

HALF-YEAR REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2023

APPENDIX 4D

PREVIOUS CORRESPONDING PERIOD: 6 MONTHS ENDED 31 DECEMBER 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET		CHANGE	TO \$'000
Comparison to previous corresponding period			
Revenue from ordinary activities	Increase	6%	293,421
Profit from ordinary activities after tax attributable to members	Decrease	(37%)	6,585
Net profit for the period attributable to members	Decrease	(41%)	6,186
DIVIDENDS		AMOUNT	FRANKED AMOUNT
Interim dividend per security		\$0.03	\$0.03
Record date for determining entitlement to the dividend			13 Mar 24
Date the final dividend is payable			27 Mar 24
NET TANGIBLE ASSETS		31 DEC 23	31 DEC 22
Net tangible assets ¹ per security		\$0.67	\$0.65

¹Net tangible assets includes lease right of use assets less liabilities recognised in accordance with AASB 16 Leases

REVIEW OF OPERATIONS

Sales revenue from ordinary activities for the Interim Period increased 6% in comparison to the 6 months ended 31 December 2022 (**PCP**) to \$293,421,000 (PCP: \$276,312,000).

Underlying earnings before interest, tax, depreciation, and amortisation (**Underlying EBITDA**) decreased 12% to \$21,827,000 (PCP: \$24,793,000) and net profit after tax (**NPAT**) decreased 37% to \$6,585,000 (PCP: \$10,466,000).

Basic earnings per share decreased 11% from 16 cents to 14.2 cents per ordinary share. The Underlying EBITDA margin on total income was 7.4% for the period (PCP: 8.9%).

Bank debt of \$50,000,000 is offset by \$6,553,000 cash at bank. During the period the Group paid contingent consideration of \$10,000,000 to the previous owners of Mojo Group¹.

New retail motorcycle unit sales increased 8% to 7,652 units (PCP: 7,097 units), while used retail motorcycle unit sales decreased 8% to 5,039 units (PCP: 5,480 units).

Retail parts and accessories revenue decreased by 6%, retail finance, insurance and mechanical protection plan income decreased by 3%, and servicing and repair revenue increased 3%.

Wholesale vehicle external sales increased 108% due to the contribution from Mojo Group for the full reporting period. External wholesale accessories sales revenue increased 4%.

Our finance joint venture, MotorCycle Finance, delivered \$418,000 NPAT for the half-year, a decrease of 21% from the PCP (PCP: \$526,000).

ADDITIONAL DISCLOSURES

Additional Appendix 4D disclosure requirements and commentary on significant features of operating performance, results of segments, trends in performance, and other factors which have affected the results for the period are contained in the 2024 Interim Financial Report and accompanying results announcement and 2024 interim results presentation.

This document should be read in conjunction with the 2024 Interim Financial Report and accompanying results announcement and 2024 interim results presentation.

This report is based on consolidated financial statements contained in the 2024 Interim Financial Report, which have been reviewed by KPMG.



INTERIM FINANCIAL REPORT

31 DECEMBER 2023

MOTORCYCLE HOLDINGS LIMITED

68 Moss Street
Slacks Creek QLD 4127

www.mcholdings.com.au

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DIRECTORS' REPORT

The Directors present their report together with the consolidated interim financial statements of MotorCycle Holdings Limited (the **Company**) and its controlled entities (the **Group**) for the 6 months ended 31 December 2023 (the **Interim Period**) and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the Interim Period are:

Rick Dennis <i>Chair</i>	Appointed 1 September 2016 (Non-Executive Director) Appointed 23 December 2022 (Chair)
David Ahmet <i>Managing Director</i>	Appointed 30 June 2011
Peter Henley <i>Non-Executive Director</i>	Appointed 1 March 2017
Rob Cassen <i>Non-Executive Director</i>	Appointed 22 December 2018 (Non-Executive Director) Appointed 31 October 2017 (Executive Director) Retired 21 December 2018
Katie McNamara <i>Non-Executive Director</i>	Appointed 1 November 2022
Martin Ward <i>Non-Executive Director</i>	Appointed 1 November 2022
Michael Poynton <i>Executive Director</i>	Appointed 16 November 2022

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Bank debt of \$50,000,000 is offset by \$6,553,000 cash at bank. During the period the Group paid contingent consideration of \$10,000,000 to the previous owners of Mojo Group¹.

