MotorCycle Holdings

ANNUAL REPORT

2024

MotorCycle Holdings faced the year proactively and with a clear focus as we continued to execute our growth strategy, expanding our core dealership business organically and through acquisitions.

2024

Contents

FINANCIAL

Sales Revenue

↑ 1% to $582.3m

Operating Gross Profit

↓ 2% to $149.4m

Operating Gross Margin

25.6%

Underlying EBITDA

↓ 18% to $45.2m

NPAT

↓ 39% to $14.1m

Net Assets

↑ 1% to $200.2m

Final Dividend

7 cents/share

Fully franked

Full Year Dividend

10 cents/share

Fully franked

OPERATIONAL

NEW MOTORCYCLE MARKET SHARE GROWTH

MotorCycle Holdings Market Share

↑ 2% to 16%

(FCAI retail unit sales data)

New Motorcycle Retail Unit Sales

↑ 5% vs ↓ 3%

MotorCycle Holdings — Industry (FCAI data)

Financial and Operational highlights

47

41 RETAIL LOCATIONS + 6 WHOLESALE WAREHOUSES ACROSS AUSTRALIA AND NEW ZEALAND

900+

EMPLOYEES

100%

ALL OF THE TOP GLOBAL BRANDS

35

YEARS OPERATION

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

About Us

MOTORCYCLE HOLDINGS LIMITED (THE COMPANY) 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 strategically positioned 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. We offer our customers a diverse portfolio of all the leading motorcycle and accessory brands.

Our retail dealerships 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 parts, accessories, and apparel. These products are distributed through franchised motorcycle dealerships and through retail bicycle and motorcycle accessory outlets across Australia and New Zealand, as well as through the Company's own extensive retail distribution network.

As well as our commitment to organic growth, we actively pursue strategic acquisitions that can be integrated with our existing operations and supply chain, widening our overall market reach. Additionally, we have made recent expansions to our warehousing capacity and wholesale distribution networks.

Our significant scale and diverse operations position us as a natural consolidator within the industry.

OUR INDUSTRY

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

The Company estimates 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, Harley-Davidson, Honda, Indian, Kawasaki, KTM, Kymco, Suzuki, Triumph and Yamaha in addition to other smaller manufacturers.

We have 47 outlets, 41 retail and 6 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 market share of 16% of all new motorcycle unit sales nationally at 30 June 2024.

47
OUTLETS

16%
MARKET SHARE

WHERE WE OPERATE

LOCATION	SITES
QLD	26
NSW	10
ACT	2
VIC	7
NZ	2
TOTAL	**47**

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.

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 Moorooka Yamaha (now known as TeamMoto Yamaha Moorooka) in 1988 and took a part ownership in the dealership in 1989 with John Oliver.

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 Securities Exchange in 2016, becoming one of the most successful IPOs of that year.

OUR BUSINESS MODEL

MotorCycle Holdings' business model gives it competitive advantage through diversified revenue streams in both retail and wholesale business segments.

Its capital structure enables it to pursue acquisitions in a fragmented market and invest in a wide range of new and used motorcycle inventory.

The Company's investment in people, training, and management systems provide a scalable base, which when combined with a sales-based culture drive operational and financial performance.

OUR STRATEGY

MotorCycle Holdings' business strategy is to continue to grow its retail business both organically and through acquisitions. The Group leverages from its centralised management processes to drive operational improvements in the dealerships it acquires in order to deliver improved financial performance.

The Group also plans to grow its wholesale business by introducing new products and complementary brands to our existing portfolio.

OUR BRANDS

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

We represent all leading motorcycle brands.

Motorcycle users range from leisure riders and recreational users to daily commuters, farmers, and adventure sports enthusiasts, each finding unique value in the versatility and freedom that motorcycles offer.

Chair's Message

RICK DENNIS
CHAIR

Dear shareholders

I am pleased to present my report as Chairman of MotorCycle Holdings Limited for the 2024 financial year.

As we reflect on the past year, I want to begin by expressing my gratitude for your continued trust and support. The global business landscape has been unpredictable and MotorCycle Holdings, like many other businesses, has faced a more challenging environment than in prior years.

The market has been tested as inflation and cost of living pressures impacted the discretionary spending of consumers and as a result, I acknowledge that the Company's profitability did not reach the levels achieved in the previous year. However, it is important to stress that our financial performance has been resilient in a challenging market and it is pleasing to note that the strength of our business has meant that the Company increased new motorcycles market share during the year.

In response to the economic landscape, we have strengthened our operational efficiency and set in place plans for future improvement, particularly in operating margins. We remain committed to our mission and values, and I am confident that the steps we are taking today will lead to greater shareholder value in the future.

GROWTH STRATEGY

Through its history the Company has led industry consolidation by acquiring businesses that align with our investment parameters and which can be effectively integrated into our network to generate operational benefits.

In January 2024 we completed the acquisition of a new Sydney dealership, Frasers Harley-Davidson and in mid-March it was rebranded as Morgan & Wacker Harley-Davidson Sydney. An iconic brand, Harley-Davidson has a rich history, distinctive design and holds a large and loyal customer base and we are delighted with this addition to our Company.

DIVIDENDS

Statutory net profit after tax for FY24 was $14.1 million (2023: $23.0 million).

The Board has declared a fully franked final dividend of 7 cents per ordinary share, bringing the full year dividend to 10 cents per share fully franked. The dividend reflects our commitment to delivering returns to shareholders and the resilience of the Company's business model and financial performance despite a challenging external environment.

BOARD

Non-Executive Director, Katie McNamara, resigned on 12 July 2024. Ms McNamara accepted a global executive role and was unable to commit to her role as a Non-Executive Director with the Company. I extend thanks and appreciation to Ms McNamara for her significant contributions since her appointment in 2022. During her tenure, she contributed invaluable knowledge and on behalf of the Board, I wish her all the best in future endeavours. With Ms McNamara's departure, the Board is assessing its requirements going forward.

LEADERSHIP TEAM

I would like to acknowledge the retirement of Chief Financial Officer (CFO), Bob Donovan, effective at 31 March 2024. Mr Donovan made a significant contribution to the Company during his tenure and we wish him all the best for the future.

Ms Nicole Spink was appointed as Chief Financial Officer from 1 April 2024. Ms Spink brings a wealth of experience and deep understanding of our business to the role. Ms Spink has been with MotorCycle Holdings for a total of 16 years, during which time she has made significant contributions across various financial roles and as Joint Company Secretary. Her extensive knowledge of our operations combined with her strong finance expertise positions Ms Spink exceptionally well to guide our financial strategy in the years to come.

CONCLUSION

On behalf of the Board, I would like to thank David and the leadership team for their work and commitment over the year. Their insight and experience have been invaluable as we navigated both opportunities and challenges. Thank you also to our wider team for their continued efforts. This year has been a testament to the resilience and commitment of our entire team.

I also appreciate the work of my fellow Directors for their valuable counsel and acumen over this period.

In closing, I would like to thank our shareholders for their support. I am confident that our business model and execution focus will support us through the current market dynamics. The business is well positioned to embrace and capitalise on new opportunities and continue to be an industry leader and deliver returns for our shareholders.

Rick Dennis

Chair

"In January 2024 we completed the acquisition of a new Sydney dealership, Frasers Harley-Davidson and in mid-March it was rebranded as Morgan & Wacker Harley-Davidson Sydney."

Managing Director's Message

DAVID AHMET
MANAGING DIRECTOR

As we close the chapter on another financial year, I would like to take this opportunity to provide an overview of our performance and the steps we are taking to navigate the current market challenges.

As with most other businesses, the past financial year has been challenged by rising interest rates and softened consumer demand. While our financial performance has remained robust, our profit numbers have fallen short of the previous year's results. This decrease is a clear signal that we are operating in a more difficult environment characterised by broader economic uncertainties.

However, we have faced these challenges with a clear focus and proactive approach. Our operational and financial performance, even in a down year, speak to the strength of our business model, the dedication of our team and the loyalty of our customers.

Looking forward, our strategy is to maintain our steady path and continue to focus on preserving and enhancing shareholder value.

OPERATING ENVIRONMENT

High interest rates and increased costs of living dampened demand and impacted sales from late 2023 and these market conditions persisted throughout the balance of the financial year.

Despite the less than favourable market dynamics MotorCycle Holdings maintained our strategy of growth by acquisition and operational improvements. We completed the purchase of a new Sydney dealership, Frasers Harley-Davidson in January 2024, creating an increased presence in this important market. The acquired business was re-located to our existing Auburn dealership and commenced trading in mid-March as Morgan & Wacker Harley-Davidson Sydney.

The Company's New Zealand operations relocated to a new, larger warehouse in Auckland in March 2024. The move will facilitate increased brand penetration into the New Zealand market.

The Mojo Group acquisition in 2022 has seen strong sales and the introduction of a range of new CFMOTO road motorcycles that are yielding growth.

We have continued to concentrate on opportunities to capture incremental performance improvements across the network. The Cassons wholesale business is a case in point, where investment in the implementation of upgraded operating systems across the business supported improved performance in the second half of the financial year.

FINANCIAL PERFORMANCE

The Company reported underlying EBITDA of $45.2 million, down 18% on the previous year (FY23: $55.3 million).

While the Federal Chamber of Automotive Industries data for the full year indicated a 3% decrease across the industry, MotorCycle Holdings outperformed the industry with a 5% increase in new motorcycle retail unit sales. The Group showed the ongoing strength of its business model increasing market share from 14.3% in FY23 to 15.5% in FY24.

The Group's sales revenue of $582.3 million was flat compared to FY23 ($577.4 million), although revenue from sales of new motorcycles increased by 5% year on year.

Total operating expenses rose by $10.3 million or 8% compared to FY23. To combat the inflationary environment, cost management and efficiency improvements were a key focus, and it is expected the full benefits will flow through to the FY25 performance.

MotorCycle Holdings has maintained a strong financial position which provides the Group with the capacity to fund future growth plans including appropriate acquisition opportunities.

STRATEGIC PROGRESS

The ATV segment has increased our exposure within the agricultural industry, where spending on farm vehicles is typically less discretionary compared to motorcycles. While ATV sales have faced challenges due to the effects of rising interest rates and El Niño weather conditions, this sector has always proven to be cyclical but has always shown grow over the long term. The ATV sector remains crucial for supporting Australian agricultural operations and it is anticipated that we will see a stronger result over the longer term.

MotorCycle Holdings introduced a range of new and exciting CFMOTO road motorcycles with more planned for FY25. These models have been received exceptionally well by the Australian public and performed beyond our expectations.

