

1 February 2022

ASX ANNOUNCEMENT

Acquisition of Truckzone Group and \$25m equity raise

Highlights

- MaxiPARTS to acquire inventory and assets of Truckzone Group for an estimated \$18.0m in cash, subject to customary working capital adjustments
- Truckzone Group is one of Australia's largest independent commercial vehicle parts businesses with FY21 revenue of \$48m¹ and 10 stores nationwide
- Cost synergies of \$2.5m expected to be fully realised in FY24 plus additional revenue synergies
- The acquisition is expected to deliver mid-to-high single digit pro forma EPS accretion inclusive of full run rate cost synergies
- Acquisition fully aligned with MaxiPARTS acquisition criteria and values Truckzone Group at 10.6x FY21 EBITDA^{2,3} (before synergies) and 3.6x FY21 EBITDA^{2,3} (including anticipated cost synergies and realisation of excess inventory)
- \$25m equity raise consisting of Institutional Placement to raise \$15.4m and fully underwritten non-renounceable entitlement offer to raise \$9.6m
- Transaction expected to close by end of February 2022
- Consistent revenue and profit growth in underlying MaxiPARTS operations in H1 FY22 despite COVID 19 challenges

MaxiPARTS Limited (ASX: MXI) ("**MaxiPARTS**", or the "**Company**") today announces that it has entered into an Asset Sale Agreement with Truckzone Pty Ltd, Gleeman Truck Parts Pty Ltd, Parts Peek (Aust) Pty Ltd and Coburg Truck Parts (VIC) Pty Ltd to acquire the businesses known as Truckzone (formerly Gleeman Truck Parts), Coburg Truck Parts and Parts Peek (together the "Truckzone Group") for an estimated \$18.0m in cash, subject to customary working capital adjustments.

The acquisition price of \$18.0m comprises an estimated \$15.6m of inventory (which has had recent sales movement) and \$3.0m of fixed assets, intellectual property and goodwill on acquisition. Approximately 80 Truckzone Group employees will also transfer to MaxiPARTS, and the acquisition price reflects a reduction related to outstanding employee entitlements for transferring employees.

The final purchase price is subject to adjustments for confirmation of final inventory value and employee leave entitlements. \$10.0m of the acquisition price is payable on completion of the transaction, with the balance due 5 days after finalisation of the completion accounts which will follow a complete stocktake.

Inventory to be acquired includes estimated excess inventory of \$3.0m which is not expected to be replaced. Realisation of this benefit is expected to be recovered over the first 18 months of trading due to enhanced inventory management processes and general supply consolidation.

The acquisition values Truckzone Group at 10.6x FY21 EBITDA^{2,3} (before synergies) and 3.6x FY21 EBITDA^{2,3} (after cost synergies and realisation of excess inventory).

Further details of the sale agreement are contained in Appendix 1.

Overview of Truckzone

Truckzone Group is one of Australia's largest independent commercial vehicle parts businesses, specialising in North American and Japanese truck parts. Truckzone Group

operates a network of 10 sites across Australia, stocks over 25,000 product lines and had FY21 revenue of \$48m¹ and underlying EBITDA of \$1.7m¹.

Strategic rationale

The combination of MaxiPARTS and Truckzone Group will position the Company as one of the largest independent multi-site truck and trailer parts businesses in Australia, with group pro forma sales approaching \$200m.

The acquisition of Truckzone Group immediately expands MaxiPARTS' national network by 8 sites in key geographical locations (Wetherill Park, Campbellfield, Sunshine, Rockhampton, Townsville, Eagle Farm, Perth and Port Hedland), while also providing the opportunity to combine 2 Truckzone Group sites (Pakenham and Darra) with existing MaxiPARTS sites. The enlarged MaxiPARTS business will have a total of 27 sites after site consolidations.

In addition to allowing cost effective geographical expansion, Truckzone Group also brings significant product range enhancement and access to high quality products from globally recognised brands, most notably a mature Japanese parts program with an established overseas supplier base and comprehensive product cataloguing support.

Combining the core product range strengths of MaxiPARTS and Truckzone Group provides the opportunity to offer an expanded product range throughout the enlarged business.

