

Appendix 4D

Half Year Report

Name of entity

MAXIPARTS LIMITED

ABN 58 006 797 173	Half Year Ended 31 December 2021
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Results for announcement to the market

(All comparisons to half-year ended 31 December 2020)

Revenues from continuing activities	up	17.5%	to	\$A'000 68,002	
Net profit/(loss) after tax (including significant items) attributable to members of the Company	down	-220.5%	to	(6,871)	
Net Tangible Assets (cents per share)	down	-39.0%	to	123.44	
Dividend	Amount per security		Franked amount per security		
Interim Dividend - Ordinary shares	-		-		
Previous corresponding period: Interim dividend – Ordinary shares	-		-		
Record date for determining entitlements to the dividend.	<table border="1"> <tr> <td style="text-align: center;">N/A</td> </tr> </table>				N/A
N/A					
Refer to the attached Directors' Report regarding commentary on revenue, earnings (including underlying results) and business outlook.					

MaxiPARTS Limited

Directors' Report for the half-year ended 31 December 2021

The Directors of MaxiPARTS Limited submit herewith the condensed consolidated financial statements for 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors of the Company during or since the end of the half-year are:

Mr. Robert H. Wylie	(Director since September 2008 - Chairman since June 2016)
Mr. James R. Curtis	(Director since 1987 – Deputy Chairman since October 1994, resigned 3 November 2021)
Mr. Dean Jenkins	(Managing Director since March 2017, resigned 3 September 2021)
Ms. Mary Verschuer	(Director since January 2019)
Mr. Greg Sedgwick	(Director since March 2021)
Mr. Peter Loimaranta	(Managing Director since 3 September 2021)
Mr. Gino Butera	(Director since 17 September 2021)

Group results summary

\$'000	Dec 2021	Dec 2020	Variance \$	Variance %
External sales *	68,002	57,889	10,113	17%
Net Profit after Tax from Continuing Operations	2,772	927	1,845	199%
Net Profit before Tax from Continuing Operations	4,445	1,327	3,118	235%
Net Profit/ (Loss) (incl discontinued operations)	(6,871)	5,700	(12,570)	-221%
MaxiPARTS Sales (including inter-segment) **	72,586	68,619	3,967	6%
MaxiPARTS segment profit (with historical corporate cost allocation and before tax and excluding significant items)	5,879	5,293	586	11%
Net Debt/(Cash)	3,412	(2,750)	6,162	224%

* External Sales (continuing operations) eliminates sales from MaxiPARTS to the Trailer Solutions business for the period up to sale of the Trailer Solutions business (31 August 2021).

** MaxiPARTS Sales (including inter-segment) include sales from MaxiPARTS to the Trailer Solutions business of \$4.3m for the period up to sale of the Trailer Solutions business (31 August 2021).

Sale of the Trailer Solutions business

Effective 31 August 2021 the Group completed the transaction for the sale of the Trailer Solutions business and Ballarat property to Australian Trailer Solutions Group Pty Ltd (ATSG) for cash proceeds of \$14.7m and a deferred purchase price of \$4.0m (the deferred receivable has a maximum term of two years from the completion date of 31 August 2021, with interest chargeable at 3% pa for the first 6 months, 5% pa for the next 6 months and 8% pa thereafter). The Group subsequently completed the sale of both the Derrimut and Hallam properties, both utilised for the Trailer Solutions business, to a third party for cash consideration of \$18.05m.

The assets of the Trailer Solutions business were classified as held for sale at the last reporting date, at 30 June 2021. On 1 July 2021 the Group acquired 20% of the shares and voting interests in Trout River and as a result, the Group's equity interest in Trout River increased from 80% to 100%, granting it control of Trout River. Trout River was included in the sale of Trailer Solutions business to ATSG.

The Trailer Solutions business reported a loss from discontinued operations net of tax of (\$9.6m) for the half-year ended 31 December 2021. The loss for the period included (post-tax): (\$2.9m) loss on sale of discontinued operations; (\$3.2m) exit / separation costs and pre-sale trading for the period ended 31 December 2021; and (\$3.5m) write-off for the unrecoverable deferred tax asset in the foreign NZ entity. The condensed consolidated statement of financial position at 31 December 2021 includes a receivable of \$2.5m in relation to the completion accounts process between MaxiPARTS and ATSG. The receivable is in dispute with ATSG and it is intended to go through the dispute resolution process available under the Asset Sale Agreement. An independent expert is in the process of being appointed to determine the validity of the disputed amount, and the Group expects this process to be concluded during the second half of the financial year ending 30 June 2022.

