

# PART OF EVERY JOURNEY

Annual Report 2022



# SETTING THE PATHWAY TO GROWTH

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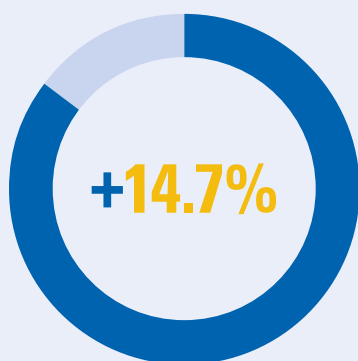
## Why MaxiPARTS

MaxiPARTS is one of the largest distributors of commercial truck and trailer parts in Australia. With 27 stores conveniently situated across Australia, we are committed to providing our customers with high-quality products and exceptional customer service.

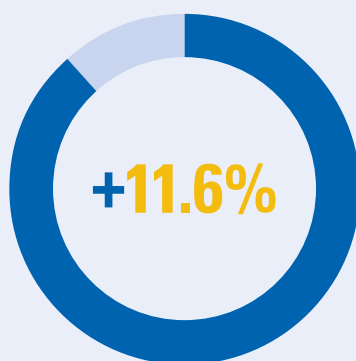
In addition to our own brands MAXUS and Exxel, we have developed strategic relationships with some of the world's leading automotive suppliers, ensuring we have a wide range of options available in both OEM and aftermarket products.

### 2022 Financial Highlights

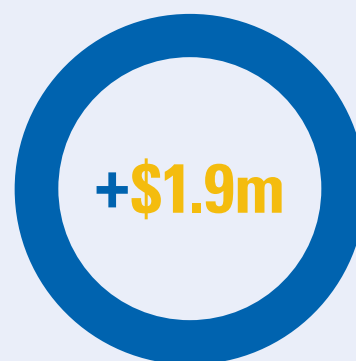
Revenue  
\$157.4m



MaxiPARTS Segment Profit  
excluding corporate cost (\$14.5m)



Net Cash Position



# FY22 and The Journey Ahead

In FY22 the business saw significant change and undertook a major transformation as it began the journey to set itself up on a path that would enable it to capitalise on the foundations of being a pure play, commercial parts focused business; setting a pathway for future growth.

In a year full of change, the first milestone began in August 2021 when MaxiTRANS sold off its 'big brother' in the Trailer solutions business to the private market.

Separating the businesses required significant effort both commercially and through the separation of the joint supply and business functions. Post-sale of the business the Group went through a name change from MaxiTRANS to MaxiPARTS. In the end through the sale of the business and associated properties, the Group was able to reduce the ongoing Group's debt and pay out a special dividend of 62.5 cents per share.

The outcome of the separation resulted in letting the 'jewel' of the business come out of the shadows and establish itself with its peers as a pure play, commercial parts business with renewed focus and access to capital for executing its growth plans.

Post-separation the business remained focused and committed to providing our customers with quality parts and great service, resulting in further Revenue and Profit growth in the underlying business.

With the Group refocused and energised for further accelerated growth, MaxiPARTS followed its strategic rationale and core strategy which led to the second major milestone of the year in February 2022 with the acquisition of Truckzone Group only a few months after separation. For more information regarding the Truckzone Acquisition, refer to page 08.

The acquisition of the Truckzone business so early in our journey as a dedicated parts distribution business has accelerated our strategic growth plans surrounding network and core product expansion, allowing us to remain well-positioned as one of the industry leaders.

The Group remains focused to execute on the growth synergies expected from the Truckzone acquisition and financially strong to continue to add value through further organic and inorganic strategic growth projects that are in-line with the Group's strategic rationale.

## Value Proposition

To provide our Customers with quality products and exceptional service.

MaxiPARTS adds value by partnering with customers to meet individual supply chain needs and leverage its national footprint, providing cost-effective solutions.



# The Chairman's Report

Dear Shareholders,

The Managing Directors report will focus in some detail on the trading performance, however, I would like to highlight the fact that despite the business working through significant projects in respect of the disposal of the Trailer solutions business and then the acquisition of the Truckzone business, as well as managing the significant short term challenges presented through the year in terms of staff isolations (COVID-19), global supply chain disruption and significant weather events, the underlying MaxiPARTS business continued to deliver growth at both a Revenue and Profit level.

This ability to deliver consistent growth, profit improvement, enhanced cash generation and higher valuation multiples was the fundamental reason the company completed the disposal of the Trailer solutions business and is now positioned as a market leader in the commercial vehicle parts industry and pure distribution business.

The acquisition of the Truckzone business, so early in our journey as a pure distribution business is exciting. With this acquisition allowing us to accelerate our growth over the coming years through two key strategic areas of network and core product expansion. To find an opportunity that covered both of these areas, in a business with some scale made the acquisition extremely well aligned with the stated strategy we presented to the market earlier in the year.

The support we received from all different size and types of shareholders through the capital raising process that allowed us to complete the acquisition, was very strong.

As a Board and business we thank you for your trust and support through this process.

With the changes seen in our business, along with an overall business landscape that is changing at a rate rarely (if ever) seen, we have reviewed our previous plans and updated our strategic plan to take the business forward. As illustrated in recently released investor packs, our strategic plan focuses on four key pillars of activity being:

- **Network**
- **People**
- **Product**
- **Systems and Solutions**

The focused initiatives within these pillars are designed to not only drive growth in the business, but to ensure the foundations remain in place to support this growth over a sustained period.

After a number of periods where the business had not been electing to pay dividends to address the capital constraint the business worked through, we are pleased to have completed the significant capital return to shareholders in the first half through the special dividend of 62.5 cents (allowing higher than normal utilisation of franking credits) and



declare a FY22 H2 dividend of 2.5 cents, in line with our previously stated dividend distribution intention.

Finally, as previously outlined, the Board has been working through a Board renewal program on the basis of finding the balance between maintaining stability and continuity at a Board level as well as bringing in new Directors with fresh, innovative ideas and different experiences that are closely aligned to the core operations of the distribution business. This program has progressed well during the year with Gino Butera and Debra Stirling joining the Board and Mary Verschuer being appointed Deputy Chair as part of this Board renewal process.

The Board and I thank you for your support, in what has been a year of significant change for the business.

Regards,

A handwritten signature in black ink that reads "Rob Wylie". The signature is written in a cursive, slightly stylized font.

**Rob Wylie**  
Chairman

# Managing Director Report



FY22 was a year of significant change for the business and one that provided many challenges to our employees. As has been the case over the last two years, our employees once again adapted, prioritised, and remained focus on meeting our customers' needs in a very challenging environment so I would like to thank them all for their support and contribution.

During the year, the business worked through various projects to ensure our safety program was suitable for the distribution business that we are today, as well as ensuring we integrated the Truckzone business to quickly lift the safety standards of those new sites to be in-line with the larger Group.

The traditional parts business incurred four recordable injuries in the financial year which although disappointing, is consistent with the average over the past 3 years. That said, on a positive note, the last 7 months of the year saw zero injuries recorded demonstrating that real progress has been made. There were two recordable injuries in the newly acquired Truckzone sites over the 4 months of operation, which was a significant reduction over the historical performance of those sites and once again, we saw strong improvement at the end of the year with May and June being injury free.

Until we are injury free, we will never be happy with our safety performance, but we do believe we have made strong improvements over the year and are well placed as we move forward.

The second half of the year (particularly Q3) saw short-term periods of high disruption for MaxiPARTS and our customer base in terms of staffing shortages due to COVID-19 as well as several significant weather events in QLD and NSW driving localised flooding. Through strong COVID-19 operating protocols and quickly moving staff around the network, the business has not lost a trading day due to the pandemic and although we had a small number of sites isolated and unable to operate through parts of the floods, we did not see any damage or long-term impacts. Demonstrating the adaptability of the business and the industry in general, we saw the business quickly rebound to see the sales per day average in Q4 reach record levels.

As has been well published, the global supply chain disruption continued through the period with general expectations being it will continue for some time yet. Through a combination of strong internal processes and long and established supply relationships we managed to minimise these impacts and maintained average fill rates over the period.

Despite both the short and longer-term challenges described above, the transport industry and the market we operate in remained extremely resilient and continues to demonstrate the essential role it plays in our communities and economy.

## Year in Review

### Cash and Debt

The business ended the year with a closing cash balance of \$11.9m and a positive net cash/debt position of \$1.9m.

As a result of both the sale of the Trailer solutions business and the Truckzone acquisition there were several larger financing events in the year including:

- Cash received from the sale of the Trailer solutions business and associated properties (\$30.5m);
- Payment of a 62.5 cent special dividend, (\$22m);
- Renegotiation of the Group's debt facility post the Trailer sale with a net debt reduction of (\$7.25m) in the year (new \$10m facility in place);
- Capital raising to fund the Truckzone acquisition (\$23.7m net of fees); and
- Acquisition of the Truckzone business (\$18.3m).



# 11.6%

**MaxiPARTS  
segment profit  
excluding corporate  
cost (\$14.5m)**

The above combined with (\$11.7m) negative operating cash flow with:

- the discontinued operations generating negative (\$11.6m); and
- negative cash flow from the continuing MaxiPARTS operations of (\$0.1m).

Operating cash flow from the MaxiPARTS operations was impacted by an investment in inventory in H1 as the business filled supply gaps from the prior year and adjusted inventory management settings to help manage the ongoing supply disruption. These inventory levels were maintained in H2, and the business started to recover the excess inventory identified through the Truckzone acquisition (\$1.3m recovered over Q4). The supply to the Trailer solutions business also transitioned to an external trade account that drove a one-off lag impact to operating cash flow.

Debtors days remained in line with expectations with the business experiencing an incredibly low amount of bad debt during the period.

## Operating Results

Total Revenue from the continuing operations was \$157.4m with \$13.6m of this revenue coming from the Truckzone sites acquired at the end of February 2022 and \$143.8m generated through the traditional MaxiPARTS business, being a record sales result for the Group.

Sales to the previously owned Trailer business tracked as expected post separation with volume into the manufacturing business increasing marginally year on year on the back of higher production rates being offset by a reduction through to the service area. The reduction in service was accompanied by a change in operating structure that saw both operating costs and inventory move to the Trailer operations resulting in no material change in profit allocations between the businesses.

The remaining revenue base, being non-Truckzone/non-Trailer business related increased by 8.3% year on year through a combination of price increases to recover increased supply costs and volume gains.

Despite various supplier increases combining with importation costs remaining high, we were able to recover supply cost increases through pricing adjustments to maintain margin levels materially in line with the prior year.

The net profit after tax from the continued operations was \$4.9m for the year. The reported loss for the year of (\$4.9m) was impacted by a variety of items including the discounted Trailer operations and costs associated with the disposal, changes in corporate cost allocations and abnormal costs related to the Truckzone acquisition.

## Outlook

As outlined above, the transport industry generally and the parts distribution businesses that operate within it (including MaxiPARTS) have proven to be very resilient over the various economic cycles so despite the ongoing inflationary challenges facing the economy and the uncertainty around the impact of higher petrol prices that significantly impacts our customer base, we expect to deliver ongoing revenue and profit improvements in the coming period.

We do expect to see a reduction in low margin sales to the formerly owned Trailer solutions business in FY23-H2 as both businesses look to reduce reliance on each other. This reduction in sales would also drive a reduction in cost and inventory holdings.



**\$143.8m was generated through the traditional MaxiPARTS business, being a record sales result for the Group.**

The business will be focused on realising the cost and revenue synergies associated with the Truckzone acquisition and will potentially look at further network expansion over the course of the year.

On the back of planned site relocations in Brisbane and Adelaide during the year and some one-off Capital expenditure related to the final items of the Truckzone acquisition the business does expect to have a higher than traditional capital expenditure year.



**Peter Loimaranta**  
Managing Director & CEO

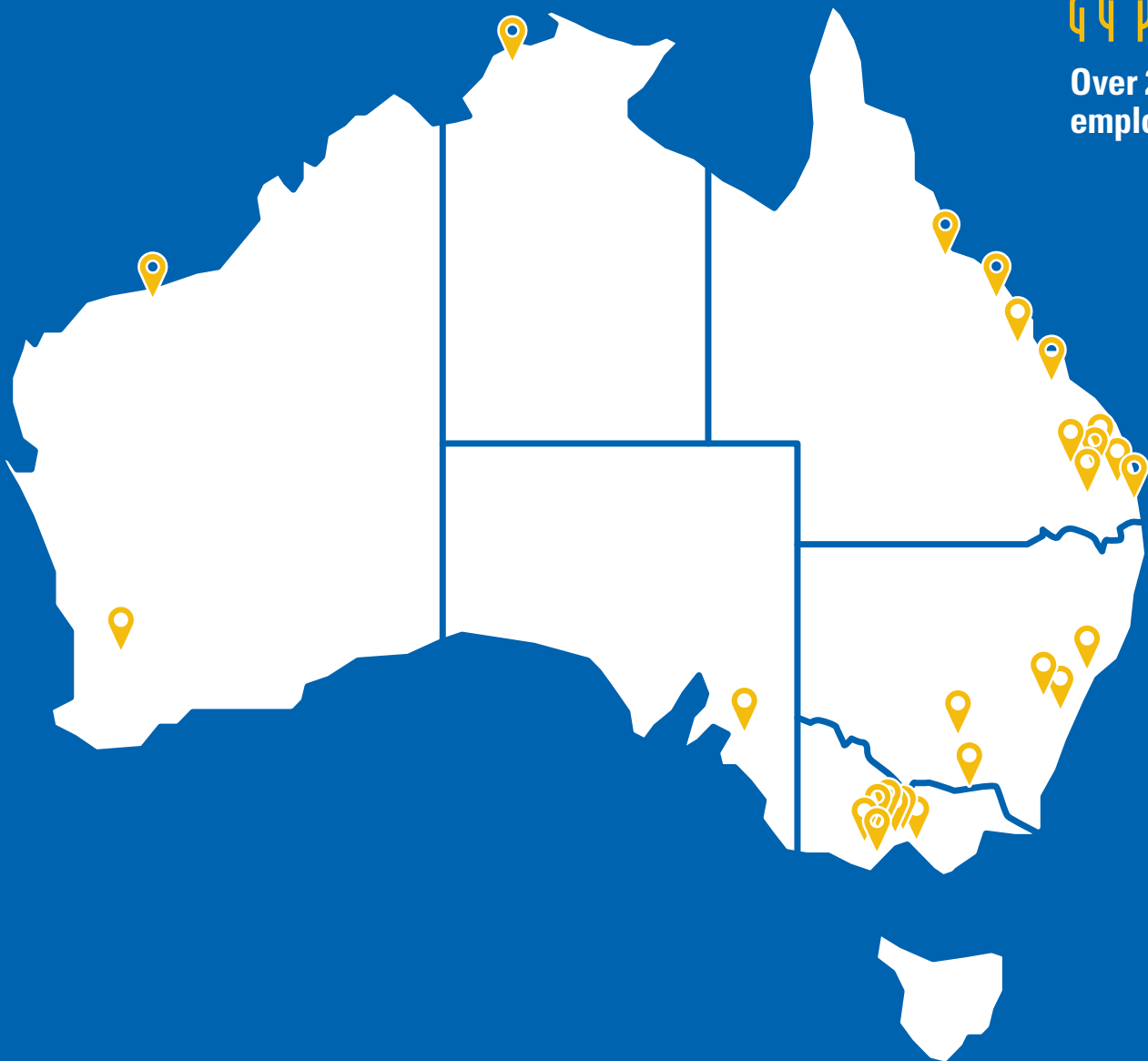
## Business Overview

# SUPPORTING OUR CUSTOMERS NATIONALLY

With an existing national, company-owned network and plans to further expand this in future periods, MaxiPARTS is well placed to support customers at either a local or national level.



Over 250 employees







## MaxiPARTS is one of Australia's leading independent commercial vehicle parts distribution companies.



National footprint with 28 stores (as of June 2022) with two further store consolidations to take place in Q1



Distributor of leading genuine brands as well as having an extensive range of aftermarket commercial vehicle parts



One of Australia's largest importers of aftermarket commercial vehicle parts



\$45m of inventory and over 45,000 different stock keeping units throughout the network

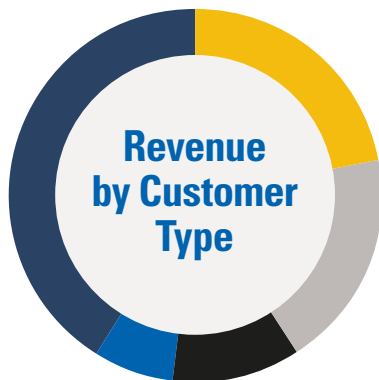


Over 11,500 individual account customers (excluding cash) customers

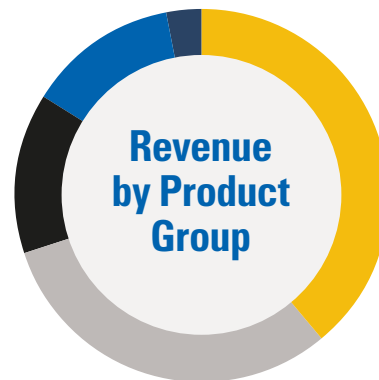


Two established private label brands

## Strategic supply partnerships with some of the world's leading automotive suppliers.



- Fleet 22%
- Trailer OE 19%
- Workshops 11%
- Resellers 7%
- Cash and other 41%



- Axles, Suspensions, Tyres, Wheels, Brakes 39%
- Other General Products 31%
- Trailer Products 14%
- Truck, Engine, Filtration, Oil, Lubricants, Consumables 13%
- Japanese Truck Products 3%

\* Revenue data based on March to June 2022 (including Truckzone acquisition).

# Truckzone Group Acquisition

On the 1st February 2022, MaxiPARTS announced it had entered into an Asset Sale Agreement with Truckzone Group to acquire the businesses known as Truckzone, Coburg Truck Parts and Parts Peek.

The transaction was subsequently completed on 21st February 2022 and significantly expanded MaxiPARTS' operations. This was the first major strategic growth project since the MaxiPARTS business separated from the Trailer solutions business in August 2021.

Since the acquisition, all former Truckzone operations have been successfully integrated into MaxiPARTS and the combined businesses are now trading under the MaxiPARTS brand.

The strategic rationale for acquiring the Truckzone business was compelling and represented an exceptionally strong match to our stated M&A criteria.

## Strategic Rationale



### Immediate Geographical Expansion

- Positions MaxiPARTS as one of the largest independent multi-site commercial vehicle parts only businesses in Australia with a strong geographic footprint.
- Significantly expands existing geographic footprint and provides further scale in existing markets.
  - Additional 7 sites added to the MaxiPARTS portfolio (post store rationalisation).
- Ability to consolidate three Truckzone metro stores into existing MaxiPARTS branches to increase scalability.



