

# Appendix 4D

## Half Year Report

Name of entity

<b>MAXIPARTS LIMITED</b>
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<b>ABN 58 006 797 173</b>	<b>Half Year Ended 31 December 2022</b>
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### Results for announcement to the market (All comparisons to half-year ended 31 December 2021)

				\$A'000
Revenues from continuing activities	up	45.7%	to	99,111
Net profit/(loss) after tax (including significant items) attributable to members of the Company	up	159.5%	to	4,089
Refer to the attached Directors' Report regarding commentary on revenue, earnings (including underlying results) and business outlook.				

### Dividends

Dividend	Amount per security	Franked amount per security
Interim Dividend - Ordinary shares	3.17	3.17
Previous corresponding period: Interim dividend – Ordinary shares	-	-
Record date for determining entitlements to the dividend.	2 March 2023	

### Dividend reinvestment plan

MaxiParts operates a Dividend Reinvestment Plan ('DRP'), which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. The DRP will be in operation for the FY23 interim dividend with the last day for elections under the DRP is 3 March 2023.

### Net tangible assets

	31 Dec 22	30 Jun 22
Net Tangible Assets (cents per share)	154.81	148.81

### Control gained over entities

N/A

### Details of associates and joint venture

N/A

### Audit/review status

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

### Attachments

The interim financial report of the Group for the half-year ended 31 December 2022 is attached.

**MaxiPARTS Limited**  
**Directors' Report for the half-year ended 31 December 2022**

The Directors of MaxiPARTS Limited submit herewith the condensed consolidated financial statements for the half-year ended 31 December 2022. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

**Directors**

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

Mr. Robert H. Wylie	(Director since September 2008, Chairman since June 2016)
Ms. Mary Verschuer	(Director since January 2019, Deputy Chair since 27 April 2022)
Mr. Peter Loimaranta	(Managing Director since 3 September 2021)
Mr. Gino Butera	(Director since 17 September 2021)
Ms. Debra Stirling	(Director since 29 August 2022)

**Principal activities**

The principal activities of the Group during the period consisted of distribution and sale of commercial Truck and Trailer Parts.

**Group results summary**

<b>\$'000</b>	<b>Dec 2022</b>	<b>Dec 2021</b>	<b>Variance \$</b>	<b>Variance %</b>
External sales	99,111	68,002	31,109	46%
Net Profit before Tax from Continuing Operations	5,034	4,445	589	13%
<b>Net Profit after Tax from Continuing Operations</b>	<b>3,687</b>	<b>2,772</b>	<b>915</b>	<b>33%</b>
Net Profit/ (Loss) (incl discontinued operations)	4,089	(6,871)	10,960	160%
<b>Net Cash/(Debt)</b>	<b>5,885</b>	<b>(3,412)</b>	<b>9,297</b>	<b>272%</b>

**Review of operations**

MaxiPARTS external sales of \$99.1m increased by \$31.1m over external sales from the prior corresponding period (pcp). The pcp external sales excludes \$4.6m of inter-company sales to the divested Trailer Sales division, when adjusting for these sales, MaxiPARTS reports an adjusted sales growth of \$26.5m or 36.5% over Total Sales. The sales growth included the half-year impact of the expanded site network following the acquisition of the Truckzone business back in February 2022, which saw the addition of 7 stores (post consolidation) to the network. The MaxiPARTS site network currently stands at 27 sites across Australia. The growth in sales was also attributed to increases in selling prices across the group's product range, through effective pass-through of supplier product increases to the end customer, growth in sales from organic programs and success in acquiring new customers. Growth in Revenue to ATSG was 7% through a combination of supplier price increases pass-through and increased volume from the ATSG trailer manufacturing division.

MaxiPARTS net profit before tax from Continuing Operations of \$5.0m increased by 13% from \$4.4m in the pcp, or 36% when adjusted for significant items in the pcp (this includes a +\$0.6m adjustment in the pcp for a one-off decrease to EBITDA, within corporate costs). The growth in profit performance was primarily a result of the increase in top line revenue. The profit gain from the increase in sales delivered a gross margin percentage of greater than 1% higher than pcp, representing an improvement in product mix along with the sales to ATSG forming a lower percentage of overall Group sales (the supply contract into ATSG is supplied at a much lower GM% than typical group sales). The group improved its EBITDA percentage over the pcp (post +\$0.6m pcp adjustment), despite the anticipated negative impact from the combination of the expected inflation in wages and site cost base for the Group, as well as the half-year impact of the integration of the lower EBITDA percentage performance of the acquired Truckzone sites into the Groups results.