The sale of the assets of the Trailer Solutions business has transformed the Group into a dedicated commercial parts distribution business, and as part of this transformation the Group has changed its name to MaxiPARTS Limited and, at this time, completed a share consolidation of MXI shares of 1 share for every 5 previously held.

MaxiPARTS review of operations

MaxiPARTS sales of \$72.6m increased by 6% over the prior corresponding period (pcp). The sales growth was achieved despite the ongoing impact of COVID-19 and continued disruption to global supply chains and demonstrates the strength in the underlying market and MaxiPARTS strong value proposition and adaptability and knowledge of staff to manage short term supply disruption.

Sales to the ATSG owned Trailer Solutions manufacturing division were materially in line with prior period. Sales to the Trailer Solutions service division decreased compared to pcp, however this was expected due to the non-exclusive nature of the supply agreement and MaxiPARTS was able to offset the decrease in revenue with reduced cost base for servicing the supply resulting in minimal impact to the earnings before interest, tax, depreciation and amortisation result.

MaxiPARTS segment profit of \$5.9m increased by 11% from \$5.3m in the pcp, primarily delivered through the increased sales for the underlying business. Corporate cost allocations in the segment profit are presented in line with historical corporate cost allocation methods for the Group's segment reporting (with allocations to the Trailer solutions segment ceasing on the date of sale of the business).

The Group reported a closing net debt balance of \$3.4m an increase of \$6.2m from the pcp. The Group utilised the proceeds from the sale of the Trailer Solutions business to reduce debt facilities, a decrease in drawn funds of (\$7.5m) during the period, and to distribute a special dividend to shareholders resulting in a cash outflow of (\$22.0m). Operating cash outflow for the period of (\$13.4m) included (\$11.7m) outflow from the discontinued operations that included (\$3.9m) of exit, separation, cyber fraud and litigation costs, (\$2.5m) outstanding payment from ATSG in relation to the completion accounts process, and (\$5.3m) due to the operating performance of the Trailer Solutions business that impacted both cash generation and working capital movements associated with the sale of the business. For the continuing operations, the Group has invested (\$3.6m) in higher inventory levels, to ensure service levels are maintained and to support continued growth of the MaxiPARTS operations during this time of global supply chain uncertainty. The supply to the Trailer Solutions business also transitioned to an external Trade Account for a one off lag impact to operating cash flow.

Outlook

The Group remains cautious about the ongoing impact of the COVID-19 pandemic. In particular, staffing shortages linked to isolation increased in December 2021 and January 2022. To date the Group has been able to continue operating with no sites having closed and expects that staffing levels will improve as infection rates start to decline in coming months.

The disruptions to global supply chain are expected to continue in the second half of the financial year. However, pleasingly the Group has seen stock availability of aftermarket ranges improve towards the end of the first half and was able to invest in additional inventory holdings which should place the Group in a good position to continue with strong sales in the second half.

Subject to no worsening of economic conditions, guidance for the full year remains in line with broker forecasts. The Group issued revenue and profit guidance for the full year in its announcements to the market on 1 February 2022 of Revenue \$141m - \$145m and adjusted EBIT including corporate costs (full year proforma) and inclusive of all lease depreciation and interest of \$8.1m - \$8.7m. The guidance refers to the underlying MaxiPARTS business and excludes discontinued operations and includes full year proforma corporate costs of \$5.7m, and not the historical corporate cost allocation method as reported in the H1 FY22 financial statements.

On 1 February 2022, the Group announced it had entered into an agreement to acquire the inventory and assets of Truckzone Group for an estimated \$18.0m in cash, subject to customary working capital adjustments. The Group also announced a \$25m equity raise through a combined placement and an accelerated non-renounceable entitlement offer. The proceeds of the equity raise will fully fund the acquisition of Truckzone Group and associated transaction and integration costs, while also providing the Group with working capital flexibility and funding for further organic growth initiatives.

The Truckzone acquisition settled on the 21 February 2022 with \$10.0m payable on completion and the balance payable after inventory valuation is finalised post stocktakes, expected to occur within 60 days post completion.

The Placement and Institutional Entitlement Offer component of the equity raise has completed with new shares issued on the 9 February 2022, raising \$20.4m in funds. The Retail offer is due to close on 3 March 2022 and is expected to raise a further \$4.6m. All shares under the Placement and Entitlement Offer will be issued at a fixed price of \$2.50 per new share, with 10.0m new shares on offer in total.