New retail motorcycle unit sales increased 8% to 7,652 units (PCP: 7,097 units), while used retail motorcycle unit sales decreased 8% to 5,039 units (PCP: 5,480 units).

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Our finance joint venture delivered \$418,000 NPAT for the half-year, a decrease of 21% from the PCP (PCP: \$526,000).

¹ Where the net profit before tax for Mojo Group in the 12-month period following completion (1 November 2022 to 31 October 2023) was greater than \$14,500,000, the contingent consideration to be paid was \$10,000,000.

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:

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 shipping disruptions) 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.

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.

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 understanding the Group's financial performance.

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

	31 DEC 2023 \$'000 Unaudited	31 DEC 2022 \$'000 Unaudited ^{1, 2}
Statutory profit for the period	6,585	10,466
Income tax expense	3,001	4,380
Statutory profit before tax	9,586	14,846
Adjustments for:		
Net interest costs (excluding bailment costs) ¹	2,756	1,721
Depreciation ²	7,376	6,573
Amortisation	2,033	689
Acquisition expenses	75	964
Underlying EBITDA	21,827	24,793

¹Net interest costs have been restated for the PCP to include interest on lease liabilities recognised in accordance with AASB 16 *Leases*

²Depreciation has been restated for the PCP to include depreciation of right-of-use assets recognised in accordance with AASB 16 *Leases*

DIVIDENDS

A fully franked final dividend of 12 cents per share was paid on 28 September 2023 (PCP: 8 cents per share paid on 4 October 2022).

A fully franked interim dividend of 3 cents per share was declared on 27 February 2024, payable on 27 March 2024 with a record date of 13 March 2024.

SUBSEQUENT EVENTS

On 15 January 2024 the Group acquired certain business assets and liabilities of Fraser Harley-Davidson Sydney in Concord, New South Wales for \$3,026,000 (excluding applicable GST) following the satisfaction of all necessary conditions and formal approval by Harley-Davidson Australia.

The Group will relocate the Harley-Davidson franchise to its existing Auburn location and trade as Morgan and Wacker Harley-Davidson Sydney, further strengthening its position as Australia's largest motorcycle dealership operator.

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

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the 6 months ended 31 December 2023.

ROUNDING OFF

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

Signed in accordance with a resolution of the Directors:



Rick Dennis
Board Chair
27 February 2024



David Ahmet
Managing Director
27 February 2024



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

To the Directors of MotorCycle Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of MotorCycle Holdings Limited for the half-year ended 31 December 2023 there have been:

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

KPMG

KPMG

Ben Flaherty
Partner

Brisbane
27 February 2024

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 31 DECEMBER 2023

	Note	31 DEC 2023 \$'000	31 DEC 2022 \$'000
Sales revenue	6	293,421	276,312
Share of profit of equity accounted investee, net of tax		418	526
Other income	6	724	673
Cost of sales		218,202	202,321
Employee benefits expense		35,732	35,728
Finance costs		5,544	3,689
Depreciation and amortisation expense		9,409	7,262
Occupancy costs		1,944	1,538
Other expenses		14,146	12,127
Profit before tax		9,586	14,846
Income tax expense	7	3,001	4,380
Profit for the period		6,585	10,466
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Equity-accounted investee – share of other comprehensive income		(518)	(48)
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign operation – foreign currency translation differences		119	(18)
Total comprehensive income for the year attributable to owners of the company		6,186	10,400

	Cents	Cents
Earnings per share		
Basic earnings per share	14.2	16.0
Diluted earnings per share	14.1	15.7