### Expansion of Core Product Range

- Rapid expansion to the core product range underpinning future growth.
- Provides access to new range of quality high margin products including an established Japanese parts program.
- Combining the core product range strengths of MaxiPARTS and Truckzone offers an expanded product range throughout the enlarged business.
- Immediately increases the MaxiPARTS customer base and reduces key customer reliance risk.



### Aligns with Company Core and M&A Strategy

- Commercial truck and trailer parts provider with a national store network.
- Ideal in terms of size and allows consolidation of one of the largest non-listed groups in the market.
- Attractive acquisition multiple and identified synergies to be realised within 2 years.
- Compatible culture to facilitate corporate fit and integration.



### Accretive Opportunity with Identified Financial Synergies

- Highly complementary acquisition with mid-to-high single digit EPS accretion expected in FY24 inclusive of cost synergies.
- Cost synergies related to site consolidation and supply chain savings of \$2.5m (fully realised in FY24 – excluding implementation costs).
- In addition, revenue synergies are expected to be realised through the expanded core product range and network expansion.
- Strategic fixed asset acquisition with minimal goodwill included as part of the transaction.

## Aligns with Core M&A Strategy



### MaxiPARTS M&A Criteria



### Truckzone Acquisition

Operating in commercial vehicle parts market	✓	Commercial trailer and trucking parts supplier
Enhances product range and geographies	✓	Adds significant geographical scale and enhances core product range
Clear post-acquisition integration and growth strategy	✓	Detailed integration planning is in process and strong growth synergies identified
Cultural and Corporate fit	✓	Compatible culture to facilitate corporate fit and integration
Experienced Leadership Team	✓	Strong leadership team with a track record of building commercial truck and trailer parts and accessories businesses
Attractive valuation and earnings accretive	✓	Strong synergies identified, minimal goodwill and ability to recover inventory over time creating an accretive opportunity

The Truckzone Acquisition sits in the 'sweet spot' of MaxiPARTS' M&A criteria

## Geographic Expansion



Increases network by 7 sites post consolidation



## Truckzone Group Acquisition continued





## Expansion of Core Product Range

Although a significant amount of the core products groups crossed over, combining the businesses has improved supplier scale and purchasing benefits in addition to providing a stronger overall core offering with MaxiPARTS traditional strength in Trailer products combining with the Truckzone strengths in the Truck segment.

Whether you are looking at the connection of network, product range or staff, the outcome results in the same answer – MaxiPARTS is now a stronger business with a great opportunity to add value to our customers and shareholders as a result of the Truckzone acquisition.



## People

Whilst network and product expansion are beneficial, it is the staff that has made both MaxiPARTS and Truckzone successful over the years. The joining of these teams has already started to show real benefits for the Group, with enhancements in technical skills and internal product knowledge.

### MaxiPARTS stores to benefit from integration of Truckzone product range

Truckzone products to be integrated into MaxiPARTS stores



### Enhanced benefits to both MaxiPARTS and Truckzone product range



MaxiPARTS products to be integrated into Truckzone stores

### Truckzone stores to benefit from integration of MaxiPARTS product range

# Online Acceleration

Turning back the clock to the start of 2020, MaxiPARTS had a limited online presence, which was common practice across the industry. The adoption of providing customers with an e-Commerce offering was slow.

As COVID-19 came and endured, it was clear that the pandemic had accelerated the adoption of e-Commerce, and whilst the MaxiPARTS retail stores were still operational as an essential business, there was a noticeable shift in our customers' buying behaviour. It became evident businesses that had already invested in such solutions were well-placed to cope with increased demand and become a reliable online retailer for a growing customer base.

Thankfully, considerable progress was already underway to enhance our current e-Commerce offerings. In October 2020, we commenced a project to update our B2C and B2B e-Commerce platform to maximise our existing offering.

The investment into the new system improved the customer experience and ease in which they could transact and fully integrated with our ERP system – Momentum Pro, allowing for live product data feeds, pricing, and availability across tens of thousands of products.

In September 2021, the new e-Commerce platform launched, providing customers with a strong omnichannel offering through improved website useability and intuitive flow, along with an expanded product range and effective product cataloguing processes in place.

Many customers turned to online purchasing initially out of necessity during COVID-19 protocols, however the strong year-on-year growth we experienced suggests the shift is here to stay. Our e-Commerce sales channel is currently smaller than our traditional retail network, we expect to see a continued growth and sales increase in the next 12 months that will see monthly revenue equal to that of our smaller retail stores.

To date, the MaxiPARTS website has over 15,000 products catalogued and available for purchasing online, with the mandate to keep expanding this range.

Building a solid e-Commerce strategy to capture this fast-growing market will undoubtedly be a challenge but also provides a massive opportunity to increase scale and profitability potential. We must continue investing in our online presence as more customers are choosing to purchase their parts online.

Our strategy surrounding this is simple – become a one-stop online shop for truck and trailer parts; the investments we have made to date ensure we are in a strong position to capitalise on emerging trends and drive growth within this space.





In September 2021, the new e-Commerce platform launched



Over 15,000 products catalogued on the MaxiPARTS website



Find My Part function with search by interactive product drawings



B2C and B2B offering



# Board and Leadership Team



## Executive Leadership Team

As a result of strong succession and talent management processes of the Group, all new Executive Leadership roles were internally filled after the sale of the Trailer solutions business by a combination of managers from both MaxiPARTS operational and corporate support departments. The acquisition of Truckzone Group also enabled us to look internally for key roles as we made adjustments to suit the expanded business.

## Board and Management Transition

With the sale of the Trailer solutions business in August 2021, the core operations of the Group changed into what is now a dedicated and focused commercial parts distribution business.

These changes led to the formation of a new Executive Leadership Team as well as the Board ensuring it has used the previously planned Director transitions to ensure the skills and experience of the Board match the new core operations.



## Executive Leadership Team



**Peter Loimaranta**  
**Chief Executive Officer and**  
**Managing Director**

Appointed to role in September 2021.

17+ years at MXI, including 12 + years running MaxiPARTS.



**Liz Blockley**  
**Chief Financial Officer and**  
**Company Secretary**

Appointed to the role in September 2021 after 2.5 years at MXI as Group Financial Controller.

Previously, 20 years of experience in variety of finance and commercial roles, including most recently CFO of Mastermyne (ASX:MYE).



**Neil Auld**  
**GM – Product and Procurement**

Joined MaxiPARTS from Truckzone as part of the acquisition in February 2022.

20+ years' experience within the Heavy Transport Parts industry in Operational Management, Product Development and Sales Management Roles.

Experience working for both larger aftermarket suppliers and various Truck OE's.



**Heath Mooney**  
**GM – Sales and Distribution**

Appointed to role in September 2021 after 5+ years at MXI, including 3 years as National Operations Manager.

Previously, 20 years' experience in various branch, regional management, and commercial roles in parts businesses.



**Narelle Banfield**  
**GM – People, Safety and Culture**

Appointed to the role in May 2022 after 2 years at MXI within various HR leadership roles.

Previously, 20+ years of Senior HR & Cultural Change roles across a variety of industries Australia wide including retail, mining and construction, hospitality, manufacturing, logistics and FMCG.



## Board and Leadership Team continued



### Board of Directors

Over the last 18 months, the Board has been working through a planned Director transition process. This has provided a balance between maintaining stability and continuity at a Board level as well as bringing in new Directors with fresh, innovative ideas and different experiences that are closely aligned to the core operations of the distribution business we have today. These changes have seen Gino Butera and Debra Stirling join as Directors over the last year.

In April 2022, the Group announced the appointment of Mary Verschuer as Deputy Chair as part of this Board renewal process. Rob Wylie previously stated he would not stand for re-election when his current term ends at the 2023 AGM.

## Board of Directors



**Robert Wylie**  
**Chairman,**  
**Independent**  
**Non-Executive**  
**Director**

Currently a Director of The Walter and Eliza Hall Institute of Medical Research, Mr. Wylie has wide ranging experience in professional service in a variety of management roles with Deloitte. He has previously held senior positions with Deloitte Touche USA LLP. Prior to this, he was Deputy Managing Partner Asia Pacific. This followed a long career with Deloitte Australia, including 8 years as National Chairman. Mr. Wylie also served on the Global Board of Directors and the Governance Committee of Deloitte Touche Tohmatsu and the Global Board of Directors of Deloitte Consulting. Mr. Wylie is also a former National President of the Institute of Chartered Accountants in Australia. Formerly a Director of Elders Limited from November 2009 to August 2012 and Director of both Centro Properties Limited and CPT Manager Limited from October 2008 to December 2011.



**Mary Verschuer**  
**Deputy Chair,**  
**Independent**  
**Non-Executive**  
**Director**

Ms. Verschuer is an experienced Non-Executive Director and is currently President of The Infants' Home, a provider of integrated early childhood education, family day care, early intervention, and health services. Ms. Verschuer has over 25 years of global senior management experience across a range of industries, including leading the Minerals and Metals business for Schenck Process and the Asian business for Huhtamaki. In those roles, Ms. Verschuer had responsibility for manufacturing, supply chain and sales operations in diverse geographies and cultures.



**Gino Butera**  
**Independent**  
**Non-Executive**  
**Director**

Mr. Butera is an experienced Executive with a distinguished career at Cummins Inc., one of the world's largest manufacturers and providers of Diesel Engines and associated spare parts over multiple industrial end markets. Mr. Butera final role was based in the USA leading the Global Power Generation business for Cummins. During his career he has also worked in Australia, Africa, the Middle East, and the USA including periods leading regions with some of Cummins largest spare parts distribution businesses.



**Debra Stirling**  
**Independent**  
**Non-Executive**  
**Director**

Ms. Stirling's executive career saw her hold various senior executive roles related to Corporate Affairs, Investor Relations, People, Communications and Environment at Newcrest Mining, Rinker, CSR, and Coles Myer. Ms. Stirling is currently a Director of Scotch College and is a Director & Chair of the People, Culture and Remuneration Committee of Mission Australia. Ms. Stirling previously sat on the Boards of Vicinity Centres Limited, Monash University Mining and Resources Advisory Board (Chair), MegaRail, the PNG Government, Lae Technical Training Centre of Excellence Task Force, and the Victorian Government Resources Roundtable.



**Peter Loimaranta**  
**Chief Executive**  
**Officer and**  
**Managing**  
**Director**

Mr. Loimaranta was appointed Managing Director and CEO of MaxiPARTS in 2021 following the disposal of the MaxiTRANS Trailer Solutions business. Before his current appointment, Mr. Loimaranta held the roles of Group General Manager – International before returning to the MaxiPARTS business as General Manager – MaxiPARTS and International. Prior to joining MaxiTRANS he held various finance and corporate development in roles with global construction material companies Hanson and Holcim in Australia and various parts of Asia.

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# Report of the Directors (re-issued)

For the year ended 30 June 2022

Your Directors submit their report together with the consolidated financial report of MaxiPARTS Limited (formerly MaxiTRANS Industries Limited) ACN 006 797 173 (“the Company”) and its subsidiaries (together referred to as the “Group”), and the Group’s interest in associates for the year ended 30 June 2022 and the auditor’s report thereon.

## Report of the Directors and Financial Report (re-issued)

The Report of the Directors and financial report have been re-issued due to a correction to the Remuneration Report, section 10. Amounts of remuneration and a correction to the Financial Report, Note 16(c), that displayed information from an incorrect draft version.

With the exception of the changes to section 10 of the Remuneration Report, changes to Note 16(c) to the Financial Report changes to the Report of the Directors to reflect the appointment of Ms Debra Stirling as a Director on 29 August 2022 and updates to the date of the Directors’ Report, Directors’ declaration, Auditor’s Independence Declaration and the date the financial report was approved by the Board of Directors, there have been no other changes to the reports.

## Directors

The names of Directors in office at any time during or since the end of the financial year are:

<b>Mr Robert H. Wylie</b>	(Director since September 2008 – Chair since 30 June 2016)
<b>Mr James R. Curtis</b>	(Director since 1987 – Deputy Chair since October 1994, resigned 3 November 2021)
<b>Ms Mary Verschuer</b>	(Director since 24 January 2019, Deputy Chair since 27 April 2022)
<b>Mr Dean Jenkins</b>	(Managing Director since 1 March 2017, position made redundant 3 September 2021, separated on 30 November 2021)
<b>Mr Peter Loimaranta</b>	(Managing Director since 6 September 2021)
<b>Mr Greg Sedgwick</b>	(Director since 19 March 2021, resigned 27 April 2022)
<b>Mr Gino Butera</b>	(Director since 17 September 2021)
<b>Ms Debra Stirling</b>	(Director since 29 August 2022)

## Principal Activities

The principal activities of the Group during the year consisted of distribution and sale of commercial Truck and Trailer Parts. The principal activities relating to the Trailer Solutions business, including design, manufacture, sale, service and repair of Trailers and related components and spare parts were divested during the financial year, effective 31 August 2021.

## Dividends

A fully franked special dividend of 62.5 cents per share was paid on 24 December 2021 totalling \$23,134,766 following the completion of the sale of the Trailer Solutions business.

A fully franked final dividend of 2.5 cents per share has been proposed by the Directors after reporting date for payment on 19 September 2022. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2022 and will be recognised in subsequent financial reports.

## Events Subsequent to Balance Date

There were no material events subsequent to balance date impacting on the financial statements.

## Environmental Regulation

The Group’s environmental obligations are regulated under Local, State and Federal Law. All environmental performance obligations are internally monitored and subjected to regular government agency audit and site inspections. The Group has a policy of complying with its environmental performance obligations. No breach of any environmental regulation or law has been notified to the Group during or since the year ended 30 June 2022.

# Report of the Directors (re-issued) continued

## Operating & Financial Review

### Review of Operations

#### MaxiPARTS

MaxiPARTS sells commercial vehicle parts at both a wholesale and trade level in Australia.

The wholesale business operates in Victoria, Queensland, New South Wales and Western Australia. Wholesale customers are typically part resellers and trailer manufacturers. On the sale of Trailer Solutions business to ATSG, the account has transitioned to a wholesale customer and a Supply Agreement was established for a minimum term of 3 years to continue supply to the ATSG manufacturing and service facilities.

The trade business sells parts to road transport operators as well as commercial vehicle service and repair providers in Australia under the MaxiPARTS brand.

At the end of FY22, MaxiPARTS operated from 28 sites, an increase of 8 stores from the end of FY21, through the net addition of 10 sites added from the Truckzone acquisition and offset with two site consolidation in Melbourne locations.

On 21 February 2022, the Group acquired the inventory and assets of the Truckzone Group. The acquisition added 10 stores to the Group's network, of which 7 stores are planned to continue long-term. One store has already been consolidated within the existing MaxiPARTS network, and a further two stores are planned for consolidation early in FY23. The Group has started the process of rebranding all acquired stores as MaxiPARTS.

Along with the expansion in the MaxiPARTS network, the acquisition will enable MaxiPARTS to accelerate growth over the coming years by leveraging the core product strengths of each business to drive through core product expansion. The Group is also targeting additional EBITDA % improvement through the integration of the businesses, site consolidations and optimising the combined supply chain.

The MaxiPARTS business experienced a 14.8% growth in total revenue, including revenue from the Truckzone acquired sites. The Group reported a 6% growth in revenue in H1 FY22, and a full year underlying sales growth of 8.3% for the year, when excluding the sales from the Truckzone acquisition and the net change to the revenue attributable to the previously owned Trailer business. This growth is consistent with what has been achieved in prior periods from the MaxiPARTS business and is a strong annual result for the Group, particularly given the third quarter which experienced higher than normal short-term periods of disruption for MaxiPARTS and our customer base in terms of staffing shortages due to COVID-19 as well as a number of significant weather events driving localised flooding. Through strong COVID-19 protocols and quickly moving staff around the network, the business has not lost a trading day due to the pandemic and although we had a small number of sites isolated and unable to operate through parts of the floods in QLD and NSW, we did not see any damage or long-term impacts with activity levels in Q4 being the highest of the financial year.

The global supply chain disruption continued through the period and is expected to continue for some time yet. Through a combination of strong internal processes and long and established supply relationships we managed to minimise these impacts and maintain service levels.

Despite both the short and longer-term challenges described above, the transport industry and the market we operate in remained extremely resilient and demonstrates the essential role it plays in our communities.

MaxiPARTS national footprint and significant breadth and depth of stock holdings continued to be a point of difference when compared to smaller competitors and this benefit became more apparent throughout the recent COVID-19 related global supply chain challenges.

Inventory levels in the traditional MaxiPARTS business increased in H1 as the business filled earlier supply gaps created by the global supply chain challenges and adjusted inventory management settings to help manage the ongoing disruption. Inventory levels in the traditional MaxiPARTS sites were maintained during H2 and the business has started to recover excess inventory identified through the Truckzone acquisition.

#### 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 (\$9.8m) for the year ended 30 June 2022. The loss for the period included (post-tax): (\$2.5m) loss on sale of discontinued operations; (\$6.1m) exit/separation costs and pre-sale year to date trading; and (\$1.2m) write-off for the unrecoverable deferred tax asset in the foreign NZ entity. The consolidated statement of financial position at 30 June 2022 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 currently going through the dispute resolution process available under the Asset Sale Agreement. An independent accountant has been appointed to determine the validity of the disputed amount, and the Group expects this process to be concluded during the early stages of FY23.

# Report of the Directors (re-issued) continued

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.

## Financial Review

### Sales – MaxiPARTS segment

MaxiPARTS total revenue of \$157.4m represents a 14.8% increase over the pcp revenue of \$137.1m (both periods include previously recorded internal sales to the Trailer business). Excluding revenue generated from the Truckzone acquisition and net sales change in the sales attributable to the previously owned Trailer business, the Group reported a sales growth of 8.3% for the year.

### Profit – MaxiPARTS segment/continued operations

MaxiPARTS segment profit (excluding significant items) of \$11.4m represents a 7.5% increase over the pcp segment profit of \$10.6m.

Profit before tax from continuing operations of \$7.3m includes significant items (pre-tax) for the period of \$1.4m, resulting in a profit before significant items and tax of \$8.7m.

The MaxiPARTS segment profit (excluding significant items) of \$11.4m to continuing operations profit before income tax of \$7.3m can be bridged as follows: (\$2.7m) of unallocated corporate costs and (\$1.4m) of significant items.

### Cash Generation & Capital Management

The Group entered into a new bank facility agreement on the 1 September 2021, upon sale of the Trailer Solutions business, establishing a \$10.0m loan facility. This facility is sufficient to support the business in its current form. The facility is currently fully drawn at \$10.0m and with a cash balance of \$11.9m, the Group ended the year with a positive net cash position of \$1.9m.

The Group utilised the proceeds from the sale of the Trailer Solutions business and buildings, in part, to reduce the previous banking facility limits, a net reduction in loans of (\$7.25m) and paid a Special Dividend to the Group's shareholders of 62.5 cents per share resulting in a cash outflow of (\$22.0m) excluding take-up on the DRP.