Cost synergies of \$2.5m related to site consolidation and supply chain savings (excluding implementation costs) are expected to be fully realised in FY24, along with additional revenue synergies from an enhanced core product range and network expansion.

The acquisition is expected to deliver mid-to-high single digit pro forma EPS accretion inclusive of full run rate cost synergies.

"The acquisition of Truckzone Group represents an exciting leap forward in the strategic development of MaxiPARTS and is fully aligned with our stated acquisition criteria" said MaxiPARTS Managing Director and CEO, Peter Loimaranta.

"We are delighted to welcome such a highly complementary business into the MaxiPARTS family, and I am excited about the significant benefits this combination will bring for our shareholders, customers, suppliers and employees."

Timing and conditions

Completion of the transaction is subject to certain conditions, namely:

- Implementation of additional licences for MaxiPARTS' current ERP system
- Assignment of various site and equipment leases
- Completion of the placement and the institutional entitlement offer which are described below.

No shareholder or regulatory approvals are required and there will be no changes to MaxiPARTS' board and senior management as a result of the transaction. Completion of the acquisition is expected to take place in late February 2022.

A comprehensive investor presentation providing further information is available at www.maxiparts.com.au.

Equity raising

MaxiPARTS also announces a \$25m equity raise to be conducted via:

- An Institutional Placement of approximately \$15.4m (“**Placement**”)
- A fully underwritten accelerated pro-rata non-renounceable entitlement offer of approximately \$9.6m (“**Entitlement Offer**”) at a ratio of 1 new share for every 9.7 existing shares held at the record date, comprising:
 - an accelerated institutional component (“**Institutional Entitlement Offer**”); and
 - a retail component (“**Retail Entitlement Offer**”)

(together, the “**Equity Raise**”)

All New Shares offered under the Equity Raise will be issued at a price of \$2.50 per New Share (“**Offer Price**”), which represents a:

- 6.2% discount to the theoretical ex-rights price (“**TERP**”) of \$2.67
- 7.7% discount to the last traded price of \$2.71 on 31 January 2022
- 10.9% discount to the 5-Day VWAP of \$2.80

The Proceeds of the Equity Raise will fully fund the acquisition of Truckzone Group and associated transaction and integration costs, while also providing working capital flexibility and funding for further organic growth initiatives.

Approximately 10.0m new MaxiPARTS shares will be issued under the Equity Raise (“**New Shares**”). New Shares will rank equally with existing MaxiPARTS shares and MaxiPARTS will, upon issue of those shares, seek quotation of the shares on ASX.

Under the Entitlement Offer, eligible shareholders are invited to subscribe to 1 New Share for every 9.7 existing MaxiPARTS shares (“**Entitlement**”) held as at 7.00pm (Sydney time) on Thursday, 3 February 2022. Eligible retail shareholders who take up their full Entitlement may also participate in a top-up facility by applying for additional New Shares in excess of their Entitlement at the Offer Price (as defined below), up to a maximum 100% in excess of their Entitlement.

Canaccord Genuity (Australia) limited are acting as Lead Manager and Bookrunner to the Equity Raising, and Underwriter to the Entitlement Offer.

Placement

Up to approximately 6.1m New Shares are expected to be issued to new institutional investors and existing institutional shareholders under the Placement at the Offer Price. The Placement will be conducted concurrently with the Institutional Entitlement Offer.

New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which is being conducted today, Tuesday, 1 February 2022.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Institutional Entitlements cannot be traded on ASX or transferred.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new institutional investors and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Monday, 7 February 2022 and close at 5.00pm (Sydney time) on Thursday, 3 March 2022.

Further details about the Retail Entitlement Offer will be set out in the Retail Entitlement Offer information booklet ("**Retail Offer Booklet**"), which MaxiPARTS expects to lodge with ASX and dispatch to eligible retail shareholders on 8 February 2022

Entitlements cannot be traded on ASX or transferred. Eligible retail shareholders who do not take up their entitlements under the Retail Entitlement Offer, in full or in part, will not receive any value in respect to those Entitlements not taken up.

MaxiPARTS directors who are eligible to participate in the Entitlement Offer intend to participate in line with their Entitlements.

