MAXIPARTS LIMITED

Annual Report 2023

NAVIGATING THE FUTURE

CONTENTS

MAXIPARTS LIMITED OVERVIEW

WHO WE ARE

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.

OUR PEOPLE

MaxiPARTS Limited has over 350 employees who are dedicated to servicing our valued customers. With some of the most experienced staff in Australia in both the commercial vehicle parts area and the workshop consumable & supplies sector, we are uniquely placed to not only provide exceptional service and products, but solutions that add value to our customers.

STRATEGIC SUPPLY PARTNERSHIPS

MaxiPARTS Limited, along with its combined entities, has been operating for over three decades, during which it has built a strong reputation and brand recognition with Australian consumers. This has been achieved by establishing strategic supply partnerships with industry leading suppliers across the globe.

OUR BRANDS

MaxiPARTS

MaxiPARTS is one of the Australia's leading independent commercial vehicle parts distribution companies, with 27 stores conveniently situated across Australia, we are committed to providing our customers with high-quality products and exceptional customer service.

FÖRCH AUSTRALIA

Förch Australia is one of Australia's leading direct selling companies of workshop consumables, predominantly focused on automotive and commercial vehicle workshops. Förch Australia has operations on the West and East coast of Australia with plans to expand.

CHAIR'S REPORT

Dear Shareholders,

It brings me great pride to present my first update as Chair of MaxiPARTS. FY23 has shown the strength and discipline of the underlying business and the logic of our strategy by delivering top line revenues above $200m and ongoing EBITDA improvements. To put this in context, the FY21 comparable sales at the time of separation was $137m. I can't thank the team enough for their consistent focus on delivering our growth strategy. More details will follow in our Managing Director's Report.

From a market perspective the impact of COVID disruptions were waning as we started the year, however the impacts of inflation and labour shortages have needed to be carefully managed throughout the year and will continue to impact in the near future.

This year, after the successful acquisition and integration of the Truckzone business, we acquired 80% of the Förch Australia business. This business is predominantly workshop consumables which aligns with our product expansion strategy, and provides us an opportunity to expand this distribution model nationally in line with our network strategy. Being able to complete a second acquisition within two years of separation is a testament to the focus of the team.

As we move forward, the business remains focused on delivering organic strategic initiatives across the Network, People, Product and Systems areas to grow the business and drive further improvements in our financial returns in both the MaxiPARTS and Förch businesses.

We continue to be on the alert for further acquisition opportunities that fit with our strategic vision and enhance the value of this business.

The Förch transaction was funded by debt with an increase in the facility from Commonwealth Bank as they continue to support our growth as a distribution business.

The successful growth of the business allows us to declare H2 dividend of 3.22 cents, taking the full year dividend payment to 6.39 cents. I'd like to take the opportunity to thank all our shareholders for their patience and support over the last years, and with our much more stable business model we plan to continue to pay dividends in line with our policy.

We also appreciate the support of shareholders who have participated in the dividend reinvestment plan.

I would like to once again take the opportunity to thank Rob Wylie for his leadership of the board over the last eight years. Under Rob's guidance the company completely reinvented itself, allowing us to deliver much better returns for you, our shareholders. As the last piece of our board renewal program, we welcomed Frank Micallef, who takes on my prior role as Chair of Audit and Risk, and adds a significant depth of financial experience to our Board.

Finally, I again reiterate the Board's appreciation of the ongoing effort from the whole MaxiPARTS team to deliver both organic and inorganic growth resulting in ongoing profit improvement, whilst keeping themselves and their peers safe.

Regards,

Mary Verschuer
Chair

MANAGING DIRECTOR'S REPORT

It is with great pleasure to report that FY23 has seen the business continue to deliver results that re-enforce the strategic rationale behind the key decisions that were made to both dispose of the Trailer Solutions business in August 2021 as well as acquiring the Truckzone business in February 2022.

Key decisions as outlined above include:

- Stable earnings with predictable and growing profits;
- Improving profit margins; and
- Strong cash generation allowing both further investment in the business as well as consistent capital distribution to shareholders.

The strong financial results have been delivered through a consistent focus on delivering organic growth projects, margin management, synergies linked to the Truckzone acquisition and for one month, a contribution from the acquisition of the Förch Australia business.

With further investments made in our national infrastructure through key projects including consolidation of our Rocklea and Darra (QLD) sites into a larger site in Richlands, relocating our Gladstone (QLD) site and establishment of a new branch in Bibra Lake (WA), the MaxiPARTS business is well placed as we move into FY24.

We remain confident that we can continue to deliver on our proven track record of delivering growth and profit improvement in the MaxiPARTS business. With the acquisition of the Förch Australia business, we now have an additional operating stream to deliver further growth and benefits which will further accelerate and enhance the financial performance of the Group in the coming years.

