

29 November 2023

CHAIRMAN'S ADDRESS

2023

2023 was a rewarding year of progress for MotorCycle Holdings.

Looking back, like many businesses we faced a more challenging market, as inflation and cost-of-living pressures impacted the discretionary spending of consumers as we emerged from the COVID-19 pandemic.

Most importantly though, we continued to grow through execution of our strategy with the acquisition of Mojo Group.

Our FY23 performance reflected the strength of our business model and consolidates our market-leading position.

From a financial perspective, the company delivered a Statutory Net Profit After Tax of \$23 million and Underlying EBITDA of \$55.3 million.

Shareholder returns

Directors were pleased to continue rewarding shareholders with strong returns, declaring a fully franked final dividend of 12 cents per ordinary share, bringing the full year dividend to 20 cents per share fully franked.

It is our aim to continue to deliver real value to our shareholders, and it is pleasing to see the market has responded favourably to our FY23 results.

2024 — The year ahead

We are now almost five months through the 2024 financial year. The first quarter of the new financial year has shown some respite from motorcycle market declines of the past financial year, however competitive market conditions continue to place pressure on margins.

In this environment, the Board remains focused on the achievement of its strategic objectives and is confident this will ensure the Group achieves its full potential for the benefit of shareholders.

The management team completed the acquisition of Mojo Group in the 2022 calendar year and that business continues to perform ahead of our expectations.

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

David will comment more on this shortly.

Our balance sheet and financial position remain solid and continue to provide the capacity to support our growth strategy.

MotorCycle Holdings remains well-positioned to take advantage of industry opportunities as they arise.

Our people

I would like to extend my thanks to David and the management team for their ongoing drive and commitment. Thanks also to all our team members, including the new members of the Mojo team who have joined us, as these results do not happen by chance.

I would also like to acknowledge my fellow Directors for their counsel and valuable insights over the past 12 months.

Finally, thank you to all of our shareholders for your ongoing support.

We are excited about the year ahead and look forward to continuing to deliver for shareholders over the long term.

I will now hand over to our Managing Director and Chief Executive Officer David Ahmet, and following David's address, we will deal with the formal business of the meeting.

MANAGING DIRECTORS' ADDRESS

Thank you, Chairman.

Good morning shareholders and thank you for your interest in MotorCycle Holdings' Annual General Meeting.

As always, it is a privilege to report on the results to our shareholders.

Today I will address the company's performance during the last financial year which ended 30 June 2023.

I would then like to update you on the company's progress on execution against our key strategic priorities.

Finally, I will comment on our outlook.

Operating environment

The market environment for motorcycles remains dynamic.

We have now entered a period of higher inflation and weaker demand for motorcycles due to cost-of-living pressures.

The net effect is that the motorcycle industry continues to experience both headwinds and tailwinds to the operating environment broadly in equal measure.

We are pleased to report that MotorCycle Holdings has continued to deliver for our shareholders in this challenging environment.

The company delivered a Statutory net profit after tax of \$23.0 million and an Underlying EBITDA of \$55.3 million, up 13% from the previous year.

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

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

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

Despite the inflationary environment, cost management and efficiency improvements were a key focus, including rightsizing staffing levels aligned with the changing market dynamics.

It is expected the full benefits of these improvements will flow through to the FY24 performance.

Strategic progress

MotorCycle Holdings' strategy aims to position the company as a leading motorcycle industry player, well positioned to capitalise on the ongoing changes in the retail industry.

Given our balance sheet strength and sustainable cost base, the company is focused on being in the best position to lead industry consolidation while always striving to be a preferred partner for OEMs. As we continue to execute our strategy, we expect to grow returns for our shareholders.

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

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

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

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

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

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

As part of the growth strategy, MTO has also leased a larger warehouse in Auckland, New Zealand which allows us to put our accessory distribution business and motorcycle distribution under one roof, not only making for a more efficient business but also delivering a better service to our customers.

Current trading conditions

The FCAI updated its Australian motorcycle sales data for January to September 2023. This data indicated a positive turn in sales volumes during the first quarter of FY24.

Our analysis of the FCAI data shows that there was a 5% increase in new motorcycle sales volumes in the September quarter, compared with the same quarter last year.

Road motorcycle sales volumes were up 5%, offroad motorcycle sales increased 9%, while ATV sales declined 16%.

However, it should be noted that this is not the entire story on motorcycle sales in Australia as some brands are not represented in the FCAI's figures.

While MotorCycle Holdings is trading in line with expectations in terms of sales volumes, it is continuing to feel margin pressure from strong levels of competition in its core markets.

Outlook

We expect trading conditions to remain challenging for the remainder of FY24, with interest rates and cost-of-living pressures expected to continue to impact trading.

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

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

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

The higher cost of doing business will remain a feature of the current market and we will continue to focus on controlling costs.

We will also keep our focus on existing business improvement with opportunities in used bikes, WMS implementation at Cassons and improving the IT landscape. Investment in e-commerce solutions to support this growing channel in retail and in B2B will also continue.

Closing

In closing, I would also like to sincerely thank all members of our team — your dedication and commitment have been key to the delivery of our ongoing positive results.

Thank you to the Board for your ongoing advice and support.

To our OEM partners, and overseas suppliers we value the opportunity to represent your brands. We recognise it is a privilege to be a retail and wholesale partner and it is responsibility we will always take seriously. We will continue to focus on being a preferred partner for your business.

Finally, a big thank you to our shareholders for your ongoing confidence in and support of our company.

We look forward to continuing to engage with you all over the coming years.

We remain positive about MotorCycle Holdings future and will continue to work hard to deliver shareholder value.
Thank you.

-ENDS-

This announcement was authorised for release by the Board. For further information, please contact:

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