During the period, the Group acquired the inventory and assets of Truckzone Group for a total cash consideration of \$18.3m, including \$15.8m of inventories (including prepaid inventory) and \$1.1m of other assets and liabilities. The transaction has resulted in the recognition of \$1.4m of Goodwill. The purchase price has been settled in full and was settled in two tranches, with \$10.0m payment on acquisition date (paid 21 February 2022) and the final payment payable following agreement of the Inventory amount (i.e. post stocktakes) and completion accounts (paid 3 May 2022). There is no deferred consideration associated with this transaction.

To fund the Truckzone acquisition of \$18.3m, MaxiPARTS undertook a \$25.0m equity raise through a combined placement and an accelerated non-renounceable entitlement offer. Cash proceeds net of capital raising fees was \$23.7m. The proceeds of the equity raise were used to 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.

Operating cash outflow for the period of (\$11.7m) included (\$11.6m) outflow from the discontinued operations that included (\$3.6m) of exit, separation, cyber fraud and litigation costs, (\$2.5m) outstanding payment from ATSG in relation to the completion accounts process (that is expected to be recovered in FY23 following review from the appointed independent accountant as part of the agreed dispute process), and (\$5.5m) 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.

Excluding the operating cashflow from the discontinued operations, the operating cashflow for the continued operations was (\$0.1m). Consistent with the growth in inventory seen at half-year, the operating cashflow includes a net increase in inventory for the period of \$2.2m to ensure service levels are maintained and to support continued growth of the MaxiPARTS operations during this time of global supply chain uncertainty, and offsetting this total increase was the partial realization of a targeted reduction in the stock acquired from the Truckzone acquisition. The supply to the Trailer Solutions business also transitioned to an external Trade Account for a one-off lag impact to operating cash flow.

## Risk

MaxiPARTS recognises that risk is inherent in its business and that effective risk management is essential to protecting the business value and delivering the ongoing performance of the business.

The MaxiPARTS Audit & Risk Management Committee, a sub-committee of the Board, governs the framework and process for the identification and mitigation of material business risks.

# Report of the Directors (re-issued) continued

## Operational risks

During FY22, the Group continued to deliver its risk management maturity roadmap to address the latest requirements of global risk management standard ISO31000:2009. A detailed review was completed upon the divestment of the Trailer Solutions business reviewing materiality levels and the appropriateness of the risks based on the stand-alone MaxiPARTS business.

The Group identifies risk based on likelihood and materiality. By understanding and mitigating key risks, we can:

- Increase the likelihood of achieving our strategic goals and objectives;
- Improve our decision making and capital allocation; and
- Enhance corporate governance and regulatory compliance.

The key operational risks identified are as follows:

- COVID-19 effect on the Group's operations, customers, suppliers, and the global economy
- Health and Safety of our people
- MaxiPARTS key customer retention and competitiveness
- Reliability and supportability of IT Systems
- Proficiency and stability of key business process and systems; and
- Finance and governance; management of working capital; an appropriate funding model; internal policies and procedures; changing regulatory environment and maintenance of proper licences to operate the business.

Management report to the Audit & Risk Management Committee on the ongoing status of activities in place to mitigate each of these risks.

## Foreign Exchange & Commodities Risk

The Group has exposure to movements in the Australian dollar against the United States dollar, the Euro and the Chinese Yuan as a result of importing parts for sale.

The Group has a policy of only hedging foreign currency cash flow risk utilising forward contracts to protect against movements in short term committed expenditure.

Depreciation of the Australian dollar may adversely affect the operating cost base and therefore margins. The Group currently hedges short term committed foreign currency purchases. Some or all of this risk may be further mitigated by price management and efficiency improvement.

## Health & Safety

MaxiPARTS has continued its focus of improving health and safety outcomes for our people. Over the year, the business worked through projects to ensure our safety program was suitable for the distribution business that we are today, as well as ensuring we integrate the Truckzone business and ensure we quickly lifted the safety standards of those new sites to be in line with the larger group.

Although the traditional parts business incurred four recordable injuries in the financial year which is consistent with the average over the past 3 years, the last 7 months of the year saw zero injuries recorded. There were two recordable injuries in the newly acquired Truckzone sites over the 4 and a bit month of operation which represents a significant reduction over its prior performance and once again, we saw strong improvement at the end of the year with May and June being injury free.

Until we are injury free we will never be happy with our safety performance but we do believe we have made strong improvements over the year and are well placed as we move forward.

## Strategy

With the changes seen in our business, along with an overall business landscape that is changing at a rate rarely (if ever) seen, the board and management have reviewed our previous plans and updated our strategic plan to take the business forward. This plan focuses on four key pillars of activity being:

- Network
- People
- Product
- Systems and Solutions

The focused initiatives within these pillars are designed to not only drive growth in the business, but to ensure the foundations remain in place to support this growth over a sustained period.

The business will continue to implement a range of organic projects in line with the above however, we will also continue to explore further acquisition opportunities if we believe they meet the underlying strategic rationale and make financial sense.



# Report of the Directors (re-issued) continued

## Outlook

MaxiPARTS, along with the transport industry generally and the parts distribution businesses that operate within it, have proven to be very resilient over the various economic cycles.

In the upcoming year we are expecting to see ongoing inflationary challenges facing the economy (and our business) and expect many of our customers to continue to be impacted by higher fuel prices.

As seen within the industry and MaxiPARTS over recent years, we expect to be able to continue to pass on our product-based inflation through price increases across our product range maintaining a consistent gross margin percentage and while we are expecting inflationary increases in our selling and admin cost base, we remain focused on delivering ongoing revenue and profit improvements in the coming period.

The business will be focused on realising the cost and revenue synergies associated with the Truckzone acquisition. Many of the cost-based initiatives have been underway since late in H2 FY22, such as site consolidation and optimising purchasing across the combined business and will start contributing to the Group's profit performance this year. The targeted revenue synergies are well planned and expected to start delivering top line growth in FY23, though many of the initiatives will take 2-3 years to reach maturity.

The Group intends to look at potential further network expansion over the course of the year and will continue to assess organic versus acquired options as part of this process.

The Group is expecting a higher than traditional capital expenditure year, due to multiple planned site relocations in Brisbane, Perth and Adelaide and some one-off Capital expenditure related to the final aspects of the Truckzone acquisition.

## Information of Directors

<b>Mr. Robert H. Wylie</b>	Chair, Independent Non-Executive, (appointed 30 June 2016), Age 72 Director (appointed 2 September 2008)
Qualifications & Experience:	Fellow of the Institute of Chartered Accountants in Australia, a member of the Institute of Chartered Accountants of Scotland and a Fellow of the Australian Institute of Company Directors. Appointed Director in September 2008.  Currently a Director of The Walter + Eliza Hall Institute of Medical Research, Mr. Wylie has wide ranging experience in professional service in a variety of management roles with Deloitte. He has previously held senior positions with Deloitte Touche USA LLP. Prior to this, he was Deputy Managing Partner Asia Pacific. This followed a long career with Deloitte Australia, including eight years as National Chairman. Mr. Wylie also served on the Global Board of Directors and the Governance Committee of Deloitte Touche Tohmatsu and the Global Board of Directors of Deloitte Consulting. Mr Wylie is also a former National President of the Institute of Chartered Accountants in Australia.
Special Responsibilities:	Chairman of the Nomination Committee. Member of the Audit & Risk Management Committee and Remuneration & Human Resources Committee.
Interest in Shares:	60,431 ordinary shares beneficially held
Options over Ordinary Shares:	Nil
<b>Mr. Peter Loimaranta</b>	Managing Director, Executive (appointed 6 September 2021), Age 45
Qualifications & Experience:	Mr Loimaranta was appointed Managing Director and CEO of MaxiPARTS in 2021 following the disposal of the MaxiTRANS Trailer Solutions business. Before his current appointment, Mr Loimaranta held the roles of General Manager MaxiPARTS and International and Group General Manager – International. Prior to joining MaxiTRANS he held various finance and corporate development roles with global construction material companies Hanson and Holcim in Australia and various parts of Asia.
Interest in Shares:	65,868 ordinary shares beneficially held
Options over Ordinary Shares:	Nil

# Report of the Directors (re-issued) continued

## Information of Directors (continued)

<b>Ms. Mary Verschuer</b>	Deputy Chair, Independent Non-Executive Director (appointed Deputy Chair 27 April 2022, appointed as Director 24 January 2019), Age 60
Qualifications & Experience:	Master of Business Administration (Macquarie University), Bachelor of Applied Science (Chemistry) (UTS) and a Fellow of the Australian Institute of Company Directors. Appointed non-executive director January 2019.  Currently a NED and Chair of Audit and Risk at Forestry Corporation of NSW a state owned corporation, President of The Infants' Home, a provider of integrated early childhood education, family day care, early intervention and health services, and a Member of the Advisory Board of TAFE NSW (Sydney Region). Ms Verschuer was previously a non-executive director of THC Global Group Limited (now Epsilon Healthcare ASX:EPN) and Nuplex Industries Limited (ASX:NPX) (now part of the Allnex Group). Ms Verschuer has over 25 years of global senior management experience across a range of industries, including leading the Minerals and Metals business for Schenck Process and the Asian business for Finnish listed packaging business Huhtamaki. In those roles, Ms Verschuer had responsibility for manufacturing, supply chain and sales operations in diverse geographies and cultures.
Special Responsibilities:	Chair of the Audit and Risk Management Committee, Member of the Remuneration & Human Resources Committee and Nomination Committee.
Interest in Shares:	20,046 ordinary shares beneficially held
Options over Ordinary Shares:	Nil
<b>Mr. Gino Butera</b>	Independent Non-Executive Director (appointed 17 September 2021), Age 59
Qualifications & Experience:	Mr Butera is an experienced executive with a distinguished career at Cummins Inc., one of the world's largest manufacturers and providers of Diesel Engines and associated spare parts over multiple industrial end markets. Mr. Butera final role was based in the USA leading the Global Power Generation business for Cummins. During his career he has also worked in Australia, Africa, the Middle East and the USA including periods leading regions with some of Cummins largest spare parts distribution businesses.
Special Responsibilities:	Chair of Remuneration & Human Resources Committee, member of the Audit & Risk Management Committee and Nomination Committee.
Interest in Shares:	50,000 ordinary shares beneficially held
Options over Ordinary Shares:	Nil
<b>Ms. Debra Stirling</b>	Independent Non-Executive Director (appointed 29 August 2022), Age 64
Qualifications & Experience:	Ms. Stirling's executive career saw her hold various senior executive roles related to Corporate Affairs, Investor Relations, People, Communications and Environment at Newcrest Mining, Rinker, CSR, and Coles Myer. Ms. Stirling is currently a Director of Scotch College and is a Director & Chair of the People, Culture and Remuneration Committee of Mission Australia. Ms. Stirling previously sat on the Boards of Vicinity Centres Limited, Monash University Mining and Resources Advisory Board (Chair), MegaRail, the PNG Government, Lae Technical Training Centre of Excellence Task Force, and the Victorian Government Resources Roundtable.
Special Responsibilities:	Member of Remuneration & Human Resources Committee, Audit & Risk Management Committee and Nomination Committee.
Interest in Shares:	Nil
Options over Ordinary Shares:	Nil

# Report of the Directors (re-issued) continued

## Company Secretary

**Ms. Liz Blockley**

Bachelor Commerce, CPA, GIA (Affiliated)  
Appointed to the position of Company Secretary on 19 May 2022.

Details of attendances by directors at Board and Committee meetings during the year are as follows:

	DIRECTORS' MEETINGS		AUDIT & RISK MANAGEMENT COMMITTEE		REMUNERATION & HUMAN RESOURCES COMMITTEE		NOMINATION COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Wylie	13	13	4	4	4	4	2	2
James Curtis	5	4	2	2	2	1	1	1
Mary Verschuer	13	13	4	4	4	4	2	2
Greg Sedgwick	12	12	4	4	4	4	2	2
Gino Butera	10	10	2	2	2	2	1	1
Peter Loimaranta	10	10	4	4	4	4	2	2
Dean Jenkins	3	3	2	2	2	2	1	1

## Remuneration Report – Audited (Re-issued)

Dear Shareholders,

On behalf of the Board, I am pleased to present the FY22 Remuneration Report. This report sets out the remuneration information for our Non-Executive Directors and Key Management Personnel ("KMP") and describes our approach to remuneration. Our remuneration approach has been set to align with our broader business strategy to grow the business and deliver shareholder value. Through short and long-term variable reward programmes, it aims to reward Executives for delivering target financial outcomes and improved shareholder value.

As we moved into FY22 and divested the Trailer Solutions business and looked to execute the plan for the simpler MaxiPARTS business, the Remuneration and Human Resources Committee updated the Group's objectives, priorities and conditions of the remuneration of our KMPs to focus on the growth objectives of the MaxiPARTS business.

The audited Remuneration Report was re-issued due a correction to Section 10. Amounts of Remuneration that displayed information from an incorrect draft version. There were no other changes to the Remuneration Report.



**Gino Butera**

Chair, Remuneration & Human Resources Committee

# Report of the Directors (re-issued) continued

## 1. Approach to remuneration

MaxiPARTS' remuneration approach is set in line with the business and talent strategy in order to ensure MaxiPARTS attracts and retains the right talent to drive the business forward. The Executive package is based on three remuneration components, that make up the Total Remuneration Package (details of each component are explained in the table below). Our approach is reviewed every year to ensure that it is still relevant and competitive. During FY22 the approach was as follows:

Remuneration Component	Description	Objectives	Priorities & Conditions
Fixed	Includes fixed pay and superannuation.	Intended to be market competitive to attract and retain talented Executives.	Based on skills and experience. Recognises level of the Executive's contribution based on the size of the organisation.
Short Term Incentive (STI)	A variable, at-risk cash incentive calculated by reference to current year performance (for continuing operations).	Designed to drive performance across Company priorities year on year.	Three key priorities were set around profit, cashflow and safety. This program is subject to the Group meeting its budgeted net profit after tax ("NPAT") before any incentive is payable.
Long Term Incentive (LTI)	An annual grant of Performance Rights which, if they vest on the achievement of specific long-term performance hurdles, give the right to be issued a number of ordinary shares in the Company.	Designed to incentivise executives to manage the business in a way that drives sustainable long-term growth in shareholder value.	An Economic Value Added (EVA) target for the 3 year period from date of grant. See section 3 below for further detail.

## 2. Alignment of FY22 variable remuneration outcomes to performance

Rem Component & Conditions	Link to Company Performance
STI – Drives annual Company performance against three priorities – Profit, Cashflow and Safety	The net profit after tax hurdle was set on the MaxiPARTS continued operations and was achieved, leading to all performance targets being assessed on their actual result to target. Discretion was considered but there were no matters warranting a change to the formulaic calculation.
LTI – A return on invested capital "ROIC" and Economic Value added "EVA" targets are set to drive Executives to manage the business in a way that creates long term shareholder value	The performance rights issued in 2019 are due to vest this year. The target ROIC was reset to 11.53% following the sale of the Trailer Solutions business, and the Managing Director is the only participant remaining on this scheme. The actual ROIC was 12.59%. Therefore, the Performance Rights granted in 2019 will vest at 100% of grant.

## 3. Long Term Incentive Program (LTI Program)

### (a) Who participates?

At the discretion of the Board, Senior Managers and Executive Directors of the Company are invited to participate in the LTI Program.

### (b) What type of awards are granted?

Performance rights are granted to participants. Each performance right will, on its exercise, entitle the holder to receive one fully paid ordinary share in the Company, which will rank equally with all other existing fully paid ordinary shares. The exercise of a performance right is subject to certain performance hurdles being met.

### (c) How is the size of the award calculated?

An award of performance rights is calculated by reference to a participant's remuneration package. In FY22 the Managing Director received performance rights equal to 33.3% of their total fixed remuneration package. For other participating executives, the value of their performance rights was 17.5% of their total fixed remuneration package.

# Report of the Directors (re-issued) continued

## (d) How is the number of rights to be awarded calculated?

The number of performance rights a participant receives is calculated on a "face value" basis by dividing the participant's performance right entitlement by the Company's share price. The share price is determined using the volume weighted average price (VWAP) over the first month of the financial year in which the rights are granted (i.e., for rights granted with a FY23 base, the July 2022 VWAP is used). This is on the basis that the start of the financial year is the starting point for measuring the achievement of the LTI Program target.

## (e) What is the performance period?

Performance rights are tested over a three year period. Awards made in FY22 will be tested over the period 1 July 2021 to 30 June 2024.

## (f) What is the performance hurdle?

Following the sale of the Trailer business, the Board has reassessed the appropriate performance hurdles to attach to future grants of performance rights. In the past, the performance hurdle for all performance rights on issue was return on invested capital (ROIC). However, the Board is of the view that a more appropriate performance hurdle for the MaxiPARTS business is Economic Value Added (EVA). This is because the current ROIC of MaxiPARTS would be above the assessed weighted average cost of capital of the Group and the Board considered that a focus on continued generation of improvements in economic value is better aligned to shareholder value than an increase in ROIC.

For FY22, the Performance Rights target set is to achieve a cumulative EVA result of \$6,220,000 over the period from 1 July 2021 to 30 June 2024. The target and result are measured on continuing operations, and the target was set to reflect a 6% compound annual improvement.

A sliding scale will apply for partial attainment of the performance hurdle. The minimum target is 67% of the targeted improvement in EVA that must be achieved before any of the Performance Rights will vest, at which point 50% of the Performance Rights will vest. 100% of the Performance Rights will vest where the target EVA is fully achieved or exceeded.

The Vesting Date for the Performance Rights will be no later than one month after the announcement of the result for the year ended 30 June 2024, or such other date as the Company determines.

Up to and including FY21, the performance rights will vest and be exercisable only if the performance hurdle attached to the performance rights is satisfied. The performance hurdle for all performance rights on issue is return on invested capital ("ROIC"). ROIC is calculated by taking a company's net operating profit less adjusted taxes ("NOPLAT") and dividing it by the invested capital. Following the sale of the Trailer Business, the Board exercised its discretion to increase the performance hurdle to one more relevant to the MaxiPARTS business, the previous ROIC target for both the FY20 and FY21 issue was 6.95%. The new ROIC target for the FY20 issue is 11.53% and for the FY21 issue is 12.50% and is based on continuing operations.

The performance hurdle for the FY19 and FY20 performance rights on issue is to achieve the target ROIC over a period of 3 years. A sliding scale will apply for partial attainment of the performance hurdle. The minimum target is 67% of the targeted improvement in ROIC, which must be achieved before any of the performance rights vest, at which point 50% of the performance rights will vest. 100% of the performance rights will vest if the target ROIC is fully achieved or exceeded.

Any unvested performance rights will lapse.

## (g) Other key features

The Board has discretion to determine award outcomes for participants in certain circumstances, such as when an Executive retires.

## 4. FY22 LTI Outcomes

Performance rights granted in 2019 were tested against the ROIC performance hurdle over the period 1 July 2019 to 30 June 2022 with a ROIC target in FY22 of 11.53%. The actual ROIC for FY22 was 12.59%. Therefore, the Performance Rights granted in 2019 will vest at 100% of grant.