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

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	31 DEC 2023 \$'000	30 JUN 2023 \$'000
Current assets			
Cash and cash equivalents		6,553	24,734
Trade and other receivables		11,311	12,079
Inventories	8	162,112	155,833
Current tax assets		1,780	-
Other assets		4,319	1,236
Total current assets		186,075	193,882
Non-current assets			
Right of use assets		45,397	48,205
Property, plant, and equipment	9	13,684	13,437
Goodwill and other intangible assets	10	145,206	147,509
Interest in equity accounted investees		6,667	6,767
Other assets		102	131
Total non-current assets		211,055	216,049
Total assets		397,130	409,931
Current liabilities			
Trade and other payables	11	34,666	39,668
Short term borrowings		47,738	48,464
Lease liabilities		12,075	11,920
Current tax liabilities		-	2,104
Provisions		11,237	9,673
Contract liabilities	6	3,107	3,111
Total current liabilities		108,823	114,940
Non-current liabilities			
Borrowings	12	50,000	50,000
Lease liabilities		36,674	39,272
Deferred tax liabilities		1,422	3,159
Provisions		685	681
Contract liabilities	6	4,471	4,307
Total non-current liabilities		93,252	97,419
Total liabilities		202,075	212,359
Net assets		195,056	197,572
Equity			
Contributed equity		150,975	150,728
Share-based payments reserve		487	860
Foreign currency translation reserve		(185)	(304)
Retained earnings		43,779	46,288
Total equity		195,056	197,572

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 31 DECEMBER 2023

	Note	ISSUED CAPITAL \$'000	RETAINED EARNINGS \$'000	SHARE-BASED PAYMENTS RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2022		120,081	33,826	1,099	379	155,385
Comprehensive income for the year						
Profit for the year		-	10,466	-	-	10,466
Other comprehensive income		-	(48)	-	(18)	(66)
Total comprehensive income for the year		-	10,418	-	(18)	10,400
Transactions with owners in their capacity as owners						
Dividends paid	13	-	(4,937)	-	-	(4,937)
Issue of shares related to business combinations		30,003	-	-	-	30,003
Equity settled share-based payments		-	-	270	-	270
Total transactions with owners in their capacity as owners		30,003	(4,937)	270	-	25,336
Balance at 31 December 2022		150,084	39,307	1,369	361	191,121
Balance at 1 July 2023		150,728	46,288	860	(304)	197,572
Comprehensive income for the year						
Profit for the year		-	6,585	-	-	6,585
Other comprehensive income		-	(518)	-	119	(399)
Total comprehensive income for the year		-	6,067	-	119	6,186
Transactions with owners in their capacity as owners						
Dividends paid	13	-	(8,857)	-	-	(8,857)
Exercise of performance rights		247	-	-	-	247
Equity settled share-based payment		-	281	(373)	-	(94)
Total transactions with owners in their capacity as owners		247	(8,576)	(373)	-	(8,704)
Balance at 31 December 2023		150,975	43,779	487	(185)	195,056

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED 31 DECEMBER 2023

	Note	31 DEC 2023 \$'000	31 DEC 2022 \$'000
Cash flows from operating activities			
Receipts from customers, insurance claims and government grants (incl.GST)		324,481	302,285
Payments to suppliers and employees (incl. GST)		(302,517)	(283,249)
Interest and other costs of finance paid		(5,693)	(2,362)
Effects of exchange rate changes on cash and cash equivalents		87	(1,084)
Income taxes paid		(8,623)	(4,495)
Net cash (used)/provided by operating activities		7,735	11,095
Cash flows from investing activities			
Payment for acquisition of businesses (net of cash acquired)		(9,678)	(14,779)
Payment of liability to former owners assured on acquisition of Mojo Group		-	(9,349)
Investment in equity accounted investees		-	-
Payments for property, plant, and equipment		(1,426)	(1,552)
Proceeds from sale of property, plant, and equipment		(7)	104
Net cash (used)/provided by investing activities		(11,111)	(25,576)
Cash flows from financing activities			
Proceeds from borrowings	12	-	30,000
Repayments of lease principal		(5,949)	(5,598)
Dividend paid	13	(8,857)	(4,937)
Net cash (used)/provided by financing activities		(14,805)	19,465
Net increase/(decrease) in cash and cash equivalents		(18,181)	4,984
Cash and cash equivalents at the beginning of the period		24,734	3,910
Cash and cash equivalents at the end of the period		6,553	8,894