As part of MotorCycle Holding's growth strategy, our New Zealand operations — Mojo New Zealand and Forbes & Davies — successfully relocated their North Island operations to a larger warehouse in Auckland in March 2024. This move, along with the launch of Forbes & Davies new brands for 2024, including Bell Helmets, underscores the Company's commitment to enhancing service for our New Zealand customers.

AUSTRALIAN SUSTAINABILITY REPORTING STANDARDS

MotorCycle Holdings is committed to the transition to a sustainable future. We recognise the upcoming changes in requirements for sustainability reporting through the adoption of Australian Sustainability Reporting Standards (ASRS).

This year we took steps to adopt a strategic response to Environment, Social and Governance (ESG) risks and opportunities by undertaking a Materiality Assessment and ASRS Gap Analysis.

This report provides a roadmap that will inform the Company's approach to reporting on non-financial information relating to ESG. We look forward to implementing the first stage of that plan in FY25.

OUTLOOK

The Group is focused on disciplined execution to mitigate the impacts of prevailing difficult market conditions on the business.

We continue to proactively reduce operating costs across the business to combat inflationary pressures. We also continue to expand and strengthen the Group's market position in Australia and New Zealand, with increased market presence and a broadened product range.

CONCLUSION

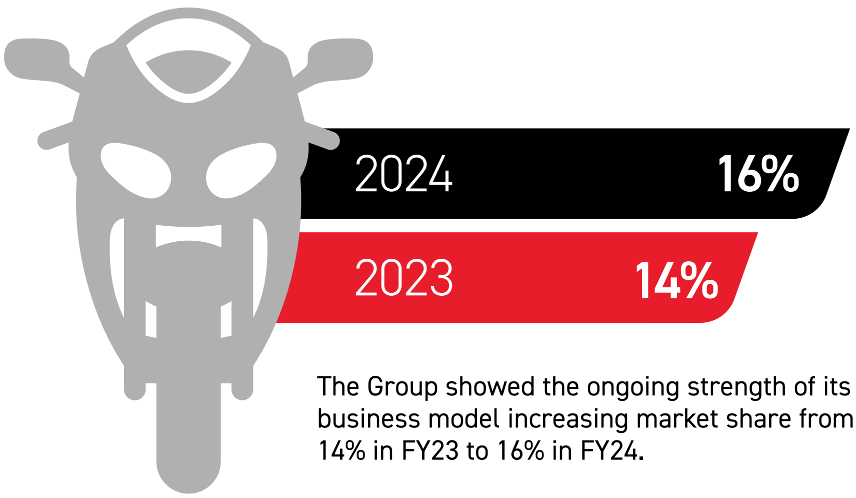
MotorCycle Holdings remains the top choice for Australian consumers, delivering almost 25,000 retail motorcycle unit sales in FY24. Emerging brands such as CFMOTO and KYMCO are quickly turning the Company's wholesale division into a strong player in importing and distributing new motorcycles in the Australia and New Zealand markets.

In closing, I would like to thank the Board and management of MotorCycle Holdings for their efforts over FY24. I would also like to express my gratitude to our employees for hard work and adaptability during a challenging year. Our foundation is strong, and I am looking forward to the opportunities that lie ahead in FY25.

I also want to thank our shareholders for their continued support and confidence in our leadership and strategy.

David Ahmet

Managing Director



The Group showed the ongoing strength of its business model increasing market share from 14% in FY23 to 16% in FY24.

Sustainability

In our 2023 annual report, we provided details of a strategic materiality assessment being conducted by external consultants to identify our most material Environmental, Social and Governance (ESG) risks and opportunities (Materiality Assessment).

During this process, engagement was sought from the Company's key stakeholders, and the materiality assessment was concluded during the reporting period.

The materiality assessment identified five material topics against which the Company will begin to measure and disclose against in future reporting periods, being:

- Regulatory risk;
- Energy use;
- Electric vehicle (EV) diversification;
- Modern slavery and human rights; and
- Supply chain risk.

Recognising the upcoming disclosure requirements of climate-related financial information under the Australian Sustainability Reporting Standards (ASRS), the engagement was extended to a gap analysis to understand our readiness to report against ASRS S1 and S2 (**Gap Analysis**) with the objective to identify key disclosure and process gaps as well as opportunities. This will assist the Company to adopt an ASRS-aligned reporting framework and plan a strategic response to ESG risks and opportunities.

NEXT STEPS

- MotorCycle Holdings' executive team are working to formalise the prioritisation of material topics identified in the Materiality Assessment, and consider appropriate metrics against which these will be measured. This will form the basis of our ESG Strategy and framework.
- A road map for ASRS reporting was developed during the Gap Analysis which Management will begin the path towards. Initially this will be by considering how the activities in the roadmap will be resourced and what governance structures will be required to support the company's progression to being ready to report under the new ASRS.
- From there, internal ESG reporting processes for future greenhouse gas emissions (GHG) emissions reporting will be developed.

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 2024 (the **Financial Year** or **FY24**) and the Auditor's report thereon.

Directors' Report

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.

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 October 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 to 47 locations.

David has over 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.

Directors' Report
(CONTINUED)

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 Australian Institute of Company Directors.

Committee memberships:

- Company's Representative on the Board of MotorCycle Finance Pty Ltd
- 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

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.

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.

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

MICHAEL POYNTON

NON-INDEPENDENT EXECUTIVE DIRECTOR

Appointed 17 November 2022

Bringing with him 20 years' experience in the motorcycle industry, Michael Poynton is the co-founder and former-CEO of Mojo Motorcycles. Michael 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

KATIE MCNAMARA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed 1 November 2022 | retired 12 July 2024

Ms McNamara joined the board in November 2022 after four years at Super Retail Group (ASX: SRG), where she held tenure as Chief Customer and Strategy Officer. Ms McNamara chaired the Company's audit and risk committee from February 2024, retiring in July 2024 to accept a global executive role.

COMPANY SECRETARIES

NICOLE SPINK

JOINT COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Appointed 28 May 2018

Ms Spink was appointed as Company Secretary on 28 May 2018 and is also the Company's Chief Financial Officer[1]. Formerly, Ms Spink has held CFO and other senior finance roles in the retail and automotive industries. She holds a Bachelor of Business Management, a Graduate Certificate in Business Law, and a Graduate Diploma in Applied Corporate Governance.

Ms Spink is a Fellow of CPA Australia, a Fellow of the Governance Institute of Australia, and a member of the Australian Institute of Company Directors.

STEPHANIE SO

JOINT COMPANY SECRETARY

Appointed 21 August 2023

Ms So was appointed as joint Company Secretary on 21 August 2023. Ms So has over 13 years of governance experience working with private, public and listed companies across a number of industries, and has significant expertise in company secretarial, board and corporate governance matters. Ms So was previously a principal listings adviser at the ASX where she had extensive involvement in the oversight of listed entities and specialised in ASX Listing Rules compliance including policy and development, initial public offerings, capital raisings and other corporate transactions.

Ms So is dual qualified in law and commerce and is a Fellow of the Governance Institute of Australia.

1 Ms Spink's appointment date as CFO was 1 April 2024. Ms Spink has been employed by the Company since 2014 and was formerly Group Financial Controller.

Directors' Report
(CONTINUED)

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 COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
	Attended	Held	Attended	Held	Attended	Held
David Ahmet	9	12	0	0	0	0
Rob Cassen	12	12	4	4	0	0
Rick Dennis	12	12	4	4	5	5
Peter Henley	12	12	4	4	5	5
Katie McNamara	11	12	4	4	0	0
Michael Poynton	12	12	0	0	0	0
Martin Ward	11	12	3	4	5	5

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the ownership and operation of retail motorcycle dealerships, and businesses engaging in the importing and wholesaling motorcycles, ATVs, scooters, and motorcycle and bicycle spare parts and accessories.

OPERATING AND FINANCIAL REVIEW

Sales revenue from ordinary activities for the Financial Year increased 1% in comparison to the financial year ended 30 June 2023 (**FY23**) to $582,318,000 (FY23: $577,403,000).

The Company maintained an operating gross profit margin on sales of 25.6% down 3% from 26.3% in FY23.

Underlying earnings before interest, tax, depreciation, and amortisation (**Underlying EBITDA**) decreased 18% to $45,169,000 (FY23: $55,285,000) and net profit after tax (**NPAT**) decreased 39% to $14,131,000 (FY23: $23,014,000).

Basic earnings per share decreased 42% from 33.1 cents to 19.2 cents per share. The Underlying EBITDA margin on sales revenue was 7.8% for the period (PCP: 9.6%).

New retail motorcycle unit sales increased 5% to 14,491 units (PCP: 13,751 units), in comparison to an industry decline[2] of 3% during the Financial Year. Used retail motorcycle unit sales increased 1% to 10,113 units (PCP: 10,024 units).

Retail parts and accessories revenue decreased by 6%, retail finance, insurance and mechanical protection plan commission income decreased by 1%, and servicing and repair revenue increased by 1%.

Wholesale external vehicle sales increased 17% due to the contribution from Mojo Group for the full reporting period. External wholesale accessories sales revenue decreased by 5%.

The Company's share of NPAT from the MotorCycle Finance joint venture was $538,000, a decrease of 47% from the PCP (PCP: $1,023,000).

2 Based on sales data for new motorcycles and off-highway vehicles (OHV) as reported by the Federal Chamber of Automotive Industries (FCAI).

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 supply chain disruptions caused by the ongoing conflict in Ukraine) 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 the 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, or 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 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.

During the period there was a successful transition in the role of the Chief Financial Officer, demonstrating the effectiveness of the Group's risk management strategies through succession planning.

Foreign exchange

Market volatility caused by geopolitical conditions has led to fluctuations in foreign currency exchange rates. As an importer of goods, the Group is exposed to the risk that its financial performance or position will be affected by these fluctuations impacting gross profit margins on sales in future periods.

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.

Change in consumer trends

Through its retail motorcycle dealerships, the Group sells motorcycles with internal combustion engines. If consumer preferences shift towards electric vehicles (EVs) the demand for motorcycles with internal combustion engines may decline. This could lead to reduced sales and revenue, if the Group did not revise its product mix towards EVs.

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 3 cents per ordinary share was declared on 27 February 2024 and paid on 6 April 2024.

Declared after the end of the Financial Year

Directors have declared a fully franked final dividend of 7 cents per ordinary share payable on 4 October 2024 with a record date of 20 September 2024.

