

Yamaha Motor New Zealand Limited

NZBN 9429040177113

Financial Statements

For the year ended 31 December 2023

Contents

Corporate Information	3
Directors' Declaration	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Report	25

Corporate Information

For the year ended 31 December 2023

Directors	Tomohiko Okamoto (resigned 31 December 2023) Darryl Lovegrove (appointed 1 January 2024)
Registered Office	58 Lady Ruby Drive East Tamaki Auckland
Solicitors	Glaister Ennor Dentons HWLE
Bankers	MUFG Bank Bank of New Zealand
Auditor	Ernst & Young Sydney Australia
Shareholder	Yamaha Motor Australia Pty.Ltd.

Directors' Declaration

For the year ended 31 December 2023

In the opinion of the Directors of Yamaha Motors New Zealand Limited (the 'Company') the financial statements and notes on pages 5 to 24.

- a) comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Company as at 31 December 2023 and the results of operations for the year ended on that date;
- b) have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The shareholders of the Company have exercised their rights under Section 211 (3) of the Companies Act 1993 and unanimously agreed that this Annual Report need not comply with any of the Sections (a) and (e) to U) of Section 211(1) of the Act.

The Directors are pleased to present the annual report including the financial statements of Yamaha Motors New Zealand Limited for the year ended 31 December 2023.

Signed in accordance with a resolution of the Directors:



Darryl Lovegrove

Dated at Sydney this 15th day of May 2024.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Note	2023 \$	2022 \$
Revenue from sale of goods		81,366,617	98,171,704
Cost of sales		(64,888,812)	(78,304,226)
GROSS PROFIT		16,477,805	19,867,478
Marketing expenses		(6,590,241)	(4,454,486)
Distribution expenses		(514,720)	(435,982)
Occupancy expenses		(366,432)	(99,589)
Administrative expenses		(9,775,478)	(8,833,886)
Net foreign currency loss		(422,870)	(128,054)
(LOSS)/PROFIT FROM OPERATIONS		(1,191,936)	5,915,481
Net finance income	4	537,916	595,947
(LOSS)/PROFIT BEFORE TAX		(654,020)	6,511,428
Income tax benefit/(expense)	5	190,502	(1,746,062)
(LOSS)/PROFIT FOR THE YEAR		(463,518)	4,765,366
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(463,518)	4,765,366

Statement of Financial Position

As at 31 December 2023

		2023	2022
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	6,557,177	10,740,887
Trade and other receivables	7	43,287,581	32,864,879
Inventories	8	74,083,779	31,751,606
Income tax receivable		1,927,932	-
TOTAL CURRENT ASSETS		125,856,469	75,357,372
NON-CURRENT ASSETS			
Deferred tax assets	5	1,859,390	1,508,317
Property, plant and equipment	9	10,830,165	11,394,596
Intangible assets	10	44,403	-
TOTAL NON-CURRENT ASSETS		12,733,958	12,902,913
TOTAL ASSETS		138,590,427	88,260,285
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	10,223,577	11,279,126
Income tax payable		-	474,174
Provisions	12	1,027,600	1,079,669
Lease liabilities	13	683,908	624,547
Loans and borrowings	14	53,000,000	-
TOTAL CURRENT LIABILITIES		64,935,085	13,457,516
NON-CURRENT LIABILITIES			
Lease liabilities	13	7,912,836	8,596,745
TOTAL NON-CURRENT LIABILITIES		7,912,836	8,596,745
TOTAL LIABILITIES		72,847,921	22,054,261
NET ASSETS		65,742,506	66,206,024
EQUITY			
Issued capital	15	2,750,000	2,750,000
Retained earnings		62,992,506	63,456,024
TOTAL EQUITY		65,742,506	66,206,024

Signed by the Director who authorised the issue of these financial statements on:



Darryl Lovegrove
Director
15 May 2024

The notes on pages 9 to 24 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2023