Timetable

An indicative timetable, which is subject to change, is set out below:

| EVENT | EXPECTED DATE |
|--|---------------------|
| Trading Halt | 1 February 2022 |
| Announcement of Acquisition and Equity Raising | 1 February 2022 |
| Bookbuild for Placement and Institutional Entitlement Offer conducted | 1 - 2 February 2022 |
| Announcement of the completion of the Placement and Institutional Entitlement Offer and trading resumes on an ex-entitlement basis | 3 February 2022 |
| Record Date for Retail Entitlement Offer (7pm AEDT) | 3 February 2022 |
| Opening date of the Retail Entitlement Offer | 7 February 2022 |
| Settlement of Placement and Institutional Entitlement Offer | 8 February 2022 |
| Allotment and Quotation of New Shares under the Placement and Institutional Entitlement Offer | 9 February 2022 |
| Closing date for acceptances under Retail Entitlement Offer (5pm AEDT) | 3 March 2022 |
| Announcement of results of Retail Entitlement Offer and notification of any shortfall | 7 March 2022 |
| Settlement of Retail Entitlement Offer | 9 March 2022 |
| Allotment and issue of New Shares under the Retail Entitlement Offer | 10 March 2022 |
| Quotation of New Shares issued under the Retail Entitlement Offer and trading commences on a normal basis | 11 March 2022 |

Outlook

Despite the global supply chain and staff availability impacts of COVID 19, based on unaudited management accounts, the underlying MaxiPARTS business (excluding sold Trailer business and corporate / admin support) has reported improved 1H FY22 sales and EBIT over prior corresponding period

- Sales revenue **up 6.7%** from \$67.8m in 1H FY21 to \$72.3m in 1H FY22
- Adjusted EBIT **up 11.0%** from \$6.6m in 1H FY21 to \$7.3m in 1H FY22⁵

Corporate / Admin support costs⁶ are still rightsizing after the divestment of the Trailer business, with annualised pro forma run-rate currently tracking to \$5.7m (\$0.7m ahead of the previous pro forma estimate of \$5.0m), and are expected to decline further in FY23.

Stock availability of aftermarket parts improved at the end of the half and MaxiPARTS has made additional investment in inventory to manage this ongoing risk.

Subject to no worsening of economic conditions, guidance for the full year FY22 (excluding the impact of the acquisition) remains in line with broker forecasts: Revenue \$141m-\$145m and Adjusted EBIT including corporate costs (full year pro forma) and inclusive of all lease depreciation and interest \$8.1m-\$8.7m⁵.

FY22 will see minor profit improvement from the acquisition given integration and transaction costs with focus on implementation of cost synergies and deployment of additional capital to drive both cost and revenue synergy benefit in FY23 and beyond.

For further information:

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The release of this announcement was authorised by the MaxiPARTS Limited Board of Directors

About MaxiPARTS

MaxiPARTS is one of Australia's leading independent commercial vehicle parts distribution companies. With a national footprint of 19 stores and pro forma FY21 revenue of \$134m⁷, it offers leading genuine brands as well as an extensive range of commercial vehicle parts.

About Truckzone Group

Truckzone Group is a leading retailer and distributor of aftermarket and original equipment parts and accessories for trucks and trailers. With 10 stores across Australia and pro forma FY21 revenue of \$48m¹, it stocks over 25,000 products lines and supports all makes and models of North American and Japanese trucks.

Notes

¹ Pro-forma pre synergies normalised to adjust for abnormal impact on June 2021 trading due to ERP changeover (sales and margins have since materially returned to pre-changeover levels).

² Before implementation costs

³ EBITDA before AASB16

⁴ Theoretical ex rights price ("TERP") includes the shares issued under the Placement and the Entitlement Offer. TERP is the theoretical price at which MaxiPARTS shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to the closing price of MaxiPARTS shares as traded on ASX on 31 January 2022, being the last trading day prior to the announcement of the Entitlement Offer.

⁵ Adjusted EBIT includes both Lease depreciation and lease interest relating to AASB16 leases. Lease interest included in the numbers is: H1 \$0.45m; FY22 \$0.85m.