## 5. Managing Director Remuneration Mix

The Managing Director's, Mr P Loimaranta, total annualised available remuneration of \$774,915 ("TAR") consists of:

- Fixed component of \$465,135 (Total employment cost 'TEC' inclusive of superannuation and allowances) with
- STI component, comprising 33.3% of TEC; and
- LTI component, comprising 33.3% of TEC.

# Report of the Directors (re-issued) continued

## 6. FY22 Managing Director STI Outcomes

The Managing Director's, Mr P Loimaranta, STI for FY22 are summarised below:

Objective	Measure	STI Weighting	Performance
<b>Overall hurdle</b>	Deliver budgeted NPAT for the Group (MaxiPARTS continuing operations)	Hurdle	Met
<b>NPBT</b>	NPBT exceeding set budget (continuing operations)	50%	50%
<b>Cash</b>	Cash generated from Operating activities (continued operations) exceeds the budget	35%	35%
<b>Safety</b>	Implementation of an approved MaxiPARTS safety improvement plan	15%	0%

Mr P Loimaranta, Managing Director, has been awarded an STI of 85% of target and will be paid \$131,633 in relation to FY22. There was no STI remuneration assessed to Mr D Jenkins during the year.

### *FY22 STI outcome – other KMP:*

STI's were awarded to all KMPs in relation to their performance during the FY22 period. The total of STIs awarded to KMP's (other than the Managing Director) for the FY22 performance is \$67,959. There was no STI remuneration assessed to KMP who were no longer employed with the Group as at 30 June 2022.

## 7. Relationship between remuneration and company performance

The following table sets out Company performance and the average STI payments (as a % of the maximum payment) made to KMP over the last 5 years.

	FY22	FY21	FY20	FY19	FY18
Reported NPAT (\$'000)	(\$4,932)	\$4,584	(\$35,492)	(\$27,040)	\$10,077
NPAT (continuing operations and excluding significant items (\$'000))	\$8,718	\$10,487	\$486	\$4,809	\$10,077
STI awarded to MD	85.0%	137.5%	Nil	Nil	Nil

## 8. Non-Executive Directors

Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 2012 AGM, is not to exceed \$600,000 per annum and Directors' fees are reviewed with reference to fees paid to Non-Executive Directors of comparable companies.

Directors' base fees (inclusive of superannuation) for the year were \$75,000 per annum for Non-Executive Directors (other than the Chair and unchanged from previous year) and \$120,000 for the Chair (reduced from \$140,000 in October 2021). Total fees paid for the year of \$225,544 for Non-Executive Directors (other than the Chair) and \$125,160 for the Chair.

Non-Executive Directors do not receive performance related remuneration and are not entitled to participate in the STI or LTI programs. Directors' fees cover all main Board activities and membership or chairing of all Committees. Non-Executive Directors are not entitled to any retirement benefits.

## 9. Details of remuneration and service contracts

It is the Group's policy that Employment agreements for Executive Directors and senior Executives be unlimited in term but capable of termination on up to six months' notice, and that the Group retains the right to terminate the contract immediately, by making payment of up to six months' pay in lieu of notice.

The Group has entered into employment agreements with each Executive Director and senior Executive that entitle those Executives to receive, on termination of employment, their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The employment contract outlines the components of remuneration paid to the Executive Director and senior Executives but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year and take into account cost-of-living changes, any change in the scope of the role performed by the senior Executive and any changes required to meet the principles of the Group's Executive Remuneration Policy including performance related objectives if applicable.

Mr Peter Loimaranta, Managing Director, has a contract of employment with the Company dated 6 September 2021. The contract specifies the duties and obligations to be fulfilled by the Managing Director and provides that the Board and Managing Director will, early in each financial year, consult and agree objectives for achievement during that year. The employment agreement can be terminated either by the Company or Mr Loimaranta providing six months' notice. The Company may make a payment in lieu of notice of six months, equal to base salary, motor vehicle allowance and superannuation. This payment represents general market practice. The Managing Director has no entitlement to a termination payment, other than those minimal entitlements required by law (including any leave entitlements and superannuation) in the event of removal for misconduct or breach of any material terms of his contract of employment.

Ms Liz Blockley, Chief Financial Officer, has a contract of employment with the Company dated 6 September 2021. The contract can be terminated either by the Company providing six months' notice or by Ms Blockley providing three months' notice. The Company may make a payment in lieu of notice of six months, equal to base salary and superannuation. The Chief Financial Officer has no entitlement to a termination payment, other than those minimal entitlements required by law (including any leave entitlements and superannuation) in the event of removal for misconduct or breach of any material terms of her contract of employment.

# Report of the Directors (re-issued) continued

## 10. Amounts of remuneration

Details of the nature and amount of each major element of remuneration for each Director of the Company and other Key Management Personnel of the Group (this table has been re-issued due a correction in FY22 information, that previously displayed information from an incorrect draft version):

DIRECTORS	Year	PRIMARY POST EQUITY OTHER <sup>(XIII)</sup> TOTAL						PROPORTION OF REM PERFORMANCE RELATED	VALUE OF PRS AS PROPORTION OF REM	
		Salary & fees	STI <sup>(I)</sup>	Non-cash benefits	Super	PRS <sup>(II)</sup>				
		\$	\$	\$	\$	\$	\$	%	%	
<b>Non-Executive</b>										
Mr R Wylie Chairman	2022	113,782	–	–	11,378	–	–	125,160	0.0%	0.0%
	2021	125,723	–	–	11,944	–	–	137,667	0.0%	0.0%
Mr J Curtis	(iii) 2022	23,621	–	–	2,362	–	–	25,983	0.0%	0.0%
	2021	67,352	–	–	6,398	–	–	73,750	0.0%	0.0%
Mr J Rizzo	(iv) 2021	33,105	–	–	3,145	–	–	36,250	0.0%	0.0%
Ms S Hogg	(v) 2021	48,472	–	–	4,605	–	–	53,077	0.0%	0.0%
Ms M Verschuer	2022	68,493	–	–	6,849	–	–	75,342	0.0%	0.0%
	2021	67,352	–	–	6,398	–	–	73,750	0.0%	0.0%
Mr G Sedgwick	(vi) 2022	57,078	–	–	5,708	–	–	62,785	0.0%	0.0%
	2021	19,494	–	–	1,852	–	–	21,346	0.0%	0.0%
Mr G Butera	(vii) 2022	55,848	–	–	5,585	–	–	61,433	0.0%	0.0%
<b>Executive</b>										
Mr P Loimaranta Managing Director (former Group GM – MaxiPARTS and New Zealand)	(viii) (xiv) 2022 restated	408,056	131,633	–	41,253	56,866	4,477	642,284	29.3%	8.9%
	2021	321,638	129,060	–	32,960	62,461	155,934	702,052	27.3%	8.9%
Mr D Jenkins Former Managing Director	(ix) (xiv) 2022 restated	300,840	–	–	69,851	–	766,159	1,136,851	0.0%	0.0%
	2021	681,696	280,500	174	68,561	(96,170)	40,000	974,760	18.9%	–9.9%

# Report of the Directors (re-issued) continued

EXECUTIVES	Year	Salary & fees	PRIMARY	POST	EQUITY	OTHER <sup>(xiii)</sup>	TOTAL	PROPORTION OF REM PERFORMANCE RELATED	VALUE OF PRS AS PROPORTION OF REM	
			STI <sup>(i)</sup>	Non-cash benefits	Super	PRS <sup>(ii)</sup>				
		\$	\$	\$	\$	\$	\$	%	%	
Ms L Blockley Chief Financial Officer	(x) (xiv) 2022 restated	257,420	67,959	–	31,348	12,308	–	369,036	21.8%	3.3%
Mr T Bradfield Former Chief Financial Officer	(xi) (xiv) 2022 restated	65,210	–	–	27,109	–	310,729	403,047	0.0%	0.0%
	2021	346,949	143,336	–	32,960	(8,550)	130,900	645,595	20.9%	–1.3%
Mr T Negus Former Group GM – Manufacturing	(xii) (xiv) 2022 restated	69,421	–	–	28,712	–	344,438	442,570	0.0%	0.0%
	2021	369,354	33,709	–	35,089	(39,238)	–	398,914	–1.4%	–9.8%

- (i) FY22 STI entitlement is 33.3% of total fixed remuneration for the Managing Director, Mr P Loimaranta and 20% of total fixed remuneration for Ms L Blockley. The short-term cash incentives disclosed above are for the amounts to be paid within 12 months of year-end relating to services received during the year. The amounts were determined after performance reviews were completed.
- (ii) Performance rights (PRs) grants are calculated by using a face value allocation methodology, i.e. by reference to the volume weighted average MaxiPARTS share price ("VWAP") and allocated to each reporting period evenly over the period from grant date to vesting date, adjusted for any changes in the probability of performance and service targets being achieved. The value disclosed is the portion of the fair value recognised in this reporting period. An adjustment may result in a negative value to reflect the change from the prior period of the number estimated to vest. Further details in respect of PRs are contained in section 3 of the Remuneration Report. Details of PRs vested during the period are contained in Note 15 – Share Based Payments.
- (iii) Mr J Curtis resigned on the 3 November 2021.
- (iv) Mr J Rizzo resigned on the 23 November 2020.
- (v) Ms S Hogg resigned on the 19 March 2021.
- (vi) Mr G Sedgwick resigned on the 27 April 2022.
- (vii) Mr G Butera was appointed on the 17 September 2021.
- (viii) Mr P Loimaranta position was appointed on the 6 September 2021.
- (ix) Mr D Jenkins position was made redundant effective 3 September 2021, with separation effective 30 November 2021.
- (x) Ms L Blockley position was appointed on the 6 September 2021 (salary reported from date appointed as KMP).
- (xi) Mr T Bradfield position was made redundant effective 3 September 2021.
- (xii) Mr T Negus position was made redundant effective 3 September 2021.
- (xiii) Other payments for the year ended 30 June 2022 for Mr D Jenkins, Mr T Bradfield and Mr T Negus are for redundancy payments and for the year end 30 June 2021 for Mr P Loimaranta and Mr T Bradfield included a retention payment that was put in place to ensure continuity of service during the Board's strategic review. Mr P Loimaranta had a car allowance prior to appointment as Managing Director on 6 September 2022. Mr D Jenkins had a car allowance.
- (xiv) Amounts are restated for FY22 from the previously released version due to a correction in FY22 information, that previously displayed information from an incorrect draft version.



# Report of the Directors (re-issued) continued

## Share based payments granted as remuneration

Details of the vesting profile of the Performance Rights granted as remuneration to each of the Company Directors and other key management personnel of the Group at the report date are set out below.

	Date Granted	Number Granted	Vesting Date	Number vested during the year	Fair value at grant date
Mr P Loimaranta	03 Nov 2021	49,965	31 Oct 2024	Nil	\$3.63
	23 Nov 2020	190,723	22 Nov 2023	Nil	\$1.80
	25 Oct 2019	85,682	24 Oct 2022	85,682	\$1.09
Ms L Blockley	03 Nov 2021	19,182	31 Oct 2024	Nil	\$3.63

The performance rights held by Mr Loimaranta from FY20 and FY21 has had the performance hurdles updated to acknowledge the different expectations of the MaxiPARTS business. See section 3 above in relation to the terms of Performance Rights.

The estimated maximum value of Performance Rights on issue for future years is the current share price. This is subject to future movements in the share price. The estimated minimum value is \$nil.

## Unissued shares under rights

At the date of this report there are 85,682 unissued ordinary shares of the Company relating to vested Performance Rights.

## Directors' shareholdings

The movements in holdings of shares in the Company held directly, indirectly or beneficially at the reporting date are set out below:

### 2022 SHARES

MaxiPARTS Limited	Held at 1 July 2021*	Purchases	Sales	Held at 30 June 2022
Directors:				
Mr R Wylie	50,098	10,333		60,431
Ms M Verschuer	12,600	7,446		20,046
Mr P Loimaranta	59,711	6,157		65,868
Mr G Butera	–	50,000		50,000

\* Or at date of appointment as a Director.

*End of Audited Remuneration Report*

# Report of the Directors (re-issued) continued

## Audit and Risk Management Committee

As at the date of this report, the Company had an Audit and Risk Management Committee of the Board of Directors that met four times during the year. The details of the functions and memberships of the committees of the Board are presented in the Corporate Governance Statement.

## Indemnity

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the year the Company has paid premiums in respect of Directors' and Executive Officers' insurance. The contracts contain prohibitions on disclosure of the amount of the premiums and the nature of the liabilities under the policies.

## Share Options

No options were granted to any of the Directors or key management personnel of the Company or Group as part of their remuneration during or since the end of the financial year.

## Shares Issued on the Exercise of Options

No options were exercised during the financial year.

Further details on the Group's Performance Rights Plan are detailed in Note 15 to the consolidated financial statements and in the Remuneration Report.

## Non-Audit Services

During the year, KPMG, the Company's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

A copy of the Lead Auditor's Independence Declaration as required under Section 307C of the Corporations Act is included in, and forms part of this Report of the Directors on page 34.

Details of the amounts paid to the auditor of the Company, KPMG, for audit and non-audit services provided during the year are set out below.

	CONSOLIDATED	
	2022	2021
	\$	\$
Remuneration of auditor		
<b>KPMG Australia:</b>		
– auditing and reviewing the financial statements – Group	370,969	451,718
– auditing and reviewing the financial statements – controlled entities	–	37,084
– other services (taxation and advisory)	80,596	261,696
	<b>451,565</b>	<b>750,498</b>
<b>Overseas KPMG firms:</b>		
– other services (taxation and advisory)	9,261	18,090
	<b>9,261</b>	<b>18,090</b>
<b>Total auditor remuneration</b>	<b>460,826</b>	<b>768,588</b>

# Report of the Directors (re-issued) continued

## Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## Rounding of Accounts

The parent entity has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors Reports) Instruments 2016/191 and, accordingly, amounts in the financial statements and Report of the Directors 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.



**Mr. Robert H Wylie, Director**

Dated this 2nd day of September 2022



**Mr. Peter Loimaranta, Director**

# Lead Auditor's Independence Declaration

under Section 307C of the *Corporations Act 2001*



## 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 audit of MaxiPARTS Limited for the financial year ended 30 June 2022 there have been:

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

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that appears to read 'Vicky Carlson'.

Vicky Carlson

*Partner*

Melbourne

2 September 2022

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# Directors' Declaration

For the year ended 30 June 2022

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

- (a) the consolidated financial statements and notes as set out on pages 36 to 75, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the Group entities identified in Note 19 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Class Order (2016/785).

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.



**Mr. Robert H Wylie, Director**

Dated this 2nd day of September 2022



**Mr. Peter Loimaranta, Director**

# Financial Report Re-issued

## Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Continuing Operations</b>			
Sale of goods	2(a)	152,767	114,588
Changes in inventories of finished goods and work in progress		2,013	39
Raw materials and consumables used		(110,756)	(76,633)
Other income	2(d)	116	7,238
Employee and contract labour expenses	2(b)	(22,609)	(19,735)
Warranty reversals/(expenses)	10	422	(39)
Depreciation and amortisation expenses	2(c)	(4,553)	(4,017)
Finance costs	2(c)	(1,419)	(2,198)
Other expenses	2(c)	(8,644)	(10,918)
<b>Profit before income tax from continuing operations</b>		<b>7,337</b>	<b>8,325</b>
Income tax expense	3(b)	(2,429)	(2,636)
<b>Profit from continuing operations</b>		<b>4,908</b>	<b>5,689</b>
Loss from discontinued operations net of tax	25	(9,840)	(1,105)
<b>(Loss)/profit for the year</b>		<b>(4,932)</b>	<b>4,584</b>
(Loss)/Profit attributable to:			
Equity holders of the Company		(4,932)	4,584
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>(Loss)/profit for the year</b>		(4,932)	4,584
<b>Other comprehensive income</b>			
<b>Items that may subsequently be re-classified to profit or loss:</b>			
Net exchange difference on translation of financial statements of foreign operations		(64)	18
Cashflow hedge reserve		218	326
Related tax		(65)	(98)
<b>Items that will never be re-classified to profit or loss:</b>			
Revaluation of land and buildings		–	(396)
Related income tax		–	119
Other comprehensive income/(loss) for the year, net of tax		89	(31)
<b>Total comprehensive (loss)/income for the year</b>		<b>(4,843)</b>	<b>4,553</b>
Total comprehensive income attributable to: Equity holders of the Company		(4,843)	4,553

\*\* The comparative information for number of ordinary shares is restated due to share consolidation of 1 share for every 5 previously held. See note 12. Earnings per share been restated accordingly.