Post settlement of the acquisition, the Group expects that it will see only minor profit improvement in the second half of FY22 as the Group focuses on integration activities and the early stages of deployment of additional capital to drive both cost and revenue synergy benefits that will be realized in FY23 and beyond.

Dividend

The Directors have determined not to pay an interim dividend.

With the recent acquisition and capital raising, additional costs associated with the disposal of the Trailer Solutions business the directors do not believe it appropriate to pay an interim dividend. With much of the Trailer separation being completed in H1 FY22 the Group anticipates implementing an ongoing dividend distribution strategy as previously communicated from H2 FY22 onwards.

Auditor's independence declaration

The independence declaration of our auditor, KPMG, in accordance with s.307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2021 and forms part of the Directors' report.

Rounding of amounts

The parent entity has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and accordingly, amounts in the interim condensed consolidated financial statements and the Director's Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of the Board of Directors.



Peter Loimaranta
Managing Director

Melbourne, 25 February 2022

DIRECTORS' DECLARATION

In the opinion of the Directors of MaxiPARTS Limited ("the Company"):

- 1 the interim condensed consolidated financial statements and notes set out on pages 8 to 18, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Board in accordance with a resolution of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Robert H. Wylie
Chairman



Peter Loimaranta
Managing Director

Melbourne, 25 February 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of MaxiPARTS Limited

I declare that, to the best of my knowledge and belief, in relation to the review of MaxiPARTS Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Vicky Carlson

Partner

Melbourne

25 February 2022

**MaxiPARTS LIMITED (formerly MaxiTRANS Industries
LIMITED)**
ABN 58 006 797 173

**Interim Condensed Consolidated Financial
Statements 31 December 2021**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

	Note	31 Dec 21 \$'000	Consolidated Restated * 31 Dec 20 \$'000
Continuing Operations			
Sale of goods	2, 3	68,002	57,889
Changes in inventories of finished goods and work in progress		4,064	(592)
Raw materials and consumables used		(51,895)	(38,058)
Other income		57	31
Employee and contract labour expenses		(9,657)	(9,570)
Warranty expenses		(53)	(70)
Depreciation and amortisation expenses		(2,045)	(1,961)
Finance costs		(557)	(1,275)
Other expenses		(3,471)	(5,067)
Profit/(Loss) before income tax from continuing operations		4,445	1,327
Income tax (expense)/benefit	4	(1,673)	(358)
Profit/(Loss) from continuing operations		2,772	970
Profit/(Loss) from discontinued operations net of tax	6(a)	(9,643)	4,730
Profit/(Loss) for the period	2	(6,871)	5,700
Profit/(Loss) attributable to:			
Equity holders of the Company		(6,871)	5,700
		31 Dec 21	31 Dec 20
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		\$'000	\$'000
Profit/(Loss) for the period		(6,871)	5,700
Other comprehensive income			
<i>Items that may subsequently be re-classified to profit or loss:</i>			
Net exchange difference on translation of financial statements of foreign operations		(63)	6
Cashflow hedge reserve		218	149
Related tax		(65)	(45)
Other comprehensive income, net of tax		90	110
Total comprehensive income/(loss) for the period		(6,781)	5,810
Total comprehensive income attributable to			
Equity holders of the Company		(6,781)	5,810
Total comprehensive income/(loss) for the period		(6,781)	5,810
Earnings / (Loss) per share:			
Basic and Diluted earnings per share (cents per share) - Total		(18.31)	15.40
Basic and Diluted earnings per share (cents per share) - Continuing operations		7.49	2.62
Basic and Diluted earnings per share (cents per share) - Discontinuing operations		(26.04)	12.78
Weighted average number of shares:		Number	Number (Restated**)
Number for basic earnings per share	7	37,030,153	37,015,621
Number for diluted earnings per share	7	37,030,153	37,015,621

*The comparative information is restated due to the discontinued operation. See note 6.

** The comparative information for weighted average number of shares is restated due to share consolidation of 1 share for every 5 previously held. See note 7. Earnings per share been restated accordingly.

The condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the interim condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2021**

Note	31 Dec 21 \$'000	30 Jun 21 \$'000
Current Assets		
Cash and cash equivalents	6,588	22,442
Trade and other receivables	21,616	33,068
Inventories	30,729	27,148
Other assets	708	261
Assets held for sale	-	110,924
Total Current Assets	59,641	193,843
Non-Current Assets		
Property, plant and equipment	1,719	1,901
Intangible assets	7,633	7,633
Right of use assets	15,623	16,846
Financial asset	4,010	-
Deferred tax assets	18,242	20,924
Total Non-Current Assets	47,227	47,304
Total Assets	106,868	241,147
Current Liabilities		
Trade and other payables	23,033	44,522
Current tax liability	-	576
Provisions	2,583	3,201
Lease liabilities	3,593	3,379
Liabilities held for sale	-	75,186
Total Current Liabilities	29,209	126,864
Non-Current Liabilities		
Interest bearing loans and borrowings	5 10,000	17,250
Provisions	865	269
Lease liabilities	13,001	14,264
Total Non-Current Liabilities	23,866	31,783
Total Liabilities	53,075	158,647
Net Assets	53,793	82,500
Equity		
Issued capital	7 57,553	56,386
Other reserves	2,595	16,182
Accumulated Loss	(71,639)	(52,006)
Profits Reserve	65,284	61,938
Total Equity	53,793	82,500

The condensed consolidated statement of financial position is to be read in conjunction with the notes to the interim condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR
THE SIX MONTHS ENDED 31 DECEMBER 2021**

	Issued capital	Asset revaluation reserve ¹	Accum ulated Loss	Profits Reserve*	Other reserves ²	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	56,386	13,719	(52,006)	61,938	2,463	82,500
Comprehensive income for the period						
Profit/(Loss) for the period	-	-		(6,871)	-	(6,871)
<i>Other comprehensive income</i>						
Net exchange differences on translation of financial statements of foreign operations	-	-	-	-	(63)	(63)
Cashflow hedge reserve (net of tax)	-	-	-	-	153	153
Total comprehensive income for the period	-	-	-	(6,871)	90	(6,781)
Transactions with owners of the Company						
Share-based payment transactions	-	-	-	-	42	42
Transfer to accumulated losses			(19,633)	19,633		-
Transfer to Asset revaluation reserve to retained earnings on disposal of properties		(13,719)		13,719		-
Dividend reinvestment	1,167			(1,167)		-
Dividends paid				(21,968)		(21,968)
Balance at 31 December 2021	57,553	-	(71,639)	65,284	2,595	53,793
Balance at 1 July 2020	56,386	13,997	(45,631)	50,978	2,351	78,081
Comprehensive income for the period						
Profit/(Loss) for the period	-	-	-	5,700	-	5,700
<i>Other comprehensive income</i>						
Net exchange differences on translation of financial statements of foreign operations	-	-	-	-	6	6
Cashflow hedge reserve (net of tax)	-	-	-	-	104	104
Total comprehensive income for the period	-	-	-	5,700	110	5,810
Transactions with owners of the Company						
Share-based payment transactions	-	-	-	-	60	60
Balance at 31 December 2020	56,386	13,997	(45,631)	56,678	2,521	83,951

1. Asset revaluation reserve

The asset revaluation reserve includes the revaluation increments arising from the revaluation of land and buildings. On disposal of these properties during the half-year ended 31 December 2021, amounts contained in the asset revaluation reserve have been transferred to retained earnings

2. Other reserves

Other reserves comprise the foreign currency translation reserve, share based payment reserve and hedging reserve.

* Amounts transferred to/from the profits reserve characterise profits available for distribution as dividends in future years and reflects the amounts transferred by individual entities in the Group and is therefore not necessarily equivalent to the consolidated Group loss for the year.

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the interim condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX
MONTHS ENDED 31 DECEMBER 2021**

	31 Dec 21	31 Dec 20
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	148,416	222,183
Payments to suppliers and employees	(161,734)	(199,850)
Interest received	-	1
Interest and other costs of finance paid	(116)	(760)
Net cash provided by / (used in) operating activities	(13,434)	21,574
Cash flows from investing activities		
Payments for property, plant and equipment	(658)	(2,846)
Payments for intangibles	-	(682)
Dividends received	385	1,497
Acquisition of Trout River, net of cash	(472)	-
Proceeds from sale of Trailer Solutions business, net of cash*	4,973	-
Proceeds from sale of land and buildings	25,500	-
Net cash provided by / (used in) investing activities	29,728	(2,031)
Cash flows from financing activities		
Repayment of borrowings	(17,250)	(13,750)
Proceeds from borrowings	10,000	-
Dividends paid	(21,968)	-
Payment of leases	(2,930)	(4,793)
Net cash used in financing activities	(32,148)	(18,543)
Net increase / (decrease) in cash	(15,854)	1,000
Cash and cash equivalents at beginning of year	22,442	25,523
Cash and cash equivalents at end of period	6,588	26,523

Proceeds from sale of Trailer Solutions business, net of cash of \$4.9m represent total proceeds of \$7.3m, offset by \$2.3m of cash disposed of in Trout River.