The integration of the Truckzone operations into the overall Group continued throughout the period with both the cost synergy benefits related to site consolidations and optimisation of the supply chain on track with target, and the rebranding of all acquired sites as MaxiPARTS being completed. The foundational work for the targeted revenue synergies to accelerate growth over the coming years by leveraging the core product strengths of both the MaxiPARTS and Truckzone businesses continued to gain traction and remains on target with expectations of seeing accelerated revenue growth in the coming periods, with management still expecting these initiatives to take 2-3 years to reach maturity.

The Group reported a closing net cash balance of \$5.9m, an increase of \$4.0m from the year-ended 30 June 2022 and an increase of \$9.3m from 31 December 2021, demonstrating strong cash flow generation from operating activities for the MaxiPARTS continued operations. The Group maintains a \$10.0m loan facility, of which an amount of \$2.5m was repaid during the period, leaving \$7.5m drawn at the half-year ended 31 December 2022. The facility is sufficient to support the business in its current form.

Inventory levels increased during the half to \$47.8m, an increase of \$2.7m from inventory held at year-ended 30 June 2022. The increase in inventory is expected as part of the Group's annual cycle which typically sees an increase in H1 inventory holdings over the end of year position, and also reflects ongoing increase in the cost of product as well as investment in inventory related to the

accelerated revenue growth initiatives previously mentioned. Further progress on reducing the inventory acquired through the Truckzone acquisition occurred during the half and the group is well positioned to target a further reduction in the second half with the completion of the mezzanine capex project at the Truganina distribution centre occurring late in the half.

Trade and Other receivables included an amount of \$2.4m in relation to the final sale price of the Trailer Solutions business to ATSG back in September 2021 and the amount is due and payable. ATSG have not paid the outstanding amount on the basis they believe they have offsetting Warranty claims related to the transaction that amount to approximately \$5.0m. MaxiPARTS has disputed these claims and are of the view this value is significantly over-estimated and represents matters that have either been already addressed by the independent accountant or are not valid warranty claims.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the financial half-year.

### **Outlook**

MaxiPARTS outlook remains in line with the previously communicated Outlook reported at the full-year 30 June 2022. 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 the same factors. The Group continues to monitor and tightly manage its global supply chain to ensure any disruptions have minimal impact on the operations and our end customers.

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.

Activity has recovered well from the slower holiday trading periods to start the second half of FY23, and continuing on from the growth we experienced in the first half of the year, we expect to deliver low double digit revenue growth for the financial year on the combined MaxiPARTS / Truckzone business (with Truckzone normalised for the full year and excluding the sales to ATSG). As per previous guidance, we expect to see a decline in lower margin sales to the previously owned Trailer business (ATSG) in H2 FY23 as both parties look to reduce future reliance. The reduction in sales will be accompanied by cost and inventory reduction.

The business will be focused on realising the cost and revenue synergies associated with the Truckzone acquisition. The targeted revenue synergies are well planned and expected to continue delivering top line growth in the second half of FY23, though many of the initiatives will take 2-3 years to reach maturity.

With regards to network expansion the group has planned to complete the final of the three targeted site consolidations from the Truckzone acquisition with the integration of the Brisbane-based Darra and Rocklea existing sites into a new store located in Richlands. The group will also be opening a new site in WA, South Perth, during the second half.

### **Dividend**

A fully franked FY22 final dividend of 2.50 cents per share was paid during the period on 19 September 2022 totalling \$1.185m.

A fully franked interim dividend of 3.17 cents per share has been proposed by the directors after reporting date with a record date of 2 March 2023 and a payment date of 20 March 2023 (compared to a nil interim dividend declared for the H1 FY22 dividend). The group's Dividend Reinvestment Plan ('DRP') will be in operation for the 2023 interim dividend with a 2.5% discount. The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2022 and will be recognised in subsequent financial reports.

### **Auditor's independence declaration**

The independence declaration of our auditor, HLB Mann Judd, in accordance with s.307C of the *Corporations Act 2001* is set out on page 5 for the half year ended 31 December 2022 and forms part of the Directors' report.