	Issued capital	Retained earnings	Total equity
	\$	\$	\$
BALANCE AT 1 JANUARY 2022	2,750,000	70,490,445	73,240,445
COMPREHENSIVE INCOME			
Profit for the Year	-	4,765,366	4,765,366
TOTAL COMPREHENSIVE INCOME	-	4,765,366	4,765,366
Dividend paid and declared, fully imputed	-	(11,799,787)	(11,799,787)
BALANCE AT 31 DECEMBER 2022	2,750,000	63,456,024	66,206,024
COMPREHENSIVE INCOME			
Loss for the Year	-	(463,518)	(463,518)
TOTAL COMPREHENSIVE INCOME	-	(463,518)	(463,518)
BALANCE AT 31 DECEMBER 2023	2,750,000	62,992,506	65,742,506

Statement of Cash Flows

For the year ended 31 December 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	89,037,209	96,898,662
Payments to suppliers and employees	(132,963,114)	(103,266,564)
Interest received	2,192,120	1,051,027
Interest paid	(1,226,799)	(455,080)
Income tax paid - net	(2,562,677)	(3,234,242)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(45,523,261)	(9,006,197)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	240,429	368,628
Purchase of property, plant and equipment	(1,276,331)	(1,341,695)
Amounts advanced to related parties	(10,000,000)	(9,500,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(11,035,902)	(10,473,067)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(624,547)	(553,252)
Dividends paid	-	(11,799,787)
Proceeds from borrowings	53,000,000	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES	52,375,453	(12,353,039)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,183,710)	(31,832,303)
Cash and cash equivalents at beginning of the year	10,740,887	42,573,190
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6,557,177	10,740,887

Notes to the Financial Statements

For the year ended 31 December 2023

Note 1 Accounting Policies

REPORTING ENTITY

Note 1 Corporate information

Yamaha Motor New Zealand Limited ("the Company") is a limited liability company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Company's registered office is at 58 Lady Ruby Drive, East Tamaki, Auckland.

The Company is in the importation and distribution of Yamaha motorcycles, marine products, spare parts and other small engine products. There has been no change to the principal activity during the year.

Note 2 Basis of preparation

a) *Statement of compliance*

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International financial Reporting Standards – Reduced Disclosure Regime ("NZ IFRS RDR") and other applicable Financial Reporting Standards, as appropriate for Tier 2 for-profit entities that qualify for and apply reduced disclosure reporting concessions.

The Company is eligible and has elected to report in accordance with Tier 2 for-profit entities Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity.

The Company is a profit-orientated entity. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and the financial statements comply with that Act.

The financial statements were authorised for issue by the Company's board of directors on 15th May 2024.

b) *Basis of measurement*

The financial statements are prepared on the historical cost basis.

c) *Functional and presentation currency*

The financial statements are presented in New Zealand dollars (NZD), which is the Company's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

d) *Going concern*

The financial statements are prepared under the going concern assumption.

e) *Use of estimates and judgements*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the relevant policy notes.

Notes to the Financial Statements

For the year ended 31 December 2023

Note 3 Material accounting policies

Changes to material accounting policies

Material accounting policy information

The Company also adopted *Disclosure of Accounting Policies (Amendments to NZ IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed.

Other than the above, the Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

a) Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Company companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

b) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable.

Contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customer, at the consideration expected to be exchanged for those goods and services. Amounts disclosed as revenue are net of trade allowances, rebates, expected returns and duties and taxes paid.

In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, significant financing components, non-cash consideration and consideration payable to customers (if any).

Where a contract includes variable consideration, including volume or promotional rebates or a right to return, the expected consideration is estimated at the time of sale. When there is significant uncertainty over variable consideration, the amount of revenue recognised is constrained until the uncertainty is substantially resolved.

Interest income

Revenue is recognised as interest accrues using the effective interest rate (EIR) method.

c) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the Financial Statements

For the year ended 31 December 2023

Note 3 Material accounting policies (continued)

c) Employee benefits (continued)

ii. Defined contribution pension plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

d) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other comprehensive income (OCI).