⁶ Corporate / support costs are still presented as pro forma due to the divestment of the Trailer business occurring during H1 FY22 (31 Aug 2021). H1 FY22 Financial Statements will be presented on the basis of continued vs. discontinued operations including the historic allocation method for corporate overheads for the period pre-sale of the Trailer business

⁷ Historical financials relate to MaxiPARTS business alone

Appendix 1 Summary of Asset Sale Agreement

| Item | Key Term | Description |
|------|----------------------------|--|
| 1. | Buyer | MaxiPARTS Operations Pty Ltd ACN 110 786 215. |
| 2. | Sellers | <ul style="list-style-type: none"> • Truckzone Pty Ltd ACN 119 749 352; • Gleeman Truck Parts Pty Ltd ACN 098 955 009; • Parts Peek (Aust) Pty Ltd ACN 124 674 611; and • Coburg Truck Parts (VIC) Pty Ltd ACN 116 971 18 |
| 3. | Sellers' Guarantors | Directors provide a several guarantee of the obligations of the Sellers under the Asset Sale Agreement. |
| 4. | Assets | <p>All assets owned by the Sellers forming part of the Business or used in connection with the Business including the following:</p> <ul style="list-style-type: none"> • each Authorisation held or used by the Sellers in connection with the Business; • the benefit of each Business Contract and each Product Warranty; • the Business IP; • the Goodwill; • the Inventory; • the Motor Vehicles; • the Plant and Equipment; • the IT Facilities; and • the right to goods and services to be supplied to the Business after Completion, and other benefits to be received by the Business after Completion, prepaid by the Sellers before Completion. |
| 5. | Purchase Price | <p>Purchase Price means the aggregate of:</p> <ul style="list-style-type: none"> • \$3,000,000; plus • the Inventory Amount; plus • the Inventory Prepayment Amount; less • the Employee Entitlement Amount. <p>On Completion, the Buyer must pay the Completion Payment (\$10,000,000).</p> <p>On the date that is 5 Business Days after the latest of:</p> <ul style="list-style-type: none"> • the date that the Inventory Amount is agreed or determined ; • the date that the Inventory Prepayment Amount is agreed or determined; and • the date that the Employee Entitlements Amount is agreed or determined. <p>the Buyer must pay the Final Payment Amount to the Sellers (being the amount equal to the Purchase Price less the Completion Payment).</p> |

| Item | Key Term | Description |
|------|-----------------------------|---|
| 6. | Completion | The parties are targeting Completion by 14 February 2022 (subject to satisfaction of the Conditions Precedent). |
| 7. | Conditions Precedent | <p>Completion under the ASA is conditional on, and cannot occur until the following Conditions Precedent are either satisfied or waived:</p> <ul style="list-style-type: none"> • MoPro Licences The Buyer obtaining or acquiring such number of additional MoPro Licences as is reasonably necessary to enable the transfer of all of the Records to the Buyer for the carrying on of the Business by the Buyer after Completion. • Transferring Leases An original deed of assignment, and to the extent necessary, a registrable transfer of each Transferring Lease being duly completed and executed by each person whose consent is required under the relevant Transferring Lease, each in Agreed Form. • Equipment Leases An original assignment of each Equipment Lease being duly completed and executed. • Capital Raising MaxiPARTS completing the placement and the institutional entitlement components of the Capital Raising. |
| 8. | Carrying on Business | <p>There are a number of obligations and restrictions on how the Sellers carry on the Business during the period between signing and Completion. A summary of these is set out below.</p> <p>Positive Obligations: During the period between the Signing Date and Completion the Sellers must:</p> <ul style="list-style-type: none"> • Business Practices conduct the Business as a going concern in the ordinary course consistent with its usual business practices and in the manner it was conducted during the 12 months ending on the Last Accounts Date, and must not significantly change the nature or scale of any activity of the Business; • Make Payments pay all amounts owing to creditors of the Sellers in connection with the Business according to all applicable payment terms; • Collect Payments use Reasonable Endeavours to collect all amounts owing to the Sellers in connection with the Business according to its usual terms of payment and otherwise in the manner and on the terms that similar amounts were collected during the 12 months ending on the Signing Date; • Protect Assets protect and maintain the physical Assets (including replacing damaged Assets) and the intangible Assets, including the Intellectual Property Rights in connection with the Business; • Goodwill preserve the Goodwill and the current business relationships of the Business; • Insurance <ul style="list-style-type: none"> ○ maintain all existing insurance policies held by the Sellers in respect of the Assets and the Business (on terms no less favourable to the insured party than as at the Signing Date); ○ not do or omit to do anything which: |

