MAXIPARTS LIMITED

# Annual Report 2024

# Acknowledgment of Country

**MaxiPARTS Limited respectfully acknowledges the Traditional Custodians of the lands on which we conduct our business. We extend our deepest respects to Elders past, present, and emerging.**

**We honour and deeply appreciate the enduring relationship that all First Nations people maintain with their ancestral lands, including the areas encompassed by MaxiPARTS Limited's operations.**

# List of Contents


FÖRCH
S 420
Silikon-Spray
R 552
Teer-Entferner
R 519
Motor-Reiniger
wipe & dry
Saugtuch
300 ml
500 ml
MaxiPARTS
JAPANESE
TRUCK PARTS
AVAILABLE
with parts to suit ISUZU, HINO, MITSUBISHI, NISSAN & MORE
maxiparts.com.au
NARVA
Castrol
RX
SUPER
15W-40

# MaxiPARTS Limited Overview

**MaxiPARTS Limited (ASX: MXI) is a leading company operating within Australia's automotive and commercial vehicle sector. Its product range includes commercial vehicle parts for trucks and trailers, automotive supplies and workshop consumables, catering to a diverse customer base across several industries. MaxiPARTS Limited owns brands MaxiPARTS and Förch Australia.**

MAXIPARTS LIMITED

MaxiPARTS

FÖRCH

## Our people

MaxiPARTS Limited has approximately 450 employees who are dedicated to servicing our valued customers. We have some of the most experienced staff in Australia in both the commercial vehicle parts area and the workshop consumable & supplies sector.


## Strategic supply partnerships

The Group has built a strong reputation and brand recognition by establishing strategic partnerships with industry-leading suppliers.

## Environmental, social and governance

MaxiPARTS Limited priorities are to reduce our environmental impact, demonstrate robust governance and enhance diversity & inclusion in both our business and the industry in which we operate.

# Chair's Report

Dear Shareholders,

September 2024 marks three years since our separation from the Trailer Solutions business, and the birth of MaxiPARTS as a pure play parts distribution business. Our strategy has been clear - to grow both organically and by acquisition, in complementary and adjacent sectors, to scale the business and build long term shareholder value.

Our first acquisition of Truckzone in February 2022 provided strategically important and cost-effective geographical expansion, with six new locations after consolidation, operating in our core parts market, with a complementary product range in high-quality truck parts from well-known brands, and a Japanese parts program with the ability to expand. It was integrated effectively, producing synergistic growth and margin improvements. The Japanese parts program is anticipated to continue to grow at a higher than traditional rate over the medium term.

This was followed in May 2023 with the purchase of 80% of Förch Australia, meeting our strategic ambition to move into adjacent markets. This business supplies workshop consumables and offers significant growth potential in the long term as it develops into a national business from its West Australian stronghold. It also offers the Group an expanded customer base and the ability to leverage a higher margin product offering to improve Group margins. FY24 saw us further invest in people and inventory, which we anticipate will continue to deliver the benefits of this growth opportunity into FY25 and beyond.

In November 2023 we acquired Independant Parts (IP) and Förch Brisbane. IP further strengthened our core parts business and significantly increased our West Australian footprint, with an expanded offering of an on-site presence with large customers, supporting various mining operations. It gives us an opportunity to expand this offering nationally and increases the resilience and scope of the business through exposure to the $488 billion mining sector, which is often countercyclical to the rest of the economy. The Förch Brisbane acquisition completes the national coverage of the consumables business and offers an excellent opportunity to grow this segment.

This expansion focus has seen the business grow from a prorata revenue base of $137m at separation to $244m in FY24, with the team growing from 250 to approximately 450. There has been a strong internal drive to integrate the acquisitions quickly and successfully reap the synergies identified. As always, with such processes there were some unforeseen challenges – which the team worked diligently to overcome, and we will continue to see the benefits of these acquisitions in future periods.

Looking to the future we remain dedicated to delivering further improvement in our financial returns. Our focus for the short term will be on organic programs to continue to extract value from the acquisitions we have made. We continue to adapt and improve our strategy and our strategic business pillars as we move forward, incorporating new challenges and opportunities as they arise.

The successful growth of the business allows us to declare H2 final dividend of 2.57 cents per share (cps) taking the full year fully franked dividend payment to 5.14cps. I'd like to take the opportunity to thank all our shareholders for their patience and support over the past years and in particular those who participated in the equity raising and dividend reinvestment plan. With our strong business model and cash flow generation we expect to continue paying dividends in line with our policy and building flexibility into the Group's balance sheet.

Subsequent to year end we welcomed Brendan York to our Board and appreciate the continuing support and interest of NAOS Asset Management in our business. With this addition, we have in place a strict protocol to ensure that all shareholder interests are always considered. I would like to take the opportunity to thank all my fellow non-executive directors for their diligence and commitment to the Group.

Finally, I would like to extend the Board's appreciation to the Group's Managing Director & CEO, Peter Loimaranta, the executive leadership team, and the entire MaxiPARTS and Förch Australia team for their dedication in achieving both organic and inorganic growth, as well as ongoing EBITDA improvement, in a challenging market. Their efforts, all while prioritising the safety of themselves and their colleagues, are truly commendable. Be assured of our total commitment to delivering the highest quality service and products to our customers and long-term value growth to all our shareholders.

Regards,

**Mary Verschuer**
Chair

# Managing Director's Report

FY24 saw the business continue to execute on the strategic agenda that has been in place since we separated from the Trailer Solutions business in September 2021. These plans were based around creating a consistent, growing distribution business that could both improve margins, generate strong cashflow and diversify our revenue and profit stream away from the sales to the previously owned Trailer Solutions business which at the time of separation, represented a significant portion of our total revenue.

Details around the Group's acquisitions have been outlined in the Chair's Report, so I will focus on a few of our organic projects completed during the year. During FY24 these included:

> Continued growth in the Japanese parts program that was acquired as part of the Truckzone acquisition completed in FY22, with year-on-year revenue growth of 41% achieved in what is a higher margin product segment for the Group

> Bibra Lake (WA) site commenced operations in May 2023 as a greenfield site and reached profitability in its first year of operation, exceeding our original expectations

> Relocation of our Adelaide and Port Hedland sites (acquired as part of the IP acquisition) into larger stores that will support future growth

> Development of new key customer relationships, particularly in the fleet area, as well as retaining and growing historical key relationships

> Gaining of further supply synergies as a result of the IP acquisition, which has helped maintain gross profit margins in a tightening market with increased pricing pressure

> Implementation of an inventory reduction program that saw a 4.3% inventory reduction in H2 as the east coast market slowed

> Investment in the Förch Australia sales team and consolidation of the Förch Melbourne warehouse into the MaxiPARTS Truganina DC to provide the foundations for ongoing higher growth rates from this business

## Safety

MaxiPARTS has continued its focus of improving health and safety outcomes for our people. Over the year, a significant effort was directed towards integrating the acquired businesses into existing Heath & Safety policies and processes.

FY24 saw both the number of recordable injuries and the frequency rates increase from the record low levels achieved in FY23. With the health and safety integration activities completed for the acquired businesses and all sites now operating under consistent processes, we expect to see significant improvements in FY25.

## Cash generation and financing activities

The cash conversion rate of 69% was lower than previous rate and was impacted by the H1 FY24 timing of acquisitions; this was recovered in H2 FY24 as the acquisitions and initial cashflow injection for inventory and change in the supplier base enabled returned to normalised working capital levels.

The Group closed with a net debt balance of $15.9m representing a leverage rate of 0.7 times, which is well within the Group's capital management targets. The Group's drawn debt as at 30 June 2024 was $29.5m, and throughout FY25 we will look to apply free cash flow to reduce drawn debt (ahead of the amortising schedule). This will be aided by the fact that the business continues to have the benefit of carried forward tax losses, that are expected to last approximately two more years (subject to actual profit performance), and the ability to use such losses.

## Operating Results

In FY24, MaxiPARTS delivered record revenue (since separation from the Trailer Solutions business) of $243.9m, up 20.9% on FY23. The revenue growth was achieved in part through the acquisitions of IP and the full year impact of the Förch Australia acquisition (and the smaller Förch Brisbane asset purchase), along with continued commitment to organic growth initiatives through continued network and product expansion.

EBITDA excluding significant items of $23.0m was up 24.4% on FY23, an EBITDA excluding significant items margin of 9.5% improved from 9.2% in FY23. Net profit from continued operations and before significant items and tax of $10.3m was down 5.8% on FY23, a result of increases in finance lease interest, depreciation and amortisation (from acquisitions), higher finance costs due to higher interest rates and a higher average debt balance in relation to the acquisitions completed during the year.

## Outlook

MaxiPARTS, like many other businesses, finds itself navigating a period of heightened unpredictability, as experienced in H2 FY24 with the softening of general transport activity across the east coast of Australia, increased competitive pricing pressures, as well as ongoing cost inflation.

MaxiPARTS Limited expectations for the markets it operates in are as follows:

> Demand in the short-term remains inconsistent given the general economic uncertainty, however, we do expect this to stabilise and return to historical levels in the medium to longer-term.

> The markets on the east coast continue to be soft in the short-term (consistent with general economic activity) limiting growth, despite ongoing implementation of our strategic growth initiatives.

> The west coast market is likely to remain buoyant, with MaxiPARTS well-placed following the IP acquisition to support the growth of its customers in Perth and regional centres.

> The WA Mining market continues to fluctuate across various mine owners and minerals. The constant changes in this space make it difficult to predict volumes for the Company's embedded operations; though we are confident that the business has the relationships and operational success factors in place to ensure we deliver on the evolving requirements and demand fluctuations for our customers.

> Förch Australia operates within similar market factors to MaxiPARTS, so we therefore expect similar market challenges as mentioned above. The main differentiating factor for Förch Australia is the significantly larger opportunity to grow the market share of a business with a historically smaller market share.

MaxiPARTS Limited remains focused on driving the following initiatives over the next 12 months:

> Continued focus on revenue and margin improvement initiatives from the Group's recent acquisitions and organic programs anticipated to grow EBITDA margins into low double digits in the medium term.

> Maintaining balance sheet flexibility to respond to market conditions with an active capital management plan.

> Finalise integration activities relating to recent acquisitions, primarily around: IT, systems and support functions.

> Drive revenue and profit growth within the Förch Australia segment, following investments made in the sales team and distribution centres in FY24.

> The Group's revenue associated with the ATSG supply contract which ceased on 31 August 2024, with negligible revenue thereafter.

The Group believes the delivery of the above will continue to strengthen key financial metrics such as EBITDA / EBIT margins, and improve the return on invested capital.

Finally, the Group could not have achieved what it has over the last three years without the support of our ever-expanding customer base, supportive supply partners and dedicated employees, so, I would like to thank them all for their continued support.

**Peter Loimaranta**
Managing Director & CEO

# FY24 Highlights

**Financial highlights**

## Revenue

# $243.9m

Up 20.9% on FY23.

## EBITDA

# $23m

Up 24.4% on FY23.

EBITDA Margin of **9.5%.**
Up 0.3% on FY23.

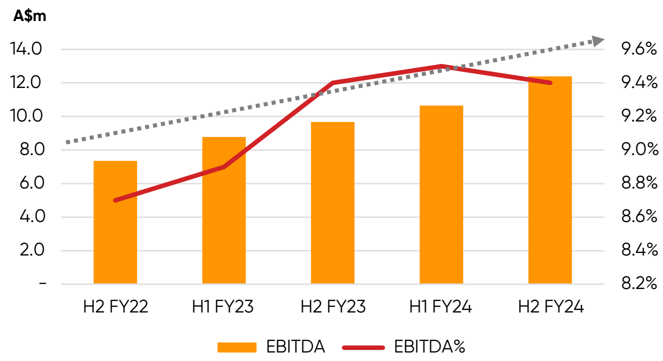
Operating cash flow of **$10.6m.**
Down from $15.1m in FY23.

EPS from continuing operations of **10.73** cps.
Down from 15.53 cps in FY23.

Net debt of **$15.9m** representing a leverage ratio of **0.7x.**
Increased from $1m in FY23.

Full year dividend of **5.14** cps full franked.
Down from 6.39 cps in FY23.

## EBITDA Growth

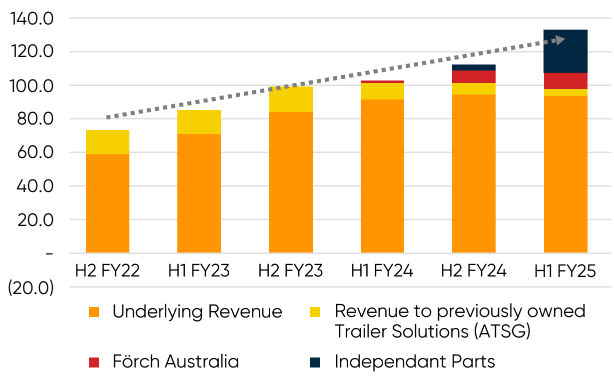



EBITDA CAGR growth of 29.8%

Improvements driven by both acquisitions and organic programs

Ongoing focus on margin improvement

## Revenue Growth




CAGR of 26.8%

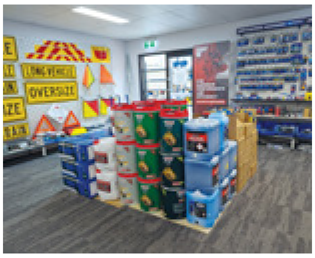
CAGR of 36.2% when excluding sales to ATSG

Reliance on revenue stream to ATSG (lower margin) at separation replaced through both acquisitions and organic growth

Underlying revenue includes Truckzone business

# MaxiPARTS Operational Summary

MaxiPARTS continues to solidify its position as one of Australia's leading independent commercial vehicle parts distribution companies, offering unmatched service and an extensive range of products to meet the diverse needs of the road transport sector. With 29 strategically located branches across Australia and multiple embedded on-site operations, MaxiPARTS is uniquely positioned to deliver parts and solutions efficiently to customers on a local and national level.

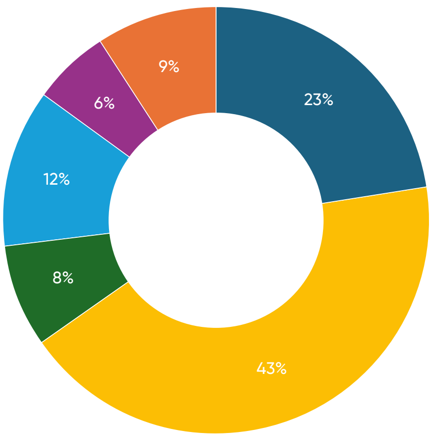


## Store Network


MaxiPARTS' distribution network includes genuine parts from some of the world's most renowned brands, alongside one of the largest ranges of aftermarket commercial vehicle parts in the country. As one of Australia's largest importers of aftermarket commercial vehicle parts, MaxiPARTS ensure that customers have access to both quality and affordability. With over 162,000 parts across the network and almost 20,000 parts available to order online – MaxiPARTS provides flexibility and convenience in an increasingly digital landscape.

