLDERS

The names of substantial holders in the Company, the number of securities in which each substantial holder and the substantial holder's associates have a relevant interest as disclosed in substantial holding notices given to the Company and listed on the ASX website, and the percentage of total issued capital are:

1. MotorCycle Holdings Limited holding 11,539,000 shares at 15.66% of the total issued capital.
2. David Hedley Ahmet holding 11,465,478 shares at 15.56% of the total issued capital.
3. Michael Ross Poynton holding 6,660,711 shares at 9.04% of the total issued capital.
4. Joshua Carter holding 6,593,708 shares at 8.95% of the total issued capital.
5. Bennelong Australian Equity Partners Pty. Ltd. (Bennelong Funds Management Group) holding 6,168,501 shares at 8.37% of the total issued capital.
6. Auscap Asset Management Ltd holding 4,065,000 shares or 5.52% of the total issued capital.
7. MUFG holding 3,980,377 shares or 5.40% of the total issued capital.

VOTING RIGHTS

Each Shareholder present at a meeting has one vote on a show of hands, and if a poll is called each Shareholder present votes in proportion to the number of and amount paid up on their shares.

ORDINARY SHARES

Distribution of equity security holders by size of holding:

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1-1,000	503	236,163	0.32
1,001-5,000	735	2,101,628	2.85
5,001-10,000	345	2,659,432	3.61
10,001-100,000	345	9,982,281	13.55
100,001 Over	49	58,697,755	79.67
Total	1,977	73,677,259	100.00

UNMARKETABLE PARCELS	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$500.00 parcel at \$1.61 per unit	311	190	25,129

SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange. The home exchange is Sydney.

OTHER INFORMATION

MotorCycle Holdings Limited is incorporated and domiciled in Australia, is a publicly listed company limited by shares.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

TWENTY LARGEST SHAREHOLDERS

RANK	NAME	UNITS	% UNITS
1	CITICORP NOMINEES PTY LIMITED	15,229,682	20.67
2	GREENSLIDE PTY LTD	6,300,000	8.55
3	JWBC MOJO MOTORCYCLES PTY LTD	5,769,500	7.83
4	MRP MOJO MOTORCYCLES PTY LTD	5,769,500	7.83
5	KENLAKE PTY LIMITED	4,179,394	5.67
6	FREDA CASSEN	3,181,819	4.32
7	R CASSEN PTY LTD <R CASSEN FAMILY A/C>	3,181,819	4.32
8	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,728,240	3.70
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,275,845	1.73
10	DAVID HEDLEY AHMET	892,705	1.21
11	MR BRUCE ROLAND COLLINS	839,610	1.14
12	MRP MOJO MOTORCYCLES PTY LTD	750,000	1.02
13	MR ROBERT JOHN DONOVAN & MS CORINA LEE TROY <DONOVAN FAMILY S/F A/C>	603,052	0.82
14	SWINGING PTY LTD	521,000	0.71
15	MRS KAREN ANN COOKSLEY	485,001	0.66
16	MR ROBERT BRUCE TINLIN	449,785	0.61
17	MS JACQUELINE MELANIE MARR	386,100	0.52
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	366,113	0.50
19	HANCROFT PTY LTD	309,646	0.42
20	IMAGINATION IS THE KEY TO CREATION PTY LTD <THE CARTER DISCRET A/C>	286,966	0.39
Total	Top 20 Holders of Ordinary Fully Paid Shares (Total)	53,505,777	72.62
Total	Remaining Holders Balance	20,171,482	27.38

Leases with Related Parties

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.

During the period, Mr. Ahmet divested 3 of these 11 properties, and the associated leases were assigned to unrelated parties to the Group on 1 August 2022 (1 lease) and 1 February 2023 (2 leases).

The Group has entered into leases in respect to three properties that are owned by entities which act in concert with Rob Cassen, Non-executive Director.

Rob Cassen is 1 of 2 Directors and holds 50% of the shares of each lessor entity. 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).

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