Earnings/(Loss) per share:		2022	2021**
Basic and Diluted earnings per share (cents per share) – Total		(11.83)	12.30
Basic and Diluted earnings per share (cents per share) – Continuing operations		11.99	15.37
Basic and Diluted earnings per share (cents per share) – Discontinued operations		(24.04)	(2.98)
Weighted average number of shares:		Number	Number**
Number for basic earnings per share	12	40,928,976	37,015,621
Number for diluted earnings per share	12	40,928,976	37,015,621

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

# Consolidated Statement of Financial Position

For the year ended 30 June 2022

	Note	30 Jun 22 \$'000	30 Jun 21 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		11,852	22,442
Trade and other receivables	4	28,190	33,068
Inventories	5	45,124	27,148
Current tax asset	3(d)	743	–
Other		327	261
Assets held for sale		–	110,924
<b>Total Current Assets</b>		<b>86,236</b>	<b>193,843</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	3,360	1,901
Intangible assets	7	9,026	7,633
Right of use asset	21	23,265	16,846
Financial asset	25(d)	4,000	–
Deferred tax assets	3(c)	19,741	20,924
<b>Total Non-Current Assets</b>		<b>59,392</b>	<b>47,304</b>
<b>Total Assets</b>		<b>145,628</b>	<b>241,147</b>
<b>Current Liabilities</b>			
Trade and other payables	8	25,819	44,522
Current tax liability	3(d)	–	576
Provisions	10	5,460	3,201
Lease liability	21	4,491	3,379
Liabilities held for sale		–	75,186
<b>Total Current Liabilities</b>		<b>35,770</b>	<b>126,864</b>
<b>Non-Current Liabilities</b>			
Interest bearing loans and borrowings	9	10,000	17,250
Provisions	10	319	269
Lease liability	21	19,980	14,264
<b>Total Non-Current Liabilities</b>		<b>30,299</b>	<b>31,783</b>
<b>Total Liabilities</b>		<b>66,069</b>	<b>158,647</b>
<b>Net Assets</b>		<b>79,559</b>	<b>82,500</b>
<b>Equity</b>			
Issued capital	11	81,288	56,386
Other reserves		2,688	16,182
Accumulated Loss		(74,956)	(52,006)
Profits Reserve		70,539	61,938
<b>Equity attributable to equity holders of the Company</b>		<b>79,559</b>	<b>82,500</b>
<b>Total Equity</b>		<b>79,559</b>	<b>82,500</b>

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

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

Note	Issued capital \$'000	Asset revaluation reserve <sup>1</sup> \$'000	Accumulated Loss \$'000	Profits Reserve* \$'000	Other reserves <sup>2</sup> \$'000	Total \$'000
<b>Balance at 30 June 2021</b>	56,386	13,719	(52,005)	61,936	2,464	82,500
Comprehensive income for the year						
Loss for the year	–	–	–	(4,932)	–	(4,932)
Other comprehensive income						
Net exchange differences on translation of financial statements of foreign operations	–	–	–	–	(64)	(64)
Cashflow hedge reserve (net of tax)	–	–	–	–	153	153
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(4,932)</b>	<b>89</b>	<b>(4,843)</b>
<b>Transactions with owners recorded directly in equity</b>						
Dividend reinvestment	1,167	–	–	(1,167)	–	–
Issue of share capital	23,735	–	–	–	–	23,735
Share-based payment transactions	15	–	–	–	135	135
Transfer of Asset revaluation reserve to profits reserve on disposal of properties	–	(13,719)	–	13,719	–	–
Transfer to accumulated losses	–	–	(22,951)	22,951	–	–
Dividends paid	–	–	–	(21,968)	–	(21,968)
<b>Total transactions with owners</b>	<b>24,902</b>	<b>(13,719)</b>	<b>(22,951)</b>	<b>13,535</b>	<b>135</b>	<b>1,902</b>
<b>Balance at 30 June 2022</b>	<b>81,288</b>	<b>–</b>	<b>(74,956)</b>	<b>70,539</b>	<b>2,688</b>	<b>79,559</b>

\* 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

**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 year ended 30 June 2022, amounts contained in the asset revaluation reserve have been transferred to profits reserve

**2. Other reserves**

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

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



# Consolidated Statement of Changes in Equity continued

For the year ended 30 June 2022

	Note	Issued capital \$'000	Asset revaluation reserve <sup>1</sup> \$'000	Accumulated Loss \$'000	Profits Reserve* \$'000	Other reserves <sup>2</sup> \$'000	Total \$'000
<b>Balance at 30 June 2020</b>		56,386	13,997	(45,631)	50,978	2,351	78,081
Comprehensive income for the year							
Profit for the year		–	–	–	4,584	–	4,584
<i>Other comprehensive income</i>							
Net exchange differences on translation of financial statements of foreign operations		–	–	–	–	18	18
Revaluation of land and buildings (net of tax)		–	(278)	–	–	–	(278)
Cashflow hedge reserve (net of tax)		–	–	–	–	228	228
<b>Total comprehensive income for the year</b>		–	<b>(278)</b>	–	<b>4,584</b>	<b>246</b>	<b>4,552</b>
<b>Transactions with owners recorded directly in equity</b>							
Dividends to equity holders		–	–	–	–	–	–
<b>Total transactions with owners</b>		–	–	–	–	–	–
Share-based payment transactions	15	–	–	–	–	(133)	(133)
Transfer to accumulated losses		–	–	(6,374)	6,374	–	–
<b>Balance at 30 June 2021</b>		<b>56,386</b>	<b>13,719</b>	<b>(52,005)</b>	<b>61,936</b>	<b>2,464</b>	<b>82,500</b>

\* 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

**1. Asset revaluation reserve**

The asset revaluation reserve includes the revaluation increments arising from the revaluation of land and buildings.

**2. Other reserves**

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

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

# Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		217,241	413,878
Payments to suppliers and employees		(228,639)	(380,871)
Interest and other costs of finance paid		(334)	(1,181)
<b>Net cash (used in)/provided by operating activities</b>	20	<b>(11,732)</b>	<b>31,826</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(822)	(6,147)
Payments for intangibles		–	(1,046)
Dividends received		385	2,626
Acquisition of new business		(18,288)	–
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	–
<b>Net cash provided by/(used in) investing activities</b>		<b>11,276</b>	<b>(4,567)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(17,250)	(20,250)
Proceeds from borrowings		10,000	–
Proceeds from issue of share capital		23,735	–
Dividends paid		(21,968)	–
Payment of leases		(4,651)	(10,090)
<b>Net cash used in financing activities</b>		<b>(10,134)</b>	<b>(30,340)</b>
Net decrease in cash		(10,590)	(3,081)
Cash and cash equivalents at beginning of year		22,442	25,523
<b>Cash and cash equivalents at end of year</b>		<b>11,852</b>	<b>22,442</b>

\* 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 consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements and includes cash flows from both continuing and discontinued operations. Refer to note 25 for the cash flows relating to discontinued operations.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

MaxiPARTS Limited (the 'Company') is a company domiciled in Australia and its registered office is 22 Efficient Drive, Truganina, Victoria. The consolidated financial statements of MaxiPARTS Limited as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates. The Group is a for-profit entity.

### Financial Report Re-issued

The financial report has been re-issued due to a correction in the Remuneration Report, section 10. Amounts of remuneration and Note 16(c) to the Financial Report, that displayed information from an incorrect draft version. With the exception of the update to Note 16(c), an update to the date of the Directors' declaration and the date the financial report was approved by the Board of Directors, there are no other changes to the financial report.

### Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial report also complies with International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. These accounting policies have been consistently applied to all periods presented in the consolidated financial report by each entity in the Group and are consistent with those of the previous year. The financial report contains comparative information that has been adjusted to align with the presentation of the current period, where necessary.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

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

The financial report was approved by the Board of Directors on 2 September 2022.

### Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to pay its debts as and when they become due and payable.

### Accounting Policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

#### (a) Principles of consolidation

The consolidated financial report comprises the financial statements of MaxiPARTS Limited and all its subsidiaries. A subsidiary is any entity controlled by MaxiPARTS Limited or any of its subsidiaries. Control exists where MaxiPARTS Limited is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is contained in Note 18 to the financial statements.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Where subsidiaries have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees and reduced by dividends received, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the associate.

### **(b) Foreign currency**

#### *(i) Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

#### *(ii) Financial statements of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Australian dollars at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

### **(c) Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on a weighted average basis and include direct materials, direct labour and an appropriate proportion of variable and fixed factory overheads, based on the normal operating capacity of the production facilities. Net realisable value is determined on the basis of each inventory line's normal selling price.

### **(d) Property, plant and equipment**

#### *(i) Owned Assets, Land and Buildings*

Property whose fair value can be measured reliably is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value of land and buildings is assessed at each reporting period.

Land and buildings were recorded as assets held for sale as at 30 June 2021 and have been subsequently sold.

These were considered by the Directors in establishing revaluation amounts.

If an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of Asset Revaluation Reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is debited directly to equity under the heading of Asset Revaluation Reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Changes to an asset's carrying amount are brought to account. On realisation of any amounts contained in the Asset Realisation Reserve, the balance is transferred to profits reserve.

### **Plant and equipment**

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see accounting policy (i)). The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of production overheads. The cost of self-constructed assets and acquired assets includes (i) the initial estimate, at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

#### *(i) Leased assets*

Lease assets are accounted for as described in accounting policy (ac).

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### (ii) Depreciation

Depreciation is charged to the consolidated profit and loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment when it's ready for use. Land is not depreciated. The estimated useful lives are reflected in the following rates in the current and comparative periods:

	2022	2021
Buildings	N/A	25–40 years
Plant and equipment	2–20 years	2–20 years
Leased plant and equipment	3.33–10 years	3.33–10 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

### (e) Intangibles

#### (i) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the consideration transferred for the acquisition and the net recognised amount (generally fair value of the identifiable assets acquired and liabilities assumed), all measured as of acquisition date.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy (i)). In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

#### (ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit and loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (i)).

#### (iii) Brand names

Brand names acquired by the Group have indefinite useful lives and are measured at cost less accumulated impairment. They are tested annually for impairment, or more frequently if events or circumstances indicate that they might be impaired.

#### (iv) Intellectual property

Intellectual property acquired by the Group with definite useful lives are measured at cost less accumulated impairment. They are tested annually for impairment, or more frequently if events or circumstances indicate that they might be impaired.

#### (v) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

#### (vi) Amortisation

Amortisation of intangibles other than goodwill and indefinite life intangibles is charged to the profit and loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least at each annual reporting date. Other intangible assets are amortised from the date that they are available for use.

The estimated useful lives are reflected in the following rates in the current and comparative periods:

	2022	2021
Intellectual property	0–20 years	0–20 years
Software	5–10 years	5–10 years

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

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### (f) Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### (g) Trade and other receivables

The Group measures trade and other receivables at their amortised cost less impairment losses (see accounting policy (i)) if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### (i) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (c)) and deferred tax assets (see accounting policy (p)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

For trade and other receivables, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance at each reporting date, based on known issues on collectability of outstanding debt and review of history/previous trends.

#### (i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration (less than 12 months) are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax nominal discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### (ii) Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis.

### **(k) Employee benefits**

#### *(i) Defined contribution superannuation funds*

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss as incurred.

#### *(ii) Long-term service benefits*

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to corporate bonds at the reporting date which have maturity dates approximating the terms of the Group's obligations.

#### *(iii) Share based payments transactions*

MaxiPARTS Limited grants performance rights from time to time to certain employees under the Performance Rights Plan.

The fair value of performance rights granted is recognised as an employee expense with a corresponding increase in equity recorded over the vesting period.

The fair value of the performance rights is calculated at the date of grant using a Monte Carlo simulation model and allocated to each reporting period over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the performance rights allocated to this reporting period.

#### *(iv) Wages, salaries, annual leave, sick leave and non-monetary benefits*

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

### **(l) Provisions**

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

### **(m) Warranties**

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and known warranty claims.

### **(n) Income tax**

Income tax expense comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions. The Group believes that its accruals for tax liabilities are adequate for all open tax years. This assessment relies on estimates and assumptions and may involve judgements about future events.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

### (o) Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is MaxiPARTS Limited.

Due to the existence of a tax contribution agreement between the entities in the tax consolidated group, the parent entity recognises the tax effects of its own transactions and the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary entities.

Current tax income/expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

In accordance with the tax contribution agreement, the subsidiary entities are compensated/charged for the assets and liabilities assumed by the parent entity as intercompany receivables and payables and for amounts which equal the amounts initially recognised by the subsidiary entities.

### (p) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares.

### (q) Revenue

#### (i) Revenue from the sale of goods

Revenue from the sale of goods is recognised at a point in time upon satisfaction of the performance obligation by transferring control of the promised good to the customer.

#### (ii) Revenue from the rendering of services

Revenue from the rendering of services is recognised at a point in time as the services are completed.

#### (iii) Other income

Interest income is recognised in the profit and loss as it accrues, using the effective interest method.

#### (iv) Dividend income

Dividend revenue is recognised when the right to receive a dividend has been established.

### (r) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated balance sheet.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### (s) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30-60 days.



# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### (t) Expenses

#### (i) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest method, foreign exchange losses, and losses on hedging instruments that are recognised in the profit and loss. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are recognised in the profit and loss using the effective interest method.

#### (u) Derivative financial instruments

The Group from time to time uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value, and changes therein are recognised in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised in the profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

#### (v) Accounting estimates and judgements

Management discussed with the Board Audit and Risk Management Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Impairment of goodwill and intangibles

The Group assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually in accordance with accounting policy (i).

These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. Refer note 7.

#### (ii) Provisions

The calculation of the provisions for warranty claims and impairment provisions for inventory and receivables involves estimation and judgement surrounding future claims and potential losses and exposures based primarily on past experience, the likelihood of claims or losses, management knowledge and experience together with a detailed examination of financial and non-financial information and trends. Refer accounting policy (l) for details of the recognition and measurement criteria applied.

The consolidated statement of financial position at 30 June 2022 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 currently going through the dispute resolution process available under the Asset Sale Agreement. An independent accountant has been appointed to determine the validity of the disputed amount, and the Group expects this process to be concluded in first part of H1 FY23. There is estimation uncertainty at 30 June 2022 in relation to the recoverability of the receivable.

### COVID-19

The ongoing COVID-19 pandemic has increased the uncertainty, generally, due to the impact of the following factors:

- the extent and duration of actions by governments, businesses and consumers to contain the spread of the virus; and
- a general increase in economic uncertainty. This includes the potential for disruption to capital markets, deteriorating credit, higher unemployment, and changes in consumer discretionary spending behaviours;

While the Directors are cautious in the current COVID-19 environment, sales activity and operations remain largely unaffected by COVID-19 impacts.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### Financial risk management

#### *(iii) Overview*

The Group has exposure to credit, market and liquidity risks associated with the use of financial instruments.

The Board has delegated to the Audit and Risk Management Committee responsibility for the establishment of policies on risk oversight and management.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk controls, and to monitor risks and adherence to limits. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates and interest rates. The carrying value of financial assets and financial liabilities recognised in the accounts approximate their fair value with the exception of borrowings which are recorded at amortised cost.

#### *(iv) Capital management*

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board monitors the earnings per share and the levels of dividends to ordinary shareholders together with the net debt/equity ratio, which at 30 June 2022 was -6% (2020: 17%). The Dividend Reinvestment Plan was reinstated on 1 October 2021 (previously suspended since 21 June 2011). The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages afforded by a sound capital position.

#### *(w) Segment reporting*

Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to or reviewed by the Group's chief operating decision maker which, for the Group, is the Managing Director. In this regard, such information is provided using different measures to those used in preparing the consolidated statement of profit or loss and consolidated balance sheet.

Reconciliations of such management information to the statutory information contained in the financial report have been included.

#### *(aa) Determination of fair values*

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *(i) Land and buildings*

The fair value of property is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing and knowledgeable buyer and seller in an arm's length transaction after proper marketing.

#### *(ii) Derivatives*

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

The fair value of interest rate swaps is based on independent valuations.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

#### *(iii) Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

#### *(iv) Assets and liabilities held for sale*

Assets and liabilities held for sale are measured at the lower of their carrying value and fair value less costs to sell. The fair value reflects the use of directly unobservable market inputs including assumptions about working capital.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### (ab) Government grants

From time to time the Group becomes eligible for government grants. These grants, which are related to assets are accounted for in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. The Group has elected to recognise government grants by reducing the carrying amount of the asset.

Amounts received under Government COVID-19 related stimulus schemes are recognised as other income when confirmation that the payments will be made is received and the Group has satisfied its obligations under the respective scheme. All such amounts are recorded in the consolidated statement of profit or loss on a gross basis.

### (ac) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost and decreased by lease payments made. It is remeasured when there is a change in future lease payments, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options.

### (ad) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and represents a separate major line of business or geographic area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with the view to resale.

Classification as a discontinued operation occurs at the earlier of the disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

### (ae) Disposal group held for sale

Non-current assets and disposal groups (total assets and their associated liabilities) that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale.

Immediately before classification, the asset and disposal groups are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### (af) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of an acquiree comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition-date. On an acquisition-by-acquisition basis, any non-controlling interest in the acquiree is recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

### (i) Critical accounting judgements, estimates and assumptions

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

### (ii) Measurement principle

The following measurement principles have been applied to the asset classes purchased:

Asset Class	Measurement
Property, plant and equipment	Fair value
Inventories	Fair value
Right of Use Asset	AASB 16 Leases
Deferred Tax Assets	AASB 12 Income Taxes
Lease Liability	AASB 16 Leases
Employee Entitlements	AASB 19 Employee Benefits

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 2. NOTES TO THE STATEMENT OF PROFIT AND LOSS

### 2a. Revenue

In the following table, revenue from customers (excluding revenue related to discontinued operations) is classified by major products and services lines and primary geographical market.

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Type of Good or Service</b>		
Sale of parts (point in time sale)	152,767	114,588
<b>Total Group Revenue</b>	<b>152,767</b>	<b>114,588</b>
<b>Geographical Market</b>		
Australia	152,767	114,588
<b>Total Group Revenue</b>	<b>152,767</b>	<b>114,588</b>

### 2b. Employee and Contract Labour Expenses

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Employee and contract labour expenses:</b>		
Employee expenses	21,922	19,138
Contract labour expenses	687	597
<b>Total employee and contract labour expenses</b>	<b>22,609</b>	<b>19,735</b>

### 2c. Depreciation & Amortisation, Finance Costs and Other Expenses

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Depreciation and Amortisation</b>		
Depreciation	583	546
Lease depreciation	3,970	3,471
<b>Total Depreciation and Amortisation</b>	<b>4,553</b>	<b>4,017</b>
<b>Finance Costs</b>		
Interest expenses	327	1,177
Lease interest	1,092	1,021
<b>Total Finance Costs</b>	<b>1,419</b>	<b>2,198</b>
<b>Other expenses</b>		
Significant items	1,381	2,043
Other expenses	7,263	8,875
<b>Total other expenses</b>	<b>8,644</b>	<b>10,918</b>

### 2d. Other Income

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Legal settlement	–	7,200
Other income	116	38
<b>Total Other Income</b>	<b>116</b>	<b>7,238</b>

The Company agreed to settle legal proceedings in relation to the TRANSform Enterprise Resource Planning system for \$7.20m in June 2021

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 3. TAXATION

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>(a) Income tax</b>		
Reconciliation of tax expense/(benefit)		
Prima facie tax payable/(benefit) on profit/(loss) before tax at 30% (2021: 30%)	(1,417)	1,566
Add/(deduct) tax effect of:		
Research and development allowance	–	(856)
Non-deductible expenditure	754	371
Associate equity accounted income	–	(837)
Under/(over) provision in prior year	(228)	399
Unrecoverable deferred tax asset write-off (NZ entity)	1,208	–
Impact of tax rates in foreign jurisdictions	(112)	(7)
	1,622	(930)
<b>Income tax expense in consolidated profit or loss</b>	<b>205</b>	<b>636</b>
Income tax expense attributable to the Group's profit is made up of:		
Current tax benefit	(13,440)	(840)
Prior year under/(over) provision	(251)	241
Deferred tax expense		
– origination and reversal of temporary difference	13,873	1,078
– prior year under/(over) – deferred differences	23	157
<b>Income tax expense in consolidated profit or loss</b>	<b>205</b>	<b>636</b>
<b>(b) Income tax expense is made up of:</b>		
Income tax expense on continuing operations	2,429	2,636
Income tax benefit on discontinued operations	(2,224)	(2,000)
<b>Income tax expense on consolidated profit or loss</b>	<b>205</b>	<b>636</b>
<b>(c) Deferred tax assets/(deferred tax liabilities)</b>		
The deferred tax assets/(deferred tax liabilities) are made up of the following estimated tax benefits/(cost):		
– Provisions and accrued employee benefits	1,113	5,268
– Property, plant and equipment	3,157	13,081
– Leases	6,165	6,186
– Intangible assets	(5,138)	(4,873)
– Inventory	854	486
– Other	900	776
– Tax losses carried forward	12,690	–
<b>Net deferred tax asset/(liability)</b>	<b>19,741</b>	<b>20,924</b>
Balance at beginning of year	20,924	19,846
Recognised in profit or loss	(13,873)	893
Recognised in equity	–	185
Tax losses carried forward	12,690	–
<b>Net deferred tax asset/(liability)</b>	<b>19,741</b>	<b>20,924</b>