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 31 DECEMBER 2023

1. Reporting Entity

MotorCycle Holdings Limited (the **Company**) is a company domiciled in Australia. These consolidated interim financial statements (the **Interim Financial Statements**) as at and for the 6 months ended 31 December 2023 (the **Interim Period**) comprise the Company and its subsidiaries (together referred to as the **Group**).

The Group is a leading retailer and wholesale distributor of motorcycles, parts, and accessories, with operations in Australia and New Zealand. Our headquarters are in Brisbane, Queensland, Australia. We have retail dealerships and wholesale warehouses in metropolitan and regional locations across Australia's Eastern States, as well as Auckland and Christchurch in New Zealand.

Our retail motorcycle dealerships sell new and used motorcycles, genuine spare parts, accessories and apparel, servicing and repairs, and financing and insurance. They are supported by and contribute to our wholesale distribution operations.

We import a range of motorcycles, ATV, UTVs, scooters (including electric models), spare parts, and motorcycle and bicycle accessories and apparel. These products are distributed through our own retail dealership network, as well as through franchised dealers and retail outlets across Australia and New Zealand.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2023 are available upon request from the Company's registered office at 68 Moss Street, Slacks Creek, Queensland or online at mcholdings.com.au.

2. Basis of Preparation

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

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2023.

These interim financial statements were authorised for issue by the Company's Board of Directors on 27 February 2024.

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

3. Changes in Significant Accounting Policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2023.

4. Use of Judgements and Estimates

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

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2023.

5. Operating Segment Information

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

	MOTORCYCLE & ACCESSORIES				MOTORCYCLE & ACCESSORIES			
	MOTORCYCLE RETAILING	ACCESSORIES WHOLESALING	ELIMINATIONS	CONSOLIDATED	MOTORCYCLE RETAILING	ACCESSORIES WHOLESALING	ELIMINATIONS	CONSOLIDATED
	31 DEC 2023	31 DEC 2023	31 DEC 2023	31 DEC 2023	31 DEC 2022	31 DEC 2022	31 DEC 2022	31 DEC 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	215,763	77,658	-	293,421	227,277	49,035	-	276,312
Inter-segment sales	-	15,808	(15,808)	-	-	12,265	(12,265)	-
Total revenue and other income	215,763	93,466	(15,808)	293,421	227,277	61,300	(12,265)	276,312
Segment result								
Operating profit before interest and impairment	4,430	7,252	-	11,683	10,406	6,422	-	16,828
External interest expense allocation	(345)	(1,110)	-	(1,455)	(116)	(559)	-	(675)
Operating contribution	4,086	6,142	-	10,228	10,290	5,863	-	16,153
Business acquisition costs	(27)	(49)	-	(75)	(82)	(882)	-	(964)
Segment profit	4,059	6,093	-	10,152	10,208	4,981	-	15,189
Share of net profit of equity accounted investees				418				526
Unallocated corporate expenses				(984)				(869)
Profit before tax				9,586				14,846
Income tax expense				(3,001)				(4,380)
Net profit after tax				6,585				10,466
Depreciation and amortisation	6,073	3,337	-	9,409	5,612	1,650	-	7,262
Write down/(back) of inventories to net realisable value	213	133	-	346	272	(165)	-	107
	31 DEC 2023	31 DEC 2023	31 DEC 2023	31 DEC 2023	30 JUN 2023	30 JUN 2023	30 JUN 2023	30 JUN 2023
Assets								
Segment assets	213,010	184,120	-	397,130	209,636	192,998	-	402,634
Liabilities								
Segment liabilities	115,303	86,772	-	202,075	175,680	35,833	-	211,513
Net Assets	97,707	97,348	-	195,056	33,956	157,165	-	191,121
Cost to acquire goodwill and other intangible assets	-	-	-	-	52,237	63,887	-	116,124
Cost to acquire property, plant, and equipment	937	359	-	1,296	1,224	328	-	1,552