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 EBIDTA)

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 Accounting 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 2024 $'000 UNAUDITED	30 JUNE 2023 $'000 UNAUDITED
Statutory profit for the period	14,131	23,014
Income tax expense	5,824	9,556
Statutory profit before tax	**19,955**	**32,570**
Adjustments for:		
Net interest costs (excluding bailment costs)	5,721	4,229
Depreciation	15,222	13,571
Amortisation	4,066	3,399
Acquisition expenses	205	1,516
Underlying EBITDA	**45,169**	**55,285**

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 2024 $
Services other than audit and review of financial statements:	
Tax compliance services	164,089
ESG services	82,620
Other services	11,156
Total non-audit services	**257,865**

Directors' Report
(CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under s 307C of the Corporations Act is attached on page 33 and forms part of this report.

ROUNDING OFF

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) 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 $1,000 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 ASX in accordance with s 205(G)1 of the Corporations Act at the date of this report is as follows:

DIRECTOR	ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
David Ahmet	11,561,530	498,267
Rob Cassen	3,413,833	—
Rick Dennis	—	—
Peter Henley	81,514	—
Katie McNamara	—	—
Michael Poynton	6,660,711	36,732
Martin Ward	100,000	—

"We remain committed to our mission and values and I am confident that the steps we are taking today will lead to greater shareholder value in the future."

Rick Dennis

Remuneration Report

The information provided in this Remuneration Report has been prepared in accordance with s 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 Financial Year. KMP are persons having authority and responsibility for planning, directing, and controlling the activities of the Group, consisting 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 2024, 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	01 March 2017	
Martin Ward	Independent, Non-Executive Director	01 November 2022	
Former Non-Executive Directors			
Katie McNamara	Independent, Non-Executive Director	01 November 2022	12 July 2024
Current Executive Directors and Senior Executives			
David Ahmet	Managing Director	30 June 2011	
Michael Poynton	Non-Independent, Executive Director	17 November 2022	
Nicole Spink	Chief Financial Officer	01 April 2024	
Former Executive Directors and Senior Executives			
Bob Donovan	Chief Financial Officer	20 May 2019	31 March 2024

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:

Management

Management provides information relevant to remuneration decisions and recommendations to the Nomination and Remuneration Committee (**NRC**).

NRC

The NRC is delegated to review and make recommendations to the Board on remuneration policies for Non-Executive Directors, Senior Executives, and all employees including incentive arrangements and awards.

The NRC can appoint remuneration consultants and other external advisors to provide independent advice.

Board

The Board approves the overall remuneration framework and policy ensuring it is fair, transparent, and aligned with long-term outcomes.

The Board also approves incentive arrangements and awards for Executive Directors and Senior Executives.

The Board approves remuneration of Non-Executive Directors within the Shareholder approved fee cap.

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).

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:

DIRECTOR	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
Martin Ward	70,000	–	5,000	5,000	–	80,000
Total	**290,000**	**95,000**	**25,000**	**20,000**	**10,000**	**440,000**

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 Incentive Plan (STIP)

The Managing Director and Chief Financial Officer were eligible to participate in the Group's STIP during the Financial Year. Under the plan, participants have an opportunity to receive an annual cash bonus calculated as a percentage of their total fixed remuneration (salary including superannuation, **TFR**) 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 payable on a pro-rata basis where profitability is between 85% to 100% of the approved budget.

The non-financial measures represent the remaining 30% of the maximum bonus payable. The Board considers the participant's individual 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 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. As the short-term financial performance measures for the Financial Year were not achieved, and the Board did not award any short-term incentive payment to participants in the STIP.

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[1]	Chief Financial Officer (Retired)	50%	–	–
Nicole Spink[2]	Chief Financial Officer	50%	–	–

1 Mr Donovan retired on 31 March 2024, and was eligible to participate in the STIP until that date.

2 Ms Spink was appointed as Chief Financial Officer on 1 April 2024 and was eligible to participate in the STIP from that date.

Long Term Incentive Plan (LTIP)

The LTIP was approved by Shareholders at the Company's Annual General Meeting in 2023, its purpose 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 performance period. These performance hurdles include:

Relative total Shareholder return (TSR)

50% of the Performance Rights issued are subject to a relative TSR assessment against a Peer Group of 12 ASX-listed companies over the performance period (1 July 2023 to 30 June 2026). This performance hurdle is designed to focus Executives on delivering long-term Shareholder returns.

PEER COMPANIES	
AMA Group Limited	National Tyre & Wheel Limited
Eagers Automotive Limited	Peter Warren Automotive Holdings Limited
ARB Corporation Limited	RPM Automotive Group Limited
Autosports Group Limited	Super Retail Group Limited
Bapcor Limited	Turners Automotive Group Limited
Amotiv Limited[1]	Vmoto Limited

1 Amotiv Limited was formerly known as GUD Holdings 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 2023 and ending 30 June 2026, 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 7.5%	0%
Greater than 7.5% and less than or equal to 10%	Between 50% and 100% (as determined, on a straight-line basis)
Equal to or greater than 10%	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 Financial Year are set out below:

PLAN	OPENING BALANCE	GRANTED IN FY24	FAIR VALUE PER RIGHT AT GRANT DATE		GRANT DATE[1]	PERFORMANCE PERIOD	FORFEITED IN FY24		EXERCISED IN FY24		% FY24 REM GRANTED AS RIGHTS	CLOSING BALANCE
			TSR TRANCHE	EPS TRANCHE			NUMBER	VALUE	NUMBER	VALUE		
David Ahmet, Managing Director												
FY21	192,104	–	$1.63	$2.19	22 Mar 21	1 Jul 20 – 30 Jun 23	96,052	156,565	96,052	210,354	–	–
FY22	114,583	–	$1.84	$2.44	25 Mar 22	1 Jul 21 – 30 Jun 24	–	–	–	–	–	114,583
FY23	163,300	–	$0.50	$1.24	30 Mar 23	1 Jul 22 – 30 Jun 25	–	–	–	–	–	163,300
FY24	–	220,384	$1.33	$1.63	20 Dec 23	1 Jul 23 – 30 Jun 26	–	–	–	–	29%	220,384
Bob Donovan, Chief Financial Officer												
FY21	30,408	–	$1.63	$2.19	22 Mar 21	1 Jul 20 – 30 Jun 23	15,204	24,783	15,204	33,297	–	–
FY22	20,778	–	$1.84	$2.44	25 Mar 22	1 Jul 21 – 30 Jun 24	20,778	44,465	–	–	–	–
FY23	29,612	–	$0.50	$1.24	30 Mar 23	1 Jul 22 – 30 Jun 25	29,612	25,762	–	–	–	–
FY24	–	39,964	$1.33	$1.63	20 Dec 23	1 Jul 23 – 30 Jun 26	39,964	59,147	–	–	8%	–
Michael Poynton, Executive Director												
FY24	–	36,732	$1.33	$1.63	20 Dec 23	1 Jul 23 – 30 Jun 26	–	–	–	–	5%	36,732
Nicole Spink, Chief Financial Officer[2]												
FY22	13,750	–	$1.84	$2.44	25 Mar 22	1 Jul 21 – 30 Jun 24	–	–	–	–	–	13,750
FY23	21,773	–	$0.50	$1.24	30 Mar 23	1 Jul 22 – 30 Jun 25	–	–	–	–	–	21,773
FY24	–	33,792	$1.33	$1.63	20 Dec 23	1 Jul 23 – 30 Jun 26	–	–	–	–	10%	33,792

1 The performance rights do not have an expiry date

2 The opening balance of performance rights for Ms Spink reflects the number of performance rights held on the commencement date of becoming a KMP.

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 above.

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 FY24 compared to prior periods and correlates it to the total KMP remuneration for the respective financial years.

METRIC	FY24	FY23	FY22	FY21	FY20
Net Profit/(Loss) After Tax ($'000)	13,773	23,014	23,115	28,299	(9,121)
Change in Share Price	(31%)	(30%)	(25%)	56%	61%
Earnings per Share (cents)	18.7	33.1	37.5	45.9	(14.8)
Total Dividends Paid ($)	11,070,967	10,830,718	13,575,476	9,256,007	—
KMP Remuneration ($)	1,731,980	1,931,038	2,358,066	2,681,494	1,589,465

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 Financial Year are shown in the table on the following page.