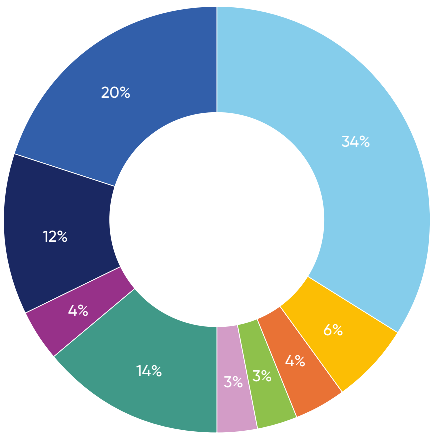
## Key Suppliers

## Revenue by Customer Type




B2B Trade
Fleet
Trailer OE
Workshop
Reseller
Cash

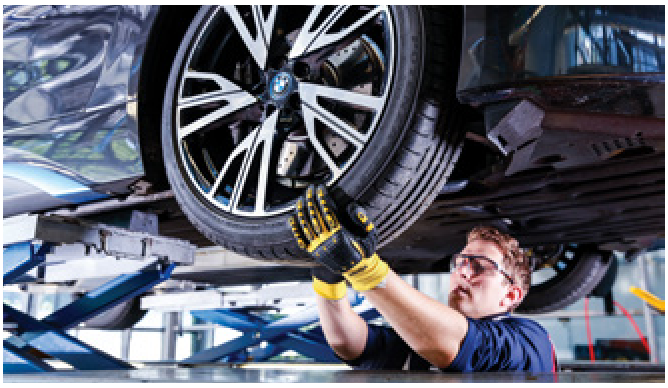
## Revenue by Product Classification

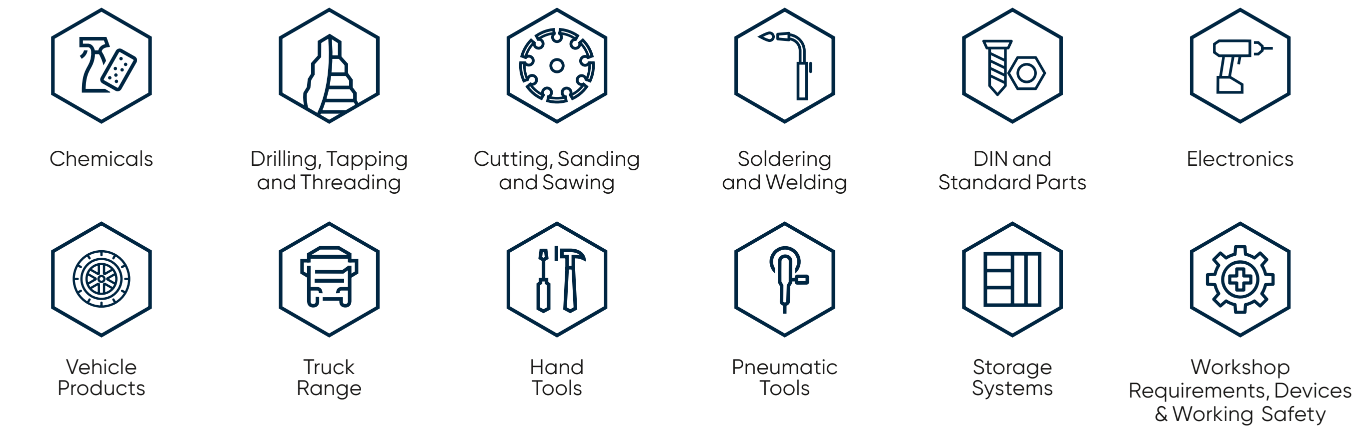



Axles, Suspension, Tyres, Wheels, Brake
Electrical Products
Japanese Truck Parts
Load Restraint
Mudguard and Mudflap Products
Other general products
Tools, Workshop & Consumable Products
Trailer Products
Truck, Engine, Filtration, Oil, Lubricants

# Förch Australia Operational Summary

Förch Australia is one of Australia's leading direct selling companies for workshop consumables with a strong focus on automotive and commercial vehicle workshops. The Company holds an exclusive distribution agreement with Theo FÖRCH GmbH & Co KG of Germany, which extends through to April 2030, ensuring a continued flow of over 80,000 premium quality products to Australian customers.






At the time of acquisition, Förch Australia was predominantly a Western Australia based business with a newly established Victorian distribution and sales network, and Brisbane dealership. With the support of MaxiPARTS Limited, the Group has invested to enable growth and replicate the highly successful Western Australia model across the rest of Australia.

The Group continues to be extremely excited about the Förch Australia segment and has a clear agenda to continue to build upon its success so far.

# Strategic Expansion through the Acquisition of Independant Parts

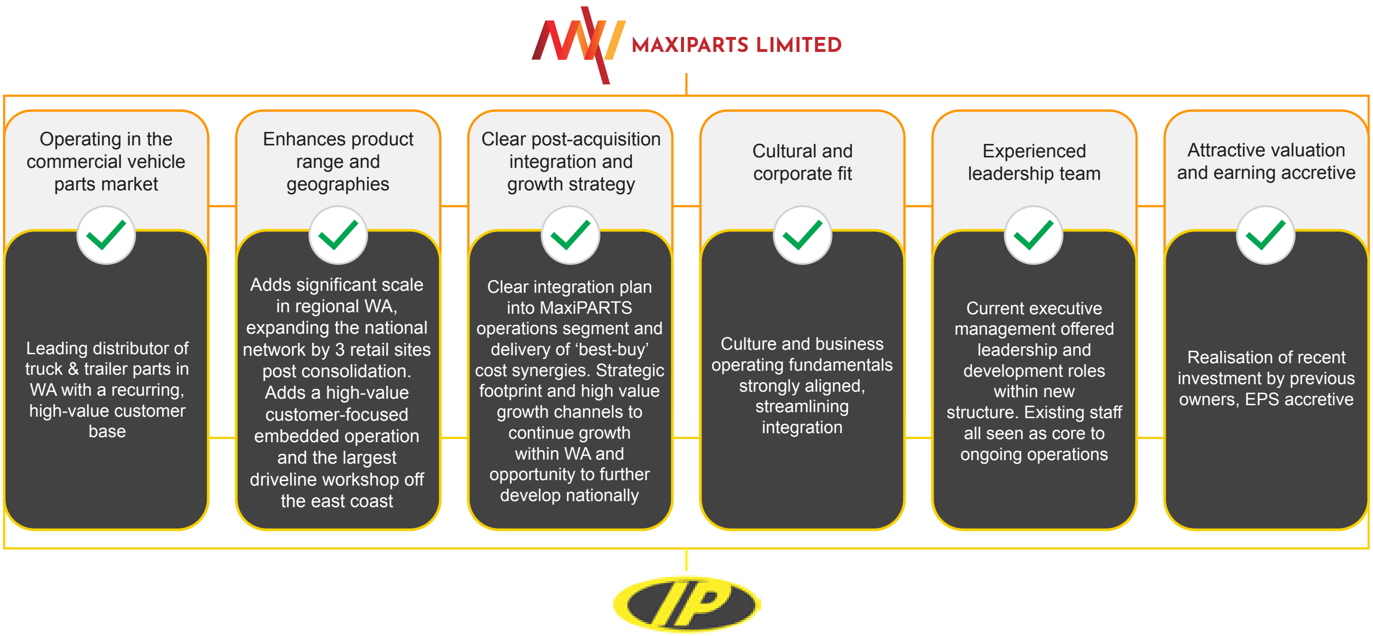
On 14 November 2024, the Group took a significant step in the strategic growth journey for MaxiPARTS by acquiring Nineteen Group Pty Ltd, including its wholly owned subsidiary, Independant Parts Pty Ltd (IP), for $28.9 million in cash.

IP was one of the largest privately owned commercial truck and trailer parts distribution companies in Western Australia, with a 30-year company history. IP serviced a quality, diversified and growing customer base, through a combination of four strategically located retail centres in Perth, Port Hedland, Geraldton, and Bunbury, as well as servicing leading national logistics and mining clients in embedded operations at multiple sites across WA. IP's product offerings, which include transmissions, differentials, drivelines, brake parts, trailer parts, and general truck parts and accessories, are highly complementary to MaxiPARTS' existing product range. FY23 revenue for the IP business was $45m, with an adjusted EBITDA (pre-AASB16) of $3.4m.

Additionally, the acquisition provided MaxiPARTS with an internal driveline rebuilding workshop capability, further bolstering the Company's service offerings. The workshop located in Kewdale (Perth) is one of Australia's largest dedicated driveline rebuilding workshops for heavy vehicles and off-highway trucks. The workshop handles manual shift transmission, differentials, transfer cases and drop boxes.

This acquisition marks a pivotal milestone in MaxiPARTS' history, reinforcing MaxiPARTS' position as a leading commercial vehicle parts distributor and significantly expanding the Company's footprint and customer base in the vital Western Australian market, increasing support provided to fleet customers with a true national footprint.

The acquisition is strongly aligned with the Group's M&A strategy, as outlined below.



MaxiPARTS has undertaken several strategic initiatives to ensure the smooth integration of IP into the MaxiPARTS Operations segment. The IP Perth retail store was consolidated with MaxiPARTS Perth store, consolidation of supply chain as well as integration of support functions and IT systems have already been completed, with a national ERP consolidation project planned for FY25. The Port Hedland site moved into a new purpose-built site in April 2024, which has seen a great response from customers in the region.

The Group's ongoing commitment to safety and operational excellence has seen all former IP sites aligned with MaxiPARTS' safety culture and processes. Furthermore, the rebranding of IP sites has been completed, with all retail sites now falling under the MaxiPARTS brand, ensuring consistency and clarity for customers, suppliers, and staff, while leveraging the strength of national brand presence.

Looking ahead, the acquisition of IP represents not just an expansion of MaxiPARTS' physical footprint but a significant enhancement of its capabilities and market presence. The successful integration of IP into MaxiPARTS sets the stage for continued growth and positions the Company to capitalise on new opportunities and deliver sustained value to shareholders, customers and employees.

Excitement about the future is high, with confidence that the strategic advantages gained through this acquisition will drive success in the years to come.



*Former IP Bunbury site rebranded to MaxiPARTS*

# Financial Report

# Report of the directors
## For the year ended 30 June 2024

Your Directors submit their report together with the consolidated financial report of MaxiPARTS 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 2024 and the auditor's report thereon.

### Directors

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

| | |
|---|---|
| Ms Mary Verschuer | (Chair since 12 May 2023, Director since 24 January 2019) |
| Mr Peter Loimaranta | (Managing Director since 6 September 2021) |
| Mr Gino Butera | (Director since 17 September 2021) |
| Ms Debra Stirling | (Director since 29 August 2022) |
| Mr Frank Micallef | (Director since 24 February 2023) |
| Mr Brendan York | (Director since 18 July 2024) |

### Principal Activities

The principal activities of the Group during the year consisted of distribution and sale of commercial Truck and Trailer Parts (MaxiPARTS Operations); and distributor of workshop consumables, predominately focused on automotive and commercial vehicle workshops (Förch Australia).

### Dividends

Fully franked dividends declared and paid during the financial year were as follows:

| Date of Payment | Cents Per Share | Total Amount $'000 |
|---|---|---|
| 15-Sep-23 | 3.22 | 1,536 |
| 26-Mar-24 | 2.57 | 1,415 |

A fully franked final dividend of 2.57 cents per share has been proposed by the directors after reporting date for payment on 19 September 2024. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2024 and will be recognised in subsequent financial reports.

### Events Subsequent to Balance Date

On 19 August 2024, MaxiPARTS and the QLD State Government reached an agreement for MaxiPARTS to repay $0.7m in funding received, in exchange for the return of the $1.1m bank guarantees and a deed of release on the original agreement, as disclosed in Note 24d in these financial statements (Discontinued Operations: other liabilities or contingent liabilities related to the sale of the Trailer Solutions business).

Mr Brendan York was appointed as a Director on 18 July 2024.

Apart from the items above and the dividend declared, there have been no other events subsequent to the reporting date which would have a material effect on the Group's financial statements for the year ended 30 June 2024.

### 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 2024.

### Significant Changes in the State of Affairs

Refer to commentaries outlined in the Operating & Financial Review.

### Operating & Financial Review

In FY24, MaxiPARTS has delivered record revenue (since separation from the Trailer Solutions business) of $243.9m, up 20.9% on FY23. The revenue growth was achieved in part through the acquisitions of Independant Parts ("IP") and the full year impact of the Förch Australia acquisition (and the smaller Förch Brisbane asset purchase), along with continued commitment to organic growth initiatives through continued network and product expansion. The growth in MaxiPARTS Operations was subdued by a slowdown in the general transport activity on the east coast of Australia, as was the subject of a trading update released by the group on 14 May 2024.

EBITDA excluding significant items of $23.0m was up 24.4% on FY23, and EBITDA excluding significant items margin of 9.5% improved from 9.2% in FY23. Net profit from continued operations and before significant items and tax of $10.3m was down 5.8% on FY23, a result of increases in finance lease interest, depreciation and amortisation (from acquisitions) and higher finance costs due to higher interest rates and a higher average debt balance in relation to the acquisitions completed during the year.

# Report of the directors
## For the year ended 30 June 2024

The statutory net profit after tax was $2.8m, a decrease from $6.0m in the prior comparative period ('pcp'), this includes a loss of ($2.8m) for discontinued operations detailed further in this report.

The table below summarises the Group's consolidated results for the FY24 and FY23 and bridges the referenced EBITDA to the statutory results.

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Revenue | 243,883 | 201,677 |
| **EBITDA excluding significant items**[1] | **23,049** | **18,498** |
| Depreciation and Interest | (12,129) | (7,576) |
| **NPBTA excluding significant items**[1] | **10,920** | **10,922** |
| Amortisation | (667) | (32) |
| Significant items* | (1,052) | (357) |
| **NPBT from continuing operations** | **9,201** | **10,533** |
| **NPAT from continuing operations** | **5,606** | **7,373** |
| NPAT from discontinued operations | (2,834) | (1,396) |
| **Profit/(Loss) for the year** | **2,772** | **5,977** |

* Significant items relate to one-off transaction and integration costs for the acquisitions.

[1] EBITDA excluding significant items and NPBTA excluding significant items are non-AASB financial measures per RG 230, which have not been subject to audit by the Group's external auditors. These measures are presented to enable understanding of the underlying performance of the Group by users.

## Operating and Financial Review – Segments

### MaxiPARTS Operations

MaxiPARTS Operations sells commercial vehicle parts at both a wholesale and trade level in Australia. Wholesale customers are typically parts resellers and trailer manufacturers. The trade business sells parts to road transport operators as well as commercial vehicle service and repair providers in Australia under the MaxiPARTS brand.

MaxiPARTS acquired 100% of Nineteen Group Pty Ltd and its controlled entity, Independant Parts Pty Ltd (on 30 November 2023), collectively referred to as 'IP' for a purchase consideration of $28.9m, net of cash. IP is a commercial truck and trailer parts distribution business with operations in Western Australia (WA), that is highly complementary to the existing MaxiPARTS operations, and added significant scale to the WA operations with 4 retail sites (3 post consolidation) and embedded operations in key mining regions. Post acquisition, the IP operations have been integrated into the MaxiPARTS Operations segment, this includes consolidation of the management structure, consolidation of the Perth retail stores and rebranding of the remaining stores, the amalgamation of the MaxiPARTS WA and IP business onto the one ERP and joining of purchasing and shared services functions.

At the end of FY24, MaxiPARTS operated from 29 sites and along with the integration activities for IP, continued to drive growth through organic projects, strengthening the national network and servicing of our customer base. This included achieving 41% growth in sales of the Japanese product range, the new organic site in Bibra Lake (WA) reaching profitability in its first 12 months from opening, relocation of the Adelaide (SA) and Port Hedland (WA) sites to larger locations and continued focus on securing and servicing key accounts on a national basis, including combined MaxiPARTS and Förch product offerings.

In FY24, MaxiPARTS Operations segment achieved revenue of $227.7m (FY23: $200.5m), a growth of 13.6% compared to FY23, with 7.1% coming from growth in the underlying operations. Revenue of approximately $28m came from the acquired IP business part-year contribution, and sales to the formerly owned Trailer Solutions business, as expected, declined by ($13.5m) or -54%, from pcp. EBITDA of $22.0m increased by 19.1% over pcp, and EBITDA margins of 9.6% increased by 0.4%.

It was a mixed result for the segment for the period, with the growth in underlying revenues dampened in the second half with a slowdown in transport activity on the east coast of Australia, combined with increased pricing pressure and ongoing cost inflation. The acquisition of IP performed in line with expectations, and overall activity in the west coast of Australia remained strong.