The condensed consolidated statement of cash flows is to be read in conjunction with the notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

1. Statement of Compliance and Significant Accounting Policies

Reporting entity

MaxiPARTS Limited (the "Company"), formerly MaxiTRANS Limited, is a company domiciled in Australia and its registered office is 22 Efficient Drive, Truganina, Victoria. The interim condensed consolidated financial statements of the Company as at and for the six months ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2021 is available upon request from the Company's registered office at 22 Efficient Drive, Truganina, Victoria or at www.maxiparts.com.au.

Statement of compliance

The interim condensed consolidated financial statements are a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim condensed consolidated financial statements do not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2021.

These interim condensed consolidated financial statements were approved by the Board of Directors on 25 February 2022.

The Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and, accordingly, amounts in the interim condensed consolidated financial statements have been rounded to the nearest thousand dollars unless specifically stated otherwise.

The financial report contains comparative information that has been adjusted to align with the presentation of the current period, where necessary. The comparative information is restated due to the discontinued operation.

Significant accounting policies

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards and interpretations

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

There are no new or revised Standards, amendments or Interpretations impacting these interim condensed consolidated financial statements of the Group.

Accounting Estimates and Judgements

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

With the exception of the below, in preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2021.

The condensed consolidated statement of financial position at 31 December 2021 includes a receivable (recognised within trade and other receivables) of \$2.5m in relation to the completion accounts process between MaxiPARTS and ATSG. The receivable is in dispute with ATSG and it is intended to go through the dispute resolution process available under the Asset Sale Agreement. An independent expert is in the process of being appointed to determine the validity of the disputed amount, and the Group expects this process to be concluded during the second half of the financial year ending 30 June 2022. There is estimation uncertainty at 31 December 2021 in relation to the recoverability of the receivable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

2. Segment Information

It is the Group's policy that inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-bearing loans, borrowings and corporate assets and expenses. Total finance costs of the Group are included in unallocated corporate costs.

The Group reports on two Cash Generating Units (CGUs): Trailer Solutions business and MaxiPARTS. The assets of the Trailer Solutions business segment were disposed of on 31 August 2021 and is classified as discontinued operations, refer to note 6 for further details. The MaxiPARTS business sells trailer and truck parts at both a wholesale and retail level in Australia.

Business Segments	Trailer Solutions Business	MaxiPARTS*	Corporate / Eliminations	Total
	\$'000	\$'000	\$'000	\$'000
For the six months ended 31 December 2021				
Revenue				
External segment revenue	43,592	68,306	-	111,898
Inter-segment revenue	485	4,280	(4,765)	0
Total segment revenue	44,077	72,586	(4,765)	111,898
Total Revenue	44,077	72,586	(4,765)	111,898
Segment Result				
Segment profit/(loss) pre associate, interest and significant items	(4,482)	6,327	(1,317)	528
Interest income	1	-	40	41
Interest expense	(563)	(448)	(110)	(1,121)
Segment net profit/(loss) before tax (Excluding significant items)	(5,044)	5,879	(1,387)	(552)
Significant items, before tax				
Acquisition / Disposal / Transaction costs	(3,910)	(120)	-	(4,030)
Segment net profit/(loss) before tax (Including significant items)	(8,954)	5,759	(1,387)	(4,582)
Income tax expense	-	-	(2,289)	(2,289)
Net profit/(loss) after tax	(8,954)	5,759	(3,676)	(6,871)
Depreciation and amortisation	-	2,026	19	2,045
Total depreciation and amortisation	-	2,026	19	2,045
As at 31 December 2021				
Assets				
Segment assets	0	81,458	-	81,458
Unallocated corporate assets	-	-	25,410	25,410
Consolidated total assets	0	81,458	25,410	106,868
Liabilities				
Segment liabilities	-	39,956	-	39,956
Unallocated corporate liabilities	-	-	13,119	13,119
Consolidated total liabilities	-	39,956	13,119	53,075
Capital expenditure	333	326	-	659
Unallocated capital expenditure	-	-	-	-
Total capital expenditure	333	326	-	659