NAME & ROLE	YEAR	SHORT TERM EMPLOYEE BENEFITS SALARY & FEES $	NON-CASH BENEFITS $	TOTAL $	POST EMPLOYMENT BENEFITS SUPERANNUATION BENEFITS $	LONG TERM EMPLOYEE BENEFITS TERMINATION BENEFITS $	LONG SERVICE LEAVE $	SHARE BASED BENEFITS $	TOTAL $	TOTAL $	PROPORTION OF REMUNERATION PERFORMANCE RELATED
Current Non-Executive Directors											
Rick Dennis	FY24	168,173	–	168,173	18,499	–	–	–	–	186,672	–
Chair, Non-Executive Director	FY23	122,607	–	122,607	12,874	–	–	–	–	135,481	–
Peter Henley	FY24	85,586	–	85,586	9,414	–	–	–	–	95,000	–
Non-Executive Director	FY23	83,623	–	83,623	8,780	–	–	–	–	92,403	–
Rob Cassen	FY24	67,568	–	67,568	7,432	–	–	–	–	75,000	–
Non-Executive Director	FY23	71,005	–	71,005	7,456	–	–	–	–	78,461	–
Martin Ward	FY24	80,000	–	80,000	-	–	–	–	–	80,000	–
Non-Executive Director	FY23	48,603	–	48,603	358	–	–	–	–	48,961	–
Total Current Non-Executive Director Remuneration	**FY24**	**401,326**	**–**	**401,326**	**35,346**	**–**	**–**	**–**	**–**	**436,672**	
	FY23	**325,838**	**–**	**325,838**	**29,468**	**–**	**–**	**–**	**–**	**355,306**	
Former Non-Executive Directors											
David Foster	FY24	–	–	–	–	–	–	–	–	–	–
Chair, Non-Executive Director	FY23	82,231	–	82,231	8,634	–	–	–	–	90,865	–
Warren Bee	FY24	–	–	–	–	–	–	–	–	–	–
Non-Executive Director	FY23	39,941	–	39,941	4,194	–	–	–	–	44,135	–
Katie McNamara	FY24	67,832	–	67,832	7,457	–	–	–	–	75,289	–
Non-Executive Director	FY23	45,701	–	45,701	4,799	–	–	–	–	50,500	–
Total Former Non-Executive Director Remuneration	**FY24**	**67,832**	**–**	**67,832**	**7,457**	**–**	**–**	**–**	**–**	**75,289**	
	FY23	**167,873**	**–**	**167,873**	**17,627**	**–**	**–**	**–**	**–**	**185,500**	
Total Non-Executive Director Remuneration	**FY24**	**469,158**		**469,158**	**42,803**	**–**	**–**	**–**	**–**	**511,961**	
	FY23	**493,711**		**493,711**	**47,095**	**–**	**–**	**–**	**–**	**540,806**	
Current Executive Directors and Senior Executives											
David Ahmet	FY24	523,079	–	523,079	27,500	–	10,000	48,342	58,342	608,921	8%
Managing Director	FY23	635,500	–	635,500	27,500	–	12,286	249,373	261,659	924,659	27%
Michael Poynton	FY24	249,999	33,198	283,197	27,500	–	4,167	17,165	21,332	332,029	5%
Executive Directors	FY23	91,048	15,444	106,492	9,560	–	1,595	–	1,595	117,647	–
Nicole Spink[1]	FY24	68,608	–	68,608	7,397	–	1,133	5,360	6,493	82,497	6%
Executive Directors	FY23	–	–	–	–	–	–	–	–	–	–
Total Current Executive Director and Senior Executive Remuneration	**FY24**	**841,686**	**33,198**	**874,884**	**62,397**	**–**	**15,300**	**70,867**	**86,167**	**1,023,447**	
	FY23	**726,548**	**15,444**	**741,992**	**37,060**	**–**	**13,881**	**249,373**	**263,254**	**1,042,306**	
Former Executive Directors and Senior Executives											
Bob Donovan	FY24	204,000	–	204,000	22,440	–	3,250	(33,117)	(29,867)	196,573	(17%)
Chief Financial Officer	FY23	272,000	–	272,000	28,560	–	5,079	42,287	47,366	347,926	12%
Total Former Executive Director and Senior Executive Remuneration	**FY24**	**204,000**	**–**	**204,000**	**22,440**	**–**	**3,250**	**(33,117)**	**(29,867)**	**196,573**	
	FY23	**272,000**	**–**	**272,000**	**28,560**	**–**	**5,079**	**42,287**	**47,366**	**347,926**	
Total Executive Director and Senior Executive Remuneration	**FY24**	**1,045,686**	**33,198**	**1,078,884**	**84,837**	**–**	**18,550**	**37,749**	**56,299**	**1,220,020**	
	FY23	**998,548**	**15,444**	**1,013,992**	**65,620**	**–**	**18,960**	**291,660**	**310,620**	**1,390,232**	
Total KMP Remuneration	**FY24**	**1,514,843**	**33,198**	**1,548,042**	**127,639**	**–**	**18,550**	**37,749**	**56,299**	**1,731,980**	
	FY23	**1,492,259**	**15,444**	**1,507,703**	**112,715**	**–**	**18,960**	**291,660**	**310,620**	**1,931,038**	

1 Ms Spink's remuneration is for payments in relation to the period 1 April 2024 to 30 June 2024 only

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		
Nicole Spink	Chief Financial Officer	Three (3) months

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Contingent Consideration Payment

On 31 October 2022 the Group acquired 100% of Mojo Motorcycles Pty Ltd and Mojo Electric Vehicles Pty Ltd (together, **Mojo Group**). Prior to the acquisition, 50% of the shares in Mojo Group were owned, directly or indirectly, by companies that are controlled by Michael Poynton, Executive Director (**Former Shareholders**).

The total consideration payable for Mojo Group included contingent consideration of up to $10,000,000 based on net profit before tax of Mojo Group in the 12-month period following completion. During the period, contingent consideration of $10,000,000 was paid to the Former Shareholders, of which $5,000,000 was paid to companies that are controlled by Mr Poynton.

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:

RELATED PARTY LEASES

David Ahmet

The Group has entered into nine leases for 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 and second 5-year option terms were exercised in 2016 and 2021, with one 5-year option period remaining. The options were last approved by Shareholders at the 2021 annual general meeting.

In addition to the above, on 1 March 2024, an entity controlled by Mr Ahmet acquired an additional property leased by the Group, and the lease for that property was assigned to the entity controlled by Mr Ahmet.

Total payments (excluding GST and outgoings) payable in respect to these properties for the year ended 30 June 2024 or for the period during which the properties were owned by Mr Ahmet or entities controlled by Mr Ahmet were $1,599,000 (year ended 30 June 2023: $1,631,000).

Rob Cassen

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 bases in July 2011, December 2012, and July 2013 respectively with each containing 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.

During the period, Mr Cassen divested 1 of these properties, and the associated lease was assigned to an unrelated party to the Group on 1 March 2024.

Total rental payments (excluding GST and outgoings) payable in respect to these properties for the year ended 30 June 2024 or for the period during which the properties were owned by entities which act in concert with by Mr Cassen were $2,499,000 (year ended 30 June 2023: $2,470,000).

Michael Poynton

The Group has entered into a lease for a property owned by an entity which acts in concert with Michael Poynton, Executive Director. Mr 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 for the year ended 30 June 2024 were $212,000 (1 November 2022 to 30 June 2023: $151,000).

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:

KMP	OPENING BALANCE 1 JULY 2023	SHARES ACQUIRED DURING THE YEAR	SHARES DISPOSED OF DURING THE YEAR	RECEIVED ON VESTING OF PERFORMANCE RIGHTS	CLOSING BALANCE 30 JUNE 2024
Non-Executive Directors					
Rob Cassen	3,413,833	—	—	—	3,413,833
Rick Dennis	—	—	—	—	—
Peter Henley	92,214	—	(10,700)	—	81,514
Martin Ward	100,000	—	—	—	100,000
Executive Directors and Senior Executives					
David Ahmet	11,465,478	—	—	96,052	11,561,530
Michael Poynton	6,660,711	—	—	—	6,660,711
Nicole Spink[1]	30,000	—	—	—	30,000
Former Non-Executive Directors					
Katie McNamara	—	—	—	—	—
Former Executive Directors and Senior Executives					
Bob Donovan[2]	712,299	—	—	15,204	727,503

1 Appointed 1 April 2024, the opening balance represents the shares held at the date of appointment.

2 Retired 31 March 2024, the closing balance represents the shares held at the date of retirement.

Remuneration Report
(CONTINUED)

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 FY24 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:

Draft Not Approved

Rick Dennis

Chair

30 August 2024

Draft Not Approved

David Ahmet

Managing Director

30 August 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 audit of MotorCycle Holdings Limited for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Ben Flaherty
Partner

Brisbane
30 August 2024

Financial Statements

CONSOLIDATED STATEMENT OF

Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Sales revenue	5	582,318	577,403
Cost of sales		432,967	425,663
Gross profit		**149,351**	**151,740**
Other income	5	2,357	1,812
Share of profit of equity accounted investee, net of tax	16	538	1,023
Employee benefits expense	6	70,823	69,322
Finance costs	7	8,995	6,310
Depreciation and amortisation expense		19,288	16,970
Occupancy costs		3,691	3,419
Other expenses	6	29,493	25,984
Profit before tax		**19,955**	**32,570**
Income tax expense	8	5,824	9,556
Profit for the year		**14,131**	**23,014**
Items that will not be reclassified to profit or loss			
Equity-accounted investee — share of other comprehensive income		(409)	(30)
Items that are or may be reclassified subsequently to profit or loss			
Foreign operation — foreign currency translation differences		(71)	5
Other comprehensive income		(480)	(25)
Total comprehensive income for the year attributable to owners of the company		**13,651**	**22,989**

		CENTS	CENTS
Earnings per share			
Basic earnings per share	9	19.2	33.1
Diluted earnings per share	9	19.2	32.7

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

FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Current assets			
Cash and cash equivalents	10	12,141	24,734
Trade and other receivables	11	11,852	12,079
Inventories	12	155,559	155,833
Current tax assets		2,292	—
Other assets		2,969	1,236
Total current assets		**184,813**	**193,882**
Non-current assets			
Right of use assets	13	44,323	48,205
Property, plant and equipment	14	13,821	13,437
Goodwill and other intangible assets	15	145,754	147,509
Interest in equity accounted investees	16	6,149	6,767
Other assets		120	131
Total non-current assets		**210,167**	**216,049**
Total assets		**394,980**	**409,931**
Current liabilities			
Trade and other payables	17	30,487	39,668
Short term borrowings	18	46,618	48,464
Lease liabilities		13,641	11,920
Current tax liabilities		—	2,104
Provisions	19	10,147	9,673
Contract liabilities		3,072	3,111
Total current liabilities		**103,965**	**114,940**
Non-current liabilities			
Borrowings	20	50,000	50,000
Lease liabilities		34,250	39,272
Deferred tax liabilities	8	1,318	3,159
Provisions	19	736	681
Contract liabilities		4,544	4,307
Total non-current liabilities		**90,848**	**97,419**
Total liabilities		**194,813**	**212,359**
Net assets		**200,167**	**197,572**
Equity			
Contributed equity	21	151,011	150,728
Share-based payments reserve		248	860
Foreign currency translation reserve		(375)	(304)
Retained earnings		49,283	46,288
Total equity		**200,167**	**197,572**

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

CONSOLIDATED STATEMENT OF

Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	ISSUED CAPITAL $'000	RETAINED EARNINGS $'000	SHARE-BASED PAYMENT RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL EQUITY $'000
Balance as at 1 July 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		30,001	–	–	–	30,001
Exercise of performance rights		646	–	–	–	646
Equity settled share-based payments		–	–	(239)	–	(239)
Total transactions with owners in their capacity as owners		**30,647**	**(10,831)**	**(239)**	**–**	**19,577**
Balance as at 1 July 2023		**150,728**	**46,288**	**860**	**(304)**	**197,572**
Comprehensive income for the year						
Profit for the year		–	14,131	–	–	14,131
Other comprehensive income		–	(409)	–	(71)	(480)
Total comprehensive income for the year		**–**	**13,364**	**–**	**(71)**	**13,651**
Transactions with owners in their capacity as owners						
Dividends paid	21	–	(11,071)	–	–	(11,071)
Exercise of performance rights		283	–	–	–	283
Equity settled share-based payments		–	344	(612)	–	(268)
Total transactions with owners in their capacity as owners		**283**	**(10,724)**	**(612)**	**–**	**(11,056)**
Balance as at 30 June 2024		**151,011**	**49,283**	**248**	**(375)**	**200,167**

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 2024

	NOTE	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Cash flows from operating activities			
Receipts from customers, insurance claims and government grants (inclusive of GST)		643,313	633,961
Payments to suppliers and employees (inclusive of GST)		(596,559)	(577,423)
Interest and other costs of finance paid		(9,205)	(6,310)
Income taxes paid		(12,058)	(10,965)
Net cash (used)/provided by operating activities	31	**25,449**	**39,263**
Cash flows from investing activities			
Payment for acquisition of businesses (net of cash acquired)		(12,723)	(14,813)
Payment of liability to former owners assured on acquisition of Mojo		—	(9,349)
Investment in equity accounted investees		747	664
Payments for property, plant and equipment		(3,149)	(3,138)
Proceeds from sale of property, plant and equipment		669	257
Net cash (used)/provided by investing activities		**(14,456)**	**(26,379)**
Cash flows from financing activities			
Proceeds from borrowings	20	—	30,000
Repayments of lease principal	13	(12,370)	(11,229)
Dividend paid	21	(11,071)	(10,831)
Net cash (used)/provided by financing activities		**(23,441)**	**7,940**
Net increase/(decrease) in cash and cash equivalents		(12,448)	20,824
Effects of exchange rate changes on cash and cash equivalents		(145)	—
Cash and cash equivalents at the beginning of the period		24,734	3,910
Cash and cash equivalents at the end of the period	10	**12,141**	**24,734**

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

1. REPORTING ENTITY

MotorCycle Holdings Limited (the **Company**) is a publicly listed company domiciled in Australia. Its registered office is 68 Moss Street, Slacks Creek, Queensland, 4127. The consolidated financial statements as at and for the year ended 30 June 2024 comprise the Company and its subsidiaries (together, the **Group**) and were authorised for issue by the Board of Directors on 28 August 2024.