### Förch Australia

Förch Australia is a distributor of workshop consumables, predominately focused on automotive and commercial vehicle workshops, in which MaxiPARTS holds an 80% ownership stake. Förch Australia holds an exclusive Australian distribution agreement for all FÖRCH product, with Theo FÖRCH GmbH & Co KG of Germany, through to April 2030 ("Australian Distribution Agreement"). Förch Australia is an adjacent product opportunity for MaxiPARTS.

The business and assets of Förch Brisbane were acquired by Förch Australia on the 30 November 2023 for a purchase consideration of $2.1m. The acquisition completes the national distribution and sales footprint for Förch Australia, that now operates warehouses in from Perth, Brisbane and Melbourne, with the latter relocating into the main MaxiPARTS Truganina DC during the year and an expanding national sales team.

The Förch Australia segment reported revenues of $16.9m (FY23: $1.2m), with the Group focusing on implementing an accelerated program for the segment to grow rapidly on the east coast of Australia by leveraging the larger MaxiPARTS business infrastructure and balance sheet to invest in inventory, distribution and sales reps with the focus on: improving the national distribution of the product; targeting cross-over customers (with MaxiPARTS); and securing large national and multi-site accounts.

# Report of the directors
## For the year ended 30 June 2024

The segment achieved EBITDA of $1.1m (FY23: $0.1m), and EBITDA margins of 6.4% (FY23: 7.0%). The above-mentioned accelerated growth plan enabled the division to deliver on the targeted revenue growth, however, the additional cost base primarily associated with expanding the sales force, impacted the profitability for the period. The existing investment is expected to continue to deliver further revenue growth next year, which should drop through to improved profitability and profit margins for both the segment and the Group.

#### Discontinued Operations / ATSG Dispute

The Group's discontinued operations reported a loss of ($4.6m) for the period, that includes a ($3.2m) impairment of the $6.4m assets related to the receivable on the purchase price and the vendor finance loan to ATSG, the buyer of the Trailer Solutions business, legal expenses in relation to the dispute and ($0.7m) for the provision of repayment of funding to the State of Queensland.

MaxiPARTS has provided further details on these items in the notes of these financial statements, along with the most recent update on the ongoing dispute that was the subject of an ASX announcement released on 30 January 2024.

### Financial Position

#### Investing and Financing Activities

MaxiPARTS completed a capital raise in November 2023, issuing 7.0m of new shares and raising $16.2m in proceeds, net of costs. The proceeds were used to fund the acquisitions of IP and Förch Brisbane. The balance of funding for the acquisitions was funded through a $10.0m increase in the Group's debt facility along with utilisation of existing undrawn debt on the facility and cash.

The Group reported a closing net debt balance of $15.9m, an increase of $14.9m from the year-ended 30 June 2023 this represents a leverage ratio of 0.7 times, which is well within the Group's capital management targets.

The Groups total Loan facility at 30 June 2024 is $29.5m and is fully drawn. The loan amortises at $0.5m per quarter. The facility is sufficient to support the business in its current form, and the Group will look to apply free cash flow to reduce the drawn debt ahead of the amortising schedule in FY25.

#### Cash Generation

Operating cashflow of $10.6m, or $15.9m when excluding finance interest, taxes, discontinued operations and significant items, was generated from an EBITDA of $23.0m, a cash conversion of 69% (FY23: Operating Cashflow of $16.9m; EBITDA $18.5m, 91% cash conversion). Inventory increased during the period by $4m (excluding acquired inventory) to support the national growth in Förch, and selected growth areas in the MaxiPARTS segment for selected areas, primarily in WA. FY23 working capital benefited from the excess inventory reduction program linked to the Truckzone acquisition, which was reflected in the movements in trade payables when comparing the periods, and lower closing FY24 trade payables resulting from inventory reduction program in H2, that will be seen in Q1 FY25 cash conversion. Significant items, outflows related to Discontinued Operations, increases in Group finance costs and taxes paid for Förch Australia also impacted cash conversion for the current year.

### Risk

MaxiPARTS recognises that risk is inherent in its business and that effective risk management is essential to protecting and enhancing 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.

#### Operational Risks

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:

- Changes in economic conditions globally or in markets that MaxiPARTS operates in that has the potential to impact demand for MaxiPARTS products and services
- Health and Safety of our people
- MaxiPARTS key customer retention and competitiveness in marketplace
- Increasing inflation and changes in interest rates that can impact MaxiPARTS profitability
- Reliability, supportability and security of IT Systems and Cyber risks
- 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 controls and activities in place to mitigate each of these risks.

# Report of the directors
## For the year ended 30 June 2024

### Foreign Exchange & Commodities Risk

A proportion of MaxiPARTS parts are sourced from overseas, which exposes MaxiPARTS to potential changes in the purchase price of products due to exchange rate movements. Historically the Group has been able to pass on most of the impact of foreign exchange movements through price increases. If MaxiPARTS is not able to recoup foreign exchange driven cost increases this may lead to a decrease in profitability. To mitigate this risk, MaxiPARTS enters into forward exchange contracts based on expected purchases for the upcoming short-term period in line with the order to pay cycle for the imported items.

## Health & Safety

MaxiPARTS has continued its focus of improving health and safety outcomes for our people. Over the year, a large amount of our efforts were directed towards integrating the acquired businesses into our policies and processes.

FY24 saw both the number of recordable injuries and the frequency rates increase from the record low levels achieved in FY23. With the health and safety integration activities completed for the acquired businesses and all sites now operating under consistent processes, we expect to see significant improvements in FY25.

## Strategy

MaxiPARTS strategy focuses on four key pillars of activity being:

- Sales & Network
- People
- Operations
- Systems & 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 to enhance our key strategic pillars and continue to deliver the strategic benefits of recent acquisitions and complete integration activities.

## Likely Developments and Expected Results of Operations

MaxiPARTS, like many other businesses, finds itself navigating a period of heightened unpredictability, as experienced in H2 FY24 with the softening of general transport activity across the east coast of Australia, an increase in competitive pricing pressures, as well as ongoing cost inflation.

The parts industry has traditionally exhibited resilience throughout various economic cycles, which offers some level of comfort when considering the bottoming out of the current cycle, however when factoring in market expectations from exiting a period of pro-longed growth, MaxiPARTS enters FY25 with caution and is focused on the challenge ahead.

MaxiPARTS expectations for the markets it operates in are as follows:

- Demand in the short-term remains inconsistent given the general economic uncertainty, however, we do expect this to stabilise and return to historical levels in the medium to longer-term.
- The markets on the east coast continue to be soft in the short-term (consistent with general economic activity) limiting growth, despite ongoing implementation of our strategic growth initiatives.
- The west coast overall market to remain buoyant, with MaxiPARTS well-placed following the IP acquisition to support the growth of its customers in Perth and regional centres.
- The WA Mining market continues to fluctuate across various mine owners and minerals. The constant changes in this space make it difficult to predict volumes for the Group's embedded operations; though we are confident that the business has the relationships and operational success factors in place to ensure we deliver on the evolving requirements and demand fluctuations in this space.
- Förch Australia operates within similar market factors to MaxiPARTS, so we therefore expect similar market challenges as mentioned above. The main differentiating factor for Förch Australia is the significantly larger opportunity to grow market share through investment and initiatives from a business with a historically smaller market share.

MaxiPARTS remains focused on driving the following items over the next 12 months:

- Continued focus on revenue and margin improvement initiatives from the Group's recent acquisitions and organic programs anticipated to grow EBITDA margins into low double digits in the medium term.
- Maintaining balance sheet flexibility to respond to market conditions and having an active capital management plan.
- Finalise integration activities from the recent acquisitions, primarily around: IT, systems and support functions.
- Drive revenue and profit growth in the Förch Australia segment following investments made in the sales force and distribution centres in FY24.

The Group believes the delivery of the above will continue to strengthen key financial metrics such, as EBITDA / EBIT margins, and improve the return on invested capital.

The Group also expects that revenue associated with the ATSG supply contract will end on 31 August 2024.

# Report of the directors
## For the year ended 30 June 2024

### Information of Directors

| Name: | Ms. Mary Verschuer |
|---|---|
| Title: | Chair, Independent Non-Executive Director (appointed Chair 12 May 2023, appointed Deputy Chair 27 April 2022, appointed as Director 24 January 2019) |
| Qualifications: | MA Research Methods, Macquarie University<br>Fellow, AICD<br>MBA, Macquarie University<br>Master of Science and Society, University of New South Wales (history and philosophy of science)<br>Bachelor of Applied Science (Chemistry), UTS |
| Experience & Expertise: | 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.<br><br>Currently a NED & Chair of the People and Safety Committee of Redox Ltd a listed chemical distribution business (ASX:RDX), President of The Infants' Home a provider of integrated early childhood education. Former NED and Chair of Audit and Risk at Forestry Corporation of NSW a state owned corporation managing NSW forests. |
| Special Responsibilities: | Chair of the Board<br>Member of:<br>Audit and Risk Management Committee<br>Remuneration & Human Resources Committee<br>Nomination Committee. |
| Other Current Directorships (ASX Listed Companies): | Redox Ltd (ASX:RDX) |
| Former Directorships (ASX Listed Companies previous 3 years): | Nil |
| Interest in Shares: | 56,862 ordinary shares beneficially held |
| Interest in Performance Rights: | Nil |

| Name: | Mr. Peter Loimaranta |
|---|---|
| Title: | Managing Director, Executive (appointed 6 September 2021) |
| Qualifications: | Former Chartered Accountant<br>Bachelor Commerce, University of Queensland<br>Graduate, AICD |
| Experience & Expertise: | Mr Loimaranta was appointed Managing Director and CEO of MaxiPARTS in 2021 following the divestment of the MaxiTRANS Trailer Solutions business. Before his current appointment, Mr Loimaranta held the roles of General Manager MaxiPARTS 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. |
| Special Responsibilities: | Nil |
| Other Current Directorships: | Nil |
| Former Directorships: | Nil |
| Interest in Shares: | 346,680 ordinary shares beneficially held |
| Interest in Performance Rights: | 139,992 performance rights |

# Report of the directors
## For the year ended 30 June 2024

| Name | Mr. Gino Butera |
|---|---|
| Title | Independent Non-Executive Director (appointed 17 September 2021) |
| Qualifications | CPA<br>Bachelor Economics, Accounting & Finance, Monash University<br>Member, AICD |
| Experience & Expertise | 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, alternative fuel powertrains and associated spare parts over multiple industrial end markets. Mr. Butera's 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 the Remuneration & Human Resources Committee<br>Member of:<br>Audit and Risk Management Committee<br>Nomination Committee. |
| Other Current Directorships (ASX Listed Companies) | Nil |
| Former Directorships (ASX Listed Companies previous 3 years) | Nil |
| Interest in Shares | 50,000 ordinary shares beneficially held |
| Interest in Performance Rights: | Nil |

| Name | Ms. Debra Stirling |
|---|---|
| Title | Independent Non-Executive Director (appointed 29 August 2022) |
| Qualifications | Honorary Fellowship, Engineering, Monash University<br>Graduate, AICD<br>Bachelor of Arts, Government and Journalism, University of Queensland |
| Experience & Expertise | Ms. Stirling's executive career saw her hold various senior executive roles related to Corporate Affairs, Investor Relations, People and Culture, Communications and Environment at Newcrest Mining, Rinker, CSR, and Coles Myer.<br>Ms. Stirling is currently a NED of Scotch College and is a NED & 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:<br>Remuneration & Human Resources Committee<br>Audit & Risk Management Committee<br>Nomination Committee. |
| Other Current Directorships (ASX Listed Companies) | Nil |
| Former Directorships (ASX Listed Companies previous 3 years) | Nil |
| Interest in Shares | 20,408 ordinary shares beneficially held |
| Interest in Performance Rights: | Nil |

# Report of the directors
## For the year ended 30 June 2024

| Name | Mr. Frank Micallef |
|---|---|
| Title | Independent Non-Executive Director (appointed 24 February 2023) |
| Qualifications | Fellow, CPA Australia<br>Fellow, AICD<br>Master of Accountancy, University of New England (AU)<br>Graduate Diploma of Education, Melbourne University<br>Bachelor of Business, Accounting, RMIT University |
| Experience & Expertise | Mr Micallef has 25 years of Senior Management experience in various senior executive roles at several ASX 100 companies where he has been responsible for a range of functions including finance, legal and company secretarial, procurement, IT, and investor relations.<br>Mr Micallef is currently a NED at Interplast Australia Ltd, an Australian and New Zealand charity focusing primarily on delivering reconstructive plastic surgery procedures and training in the Asia Pacific. Former NED of Fabchem Ltd (SGX) and Queensland Nitro Pty Ltd. |
| Special Responsibilities | Chair of the Audit and Risk Management Committee<br>Member of:<br>Remuneration & Human Resources Committee<br>Nomination Committee. |
| Other Current Directorships (ASX Listed Companies) | Nil |
| Former Directorships (ASX Listed Companies previous 3 years) | Nil |
| Interest in Shares | 42,320 ordinary shares beneficially held |
| Interest in Performance Rights: | Nil |

| Name | Mr. Brendan York |
|---|---|
| Title | Non-Executive Director (appointed 18 July 2024) |
| Qualifications | Chartered Accountant and a Bachelor of Business Administration and a Bachelor of Commerce from Macquarie University. |
| Experience & Expertise | Currently a Portfolio Manager of Naos Asset Management Limited. Was previously the Chief Financial Officer of Enero Group Ltd (ASX: EGG). |
| Special Responsibilities | Member of:<br>Remuneration & Human Resources Committee<br>Audit & Risk Management Committee<br>Nomination Committee. |
| Other Current Directorships (ASX Listed Companies) | Big River Industries Limited (ASX:BRI)<br>BSA Limited (ASX:BSA)<br>Saunders International Limited (ASX:SND)<br>BTC Health Limited (ASX:BTC)<br>Wingara AG Limited (ASX: WNR) |
| Former Directorships (ASX Listed Companies previous 3 years) | Nil |
| Interest in Shares | Nil |
| Interest in Performance Rights: | Nil |

| Name | Ms. Liz Blockley |
|---|---|
| Title | Company Secretary and Chief Financial Officer<br>Appointed to the position of Company Secretary on 19 May 2022. |
| Qualifications | Bachelor Commerce, CPA, GIA (Affiliated) |

# Report of the directors

## For the year ended 30 June 2024

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

| | Directors' Meetings | | Audit & Risk Management Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Mary Verschuer | 15 | 15 | 6 | 6 | 3 | 3 |
| Gino Butera | 15 | 15 | 6 | 6 | 3 | 3 |
| Debra Stirling | 15 | 15 | 6 | 6 | 3 | 3 |
| Frank Micallef | 15 | 15 | 6 | 6 | 3 | 3 |
| Peter Loimaranta | 15 | 15 | 6 | 6 | 3 | 3 |

# Report of the directors
## For the year ended 30 June 2024

## Remuneration Report – Audited

Dear Shareholders,

On behalf of the Board, I am pleased to present the FY24 Remuneration Report. This report sets out the remuneration information for our 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.

**Gino Butera**
Chair, Remuneration & Human Resources Committee

### 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 FY24 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. | 3 key priorities were set around profit, cashflow and safety. This program is subject to the Group meeting its budgeted net profit after tax ("NPAT") (MaxiPARTS continuing operations) before any incentive is payable. |
| Long Term Incentive (LTI) | An annual equity based grant of Performance Rights which, if they vest on the achievement of specific three year 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 Earnings Per Share (EPS) growth target for the 3 year period from date of grant.<br>See section 3 below for further detail. |

### 2. Alignment of FY24 Variable Remuneration Outcomes to Performance

| Rem Component & Conditions | Link to Company Performance |
|---|---|
| STI - Drives annual Company performance against 3 priorities – Profit, Cashflow and Safety | The net profit before tax hurdle was set on the MaxiPARTS continued operations and was not achieved, leading to all performance targets being assessed as nil. |
| 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 FY22 are due to vest this year. The actual EVA for the 3 year period was below the target EVA set for the measurement period. |

# Report of the directors
## For the year ended 30 June 2024

## 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 vesting and 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 vesting and exercise of a performance right are subject to specific 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 FY24 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.