6. Revenue

	MOTORCYCLE & ACCESSORIES			MOTORCYCLE & ACCESSORIES		
	MOTORCYCLE RETAILING	WHOLESALES	CONSOLIDATED	MOTORCYCLE RETAILING	WHOLESALES	CONSOLIDATED
	31 DEC 2023 \$'000	31 DEC 2023 \$'000	31 DEC 2023 \$'000	31 DEC 2022 \$'000	31 DEC 2022 \$'000	31 DEC 2022 \$'000
New motorcycles	97,166	53,453	150,619	97,987	25,682	123,669
Used motorcycles	60,376	-	60,376	68,714	-	68,714
Parts and accessories	41,170	24,206	65,376	43,949	23,353	67,302
Service	8,565	-	8,565	8,308	-	8,308
Finance and insurance Income	7,825	-	7,825	8,075	-	8,075
Other revenue	661	-	661	244	-	244
Revenue from contracts with customers	215,763	77,658	293,421	227,277	49,035	276,312
At a point in time	213,866	77,658	291,524	225,345	49,035	274,380
Over time	1,897	-	1,897	1,932	-	1,932
	215,763	77,658	293,421	227,277	49,035	276,312
Other income				-	-	
Government grants	383	-	383	598	-	598
Proceeds from insurance claim	128	-	128	6	-	6
Other income	213	-	213	68	-	68
	724	-	724	673	-	673

Contract Balances

	31 DEC 2023 \$'000	30 JUN 2023 \$'000
Receivables, gross of provisions, included in trade and other receivables	11,527	12,329
Contract liabilities	7,578	7,418

Transaction Price Allocated to Remaining Performance Obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at 31 December 2023.

	31 DEC 2024 \$'000	31 DEC 2025 \$'000	31 DEC 2026 \$'000	31 DEC 2027 \$'000	31 DEC 2028 \$'000	31 DEC 2029 OR LATER \$'000
Mechanical protection plans	3,107	2,267	1,382	590	217	16
	3,107	2,267	1,382	590	217	16

7. Tax Expense

The Group's consolidated effective tax rate in respect of the continuing operations for the 6 months ended 31 December 2023 was 30 percent (6 months ended 31 December 2023 (PCP): 30 percent).

8. Inventories

During the 6 months ended 31 December 2023 the Group wrote down its inventory to net realisable value by \$346,000 (PCP: \$107,000). This relates to stock obsolescence and was determined using the same principles adopted for the year ended 30 June 2023.

	31 DEC 2023 \$'000	30 JUN 2023 \$'000
New and demonstrator motorcycles (at cost)	80,283	75,828
Less: write-down to net realisable value	(376)	(342)
New and demonstrator inventory	79,908	75,486
Used motorcycles (at cost)	17,400	14,830
Less: write-down to net realisable value	(275)	(353)
Used inventory	17,124	14,477
Parts, accessories and other consumables (at cost)	76,064	76,463
Less: write-down to net realisable value	(10,984)	(10,593)
Parts, accessories and other consumable inventory	65,080	65,870
Total inventories	162,112	155,833

9. Property, Plant and Equipment

During the 6 months ended 31 December 2023, the Group acquired assets with a cost of \$1,296,000 (PCP: \$1,552,000).