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments do not meet the definition of income taxes, and therefore accounted for them under *NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probably that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probably that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probably that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Financial Statements

For the year ended 31 December 2023

Note 3 Material accounting policies (continued)

e) Other taxes

Revenues, expenses and assets are recognised net of GST except where GST incurred is not recoverable from the taxation authority and receivables and payables which are stated GST inclusive.

f) Inventories

Inventories are recognised at the lower of cost, determined on a standard cost basis for parts, but on a specific unit basis for devices, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

g) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii. Depreciation

Depreciation is provided for on a straight - line basis at rates calculated to allocate the cost over their estimated useful life as follows:

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Leasehold alterations	5 to 15 years
Office equipment	2 to 15 years
Motor vehicles	4 to 8 years
Plant and equipment	2 to 15 years
Right-of-use assets - buildings and structures	12 to 14 years

An item of plant and equipment, and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

h) Financial instruments

i. Recognition and initial measurement - Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at "Fair Value Through Profit and Loss" (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes to the Financial Statements

For the year ended 31 December 2023

Note 3 Material accounting policies (continued)

h) Financial instruments (continued)

ii. Classification and subsequent measurement - Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; "Fair Value through Other Comprehensive Income" (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

iii. Subsequent measurement and gains and losses - financial assets

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. See below policies on derivative financial instruments and hedge activity for further detail.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

iv. Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. See below policies on derivative financial instruments and hedge accounting activity for further detail.

Notes to the Financial Statements

For the year ended 31 December 2023

Note 3 Material accounting policies (continued)

h) Financial instruments (continued)

v. Financial instruments - Derecognition and offsetting

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects, from the proceeds.

j) Impairment

Financial assets

Financial instruments

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Financial Statements

For the year ended 31 December 2023

Note 3 Material accounting policies (continued)

j) Impairment (continued)

Presentation of allowance for ECL in the consolidated statement of financial position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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 if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

For the year ended 31 December 2023

Note 3 Material accounting policies (continued)

l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in NZ IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 December 2023

Note 4 Revenue and expenses

Profit before income tax included the following:

	Note	2023	2022
		\$	\$
Depreciation	9 & 10	1,551,642	1,460,538
Donations		-	3,207
Net foreign currency loss		422,870	128,054
Employee remuneration		3,826,274	3,599,337
Defined contribution benefits		125,343	91,468
Provision for warranty		623,070	668,529
Cost of inventory transferred		61,071,363	74,198,637
Inventory impairment expense		1,352,107	531,598
Expected credit loss		52,340	4,623
Gain on sales of property, plant and equipment		(20,505)	(140,852)
		2023	2022
		\$	\$
Interest income		2,184,991	1,051,027
Interest expense		(1,647,075)	(455,080)
TOTAL NET FINANCE INCOME		537,916	595,947

Note 5 Income tax expense

	2023	2022
	\$	\$
i. Amounts recognised in profit or loss		
Current tax expense		
Current income tax expense	163,390	2,307,351
Adjustments in respect of previous years	(2,819)	(51,198)
	160,571	2,256,153
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	(351,073)	(474,738)
Adjustments in respect of previous years	-	(35,353)
	(351,073)	(510,091)
INCOME TAX BENEFIT/(EXPENSE)	(190,502)	1,746,062

Notes to the Financial Statements

For the year ended 31 December 2023

Note 5 Income tax expense (Continued)

	2023	2022
	\$	\$
ii. Reconciliation of effective tax rate		
(Loss)/Profit before tax	(654,021)	6,511,428
Income tax using the Company tax rate 28% (2022: 28%)	(183,126)	1,823,200
Non-deductible expenses	(4,557)	9,414
Adjustment in respect to previous year	(2,819)	(86,552)
	(190,502)	1,746,062
	Opening balance	Closing balance
	\$	\$
iii. Deferred tax assets		
	Amounts recognised in profit or loss	Closing balance
	\$	\$
2023		
Accruals	531,473	569,059
Provisions	752,764	1,037,162
Other	224,080	253,169
NET DEFERRED TAX ASSETS	1,508,317	1,859,390
2022		
Accruals	329,101	531,473
Provisions	513,199	752,764
Other	155,926	224,080
NET DEFERRED TAX ASSETS	998,226	1,508,317