### (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 FY24 base, the July 2023 VWAP is used).

### (e) What is the performance period?

Performance rights are tested over a three year measurement period. Awards made in FY24 will be tested over the period 1 July 2023 to 30 June 2026.

### (f) What is the performance hurdle?

The performance rights will vest and be exercisable only if the performance hurdle attached to the performance rights is satisfied.

For the FY24 issue, the performance hurdle for all performance rights on issue is Earnings Per Share (EPS). The Performance Rights target set is to achieve 10% growth per annum over the respective 3-year vesting period. The FY23 actual EPS for the MaxiPARTS (continuing operations) business was 15.53 cents per share.

A sliding scale will apply for partial attainment of the performance hurdle. The minimum target is 5% growth in EPS per annum that must be achieved before any of the Performance Rights will vest, at which point 25% of the Performance Rights will vest. 100% of the Performance Rights will vest where the target EPS growth is fully achieved or exceeded.

For the FY22 and FY23 issues, the performance hurdle for all performance rights on issue is Economic Value Added (EVA). The Performance Rights target set on grant was set to achieve a cumulative EVA target for FY22 issue of $6.2m and for the FY23 issue of $6.6m over the respective three year vesting period. The target and result are measure on continuing operations and the target set to reflect a 6.0% and 6.5% compound annual improvement, over the respective periods.

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 Board retain the option to exclude any significant and / or one-off items from its assessment of vesting conditions. 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 and 30 June 2025, or such other date as the Company determines.

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 or when exceptional circumstances exist.

## 4. FY24 LTI Outcomes

Performance rights granted in FY22 were tested against the EVA performance hurdle over the period 1 July 2021 to 30 June 2024 with a EVA target of $6.2m. The actual EVA for FY24 was $1.3m. Therefore, the Performance Rights granted in FY22 will not vest.

# Report of the directors
## For the year ended 30 June 2024

### 5. Managing Director Remuneration Mix

The Managing Director's, Mr P Loimaranta, total annualised available remuneration of $977,140 ("TAR") consists of:

- Fixed component of $505,504 (Total employment cost 'TEC' inclusive of superannuation and allowances) with
- STI component, comprising 60.0% of TEC; and
- LTI component, comprising 33.3% of TEC.

### 6. FY24 Managing Director STI Outcomes

The Managing Director's, Mr P Loimaranta, STI for FY24 are summarised below:

| Objective | Measure | STI Weighting | Performance |
|---|---|---|---|
| Overall hurdle | Deliver budgeted NPBT for the Group (MaxiPARTS continuing operations) | Hurdle | Not Met |
| NPBT | NPBT exceeding set budget (continuing operations) | 67% | n/a |
| Cash | Cash generated from Operating activities (continued operations) exceeds the budget | 23% | n/a |
| Safety | Implementation of an approved MaxiPARTS safety improvement plan | 10% | n/a |

Mr P Loimaranta, Managing Director, has been awarded an STI of Nil in relation to FY24.

**Other KMP FY24 STI outcome:**

No STI's were awarded to KMPs in relation to their performance during the FY24 period.

### 7. Relationship between remuneration and Company performance

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs, see the above table. Consequently, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

| | FY24 | FY23 | FY22 | FY21 | FY20 |
|---|---|---|---|---|---|
| Reported NPAT ($'000) | $2,772 | $5,977 | ($4,932) | $4,584 | ($35,492) |
| NPAT (continuing operations and excluding significant items** ($'000) | $6,556 | $7,719 | $5,923 | $10,487 | $486 |
| STI awarded to MD* | Nil | 83.2% | 56.7% | 137.5% | Nil |
| Basic and Diluted earnings per share (cents per share) - Continuing operations | 10.73 | 15.53 | 11.99 | 15.37 | 4.87 |
| Share price at financial year end ($) | $1.96 | $2.65 | $1.88 | $2.38 | $0.57 |
| Total dividends declared (cents per share) | 5.14 | 6.39 | 65.00 | 0.00 | 0.00 |

Note: FY20-FY21 years represents the MaxiTRANS Group including the Trailer Solutions business. The Trailer Solutions business was disposed on the 31 August 2021.

* STI payments as a % of the maximum payment

**Significant items relate to one-off transaction and integration costs for the acquisitions

### 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 $80,000 per annum for non-executive directors and $127,500 for the Chair. Total fees paid for the year of $367,500 for Non-Executive Directors.

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.

# Report of the directors
## For the year ended 30 June 2024

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 is consistent with 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.

### 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

| | | | Short Term Benefits | | Post-Employment Benefits | Equity | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Year | Salary & fees $ | STI (i) $ | Super $ | PRs (ii) $ | Total $ | Proportion of rem performance related % | Value of PRs as proportion of rem % |
| **Directors** | | | | | | | | | |
| **Non-executive** | | | | | | | | | |
| Ms M Verschuer | | 2024 | 114,865 | - | 12,635 | - | 127,500 | | |
| Chair | (iii) | 2023 | 76,033 | - | 7,783 | - | 83,816 | | |
| Ms D Stirling | | 2024 | 72,072 | - | 7,928 | - | 80,000 | | |
| | (iv) | 2023 | 53,167 | - | 5,583 | - | 58,750 | | |
| Mr G Butera | | 2024 | 72,072 | - | 7,928 | - | 80,000 | | |
| | | 2023 | 70,136 | - | 7,164 | - | 77,300 | | |
| Mr F Micallef | | 2024 | 72,072 | - | 7,928 | - | 80,000 | | |
| | (v) | 2023 | 24,968 | - | 2,622 | - | 27,590 | | |
| **Executive** | | | | | | | | | |
| Mr P Loimaranta | | 2024 | 455,409 | - | 50,095 | 1,343 | 506,847 | 0.3% | 0.3% |
| Managing Director | | 2023 | 422,850 | 223,449 | 44,399 | 130,073 | 820,771 | 43.1% | 15.8% |
| **Executives** | | | | | | | | | |
| Ms L Blockley | | 2024 | 343,810 | - | 37,820 | (5,224) | 376,405 | -1.4% | -1.4% |
| Chief Financial Officer | | 2023 | 324,349 | 89,456 | 34,057 | 28,844 | 476,706 | 24.8% | 6.1% |

(i) FY24 STI entitlement is 60.0% of total fixed remuneration for the Managing Director, Mr P Loimaranta and 30% 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 granted and vested during the period are contained in Note 14 – Share Based Payments.

(iii) Ms M Verschuer was appointed Chair on the 12 May 2023.

(iv) Ms D Stirling was appointed on the 29 August 2022.

(v) Mr F Micallef was appointed on the 24 February 2023.

# Report of the directors
## For the year ended 30 June 2024

### 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 | 23 Nov 2023 | 62,965 | 31-Oct-26 | nil | $2.40 |
| | 20 Oct 2022 | 77,027 | 19-Oct-25 | nil | $2.01 |
| | 3 Nov 2021 | 49,965 | 31-Oct-24 | lapsed | $3.63 |
| Ms L Blockley | 23 Nov 2023 | 24,981 | 31-Oct-26 | nil | $2.40 |
| | 20 Oct 2022 | 31,050 | 19-Oct-25 | nil | $2.01 |
| | 3 Nov 2021 | 19,182 | 31-Oct-24 | lapsed | $3.63 |

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 275,973 unissued ordinary shares of the Company relating to Performance Rights granted but not vested.

| | Opening balance | Granted | Vested / (Forfeited) | Closing Bal (unvested) |
|---|---|---|---|---|
| Unissued shares under rights | 254,416 | 138,350 | (116,793) | 275,973 |

### Directors' shareholdings

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

| 2024 Shares | | | | | | |
|---|---|---|---|---|---|---|
| **MaxiPARTS Limited** | **Held at 30 June 2023*** | **Purchases** | **Exercised of PR** | **Sales** | **Other** | **Held at 30 June 2024** |
| Directors: | | | | | | |
| Ms M Verschuer | 20,562 | 35,695 | | - | 605 | 56,862 |
| Mr P Loimaranta | 154,204 | | 190,723 | - | 1,753 | 346,680 |
| Mr G Butera | 50,000 | | | - | - | 50,000 |
| Ms D Stirling | - | 20,408 | | - | - | 20,408 |
| Mr F Micallef | 21,000 | 21,320 | | - | - | 42,320 |

*or at date of appointment as a director

**End of Audited Remuneration Report**

# Directors' Declaration
## For the year ended 30 June 2024

### 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 six 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 and Insurance of Officers
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.

### Indemnity and Insurance of Auditors
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### 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 14 to the consolidated financial statements and in the Remuneration Report.

### Non-Audit Services
The auditors have not provided any non-audit work to the Group during the year.

A copy of the 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 15.

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

| | Consolidated | |
|---|---|---|
| **Remuneration of auditor** | **2024 $** | **2023 $** |
| Remuneration of the auditor for:<br>– auditing and reviewing the financial statements - Group | 264,104 | 150,000 |
| (HLB Mann Judd)<br>– auditing and reviewing the financial statements - controlled entity (HLB Mann Judd) | - | 30,900 |
| | **264,104** | **180,900** |

### 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.

**Ms Mary Verschuer,**
Director

**Mr. Peter Loimaranta,**
Director

Dated this 22 day of August 2024

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

**Auditor's independence declaration**

As lead auditor for the audit of the consolidated financial report of MaxiPARTS Limited ("the Company") and its controlled entities ("the Group") for the year ended 30 June 2024, 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 audit; and

(b) any applicable code of professional conduct in relation to the audit.

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

HLB Mann Judd

**HLB Mann Judd**
**Chartered Accountants**

**Jude Lau**
**Partner**

Melbourne
22 August 2024

**hlb.com.au**

**HLB Mann Judd (VIC) Partnership ABN 20 696 861 713**
Level 9, 550 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001
**T:** +61 (0) 3 9606 3888 **F:** +61 (0) 3 9606 3800 **E:** mailbox@hlbvic.com.au

# Directors' Declaration

## For the year ended 30 June 2024

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

(a) the consolidated financial statements and notes as set out on pages 17 to 49, 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 2024 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 Company and the Group will be able to pay its debts as and when they become due and payable.

(c) in the Directors' opinion, the attached consolidated entity disclosure statement required by s.295(3A) of the Corporations Act 2001 is true and correct.

There are reasonable grounds to believe that the Company and the Group entities identified in Note 18 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 2024.

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.

| | |
|---|---|
| **Ms Mary Verschuer** | **Mr. Peter Loimaranta** |
| Director | Director |

Dated this 22 day of August 2024

# Consolidated statement of profit or loss and other comprehensive income
## for the year ended 30 June 2024

| | Note | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Continuing Operations** | | | |
| Revenue from sale of goods | 2(a) | 243,883 | 201,677 |
| Changes in inventories of finished goods and work in progress | | 4,045 | 6,635 |
| Raw materials and consumables used | | (168,899) | (149,554) |
| Other income | | 385 | 361 |
| Employee and contract labour expenses | 2(b) | (43,165) | (30,832) |
| Depreciation and amortisation expenses | 2(c) | (9,088) | (5,608) |
| Finance costs | 2(c) | (3,708) | (2,000) |
| Other expenses | 2(d) | (14,252) | (10,146) |
| **Profit before income tax from continuing operations** | | **9,201** | **10,533** |
| Income tax expense | 3(b) | (3,595) | (3,160) |
| **Profit from continuing operations** | | **5,606** | **7,373** |
| Loss from discontinued operations net of tax | 24(a) | (2,834) | (1,396) |
| **Profit for the year** | | **2,772** | **5,977** |
| | | | |
| Profit attributable to: | | | |
| Equity holders of the parent | | 2,765 | 5,938 |
| Non-controlling interests | | 7 | 39 |
| | | | |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | | 2,765 | 5,938 |
| Non-controlling interests | | 7 | 39 |
| | | | |
| **Earnings / (Loss) per share:** | | **2024** | **2023** |
| Basic and Diluted earnings per share (cents per share) - Total | 12 | 5.29 | 12.51 |
| Basic and Diluted earnings per share (cents per share) - Continuing operations | 12 | 10.73 | 15.53 |
| Basic and Diluted earnings per share (cents per share) - Discontinued operations | 12 | (5.43) | (2.94) |

| **Weighted average number of shares:** | **Note** | **Number** | **Number** |
|---|---|---|---|
| Number for basic earnings per share | 12 | 52,227,089 | 47,470,515 |
| Number for diluted earnings per share | 12 | 52,227,089 | 47,470,515 |

The consolidated statement of profit or loss and other 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 2024

| As at 30 June 2024 | Note | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | | 13,627 | 13,952 |
| Trade and other receivables | 4 | 35,200 | 28,685 |
| Inventories | 5 | 67,095 | 51,759 |
| Other | | 1,451 | 1,823 |
| Financial asset | 24(c) | 3,201 | 6,401 |
| **Total Current Assets** | | **120,574** | **102,620** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 6 | 6,106 | 4,201 |
| Intangible assets | 7 | 37,594 | 18,801 |
| Right of use asset | 20(a) | 35,285 | 32,797 |
| Deferred tax assets | 3(c) | 12,714 | 14,842 |
| **Total Non-Current Assets** | | **91,699** | **70,641** |
| **Total Assets** | | **212,273** | **173,261** |
| **Current Liabilities** | | | |
| Trade and other payables | 8 | 34,669 | 31,848 |
| Current tax liability | 3(d) | 152 | 347 |
| Provisions | 10 | 6,546 | 5,733 |
| Lease liability | 20(b) | 6,826 | 4,166 |
| Interest bearing loans and borrowings | 9 | 2,000 | - |
| **Total Current Liabilities** | | **50,193** | **42,094** |
| **Non-Current Liabilities** | | | |
| Interest bearing loans and borrowings | 9 | 27,500 | 15,000 |
| Provisions | 10 | 756 | 694 |
| Lease liability | 20(b) | 31,837 | 30,585 |
| **Total Non-Current Liabilities** | | **60,093** | **46,279** |
| **Total Liabilities** | | **110,286** | **88,373** |
| **Net Assets** | | **101,987** | **84,888** |
| **Equity** | | | |
| Issued capital | 11 | 99,075 | 81,766 |
| Other reserves | | 2,366 | 2,825 |
| Accumulated Loss | | (74,956) | (74,956) |
| Profits Reserve | | 73,598 | 73,784 |
| **Equity attributable to equity holders of the parent** | | **100,083** | **83,419** |
| Non-controlling interests | 26 | 1,904 | 1,469 |
| **Total Equity** | | **101,987** | **84,888** |

