

**Yamaha Motor New Zealand
Limited**

Financial statements for the
year ended 31 December 2022

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Corporate information

Directors

T Okamoto

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' report

For the year ended 31 December 2022

The Director presents the annual report including financial statements of the company for the year ended 31 December 2022 and the auditor's report.

The shareholders of the company have exercised their right under section 211(3) of the Companies Act 1993 and agreed that this annual report need not comply with any of the paragraphs (a) and (c) to (j) of section 211(1) of the Act.

Signed by the Director:



T. Okamoto
Director
27 April 2023

Statement of comprehensive income

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
Revenue from sale of goods		98,171,704	85,374,187
Cost of sales		<u>(78,304,226)</u>	<u>(60,173,263)</u>
Gross profit		19,867,478	25,200,924
Marketing expenses		(4,454,486)	(3,790,156)
Distribution expenses		(435,982)	(321,726)
Occupancy expenses		(99,589)	(162,853)
Administrative expenses		(8,833,886)	(7,970,836)
Net foreign currency loss		<u>(128,054)</u>	<u>(71,668)</u>
Operating profit		5,915,481	12,883,685
Net finance (expense)/income	4	<u>595,947</u>	<u>(59,755)</u>
Profit before income tax	4	6,511,428	12,823,930
Income tax expense	6	<u>(1,746,062)</u>	<u>(3,598,344)</u>
Profit for the year, attributable to equity holders		<u>4,765,366</u>	<u>9,225,586</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year, attributable to equity holders		<u>4,765,366</u>	<u>9,225,586</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		10,740,887	42,573,190
Trade and other receivables	8	32,864,879	22,034,438
Inventories	9	31,751,606	16,666,865
		<u>75,357,372</u>	<u>81,274,493</u>
Non-current assets			
Deferred tax assets	6	1,508,317	998,226
Property, plant and equipment	10	11,394,596	11,741,215
		<u>12,902,913</u>	<u>12,739,441</u>
Total assets		<u>88,260,285</u>	<u>94,013,934</u>
Liabilities			
Current liabilities			
Trade and other payables	11	11,279,126	8,499,120
Income tax payable		474,174	1,452,263
Provisions	12	1,079,669	1,047,562
Lease liabilities	13	624,547	557,345
		<u>13,457,516</u>	<u>11,556,290</u>
Non-current liabilities			
Lease liabilities	13	8,596,745	9,217,199
		<u>8,596,745</u>	<u>9,217,199</u>
Total liabilities		<u>22,054,261</u>	<u>20,773,489</u>
Net assets		<u>66,206,024</u>	<u>73,240,445</u>
Equity			
Issued capital	7	2,750,000	2,750,000
Retained earnings		63,456,024	70,490,445
Total equity		<u>66,206,024</u>	<u>73,240,445</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

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



T Okamoto
Director
27 April 2023

Statement of changes in equity

For the year ended 31 December 2022

	Issued capital (note 7)	Retained earnings	Total equity
	\$	\$	\$
At 1 January 2021	2,750,000	64,859,377	67,609,377
Profit for the year	-	9,225,586	9,225,586
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	9,225,586	9,225,586
Dividends declared and paid, fully imputed (note 7)	-	(3,594,518)	(3,594,518)
At 31 December 2021	2,750,000	70,490,445	73,240,445
At 1 January 2022	2,750,000	70,490,445	73,240,445
Profit for the year	-	4,765,366	4,765,366
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	4,765,366	4,765,366
Dividends declared and paid, fully imputed (note 7)	-	(11,799,787)	(11,799,787)
At 31 December 2022	2,750,000	63,456,024	66,206,024

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2022

	2022	2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	96,898,662	87,285,938
Payments to suppliers and employees	(103,266,564)	(67,303,593)
Interest received	1,051,027	415,027
Interest paid	(455,080)	(474,782)
Income tax paid - net	(3,234,242)	(751,685)
Net cash flows (used in)/from operating activities	(9,006,197)	19,170,905
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	368,628	122,272
Purchase of property, plant and equipment	(1,341,695)	(1,146,848)
Amounts advanced to related parties	(9,500,000)	-
Repayment of advances from related parties	-	3,997,192
Net cash flows (used in)/from investing activities	(10,473,067)	2,972,616
Cash flows from financing activities		
Repayment of lease liabilities	(553,252)	(461,869)
Dividends paid	(11,799,787)	(5,242,582)
Net cash flows used in financing activities	(12,353,039)	(5,704,451)
Net (decrease)/increase in cash and cash equivalents	(31,832,303)	16,439,070
Cash and cash equivalents at 1 January	42,573,190	26,134,120
Cash and cash equivalents at 31 December	10,740,887	42,573,190

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2022

1. Corporate information

The financial statements of Yamaha Motor New Zealand Limited (the "company") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the director.