Note 6 Cash and cash equivalents

For the purpose cash and cash equivalent in the statement of financial position and in the statement of cash flow comprises of below:

	2023	2022
	\$	\$
Cash on hand	1,054,300	4,680,188
Current savings account	5,502,877	6,060,699
TOTAL CASH AND CASH EQUIVALENTS	6,557,177	10,740,887

Notes to the Financial Statements

For the year ended 31 December 2023

		2023	2022
	Note	\$	\$
Note 7 Trade and other receivables			
Trade receivables		2,017,393	1,731,858
Allowance for expected credit losses		(21,896)	(4,475)
		<u>1,995,497</u>	<u>1,727,383</u>
Prepayments		211,974	206,902
Other receivables		900,104	714,183
Related party receivables	16	40,180,006	30,216,411
		<u>43,287,581</u>	<u>32,864,879</u>
Note 8 Inventories			
		2023	2022
		\$	\$
Finished goods		74,083,779	31,751,606
TOTAL INVENTORIES		<u>74,083,779</u>	<u>31,751,606</u>

Notes to the Financial Statements

For the year ended 31 December 2023

	Leasehold alterations	Office equipment	Motor vehicles	Plant and equipment	Right-of-use assets -buildings and structures	Total
	\$	\$	\$	\$	\$	\$
Note 9 Property, plant and equipment						
COST						
Balance at 1 January 2023	303,497	1,533,953	1,190,853	2,772,894	11,784,114	17,585,311
Additions	-	29,532	193,161	936,145	-	1,158,838
Disposals	-	(1,485)	(510,637)	-	-	(512,122)
BALANCE AT 31 DECEMBER 2023	303,497	1,562,000	873,377	3,709,039	11,784,114	18,232,027
ACCUMULATED DEPRECIATION						
Balance at 1 January 2023	286,511	1,009,948	449,914	1,154,496	3,289,846	6,190,715
Depreciation	2,149	123,386	128,445	362,862	865,997	1,482,839
Disposals	-	-	(271,692)	-	-	(271,692)
BALANCE AT 31 DECEMBER 2023	288,660	1,133,334	306,667	1,517,358	4,155,843	7,401,862
CARRYING AMOUNTS						
31 DECEMBER 2022	16,986	524,006	740,939	1,618,397	8,494,268	11,394,596
31 DECEMBER 2023	14,837	428,666	566,710	2,191,681	7,628,271	10,830,165

Notes to the Financial Statements

For the year ended 31 December 2023

	Software
	\$
Note 10 Intangible assets	
COST	
Balance at 1 January 2023	-
Additions	48,690
Accumulated amortisation	(4,287)
	44,403

	2023	2022
	\$	\$
Note 11 Trade and other payables		
Trade creditors	334,086	78,035
Other creditors	3,546,038	3,430,026
Related party payables	5,675,741	7,181,150
Employee entitlements	667,712	589,915
TOTAL TRADE AND OTHER PAYABLES	10,223,577	11,279,126

	2023	2022
	\$	\$
Note 12 Provisions		
Provision for warranty claims	1,027,600	1,079,669
TOTAL PROVISIONS	1,027,600	1,079,669

There are uncertainties regarding the timing and extent of future outflows for warranty claims. The provision is an estimate of future warranty claims net of recoveries based on prior experience and current sales.

Note 13 Leases

	2023	2022
	\$	\$
i. Amounts recognised in profit or loss		
Short-term lease expense	1,864	5,572
Depreciation expense on right-of-use assets	865,997	885,153
Interest expense on lease liabilities	446,946	455,080
	2023	2022
ii. Amounts recognised in statement of cash flows	\$	\$
Total cash outflow for leases	(1,071,494)	(1,013,904)

Notes to the Financial Statements

For the year ended 31 December 2023

Note 13 Leases (continued)

	2023	2022
	\$	\$
iii. Lease liabilities		
CURRENT		
Lease liabilities	683,908	624,547
TOTAL CURRENT	683,908	624,547
NON-CURRENT		
Lease liabilities	7,912,836	8,596,745
TOTAL NON-CURRENT	7,912,836	8,596,745

Lease liabilities have maturity dates between September 2025 and November 2034 (2022: September 2025 and November 2034), with an interest rate of 5% (2022: 5%).

