

**REGISTERED OFFICE**

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4 September 2023

Zufishan Anjum  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000  
By email: ListingsComplianceSydney@asx.com.au

Dear Zufishan

**Motorcycle Holdings Limited (ASX: MTO) – Response to ASX Aware Letter**

We refer to your letter dated 31 August 2023 (**Letter**). Capitalised terms in the Letter have the same meaning in this correspondence.

The Company provides the following responses to the Letter:

1. **Notwithstanding the market's expectations in relation to MTO's FY23 results, does MTO consider the Information (or any part of it) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No.

2. **When did MTO first become aware of the Information?**

The unaudited financial statements were presented by the Company's Chief Financial Officer to the Company's board Audit and Risk Committee (**ARC**) at a meeting on 24 August 2023. A Board meeting was held on 29 August 2023, at which it was resolved to approve the Information for release to the market, subject to no material changes to the Information and KPMG providing audit clearance and sign off on the Information. KPMG's final signed independent audit report was received at approximately 5:45pm, and the Information was subsequently released to the ASX that evening.

3. **If the answer to question 1 is "no", please advise the basis for that view.**

MTO's basis for its view is that the Information did not differ materially from relevant consensus earnings guidance.

4. **Does MTO consider that its results as disclosed in the FY23 Results Announcements and copied in paragraph A above, differed materially from the market's expectations of the relevant measure of MTO's earnings for FY23, having regard to the following three base indicators which may have informed such market expectations (in decreasing order of relevance and reliability):**

- 4.1. **If MTO had published earnings guidance for FY23, that guidance.**

Not applicable. MTO does not have published earnings guidance.

**4.2. If MTO is covered by sell-side analysts, the earnings forecasts of those analysts for the Relevant Reporting Period.**

No, MTO does not consider relevant earnings results differed materially from market expectations having regard to sell-side analyst forecasts.

MTO considers NPAT to be the most relevant criteria against which the market would assess MTO's performance having regard to consensus. The variance between actual and consensus estimates for FY23 NPAT up until 7 July 2023 was not material, being less than 1% and after that date, following one report being released which guided to materially lower earnings than earnings consensus to that time, the variance was approximately 6.5%.

Underlying EBITDA 'like for like' results (excluding the impact of the MOJO acquisition) showed a 25% reduction on FY22 performance.

EPS is calculated by analysts using the number of shares on issues at the date of the report, whereas MTO is required to calculate EPS using a weighted average number of shares. In FY23, those numbers were materially different due to the issue of shares in connection with the MOJO acquisition.

Underlying EBITDA consensus requires judgement in the application of adjustments including in FY23 the full year impact of the contribution from the MOJO acquisition and AASB16 (Leases) is applied differently in consensus. MTO therefore considered that in FY23 NPAT was a more reliable assessment of performance to consensus than underlying EBITDA.

**4.3. If paragraphs 4.1 and 4.2 are not applicable, MTO's earnings for the prior corresponding period, being the financial year ended 30 June 2022.**

Not applicable as MTO is covered by sell-side analysts as noted in the response to 4.2.

**5. Please explain the basis for the view provided in response to question 4. In doing so, please specify how MTO determined market expectations of each relevant measure of its earnings for FY23, including:**

**5.1. If MTO had published earnings guidance for FY23, details of that guidance and what it was released to the market.**

Not applicable. MTO had not published earnings guidance.

**5.2. If MTO used sell-side analyst forecasts to estimate the market's expectations of the relevant measure of its earnings for the Relevant Reporting Period, details of the method that MTO used to translate sell-side analyst forecasts into its estimate of such market expectations and, in particular, whether or not MTO used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate.**

MTO considers the consensus estimate of relevant earnings measures to be the appropriate indicator of market expectations. It uses that consensus estimate to evaluate if results will be materially different to market expectations each month or earlier on the release of updated analyst reports.

MTO's Chief Financial Officer monitors the analyst reports, sourced from a combination of the analysts directly following release of updated reports by them and FactSet, and collates the full-year estimates in the analysts reports to calculate the consensus estimate. MTO also keeps its own arithmetic average of relevant earnings measures from published research reports, discounting out of date reports if necessary.

The consensus estimate is compared against MTO's estimated full-year internal financial projections. This information is presented to and considered by the Board monthly in assessing the market expectation of MTO's financial performance for the year.

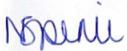
**6. Please confirm MTO is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

MTO confirms that it is in compliance with the Listing Rules, including Listing Rule 3.1.

7. **Please confirm that MTO's response to the questions above have been authorized and approved under its published continuous disclosure policy or otherwise by its board or an officer of MTO with delegated authority from the board to respond to ASX on disclosure matters.**

MTO confirms that the responses to the questions above have been authorized and approved by its Board.