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Business Segments	Trailer Solutions Business	MaxiPARTS	Corporate/ Elimin ations	Total
	\$'000	\$'000	\$'000	\$'000
For the six months ended 31 December 2020				
Revenue				
External segment revenue	125,832	58,773	-	184,605
Inter-segment revenue	1,073	9,846	(10,919)	-
Total segment revenue	126,905	68,619	(10,919)	184,605
Total Revenue	126,905	68,619	(10,919)	184,605
Segment Result				
Segment profit/(loss) pre associate, interest and significant items	7,312	5,810	(3,697)	9,425
Share of net profit of equity accounted investments	1,342	-	-	1,342
Interest income	-	-	1	1
Interest expense	(1,146)	(517)	(761)	(2,424)
Segment net profit/(loss) before tax (Excluding significant items)	7,508	5,293	(4,457)	8,344
Significant items, before tax				
Litigation costs	-	-	(361)	(361)
Segment net profit/(loss) before tax (Including significant items)	7,508	5,293	(4,818)	7,983
Income tax expense	-	-	(2,283)	(2,283)
Net profit/(loss) after tax	7,508	5,293	(7,101)	5,700
Depreciation and amortisation	1,332	1,896	680	3,908
Total depreciation and amortisation	1,332	1,896	680	3,908
As at 31 December 2020				
Assets				
Segment assets	111,280	66,721	-	178,001
Unallocated corporate assets	-	-	60,202	60,204
Consolidated total assets	111,280	66,721	60,202	238,205
Liabilities				
Segment liabilities	89,834	32,133	-	121,967
Unallocated corporate liabilities	-	-	32,287	32,287
Consolidated total liabilities	89,834	32,133	32,287	154,254
Capital expenditure	2,508	36	-	2,544
Unallocated capital expenditure	-	-	301	301
Total capital expenditure	2,508	36	301	2,845

Reconciliations of information on reportable segments to the amounts reported in the financial statements

	Company	
	31 Dec 21	31 Dec 20
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	111,898	184,605
Elimination of discontinued operations	(43,896)	(126,716)
Revenue from continuing operations	68,002	57,889
Profit before tax		
Total Profit / (Loss) before tax for reportable segments	(4,582)	7,983
Elimination of discontinued operations	9,027	(6,655)
Profit before tax from continuing operations	4,445	1,327

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

3. Revenue from customers

Information regarding the disaggregation of the Group's revenue with customers is presented below.

	Segment		31-Dec-21	Segment		31-Dec-20
	Trailer Solutions Business	MaxiPARTS*	Total	Trailer Solutions Business	MaxiPARTS	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Type of Good or Service						
Trailer Sales	42,375	-	42,375	120,345	-	120,345
Sale of parts	-	68,306	68,306	-	58,773	58,773
Revenue from sale of goods	42,375	68,306	110,681	120,345	58,773	179,118
Trailer Repairs and other services	1,217	-	1,217	5,487	-	5,487
Total Group Revenue	43,592	68,306	111,898	125,832	58,773	184,605
Geographical Market						
Australia	40,069	68,306	108,375	119,399	58,773	178,172
New Zealand	3,523	-	3,523	6,433	-	6,433
Total Group Revenue	43,592	68,306	111,898	125,832	58,773	184,605

* MaxiPARTS segment includes revenue of \$0.3m in 1H FY22 and revenue \$0.9 in 1H FY21 which is classified as discontinued operations.

4. Income tax (expense) / benefit

	31-Dec-21	31-Dec-20
	\$'000	\$'000
(a) Income tax		
Reconciliation of tax (expense) / benefit		
Prima facie tax receivable / (payable) on profit / (loss) before tax at 30% (2020: 30%)	1,374	(2,395)
Add/(deduct) tax effect of:		
Non-deductible expenditure / (Non-taxable income)	(395)	(215)
Associate equity accounted income	-	403
Under/(over) provision in prior year	228	(68)
Unrecoverable deferred tax asset write-off (NZ entity)	(3,496)	-
Impact of tax rates in foreign jurisdictions	-	(8)
	(3,663)	112
Income tax expense on consolidated profit or loss	(2,289)	(2,283)
Amounts recognised in profit or loss:		
Current tax expense	(17,924)	(3,026)
Prior year under/(over) provision	205	(45)
Deferred tax expense		
- origination and reversal of temporary difference	15,407	811
- prior year under/(over) - deferred differences	23	(23)
Income tax expense on consolidated profit or loss	(2,289)	(2,283)
(b) Income tax expense is made up of:		
Income tax expense on continuing operations	(1,673)	(358)
Income tax benefit/(expense) on discontinued operations	(616)	(1,925)
Income tax expense on consolidated profit or loss	(2,289)	(2,283)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