Yamaha Motor New Zealand Limited is a limited liability company incorporated under the Companies Act 1993.

The principal activities of the company during the year were 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.

2. Significant accounting policies

a) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP, the company is a for-profit entity.

The company is a Tier 2 for-profit entity and has elected to report in accordance with Tier 2 for-profit accounting standards. The company is eligible to report in accordance with Tier 2 for-profit accounting standards on the basis that it has no public accountability and is not a large-for-profit public sector entity.

The financial statements are presented in the functional currency, New Zealand dollars, and all values are rounded to the nearest dollar unless stated otherwise.

b) Statement of compliance

The financial statements of the company comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

c) 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 or 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.

d) Financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

All financial instruments are initially recognised at the fair value of the consideration received/transferred less, in the case of financial assets and liabilities not recorded at fair value through profit or loss, directly attributable transaction costs.

Subsequently the company applies the following accounting policies for financial instruments:

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

d) Financial instruments (continued)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, and 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.

(ii) Financial assets at amortised cost

Financial assets at amortised cost consist of trade and other receivables (note 8). Trade receivables represent the company's right to an amount of unconditional consideration (ie only the passage of time is required before payment of the consideration is due).

Financial assets at amortised cost are subsequently measured using the EIR method, and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired, as well as through the amortisation process. These are included within current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(iii) Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of trade and other payables (note 11) and lease liabilities (note 13). Payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and usually paid within 30 days of recognition. Trade payables are not discounted given their short-term nature.

Financial liabilities at amortised cost are measured at amortised cost using the EIR method. Gains or losses are recognised in profit or loss when the liability is derecognised as well as through the EIR amortisation process. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liabilities for at least 12 months after balance date.

e) 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.

f) Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Such cost includes the cost of replacing parts of plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

f) Property, plant and equipment (continued)

Depreciation is provided for on a straight-line basis at rates calculated to allocate the assets' cost over their estimated useful lives 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.

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of financial assets

An allowance for expected credit losses (ECLs) is recognised for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at an approximation of the original EIR. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that arise from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the time of default (a lifetime ECL).

For trade receivables and contract assets, a simplified approach is adopted in calculating ECLs. Therefore changes in credit risk are not tracked, but instead a loss allowance is recognised based on lifetime ECLs at each balance date. The allowance is based upon the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

h) Impairment of non-financial assets

Non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Impaired non-financial assets are tested for possible reversal of the impairment whenever events or changes in circumstances indicate the impairment may have reversed.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

i) Provisions and employee benefit liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

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.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the end of balance date, are recognised in other payables in respect of employees' services up to balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Annual leave

The company does not expect its annual leave benefits to be settled wholly within 12 months of each balance date. The company recognises a liability for annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to balance date using the projected unit credit method.

Post employment benefits

Contributions made on behalf of employees to defined contribution funds are recognised in the period they are incurred. The defined contribution funds receive fixed contributions from the company, whose legal or constructive obligation is limited to those contributions only.

j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if the arrangement conveys a right to control the use of an identified asset or assets for a period of time in exchange for consideration.

At commencement of a lease, the company recognises a right-of-use asset and a lease liability. The right-of-use asset is recognised at cost, being the initial measurement of the lease liability plus any lease payments made before the commencement date, any initial direct costs, and an estimate of costs to be incurred to remove or restore the asset at the end of the lease term, less any lease incentives received. The lease liability is initially measured at the present value of the remaining lease payments, discounted at the interest rate implicit in the lease.

Variable lease payments linked to an index or rate are included in calculation of the lease liability. When the index or rate changes, or there are other changes in lease payments such as a change in lease term, the lease liability is remeasured, with a corresponding change to the associated right-of-use asset. Variable lease payments not linked to an index or rate are recognised in profit or loss when incurred.

The right-of-use asset is subsequently measured and derecognised as property, plant and equipment.

Interest on the lease liability is calculated using the EIR method and recognised as an expense in profit or loss.

Right-of-use assets and lease liabilities are not recognised for leases with a contractual lease term of less than 12 months, or for leases of low-value assets. Payments on short-term leases or leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

k) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

l) Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at balance date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

m) Income tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted at balance date.

Deferred tax is measured using the liability method, providing for temporary differences at balance date between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes.

Deferred income tax is calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets are recognised to the extent it is probable the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax losses or credits.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (OCI) or directly in equity, in which case the related deferred tax is also recognised in OCI or equity, respectively.

n) 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.

Notes to the financial statements (continued)

For the year ended 31 December 2022

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions which effect the reported revenues, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of assets or liabilities in future periods.

Estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements include warranty provisions and the interest rate used for lease liabilities.