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 2024

| | Note | Issued capital $'000 | Accumulated loss $'000 | Profits reserve $'000 | Other reserves $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2023** | | 81,766 | (74,956) | 73,784 | 2,825 | 83,419 | 1,469 | 84,888 |
| Comprehensive income for the year | | | | | | | | |
| Profit for the year | | - | - | 2,765 | - | 2,765 | 7 | 2,772 |
| **Total comprehensive income for the year** | | **-** | **-** | **2,765** | **-** | **2,765** | **7** | **2,772** |
| **Transactions with owners recorded directly in equity** | | | | | | | | |
| Dividend reinvestment | | 659 | - | (659) | - | - | - | - |
| Share-based payment transactions - Current year | 14 | 160 | - | - | (157) | 3 | - | 3 |
| Share-based payment vested historically | | 302 | - | - | (302) | - | - | - |
| Dividends paid | | - | - | (2,292) | - | (2,292) | - | (2,292) |
| Issue of share capital | | 16,188 | - | - | - | 16,188 | - | 16,188 |
| Capital contribution from non-controlling interests | | - | - | - | - | - | 428 | 428 |
| **Total transactions with owners** | | **17,309** | **-** | **(2,951)** | **(459)** | **13,899** | **428** | **14,327** |
| **Balance at 30 June 2024** | | **99,075** | **(74,956)** | **73,598** | **2,366** | **100,083** | **1,904** | **101,987** |

| | Note | Issued capital $'000 | Accumulated loss $'000 | Profits reserve $'000 | Other reserves $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2022** | | 81,288 | (74,956) | 70,539 | 2,688 | 79,559 | - | 79,559 |
| Comprehensive income for the year | | | | | | | | |
| Profit for the year | | - | - | 5,938 | - | 5,938 | 39 | 5,977 |
| **Total comprehensive income for the year** | | **-** | **-** | **5,938** | **-** | **5,938** | **39** | **5,977** |
| **Transactions with owners recorded directly in equity** | | | | | | | | |
| Dividend reinvestment | | 478 | - | (478) | - | - | - | - |
| Share-based payment transactions | 14 | - | - | - | 137 | 137 | - | 137 |
| Dividends paid | | - | - | (2,215) | - | (2,215) | - | (2,215) |
| Acquisition of non-controlling interests | | - | - | - | - | - | 1,430 | 1,430 |
| **Total transactions with owners** | | **478** | **-** | **(2,693)** | **137** | **(2,078)** | **1,430** | **(648)** |
| **Balance at 30 June 2023** | | **81,766** | **(74,956)** | **73,784** | **2,825** | **83,419** | **1,469** | **84,888** |

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 2024

| | Note | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 269,110 | 220,219 |
| Payments to suppliers and employees | | (255,740) | (204,758) |
| Income tax refund/(paid) | | (802) | 272 |
| Interest and other costs of finance paid | | (1,932) | (659) |
| **Net cash provided by/(used in) operating activities** | 19 | **10,636** | **15,074** |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (1,394) | (1,606) |
| Proceeds on sale of property, plant and equipment | | - | 14 |
| Acquisition of Förch Australia Pty Ltd | | - | (8,960) |
| Acquisition of Independant Parts Pty Ltd, net of cash acquired | 25(a) | (28,852) | - |
| Acquisition of Förch Brisbane and Förch Mandurah | 25(b) | (2,142) | - |
| **Net cash provided by/(used in) investing activities** | | **(32,388)** | **(10,552)** |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | (500) | (5,000) |
| Proceeds from borrowings | | 15,000 | 10,000 |
| Proceeds from issue of share capital, net of costs incurred | | 16,188 | - |
| Dividends paid | | (2,292) | (2,215) |
| Cash contributions from non-controlling interests | | 428 | - |
| Payment of leases | | (7,397) | (5,207) |
| **Net cash provided by/(used in) financing activities** | | **21,427** | **(2,422)** |
| Net (decrease)/increase in cash | | (325) | 2,100 |
| Cash and cash equivalents at beginning of year | | 13,952 | 11,852 |
| **Cash and cash equivalents at end of year** | | **13,627** | **13,952** |

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 24 for the cash flows relating to discontinued operations.

# Notes to consolidated financial statements
## For the year ended 30 June 2024

### 1. Material Accounting Policy Information

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 2024 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity.

**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 22 August 2024.

**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 17 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.

**(b) Foreign currency transactions**

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**(c) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is assigned on a weighted average basis and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

# Notes to consolidated financial statements
## For the year ended 30 June 2024

### (d) Property, plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy (h)). The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of production overheads.

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 (x).

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

| | 2024 | 2023 |
|---|---|---|
| Plant and equipment | 2-20 years | 2-20 years |
| IT software | 5-10 years | 5-10 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 (h)). In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

#### (ii) Other intangible assets

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

#### (iii) 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. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least at each annual reporting date.

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

| | 2024 | 2023 |
|---|---|---|
| Förch Distribution agreement | 14 years | 14 years |
| Independant Parts customer relationships | 10 years | n/a |

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

### (f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses (see accounting policy (h)). Trade receivables are generally due for settlement within 30 to 60 days.

# Notes to consolidated financial statements
## For the year ended 30 June 2024

### (g) 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.

### (h) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (c)) and deferred tax assets (see accounting policy (m)), 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 estimated 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 duration of 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.

### (i) Interest-bearing borrowings

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

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.

### (j) 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 service leave benefits

The liability for long service leave is measured as the present value of the estimated future cash outflows to be made by the employer for services provided by employees up to the reporting date. By applying the actuary method to discount the liability, the Group determines the best estimates of the variables that will determine the ultimate cost.

#### (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.

# Notes to consolidated financial statements
## For the year ended 30 June 2024

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.

### (k) 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.

### (l) 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 and may be subsequently adjusted accordingly.

### (m) 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. 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.

### (n) 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 benefit/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.

# Notes to consolidated financial statements
## For the year ended 30 June 2024

### (o) 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.

### (p) 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 goods to the customer.

#### (ii) Other income

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

### (q) Goods and services tax

Revenues, expenses, assets and liabilities 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.

### (r) 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.

### (s) 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.

### (t) 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. The Group does not currently have any derivatives that qualify for hedge accounting.

### (u) Financial risk management

#### (i) Overview

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

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.

# Notes to consolidated financial statements
## For the year ended 30 June 2024

#### (ii) Capital risk 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 2024 was 16% (2023: 1%). 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 more conservative capital position.

### (v) 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. At reporting date the Group had the following operating segments: MaxiPARTS Operations and Förch Australia, though Förch Australia does not meet the qualitative thresholds to require a segment report as at 30 June 2024. The Group will continue to assess this requirement each reporting period.

### (w) 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) 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.

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.

#### (ii) 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.

### (x) 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 (IBR) with consideration given to the asset class.

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 includes renewal options. The Group will only include extension options in the lease term if the lease is reasonably certain to be extended (or not terminated).

### (y) 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.

# Notes to consolidated financial statements
## For the year ended 30 June 2024

### (z) 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.

### (aa) 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 (h).

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.

#### (iii) Income Tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### (iv) Business Combinations

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.

# Consolidated financial statements
## For the year ended 30 June 2024

## 2. Notes to the Statement of Profit and Loss

### (a) Revenue from sale of goods

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 | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| **Type of Good or Service** | | |
| Sale of parts (point in time sale) | 243,883 | 201,677 |
| **Total Group Revenue** | **243,883** | **201,677** |
| **Geographical Market** | | |
| Australia | 243,883 | 201,677 |
| **Total Group Revenue** | **243,883** | **201,677** |

### (b) Employee and Contract labour expenses

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| **Employee and contract labour expenses** | | |
| Employee expenses | 38,426 | 27,276 |
| Superannuation expense | 3,559 | 2,376 |
| Contract labour expenses | 1,180 | 1,180 |
| **Total employee and contract labour expenses** | **43,165** | **30,832** |

### (c) Depreciation, Amortisation and Finance costs

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| **Depreciation and Amortisation** | | |
| Depreciation of property, plant and equipment | 1,438 | 982 |
| Amortisation | 667 | 32 |
| Depreciation of right of use assets | 6,983 | 4,594 |
| **Total Depreciation and Amortisation** | **9,088** | **5,608** |
| **Finance Costs** | | |
| Interest expense | 1,932 | 659 |
| Finance lease interest | 1,776 | 1,341 |
| **Total Finance Costs** | **3,708** | **2,000** |

### (d) Other expenses

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Property - site outgoings and expenses | (4,097) | (3,238) |
| Motor vehicle running costs, travel and other employee related costs | (3,577) | (2,290) |
| Significant items * | (1,052) | (357) |
| Net foreign exchange (loss)/gain | 42 | (42) |
| Other Expenses | (5,568) | (4,219) |
| **Total Other Expenses** | **(14,252)** | **(10,146)** |

* Significant items relate to one-off transaction and integration costs for the acquisitions.

# Consolidated financial statements
## For the year ended 30 June 2024

### 3. Taxation

| | Note | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|---|
| **(a) Income tax** | | | |
| Reconciliation of tax expense/(benefit) | | | |
| Prima facie tax payable on profit before tax at 30% (2023:30%) | | 1,369 | 2,854 |
| Add/(deduct) tax effect of: | | | |
| Non-deductible expenditure | | 546 | 260 |
| (Over)/under provision in prior year | | (125) | 421 |
| | | 421 | 681 |
| **Income tax expense in consolidated profit or loss** | | **1,790** | **3,535** |
| Income tax expense attributable to the Group's profit is made up of: | | | |
| Current tax expense | | 3,493 | 3,070 |
| Prior year under provision | | 202 | 375 |
| Deferred tax expense | | | |
| – origination and reversal of temporary difference | | (1,578) | 44 |
| – prior year (over)/under– deferred differences | | (327) | 46 |
| **Income tax expense in consolidated profit or loss** | | **1,790** | **3,535** |
| **(b) Income tax expense is made up of:** | | | |
| Income tax expense on continuing operations | | 3,595 | 3,160 |
| Income tax (benefit)/expense on discontinued operations | 24 | (1,805) | 375 |
| **Income tax expense on consolidated profit or loss** | | **1,790** | **3,535** |
| **(c) Deferred tax assets/(deferred tax liabilities)** | | | |
| The deferred tax assets/(deferred tax liabilities) are made up of the following estimated tax benefits/(cost): | | | |
| – Provisions and accrued employee benefits | | 4,443 | 3,142 |
| – Property, plant and equipment | | (588) | (748) |
| – Leases | | 1,031 | 571 |
| – Intangible assets | | (2,743) | (1,910) |
| – Other | | (5) | 559 |
| – Tax losses carried forward | | 10,576 | 13,228 |
| **Net deferred tax asset** | | **12,714** | **14,842** |
| Balance at beginning of year | | 14,842 | 19,741 |
| Recognised in profit or loss | | 1,244 | (90) |
| Deferred tax on acquisition | | (720) | (1,868) |
| Prior year under provision of tax losses | | 661 | - |
| Tax losses utilised | | (3,313) | (2,941) |
| **Net deferred tax asset** | | **12,714** | **14,842** |

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

The Group's current tax current tax liability of ($152k) (2023: $347k) represents the amount of income taxes payable in respect of current and prior financial periods.

# Consolidated financial statements
## For the year ended 30 June 2024

### 4. Trade and Other Receivables

#### (a) Trade and Other Receivables Aging

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

| | Consolidated 2024 | | | Consolidated 2023 | | |
|---|---|---|---|---|---|---|
| | Gross $'000 | Impairment $'000 | Total $'000 | Gross $'000 | Impairment $'000 | Total $'000 |
| Trade debtors | | | | | | |
| Not past due | 32,201 | - | 32,201 | 26,320 | - | 26,320 |
| Past due 0 – 30 days | 2,453 | - | 2,453 | 1,867 | - | 1,867 |
| Past due 31 – 60 days | 419 | (70) | 349 | 222 | (36) | 186 |
| Past due over 61 days | 430 | (369) | 61 | 60 | (199) | (139) |
| **Trade receivables** | **35,503** | **(439)** | **35,064** | **28,469** | **(235)** | **28,234** |
| Other receivables | | | 136 | | | 451 |
| **Total trade and other receivables** | | | **35,200** | | | **28,685** |

#### (b) Movements in expected credit loss

Movements in the allowance for expected credit losses are as follows:

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Opening balance | 235 | 174 |
| Additional provisions recognised | 463 | 279 |
| Receivables written off during the year as uncollectable | (259) | (218) |
| **Closing balance** | **439** | **235** |

### 5. Inventories

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Finished goods – at cost | 68,453 | 52,581 |
| Less: provision for decrease to net realisable value | (1,358) | (822) |
| Total inventories | 67,095 | 51,759 |

Movements in the allowance for expected credit losses are as follows:

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Opening balance | (822) | (423) |
| Additional provision acquired | (241) | (70) |
| Additional provision recognised | (295) | (329) |
| **Closing balance** | **(1,358)** | **(822)** |

# Consolidated financial statements
## For the year ended 30 June 2024

### 6. Property, Plant and Equipment

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Plant and equipment at cost | 10,796 | 8,132 |
| Accumulated depreciation and impairment losses | (6,941) | (5,536) |
| **Subtotal plant and equipment** | **3,855** | **2,596** |
| Office equipment at cost | 5,497 | 4,732 |
| Accumulated depreciation and impairment losses | (4,319) | (3,918) |
| **Subtotal office equipment** | **1,178** | **814** |
| Leased property, plant and equipment | 1,311 | 949 |
| Accumulated depreciation and impairment losses | (333) | (189) |
| **Subtotal leased property, plant and equipment** | **978** | **760** |
| Capital work in progress | 95 | 31 |
| **Total property, plant and equipment** | **6,106** | **4,201** |

**Reconciliations**

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

| | Note | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|---|
| **Plant and equipment** | | | |
| Carrying amount at the beginning of the financial year | | 2,596 | 1,784 |
| Additions | | 789 | 959 |
| Acquired via business combination | 25 | 1,375 | 217 |
| Transfers from capital works in progress | | 27 | 106 |
| Disposals | | (9) | - |
| Depreciation | | (893) | (470) |
| Reclassification out of fixed assets | | (30) | - |
| **Carrying amount at the end of the financial year** | | **3,855** | **2,596** |
| **Office equipment** | | | |
| Carrying amount at the beginning of the financial year | | 814 | 640 |
| Additions | | 510 | 205 |
| Acquired via business combination | 25 | 251 | - |
| Transfers from capital works in progress | | 4 | 344 |
| Depreciation | | (401) | (375) |
| **Carrying amount at the end of the financial year** | | **1,178** | **814** |
| **Leased property, plant and equipment** | | | |
| Carrying amount at the beginning of the financial year | | 760 | 486 |
| Additions | | - | 411 |
| Acquired via business combination | 25 | 362 | - |
| Amortisation | | (144) | (137) |
| **Carrying amount at the end of the financial year** | | **978** | **760** |
| **Capital works in progress** | | | |
| Carrying amount at the beginning of the financial year | | 31 | 450 |
| Additions | | 95 | 31 |
| Transfers to property, plant and equipment | | (31) | (450) |
| **Carrying amount at the end of the financial year** | | **95** | **31** |

# Consolidated financial statements
## For the year ended 30 June 2024

### 7. Intangibles

| | Note | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|---|
| Goodwill at cost | | 37,516 | 21,498 |
| Impairment losses | | (9,065) | (9,065) |
| | | **28,451** | **12,433** |
| Distribution agreement cost | | 6,400 | 6,400 |
| Amortisation | | (495) | (32) |
| | | **5,905** | **6,368** |
| Customer relationships cost | | 3,442 | - |
| Amortisation | | (204) | - |
| | | **3,238** | **-** |
| **Total intangibles** | | **37,594** | **18,801** |
| **Goodwill** | | | |
| Carrying amount at the beginning of the financial year | | 12,433 | 9,026 |
| Additions via business combinations | 25 | 16,018 | 3,407 |
| **Carrying amount at the end of the financial year** | | **28,451** | **12,433** |
| **Distribution agreement** | | | |
| Carrying amount at the beginning of the financial year | | 6,368 | - |
| Additions via business combinations | | - | 6,400 |
| Amortisation | | (463) | (32) |
| **Carrying amount at the end of the financial year** | | **5,905** | **6,368** |
| **Customer relationships** | | | |
| Carrying amount at the beginning of the financial year | | - | - |
| Additions via business combinations | 25(a) | 3,442 | - |
| Amortisation | | (204) | - |
| **Carrying amount at the end of the financial year** | | **3,238** | **-** |

#### Impairment tests for Goodwill and Other Intangibles

Management has considered the requirements under the accounting standards with regards to the IP acquisition and Förch Brisbane acquisition. It was concluded that the expected synergistic benefits will result in IP consolidating into the existing MaxiPARTS Operations CGU and Förch Brisbane consolidating into the existing Förch Australia CGU.