SAFETY

The significant work completed in FY22 and FY23 on simplifying our safety program and ensuring focus and effort was directed towards the larger risks associated with the distribution business we are today, has resulted in significant improvement in our safety performance in FY23.

MaxiPARTS as a business has never had as many staff or sites and FY23 saw the fewest (two) recordable injuries in our business' history. This compared to FY22 which had four recordable injuries (however that only included four months of operation of the Truckzone sites that incurred 10 injuries in the year before the MaxiPARTS acquisition). This performance has seen a 73% reduction year on year in our Total Reportable Injury Frequency Rate to end FY23 at 4.3.

The cultural adoption in respect of safety of all staff joining MaxiPARTS, including the recently acquired Förch Australia business, has been extremely pleasing. While we have injuries, we will never be satisfied with our performance; however, we feel we are not only meeting our legal responsibilities around providing a safe working environment for our staff, but are consistently demonstrating the core value we have around safety, to ensure we send all of our employee's home safely every day.

YEAR IN REVIEW

Cash and debt

Operating cashflow (from continued operations) of $15.1m demonstrates the cash generating ability of our distribution business (FY22: operating cashflow of ($11.7m), which included the MaxiTRANS Trailer Solutions business). Operating cashflow included a $3.9m increase in inventory for MaxiPARTS Operations to support the underlying revenue growth and the strategic initiatives for high growth revenue streams such as the Japanese Parts program.

The Group reported a closing net debt balance of ($1m), a decrease of ($2.9m) from the year-ended 30 June 2022.

The net cashflow included the following investing and financing activities for the year:

- acquisition of Förch Australia for ($9.0m) (net of cash);
- capital expenditure of ($1.6m);
- lease payments of ($5.2m);
- dividends paid of ($2.2m); and
- an increase in drawn debt of $5.0m.

The Group increased its total loan facilities during the year from $10.0m to $20.0m, to facilitate the acquisition of Förch Australia. $15.0m of the loan facility was drawn at the year ended 30 June 2023.

As a result of renegotiating our debt facilities, the business has facilities with an extended term (approx. 3 years – May 2026) and sufficient head room to allow us to continue to invest in the operations of the business. We continue to operate with a conservative leverage ratio in line with our stated capital management policies.

Net Profit before tax (from continued operations) of $10.5m in FY23 compared to $7.3m in FY22.

Operating Results

Revenue of $201.7m was a record result for MaxiPARTS despite the decline in sales to the previously owned Trailer Solutions business in H2 (as expected).

	FY23 ($Millions)	FY22 ($Millions)	Movement ($ Millions)	% Movement
Underlying MaxiPARTS	175.5	129.4	46.1	35.6%
Sales to previously owned Trailer Solutions business	25.0	27.9	(2.9)	(10.4%)
Förch Australia (1 month)	1.2	0	1.2	
Total	**201.7**	**157.3**	**44.4**	**28.2%**
Sales to Trailer Solutions business previously eliminated when part of same Group		(4.5)		
Reported Revenue	**201.7**	**152.8**	**48.9**	**32%**

Growth in the underlying MaxiPARTS business has been generated by a combination of:

- full-year impact of the expanded site network following the acquisition of the Truckzone business in February 2022, which saw the addition of seven stores (post-consolidation) to the network;
- growth from organic product and customer programs focused on gaining market share; and
- increases in selling prices across the group's product range, through effective pass-through of supplier product cost increases to the end customer.

Pricing adjustments to recover input cost variations combined with supplier negotiated cost reductions after the Truckzone acquisition and favourable customer & product mix changes resulted in gross profit margins improving by 1.8% (compared to FY22) in MaxiPARTS operations.

Like many businesses, in FY23 MaxiPARTS Operations has seen higher than traditional cost inflation in key areas such as freight, salary & wages and leases.

EBITDA of $18.5m increased by 31.1% from pcp, and EBITDA margin of 9.2% increased by 20 bps from pcp of 9.0%, which was a combination of:

- revenue scale benefits and an increase in product margins through a combination of organic growth initiatives for higher margin product lines, supply chain synergies, and price management;
- a decline in the lower margin sales to ATSG now forming a lower percentage of the overall Group sales;
- partly offset by cost inflation of wages, site costs and freight, and the initial dilutive impact of the integration of the Truckzone sites that had a lower EBITDA margin.

The above resulted in MaxiPARTS reporting a net profit before tax from continuing operations of $10.5m, representing a 43.8% increase over the pcp (FY22: $7.3m), or $10.9m net profit before tax from continued operations excluding significant items, an increase of 33.9% on the prior year. The newly acquired Förch Australia business contributed $0.27m of net profit before tax, and before minority interests, to the Group for the period.

The Group made a reportable Net Profit after tax of $6.0m. This result included ($1.4m) loss from discontinued operations including tax for costs associated with closing out auditing, tax, other run-off and compliance costs, FY22 tax true-up and legal fees associated with the ATSG dispute.