| Item | Key Term | Description |
|------|--------------------------|---|
| | | <ul style="list-style-type: none"> ▪ would make any insurance policy relating to the Business void or voidable; ▪ may cause any insurance premium to increase; or ▪ may adversely affect the Buyer's ability to obtain equivalent insurance in future; <ul style="list-style-type: none"> • Insurance Proceeds apply all available insurance proceeds to replace or reinstate any lost, damaged or destroyed Assets; • Records properly maintain its accounts, books, ledgers and other financial records and in compliance with all applicable Laws; • Consultation consult the Buyer on the preparation and approval of any budget or business plan relating to the Business; • Business Obligations comply with its obligations under each Material Contract (if any) and each Lease; • Law conduct the Business in compliance with all applicable Laws; and • Authorisations maintain and comply with all Authorisations necessary to own and operate the Assets, occupy the Properties and conduct the Business. <p>Restrictions: During the period between the Signing Date and Completion the Sellers must not:</p> <ul style="list-style-type: none"> • Asset disposal dispose of any individual Asset with a value exceeding \$20,000, or Assets with an aggregate value exceeding \$60,000 (other than the sale of Inventory in the ordinary course); • Asset acquisition acquire any asset, or enter into any finance or operating lease or licence in relation to any asset in connection with the Business, for a total consideration exceeding \$20,000 individually and \$60,000 when aggregated with other acquisitions, other than the purchase of Inventory in the ordinary course of business • Capital Expenditure incur or commit to any capital expenditure in connection with the Business, that exceeds \$20,000 for any individual item or \$60,000 in aggregate, unless the capital expenditure was Fairly Disclosed in the capital expenditure budget in the Disclosure Material; • Right of First Refusal grant any option to purchase or right of first refusal over the Business or any Assets; • Material Contracts enter into, amend, waive any rights under, or elect to terminate: <ul style="list-style-type: none"> ○ a Material Contract; or ○ any other agreement or arrangement that is not in the ordinary course of business or on arm's length terms; • Leases enter into, amend, waive any rights under, renew, extend or elect to terminate a Lease; |
| 9. | Sellers Restraint | To protect the Goodwill during the Restricted Period (being a period of 5 years commencing on the Completion Date), the Sellers and the Sellers' |

| Item | Key Term | Description |
|------|------------------------------|---|
| | | <p>Guarantors give a number of undertakings including that they will not, except with the Buyers' prior written consent:</p> <ul style="list-style-type: none"> • be Involved in the Restricted Territory (Australia) in any business which competes with the Business; • directly or indirectly solicit, canvass, induce or encourage anyone who was a customer or supplier of the Business during the 3 years before Completion, to cease or reduce its business with the Business, or directly or indirectly secure or seek to obtain that person as a customer or supplier of goods or services of the type provided by the Business at Completion; • directly or indirectly solicit, canvass, induce or encourage a Restricted Person to leave their employment, or otherwise terminate an engagement for services, with any Buyer Group Company; • directly or indirectly solicit or attempt to solicit a Restricted Person for employment or engagement for services; or • otherwise interfere or attempt to interfere with the relationship between the Business and any of its customers, officers, employees or suppliers. |
| 10. | Transitional Services | <p>Between the Signing Date and Completion, the parties will work cooperatively and in good faith to agree the terms of the Transitional Services Agreement for the provision of transitional services to be provided by each party to the other party after Completion for a period of up to 6 months.</p> |
| 11. | Warranties | <p>Sellers' Warranties Under the ASA, the Sellers provide warranties in favour of the Buyer which are standard form for a commercial transaction of this nature, including, but not limited to:</p> <ul style="list-style-type: none"> • each Seller's capacity to transfer the Assets to the Buyer at Completion; • no Seller is subject to an Insolvency Event; • the condition of the Plant and Equipment, Motor Vehicles and assets subject to Equipment Leases; and • compliance with Laws, <p>(Sellers' Warranties).</p> <p>The Warranties are subject to thresholds, caps and periods consistent with a transaction of this type</p> |
| 12. | Other Terms | <p>The Asset Sale Agreement contains other terms usual for a transaction of this type.</p> |