Warranty provisions

Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

Leases - Estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available (such as when the company does not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the company's functional currency). The company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain company-specific estimates (such as the company's stand-alone credit rating).

Notes to the financial statements (continued)

For the year ended 31 December 2022

4. Revenue and expenses

Profit before income tax includes the following:

	<u>2022</u>	<u>2021</u>
	\$	\$
Depreciation (note 10)	1,460,538	1,362,205
Donations	3,207	4,150
Net foreign currency loss	128,054	71,668
Employee remuneration	3,599,337	3,147,322
Defined contribution benefits	91,468	78,194
Provision for warranty	668,529	622,627
Cost of inventory transferred	74,198,637	58,248,580
Inventory impairment expense/(recovery)	531,598	(423,749)
Expected credit loss/(recovery)	4,623	(9,502)
Gain on sales of property, plant and equipment	(140,852)	(79,829)
Net finance (expense)/income		
Interest income	1,051,027	415,027
Interest expenses	(455,080)	(474,782)
	<u>595,947</u>	<u>(59,755)</u>

5. Leases

The company leases warehouse and office space and short-term equipment hire.

Profit before income tax includes the following income and expenses relating to leases.

	<u>2022</u>	<u>2021</u>
	\$	\$
Short-term lease expense	5,572	4,780
Depreciation expense on right-of-use assets (note 10)	885,153	826,007
Interest expense on lease liabilities	455,080	474,782

The total cash outflow for leases during the year was \$1,013,904 (2021: \$975,387).

The closing carrying balance and movements in right-of-use assets are disclosed in note 10.

Terms and conditions of lease liabilities are disclosed in note 13.

Notes to the financial statements (continued)

For the year ended 31 December 2022

6. Income tax

	<u>2022</u>	<u>2021</u>
	\$	\$
Statement of comprehensive income		
Current income tax:		
Current income tax expense	2,307,351	3,551,904
Adjustments in respect of previous years	(51,198)	-
	<u>2,256,153</u>	<u>3,551,904</u>
Deferred tax:		
Origination and reversal of temporary differences	(474,738)	44,709
Adjustments in respect of previous years	(35,353)	1,731
	<u>(510,091)</u>	<u>46,440</u>
Income tax expense reported in the statement of comprehensive income	<u>1,746,062</u>	<u>3,598,344</u>

A reconciliation of income tax expense for the year is as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Accounting profit before income tax	6,511,428	12,823,930
At the statutory income tax rate of 28% (2021: 28%)	1,823,200	3,590,700
- Non-deductible items	9,414	5,913
- Adjustments in respect of previous years	(86,552)	1,731
	<u>1,746,062</u>	<u>3,598,344</u>

Deferred tax

Deferred income tax at 31 December relates to the following:

	Statement of financial position		Statement of comprehensive income	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$	\$
Accruals	531,473	329,101	(202,372)	388
Provisions	256,490	513,199	256,709	(152,422)
Other	720,354	155,926	(564,428)	105,594
Deferred tax expense			<u>(510,091)</u>	<u>(46,440)</u>
Net deferred tax assets	<u>1,508,317</u>	<u>998,226</u>		

Notes to the financial statements (continued)

For the year ended 31 December 2022

7. Issued capital

	<u>2022</u>	<u>2021</u>
	\$	\$
Capital		
2,750,000 ordinary shares fully paid (2021: 2,750,000 fully paid)	<u>2,750,000</u>	<u>2,750,000</u>

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

Dividends

The company declared dividends of \$11,799,787 (2021: \$3,594,518) during the year.

8. Trade and other receivables

	<u>2022</u>	<u>2021</u>
	\$	\$
Trade receivables	1,731,858	1,667,767
Allowance for expected credit losses	(4,475)	-
	<u>1,727,383</u>	<u>1,667,767</u>
Prepayments	206,902	152,656
Other receivables	714,183	187,268
Related party receivables (note 14)	30,216,411	20,026,747
	<u>32,864,879</u>	<u>22,034,438</u>

9. Inventories

	<u>2022</u>	<u>2021</u>
	\$	\$
Finished goods	31,751,606	16,666,865
Total inventories at the lower of cost and net realisable value	<u>31,751,606</u>	<u>16,666,865</u>

Notes to the financial statements (continued)