	LEASEHOLD IMPROVEMENTS \$'000	MOTOR VEHICLES \$'000	MACHINERY & EQUIPMENT \$'000	FURNITURE, FIXTURES & FITTINGS \$'000	OTHER FIXED ASSETS \$'000	TOTAL \$'000
Carrying amount at the start of the period	7,815	1,644	2,336	1,559	82	13,437
Additions	384	153	498	261	-	1,296
Disposals/transfers	-	10	6	(6)	-	10
Effects of movements in exchange rates	-	2	1	-	-	3
Depreciation expense	(356)	(217)	(313)	(167)	(9)	(1,062)
Carrying amount at the end of the period	7,843	1,592	2,529	1,647	73	13,684

10. Intangible Assets and Goodwill

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

	GOODWILL	TRADEMARKS	CUSTOMER CONTRACTS & RELATIONSHIPS	OTHER INTANGIBLES	TOTAL
31 DEC 2023	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
Balance at beginning of period	140,665	5,603	22,700	15,900	184,868
Acquired through business combinations ¹	(299)	-	-	-	(299)
Effects of movements in exchange rates	29	-	-	-	29
Balance at end of period	140,394	5,603	22,700	15,900	184,598
Accumulated amortisation and impairment					
Balance at beginning of period	(24,296)	-	(10,197)	(2,866)	(37,359)
Amortisation expense	-	-	(1,383)	(650)	(2,033)
Balance at end of period	(24,296)	-	(11,580)	(3,515)	(39,392)
Carrying amounts					
Balance at beginning of period	116,368	5,603	12,504	13,034	147,509
Balance at end of period	116,098	5,603	11,120	12,385	145,206

	GOODWILL	TRADEMARKS	CUSTOMER CONTRACTS & RELATIONSHIPS	OTHER INTANGIBLES	TOTAL
30 JUN 2023	\$'000	\$'000	\$'000	\$'000	\$'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	81,811	5,603	7,204	133	94,751
Balance at end of period	116,368	5,603	12,504	13,034	147,509

¹Adjustment of Mojo purchase price consideration within provision period.

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 (30 June 2023: \$52,239,000) is allocated to the Motorcycle Retailing CGU.
- Goodwill of \$29,997,000 (30 June 2023: \$29,969,000) is allocated to the Motorcycle Accessories Wholesaling CGU.
- Goodwill of \$33,862,000 (30 June 2023: \$34,161,000) 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 half 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 revised forecast approved by the board (30 June 2023: FY24 board approved budget). The key assumptions used in the estimate of the recoverable amount include:

	RETAILING		ACCESSORIES WHOLESALING		WHOLESALING	
	31 DEC 23	30 JUN 23	31 DEC 23	30 JUN 23	31 DEC 23	30 JUN 23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Pre-tax discount rate	13.3%	13.3%	13.6%	13.6%	25.0%	25.0%
Post-tax discount rate	9.3%	9.3%	9.5%	9.5%	17.5%	17.5%
Terminal growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Budgeted EBITDA growth rates:						
0-1 years	(5.1%)	(37.4%)	36.2%	10.8%	(1.2%)	38.7%
1-2 years	9.1%	(11.0%)	20.1%	6.3%	2.0%	6.3%
3-5 years	17.9%	19.5%	7.2%	7.6%	5.3%	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.

During the 6 months ended 31 December 2023, the Group has faced challenging macro-economic conditions. In response, cash flow projections used in the Group's impairment analysis have been updated to reflect the Group's performance for the half year ended 31 December 2023 and to adopt management reforecast budgeted performance for FY24, and management's estimate of forecast growth rates for years 2 through 5, and a terminal growth rate thereafter. The assumed performance and key assumptions input in the respective discounted cashflow models for each CGU for the period FY25 to FY28, including assumed growth rates and outlook are materially consistent with that disclosed at 30 June 2023.