### (d) Current tax asset/(liability)

The Group's current tax asset of \$743k (2021: nil), relating to New Zealand taxes, and current tax liability of nil (2021: \$576k) represents the amount of income taxes receivable/(payable) in respect of current and prior financial periods.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 4. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2022			CONSOLIDATED 2021		
	Gross \$'000	Impairment \$'000	Total \$'000	Gross \$'000	Impairment \$'000	Total \$'000
Trade debtors						
Not past due	15,733	–	15,733	19,975	–	19,975
Past due 0 – 30 days	8,926	–	8,926	4,519	(19)	4,500
Past due 31 – 60 days	1,316	(70)	1,246	6,416	–	6,416
Past due over 61 days	104	(104)	–	2,304	(457)	1,847
<b>Trade receivables</b>	<b>26,079</b>	<b>(174)</b>	<b>25,905</b>	<b>33,215</b>	<b>(476)</b>	<b>32,738</b>
Other receivables			2,285			330
<b>Total trade and other receivables</b>			<b>28,190</b>			<b>33,068</b>

## 5. INVENTORIES

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Finished goods – at cost	46,275	28,440
Less: provision for decrease to net realisable value	(1,151)	(1,292)
<b>Total inventories</b>	<b>45,124</b>	<b>27,148</b>

## 6. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Plant and Equipment</b>		
Plant and equipment at cost	6,776	5,687
Accumulated depreciation and impairment losses	(4,992)	(4,485)
<b>Subtotal plant and equipment</b>	<b>1,784</b>	<b>1,202</b>
Office equipment at cost	4,011	4,392
Accumulated depreciation and impairment losses	(3,371)	(3,801)
<b>Subtotal office equipment</b>	<b>640</b>	<b>591</b>
Leased property, plant and equipment	531	147
Accumulated depreciation and impairment losses	(45)	(147)
<b>Subtotal leased property, plant and equipment</b>	<b>486</b>	<b>–</b>
Capital work in progress	450	108
<b>Total property, plant and equipment</b>	<b>3,360</b>	<b>1,901</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 6. PROPERTY, PLANT AND EQUIPMENT continued

### Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Plant and equipment</b>		
Carrying amount at the beginning of the financial year	1,202	570
Additions	926	2,860
Transfer to inventories	–	(112)
Transfers from capital works in progress	72	2,784
Disposals	(66)	(1,333)
Depreciation	(350)	(986)
Foreign currency movement	–	30
Transfer to held for sale	–	(2,611)
<b>Carrying amount at the end of the financial year</b>	<b>1,784</b>	<b>1,202</b>
<b>Office equipment</b>		
Carrying amount at the beginning of the financial year	591	158
Additions	478	736
Transfers from capital works in progress	36	716
Disposals	(248)	–
Depreciation	(217)	(487)
Foreign currency movement	–	12
Transfer to held for sale	–	(544)
<b>Carrying amount at the end of the financial year</b>	<b>640</b>	<b>591</b>
<b>Leased property, plant and equipment</b>		
Carrying amount at the beginning of the financial year	–	34
Additions	574	30
Amortisation	(16)	(154)
Transfer to held for sale	–	90
Disposals	(72)	–
<b>Carrying amount at the end of the financial year</b>	<b>486</b>	<b>–</b>
<b>Capital works in progress</b>		
Carrying amount at the beginning of the financial year	108	3,003
Additions	450	2,521
Transfers to property, plant and equipment	(108)	(3,500)
Transfer to held for sale	–	(1,916)
<b>Carrying amount at the end of the financial year</b>	<b>450</b>	<b>108</b>



# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 7. INTANGIBLES

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Goodwill at cost	18,091	16,698
Impairment losses	(9,065)	(9,065)
<b>Total intangibles</b>	<b>9,026</b>	<b>7,633</b>
<b>Goodwill</b>		
Carrying amount at the beginning of the financial year	7,633	7,633
Additions	1,393	—
<b>Carrying amount at the end of the financial year</b>	<b>9,026</b>	<b>7,633</b>

Goodwill cost and impairment losses have been adjusted to remove the amounts relating to discontinued operations.

### Impairment tests for Goodwill and Other Intangibles

Management has considered the requirements under the accounting standards with regards to the Truckzone acquisition and concluded that the assets purchased will consolidate into the MaxiPARTS CGU and operating segment, primarily due to the similarities of the core business and seamless consolidate of the management, operational and key business processes into the existing MaxiPARTS business.

The recoverable amount of the CGU's to which goodwill and other intangible assets with indefinite useful lives are allocated is determined based on value-in-use calculations. Value-in-use was determined by discounting the future cash flows expected to be generated from the continuing use of the assets. Value-in-use as at 30 June 2022 was determined similarly to the 30 June 2021 goodwill impairment test and was based on the following key assumptions:

- Most recent forecast projections by management for FY23 and subsequently reviewed by the Board
- Growth rates for year 2-5 of 3.0%, 3.0%, 2.5% and 2.5% (annually) (30 June 2021: year 2-5 of 2.5%, 2.1%, 2.1% and 2.1%)
- Terminal growth rate of 2.0% (30 June 2021: 2.0%); and
- Pre-tax nominal discount rate of 14.0% (30 June 2021: 12.3%).

The values assigned to the key assumptions represent the Group's assessment of future trends in the industry and are based on historical data from both external sources and internal sources.

The recoverable amount of the MaxiPARTS CGU was found to be in excess of its carrying value.

## 8. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Trade payables	19,966	35,658
Other payables and accruals	5,853	8,864
<b>Total trade and other payables</b>	<b>25,819</b>	<b>44,522</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 9. INTEREST BEARING LOANS AND BORROWINGS

		CONSOLIDATED	
	Note	2022 \$'000	2021 \$'000
<b>Non-current</b>			
Bank loans – secured	23(e)	10,000	17,250
<b>Total non-current interest bearing liabilities</b>		<b>10,000</b>	<b>17,250</b>

Bank loans are subject to a floating interest rate.

		CONSOLIDATED	
		2022 \$'000	2021 \$'000
<b>Finance costs:</b>			
– Interest on bank loans		327	1,177
– Finance lease charges		–	3
<b>Total finance costs</b>		<b>327</b>	<b>1,180</b>

## 10. PROVISIONS

		CONSOLIDATED	
	Note	2022 \$'000	2021 \$'000
<b>Current</b>			
Employee entitlements		3,131	2,561
Warranty MaxiPARTS		329	640
Warranty Trailer Solutions Business	25(e)	2,000	–
<b>Total current provisions</b>		<b>5,460</b>	<b>3,201</b>
<b>Non-current</b>			
Employee entitlements		319	269
<b>Total non-current provisions</b>		<b>319</b>	<b>269</b>
<b>Aggregate employee entitlements liability</b>		<b>3,450</b>	<b>2,830</b>

Warranty provision at 30 June 2022 is analysed as follows:

	Warranty \$'000
Carrying amount at 1 July 2021	640
Provisions made during the year	2,111
Provisions released during the year	(422)
<b>Carrying amount at 30 June 2022</b>	<b>2,329</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 11. ISSUED CAPITAL

	Number of Ordinary Shares	Share Capital \$'000
Balance at 30 June 2021*	37,015,621	56,386
Dividend reinvestment	379,905	1,167
Issue of share capital	10,001,456	23,735
<b>Balance at 30 June 2022</b>	<b>47,396,982</b>	<b>81,288</b>

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

### Ordinary shares

Subject to the Constitution of the Company, holders of ordinary shares are entitled to vote as follows:

- Every shareholder may vote;
- On a show of hands every shareholder has one vote;
- On a poll every shareholder has one vote for each fully paid share.

The company does not have authorised capital or par value in respect of its issued shares.

Subject to the Constitution of the Company, ordinary shares attract the right in a winding up to participate equally in the distribution of the assets of the Company (both capital and surplus), subject only to any amounts unpaid on shares.

The Group completed a share consolidation of 1 share for every 5 previously held with an effective date of 27 August 2021 and 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 Group completed an equity raise of \$23.7m through a combined placement and an accelerate non-renounceable entitlement offer. 8,165,154 shares were issued to institutional shareholders on 9 February 2022, and a further 1,836,302 shares were issued on 10 March 2022 to retail shareholders.

## 12. EARNINGS PER SHARE

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Earnings reconciliation</b>		
Net profit/(loss) attributable to equity holders of the Company	(4,932)	4,584
<b>Basic earnings</b>	<b>(4,932)</b>	<b>4,584</b>
From continuing operations	4,908	5,689
From discontinued operations	(9,840)	(1,105)
	<b>(4,932)</b>	<b>4,584</b>
<b>Diluted Earnings</b>	<b>(4,932)</b>	<b>4,584</b>
From continuing operations	4,908	5,689
From discontinued operations	(9,840)	(1,105)
	<b>(4,932)</b>	<b>4,584</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 12. EARNINGS PER SHARE continued

	2022 Number	2021* Number
Weighted average number of shares		
Number of ordinary shares for basic Earnings Per Share	40,928,976	37,015,621
Number of Ordinary Shares for Diluted earnings per share	40,928,976	37,015,621

\* The comparative information for the number of ordinary shares is restated due to share consolidation for 1 share for every 5 previously held

## 13. Dividends

Dividends paid	Cents Per Share	Total Amount \$'000	Date of Payment	Tax Rate for Franking Credit	Percent Franked
<b>2022</b>					
Special dividend	62.50	23,135	24-Dec-21	30%	100%
<b>Total dividends paid</b>	<b>62.50</b>	<b>23,135</b>			

### Dividends proposed

Final – ordinary	2.50	1,185	19-Sep-22	30%	100%
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The above dividend was determined after the end of the financial year and will be paid on 19 September 2022. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2022 and will be recognised in subsequent financial statements.

	<b>THE COMPANY</b>	
	2022 \$'000	2021 \$'000
Dividend franking account		
Franking credits available to shareholders of MaxiPARTS Limited for subsequent financial years	7,918	17,668

The ability to utilise the franking credits is dependent upon the ability to declare dividends.

The impact on the dividend franking account of dividends proposed after the reporting date but not recognised as a liability is to reduce it by \$498k.

## 14. 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 MaxiPARTS Group reports on two Segments: Trailer Solutions and Parts. The Trailer Solutions business manufactures a diverse portfolio of trailers. The trailers are sold through our dealer network, comprising both owned dealerships and licensed dealerships, providing full solution including after sales service and parts to our customers. The Trailer Solutions segment is classified as discontinued operations and has been disposed of during the year, refer to note 25 for further details. The Parts business sells trailer and truck parts at both a wholesale and retail level in Australia.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 14. SEGMENT INFORMATION continued

### Geographical segments

The Group's external revenues are predominantly derived from customers located within Australia. The customer base is sufficiently diverse to ensure the Group is not reliant on any particular customer. The Group's assets and capital expenditure activities are predominantly located within Australia.

YEAR ENDED 30 JUNE 2022

Business Segments	Trailer Solutions Business* \$'000	MaxiPARTS \$'000	Corporate/ Eliminations \$'000	Total \$'000
<b>Revenue</b>				
External segment revenue	43,542	153,070	–	196,612
Inter-segment revenue	485	4,280	(4,765)	–
<b>Total segment revenue</b>	<b>44,027</b>	<b>157,350</b>	<b>(4,765)</b>	<b>196,612</b>
<b>Total Revenue</b>	<b>44,027</b>	<b>157,350</b>	<b>(4,765)</b>	<b>196,612</b>
<b>Segment Result</b>				
<b>Segment earnings/(loss) pre associate, interest and significant items</b>	<b>(6,702)</b>	<b>12,517</b>	<b>(2,704)</b>	<b>3,111</b>
Interest income	–	–	127	127
Interest expense	(664)	(1,092)	(227)	(1,983)
<b>Segment net profit/(loss) before tax (excluding significant items)</b>	<b>(7,366)</b>	<b>11,425</b>	<b>(2,804)</b>	<b>1,255</b>
<b>Significant items, before tax</b>				
Acquisition / Disposal / Transaction / Litigation costs	(4,601)	(735)	(646)	(5,982)
<b>Segment net profit/(loss) before tax (Including significant items)</b>	<b>(11,967)</b>	<b>10,690</b>	<b>(3,450)</b>	<b>(4,727)</b>
Income tax expense	–	–	(205)	(205)
<b>Net profit/(loss) after tax</b>	<b>(11,967)</b>	<b>10,690</b>	<b>(3,655)</b>	<b>(4,932)</b>
Depreciation and Amortisation	–	4,534	19	4,553
<b>Total Depreciation and Amortisation</b>	<b>–</b>	<b>4,534</b>	<b>19</b>	<b>4,553</b>
<b>Assets</b>				
Segment assets	–	118,820	–	118,820
Unallocated corporate assets	–	–	26,808	26,808
<b>Consolidated total assets</b>	<b>–</b>	<b>118,820</b>	<b>26,808</b>	<b>145,628</b>
<b>Liabilities</b>				
Segment liabilities	–	52,300	–	52,300
Unallocated corporate liabilities	–	–	13,769	13,769
<b>Consolidated total liabilities</b>	<b>–</b>	<b>52,300</b>	<b>13,769</b>	<b>66,069</b>
Capital expenditure	–	2,428	–	2,428
Unallocated capital expenditure	–	–	–	–
<b>Total capital expenditure</b>	<b>–</b>	<b>2,428</b>	<b>–</b>	<b>2,428</b>

\* The Trailer Solutions segment is a discontinued operation. Refer to note 25 for further details.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 14. SEGMENT INFORMATION continued

YEAR ENDED 30 JUNE 2021

Business Segments	Trailer Solutions Business \$'000	MaxiPARTS \$'000	Corporate/ Eliminations \$'000	Total \$'000
<b>Revenue</b>				
External segment revenue	236,623	116,145	–	352,768
Inter-segment revenue	1,921	20,993	(22,914)	–
<b>Total segment revenue</b>	<b>238,544</b>	<b>137,138</b>	<b>(22,914)</b>	<b>352,768</b>
<b>Total Revenue</b>	<b>238,544</b>	<b>137,138</b>	<b>(22,914)</b>	<b>352,768</b>
<b>Segment Result</b>				
<b>Segment earnings/(loss) pre associate, interest and significant items</b>	<b>10,940</b>	<b>11,621</b>	<b>(6,828)</b>	<b>15,733</b>
Share of net profit of equity accounted investments	2,791	–	–	2,791
Interest expense	(2,668)	(1,020)	(1,183)	(4,871)
<b>Segment net profit/(loss) before tax (excluding significant items)</b>	<b>11,063</b>	<b>10,601</b>	<b>(8,011)</b>	<b>13,653</b>
<b>Significant items, before tax</b>				
Impairment loss – other non-financial assets	(13,589)	–	–	(13,589)
Litigation settlement	–	–	7,200	7,200
Acquisition / Disposal / Transaction / Litigation costs	–	–	(2,043)	(2,043)
<b>Segment net profit/(loss) before tax (including significant items)</b>	<b>(2,526)</b>	<b>10,601</b>	<b>(2,854)</b>	<b>5,221</b>
Income tax expense	–	–	(636)	(636)
<b>Net profit/(loss) after tax</b>	<b>(2,526)</b>	<b>10,601</b>	<b>(3,491)</b>	<b>4,584</b>
Depreciation and Amortisation	3,254	3,901	1,434	8,589
<b>Total Depreciation and Amortisation</b>	<b>3,254</b>	<b>3,901</b>	<b>1,434</b>	<b>8,589</b>
<b>Assets</b>				
Segment assets	121,872	67,245	–	189,117
Unallocated corporate assets	–	–	52,030	52,030
<b>Consolidated total assets</b>	<b>121,872</b>	<b>67,245</b>	<b>52,030</b>	<b>241,147</b>
<b>Liabilities</b>				
Segment liabilities	98,654	36,801	–	135,455
Unallocated corporate liabilities	–	–	23,192	23,192
<b>Consolidated total liabilities</b>	<b>98,654</b>	<b>36,801</b>	<b>23,192</b>	<b>158,647</b>
Capital expenditure	5,863	236	–	6,100
Unallocated capital expenditure	–	–	47	47
<b>Total capital expenditure</b>	<b>5,863</b>	<b>236</b>	<b>47</b>	<b>6,147</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 14. SEGMENT INFORMATION continued

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

	COMPANY	
	2022 \$'000	2021 \$'000
<b>Revenue</b>		
Total revenue for reportable segments	196,612	352,768
Elimination of discontinued operations	(43,845)	(238,180)
<b>Consolidated Revenue</b>	<b>152,767</b>	<b>114,588</b>
<b>Profit before tax</b>		
Total (Loss)/Profit before tax for reportable segments	(1,277)	8,075
Elimination of discontinued operations	12,064	3,105
Unallocated amounts:		
– Other corporate expenses	(3,450)	(2,854)
<b>Consolidated profit before tax from continuing operations</b>	<b>7,337</b>	<b>8,325</b>

## 15. SHARE BASED PAYMENTS

On 15 October 2010, the Group established the MaxiPARTS Performance Rights Plan ('PRP') that entitles Executive Directors and Senior Management to receive a specified number of Performance Rights ('PRs') which upon vesting can be converted into a specified number of ordinary shares in the Company.

The terms and conditions relating to PRs currently on issue are as follows:

Period	1 July 2021 – 30 June 2024	1 July 2020 – 30 June 2023	1 July 2019 – 30 June 2022
Grant date	3 Nov 2021	23 Nov 2020	25 Oct 2019
Total PRs issued	113,349	1,227,601	606,620
Total PRs forfeited	29,439	1,036,879	520,938
Total PRs remaining on issue	83,910	190,723	85,682
Target return on invested capital	N/A	12.50%	11.53%
Minimum % of ROIC target that must be achieved for Performance Rights to vest	N/A	67.0%	67.0%
Minimum Economic Value Add (EVA)	\$4.17m	N/A	N/A
Target increase in EVA	\$6.220m	N/A	N/A
Minimum % of EVA target that must be achieved for Performance Rights to vest	67.0%	N/A	N/A
Minimum service requirement	3 years from grant date	3 years from grant date	3 years from grant date
<b>Details of PRs exercised</b>	<b>1 July 2021 – 30 June 2024</b>	<b>1 July 2020 – 30 June 2023</b>	<b>1 July 2019 – 30 June 2022</b>
Total PRs issued	113,349	1,227,601	606,620
Total PRs forfeited	29,439	1,036,879	520,938
Total PRs exercised	–	–	85,682
Total PRs remaining on Issue	83,910	190,723	–

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 15. SHARE BASED PAYMENTS continued

### Measurement of fair value

The fair value of PRs is calculated at the date of grant by an independent external valuer, Grant Thornton, using the Monte Carlo simulation model and allocated to each reporting period evenly over the period from grant date to vesting date. Expected volatility is estimated by considering historic average share price volatility.