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.

2. MATERIAL ACCOUNTING POLICIES

2.1. GENERAL INFORMATION

Statement of Compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (**AASB Standards**) and the *Corporations Act 2001* (**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 AASB Standards. All amounts are presented in Australian dollars, the Company's functional and presentation currency.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016, and as such all financial information presented has been rounded to the nearest $1,000 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.

2.2. 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 Investees

The Group's interest in equity-accounted investees comprises interest 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).

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.

2.3. 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 *Revenue from Contracts with Customers*, the Group reduces revenue by the amount of expected returns and records it as 'trade and other payables'.

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 3 to 5 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.

2.4. FINANCE COSTS

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

2.5. 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.

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.

2.6. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, including Goodwill, are tested at least 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 into the smallest group of assets that generate independent cash inflows (cash-generating units or **CGUs**). Goodwill arising from a business combination is allocated to the CGU that is 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.

2.7. 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.

2.8. 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 (**ECLs**) to be recognised from initial recognition of the receivable. The ECLs are estimated using a trade receivables aging matrix, based on the Group's historical credit loss experience.

2.9. 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 the reporting date. Costs are assigned on the basis of specific identification.
- 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 floorplan finance provider and entities within the Group. The Group obtains title to each motorcycle 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.

2.10. 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 a 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.

2.11. 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.

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.

2.12. 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 ready the asset for 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:

ASSET CLASS	USEFUL LIFE
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.

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.

2.13. 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 acquired 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 CGUs 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.

2.14. 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.

2.15. 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.

2.16. 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.

2.17. 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.

2.18. 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.

2.19. 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.

2.20. 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 Income Taxes.

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 The Effects of Changes in Foreign Exchange Rates.

2.21. 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.

2.22. NEW ACCOUNTING STANDARDS

A number of new accounting standards are effective for annual period beginning after 1 July 2023 and earlier application is permitted. However, the Group has not early adopted, nor are they required to, any of the new or amended accounting standards in preparing these consolidated financial statements.

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 $118,679,000 (2023: $116,369,000) 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 2024 the recoverable amount has been based on fair value less cost of disposal.

Carrying Amount of Inventories

In determining the value 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 and Accessories 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 MPPs. 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 arms' 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.

OPERATING SEGMENT INFORMATION	RETAIL 30 JUNE 2024 $'000	WHOLESALE 30 JUNE 2024 $'000	ELIMINATIONS 30 JUNE 2024 $'000	CONSOLIDATED 30 JUNE 2024 $'000	RETAIL 30 JUNE 2023 $'000	WHOLESALE 30 JUNE 2023 $'000	ELIMINATIONS 30 JUNE 2023 $'000	CONSOLIDATED 30 JUNE 2023 $'000
Sales to external customers	425,678	156,640	—	582,318	433,912	143,491	—	577,403
Inter-segment sales	—	33,428	(33,428)	—	—	28,227	(28,227)	—
Other income	2,347	10	—	2,357	1,812	—	—	1,812
Total revenue and other income	**428,025**	**190,078**	**(33,428)**	**584,675**	**435,723**	**171,721**	**(28,230)**	**579,214**
Segment result								
Operating profit before interest and impairment	7,748	17,778	—	25,526	15,342	19,808	—	35,150
External interest expense allocation	(865)	(2,216)	—	(3,081)	(528)	(1,398)	—	(1,926)
Segment profit	**6,883**	**15,562**	—	**22,445**	**14,814**	**18,410**	—	**33,223**
Share of net profit of equity accounted investees				538				1,023
Unallocated corporate expenses				(3,028)				(1,677)
Profit before tax				**19,955**				**32,570**
Income tax expense				(5,824)				(9,556)
Net profit after tax				**14,131**				**23,014**
Depreciation and amortisation	12,249	7,039	—	19,288	11,371	5,599	—	16,971
Write down/(back) of inventories to net realisable value	935	641	—	1,576	918	(215)	—	703
Assets								
Segment assets	210,598	184,382	—	394,980	209,891	200,040	—	409,931
Liabilities								
Segment liabilities	108,987	85,826	—	194,813	118,219	94,140	—	212,339
Net Assets	**101,611**	**98,556**	—	**200,167**	**91,672**	**105,900**	—	**197,572**
Cost to acquire goodwill and other intangible assets	2,627	—	—	2,627	1,646	55,761	—	56,108
Cost to acquire property, plant, and equipment	2,553	764	—	3,297	1,786	1,092	—	3,723

5. REVENUE AND OTHER INCOME

Disaggregation of Revenue

	RETAIL 30 JUNE 2024 $'000	WHOLESALE 30 JUNE 2024 $'000	CONSOLIDATED 30 JUNE 2024 $'000	RETAIL 30 JUNE 2023 $'000	WHOLESALE 30 JUNE 2023 $'000	CONSOLIDATED 30 JUNE 2023 $'000
New motorcycles	192,102	109,464	310,567	193,022	93,907	286,929
Used motorcycles	120,342	—	120,342	123,274	—	123,274
Parts and accessories	79,839	47,176	127,015	84,659	49,584	134,243
Service	17,222	—	17,222	17,050	—	17,050
Finance and insurance Income	15,216	—	15,216	15,411	—	15,411
Other revenue	956	—	956	496	—	496
Revenue from contracts with customers	**425,678**	**156,640**	**582,318**	**433,912**	**143,491**	**577,403**
At a point in time	421,922	156,640	578,632	430,131	143,491	573,622
Over time	—	—	3,686	3,781	—	3,781
Revenue from contracts with customers	**425,678**	**156,640**	**582,318**	**433,912**	**143,491**	**577,403**
Other income						
Government grants	693	—	693	1,488	—	1,488
Interest income	—	10	10	—	—	—
Proceeds from insurance claims	1,208	—	1,208	6	—	6
Other income	446	—	446	318	—	318
Total other income	**2,347**	**10**	**2,357**	**1,812**	**—**	**1,812**

CONTRACT BALANCES

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

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Receivables, gross of provisions, included in trade and other receivables	12,180	12,329
Contract liabilities	7,616	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 30 June 2024.

FINANCIAL YEAR ENDING	30 JUNE 2025 $'000	30 JUNE 2026 $'000	30 JUNE 2027 $'000	30 JUNE 2028 $'000	30 JUNE 2029 $'000	30 JUNE 2030 OR LATER $'000
Mechanical protection plans	3,072	2,298	1,419	599	211	18

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.

6. OTHER EXPENSES

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Other expenses		
Advertising	4,180	3,589
Bank charges	1,315	1,166
Computers and software	3,672	2,308
Freight and cartage	5,835	5,492
Insurance	2,722	2,308
Assets impaired as result of insurance claims	440	28
Motor vehicle expenses	2,140	1,889
Professional fees	1,913	2,642
Other expenses	7,277	6,563
	29,493	**25,984**
Employee benefits expense		
Salaries and wages	52,991	53,136
Superannuation contributions	7,257	6,844
Equity settled share-based payments	366	407
Other employee benefits expense	10,560	8,935
	70,823	**69,322**

7. FINANCE COSTS

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Bank interest expense	3,081	1,926
Vehicle bailment	3,168	2,168
Interest attributable to leases	2,649	2,303
Foreign currency (gain)/loss	97	(87)
	8,995	**6,310**

8. INCOME TAXES

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Income Tax Expense		
Current income tax expense	7,673	11,517
Underprovision of current tax expense in prior years	(12)	31
Deferred income tax expense/(benefit)	(1,837)	(1,992)
	5,824	**9,556**
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	19,633	32,570
Tax at the Australian tax rate of 30% (2022: 30%)	5,890	9,771
Adjustments to income tax expense:		
Difference in overseas tax rates	(30)	(12)
Recognition of opening deferred tax balance for NZ entities	—	(40)
Underprovision of current tax expense in prior years	(12)	31
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible expenses	146	156
Notional-assessable income	(170)	(350)
Income tax expense	**5,824**	**9,556**

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	30 JUNE 2024 $'000	30 JUNE 2023 $'000	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Recognised deferred tax assets and liabilities:				
Property, plant and equipment	201	—	—	(43)
Indefinite life intangible assets	—	—	(8,122)	(9,341)
Provisions — doubtful receivables	98	66	—	—
Provisions — employee benefits	3,006	2,918	—	—
Contract liabilities	2,447	2,386	—	—
Right of use assets	—	—	(12,940)	(14,453)
Lease liabilities	14,009	15,349	—	—
Other items	458	544	(475)	(585)
Deferred tax assets/(liabilities) before set-off	20,219	21,263	(21,537)	(24,422)
Set-off tax	(20,219)	(21,263)	20,219	21,263
Net deferred tax assets/(liabilities)	**—**	**—**	**(1,318)**	**(3,159)**

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

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Opening balance at 1 July	(3,159)	1,080
Charged/(credited) to profit and loss	1,837	1,992
Deferred tax recognised directly in goodwill	4	(6,231)
Closing balance at 30 June	**(1,318)**	**(3,159)**

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.