Whilst the modelling used for impairment testing inherently captures probable and possible impacts, a reasonable possible change in assumptions used in the DCF model used to estimate the recoverable amount of the Motorcycle Retailing CGU could cause recoverable amounts of the CGU to fall below its carrying amount. The estimated recoverable amount of the Motorcycle Retailing CGU exceeded its carrying amount by approximately \$5,000,000 (June 2023: \$27,107,000). In relation to the Motorcycle Retailing CGU, an increase in the discount rate to 9.65%; a reduction in the terminal growth rate to 1.8%; or a 4% reduction in annual EBITDA assumed in the CGU's DCF model, in isolation, would result in the recoverable amount of the CGU being equal to the carrying amount.

11. Trade and Other Payables

	31 DEC 2023 \$'000	30 JUN 2023 \$'000
Trade payables	21,732	19,268
Contingent consideration	-	10,000
Other payables	12,933	10,400
	34,666	39,668

12. Loans and Borrowings

	31 DEC 2023 \$'000	30 JUN 2023 \$'000
Opening balance	50,000	20,000
Proceeds from loans and borrowings	-	30,000
Total long term borrowings	50,000	50,000

13. Dividends Paid and Declared

The following dividends were declared and paid by the Company during the Interim Period:

	31 DEC 2023 \$'000	31 DEC 2022 \$'000
Dividends on ordinary shares		
Fully franked final dividend of 12 cents per share paid on 14 September 2023	8,857	-
Fully franked final dividend of 8 cents per share paid on 12 September 2022	-	4,937

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

	31 DEC 2023 \$'000	31 DEC 2022 \$'000
Dividends on ordinary shares		
Fully franked interim dividend of 3 cents per share to be paid on 27 March 2024	2,214	-
Fully franked interim dividend of 8 cents per share to be paid on 6 April 2023	-	7,405

14. Leases with Related Parties

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 aggregate amounts of transactions with key management personnel are as follows:

- (i) Subsidiaries of the Group have entered into leases in respect to 8 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.

(Leases with Related Parties Continued)

Total rental payments (excluding GST and outgoings) payable in respect to the properties for the 6 months ended 31 December 2023 were \$778,000 (PCP: \$938,000 for 11 properties; 3 of which were divested prior to 1 July 2023).

- (ii) Subsidiaries of the Group have entered into leases in respect to 3 properties that are owned by entities which act in concert with Rob Cassen, Non-executive Director. Rob Cassen is one of 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 the properties for the 6 months ended 31 December 2023 were \$1,294,000 (PCP: \$1,222,000).

- (iii) Subsidiaries of the Group have 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 one 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 the properties for the 6 months ended 31 December 2023 were \$106,000 (PCP: \$34,000).

15. Subsequent Events

On 15 January 2024 the Group acquired certain business assets and liabilities of Fraser Harley-Davidson Sydney in Concord, New South Wales for \$3,026,000 (excluding applicable GST) following the satisfaction of all necessary conditions and formal approval by Harley-Davidson Australia.

The Group will relocate the Harley-Davidson franchise to its existing Auburn location and trade as Morgan and Wacker Harley-Davidson Sydney, further strengthening its position as Australia's largest motorcycle dealership operator.

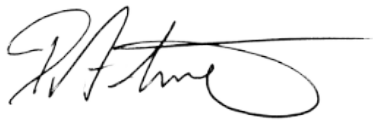
Aside from the matter described above, there have not been any matters or circumstances occurring subsequent to the end of the period that have significantly affected, or may significantly affect, the operations of the Group or the state of affairs of the Group in future periods.

Directors' Declaration

In the opinion of the Directors of MotorCycle Holdings Limited (the **Company**):

- (1) the consolidated interim financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, for the 6-month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



David Ahmet
Managing Director

Dated at Brisbane this 27th day of February 2024



Independent Auditor's Review Report

To the shareholders of MotorCycle Holdings Limited

Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated Interim Statement of Financial Position as at 31 December 2023;
- Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, Consolidated Interim Statement of Changes in Equity and Consolidated Interim Statement of Cash Flows for the half-year ended on that date;
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

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

Basis for Conclusion

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

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



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Ben Flaherty
Partner

Brisbane
27 February 2024