	2023	2022
	\$	\$
Note 14 Loans and borrowings		
Short term loan	53,000,000	-
TOTAL LOANS AND BORROWINGS	53,000,000	-

The short term loan consists of a facility with MUFG Bank that is renewable on a monthly basis.

	2023	2022
	\$	\$
Note 15 Issued capital		
2,750,000 ordinary shares fully paid (2022: 2,750,000 fully paid)	2,750,000	2,750,000

Ordinary shares have no par value and have equal voting rights and share equally in dividends and surplus on winding up.

Dividends

During the financial year, the Company declared and paid a dividend of \$nil (2022: \$11,799,787).

Note 16 Commitments

The Company had no commitments as at 31 December 2023 (2022: \$nil)

Notes to the Financial Statements

For the year ended 31 December 2023

Note 17 Related parties

a) Parent and ultimate controlling party

The parent Company is Yamaha Motor Australia Pty. Ltd., an Australian Company. The ultimate holding Company is Yamaha Motor Co.Ltd., incorporated in Japan.

	Transactions	2023	2022
		\$	\$
b) Transactions with related parties			
Parent			
Yamaha Motor Australia Pty.Ltd	Inventory transfer	237,493	520,568
	Purchase of inventory	1,753,529	680,884
	Intercompany payable	(536,894)	(6,847,207)
	Management fees	(1,347,889)	(1,080,775)
Ultimate parent			
Yamaha Motor Co.Ltd	Purchase of inventory	(101,371,418)	(84,014,244)
	Trade (payable) / receivable	(5,201,112)	(23,565)
Subsidiary of ultimate parent			
Yamaha Motor Finance New Zealand Limited	Finance portfolio funding	39,500,000	29,500,000
	Trade receivable	681,067	715,535
	Interest income	2,119,116	704,769
Yamaha Corporation U.S.A	Purchase of inventory	(1,920,866)	(2,322,725)
	Trade payable	(216,260)	(284,084)
MBK Industries (France)	Trade payable	-	151
Yamaha Indonesia Motor Manufacturing	Trade receivable	(1,388)	204
Thai Yamaha Motor Ltd	Trade receivable	323	446
Ficeda Pty.Ltd	Purchase of inventory	(106,870)	(358,365)
Yamaha Motor Canada Ltd	Purchase of inventory	(23,697)	(34,264)
Yamaha Motor Da Amazonia Limitada (Brazil)	Trade receivable	(11)	75
Yamaha Motor Europe N.V	Purchase of inventory	(513,082)	(633,676)
	Trade payable	(258,369)	(73,424)
		Notes	2023
			2022
			\$
			\$
Trade and other receivables		7	40,180,006
Trade and other payables		11	(5,675,741)
			30,216,411
			(7,181,150)

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

No related party debts have been impaired, written off or forgiven during the year (2022: \$nil).

Notes to the Financial Statements

For the year ended 31 December 2023

Note 17 Related parties (continued)

c) Key management remuneration

Key management and directors are employees of the immediate parent and are not directly remunerated by the company.

Note 18 Contingencies

The Company had no contingencies as at 31 December 2023 (2022: \$nil)

Note 19 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, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.



**Building a better
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Independent auditor's report to the shareholders of Yamaha Motor New Zealand Limited

Opinion

We have audited the financial statements of Yamaha Motor New Zealand Limited (the "Company") which comprise the statement of financial position of the Company as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young provides taxation services to the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. We have no other relationship with, or interest in, the Company.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

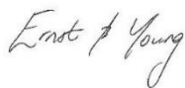
The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing on behalf of the entity the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>. This description forms part of our auditor's report.



Ernst & Young
Sydney
15 May 2024