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 2024 was determined similarly to the 30 June 2023 goodwill impairment test and was based on the following key assumptions:

| | MaxiPARTS Operations | | Förch Australia | |
|---|---|---|---|---|
| CGU | 2024 | 2023 | 2024 | 2023 |
| Growth rate average | 5.0% | 4.0% | 7.5%–20%* | 4.0% |
| Terminal growth rate | 2.0% | 2.0% | 2.0% | 2.0% |
| Pre-tax nominal discount rate | 15.2% | 14.5% | 20.3% | 21.4% |

*Förch Australia is expected to deliver and accelerated growth rate in FY25, and beyond, due to the significantly larger opportunity to grow market share through investment and initiatives from a business with a historically smaller market share.

The values assigned to the key assumptions represent each CGU'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 Operations & Förch Australia CGU's were found to be in excess of their carrying value. A reasonable possible change in assumptions would not cause the carrying value of either CGU to exceed its recoverable amount.

# Consolidated financial statements
## For the year ended 30 June 2024

### 8. Trade and other payables

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Trade payables | 26,839 | 25,606 |
| Other payables and accruals | 7,830 | 6,242 |
| **Total trade and other payables** | **34,669** | **31,848** |

Refer to note 22 for further information on financial instruments.

### 9. Interest bearing loans and borrowings

| | Note | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|---|
| **Current** | | | |
| Bank loans – secured | 22(d) | 2,000 | - |
| Non-current | | | |
| Bank loans – secured | 22(d) | 27,500 | 15,000 |
| **Total interest-bearing liabilities** | | **29,500** | **15,000** |

Bank loans are subject to a floating interest rate. Refer to note 22(d) for details regarding the key terms and conditions attached to the loans.

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| **Finance costs:** | | |
| – Interest on bank loans | 1,932 | 659 |
| **Total finance costs** | **1,932** | **659** |

### 10. Provisions

#### (a) Provision balance

| | Note | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|---|
| **Current** | | | |
| Employee entitlements | | 5,037 | 3,785 |
| Warranty MaxiPARTS | | 263 | 248 |
| Warranty - discontinued operations | 24(d) | 1,246 | 1,700 |
| **Total current provisions** | | **6,546** | **5,733** |
| **Non-current** | | | |
| Employee entitlements | | 317 | 182 |
| Provision for make good | | 345 | 212 |
| Other provisions | | 94 | - |
| Warranty - discontinued operations | 24(d) | - | 300 |
| **Total non-current provisions** | | **756** | **694** |
| | | | |
| **Aggregate employee entitlements liability** | | **5,354** | **3,967** |
| **Aggregate warranty provision** | | **1,509** | **2,248** |

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

# Consolidated financial statements
## For the year ended 30 June 2024

### 11. Issued capital

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Number of Ordinary Shares | Issue Price | Share Capital $'000 | Number of Ordinary Shares | Issue Price | Share Capital $'000 |
| Opening balance | 47,698,312 | - | 81,766 | 47,396,982 | - | 81,288 |
| Performance rights vested and exercised - historically | - | - | 302 | - | - | - |
| Performance rights vested and exercised - current year | 190,723 | - | 160 | 85,682 | - | - |
| Dividend reinvestment - prior year final dividend | 149,154 | 2.67 | 398 | 94,506 | 2.13 | 201 |
| Issue of share capital (net of fees) | 7,002,919 | 2.46 | 16,188 | - | - | - |
| Dividend reinvestment - current year interim dividend | 116,731 | 2.23 | 261 | 121,142 | 2.29 | 277 |
| **Closing balance** | **55,157,839** | | **99,075** | **47,698,312** | | **81,766** |

**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.

### 12. Earnings per share

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| **Earnings reconciliation** | | |
| Net profit attributable to equity holders of the Company | 2,765 | 5,938 |
| **Basic earnings/(loss)** | **2,765** | **5,938** |
| From continuing operations | 5,599 | 7,334 |
| From discontinued operations | (2,834) | (1,396) |
| | **2,765** | **5,938** |
| **Diluted earnings/(loss)** | 2,765 | 5,938 |
| From continuing operations | 5,599 | 7,334 |
| From discontinued operations | (2,834) | (1,396) |
| | **2,765** | **5,938** |

| | 2024 Number | 2023 Number |
|---|---|---|
| **Weighted average number of shares** | | |
| Number of ordinary shares for basic earnings per share | 52,227,089 | 47,470,515 |
| Number of ordinary shares for diluted earnings per share | 52,227,089 | 47,470,515 |

| **Earnings / (Loss) per share:** | **2024** | **2023** |
|---|---|---|
| Basic and Diluted earnings per share (cents per share) - Total | 5.29 | 12.51 |
| Basic and Diluted earnings per share (cents per share) - Continuing operations | 10.73 | 15.53 |
| Basic and Diluted earnings per share (cents per share) - Discontinued operations | (5.43) | (2.94) |

# Consolidated financial statements
## For the year ended 30 June 2024

### 13. Dividends

| Dividends paid | Cents Per Share | Total Amount $'000 | Date of Payment | Tax Rate for Franking Credit | Percent Franked |
|---|---|---|---|---|---|
| Final dividend for 2023 | 3.22 | 1,536 | 15-Sep-23 | 30% | 100% |
| Interim dividend for 2024 | 2.57 | 1,415 | 26-Mar-24 | 30% | 100% |
| **Total dividends paid** | | **2,951** | | | |
| **Dividends proposed** | | | | | |
| Final – ordinary | 2.57 | 1,418 | 19-Sep-24 | 30% | 100% |

The above dividend was determined after the end of the financial year and will be paid on 19 September 2024. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2024 and will be recognised in subsequent financial statements.

| Dividend franking account | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Franking credits available to shareholders of | | |
| MaxiPARTS Limited for subsequent financial years | 5,229 | 6,492 |

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 608k.

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

### 14. 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:

| | 1 July 2023 – 30 June 2026 | 1 July 2022 – 30 June 2025 | 1 July 2021 – 30 June 2024 |
|---|---|---|---|
| Grant date | 23 Nov 2023 | 20 Oct 2022 | 3 Nov 2021 |
| Total PRs issued | 138,350 | 170,506 | 113,349 |
| Total PRs forfeited / lapsed | 14,634 | 18,249 | 113,349 |
| Total PRs remaining on issue | 123,716 | 152,257 | 0 |
| Earnings Per Share (EPS) growth per annum | 10.0% | n/a | n/a |
| Minimum % of EPS growth per annum target that must be achieved for Performance Rights to vest | 5.0% | n/a | n/a |
| Minimum Economic Value Add (EVA) | n/a | $4.42m | $4.17m |
| Target increase in EVA | n/a | $6.60m | $6.22m |
| Minimum % of EVA target that must be achieved for Performance Rights to vest | n/a | 67.0% | 67.0% |
| Minimum service requirement | 3 years from grant date | 3 years from grant date | 3 years from grant date |

| Details of PRs exercised | 1 July 2023 – 30 June 2026 | 1 July 2022 – 30 June 2025 | 1 July 2021 – 30 June 2024 |
|---|---|---|---|
| Total PRs granted | 138,350 | 170,506 | 113,349 |
| Total PRs forfeited | (14,634) | (18,249) | (29,439) |
| Total PRs exercised | - | - | - |
| Total PRs lapsed | - | - | (83,910) |
| **Total PRs remaining on issue** | **123,716** | **152,257** | **-** |

# Consolidated financial statements
## For the year ended 30 June 2024

**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:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Fair value at grant date | $2.40 | $2.01 | $3.63 |
| Share price at grant date | $2.54 | $2.13 | $3.85 |
| Expected volatility | 50.0% | 65.0% | 65.0% |
| Expected dividend yield | 2.0% | 2.0% | 2.0% |
| Risk–free rate of return | 4.1% | 3.6% | 0.9% |

| | Consolidated | |
|---|---|---|
| **Expense/(income) recognised in profit and loss** | **2024 $'000** | **2023 $'000** |
| Share based payments expense recognised | 138 | 137 |
| Share based payments lapsed | (135) | - |
| **Total share based payment expense/(income) recognised as employee costs** | **3** | **137** |

## 15. 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**

– Ms M Verschuer (Director since 24 January 2019, Deputy Chair since 27 April 2022, Chair since 12 May 2023)

– Mr G Butera (appointed 17 September 2021)

– Ms D Stirling (appointed 29 August 2022)

– Mr F Micallef (appointed 24 February 2023)

**Executive directors**

– Mr P Loimaranta (Managing Director appointed 6 September 2021)

**Executives**

– Ms L Blockley (Chief Financial Officer, appointed 6 September 2021)

**Directors' transactions in shares**

Directors and their related entities accumulated 270,504 new shares through either purchase, performance rights vesting or the Group's Dividend Reinvestment Plan (2023: 109,852) & sold Nil (2023: Nil) existing ordinary shares in MaxiPARTS Limited during the year.

### (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 Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

# Consolidated financial statements
## For the year ended 30 June 2024

### (c) Key management personnel remuneration

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

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Short–term employee benefits | 1,130,300 | 1,374,513 |
| Post–employment benefits | 124,334 | 111,796 |
| Share based payment benefits/(income) | (3,881) | 158,916 |
| | **1,250,753** | **1,645,225** |

### (d) Parent entity

MaxiPARTS Limited is the parent entity.

### (e) Subsidiaries

Interests in subsidiaries are set out in note 17.

## 16. Parent Entity

as at 30 June 2024 and throughout the financial year ending on that date, the parent company of the Group was MaxiPARTS Limited.

| | Company | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Results of the parent company | | |
| **Total comprehensive profit** | **(7,666)** | **(5,932)** |
| Financial position of the parent company | | |
| Current assets | 75,525 | 84,724 |
| Total assets | 143,716 | 122,909 |
| Current liabilities | 3,332 | 3,905 |
| Total liabilities | 32,948 | 18,950 |
| **Net assets** | **110,768** | **103,959** |
| Total equity of the parent company comprising of: | | |
| Issued capital | 99,075 | 81,766 |
| Reserves | 177 | 636 |
| Retained earnings | 11,516 | 21,557 |
| **Total equity** | **110,768** | **103,959** |

### (a) Parent company's 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, other than what has already disclosed in the financial statements.

### (b) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries. Refer to note 18.

### (c) Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

### (d) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

(a) Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

# Consolidated financial statements
## For the year ended 30 June 2024

### 17. Controlled Entities

| | Country of Incorporation | Company | |
|---|---|---|---|
| | | 2024 % | 2023 % |
| MaxiPARTS Limited | Australia | | |
| MaxiPARTS Operations Pty Ltd | Australia | 100% | 100% |
| – Colrain Queensland Pty Ltd (i) | Australia | 100% | 100% |
| – Colrain (Albury) Pty Ltd (i) | Australia | 100% | 100% |
| – MaxiPARTS (Qld) Pty Ltd (i) | Australia | 100% | 100% |
| Förch Australia Pty Ltd | Australia | 80% | 80% |
| Nineteen Group Pty Ltd | Australia | 100% | 100% |
| – Independant Parts Pty Ltd | Australia | 100% | 100% |
| MaxiPARTS Australia Pty Ltd | Australia | 100% | 100% |
| –ACN 159 813 733 Pty Ltd (i) | Australia | 100% | 100% |
| –MaxiPARTS Services Pty Ltd (i) | Australia | 100% | 100% |
| Transtech Research Pty Ltd (i) | Australia | 100% | 100% |
| MaxiPARTS Industries (N.Z.) Pty Ltd (i) | Australia | 100% | 100% |
| ACN 073 705 263 PTY LTD (i) | Australia | 100% | 100% |

(i) Non-trading entities

### 18. Deed of Cross Guarantee

The Company, together with its subsidiaries, MaxiPARTS Australia Pty Ltd, Transtech Research Pty Ltd, ACN 073 705 263 Pty Ltd, MaxiPARTS Industries (N.Z.) Pty Ltd and 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 2024 is set out as follows:

| | Consolidated | |
|---|---|---|
| Consolidated statement of comprehensive income | 2024 $'000 | 2023 $'000 |
| **Continuing Operations** | | |
| Revenue from sale of goods | 217,840 | 200,478 |
| Changes in inventories of finished goods and work in progress | 856 | 3,503 |
| Raw materials and consumables used | (151,174) | (145,927) |
| Other income | 311 | 361 |
| Employee expenses | (35,974) | (30,510) |
| Depreciation and amortisation expenses | (7,873) | (5,576) |
| Finance costs | (3,601) | (1,999) |
| Other expenses | (12,037) | (10,041) |
| Profit before income tax from continuing operations | 8,348 | 10,289 |
| Income tax expense | (3,331) | (3,077) |
| **Profit from continuing operations** | **5,017** | **7,212** |
| **Discontinued Operations** | | |
| Loss from discontinued operations before income tax | (4,639) | (1,021) |
| Income tax expense/(benefit) from discontinued operations | 1,805 | (375) |
| Profit for the year | 2,183 | 5,816 |
| Profit attributable to: Equity holders of the company | 2,183 | 5,816 |
| Total comprehensive income attributable to: Equity holders of the company | 2,183 | 5,816 |

# Consolidated financial statements
## For the year ended 30 June 2024

| Consolidated statement of financial position | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | 13,237 | 13,746 |
| Trade and other receivables | 29,496 | 26,590 |
| Inventories | 61,293 | 49,117 |
| Other | 1,275 | 1,720 |
| Financial asset | 3,201 | 6,401 |
| **Total Current Assets** | **108,502** | **97,574** |
| **Non-Current Assets** | | |
| Property, plant and equipment | 5,682 | 3,983 |
| Intangible assets | 25,909 | 8,995 |
| Right of use asset | 33,359 | 30,090 |
| Investments in controlled entities | 21,580 | 12,045 |
| Deferred tax assets | 14,432 | 16,710 |
| **Total Non-Current Assets** | **100,962** | **71,823** |
| **Total Assets** | **209,464** | **169,397** |
| **Current Liabilities** | | |
| Trade and other payables | 32,701 | 30,636 |
| Provisions | 6,230 | 5,839 |
| Lease liability | 6,173 | 4,166 |
| Interest bearing loans and borrowings | 2,000 | - |
| **Total Current Liabilities** | **47,104** | **40,641** |
| **Non-Current Liabilities** | | |
| Interest bearing loans and borrowings | 27,500 | 15,000 |
| Intercompany loans | 5,829 | 3,058 |
| Provisions | 717 | 394 |
| Lease liability | 30,528 | 27,878 |
| **Total Non-Current Liabilities** | **64,574** | **46,330** |
| **Total Liabilities** | **111,678** | **86,971** |
| **Net Assets** | **97,786** | **82,426** |
| **Equity** | | |
| Issued capital | 99,075 | 81,766 |
| Reserves | 2,366 | 2,825 |
| Accumulated losses | (3,655) | (2,165) |
| **Equity attributable to equity holders of the parent** | **97,786** | **82,426** |
| **Total Equity** | **97,786** | **82,426** |

# Consolidated financial statements
## For the year ended 30 June 2024

### 19. Note to the Consolidated Statement of Cash Flows

#### (a) Cash flows from operating activities

| Reconciliation of cash flows from operating activities with operating profit/(loss) after tax | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Profit/(loss) for the year | 2,772 | 5,977 |
| **Non-cash items in operating profit** | | |
| Depreciation and amortisation of assets | 9,088 | 5,608 |
| (Gain)/loss on sale / derecognition of assets | (1) | 6 |
| Imputed interest charge on finance leases | 1,776 | 1,341 |
| Share based payments expense | 3 | 137 |
| Impairment of loan receivable | 3,200 | - |
| **Change in assets and liabilities** | | |
| (Increase)/decrease in receivables | 838 | (1,354) |
| (Increase)/decrease in other assets | 1,099 | (1,495) |
| (Increase)/decrease in inventories | (4,044) | (3,862) |
| Increase/(decrease) in trade payables and other liabilities | (5,240) | 4,384 |
| Increase/(decrease) in current tax assets | (195) | 826 |
| Increase/(decrease) in provisions | (67) | 475 |
| Increase/(decrease) in deferred taxes | 1,407 | 3,031 |
| **Net cash provided by operating activities** | **10,636** | **15,074** |