5. Interest bearing loans and borrowings

The Group established a new bank facility agreement with the Commonwealth Bank of Australia on 1 September 2021. The previous syndicated bank facility agreement with Commonwealth Bank of Australia and HSBC Bank ceased on 31 August 2021, at the same time as the sale of the Trailers Solutions business and properties.

At 31 December 2021, the Group had the following financing facilities in place:

		Facility Amount	Utilised	Available
Consolidated	Maturity	\$'000	\$'000	\$'000
Loan facility	30 September 2024	10,000	10,000	-
Overdraft facility	1 September 2022	1,000	-	1,000
Total Loans		11,000	10,000	1,000
Multi-option facility	1 September 2022	3,600	3,465	135
Total facilities		14,600	13,465	1,135

At 30 June 2020, the Group had the below financing facilities in place. This facility ended at the time of the sale of the Trailer Solutions business, an effective date of 31 August 2021.

		Facility Amount	Utilised	Available
Consolidated	Maturity	\$'000	\$'000	\$'000
Loan facility	Ended 31 August 2021	24,000	17,250	6,750
Overdraft facility	Ended 31 August 2021	4,960	-	4,960
Total Loans		28,960	17,250	11,710
Multi-option facility	Ended 31 August 2021	5,040	3,431	1,609
Total facilities		34,000	20,681	13,319

Interest rates are variable for the Groups current facilities.

The terms and conditions of the bank facilities contain covenants in relation to adjusted Earnings before interest, tax, depreciation and amortisation and Tangible Asset ratio. All covenants were satisfied as at 31 December 2021 and during the six months ended on that date.

6. Discontinued Operations

On 31 August 2021 the Group completed the transaction for the sale of the Trailer Solutions business and Ballarat property to Australian Trailer Solutions Group Pty Ltd (ATSG), and subsequently completed the sale of both the Derrimut and Hallam properties, both utilised for Trailer Solutions business, to another third party. The assets of the Trailer Solutions business were classified as held for sale as at 30 June 2021.

The comparative consolidated statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

6a. Results of discontinued operation

	Dec-21 \$'000	Dec-20 \$'000
Discontinued operation		
Sale of goods	43,896	126,716
Other income	98	5,411
Loss on sale of discontinued operations	(3,870)	-
Gain on sale of land and buildings	306	-
Expenses	(49,457)	(126,814)
Share of net profit of equity accounted investments	-	1,342
Profit / (Loss) before income tax	(9,027)	6,655
Income tax expense	(616)	(1,925)
Profit / (Loss) from discontinued operation, net of tax	(9,643)	4,730

6b. Cash flows from discontinued operation

	2021 \$'000	2020 \$'000
Discontinued operation		
Net cash inflows / (outflows) from operating activities	(11,387)	13,529
Net cash inflows / (outflows) from investing activities	29,927	(4,410)
Net cash inflows / (outflows) from financing activities	(861)	(3,337)
Net cash from discontinued operation	17,679	5,782

Cash inflows generated from the sale of Trailer Solutions business and land and buildings was utilised by the Group for the pay down of debt and for distribution to the shareholders by way of a 62.5c per share special dividend.

6c. Effect of disposal on the financial position of the group

	Dec-21 \$'000
Cash and cash equivalents	(2,328)
Trade and other receivables	(1,878)
Property, plant and equipment	(4,929)
Inventories	(36,667)
Prepayments	(1,435)
Investment in associates	(3,122)
Land and buildings	(25,193)
Intangible assets	(15,085)
Deferred tax assets (NZ entity)	(3,496)
Right of use asset	(30,744)
Total Assets	(124,877)
Trade and other payables	657
Other Liabilities	1,640
Current tax liability	215
Provisions	11,762
Lease liability	56,447
Total Liabilities	70,721
Net assets	(54,156)

6d. Other receivables in relation to the sale of the Trailer Solutions business

The condensed consolidated statement of financial position at 31 December 2021 includes a receivable (recognised within trade and other receivables) of \$2.5m in relation to the completion accounts process between MaxiPARTS and ATSG. The receivable is in dispute with ATSG and it is intended to go through the dispute resolution process available under the Asset Sale Agreement. An independent expert is in the process of being appointed to determine the validity of the disputed amount, and the Group expects this process to be concluded during the second half of the financial year ending 30 June 2022.