PRs are granted under a service condition and, for grants to key management personnel, non-market performance conditions. Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

The inputs used in the measurement of the fair values at grant date of the PRs on issue are as follows:

	2022	2021	2020
Fair value at grant date	\$3.628	\$1.795	\$1.094
Share price at grant date	\$3.850	\$1.800	\$1.100
Expected volatility	65.00%	65.00%	55.00%
Expected dividend yield	2.00%	0.00%	0.00%
Risk-free rate of return	0.90%	0.10%	0.71%

### CONSOLIDATED

	2022 \$'000	2021 \$'000	2020 \$'000
Expense/(income) recognised in profit and loss			
Share based payments expense recognised	195	399	168
Share based payments reversed	(60)	(532)	(19)
<b>Total share based payment expense/(income) recognised as employee costs</b>	<b>135</b>	<b>(133)</b>	<b>149</b>

## 16. RELATED PARTY DISCLOSURES

### (a) Director and other key management personnel disclosures

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company and Executives for the Group.

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

#### **Non-Executive Directors**

- Mr R Wylie (Chair)
- Ms M Verschuer (Deputy Chair)
- Mr G Butera (appointed 17 September 2021)
- Mr J Curtis (Deputy Chair, resigned 3 November 2021)
- Mr G Sedgwick (resigned 27 April 2022)

#### **Executives**

- Ms L Blockley (Chief Financial Officer, appointed 6 September 2021)
- Mr T Bradfield (Former CFO, position made redundant 3 September 2021)
- Mr T Negus (GM – Manufacturing, position made redundant 3 September 2021)

#### **Executive Directors**

- Mr P Loimaranta (Managing Director appointed 6 September 2021, prior GM – MaxiPARTS and New Zealand)
- Mr D Jenkins (Managing Director, position made redundant 3 September 2021, separated on 30 November 2021)

#### **Directors' transactions in shares**

Directors and their related entities acquired 73,936 (2021: nil) existing ordinary shares in MaxiPARTS Limited during the year.



# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 16. RELATED PARTY DISCLOSURES continued

### (b) Director and other key management personnel transactions

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

### (c) Key management personnel remuneration

The key management personnel remuneration (see Remuneration Report) is as follows:

	CONSOLIDATED	
	2022 Restated*	2021
Short-term employee benefits	3,045,163	2,994,747
Post-employment benefits	230,156	203,912
Share based payment benefits/(income)	69,174	(81,497)
	<b>3,344,493</b>	<b>3,117,162</b>

\* Amounts are restated for FY22 from the previously released version due to a correction in FY22 information, that previously displayed information from an incorrect draft version.

## 17. PARENT ENTITY

As at 30 June 2022 and throughout the financial year ending on that date, the parent company of the Group was MaxiPARTS Limited.

	COMPANY	
	2022 \$'000	2021 \$'000
<b>Results of the parent company</b>		
Profit/(loss) for the year	(4,244)	78,600
<b>Total comprehensive income</b>	<b>(4,244)</b>	<b>78,600</b>
<b>Financial position of the parent company</b>		
Current assets	89,645	92,714
Total assets	125,736	132,979
Current liabilities	3,734	1,419
Total liabilities	13,768	18,669
<b>Net assets</b>	<b>111,968</b>	<b>114,310</b>
<b>Total equity of the parent company comprising of:</b>		
Issued capital	81,288	56,386
Reserves	498	363
Retained earnings	30,182	57,561
<b>Total equity</b>	<b>111,968</b>	<b>114,310</b>

### Parent company contingencies

At any given point in time, the parent company may be engaged in defending legal actions brought against it. The Directors are not aware of any such actions that would give rise to a material contingent liability to the parent company.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 18. CONTROLLED ENTITIES

MaxiPARTS Limited	Country of Incorporation	Class of Shares	INTEREST HELD	
			2022 %	2021 %
Controlled entities of MaxiPARTS Limited				
MaxiPARTS Australia Pty Ltd (formerly MaxiTRANS Australia Pty Ltd)	Aust.	Ord.	100	100
– ACN 159 813 733 Pty Ltd (formerly Transport Connection Pty Ltd)	Aust.	Ord.	100	100
– MaxiPARTS Services Pty Ltd	Aust.	Ord.	100	100
Transtech Research Pty Ltd	Aust.	Ord.	100	100
Trail Truck Parts Pty Ltd (formerly MaxiTRANS Panels Pty Ltd) <sup>(i)</sup>	Aust.	Ord.	100	100
MaxiPARTS Industries (N.Z.) Pty Ltd (formerly MaxiTRANS Industries (N.Z.) Pty Ltd)	Aust.	Ord.	100	100
ACN 066 671 805 Pty Ltd (formerly Peki Pty Ltd) <sup>(i)</sup>	Aust.	Ord.	100	100
Ultraparts Pty Ltd <sup>(i)</sup>	Aust.	Ord.	100	100
MaxiPARTS Finance Pty Ltd (formerly MaxiTRANS Finance Pty Ltd) <sup>(i)</sup>	Aust.	Ord.	100	100
ACN 073 705 263 PTY LTD (formerly Lusty EMS Pty Ltd)	Aust.	Ord.	100	100
ACN 108 302 110 Pty Ltd (formerly Hamelex White Pty Ltd) <sup>(i)</sup>	Aust.	Ord.	100	100
MaxiPARTS Operations Pty Ltd (formerly MaxiPARTS Pty Ltd/formerly Colrain Pty Ltd)	Aust.	Ord.	100	100
– Colrain Queensland Pty Ltd	Aust.	Ord.	100	100
– Colrain (Albury) Pty Ltd	Aust.	Ord.	100	100
– MaxiPARTS (Qld) Pty Ltd (formerly Queensland Diesel Spares Pty Ltd/formerly Colrain (Ballarat) Pty Ltd) <sup>(i)</sup>	Aust.	Ord.	100	100
– Colrain Pty Ltd (formerly Colrain (Geelong) Pty Ltd) <sup>(i)</sup>	Aust.	Ord.	100	100
– MaxiPARTS (Qld) Pty Ltd (formerly Queensland Diesel Spares Pty Ltd)	Aust.	Ord.	100	100
MaxiPARTS Employee Share Scheme Pty Ltd (formerly MaxiTRANS Employee Share Plan Pty Ltd)	Aust.	Ord.	100	100
MaxiPARTS International Holdings Pty Ltd (formerly MaxiTRANS (China) Limited) <sup>(i)</sup>	Hong Kong	Ord.	100	100

(i) Dormant entity

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 19. DEED OF CROSS GUARANTEE

The Company, together with its subsidiaries, MaxiPARTS Australia Pty Ltd, Transtech Research Pty Ltd,

ACN 073 705 263 Pty Ltd, ACN 066 671 805 Pty Ltd, MaxiPARTS Industries (N.Z.) Pty Ltd, MaxiPARTS Operations Pty Ltd (effective 1 September 2008, previously ineligible) and MaxiPARTS (Qld) Pty Ltd (effective 22 June 2012, previously ineligible) each of which are incorporated in Australia, entered into a "Deed of Cross Guarantee" so as to seek the benefit of the accounting and audit relief available under Class Order (2016/785) made by the Australian Securities & Investments Commission which was granted on 30 June 2006.

A consolidated statement of comprehensive income and consolidated balance sheet, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2022 is set out as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022 \$'000	2021 \$'000
<b>Continuing Operations</b>		
Total revenue	152,767	114,588
Changes in inventories of finished goods and work in progress	2,013	39
Raw materials and consumables used	(110,756)	(76,633)
Other income	116	7,238
Employee expenses	(22,609)	(19,735)
Warranty reversals/(expenses)	422	(39)
Depreciation and amortisation expenses	(4,553)	(4,017)
Finance costs	(1,419)	(2,198)
Other expenses	(8,644)	(10,918)
Profit before income tax from continuing operations	7,337	8,325
Income tax expense	(2,429)	(2,636)
<b>Profit from continuing operations</b>	<b>4,908</b>	<b>5,689</b>
<b>Discontinued operations</b>		
Loss from discontinued operations before income tax	(12,299)	(4,146)
Income tax benefit from discontinued operations	2,224	2,000
<b>(Loss)/profit for the year</b>	<b>(5,167)</b>	<b>3,545</b>
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	(64)	18
Cashflow hedge reserve	153	227
<i>Items that will never be reclassified to profit or loss:</i>		
Revaluation of land and buildings	–	(397)
Related tax	–	119
Other comprehensive income/(loss) for the year, net of tax	89	(33)
<b>Total comprehensive (loss)/income for the year</b>	<b>(5,078)</b>	<b>3,512</b>
(Loss)/profit attributable to:		
Equity holders of the company	(5,167)	3,545
Total comprehensive (loss)/income attributable to: Equity holders of the company	(5,078)	3,512

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 19. DEED OF CROSS GUARANTEE continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CONSOLIDATED	
	2022 \$'000	2021 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	11,852	22,442
Trade and other receivables	24,461	27,741
Inventories	45,124	27,148
Current tax assets	743	–
Other	325	262
Assets held for sale	–	109,685
<b>Total Current Assets</b>	<b>82,505</b>	<b>187,278</b>
<b>Non-Current Assets</b>		
Investments in controlled entities	–	2,903
Property, plant and equipment	3,360	1,901
Intangible assets	9,026	7,632
Right of use asset	23,265	16,845
Financial asset	4,000	–
Deferred tax assets	19,741	20,924
<b>Total Non-Current Assets</b>	<b>59,392</b>	<b>50,205</b>
<b>Total Assets</b>	<b>141,897</b>	<b>237,483</b>
<b>Current Liabilities</b>		
Trade and other payables	25,819	43,200
Current tax liability	–	576
Provisions	5,460	3,201
Lease liability	4,491	3,379
Liabilities held for sale	–	73,436
<b>Total Current Liabilities</b>	<b>35,770</b>	<b>123,792</b>
<b>Non-Current Liabilities</b>		
Interest bearing loans and borrowings	10,000	17,250
Provisions	319	269
Lease liability	19,980	14,264
<b>Total Non-Current Liabilities</b>	<b>30,299</b>	<b>31,783</b>
<b>Total Liabilities</b>	<b>66,069</b>	<b>155,575</b>
<b>Net Assets</b>	<b>75,828</b>	<b>81,908</b>
<b>Equity</b>		
Issued capital	78,369	56,386
Reserves	2,688	16,182
Retained profits/(accumulated losses)	(5,229)	9,340
<b>Total Equity</b>	<b>75,828</b>	<b>81,908</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 20. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES WITH OPERATING PROFIT/(LOSS) AFTER TAX	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Profit/(loss) for the year	(4,932)	4,584
<b>Non-cash items in operating profit</b>		
Depreciation and amortisation of assets	4,553	8,589
(Gain)/loss on sale of property, plant and equipment	141	1,333
Loss on sale of discontinued operations	3,623	–
Gain on sale of land and buildings	(306)	–
AASB16 lease Interest	1,648	3,691
Gain on derecognition of ROU asset	(2)	(1,936)
Impairment loss	–	13,589
Share of net profits of associates accounted for using the equity method	–	(2,791)
Share based payments (income)/expense	135	(133)
<b>Change in assets and liabilities</b>		
(Increase)/decrease in receivables	879	(6,522)
(Increase)/decrease in other assets	(66)	156
(Increase)/decrease in inventories	(2,157)	2,051
Increase/(decrease) in trade payables and other liabilities	(13,484)	5,805
Increase/(decrease) in current tax assets	(1,230)	2,176
Increase/(decrease) in provisions	1,552	1,839
Increase/(decrease) in deferred taxes	(2,086)	(605)
<b>Net cash provided by/(used in) operating activities</b>	<b>(11,732)</b>	<b>31,826</b>

The reconciliation includes operating cash flows from both continued and discontinued operations.

## 21. CAPITAL AND LEASING COMMITMENTS

### (a) Right-of-use assets

	CONSOLIDATED		
	Land and buildings \$'000	Other assets \$'000	Total \$'000
Balance at 1 July 2021	15,289	1,556	16,845
Additions during the year	11,253	1,087	12,340
Disposals during the year	(1,892)	(58)	(1,950)
Depreciation charge for the year	(3,141)	(829)	(3,970)
<b>Balance as at 30 June 2022</b>	<b>21,509</b>	<b>1,756</b>	<b>23,265</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 21. CAPITAL AND LEASING COMMITMENTS continued

	CONSOLIDATED		
	Land and buildings \$'000	Other assets \$'000	Total \$'000
Balance at 1 July 2020	22,845	2,386	25,231
Additions during the year	29,580	6,784	36,364
Disposals during the year	–	(494)	(494)
Depreciation charge for the year	(4,309)	(1,285)	(5,594)
Transfer to held for sale	(32,828)	(5,834)	(38,661)
<b>Balance as at 30 June 2021</b>	<b>15,289</b>	<b>1,556</b>	<b>16,846</b>

### (b) Lease liabilities

	CONSOLIDATED
	Total \$'000
Balance at 1 July 2021	17,643
Additions during the year	12,486
Interest expense	1,092
Payments	(4,651)
Disposals during the year	(2,099)
<b>Balance as at 30 June 2022</b>	<b>24,471</b>

	CONSOLIDATED
	Total \$'000
Balance at 1 July 2020	47,050
Additions during the year	14,082
Interest expense	3,691
Payments	9,912
Transfer to held for sale	(57,092)
<b>Balance as at 30 June 2021</b>	<b>17,643</b>

### (c) Amounts recognised in profit or loss

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Depreciation expense of right-of-use assets	3,970	3,471
Interest expense on lease liabilities	1,092	1,021
<b>Total</b>	<b>5,062</b>	<b>4,492</b>

## 22. CONTINGENT LIABILITIES

At any given point in time the Group may be engaged in defending legal actions brought against it. In the opinion of the Directors such actions are not expected to have a material effect on the Group's financial position.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 23. FINANCIAL INSTRUMENTS

### (a) Risk management framework/policies

The Group's key activities include the sale and distribution of commercial parts and spare parts. These activities expose the Group to a variety of financial risks, including liquidity risk, credit risk and market risk such as currency and interest rate risk.

The Group's financial risk management program seeks to minimise the potential adverse effects of the unpredictability of financial markets on the financial performance of the Group by utilising derivative financial instruments for purchase of supplies and raw materials. The Group measures risk exposure through sensitivity analysis in the case of currency risk, cash flow forecasting and ageing analysis for credit risk.

### (b) Interest rate risk

The Group is exposed to interest rate risk as it borrows at floating interest rates.

As at reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Borrowings – floating rate	10,000	17,250
	<b>10,000</b>	<b>17,250</b>

As at reporting date, if interest rates on borrowings had moved as illustrated in the table below, with all other variables held constant, post tax profit for the year would have been affected as follows:

	2022 \$'000	2021 \$'000
100bp increase	(70)	(121)
100bp decrease	70	121

### (c) Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in foreign currency, primarily United States Dollars. Derivative financial instruments (forward exchange contracts) are used by the Group to economically hedge exposure to exchange rate risk associated with foreign currency transactions.

#### Forward exchange contracts

The following table summarises the US Dollar forward exchange contracts outstanding as at the reporting date:

	AVERAGE EXCHANGE RATE		FOREIGN CURRENCY		CONTRACT VALUE		FAIR VALUE	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Buy USD Dollar	0.6892	0.7638	4,121	6,777	5,979	8,873	9	135

As at reporting date, if the Australian Dollar had moved against the US Dollar currency as illustrated in the table below, with all other variables held constant, post tax profit for the year would have been affected as follows:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
USD 10.0 cents increase	530	719
USD 10.0 cents decrease	(710)	(719)

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 23. FINANCIAL INSTRUMENTS continued

### (d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities, primarily from trade and other receivables. The carrying amount of these financial assets at year-end represented the Group's maximum exposure to credit risk. The Group has a policy of only dealing with credit worthy counterparties and obtaining sufficient security where appropriate, as a means of mitigating the risk of financial losses from defaults. The Group does not have any significant credit risk exposure to any single counter party. The majority of accounts receivable are due from entities within the broad road transport industry.

#### Guarantees

Performance guarantees of \$2,166,231 (2021: \$3,431,180) are held by Commonwealth Bank of Australia.

### (e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's liquidity management policies include Board approval of all changes to debt facilities as well as robust management practices in short and long term cashflow management.

The Group has reduced debt over the last financial year, which has seen a net cash position (total borrowings less cash on hand) of \$1,852k at 30 June 2022.

The following table summarises the maturities of the Group's financial liabilities based on the remaining earliest contractual maturities.

30 June 2022 – Consolidated	Carrying amount \$'000	Total \$'000	6 months or less \$'000	6–12 Months \$'000	1–2 Years \$'000	2–5 Years \$'000	5+ Years \$'000
Trade and other payables and accruals	(25,819)	(25,819)	(25,819)	–	–	–	–
Borrowings	(10,000)	(10,918)	(204)	(204)	(408)	(10,102)	–
Lease liability	(24,471)	(31,733)	(2,595)	(2,453)	(4,377)	(10,732)	(11,576)
<b>Effect of derivative instruments</b>							
Forward exchange contracts							
– inflow	8,619	8,619	8,619	–	–	–	–
– outflow	(8,656)	(8,656)	(8,656)	–	–	–	–
	<b>(60,327)</b>	<b>(68,507)</b>	<b>(28,655)</b>	<b>(2,657)</b>	<b>(4,785)</b>	<b>(20,834)</b>	<b>(11,576)</b>
30 June 2021 – Consolidated	Carrying amount \$'000	Total \$'000	6 months or less \$'000	6–12 Months \$'000	1–2 Years \$'000	2–5 Years \$'000	5+ Years \$'000
Trade and other payables and accruals	(44,522)	(44,522)	(44,522)	–	–	–	–
Borrowings	(17,250)	(18,722)	(589)	(589)	(17,544)	–	–
Lease liability	(17,643)	(21,840)	(2,103)	(2,021)	(3,703)	(8,050)	(5,963)
<b>Effect of derivative instruments</b>							
Forward exchange contracts							
– inflow	13,048	13,048	13,048	–	–	–	–
– outflow	(13,192)	(13,192)	(13,192)	–	–	–	–
	<b>(79,559)</b>	<b>(85,228)</b>	<b>(47,358)</b>	<b>(2,610)</b>	<b>(21,247)</b>	<b>(8,050)</b>	<b>(5,963)</b>



# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 23. FINANCIAL INSTRUMENTS continued

### Finance facilities

At year end, the Group had the following financing facilities in place with its bankers:

	FACILITY AMOUNT		UTILISED		AVAILABLE	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Consolidated						
Loan facility	10,000	24,000	10,000	17,250	–	6,750
Overdraft facility	1,000	4,960	–	–	1,000	4,960
Multi-option facility	2,600	5,040	2,166	3,431	434	1,609
	<b>13,600</b>	<b>34,000</b>	<b>12,166</b>	<b>20,681</b>	<b>1,434</b>	<b>13,319</b>

Commonwealth Bank of Australia is the Group's banking partner.