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

#### (b) Non-cash investing and financing activities

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Acquisition and modifications to right-of-use assets | 9,725 | 14,586 |
| Shares issued via dividend reinvestment plan | 659 | 478 |
| Performance rights issued/(reversed) under employee share plan | 3 | 137 |
| | **10,387** | **15,201** |

#### (c) Changes in liabilities arising from financing activities

| Consolidated | Bank loans $'000 | Lease liability $'000 | Total $'000 |
|---|---|---|---|
| Balance at 1 July 2022 | 10,000 | 24,471 | 34,471 |
| Net cash from/(used in) financing activities | 5,000 | (5,207) | (207) |
| Acquisition and modification of leases | - | 14,621 | 14,621 |
| Other changes | - | 866 | 866 |
| **Balance at 30 June 2023** | **15,000** | **34,751** | **49,751** |
| Net cash from/(used in) financing activities | 14,500 | (7,397) | 7,103 |
| Acquisition and modification of leases | - | 8,180 | 8,180 |
| Other changes | - | 3,129 | 3,129 |
| **Balance at 30 June 2024** | **29,500** | **38,663** | **68,163** |

# Consolidated financial statements
## For the year ended 30 June 2024

### 20. Capital and Leasing Commitments

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

| | Consolidated | | |
|---|---|---|---|
| | Property leases $'000 | Other assets $'000 | Total $'000 |
| Balance at 1 July 2023 | 31,153 | 1,644 | 32,797 |
| Additions during the year | 4,647 | 5,179 | 9,826 |
| Additions via business combination | 1,543 | - | 1,543 |
| Lease modifications | (1,643) | (1) | (1,644) |
| Disposals during the year | (2) | (252) | (254) |
| Depreciation charge for the year | (5,315) | (1,668) | (6,983) |
| **Balance as at 30 June 2024** | **30,383** | **4,902** | **35,285** |

| | Consolidated | | |
|---|---|---|---|
| | Property leases $'000 | Other assets $'000 | Total $'000 |
| Balance at 1 July 2022 | 21,509 | 1,756 | 23,265 |
| Additions during the year | 13,640 | 946 | 14,586 |
| Disposals during the year | (380) | (80) | (460) |
| Depreciation charge for the year | (3,616) | (978) | (4,594) |
| **Balance as at 30 June 2023** | **31,153** | **1,644** | **32,797** |

#### (b) Lease liabilities

| | Consolidated Total $'000 |
|---|---|
| Balance at 1 July 2023 | 34,751 |
| Additions during the year | 9,826 |
| Additions via business combination | 1,645 |
| Lease modifications | (1,646) |
| Interest expense | 1,776 |
| Payments | (7,397) |
| Disposals during the year | (292) |
| **Balance as at 30 June 2024** | **38,663** |

| | Consolidated Total $'000 |
|---|---|
| Balance at 1 July 2022 | 24,471 |
| Additions during the year | 14,621 |
| Interest expense | 1,341 |
| Payments | (5,207) |
| Disposals during the year | (475) |
| **Balance as at 30 June 2023** | **34,751** |

#### (c) Amounts Recognised In Profit or Loss

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Depreciation of right of use assets | 6,983 | 4,594 |
| Finance lease interest | 1,776 | 1,341 |
| **Total** | **8,759** | **5,935** |

# Consolidated financial statements
## For the year ended 30 June 2024

## 21. 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.

Disclosure of the Supreme Court claim made by MaxiPARTS on ATSG and the corresponding counter claim made by ATSG on MaxiPARTS is included in notes 24c and 24d.

## 22. Financial instruments

**Risk Management Framework/Policies**

The Group's key activities include the sale and distribution of commercial parts, spare parts & workshop consumables. 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.

**Market Risk**

### (a) 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 | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Borrowings – floating rate | 29,500 | 15,000 |
| | **29,500** | **15,000** |

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:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| 100bp increase | (207) | (105) |
| 100bp decrease | 207 | 105 |

### (b) Currency risk

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

**Forward exchange contracts**

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

| | Average Exchange Rate | | Foreign Currency | | Contract Value | | Fair Value | |
|---|---|---|---|---|---|---|---|---|
| Buy | 2024 $'000 | 2023 $'000 | 2024 $'000 | 2023 $'000 | 2024 $'000 | 2023 $'000 | 2024 $'000 | 2023 $'000 |
| USD | 0.6612 | 0.6651 | 1,199 | 4,416 | 1,813 | 6,640 | (7) | 15 |
| EUR | 0.6074 | 0.6066 | 150 | 457 | 247 | 753 | (5) | (3) |
| CHN | 4.7812 | 4.5990 | 5,114 | 10,919 | 1,070 | 2,374 | (9) | (100) |
| JPY | 103.8683 | 90.5988 | 32,049 | 79,444 | 308 | 878 | (4) | (41) |
| | | | | | **3,438** | **10,645** | **(25)** | **(129)** |

As at reporting date, if the Australian Dollar had moved against the foreign currencies 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 financial statements
## For the year ended 30 June 2024

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| USD 10.0 cents increase | 167 | 608 |
| USD 10.0 cents decrease | (226) | (823) |
| EUR 10.0 cents increase | 24 | 75 |
| EUR 10.0 cents decrease | (34) | (104) |
| CNH 10.0 cents increase | 15 | 35 |
| CNH 10.0 cents decrease | (16) | (37) |
| JPY 10.0 cents increase | - | 1 |
| JPY 10.0 cents decrease | - | (1) |

### (c) 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 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, with the exception of ATSG (refer note 24c). The majority of accounts receivable are due from entities within the broad road transport industry.

**Guarantees**

Performance guarantees of $2,914,663 (2023: $2,420,307) are held by Commonwealth Bank of Australia. $1.1m of the Groups Bank guarantees are issued to the State of Queensland which is subject to Note 28. Subsequent event disclosure, with further details in Note 24d.

### (d) 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 following table summarises the maturities of the Group's financial liabilities based on the remaining earliest contractual maturities.

| 30 June 2024 – 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 | (34,669) | (34,669) | (34,669) | - | - | - | - |
| Borrowings | (29,500) | (33,865) | (2,146) | (2,106) | (29,613) | - | - |
| Lease Liability | (38,663) | (40,328) | (3,917) | (3,310) | (7,379) | (17,196) | (8,526) |
| **Effect of derivative instruments** | | | | | | | |
| Forward exchange contracts | | | | | | | |
| – inflow | 3,438 | 3,438 | 3,438 | - | - | - | - |
| – outflow | (3,463) | (3,463) | (3,463) | - | - | - | - |
| | **(102,857)** | **(108,887)** | **(40,757)** | **(5,416)** | **(36,992)** | **(17,196)** | **(8,526)** |

| 30 June 2023 – 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 | (31,848) | (31,848) | (31,848) | - | - | - | - |
| Borrowings | (15,000) | (18,092) | (515) | (515) | (3,031) | (14,031) | - |
| Lease Liability | (34,751) | (34,899) | (2,251) | (2,376) | (4,544) | (12,143) | (13,585) |
| **Effect of derivative instruments** | | | | | | | |
| Forward exchange contracts | | | | | | | |
| – inflow | 10,645 | 10,645 | 10,645 | - | - | - | - |
| – outflow | (10,515) | (10,515) | (10,515) | - | - | - | - |
| | **(81,469)** | **(84,709)** | **(34,484)** | **(2,891)** | **(7,575)** | **(26,174)** | **(13,585)** |

# Consolidated financial statements
## For the year ended 30 June 2024

**Finance Facilities**

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

| Consolidated | Facility Amount 2024 $'000 | Facility Amount 2023 $'000 | Utilised 2024 $'000 | Utilised 2023 $'000 | Available 2024 $'000 | Available 2023 $'000 |
|---|---|---|---|---|---|---|
| Loan facility | 29,500 | 20,000 | 29,500 | 15,000 | - | 5,000 |
| Overdraft facility | 1,000 | 1,000 | - | - | 1,000 | 1,000 |
| Multi-option facility | 3,100 | 2,600 | 2,915 | 2,420 | 185 | 180 |
| Corporate card facility | 300 | 250 | 166 | 117 | 134 | 133 |
| Asset finance | 1,000 | 1,000 | 406 | - | 594 | 1,000 |
| | **34,900** | **24,850** | **32,987** | **17,537** | **1,913** | **7,313** |

**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 facility was amended on 29 May 2023 to increase the loan facility amount by $10.0m to facilitate the Group's acquisition of 80% of Förch Australia Pty Ltd. The facility was further amended on 14 November 2023 to increase the loan facility amount by a further $10.0m to facilitate the Group's acquisition of Independant Parts Pty Ltd.

Australian loan facilities of $34.9m mature as follows, subject to continuing compliance with the terms of the facilities:

- $1m overdraft facility subject to annual renewal and cancellable on demand
- $3.1m multi-option facility subject to annual renewal and cancellable on demand
- $0.3m corporate card facility subject to annual renewal
- $1.0m asset finance facility subject to annual renewal and cancellable on demand
- $29.5m in May 2026 (loan facility). Interest only to 31 May 2024, amortising at $500k per quarter thereafter

**Interest rates are variable for the Group's loan facilities.**

The terms and conditions of the bank facilities contain covenants in relation to the minimum adjusted Earnings before interest, tax, depreciation and amortisation and Tangible Asset ratio. With the latest variation to the bank facility agreement, the covenants measures remain unchanged, with the exception of an increase in EBITDA targets that is stepped up on 1 July 2024 to account for the acquired business growth.

The group was not in breach of any debt covenants in the financial reporting period ended 30 June 2024.

### (e) 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) 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 2024.

- 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.

The fair value of forward exchange contracts at balance date is as follows:

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Derivative liabilities | (25) | (129) |

# Consolidated financial statements
## For the year ended 30 June 2024

### 23. Remuneration of auditor

| Remuneration of auditor | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| **Remuneration of the auditor for:** | | |
| – auditing and reviewing the financial statements - Group (HLB Mann Judd) | 264,104 | 150,000 |
| – auditing and reviewing the financial statements - controlled entity (HLB Mann Judd) | - | 30,900 |
| | **264,104** | **180,900** |

### 24. 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 results of the discontinued operations for the year ended 30 June 2024 are present below:

**(a) Results of Discontinued Operation**

| | Note | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Discontinued operation** | | | |
| Gain on sale of discontinued operations | | - | 41 |
| Other expenses | | (4,639) | (1,062) |
| **Loss before income tax** | | **(4,639)** | **(1,021)** |
| Income tax expense/(benefit) | 3(b) | 1,805 | (375) |
| **Loss from discontinued operation, net of tax** | | **(2,834)** | **(1,396)** |

Other expenses includes $3.2m for the impairment of the Financial Asset in relation to Note 24c, legal expenses in relation to the dispute and $0.7m for the repayment of funding to the State of Queensland (refer Note 24d & 28).

**(b) Cash Flows From Discontinued Operation**

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Discontinued operation** | | |
| Net cash outflows from operating activities | (1,448) | (1,062) |
| **Net cash outflows discontinued operation** | **(1,448)** | **(1,062)** |

**(c) Other Receivables in Relation to The Sale of the Trailer Solutions Business**

The consolidated statement of financial position as at 30 June 2024 includes a Financial Asset of $3.2m. The balance of $3.2m represents the previously disclosed assets of $6.4m for the combined assets of $2.4m in relation to the final sale price completion accounts process between MaxiPARTS and ATSG and the deferred sale consideration receivable from ATSG for $4.0m. ATSG has filed a counter claim for approximately $4.3m alleging breaches of warranties and misleading and deceptive conduct. The total asset value of $6.4m has been impaired during the period by $3.2m. MaxiPARTS denies the allegations in the counter claim and is of the view that many items are unfounded, have already been determined by another process or are grossly exaggerated in the value assigned to them.

MaxiPARTS continues to pursue the amounts owing by ATSG through the legal claims in progress and maintains its position in terms of the recoverability of the amounts owed and the merits of the counter claim by ATSG. However, in recognition of the extended time frames typically required to resolve these matters, and the normal uncertainty of any legal process, MaxiPARTS has impaired the outstanding receivable and financial asset by $3.2m in the FY24 accounts, resulting in a non-operating expense being reported into the Discontinued Operations result in the period.

**(d) Other Liabilities or contingent Liabilities Related to the Sale of the Trailer Solutions Business**

The sale agreement to ATSG had 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 provision amount was estimated based on analysis of the Trailer warranty expenditure incurred up to reporting period and applying the expenditure profile to the Trailers for the remaining warranty period and any obligations that arise under the Australian Consumer Law. As at 30 June 2024 there is $1.28m remaining in the provision.

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.

MaxiPARTS was a party to an agreement with the State of Queensland under which the State Government agreed to provide financial assistance for the establishment of the Carole Park trailer manufacturing facility. This agreement was assigned to ATSG as part of the sale of the Trailer Solutions business; however MaxiPARTS continued to provide bank guarantees to the value of $1.1m (being equal to the financial assistance provided by the State of Queensland) as security for ongoing performance obligations under the agreement. In November 2023, ATSG announced its intention to close the Carole Park facility, and ATSG ceased operations in March 2024.

# Consolidated financial statements

## For the year ended 30 June 2024

MaxiPARTS has been in continual communication with the State Government around any potential amounts proposed under the original arrangement which would permit the State to have recourse to the MaxiPARTS bank guarantees of $1.1m for early termination of this agreement (the bank guarantees were previously disclosed in MaxiPARTS financial statements as part of its credit risk disclosure). As at 19 August 2024, MaxiPARTS and the QLD State Government reached an agreement for MaxiPARTS to repay $0.7m in funding received, in exchange for the return of the $1.1m in bank guarantees and a deed of release on the original agreement. The $0.7m is recorded as an Other Payable and Accruals in the consolidated statement of financial position as at 30 June 2024, and will be payable in accordance with the terms set out in the deed of release. The repayment of the $0.7m in funding has been recorded as a non-operating expense being reported into the Discontinued Operations result in the period.

### 25. Business combination

#### (a) Independant Parts:

On 30 November 2023, the Group entered into a Share Sale Agreement to acquire 100% of Nineteen Group Pty Ltd and its controlled entity, Independant Parts Pty Ltd (Independant Parts Group, collectively referred to as "IP").

IP is a commercial truck and trailer parts distribution business with operations in Western Australia. The IP business has been consolidated into the MaxiPARTS CGU, and in the most part is now trading with customer and suppliers under the MaxiPARTS Operations entity. Post acquisition, the IP operations have been quickly integrated into the greater MaxiPARTS group, this includes consolidation of the management structure, consolidation of the two Perth retail stores, relocation of the Port Hedland site, aligning suppliers (local and imported) for across all WA sites, and amalgamating all the WA sites onto the one ERP system. IT, finance and all other support functions have also been integrated.

The group estimates that IP contributed circa $28m in revenue for the part period since acquisition.

The purchase price of the acquisition was an enterprise value of $27.0m, $28.9m net of cash, when adjusted for net working capital, net debt & agreed other adjustments. The purchase price included the net asset value of $14.4m, and $3.4m ($2.4m net of tax) relates to an identifiable intangible asset in relation to IP customer relationships. The transaction has resulted in the recognition of $14.8m of Goodwill.