### **Rounding of amounts**

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

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



Peter Loimaranta  
Managing Director

Melbourne, 24 February 2023

# DIRECTORS' DECLARATION

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

- 1 the interim condensed consolidated financial statements and notes set out on pages 7 to 15, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



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Robert H. Wylie  
Chairman



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Peter Loimaranta  
Managing Director

Melbourne, 24 February 2023

**Auditor's independence declaration**

As lead auditor for the review of the interim consolidated financial report of MaxiPARTS Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in relation to the Company and the entities it controlled during the period.



**HLB Mann Judd  
Chartered Accountants**

Melbourne  
24 February 2023



**Jude Lau  
Partner**

**MaxiPARTS LIMITED**  
**ABN 58 006 797 173**

**Interim Condensed Consolidated Financial  
Statements 31 December 2022**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31  
DECEMBER 2022**

	Note	Consolidated 31 Dec 22 \$'000	31 Dec 21 \$'000
<b>Continuing Operations</b>			
Revenue	2	99,111	68,002
Changes in inventories of finished goods and work in progress		2,143	4,064
Raw materials and consumables used		(72,894)	(51,895)
Other income		160	57
Employee and contract labour expenses		(14,830)	(9,657)
Warranty reversals/(expenses)		157	(53)
Depreciation and amortisation expenses		(2,691)	(2,045)
Finance costs		(966)	(557)
Other expenses		(5,156)	(3,471)
<b>Profit/(Loss) before income tax from continuing operations</b>		<b>5,034</b>	<b>4,445</b>
Income tax expense	3(b)	(1,347)	(1,673)
<b>Profit/(Loss) from continuing operations</b>		<b>3,687</b>	<b>2,772</b>
Profit/(Loss) from discontinued operations net of tax	5(a)	402	(9,643)
<b>Profit/(Loss) for the period</b>		<b>4,089</b>	<b>(6,871)</b>
<b>Other comprehensive income</b>			
<i>Items that may subsequently be re-classified to profit or loss:</i>			
Net exchange difference on translation of financial statements of foreign operations		-	(63)
Cashflow hedge reserve		-	218
Related tax		-	(65)
Other comprehensive income/(loss) for the period, net of tax		-	90
<b>Total comprehensive income /(loss) for the period</b>		<b>4,089</b>	<b>(6,781)</b>
Profit/(Loss) attributable to: Equity holders of the Company		4,089	(6,871)
Total comprehensive income attributable to: Equity holders of the Company		4,089	(6,781)
<b>Earnings / (Loss) per share:</b>			
Basic and Diluted earnings per share (cents per share) - Total		8.62	(18.31)
Basic and Diluted earnings per share (cents per share) - Continuing operations		7.77	7.49
Basic and Diluted earnings per share (cents per share) - Discontinued operations		0.85	(26.04)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2022**

	Note	31 Dec 22 \$'000	30 Jun 22 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		13,385	11,852
Trade and other receivables		23,066	28,190
Inventories		47,768	45,124
Current tax asset		1,014	743
Financial asset		4,000	-
Other		751	327
<b>Total Current Assets</b>		<b>89,984</b>	<b>86,236</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		3,752	3,360
Intangible assets		9,026	9,026
Right of use asset		22,796	23,265
Financial asset		-	4,000
Deferred tax assets		18,660	19,741
<b>Total Non-Current Assets</b>		<b>54,234</b>	<b>59,392</b>
<b>Total Assets</b>		<b>144,218</b>	<b>145,628</b>
<b>Current Liabilities</b>			
Trade and other payables		23,584	25,819
Provisions		5,573	5,460
Lease liability		4,558	4,491
<b>Total Current Liabilities</b>		<b>33,715</b>	<b>35,770</b>
<b>Non-Current Liabilities</b>			
Interest bearing loans and borrowings	4	7,500	10,000
Provisions		531	319
Lease liability		19,794	19,980
<b>Total Non-Current Liabilities</b>		<b>27,825</b>	<b>30,299</b>
<b>Total Liabilities</b>		<b>61,540</b>	<b>66,069</b>
<b>Net Assets</b>		<b>82,678</b>	<b>79,559</b>
<b>Equity</b>			
Issued capital	6	81,489	81,288
Other reserves		2,702	2,688
Accumulated Loss		(77,452)	(74,956)
Profits Reserve		75,939	70,539
<b>Equity attributable to equity holders of the Company</b>		<b>82,678</b>	<b>79,559</b>
<b>Total Equity</b>		<b>82,678</b>	<b>79,559</b>

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



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR  
THE SIX MONTHS ENDED 31 DECEMBER 2022**