OUTLOOK

With the prevailing economic uncertainty caused by the recent interest rate increases in FY22 and FY23, as well as ongoing inflationary pressure, like many other businesses, MaxiPARTS finds itself navigating a period of heightened unpredictability. Despite these challenges, the parts industry has traditionally exhibited resilience throughout various economic cycles, and we are continuing to observe strong underlying activity levels.

We anticipate our underlying MaxiPARTS Operations revenue will continue to grow as the Group continues to focus on the target revenue synergies associated with the Truckzone acquisition in February 2022, with many of the initiatives to take 2 – 3 years to reach maturity, as well as ongoing focus to recover cost increases and projects to drive market share gains. Whilst the Group does expect this to translate into low double-digit growth for the underlying MaxiPARTS business, we do expect to see a much larger reduction in low margin sales to ATSG, the formerly owned Trailer Solutions business. The reduction which has been seen in FY23 H2, will continue to decline into FY24 as the parties move towards the end of the previously agreed supply agreement (August 2024). The above two items will somewhat offset, resulting in a much flatter revenue line for the business in FY24 than recent years, before the underlying growth drives stronger total revenue growth in FY25 and beyond.

Key non-product cost areas such as freight, salary & wages and operating lease costs are expected to continue to increase generally in line with national inflationary levels.

We do expect revenue growth in the Förch Australia business to be greater than 20% as we invest in expanding the national sales team with the bulk of the benefit coming in the second half of FY24.

The Group expects the combined outcome of the above to result in strengthening key performance metrics such as EBITDA and EBIT margins, as the combined growth in underlying MaxiPARTS Operations and Förch Australia revenue more than offset the continued inflationary pressure on the Group's cost base and the reduction in the lower margin sales to the ATSG Trailer business.

The business could not have achieved what it has in FY23 if it wasn't for the support of our ever-expanding customer base, supportive supply partners and dedicated employees, so I would like to thank all of them for their support over the last year.

Peter Loimaranta
Managing Director & CEO

OUR COMMITMENT TO ESG INITIATIVES

In FY23, MaxiPARTS made significant improvement across various Environmental, Social, and Governance (ESG) initiatives. Whilst there is always room for improvement, we are excited to highlight our achievements in these areas.

We recognise the importance of collective efforts in this space, and as a result, we have become a member of the Australian Packaging Covenant Organisation (APCO). This partnership allows us to coordinate our reduction efforts more effectively, leveraging the expertise and resources of APCO and its network. By joining forces, we can maximise the impact of our sustainability initiatives and contribute to a more sustainable future.

ENVIRONMENTAL

To reduce our environmental footprint, we continuously collaborate with our suppliers to explore ways to reduce packaging waste or adopt environmentally friendly alternatives. By working closely with these suppliers, we have taken significant strides towards minimising our ecological impact. Our ongoing efforts to reduce the use of plastic bags recently resulted in the elimination of 30,000 bags for a single product SKU with plans to extend this reduction initiative across other products.

We are also committed to reducing power usage and promoting materials recycling across our branch network; our efforts so far have resulted in several physical branch locations retrofitted with energy-efficient lighting solutions and solar generation equipment being included on our new Richlands site; there are further plans to roll these initiatives out across the network.

Undeniably, the transportation industry plays a significant role in contributing to environmental challenges, such as greenhouse gas emissions and air pollution; we recognise these concerns and understand the importance of taking proactive steps to mitigate environmental impact. As a result, we have been undertaking a trial of an electric delivery vehicle, which will allow us to assess their feasibility and effectiveness in our day-to-day operations.

SOCIAL

In the social domain, we strongly emphasise our employees' well-being and engagement. Our annual pulse survey had an impressive participation rate of 73% among our staff. It achieved an overall engagement score of 78%, which speaks volumes about our efforts to create a workplace where our employees feel valued and motivated.

Our employees' well-being extends beyond the workplace; our Employee Assistance Program (EAP) is free and available to all our employees and their families. By providing this program, we demonstrate our commitment to their holistic well-being and recognise the importance of supporting them in all aspects of their lives.

We have implemented a Supplier Code of Conduct to promote responsible business practices throughout our supply chain. This code ensures that our suppliers adhere to labour rights and environmental management commitments, reinforcing our commitment to ethical sourcing. By setting clear expectations for our suppliers, we strengthen our position as a socially responsible company that contributes positively to society.

We also believe in the power of diversity and inclusion to foster an inclusive workplace culture. In FY23, we conducted a comprehensive diversity and inclusion training program, which was mandatory for all management.

GOVERNANCE

We place great importance on all ESG practices, and our Board approved plan will continue to highlight our recognition of the significance of environmental activities and the need to report on their impact.