9. EARNINGS PER SHARE

	30 JUNE 2024 CENTS	30 JUNE 2023 CENTS
Basic earnings per share		
Earnings attributable to the ordinary equity holders of the Company	19.2	33.1
Diluted earnings per share		
Earnings attributable to the ordinary equity holders of the Company	19.2	32.7

RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE	$'000	$'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	14,131	23,014
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	14,131	23,014
Weighted average number of ordinary shares outstanding during the year	73,782	69,522
Adjustments for calculation of diluted earnings per share — performance rights	—	856
Weighted average number of shares outstanding during the year used in the calculation of diluted earnings per share	73,782	70,378

10. CASH AND CASH EQUIVALENTS

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Cash at bank and on hand	12,141	24,734
	12,141	**24,734**

11. TRADE AND OTHER RECEIVABLES

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Trade and other receivables	12,180	12,329
Provision for doubtful receivables	(328)	(250)
	11,852	**12,079**

12. INVENTORIES

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
New and demonstrator motorcycles (at cost)	76,859	75,828
Less: write-down to net realisable value	(753)	(342)
New and demonstrator inventory	**76,106**	**75,486**
Used motorcycles (at cost)	17,741	14,830
Less: write-down to net realisable value	(328)	(353)
Used inventory	**17,413**	**14,477**
Parts, accessories and other consumables (at cost)	73,824	76,463
Less: write-down to net realisable value	(11,784)	(10,593)
Parts, accessories and other consumable inventory	**62,040**	**65,870**
Total inventories	**155,559**	**155,833**

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 2024 $'000	30 JUNE 2023 $'000
Balance at 1 July	48,205	45,848
Depreciation charge for the year	(12,951)	(11,567)
Additions to right-of-use assets	9,069	13,924
Balance at 30 June	**44,323**	**48,205**
Amounts recognised in profit or loss		
Interest on lease liabilities	2,649	2,303
Expenses relating to leases of low-value assets	—	—
	2,649	**2,303**
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**15,019**	**13,532**

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.

14. PROPERTY, PLANT AND EQUIPMENT

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Leasehold improvements		
Gross value	12,830	12,783
Accumulated depreciation	(5,053)	(4,968)
	7,777	**7,815**
Motor vehicles		
Gross value	3,799	3,685
Accumulated depreciation	(2,304)	(2,040)
	1,495	**1,645**
Plant and equipment		
Gross value	10,433	9,244
Accumulated depreciation	(7,527)	(6,908)
	2,906	**2,336**
Furniture, fixtures and fittings		
Gross value	4,641	4,389
Accumulated depreciation	(3,062)	(2,830)
	1,579	**1,559**
Other fixed assets		
Gross value	1,292	1,297
Accumulated depreciation	(1,228)	(1,215)
	64	**82**
Total property, plant and equipment	**13,821**	**13,437**

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 2024	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	7,815	1,644	2,335	1,559	82	**13,436**
Additions	1,070	370	1,359	349	—	**3,148**
Acquired from business combinations	1	—	43	105	—	**149**
Disposals/transfers	(380)	(79)	(90)	(84)	—	**(633)**
Effects of movements in exchange rates	—	—	(8)	—	—	**(8)**
Depreciation expense	(729)	(440)	(733)	(350)	(19)	**(2,271)**
Carrying amount at end of period	**7,777**	**1,495**	**2,906**	**1,579**	**64**	**13,821**

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**

15. GOODWILL AND OTHER INTANGIBLE ASSETS

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

30 JUNE 2024	GOODWILL $'000	TRADEMARKS $'000	CUSTOMER CONTRACTS AND RELATIONSHIPS $'000	OTHER INTANGIBLES $'000	TOTAL $'000
Cost					
Balance at beginning of period	140,665	5,603	22,700	15,900	184,868
Acquired through business combinations	2,324	—	—	—	2,324
Effects of movements in exchange rates	(14)	—	—	—	(14)
Balance at end of period	**142,975**	**5,603**	**22,700**	**15,900**	**187,178**
Accumulated amortisation and impairment					
Balance at beginning of period	(24,296)	—	(10,197)	(2,866)	(37,359)
Amortisation expense	—	—	(2,767)	(1,299)	(4,066)
Balance at end of period	**(24,296)**	—	**(12,963)**	**(4,165)**	**(41,424)**
Carrying amounts					
Balance at beginning of period	116,369	5,603	12,503	13,034	147,510
Balance at end of period	**118,679**	**5,603**	**9,737**	**11,735**	**145,754**

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**	**13,034**	**147,509**

ANNUAL IMPAIRMENT TEST

Goodwill is allocated to the Group's cash generating units (**CGU**s):

- Goodwill of $54,861,000 (2023: $52,239,000) is allocated to the Motorcycle Retailing group of CGUs;
- Goodwill of $29,956,000 (2023: $29,969,000) is allocated to the Motorcycle Accessories Wholesaling CGU; and
- Goodwill of $33,862,000 (2023: $34,161,000) is allocated to the Motorcycle Wholesaling CGU.

The annual impairment test was performed on 30 June 2024 (**Impairment Test**) by measuring the Carrying Amount against the Recoverable amount for each CGU or group of CGUs. The Recoverable Amount of a CGU is the higher of its value in use (VIU) and its fair value less cost of disposal.

For the purposes of the Impairment Test, the Company has determined the Recoverable Amount for each CGU on its value in use (**VIU**). The VIU is the present value of the future cash flows that the Company expects to derive from each CGU, calculated using discounted cash flow (**DCF**) methodology. DCF methodology estimates the future cash flows expected to arise from the CGU by applying a discount rate to calculate the present value (level 3 value).

Estimates of future cash flows were based on the board's approved budget for the financial year ended 30 June 2025 (**FY25**) for the first year, management's detailed forecasts for years 2 through 5, and a terminal growth rate of 2.5% thereafter. The terminal growth rate was determined based on management's estimate of long-term compound annual growth rate (**CAGR**) of earnings.

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 15% for the Motorcycle Accessories Wholesaling CGU and 20% for the Motorcycle Retailing and Motorcycling Wholesale CGUs at a market interest rate of 3.6%.

The key assumptions used in the estimate of the recoverable amount include:

	MOTORCYCLE RETAILING CGU		MOTORCYCLE ACCESSORIES WHOLESALING CGU		MOTORCYCLE WHOLESALING CGU	
	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023	30 JUNE 2024	30 JUNE 2023
Pre-tax discount rate	13.3%	13.3%	13.1%	13.6%	22.9%	25.0%
Post-tax discount rate	9.3%	9.3%	9.2%	9.5%	16.0%	17.5%
Terminal growth rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Budgeted year 1 revenue growth	13.1%	n/a	8.3%	n/a	13.9%	n/a
Forecast years 2-5 revenue growth	4.3%	n/a	3.7%	n/a	6.9%	n/a
Budgeted year 1 gross margin	19.4%	n/a	35.0%	n/a	24.0%	n/a
Forecast years 2-5 gross margin	19.4%	n/a	37.6%	n/a	25.6%	n/a

The Group changed from a fair value less cost of disposal model to value in use during the year ended 30 June 2024, as such comparisons are not on a like for like basis.

Assumptions made in determining the forecasts take into account available internal and external data about the outlook for operating conditions in the Group's CGUs and past experience, including:

- Assumption that early indicators of industry recovery seen in May and June 2024 will continue into FY25;
- Moderate increases in new and used retail unit sales not inconsistent with previous performance over years 2-5;
- Revenue growth in fixed operations departments in Motorcycle Retailing consistent with long-term CAGR;
- Motorcycle Accessories Wholesaling benefiting from operational uplifts made during FY24 and new brands;
- Motorcycle Wholesaling benefiting from new motorcycle models;
- Synergies realised between the Motorcycle Accessories Wholesaling and Motorcycle Wholesaling recognised in New Zealand operations by sharing warehousing and distribution operations;
- Expense reduction in FY25 with planned savings and increasing in line with inflation in years 2 through 5.

The estimated recoverable amount of the Motorcycle Retailing CGU exceeded its carrying amount by $10,410,000.

The estimated recoverable amount of the Motorcycle Accessories Wholesaling CGU exceeded its carrying amount by $1,326,000.

The Group has determined that a reasonable possible change in the following assumptions could cause the Carrying Amount to exceed the Recoverable Amount. The following table shows the amount by which these assumptions would need to be, when changing the assumption in isolation to result in the recoverable amount of the CGU being equal to the carrying amount:

	MOTORCYCLE RETAILING CGU	MOTORCYCLE ACCESSORIES WHOLESALING CGU
Post-tax discount rate	9.9%	9.3%
Terminal growth rate	1.4%	2.3%
Budgeted year 1 revenue growth	(3.4%)	1.0%
Forecast years 2-5 revenue growth	3.8%	3.5%
Budgeted year 1 gross margin	16.9%	33.0%
Forecast years 2-5 gross margin	16.9%	37.4%

16. EQUITY-ACCOUNTED INVESTEES

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

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Interest in joint venture	6,149	6,767
	6,149	**6,767**

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 2024 $'000	30 JUNE 2023 $'000
Assets		
Cash and cash equivalents	5,738	5,847
Loans and other receivables	89,551	87,591
Derivative financial instruments	1,111	2,280
Other assets	989	202
	97,389	**95,920**
Liabilities		
Trade and other payables	514	593
Interest-bearing loans	84,578	81,549
Other liabilities	—	244
	85,092	**82,386**
Net assets (100%)	**12,297**	**13,534**
Group's share of net assets (50%)	6,149	6,767
Carrying amount of interest in joint venture	**6,149**	**6,767**
Finance income	6,360	4,429
Other revenue	2,130	3,692
Interest expense	(3,907)	(2,252)
Other expense	(3,023)	(2,945)
Income tax benefit/(expense)	(484)	(877)
Profit/(loss) after tax	1,076	2,047
Other comprehensive income/(loss)	(819)	(59)
Total comprehensive income (100%)	257	1,988
Group's share of total comprehensive income (50%)	**129**	**994**

17. TRADE AND OTHER PAYABLES

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Trade payables[1]	19,915	19,268
Other Payables[2]	10,572	20,400
	30,487	**39,668**

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 2023: includes $10,000,000 contingent consideration for the acquisition of Mojo group that was paid during the Financial Year.

18. LOANS AND BORROWINGS — CURRENT

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Bailment finance	46,618	48,464
	46,618	**48,464**

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. (2023: 9-14%). 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 2024 $'000	30 JUNE 2023 $'000
Employee benefits	9,292	9,051
Other provisions	855	621
Current provisions	**10,147**	**9,673**
Employee benefits	736	681
Non-current provisions	**736**	**681**

20. LOANS AND BORROWINGS — NON-CURRENT

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Opening balance	50,000	20,000
Proceeds from loans and borrowings	—	30,000
Total long term borrowings	**50,000**	**50,000**

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. At 30 June 2024 the loan had a maturity date of 10 July 2025; subsequent to year end, this was extended to 10 October 2025. The weighted average interest rate as at 30 June 2024 was 6.57%.