	Issued capital	Asset revaluation reserve	Accum ulated Loss	Profits Reserve*	Other reserves	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2022</b>	81,288	-	(74,956)	70,539	2,688	79,559
Comprehensive income for the period						
Profit for the period	-	-	-	4,089	-	4,089
<b>Total comprehensive income for the period</b>	-	-	-	<b>4,089</b>	-	<b>4,089</b>
<b>Transactions with owners recorded directly in equity</b>						
Dividend reinvestment	201	-	-	(201)	-	-
Share-based payment transactions	-	-	-	-	14	14
Transfer to accumulated losses	-	-	(2,496)	2,496	-	-
Dividends paid	-	-	-	(984)	-	(984)
<b>Total transactions with owners</b>	<b>201</b>	-	<b>(2,496)</b>	<b>1,311</b>	<b>14</b>	<b>(970)</b>
<b>Balance at 31 December 2022</b>	<b>81,489</b>	-	<b>(77,452)</b>	<b>75,939</b>	<b>2,702</b>	<b>82,678</b>

	Issued capital	Asset revaluation reserve	Accum ulated Loss	Profits Reserve*	Other reserves	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2021</b>	56,386	13,719	(52,006)	61,938	2,463	82,500
Comprehensive income for the period						
Loss for the period	-	-	-	(6,871)	-	(6,871)
<i>Other comprehensive income</i>						
Net exchange differences on translation of financial statements of foreign operations	-	-	-	-	(63)	(63)
Cashflow hedge reserve (net of tax)	-	-	-	-	153	153
<b>Total comprehensive income for the period</b>	-	-	-	<b>(6,871)</b>	<b>90</b>	<b>(6,781)</b>
<b>Transactions with owners recorded directly in equity</b>						
Share-based payment transactions	-	-	-	-	42	42
Transfer to accumulated losses	-	-	(19,633)	19,633	-	-
Transfer to Asset revaluation reserve to retained earnings on disposal of properties	-	(13,719)	-	13,719	-	-
Dividend reinvestment	1,167	-	-	(1,167)	-	-
Dividends paid	-	-	-	(21,968)	-	(21,968)
<b>Total transactions with owners</b>	<b>1,167</b>	<b>(13,719)</b>	<b>(19,633)</b>	<b>10,217</b>	<b>42</b>	<b>(21,926)</b>
<b>Balance at 31 December 2021</b>	<b>57,553</b>	-	<b>(71,639)</b>	<b>65,284</b>	<b>2,595</b>	<b>53,793</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.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX  
MONTHS ENDED 31 DECEMBER 2022**

	<b>31 Dec 22</b>	<b>31 Dec 21</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	114,076	148,416
Payments to suppliers and employees	(105,348)	(161,734)
Interest and other costs of finance paid	(328)	(116)
<b>Net cash (used in)/provided by operating activities</b>	<b>8,400</b>	<b>(13,434)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(865)	(658)
Dividends received	-	385
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>(865)</b>	<b>29,728</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(2,500)	(17,250)
Proceeds from borrowings	-	10,000
Dividends paid	(984)	(21,968)
Payment of leases	(2,518)	(2,930)
<b>Net cash provided by/(used in) financing activities</b>	<b>(6,002)</b>	<b>(32,148)</b>
Net increase/(decrease) in cash	1,533	(15,854)
Cash and cash equivalents at beginning of year	11,852	22,442
<b>Cash and cash equivalents at end of year</b>	<b>13,385</b>	<b>6,588</b>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

### 1. Statement of Compliance and Significant Accounting Policies

#### Reporting entity

MaxiPARTS Limited (the "Company"), is a company domiciled in Australia and its registered office is 22 Efficient Drive, Truganina, Victoria. The interim condensed consolidated financial statements of the Company as at and for the six months ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the "Group").

#### Statement of compliance

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

The interim condensed consolidated financial statements do not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2022, and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim condensed consolidated financial statements were approved by the Board of Directors on 24 February 2023.

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

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

#### Significant accounting policies

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2022, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### 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 ('CODM') which, for the Group, is the Managing Director.

During the current reporting period, the Group reassessed the reportable segments and are of the opinion that all operating segments meet the criteria for aggregation into a single reportable segment as the CODM reviews results, assesses performance and allocated resources at a Group level, and the operating segments have similar economic characteristics and customers.