For the year ended 31 December 2022

10. Property, plant and equipment

	Leasehold alterations	Office equipment	Motor vehicles	Plant and equipment	Right-of-use assets - buildings and structures	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2022	303,498	1,392,644	723,228	2,420,582	11,784,114	16,624,066
Additions/transfers	-	240,439	598,271	502,985	-	1,341,695
Disposals	-	(99,129)	(130,646)	(150,673)	-	(380,448)
At 31 December 2022	303,498	1,533,954	1,190,853	2,772,894	11,784,114	17,585,313
Accumulated depreciation						
At 1 January 2022	281,618	865,650	456,240	874,650	2,404,693	4,882,851
Depreciation charge for the year	4,894	187,192	79,884	303,415	885,153	1,460,538
Disposals	-	(42,894)	(86,210)	(23,568)	-	(152,672)
At 31 December 2022	286,512	1,009,948	449,914	1,154,497	3,289,846	6,190,717
Net book value At 31 December 2022	16,986	524,006	740,939	1,618,397	8,494,268	11,394,596
Net book value At 31 December 2021	21,880	526,994	266,988	1,545,932	9,379,421	11,741,215

11. Trade and other payables

	2022	2021
	\$	\$
Trade creditors	78,035	1,383,481
Other creditors	3,430,026	1,868,749
Related party payables (note 14)	7,181,150	4,835,130
Employee entitlements	589,915	411,760
	11,279,126	8,499,120

Notes to the financial statements (continued)

For the year ended 31 December 2022

12. Provisions

	2022	2021
	\$	\$
Current		
Provision for warranty claims	<u>1,079,669</u>	<u>1,047,562</u>

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.

	Warranty claims
	\$
At 1 January 2022	1,047,562
Arising during the year	668,528
Utilised	<u>(636,421)</u>
At 31 December 2022	<u>1,079,669</u>

13. Lease liabilities

	2022	2021
	\$	\$
Lease liabilities	<u>9,221,292</u>	<u>9,774,544</u>
Disclosed in the statement of financial position as:		
- Current	624,547	557,345
- Non-current	<u>8,596,745</u>	<u>9,217,199</u>
	<u>9,221,292</u>	<u>9,774,544</u>

Lease liabilities have maturity dates between September 2025 and November 2034 (2021: September 2025 and November 2034), with an interest rate of 5% (2021: 5%).

14. Related parties

(a) Ultimate holding company

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

Notes to the financial statements (continued)

For the year ended 31 December 2022

14. Related parties (continued)

(b) Transactions with related parties

	Type of transaction	2022	2021
		\$	\$
Parent			
Yamaha Motor Australia Pty. Ltd.	Inventory transfer	520,568	1,434,046
	Purchase of inventory	680,884	(1,540,246)
	Intercompany payable	(6,847,207)	(4,622,372)
	Management fees	(1,080,775)	(1,145,043)
Ultimate parent			
Yamaha Motor Co. Ltd.	Purchase of inventory	(84,014,244)	(48,246,945)
	Trade (payable)/receivable	(23,565)	5,801
Subsidiary of ultimate parent			
Yamaha Motor Finance New Zealand Limited	Finance portfolio funding	29,500,000	20,000,000
	Trade receivable	715,535	20,393
	Trade payable	-	(211,914)
	Interest income	704,769	338,550
Yamaha Corporation U.S.A.	Purchase of inventory	(2,322,725)	(1,519,776)
	Trade payable	(284,084)	-
MBK Industries (France)	Trade receivable/(payable)	151	(844)
Yamaha Indonesia Motor Manufacturing	Trade receivable	204	307
Thai Yamaha Motor Co Ltd	Trade receivable	446	246
Ficeda Pty. Ltd.	Purchase of inventory	(358,365)	(629,976)
Yamaha Motor Canada Ltd.	Purchase of inventory	(34,264)	(16,126)
Yamaha Motor Da Amazonia Limitada (Brazil)	Trade receivable	75	-
Yamaha Motor Europe N.V.	Purchase of inventory	(633,676)	(516,952)
	Trade payable	(73,424)	-

The above are disclosed in:

	2022	2021
	\$	\$
- Trade and other receivables	30,216,411	20,026,747
- Trade and other payables	(7,181,150)	(4,835,130)

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 (2021: \$nil).

(c) Key management remuneration

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

15. Commitments

As at 31 December 2022, the company did not have any commitments (2021: \$nil).

Notes to the financial statements (continued)

For the year ended 31 December 2022

16. Contingencies

The company did not have any contingent liabilities as at 31 December 2022 (2021: \$nil).

17. Events after balance date

There were no significant events occurring after balance date which may affect either the company's operations or results of those operations or the company's state of affairs.



**Building a better
working world**

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Independent Auditor's Report to the Shareholders of Yamaha Motor Finance New Zealand Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Yamaha Motor Finance New Zealand Limited (the "Company") on pages 3 to 19, which comprise the statement of financial position of the Company as at 31 December 2022, and the statement of 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 a summary of significant accounting policies.

In our opinion, the financial statements on pages 3 to 19 present fairly, in all material respects, the financial position of the Company as at 31 December 2022 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 and other assurance related 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 on the work we have performed, 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

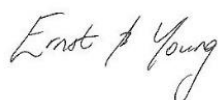
The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is 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
27 April 2023