FINANCING ARRANGEMENTS

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

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Total facilities		
Bank facilities[1]	50,000	50,000
Bailment finance	76,239	80,739
	126,239	**114,659**
Used at balance date		
Bank facilities	50,000	50,000
Bailment finance	46,618	48,464
	96,618	**98,464**
Unused at balance date		
Bank facilities	—	—
Bailment finance	29,621	16,195
	29,621	**16,195**

1 In addition, the Group has access to an $11,000,000 working capital multi facility that can be drawn down on if required.

21. CAPITAL AND RESERVES

ORDINARY SHARES

		NUMBER OF SHARES	ISSUE PRICE	$'000
Movements in ordinary shares				
Date	**Details**			
30 June 2022	Opening 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**
9 September 2023	Exercise of performance rights	129,185		283
30 June 2024	**Closing balance**	**73,806,444**		**151,011**

DIVIDENDS

The following dividends were declared and paid by the Company:

	30 JUNE 2024 CENTS PER SHARE	30 JUNE 2024 $'000	30 JUNE 2023 CENTS PER SHARE	30 JUNE 2023 $'000
Dividends on ordinary shares				
2023 final dividend (2023: 2022 final dividend)	12.0	8,857	8.0	4,937
2024 interim dividend (2023: 2023 interim dividend)	3.0	2,214	8.0	5,894
Total dividends on ordinary shares	**15.0**	**11,071**	**16.0**	**10,831**

Directors have declared a final dividend of 7 cents per share amounting to $5,166,000 payable on 4 October 2024 with a record date of 20 September 2024.

The amount of franking credits available at the 30% tax rate as at 30 June 2024 to frank dividends for subsequent financial years, is $62,304,000 (2023: $59,822,000).

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 and 2023 Annual General Meetings. 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
2022 Tranche 1	25 March 2022	76,771	Relative TSR	1 July 2021 to 30 June 2024
2022 Tranche 2	25 March 2022	76,771	EPS CAGR	1 July 2021 to 30 June 2024
2023 Tranche 1	10 March 2023	141,051	Relative TSR	1 July 2022 to 30 June 2025
2023 Tranche 2	10 March 2023	141,051	EPS CAGR	1 July 2022 to 30 June 2025
2024 Tranche 1	20 December 2023	218,522	Relative TSR	1 July 2023 to 30 June 2026
2024 Tranche 2	20 December 2023	218,522	EPS CAGR	1 July 2023 to 30 June 2026
		872,687		

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

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:

	2024 TRANCHE 1	2024 TRANCHE 2	2023 TRANCHE 1	2023 TRANCHE 2
Fair value at grant date	$1.33	$1.63	$0.50	$1.24
Share price at valuation date	$2.06	$2.06	$1.60	$1.60
Expected volatility	40%	40%	40%	40%
Annual dividend yield	8.8%	8.8%	10.5%	10.5%
Risk-free interest rate	4.1%	4.1%	3.4%	3.4%
Test date	31 August 2026	31 August 2026	31 August 2025	31 August 2025

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 2024	30 JUNE 2023
Opening balance	807,068	950,621
Granted during the year	477,008	333,486
Forfeited during the year	(282,204)	(45,490)
Exercised during the year	(129,185)	(431,549)
Closing balance	**872,687**	**807,068**

RECOGNISED SHARE-BASED PAYMENTS EXPENSE

The value of performance rights expensed (net) during the year was $15,000 (2023: $407,000). Of this amount, $38,000 is attributable to key management personnel remuneration (2023: $292,000).[1]

1 The value of performance rights expensed during the year for non-KMP participants was ($23,000) – a negative expense.

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 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 2024 $'000	30 JUNE 2023 $'000
Cash at bank	12,141	24,734
Trade and other receivables	12,180	12,329
	24,321	**37,063**

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 $2,145,000 (2023: $550,000), which are past due at the reporting date. Of this balance the Group has provided $250,000 (2023: $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 2024 0% (2023: 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 Financial Year. 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 (2023: $250,000) 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.

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 $'000	TOTAL $'000	INTEREST RATE
As at 30 June 2024						
Financial liabilities						
Bailment (current)	46,618	—	—	—	46,618	9-14%
Borrowings						
— Facility A	1,878	30,000	—	—	31,878	6.26%
— Facility B	1,231	20,000	—	—	21,231	6.15%
Lease liabilities	13,703	11,919	18,373	12,402	56,397	
Forward exchange contracts						
— outflow	22,901	—	—	—	22,901	
— inflow	(22,851)	—	—	—	(22,851)	
Contract liabilities	3,072	2,298	2,229	18	7,617	
Trade and other payables	30,487	—	—	—	30,487	
	97,039	**64,217**	**20,602**	**12,420**	**194,278**	
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	12,410	22,197	11,111	59,757	
Forward exchange contracts						
— outflow	22,293	—	—	—	22,293	
— inflow	(22,686)	—	—	—	(22,686)	
Contract liabilities	3,119	2,246	2,022	17	7,404	
Trade and other payables	39,668	—	—	—	39,668	
	107,880	**17,639**	**74,301**	**11,128**	**210,948**	

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 2024	EQUITY HELD 30 JUNE 2023
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%	100%
Mojo Electric Vehicles Pty Ltd	Australia	100%	100%
Mojo Motorcycles NZ Limited	New Zealand	100%	100%
Mojo Motorcycles Pty Ltd	Australia	100%	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

FRASER MOTORCYCLES SYDNEY HARLEY-DAVIDSON

On 15 January 2024 the Group acquired certain business assets and liabilities of Fraser Motorcycles Sydney Harley-Davidson located in Concord, New South Wales as part of its growth strategy. The business was relocated to the Group's existing premises in Auburn, New South Wales and commenced trade on as Morgan and Wacker Harley-Davidson Sydney in March 2024.

The business combination forms part of the motorcycle retailing segment and contributed revenue of $2,441,000 and net loss after tax of $411,000 for period ended 30 June 2024 from the date of acquisition. The Group would have reported $587,200,000 in consolidated revenue and $13,198,000 in consolidated net profit after tax for the year ended 30 June 2024 had the business combination occurred at the beginning of the Financial Year.

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 — parts and accessories	263
Property, plant and equipment	149
Total assets acquired	**412**
Employee entitlements	9
Total liabilities assumed	**9**
Net identifiable assets acquired	**403**
Goodwill recognised	2,623
Total purchase consideration — cash	**3,026**

26. PARENT ENTITY

Information relating to MotorCycle Holdings Limited (the **Parent Entity**) at 30 June 2024 is presented below and is in line with the Group's accounting policies.

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Financial position		
Assets		
Current assets	2,292	—
Non-current assets	182,763	200,410
	185,055	200,413
Liabilities		
Current liabilities	—	2,104
Non-current liabilities	1,318	3,159
	1,318	5,263
Equity		
Issued capital	151,011	150,728
Retained earnings	32,477	43,558
Reserves	249	860
	183,737	195,146
Financial performance		
Profit/(loss) for the year	(10)	29,715
Total comprehensive income	(10)	29,715

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 2024 $'000	30 JUNE 2023 $'000
Revenue and other income	541,306	558,963
Income from investments	3,738	1,023
Expenditure	(516,808)	(521,318)
Finance costs	(8,453)	(6,098)
Profit/(loss) before tax	**19,479**	**32,570**
Income tax expense	(5,520)	(9,556)
Profit/(loss) for the year	**13,959**	**23,014**
Other comprehensive income	(409)	(25)
Total comprehensive income for the year	**13,550**	**22,989**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Current assets		
Cash and cash equivalents	10,389	24,562
Trade and other receivables	9,904	12,153
Inventories	142,189	151,483
Current tax assets	1,861	—
Other assets	2,900	1,236
Total current assets	**167,243**	**189,434**
Non-current assets		
Right of use assets	38,163	46,058
Property, plant and equipment	12,573	12,754
Deferred tax assets	—	—
Goodwill and other intangible assets	143,053	147,509
Investment in subsidiaries	25,896	20,963
Interest in equity accounted investees	6,149	6,767
Other assets	113	129
Total non-current assets	**225,947**	**234,180**
Total assets	**393,190**	**423,614**
Current liabilities		
Trade and other payables	40,991	57,914
Short term borrowings	44,303	46,445
Lease liabilities	12,321	11,309
Current tax liabilities	—	2,104
Provisions	6,784	9,119
Contract liabilities	3,235	3,283
Total current liabilities	**107,634**	**130,174**
Non-current liabilities		
Borrowings	50,000	50,000
Lease liabilities	29,175	37,576
Deferred tax liabilities	1,370	3,159
Provisions	92	639
Contract liabilities	4,752	4,494
Total non-current liabilities	**85,389**	**95,868**
Total liabilities	**193,023**	**226,042**
Net assets	**200,167**	**197,572**
Equity		
Contributed equity	151,011	150,728
Reserves	(127)	556
Retained earnings	49,283	46,288
Total equity	**200,167**	**197,572**

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 2024 no subsidiary was in default in respect of any arrangement guaranteed by the Parent Entity.

29. AUDITOR'S REMUNERATION

	30 JUNE 2024 $'000	30 JUNE 2023 $'000
Auditors of the Group — KPMG		
Audit or review of the financial report — Group	492,000	535,000
Other services:		
— tax compliance services	164,089	96,000
— ESG services	82,620	—
— other services	11,156	11,000
	257,865	**107,000**

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 2024 $'000	30 JUNE 2023 $'000
Short term employee benefits	1,548,042	1,507,703
Share-based payments	37,749	291,660
Post employment benefits	127,639	112,715
Other long term benefits	18,550	18,960
	1,731,980	**1,931,038**

There are no loans to key management personnel.

CONTINGENT CONSIDERATION PAYMENT

On 31 October 2022 the Group acquired 100% of Mojo Motorcycles Pty Ltd and Mojo Electric Vehicles Pty Ltd (together, **Mojo Group**). Prior to the acquisition, 50% of the shares in Mojo Group were owned, directly or indirectly, by companies that are controlled by Michael Poynton, Executive Director (**Former Shareholders**).