As the information reported to the CODM is the consolidated results of the Group, the segment results for the half-year ended 31 December 2021 are shown throughout these previously released financial statements and are not duplicated here.

#### New accounting standards and interpretations

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### Accounting Estimates and Judgements

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

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2022.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

**2. Revenue**

In the following table, revenue from customers is classified by major products and services lines and primary geographical market.

	<b>Consolidated</b>	
	<b>31 Dec 22</b>	<b>31 Dec 21</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Type of Good or Service</b>		
Sale of parts (point in time sale)	99,111	68,002
<b>Total Group Revenue</b>	<b>99,111</b>	<b>68,002</b>
<b>Geographical Market</b>		
Australia	99,111	68,002
<b>Total Group Revenue</b>	<b>99,111</b>	<b>68,002</b>

**3. Income tax (expense) / benefit**

	<b>31 Dec 22</b>	<b>31 Dec 21</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Income tax</b>		
Reconciliation of tax (expense) / benefit		
Prima facie tax receivable / (payable) on (profit) / loss before tax at 30% (2022: 30%)	(1,470)	1,374
(Add)/deduct tax effect of:		
(Non-deductible expenditure) / Non-taxable income	(13)	(395)
(Under)/over provision in prior year	672	228
Unrecoverable deferred tax asset write-off (NZ entity)	-	(3,496)
	659	(3,663)
<b>Income tax expense on consolidated profit or loss</b>	<b>(811)</b>	<b>(2,289)</b>
<b>Amounts recognised in profit or loss:</b>		
Current tax expense	(1,483)	(2,517)
Prior year (under)/over provision	672	228
<b>Income tax expense on consolidated profit or loss</b>	<b>(811)</b>	<b>(2,289)</b>
<b>(b) Income tax expense is made up of:</b>		
Income tax expense on continuing operations	(1,347)	(1,673)
Income tax benefit/(expense) on discontinued operations	536	(616)
<b>Income tax expense on consolidated profit or loss</b>	<b>(811)</b>	<b>(2,289)</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

**4. Interest bearing loans and borrowings**

The Group established a new bank facility agreement with the Commonwealth Bank of Australia on 1 September 2021.

At 31 December 2022, the Group had the following financing facilities in place:

		Facility Amount	Utilised	Available
Consolidated	Maturity	\$'000	\$'000	\$'000
Loan facility	30 September 2024	10,000	7,500	2,500
Overdraft facility	19 October 2023	1,000	-	1,000
<b>Total Loans</b>		<b>11,000</b>	<b>7,500</b>	<b>3,500</b>
Multi-option facility	19 October 2023	2,850	2,264	586
<b>Total facilities</b>		<b>13,850</b>	<b>9,764</b>	<b>4,086</b>

**As at 30 June 2022**

		Facility Amount	Utilised	Available
Consolidated	Maturity	\$'000	\$'000	\$'000
Loan facility	30 September 2024	10,000	10,000	-
Overdraft facility	1 September 2022	1,000	-	1,000
<b>Total Loans</b>		<b>11,000</b>	<b>10,000</b>	<b>1,000</b>
Multi-option facility	1 September 2022	2,850	2,262	588
<b>Total facilities</b>		<b>13,850</b>	<b>12,262</b>	<b>1,588</b>

Interest rates are variable for the Group's current facilities.

The terms and conditions of the bank facilities contain covenants in relation to adjusted Earnings before interest, tax, depreciation and amortisation and Tangible Asset ratio. All covenants were satisfied as at 31 December 2022 and during the six months ended on that date.

**5. 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

**a. Results of discontinued operation**

	<b>31 Dec 22</b>	<b>31 Dec 21</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Discontinued operation</b>		
Revenue	-	43,896
Other income	-	98
Gain / (Loss) on sale of discontinued operations	41	(3,870)
Gain on sale of land and buildings	-	306
Expenses	(175)	(49,457)
<b>Loss before income tax</b>	<b>(134)</b>	<b>(9,027)</b>
Income tax benefit / (expense)	536	(616)
<b>Profit / (Loss) from discontinued operation, net of tax</b>	<b>402</b>	<b>(9,643)</b>

**b. Cash flows from discontinued operation**

	<b>31 Dec 22</b>	<b>31 Dec 21</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Discontinued operation</b>		
Net cash inflows / (outflows) from operating activities	(175)	(11,387)
Net cash inflows / (outflows) from investing activities	-	29,927
Net cash inflows / (outflows) from financing activities	-	(861)
<b>Net cash provided by / (used in) discontinued operation</b>	<b>(175)</b>	<b>17,679</b>