The fair value of the identifiable assets and liabilities of IP as at the date of acquisition were:

| | Fair value recognised on acquisition $'000 |
|---|---|
| Cash & cash equivalents | 391 |
| Trade receivables | 7,353 |
| Inventories | 10,302 |
| Right to use asset | 1,398 |
| Property, plant and equipment | 1,484 |
| Prepayments | 720 |
| Identified Intangible - Customer Relationships | 3,442 |
| Deferred tax asset | 280 |
| **Total assets** | **25,370** |
| | |
| Trade creditors | (6,781) |
| Deferred tax liability | (1,033) |
| Lease liability | (1,500) |
| Other payables | (788) |
| Employee entitlements | (836) |
| **Total Liabilities** | **(10,938)** |
| **Total identifiable net assets at fair value** | **14,432** |
| | |
| Goodwill | 14,811 |
| **Purchase consideration transferred** | **29,243** |
| | |
| **Purchase consideration transferred, net of cash** | **28,852** |

The identifiable intangible asset assigned to the Independant Parts Customers Relationships will be amortised over 10 years. None of the goodwill recognised or identifiable intangible asset is expected to be deductible for tax purposes.

# Consolidated financial statements
## For the year ended 30 June 2024

The goodwill is attributable to the expansion of MaxiPARTS geographical footprint, through additional retail stores to the network and through an expanded customer base, firstly in the WA market, as well as the ability to extend these customer relationships nationally.

Management considers the Business Combination for the Independant Parts Group acquisition to be 'closed' at 30 June 2024 as the completion process has been finalised.

Transaction costs associated with the acquisitions and one-off integration costs incurred to date are disclosed in note 2d of these Financial Statements.

**(b) Förch Brisbane and Förch Mandurah:**

On the 30 November 2023 Förch Australia Pty Ltd (Förch Australia) entered into an Asset Sale Agreement to acquire the business and assets of Förch Brisbane, including inventory, fixed assets, intellectual property and employees for $1.9m, $1.96m when adjusted for net working capital adjustment, and on 31 October 2023 Förch Australia settled on the purchase of the assets of Förch Mandurah (Western Australia sales territory) for $0.18m. Both acquisitions were funded in line with current Förch Australia ownership, 80% MaxiPARTS Limited and 20% by minority shareholders. The business has been integrated / consolidated into the Förch Australia CGU and operating segment. The transaction has resulted in the recognition of $1.2m of Goodwill.

The fair value of the identifiable assets and liabilities of Förch Brisbane and Förch Mandurah as at the date of acquisition were:

| | Fair value recognised on acquisition $'000 |
|---|---|
| Inventories | 989 |
| Right to Use Asset | 145 |
| Property, plant and equipment | 504 |
| Prepayments | 7 |
| Deferred Tax Assets | 32 |
| **Total assets** | **1,677** |
| | |
| Lease Liability | (145) |
| Hire Purchase | (487) |
| Employee Entitlements | (106) |
| Other | (5) |
| **Total Liabilities** | **(743)** |
| **Total identifiable net assets at fair value** | **934** |
| | |
| Goodwill | 1,208 |
| **Purchase consideration transferred** | **2,142** |

The goodwill is attributable to the expansion of Förch Australia's geographical footprint into Queensland, and with the support of MaxiPARTS, the ability to accelerate the growth of the business into Queensland and across Australia.

Management considers the Business Combination for the Förch Brisbane & Förch Mandurah acquisition's to be 'closed' at 30 June 2024 as the completion process has been finalised.

Transaction costs associated with the acquisitions and one-off integration costs incurred to date are disclosed in note 2d of these Financial Statements.

## 26. Non-controlling Interest

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Opening balance | 1,469 | - |
| Capital contribution from non-controlling interests | 428 | 1,430 |
| Non controlling interest profit for the financial year | 7 | 39 |
| **Closing balance** | **1,904** | **1,469** |

# Consolidated financial statements
## For the year ended 30 June 2024

### 27. Standards Issued but Not Yet Effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### 28. Events Subsequent to Balance Date

On 19 August 2024, MaxiPARTS and the QLD State Government reached an agreement for MaxiPARTS to repay $0.7m in funding received, in exchange for the return of the $1.1m in bank guarantees and a deed of release on the original agreement, as disclosed in Note 24d in these accounts (Discontinued Operations: other liabilities or contingent liabilities related to the sale of the Trailer Solutions business).

Mr Brendan York was appointed as a Director on 18 July 2024.

Apart from the items above and the declaration of a fully franked final dividend of 2.57 cents per share, there have been no other events subsequent to the reporting date which would have a material effect on the Group's financial statements for the year ended 30 June 2024

# Consolidated entity disclosure statement
## For the year ended 30 June 2024

| Entity Name | Entity Type | Country of Incorporation | % of share Capital | Australian or foreign tax resident |
|---|---|---|---|---|
| MaxiPARTS Limited | Body Corporate | Australia | n/a | Australian |
| MaxiPARTS Operations Pty Ltd | Body Corporate | Australia | 100% | Australian |
| – Colrain Queensland Pty Ltd | Body Corporate | Australia | 100% | Australian |
| – Colrain (Albury) Pty Ltd | Body Corporate | Australia | 100% | Australian |
| – MaxiPARTS (Qld) Pty Ltd | Body Corporate | Australia | 100% | Australian |
| Forch Australia Pty Ltd | Body Corporate | Australia | 80% | Australian |
| Nineteen Group Pty Ltd | Body Corporate | Australia | 100% | Australian |
| – Independant Parts Pty Ltd | Body Corporate | Australia | 100% | Australian |
| MaxiPARTS Australia Pty Ltd | Body Corporate | Australia | 100% | Australian |
| – ACN 159 813 733 Pty Ltd | Body Corporate | Australia | 100% | Australian |
| – MaxiPARTS Services Pty Ltd | Body Corporate | Australia | 100% | Australian |
| Transtech Research Pty Ltd | Body Corporate | Australia | 100% | Australian |
| MaxiPARTS Industries (N.Z.) Pty Ltd | Body Corporate | Australia | 100% | Australian |
| ACN 073 705 263 Pty Ltd | Body Corporate | Australia | 100% | Australian |

MaxiPARTS Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidate group under the tax consolidation regime.

# Independent Auditor's Report
## For the year ended 30 June 2024

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

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Opinion**

We have audited the financial report of MaxiPARTS Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. 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 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* ("the Code") that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.



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# Independent Auditor's Report
## For the year ended 30 June 2024

HLB MANN JUDD

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Business combination accounting** Refer to Note 25 *Business Combination* | |
| During the year, the Group entered into a share sale agreement to acquire 100% of the shares of Nineteen Group Pty Ltd and its wholly owned subsidiary Independent Parts Pty Ltd (collectively referred to as "IP") for a purchase consideration of \$29.243 million. The Group also entered into an asset sale agreement to acquire the business and assets of Forch Brisbane Pty Ltd ("Forch Brisbane") for a purchase consideration of \$2.142 million. These acquisitions are considered significant purchases for the Group.<br><br>Accounting for these transactions is a complex and judgemental exercise, requiring management to determine the fair value of acquired assets and liabilities and the associated deferred tax implications, in particular determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets such as the customer relationships.<br><br>It is due to the size of the acquisitions and the estimation process involved in accounting for them, that this is a key area of audit focus. | Our procedures included, amongst others:<br>• we read the Share Sale Agreement for IP and Asset Sale Agreement for Forch Brisbane to understand the key terms and conditions and nature of the purchase consideration;<br>• we evaluated the assumptions and methodology applied in management's value in use model, such as forecast revenues, operating costs and the discount rate used to determine the value of the separately identified intangible asset, being the customer relationships asset;<br>• we evaluated the acquisition accounting, including the respective purchase considerations against the requirements of Australian Accounting Standards;<br>• we considered the Group's determination of the final fair value adjustments at year end and compared them to the provisionally reported values as at 31 December 2023. We performed testing on any fair value adjustments to confirm that they related to new information obtained about facts and circumstances that existed on acquisition date and therefore were eligible for recognition; and<br>• we assessed the adequacy of the Group's adopted disclosures against the requirements of Australian Accounting Standards. |
| **Recoverability of vendor finance and deferred sale consideration** Refer to Note 24(c) *Other receivables in relation to the sale of the Trailer Solutions business* | |
| The Group has financial assets with a carrying value of \$3.2 million at year end relating to the combined amounts receivable from Australian Trailer Solutions Group ("ATSG") for outstanding vendor finance and deferred sale consideration ("said balance").<br><br>During the year, the Group recognised a provision for impairment of \$3.20 million against the gross amount of \$6.40 million owing, due to the ongoing legal disputes with ATSG. Consequently there is an inherent exposure to credit risk for the remaining carrying value.<br><br>The key elements of judgement associated with assessing the recoverability of the said balance includes assessing the credit risk in light of the current status of the litigation matter and its possible outcome. | Our procedures included, amongst others:<br>• we considered management's adopted position, which took into consideration the legal advice received by the Group in connection with the dispute, covering the current status of the legal claims and counter claims, and the associated assessment of credit risk exposure;<br>• we held discussions with management personnel to challenge their knowledge of current and future conditions that may impact their credit risk assessment and the expected likelihood of recoverability;<br>• we considered the relevant legal advice received by the Group in connection with the pending legal matter and the associated impact on the said balance;<br>• we considered the responses outlined in the solicitor's representation letter, which amongst other matters, covered the status of the dispute; and<br>• we assessed the adequacy of the Group's accounting treatment and associated |

# Independent Auditor's Report
## For the year ended 30 June 2024

HLB MANN JUDD

| | |
|---|---|
| This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to credit risk exposure to determine the recoverability of the said balance. | disclosures against the requirements of Australian Accounting Standards. |
| **Impairment assessment of goodwill and other intangibles** Refer to Note 7 *Intangibles* | |
| As at 30 June 2024, the Group had goodwill and other intangibles with a combined carrying value of $37.594 million which has increased from the previous year due to business combinations effected during the year.<br><br>The carry value of goodwill, along with the Group's other intangible assets, is assessed for impairment at the cash generating unit ("CGU") level using a value in use model prepared in accordance with the requirements of AASB 136 *Impairment of Assets* ("AASB 136"). There was no impairment expense recognised during the year in relation to goodwill and other intangibles.<br><br>The impairment assessment of goodwill and other intangibles is considered a key audit matter due to the following factors:<br>• goodwill and other intangible assets represent a significant proportion of the Group's net assets;<br>• impairment testing involves complex modelling which requires the Group to exercise significant judgment including the use of forward-looking assumptions in developing its budget;<br>• the assumptions used in the Group's value in use calculations, including future cash flows, discount rates and growth rates, are subjective and prone to the risk of bias; and<br>• the significant level of judgement in respect of the determination of CGUs. | Our procedures included, amongst others:<br>• we assessed management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment in which it operates;<br>• we obtained the Group's impairment model and checked the mathematical accuracy of formulae and calculations;<br>• we assessed the appropriateness of the impairment testing approach applied by the Group against the requirements of AASB 136;<br>• we challenged the appropriateness of cash flow forecasts, discount rates, growth rates and other key assumptions adopted by the Group. We challenged key market-based assumptions with reference to external analyst reports and other factors. For non-market based assumptions, we compared forecasts to historical costs incurred or margins on similar sales. We also assessed the impact of the inclusion of additional revenue from new preferred supplier agreements executed as well as the reasonableness of the continued impact of revenue optimisation initiatives implemented, based on our understanding of the business;<br>• we assessed the historical accuracy of past forecasts prepared by the Group by comparing against actual results achieved;<br>• we performed sensitivity analysis over key assumptions adopted by the Group, including in respect of discount rates and growth rates; and<br>• we assessed the adequacy of the Group's adopted disclosures against the requirements of Australian Accounting Standards. |

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

# Independent Auditor's Report
## For the year ended 30 June 2024

with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are 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 and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditor's Report
## For the year ended 30 June 2024

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REPORT ON THE REMUNERATION REPORT**

**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of the Group for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

| | |
|---|---|
| **HLB Mann Judd**<br>**Chartered Accountants** | **Jude Lau**<br>**Partner** |

Melbourne
22 August 2024

# Australian Stock Exchange
## Additional Information

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 at 16 July 2024 are:

| Name | 16 Jul 2024 | % of units |
|---|---|---|
| Naos Asset Management Ltd | 8,947,567 | 16.2% |
| HGT Investments Pty Ltd | 6,954,102 | 12.6% |
| Perpetual Limited | 6,935,313 | 12.6% |
| Spheria Asset Management Pty Limited | 6,160,349 | 11.2% |
| James Curtis | 5,793,098 | 10.5% |

### Voting rights

As at 16 July 2024, there were 2,331 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 2024, there are nil unissued ordinary shares of the Company relating to vested Performance Rights.

**Distribution of shareholders**

As at 16 July 2024

| Category - no. of shares | No of shareholders | Units | % of Issued Capital |
|---|---|---|---|
| 1 - 1,000 | 1,025 | 404,690 | 0.73 |
| 1,001 - 5,000 | 807 | 2,023,581 | 3.67 |
| 5,001 - 10,000 | 204 | 1,467,913 | 2.66 |
| 10,001 - 100,000 | 265 | 6,862,155 | 12.44 |
| 100,001 - over | 30 | 44,399,500 | 80.50 |
| **Total** | **2,331** | **55,157,839** | **100.00** |

**Shareholders with less than a marketable parcel**

As at 16 July 2024, there were 434 shareholders holding less than a marketable parcel of 258 ordinary shares (based on the closing share price of $1.945 on 16 July 2024) in the Company totalling 48,831 ordinary shares.

**On market buy-back**

There is no current on-market buy-back.

# Australian Stock Exchange
## Additional Information

| Twenty largest shareholders – ordinary shares as at 16 July 2024 | | | |
|---|---|---|---|
| Name | | Units | % of Units |
| 1. | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 13,790,594 | 25.00 |
| 2. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 7,979,151 | 14.47 |
| 3. | HGT INVESTMENTS PTY LTD | 6,954,102 | 12.61 |
| 4. | CITICORP NOMINEES PTY LIMITED | 5,167,249 | 9.37 |
| 5. | TRANSCAP PTY LTD | 2,988,148 | 5.42 |
| 6. | TOROA PTY LTD | 933,699 | 1.69 |
| 7. | MAHATA PTY LTD <THE CURTIS FAMILY A/C> | 870,130 | 1.58 |
| 8. | MR PETER ZINN <CAROL ZINN FAMILY NO2 A/C> | 718,126 | 1.30 |
| 9. | TRANSCAP PTT LTD | 598,962 | 1.09 |
| 10. | JOHN E GILL TRADING PTY LTD | 398,965 | 0.72 |
| 11. | MR ERIC DEAN ROSS <THE ROSELLINOS S/FUND A/C> | 343,111 | 0.62 |
| 12. | MR PETER LOIMARANTA | 337,855 | 0.61 |
| 13. | JOHN E GILL OPERATIONS PTY LTD | 278,332 | 0.50 |
| 14. | G CHAN PENSION PTY LTD <CHAN SUPER FUND A/C> | 266,869 | 0.48 |
| 15. | JAMES R CURTIS | 265,688 | 0.48 |
| 16. | BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD> | 244,463 | 0.44 |
| 17. | MR PETER ANDREW RONALDS <JINALDI FARMING NO1 A/C> | 235,000 | 0.43 |
| 18. | TANERKA PTY LTD <HOGEBOOM SUPER FUND A/C> | 220,524 | 0.40 |
| 19. | RAIN CAPITAL PTY LTD <PULLEN FAMILY A/C> | 220,000 | 0.40 |
| 20. | G CHAN PENSION PTY LIMITED <CHAN SUPER FUND ACCOUNT> | 202,723 | 0.37 |
| **Total ordinary fully paid shares - top 20 holders** | | **43,013,691** | **77.98** |
| **Total remaining holders balance** | | **12,144,148** | **22.02** |

# 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

## 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

HLB Mann Judd (Vic Partnership)
Level 9, 550 Bourke Street
Melbourne VIC 3000

## Stock Exchange Listing

The shares of MaxiPARTS Limited are listed on the Australian Securities Exchange trading under the ASX listing code "MXI".

## Other Information

MaxiPARTS Limited (formerly called MaxiTRANS Industries Limited)

ACN 006 797 173

www.maxipartslimited.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.maxipartslimited.com.au

MAXIPARTS LIMITED