The condensed consolidated statement of financial position at 31 December 2021 includes a deferred consideration receivable (recognised within financial assets) from ATSG for \$4.0m, the receivable has a maximum term of two years from the completion date of 31 August 2021, with interest chargeable at 3% pa for the first 6 months, 5% pa for the next 6 months and 8% pa thereafter.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

6e. Other liabilities or contingent liabilities related to the sale of the Trailer Solutions business

ATSG assumed all liabilities of the Trailer Solutions business with the exception of Trade Creditors which have subsequently been paid by the Group, and a cap limiting the amount of Customer Warranties exposure to ATSG to \$2.35m.

The Asset Sale Agreement for the sale of the Trailer Solutions business also included the customary warranties and indemnities, which are subject to usual limitations. The Group's liability for claims under the warranties is capped at the purchase price.

7. Issued Capital

	31 Dec 21		Restated * 31 Dec 20	
	Number of Ordinary Shares	Share Capital \$'000	Number of Ordinary Shares	Share Capital \$'000
Issued Ordinary Shares *	37,015,621	56,386	37,015,621	56,386
Share issued during period	379,905	1,167		
No. of shares at the end of the period	37,395,526	57,553	37,015,621	56,386
Weighted average number of ordinary shares	37,030,153		37,015,621	

The Group completed a share consolidation of 1 share for every 5 previously held with an effective date of 27 August 2021.

On 24 December 2021, the Group paid a special dividend of 62.5c per share (fully franked), and this included offering eligible shareholders the opportunity to reinvest their dividends in additional fully paid shares in the Company. The special dividend ensured that the shareholders received a direct benefit from the sale of the Trailer Solutions Business and the Derrimut and Hallam properties. 379,905 shares were issued during the period from shareholders electing to participate in the Dividend Reinvestment Plan, with an issued date of 24 December 2021.

* The comparative information for weighted average number of shares is restated due to share consolidation for 1 share for every 5 previously held

8. Events Subsequent to Reporting Date

On 1 February 2022, the Group announced it had entered into an agreement to acquire the inventory and assets of Truckzone Group for an estimated \$18.0m in cash, subject to customary working capital adjustments. The Group also announced a \$25m equity raise through a combined placement and an accelerate non-renounceable entitlement offer. The proceeds of the equity raise will fully fund the acquisition of Truckzone Group and associated transaction and integration costs, while also provide working capital flexibility and funding for further organic growth initiatives.

The acquisition of Truckzone settled on 21 February 2022 with \$10.0m payable on completion and the balance payable after inventory valuation is finalised post stocktakes.

Due to the acquisition completing near the date these interim condensed consolidated financial statements were approved, the net identifiable assets acquired has not been disclosed due to the ongoing work to be carried out on the identification and valuation of the net assets acquired.

The Placement and Institutional Entitlement Offer component of the equity raise has completed with new shares issued on the 9 February 2022, raising \$20.4m in funds. The Retail offer is due to close on 3 March 2022 and is expected to raise a further \$4.6m. All shares under the Placement and Entitlement Offer will be issued at a fixed price of \$2.50 per new share, with 10.0m new shares on offer in total.



Independent Auditor's Review Report

To the shareholders of MaxiPARTS Limited

Report on the Interim Condensed Consolidated Financial Statements

Conclusion

We have reviewed the accompanying **Interim Condensed Consolidated Financial Statements** of MaxiPARTS Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Condensed Consolidated Financial Statements of MaxiPARTS Limited do not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Condensed Consolidated Financial Statements** comprises

- Condensed consolidated statement of financial position as at 31 December 2021;
- Condensed consolidated statement of profit or loss; Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises MaxiPARTS Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Condensed Consolidated Financial Statements

The Directors of the Company are responsible for:

- the preparation of the Interim Condensed Consolidated Financial Statements that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Condensed Consolidated Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Condensed Consolidated Financial Statements

Our responsibility is to express a conclusion on the Interim Condensed Consolidated Financial Statements based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Condensed Consolidated Financial Statements does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Vicky Carlson

Partner

Melbourne

25 February 2022