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 Trailer Solutions business and properties.

Australian loan facilities of \$13.6m mature as follows, subject to continuing compliance with the terms of the facilities:

- \$1m in September 2022 (overdraft facility)
- \$2.6m in September 2022 (performance guarantees)
- \$10m in September 2024 (loan facility)

Interest rates are variable for the Group's loan 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.

The Group was not in breach of any debt covenants in the financial reporting period ending 30 June 2022; the Group's forecast indicates that the Group will continue to comply with all covenants in the next 12 months.

### (f) Fair value

#### Determination of fair value

Net fair value has been determined in respect of financial assets and financial liabilities, with reference to the carrying amount of such assets and liabilities in the consolidated balance sheet, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

The carrying amount approximates estimated net fair value for the Group's financial assets and liabilities.

#### Classification of fair value

Fair Value Measurement requires that financial and non-financial assets and liabilities measured at fair value (being forward exchange contracts, interest rate swaps and land and buildings) be disclosed according to their position in the fair value hierarchy. There were no transfers between levels within the fair value hierarchy at 30 June 2022.

- Level 1 is based on quoted prices in active markets for identical items;
- Level 2 is based on quoted prices or other observable market data not included in level 1;
- Level 3 valuations are based on inputs other than observable market data.

Forward exchange contracts and interest rate swaps are classified as Level 2 and their fair value is determined by reference to observable inputs from active markets or prices from markets not considered active. They are priced with reference to an active yield or rate, but with an adjustment applied to reflect the timing of maturity dates.

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 23. FINANCIAL INSTRUMENTS continued

The fair value of forward exchange contracts and interest rate swaps at balance date is as follows:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Derivative assets	38	–
Derivative liabilities	–	73

## 24. REMUNERATION OF AUDITOR

	CONSOLIDATED	
	2022 \$	2021 \$
Remuneration of auditor		
<b>KPMG Australia:</b>		
– auditing and reviewing the financial statements – Group	370,969	451,718
– auditing and reviewing the financial statements – controlled entities	–	37,084
– other services (taxation and advisory)	80,596	261,696
	<b>451,565</b>	<b>750,498</b>
<b>Overseas KPMG Firms:</b>		
– other services (taxation and advisory)	9,261	18,090
	<b>9,261</b>	<b>18,090</b>
<b>Total auditor remuneration</b>	<b>460,826</b>	<b>768,588</b>

## 25. 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.

### (a) Statement of Profit or Loss

	2022 \$'000	2021 \$'000
<b>Discontinued operation</b>		
Revenue	43,845	238,180
Other income	98	10,492
Impairment loss – remeasurement of disposal group	–	(13,589)
Loss on sale of discontinued operations	(3,623)	–
Gain on sale of land and buildings	306	–
Lease interest	(556)	(2,670)
Expenses	(52,134)	(235,518)
<b>Loss before income tax</b>	<b>(12,064)</b>	<b>(3,105)</b>
Income tax benefit	2,224	2,000
<b>Loss from discontinued operation, net of tax</b>	<b>(9,840)</b>	<b>(1,105)</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

## 25. DISCONTINUED OPERATIONS continued

### (b) Cash flows from discontinued operation

	2022 \$'000	2021 \$'000
<b>Discontinued operation</b>		
Net cash inflows/(outflows) from operating activities	(11,583)	13,529
Net cash inflows/(outflows) from investing activities	29,927	(4,410)
Net cash inflows/(outflows) from financing activities	(861)	(3,337)
<b>Net cash from discontinued operation</b>	<b>17,483</b>	<b>5,783</b>

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.

### (c) Effect of disposal on the financial position of the Group

	2022 \$'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)	(1,208)
Right of use asset	(30,744)
<b>Total Assets</b>	<b>(122,589)</b>
Trade and other payables	657
Other liabilities	1,640
Current tax	215
Provisions	11,762
Lease liability	56,447
<b>Total Liabilities</b>	<b>70,721</b>
<b>Net Assets</b>	<b>(51,868)</b>

### (d) Other receivables in relation to the sale of the Trailer Solutions business

The consolidated statement of financial position at 30 June 2022 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 is currently going through the dispute resolution process available under the Asset Sale Agreement. An independent accountant has been appointed to determine the validity of the disputed amount, and the Group expects this process to be concluded early in the first half of financial year ending 30 June 2023.

The consolidated statement of financial position at 30 June 2022 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 Consolidated Financial Statements continued

For the year ended 30 June 2022

## 25. DISCONTINUED OPERATIONS continued

### (e) 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 Group has also taken up an additional Customer Warranty provision of \$2.0m to account in FY22, effectively taking the total expected warranty expenditure to \$4.35m. The additional provision is reported in the results of discontinued operations for the period, and the amount was estimated based on analysis of the Trailer warranty expenditure incurred to date and applying the expenditure profile to the Trailers for the remaining warranty period.

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.

## 26. BUSINESS COMBINATION

On 21 February 2022, the Group acquired the inventory and assets of Truckzone Pty Ltd for a total cash consideration of \$18.2m.

Included in the identifiable assets and liabilities acquired at the date of acquisition are inputs (a head office, fixed assets, inventory, and an established customer base), processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue, the Group has concluded that the acquired set is a business.

The Truckzone assets will be consolidated into the MaxiPARTS CGU and operating segment. The core business of the acquired assets of commercial Truck and Trailer parts is the same core business as MaxiPARTS; post acquisition, the Truckzone operations have been quickly integrated into the greater MaxiPARTS Group, this includes consolidation of the management structure, optimisation of the site network, including the consolidation of one store within the Melbourne region, with two more stores to be consolidated in early FY23, and the amalgamation of the business onto the MaxiPARTS ERP and joining of purchasing and shared services functions. Furthermore, the Group has initiated several cost and revenue synergy projects.

To this point the Group sees it as impracticable to report the amounts of revenue and profit or loss of the acquired stand-alone Truckzone business since the acquisition date or the annualised contribution of the Truckzone Group of assets and not representative of the combined value in integrating the Truckzone assets into the consolidated Group. As an indicative amount, the Group estimates that Truckzone contributed \$13m-\$14m in revenue for the part period since acquisition and the profit contribution was negligible.

### (a) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition.

	2022 \$'000
Property, plant and equipment	1,606
Inventories	15,819
Right to Use Asset	9,727
Deferred Tax Assets	227
Lease Liability	(9,727)
Employee Entitlements	(757)
<b>Net Assets</b>	<b>16,895</b>

The fair value of material assets acquired are measured consistent with the Group's accounting policies detailed in note 1 statement of significant accounting policies.

### (b) Goodwill

Goodwill arising from the acquisition of Truckzone is as follows:

	2022 \$'000
Consideration transferred	18,288
Fair value of identifiable net assets	16,895
<b>Goodwill</b>	<b>1,393</b>

# Notes to the Consolidated Financial Statements continued

For the year ended 30 June 2022

The goodwill is attributable mainly to the skills and technical talent of Truckzone's work force and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

## 27. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual reporting periods beginning after 1 July 2022 and earlier application is permitted; the following amended standards and interpretations have not been early adopted by the Group and are not expected to have a significant impact on the Group's consolidated financial statements.

### (a) Business Combinations (Amendments to AASB 3)

This amendment updates the reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

### (b) Financial Instruments (Amendments to AASB 9)

This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

### (c) Property, Plant and Equipment (Amendments to AASB 116)

This amendment requires an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.

### (d) Provisions, Contingent Liabilities and Contingent Assets (Amendments to AASB 137)

This amendment requires an entity to specify the costs that are included when assessing whether a contract will be loss-making.

### (e) Other standards

The following new and amendment standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Presentation of Financial Statements (*Amendments to AASB 101*)
- Classification of debt with covenants (*Amendments to AASB 101*)
- Classification of Liabilities as Current or Non-current (*Amendments to AASB 101*)
- *AASB 17 Insurance Contracts and amendments to AASB 17 Insurance Contracts*
- Amendments on accounting policy disclosures (*Amendments to AASB 101*)
- Recognising deferred tax on leases (*Amendments to AASB 12*)

## 28. EVENTS SUBSEQUENT TO BALANCE DATE

Apart from the dividend declared, there have been no events subsequent to the reporting date which would have a material effect on the Group's financial statements for the year ended 30 June 2022.

# Independent Auditor's Report

For the year ended 30 June 2022



## Independent Auditor's Report

To the shareholders of MaxiPARTS Limited

### Report on the audit of the Financial Report - Reissued

#### Opinion

We have audited the **Financial Report - Reissued** of MaxiPARTS Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report - Reissued** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss and consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## Emphasis of matter – Re-issuance of the Financial Report and Report of the Directors, including Remuneration Report

We draw attention to Note 1 of the Financial Report – Reissued which describes that Directors have amended and reissued the previously issued Financial Report due to the correction of an error in that Financial Report and the Report of the Directors, including Remuneration Report. As a consequence, this Auditor's Report supersedes our previous Independent Auditor's Report to the shareholders of MaxiPARTS Limited dated 18 August 2022 on the Financial Report and the Remuneration Report for the year ended 30 June 2022, signed and approved by the Directors on 18 August 2022. Our opinion on the Financial Report is not modified in respect of this matter.

## Key Audit Matters

The **Key Audit Matters** we identified are: **Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

- Sale of Trailer Solutions business and Ballarat, Derrimut and Hallam properties; and
  - Business combination.
- These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Sale of Trailer Solutions business and Ballarat, Derrimut and Hallam properties (Loss on sale of discontinued operations (\$3,623k) and gain on sale of land and buildings (\$306k))

Refer to Note 25 *Discontinued Operations*

The key audit matter	How the matter was addressed in our audit
<p>The sale of the Trailer Solutions business and Ballarat, Derrimut and Hallam properties is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• the sale being significant to the understanding of the financial performance and financial position of the Group; and</li> <li>• the size of the loss on sale of discontinued operations.</li> </ul> <p>These factors and the complexity of the disposal accounting required significant audit effort and involvement of senior audit team members, including our specialists, in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We read the terms of the underlying transaction agreements to understand the terms and conditions of the disposals.</li> <li>• We evaluated the substance of the sale using the terms and conditions of the underlying transaction agreements against the criteria for discontinued operations in accounting standards.</li> <li>• We assessed if the purchase consideration recognised by the Group had been recognised in accordance with the terms and conditions of the underlying transaction agreements and the requirements of the accounting standards.</li> <li>• We assessed whether the Group accurately determined the value of assets and liabilities derecognised as at the date of sale and whether the operating result to the point of sale was</li> </ul>

# Independent Auditor's Report continued



	<p>correctly recorded.</p> <ul style="list-style-type: none"> <li>• We read and considered available information in connection with the completion accounts process and challenged management on the recoverability of amounts receivable from the vendor that is currently going through the dispute resolution process.</li> <li>• We checked the loss on sale of discontinued operations by re-performing a comparison of the carrying value of the attributed disposal assets and liabilities from the trial balance amounts to the consideration recognised.</li> <li>• With the assistance of our taxation specialists, we evaluated the associated tax implications of the sale against the requirements of the tax legislation.</li> <li>• We evaluated the disclosures including the presentation as a 'discontinued operation' against the requirements of the accounting standards. We challenged the inclusion or not of amounts using their features and their role in the continuing business.</li> </ul>
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Business combination (Goodwill (\$1,393k) and identifiable net assets acquired (\$16,895k))	
Refer to Note 26 <i>Business combination</i>	
The key audit matter	How the matter was addressed in our audit
<p>The acquisition of the inventory and assets of Truckzone Pty Ltd for consideration of \$18,288k and accounted for as a business combination is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>• size of the acquisition having a significant impact on the Group's financial statements; and</li> <li>• significant judgement required to be exercised by us in assessing the Group's accounting for the acquisition, including: <ul style="list-style-type: none"> <li>- the identification of acquired intangible assets; and</li> <li>- fair value of tangible assets acquired and liabilities assumed.</li> </ul> </li> </ul> <p>These factors and the complexity of the acquisition accounting required significant audit effort and involvement of senior audit team members in assessing this key audit</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We read the underlying transaction agreement related to the acquisition to understand the structure, key terms and conditions and nature of the purchase consideration.</li> <li>• We evaluated the acquisition accounting against the requirements of the accounting standards.</li> <li>• We evaluated the accounting treatment of the purchase consideration against the criteria in the accounting standards.</li> <li>• We evaluated the Group's assessment of identifiable intangible assets, using due diligence information and our knowledge of the industry.</li> <li>• We evaluated the Group's fair value adjustments to tangible assets acquired and liabilities assumed by checking these to due diligence information, contracts, board papers, subsequent transactions and our knowledge of the industry.</li> </ul>





matter.	<ul style="list-style-type: none"> <li>• We recalculated the goodwill balance recognised as a result of the transaction and compared it to the goodwill amount recorded by the Group.</li> <li>• We assessed the Group's disclosures in relation to the business acquisition, by comparing these disclosures to our understanding from our testing and the requirements of the accounting standards.</li> </ul>
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## Other Information

Other Information is financial and non-financial information in MaxiPARTS Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

# Independent Auditor's Report continued



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report – Re-issued

### Opinion

In our opinion, the Remuneration Report – Re-issued of MaxiPARTS Limited for the year ended 30 June 2022, complies with *Section 300A of the Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report -Re-issued in accordance with *Section 300A of the Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report – Re-issued included in pages 8 to 12 of the Report of the Directors – re-issued for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

## Emphasis of matter – Re-issuance of the Financial Report and Report of the Directors, including Remuneration Report

We draw attention to pages 1 and 8 of the Report of the Directors – re-issued, including Remuneration Report – Re-issued which describes that Directors have amended and reissued the previously issued Report of the Directors, including Remuneration Report due to the correction of an error in those reports and the Financial Report. As a consequence, this Auditor's Report supersedes our previous Independent Auditor's Report to the shareholders of MaxiPARTS Limited dated 18 August 2022 on the Financial Report and the Remuneration Report for the year ended 30 June 2022, signed and approved by the Directors on 18 August 2022. Our opinion on the Remuneration Report is not modified in respect of this matter.

KPMG

Vicky Carlson  
Partner  
Melbourne  
2 September 2022

# Australian Stock Exchange Additional Information

For the year ended 30 June 2022

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

## Shareholdings

### Substantial shareholders

The names of Company's substantial shareholders and the number of shares in which each has a relevant interest, as disclosed in substantial holding notices received by the Company as at 31 July 2022 are:

	Ordinary Shares	% of units
Naos Asset Management Ltd	8,801,348	18.6%
James Curtis	5,717,447	12.1%
HGT Investments Pty Ltd	5,052,371	10.7%
Spheria Asset Management Pty Limited	4,805,976	10.1%

### Voting rights

As at 31 July 2022, there were 2,727 holders of ordinary shares of the Company.

Subject to the Constitution of the Company, holders of ordinary shares are entitled to vote as follows:

- (a) every shareholder may vote;
- (b) on a show of hands every shareholder has one vote;
- (c) on a poll every shareholder has:
  - (i) one vote for each fully paid share; and
  - (ii) for each partly paid share held by the shareholder, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on the share.

As at 31 July 2022, there 85,682 unissued ordinary shares of the Company relating to vested Performance Rights.

### Distribution of shareholders

As at 31 July 2022

Category – no. of shares	No. of shareholders	Units	% of issued capital
1 – 1000	1,139	466,361	1.0%
1,001 – 5,000	966	2,477,899	5.2%
5,001 – 10,000	258	1,890,072	4.0%
10,001 – 100,000	329	8,683,359	18.3%
100,001 – over	35	33,879,291	71.5%
<b>Total</b>	<b>2,727</b>	<b>47,396,982</b>	<b>100.0%</b>

### Shareholders with less than a marketable parcel

As at 31 July 2022, there were 436 shareholders holding less than a marketable parcel of 233 ordinary shares (based on the closing share price of \$2.15 on 31 July 2022) in the Company totalling 45,282 ordinary shares.

### On market buy-back

There is no current on-market buy-back.

# Australian Stock Exchange Additional Information continued

## TWENTY LARGEST SHAREHOLDERS – ORDINARY SHARES AS AT 31 JULY 2022

Name	Units	% of Units
1 NATIONAL NOMINEES LIMITED	9,378,848	19.79%
2 HGT INVESTMENTS PTY LTD	5,052,371	10.66%
3 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,620,265	7.64%
4 CITICORP NOMINEES PTY LIMITED	3,287,037	6.94%
5 TRANSCAP PTY LTD	2,988,148	6.30%
6 ANACACIA PTY LTD <WATTLE A/C>	1,040,000	2.19%
7 TOROA PTY LTD	933,699	1.97%
8 MAHATA PTY LTD <THE CURTIS FAMILY A/C>	794,479	1.68%
9 MR PETER ZINN <CAROL ZINN FAMILY NO2 A/C>	718,126	1.52%
10 TRANSCAP PTT LTD	598,962	1.26%
11 ANACACIA PTY LTD <WATTLE FUND A/C>	510,388	1.08%
12 JOHN E GILL TRADING PTY LTD	398,965	0.84%
13 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	350,328	0.74%
14 HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	335,000	0.71%
15 MR ERIC DEAN ROSS <THE ROSELLINOS S/FUND A/C>	326,748	0.69%
16 JOHN E GILL OPERATIONS PTY LTD	278,332	0.59%
17 JAMES R CURTIS	265,688	0.56%
18 G CHAN PENSION PTY LTD <CHAN SUPER FUND A/C>	254,142	0.54%
19 LUTON PTY LTD	237,738	0.50%
20 BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	237,143	0.50%
<b>Total ordinary fully paid shares – top 20 holders</b>	<b>31,606,407</b>	<b>66.68%</b>
<b>Total remaining holders balance</b>	<b>15,790,575</b>	<b>33.32%</b>

# Corporate Directory

## Company Secretary

Liz Blockley

## Registered Office

22 Efficient Drive  
Truganina VIC 3029

## Principal Place of Business

22 Efficient Drive  
Truganina VIC 3029

## Contact details

Tel +61 3 9368 7000  
Email [cosec@maxiparts.com.au](mailto:cosec@maxiparts.com.au)

## Share Registry

**Computershare Investor Services**  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067

Tel 1300 850 505 (within Australia)  
Tel +61 3 9415 4000 (outside Australia)

## Auditor

**KPMG**  
Tower Two, Collins Square  
727 Collins Street  
Melbourne VIC 3000

## Stock Exchange

The Company is listed on the Australian Securities Exchange.

## Other Information

**MaxiPARTS Limited**  
(formerly called MaxiTRANS Industries Limited)  
ACN 006 797 173

[www.corporate.maxiparts.com.au](http://www.corporate.maxiparts.com.au)

## CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement of the Directors and the accompanying Appendix 4G is separately lodged with ASX and forms part of this Director's Report. It may also be found on the Company's website at [www.corporate.maxiparts.com.au](http://www.corporate.maxiparts.com.au)



[maxiparts.com.au](http://maxiparts.com.au)  
MaxiPARTS Limited