Yours sincerely,  
MotorCycle Holdings Limited



Nicole Spink  
Group Financial Controller and Company Secretary



31 August 2023

Reference: 79009

Ms Nicole Spink  
Group Financial Controller  
MotorCycle Holdings Limited

By email: nicole.spink@mcholdings.com.au

Dear Ms Spink

### MotorCycle Holdings Limited ('MTO'): General – Aware Query

ASX refers to the following:

A. The following MTO announcements, all released pre-market open on the ASX Market Announcements Platform ('MAP') on 29 August 2023 titled:

- "MTO Annual Report 2023";
- "MTO delivers strong performance in challenging conditions"; and
- "MTO Investor Presentation FY23".

(Collectively referred to as, the 'FY23 Results Announcements' or 'Information'), in which MTO disclosed (amongst other things) that its key audited FY23 financial results were as follows:

Overview of Results (\$'000)	FY23	FY22	Reported Change %	Like-for-like (LFL) Change %
Total income	580,238	462,572	25%	(1%)
<b>Gross profit</b>	<b>154,575</b>	<b>132,383</b>	<b>17%</b>	<b>(5%)</b>
Gross profit margin (%)	27%	29%	(2%)	(2%)
<b>Underlying EBITDA**</b>	<b>55,285</b>	<b>49,134</b>	<b>13%</b>	<b>(25%)</b>
Underlying EBITDA margin (%)	10%	11%	(1%)	(3%)
Depreciation and interest on ROU assets	(13,870)	(12,131)	14%	10%
Acquisition expenses	(1,516)	(276)	449%	
Depreciation and amortisation	(5,403)	(3,771)	43%	
Net bank interest	(1,926)	(224)	759%	
<b>Net profit before tax</b>	<b>32,570</b>	<b>32,732</b>	<b>0%</b>	
<b>Net profit after tax</b>	<b>23,014</b>	<b>23,115</b>	<b>0%</b>	

\*Like-for-Like (LFL) data excludes recent acquisitions: Mojo Group, TeamMoto Townsville, Forbes and Davies, and TeamMoto Wide Bay and CF Moto Springwood from current and PCP figures.

\*\* Underlying EBITDA data is before acquisition expenses and depreciation and interest on ROU assets

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- B. The increase in the price of MTO's shares by 23.62% on 30 August 2023, from its previous closing price of \$1.715 to a closing price of \$2.12.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing Rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

- F. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* ('GN8'). In particular, the Guidance Note (relevantly) states that:

*"An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive - that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities"...*

*"Where an entity does not have published earnings guidance on foot for the current reporting period and it is covered by sell-side analysts, ASX would recommend that the entity carefully consider notifying the market of a potential earnings surprise if and when it expects there to be a 15% or greater difference between its actual or projected earnings for the period and its best estimate of the market's expectations for its earnings"...*

## **Request for information**

Having regard to the above, ASX asks MTO to respond separately to each of the following questions and requests for information:

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1. Notwithstanding the market's expectations in relation to MTO's FY23 results, does MTO consider the Information (or any part of it) to be information that a reasonable person would expect to have a material effect on the price of value of its securities?
  2. When did MTO first become aware of the Information?
  3. If the answer to question 1 is "no", please advise the basis for that view.
  4. Does MTO consider that its results as disclosed in the FY23 Results Announcements and copied in paragraph A above, differed materially from the market's expectations of the relevant measure of MTO's earnings for FY23, having regard to the following three base indicators which may have informed such market expectations (in decreasing order of relevance and reliability):
    - 4.1 If MTO had published earnings guidance for FY23, that guidance.
    - 4.2 If MTO is covered by sell-side analysts, the earnings forecasts of those analysts for the Relevant Reporting Period.
    - 4.3 If paragraphs 4.1 and 4.2 are not applicable, MTO's earnings for the prior corresponding period, being the financial year ended 30 June 2022.
  5. Please explain the basis for the view provided in response to question 4. In doing so, please specify how MTO determined market expectations of each relevant measure of its earnings for FY23, including:
    - 5.1 If MTO had published earnings guidance for FY23, details of that guidance and when it was released to the market.
    - 5.2 If MTO used sell-side analyst forecasts to estimate the market's expectations of the relevant measure of its earnings for the Relevant Reporting Period, details of the method that MTO used to translate sell-side analyst forecasts into its estimate of such market expectations and, in particular, whether or not MTO used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate.
  6. Please confirm MTO is complying with the Listing Rules and, in particular, Listing Rule 3.1.
  7. Please confirm that MTO's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of MTO with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Tuesday, 5 September 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MTO's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require MTO to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

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### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MTO's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in MTO's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to MTO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that MTO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

### **Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

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**Zufishan Anjum**  
Senior Adviser (Accounting), Listings Compliance