

ASX Announcement

MotorCycle Holdings Limited (ASX:MTO)

13 November 2025

Vehicle Registration Duty Underpayments

MotorCycle Holdings Limited (ASX: MTO) (**MTO** or the **Company**) advises that, in connection with management's focus on driving operational excellence in process, business discipline and systems through its digital and data transformation program, it has identified an underpayment of vehicle registration duty in relation to vehicles sold by MTO in potentially each State and the Territory in which it conducts business. The underpayments relate to duty that was not, but should have been, calculated, collected and remitted in relation to the value of certain optional equipment fitted to both new and used motorcycles sold. The value of that equipment was not included when calculating the amount of the vehicle registration duty in relation to sales.

The underpayments relate to both used and new motorcycles which are, or are required to be, registered. Not all vehicles sold by MTO are required to be registered.

MTO is making immediate system and process improvements in relation to collection of vehicle registration duty. MTO's management anticipates further system and process improvements including in relation to vehicle registration duty through its focus on driving operational excellence.

Used motorcycles

For used motorcycles, in the States and Territory in which MTO operates, both MTO and the customer are legally liable for the vehicle registration duty on purchases, and therefore for any duty underpayments relating to used vehicles.

New motorcycles

For new motorcycles, customers are legally liable for the vehicle registration duty on purchase, and therefore for underpayments relating to new vehicles.

However, as is customary in the industry, in order to facilitate the collection and payment of duty, MTO has entered into agreements with the relevant revenue authorities under which MTO is responsible for assessing and collecting vehicle registration duty in connection with vehicle sales. MTO then remits the vehicle registration duty to the relevant revenue authority.

MTO will not seek payment from its customers where there were erroneous estimates of duty.

MTO takes its obligations to revenue authorities seriously and values its relationships with customers. MTO is committed to resolving these issues and will continue to engage proactively with the relevant revenue authorities to ensure that the correct amount of duty (including applicable interest and penalties) is remitted and paid in relation to both used and new motorcycles.

Financial Impact

The aggregate exposure of MTO in relation to the duty underpayments and interest remains subject to further analysis as MTO reviews its historic data and provides disclosures to the revenue authorities. There is also an element of uncertainty in relation to the response of each State and Territory revenue authority because the amount that is payable will be the amount assessed by each relevant revenue authority.

Based on the data analysis undertaken by the Company to date, the Board estimates that the aggregate gross amount of the potential underpayments for 2016 to now (**Assessment Period**) to be in the range of \$2.5M to \$3.5M. Prior to that period, the Company does not possess records that would enable it to reliably determine whether stamp duty has been collected and remitted in full.

MTO's current assessment of potential interest that may be levied on underpayments during the Assessment Period (at the rates set by each revenue office) is in the range of \$1.1M to \$1.5M.

In certain circumstances, revenue offices can reassess duty (and applicable interest) without being limited as to time. However, any duty underpayments prior to the Assessment Period will be less material given the growth of the Group and changes in brand mix.

In the States and Territory in which MTO operates, the relevant revenue authority has some discretion as to the application and/or remission of penalties. MTO has made a notification of voluntary disclosure in relation to the potential duty underpayments in each affected State and Territory. MTO will complete this voluntary disclosure process as soon as possible, and the Board considers this may assist in no significant penalties being imposed by the relevant revenue authorities. However, the outcome in relation to this is uncertain, as it is a matter to be considered and determined by each revenue authority.

Based on the duty underpayment estimates above, MTO understands that it is open to the revenue authorities to impose penalties. The penalty regimes in the relevant States and Territory are different and the range is broad with the percentage ranging between 5% - 100% of the unpaid duty in aggregate for both used and new vehicles. However, MTO considers that the appropriate range for penalties will be between nil – 25% on the basis that MTO has made a voluntary disclosure before any investigation has been commenced by any of the revenue authorities and because there was no evasion of the duty. If penalties are assessed, MTO will engage with the relevant revenue authorities with the intent of negotiating a reasonable penalty outcome, given the inadvertent nature of the underpayments and MTO's prompt actions to investigate and self-report the issue prior to any revenue authority-initiated compliance action.

A provision will be made in the half year FY26 accounts for anticipated payments of duty, including applicable interest, and, if any, penalties, the effect of which will negatively impact reported statutory financial outcomes. These non-recurring items will be excluded in disclosing underlying results.

MTO expects that it will fund the payments through existing cash reserves and operating cash flows.

The Company will keep shareholders and the market informed of any material developments in accordance with its continuous disclosure obligations.

This announcement has been authorised for release by the Board of Directors of MotorCycle Holdings Limited.

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About MotorCycle Holdings

MotorCycle Holdings Limited is a leading retailer and wholesale distributor of motorcycles, parts, and accessories, with 55 retail and wholesale operations across Australia and New Zealand. The company offers customers a diverse portfolio of leading motorcycle and accessory brands, along with servicing, repairs, financing, and insurance services.

Important Information

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled,' or 'continue,' or the negative version of them or comparable terminology. Any forecasts or other forward-looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. MTO does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

ENDS.