**5c. Other receivables in relation to the sale of the Trailer Solutions business**

The condensed consolidated statement of financial position as at 31 December 2022 includes a receivable (recognised within trade and other receivables) of \$2.4m in relation to the final sale price completion accounts process between MaxiPARTS and ATSG. The outstanding receivable amount of \$2.4m has been ruled upon by a jointly appointed independent accountant in accordance with the requirements under the Sale Agreement and is payable by ATSG and the Group has pursued the outstanding receivable from ATSG. ATSG have not paid the outstanding amount on the basis they believe they have offsetting Warranty claims related to the transaction that amount to approximately \$5.0m (further details provided in Note 5d).

The condensed consolidated statement of financial position at 31 December 2022 also 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.

**5d. 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 took an additional Customer Warranty provision of \$2.0m to account in the Financial Statements for the year-ended 30 June 2022, increasing the total estimated warranty expenditure to \$4.35m. The additional provision was reported in the results of discontinued operations. The provision 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 provision remained unchanged for the half-year ended 31 December 2022.

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 sale price.

During the period, ATSG has indicated that it intended to commence proceedings to lodge a warranty claim on the Group to the approximate value of \$5.0m in relation to the Sale transaction. MaxiPARTS disputes this claim and is of the view this value is significantly over-estimated and represents matters that have either been already addressed by the independent accountant or are not valid warranty claims.

MaxiPARTS and ATSG attended a mediation session on 3 February 2023 in an attempt to commercially settle the dispute. However, no settlement was reached from this session and the process has now moved into a formal legal process. A specific provision has not been recognised for the warranty claim made under the Asset Sale Agreement in the interim financial statements as the Group has considered and so determined that the probability of the Group having to make an outflow of resources is low, based on the Group's knowledge of the basis of claims made by ATSG as at the date of this report.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

**6. Issued Capital**

	31 Dec 22		31 Dec 21	
	Number of Ordinary Shares	Share Capital \$'000	Number of Ordinary Shares	Share Capital \$'000
Issued Ordinary Shares	47,396,982	81,288	37,015,621	56,386
Share issued during period	180,188	201	379,905	1,167
<b>No. of shares at the end of the period</b>	<b>47,577,170</b>	<b>81,489</b>	<b>37,395,526</b>	<b>57,553</b>
<b>Weighted average number of ordinary shares</b>	<b>47,449,885</b>		<b>37,030,153</b>	

The Performance Rights granted in 2019 were vested at 100% of grant. 85,682 shares were issued to Peter Loimaranta on 30 September 2022.

94,506 shares were issued during the period to shareholders electing to participate in the Dividend Re-investment plan with an issue date of 19 September 2022.

**7. Dividends**

Dividends declared and paid during the half-year:

Dividends paid	Cents Per Share	Total Amount* \$'000	Date of Payment	Tax Rate for Franking Credit	Percent Franked
2022 Final	2.50	1,185	19-Sep-22	30%	100%

\*The 2022 final dividend is made up of \$0.98m cash dividend and \$0.2m dividend reinvestment.

Dividends proposed subsequent to 31 December 2022 and not recognised as a liability:

Dividends proposed	Cents Per Share	Total Amount \$'000	Date of Payment	Tax Rate for Franking Credit	Percent Franked
2023 Interim	3.17	1,508	20-Mar-23	30%	100%

**8. Events Subsequent to Reporting Date**

As previously reported, on 3<sup>rd</sup> February 2022, and outlined in note 5d herein, MaxiPARTS and ATSG attended a mediation session in order to try and commercially agree the outstanding and disputed matters between the parties, stemming from the sale of the Trailer Solutions business to ATSG on the 1<sup>st</sup> September 2021. However, no settlement was reached. MaxiPARTS has subsequently filed a Statement of Claim in the Supreme Court of Victoria.

Apart from this announcement and the dividend declared, there have been no events subsequent to the reporting date which would have a material effect on the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

## **Independent Auditor's Review Report to the Members of MaxiPARTS Limited**

### **Conclusion**

We have reviewed the interim financial report of MaxiPARTS Limited ("the company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our review of the interim financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### **Responsibility of the Directors for the Financial Report**

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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### **Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



**HLB Mann Judd  
Chartered Accountants**

Melbourne  
24 February 2023



**Jude Lau  
Partner**