The total consideration payable for Mojo Group included contingent consideration of up to $10,000,000 based on net profit before tax of Mojo Group in the 12-month period following completion. During the period, contingent consideration of $10,000,000 was paid to the Former Shareholders, of which $5,000,000 was paid to companies that are controlled by Mr Poynton.

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:

David Ahmet

The Group has entered into nine leases for 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 and second 5-year option terms were exercised in 2016 and 2021, with one 5-year option period remaining. The options were last approved by Shareholders at the 2021 annual general meeting.

In addition to the above, on 1 March 2024, an entity controlled by Mr Ahmet acquired an additional property leased by the Group, and the lease for that property was assigned to the entity controlled by Mr Ahmet.

Total payments (excluding GST and outgoings) payable in respect to these properties for the year ended 30 June 2024 or for the period during which the properties were owned by Mr Ahmet or entities controlled by Mr Ahmet were $1599,000 (year ended 30 June 2023: $1,631,000).

Rob Cassen

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 bases in July 2011, December 2012, and July 2013 respectively with each containing 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.

During the period, Mr Cassen divested 1 of these properties, and the associated lease was assigned to an unrelated party to the Group on 1 March 2024.

Total rental payments (excluding GST and outgoings) payable in respect to these properties for the year ended 30 June 2024 or for the period during which the properties were owned by entities which act in concert with Mr Cassen were $2,499,000 (year ended 30 June 2023: $2,470,000).

Michael Poynton

The Group has entered into a lease for a property owned by an entity which acts in concert with Michael Poynton, Executive Director. Mr 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 for the year ended 30 June 2024 were $212,000 (1 November 2022 to 30 June 2023: $151,000).

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 2024 was $2,348,000 (2023: $2,494,000), of which $195,000 (2023: $245,000) was receivable at 30 June 2024.

31. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 JUNE 2024 $	30 JUNE 2023 $
Net profit after tax	**14,131**	**23,014**
Add/(less) non-cash movements		
Depreciation and amortisation	19,288	16,970
(Profit)/loss from equity-accounted investee	(538)	(1,023)
Equity settled share-based payment	12	407
Exchange difference from translation of financial position of foreign investment	98	(62)
(Increase)/decrease in assets		
Receivables	228	(5,006)
Inventories	537	(48,268)
Loss on disposal of non-current assets	(36)	(131)
Deferred tax assets	(2,292)	1,384
Deposits and prepayments	(1,721)	(337)
Acquired through business combinations	–	26,259
Increase/(decrease) in liabilities		
Payables	819	24,266
Bailment finance liability	(1,846)	23,600
Provisions	516	1,398
Contract liabilities	198	222
Taxes payable	(3,945)	5,264
Acquired through business combinations	–	(28,693)
Net cash inflow from operating activities	**25,449**	**39,264**

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.

CONSOLIDATED

Entity Disclosure Statement

FOR THE YEAR ENDED 30 JUNE 2024

NAME OF ENTITY	BODY CORPORATE, PARTNERSHIP OR TRUST	PLACE INCORPORATED	% OF SHARE CAPITAL HELD	AUSTRALIAN OR FORGEIN TAX RESIDENT	JURISDICTION FOR FOREIGN TAX RESIDENT
Parent entity					
MotorCycle Holding Limited	Body Corporate	Australia		Australian	N/A
Controlled Entities					
Cassons Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Forbes & Davies (NZ) Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
Innovative Dealership Solutions Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Kymco (Aust) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Mojo Electric Vehicles Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Mojo Motorcycles NZ Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
Mojo Motorcycles Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Motor Cycle Accessories Supermarket Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Motorcycle Holdings Group Unit Co Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Motorcycle Holdings IDS Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Motorcycle Holdings Operations Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Motorcycle Holdings TCO Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Motorcycle Holdings Unit Co Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Motorcycle Riding School Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
MW Motorcycles Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Myway Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Netpark Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
North Ride Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Pushgate Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Shoreway Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Stanbay Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Team Moto Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Trinder Avenue Motors Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Team Moto Unit Trust	Trust	N/A	100%	Australian	N/A
MotorCycle Holdings Group Unit Trust	Trust	N/A	100%	Australian	N/A
Innovative Dealership Solutions Unit Trust	Trust	N/A	100%	Australian	N/A

KEY ASSUMPTIONS AND JUDGEMENTS

DETERMINATION OF TAX RESIDENCY

Section 295 (3A) Corporations Act requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income *Tax Assessment Act 1997* (Cth). The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5.*

Foreign tax residency

The Group has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2024

The Directors make the following Directors' Declaration for the year ended 30 June 2024:

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 15 to 74 and the Remuneration report in the Directors' report of the Company, are in accordance with the *Corporations Act 2001* (**Corporations Act**), including:

   I. giving a true and fair view of the Group's financial position as at 30 June 2024 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 2024.

4. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with *International Financial Reporting Standards*; and

5. The consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

Signed in accordance with a resolution of the Directors:

Rick Dennis
Chair

30 August 2024

David Ahmet
Managing Director

30 August 2024

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of MotorCycle Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of MotorCycle Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of Financial Position as at 30 June 2024
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent Auditor's Report

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<table>
<tr><th colspan="2">Valuation of goodwill ($118,679,000)</th></tr>
<tr><td colspan="2">Refer to Note 3 and Note 15 to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being approximately 30% of total assets) and the high level of judgement required by us in assessing the significant forward-looking assumptions the Group applied in its value-in-use (VIU) models, including:
• Forecast operating cash flows, growth rates and terminal growth rates – the Group's VIU models use adjusted historical performance and a range of internal and external sources as inputs to the assumptions. Modelling, using forward-looking assumptions, tends to be prone to greater risk for potential bias, error, and inconsistent application. These conditions increase the inherent uncertainty of forecasts, and the probability of a wider range of possible outcomes for us to consider.
• Discount rates – these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to incorporating risks into the cash flows or discount rates.
We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</td><td>Our procedures included:
• We considered the appropriateness of the VIU method used by the Group in performing the annual test of goodwill for impairment against the requirements of the accounting standards.
• We assessed the integrity of the VIU models used, including the accuracy of the underlying calculation formulas.
• We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models.
• We assessed the Group's determination of CGUs for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards.
• We challenged the Group's forecast cash flow and growth assumptions in light of current uncertain trading conditions, including:
o We compared the forecast growth rates to the Board approved plan. We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved.
o We checked the consistency of the growth rates to the Group's stated plan and strategy, past performance of the Group, and our experience regarding the feasibility of these in the industry and economic environment in which they operate.
o We compared forecast growth rates and terminal growth rates to external market data and considered differences for the Group's operations. We used our</td></tr>
</table>

Independent Auditor's Report

KPMG

	knowledge of the Group, its past performance, business and customers, and our industry experience. o We considered the sensitivity of the models by varying key assumptions, such as forecast operating cash flows, forecast growth rates, and discount rates, within a reasonable possible range. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures. • Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in MotorCycle Holdings Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement,

Independent Auditor's Report

KPMG

whether due to fraud or error

- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf.This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of MotorCycle Holdings Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 23 to 32 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Ben Flaherty
Partner

Brisbane
30 August 2024

Shareholder Information

AS AT 26 JULY 2024

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:

	NUMBER OF ORDINARY SHARES	PERCENTAGE (%)
David Ahmet[1]	11,490,469	16%
Michael Poynton[2]	6,660,711	9%
Joshua Carter[3]	6,593,708	9%
Citicorp Nominees Pty Ltd[4]	4,065,000	6%
First Sentier Investors Holding Pty Ltd[5]	3,980,377	5%

1 As lodged on ASX on 15 March 2023
2 As lodged on ASX on 28 March 2023
3 As lodged on ASX on 28 March 2023
4 As lodged on ASX on 7 November 2022
5 As lodged on ASX on 11 July 2023

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	569	275,710	0.37
1,001 — 5,000	726	2,065,191	2.80
5,001 — 10,000	325	2,520,451	3.41
10,001 — 100,000	366	10,505,438	14.23
100,001 Over	52	58,439,654	79.18
Rounding			0.01
Total	**2,038**	**73,806,444***	**100.00**

* Includes 11,539,000 Shares subject to Escrow until 31 October 2024

UNMARKETABLE PARCELS	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $ 500.00 parcel at $ 1.2400 per unit	404	257	46,893

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.

Shareholder Information

TWENTY LARGEST SHAREHOLDERS

RANK	NAME	UNITS	% UNITS
1	CITICORP NOMINEES PTY LIMITED	6,656,393	9.02
2	GREENSLIDE PTY LTD	6,300,000	8.54
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,082,966	8.24
4	JWBC MOJO MOTORCYCLES PTY LTD	5,769,500	7.82
4	MRP MOJO MOTORCYCLES PTY LTD	5,769,500	7.82
6	KENLAKE PTY LIMITED	4,179,394	5.66
7	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	3,697,467	5.01
8	R CASSEN PTY LTD <R CASSEN FAMILY A/C>	3,413,833	4.63
9	FREDA CASSEN	3,181,819	4.31
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,081,609	2.82
11	DAVID HEDLEY AHMET	988,757	1.34
12	MR BRUCE ROLAND COLLINS	839,610	1.14
13	MRP MOJO MOTORCYCLES PTY LTD	750,000	1.02
14	MR ROBERT JOHN DONOVAN & MS CORINA LEE TROY <DONOVAN FAMILY S/F A/C>	663,052	0.90
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	586,966	0.80
16	SWINGING PTY LTD	521,000	0.71
17	HANCROFT PTY LTD <P D EVANS FAMILY A/C>	519,000	0.70
18	MRS KAREN ANN COOKSLEY	485,001	0.66
19	MS JACQUELINE MELANIE MARR	386,100	0.52
20	GARMARAL PTY LTD	337,500	0.46
Totals: Top 20 Holders of ORDINARY FULLY PAID SHARES (Total)		**53,209,467**	**72.09**
Total Remaining Holders Balance		**20,596,977**	**27.91**

Corporate Directory

REGISTERED OFFICE

MotorCycle Holdings Limited
68 Moss Street
Slacks Creek QLD 4127

Tel: +61 7 3380 2290
Email: cosec@mcholdings.com.au

ASX TICKER CODE

MTO

DIRECTORS

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

CHIEF FINANCIAL OFFICER

Nicole Spink

COMPANY SECRETARIES

Nicole Spink
Stephanie So

AUDITOR

KPMG
Heritage Lanes
Level 11, 80 Ann Street
Brisbane QLD 4000

LOCATION OF SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 1
200 Mary Street
Brisbane QLD 4000

Tel (within Australia): 1300 850 505
Tel (outside Australia): +61 3 9415 4000

computershare.com.au

WEBSITE

mcholdings.com.au

mcholdings.com.au