With all Non-Executive Directors being Independent Directors, we prioritise transparency and accountability in our decision-making processes.

In FY23, our Female Board participation was 40% and our first female Chair was appointed. This achievement showcases our commitment to diversity at all leadership levels and our recognition of diverse perspectives' adding value to our organisation.

We will continue to build upon these accomplishments as we progress and set even more ambitious targets for our ESG initiatives. By continually striving for excellence in environmental stewardship, social responsibility, and governance practices, we aim to inspire our employees and other companies in our industry to contribute to a more sustainable and inclusive future.

We thank our employees, suppliers, and stakeholders who have been instrumental in our ESG journey. Together, we can create a brighter, more sustainable future.

MAXIPARTS OPERATIONAL SUMMARY

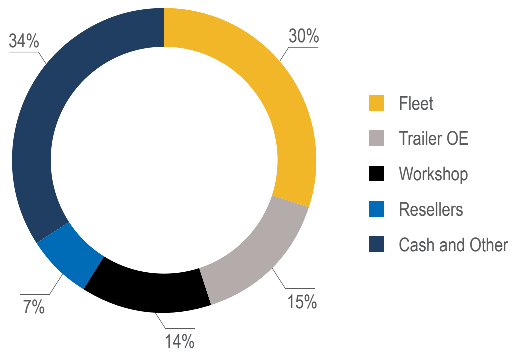
Since the Truckzone acquisition was completed in February 2022, MaxiPARTS has been working through a variety of projects targeted towards helping us extract as much value as possible out of the acquisition ensuring the future MaxiPARTS business has a strong and stable foundation to support additional growth in the future.

THESE PROJECTS HAVE INCLUDED:

- Gaining sales growth from core product offerings
  - Trailer product through the acquired Truckzone sites
  - Truck product through the MaxiPARTS sites
  - Japanese product through all sites
- A targeted key account acquisition and growth program
- Supply chain improvement and diversification
- Site network rationalisation and additional investment
- Investment in our E-Commerce and digital marketing efforts.

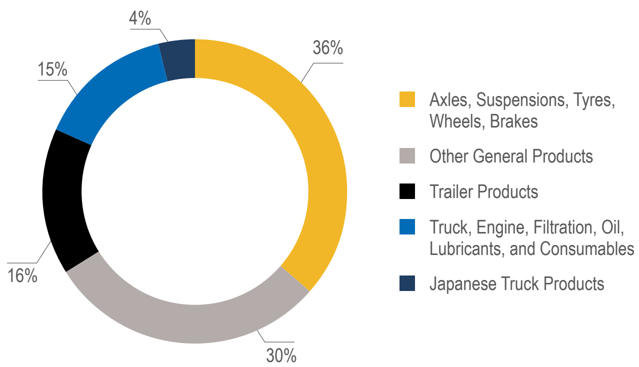
Although many of these initiatives will span multiple years, the overall financial results demonstrate the benefits already achieved and the product and customer group snap shots below show our areas of focus are all trending in the directions we expected.

Revenue by Customer Segment – FY23



MaxiPARTS Bibra Lake, WA

Revenue by Product Segment – FY23



Note: Data is generated from March to June 2023. Percentages have been rounded up.

Mezzanine storage, Truganina DC, VIC

MaxiPARTS Richlands, QLD

NETWORK INVESTMENT

During FY23, the business completed several key projects related to improving our national site network including:

- Consolidation of two Perth sites (previous MaxiPARTS site and acquired Truckzone site) in July 2022
- Relocation of existing Gladstone (QLD) store into a more suitable site
- Opening of a new site in Bibra Lake (WA) in May 2023
- Consolidation of the existing Rocklea and Darra sites into a larger site in Richlands (QLD)
- Investment into new Mezzanine storage within the Truganina (VIC) warehouse allowing national stocking of our Japanese Product range, to both improve warehouse efficiency as well as allowing the racking in our Wetherill Park site to be relayed to increase warehouse capacity in Sydney

In Q1 of FY24, the business will relocate the Adelaide store into a larger site to support future growth.

E-COMMERCE AND DIGITAL MARKETING

As reported in FY22, we saw a noticeable shift in our customers' buying behaviour, largely due to the pandemic, however as time went on, strong month-on-month growth suggested the shift was here to stay.

Throughout FY23, MaxiPARTS saw consistent monthly growth with total online revenue surpassing all previous records, showing an increase of 180% compared to the previous year. This growth can be attributed to the ongoing work surrounding user-experience, product offering and digital marketing initiatives.

Leveraging data-driven insights, we executed targeted and high-impact digital marketing campaigns across various online channels. We also applied cutting-edge SEO strategies, resulting in improved search engine rankings and a substantial increase in organic traffic to our website. The successful integration of digital marketing analytics and automation tools further optimised our efforts. As a result of these efforts, MaxiPARTS experienced dramatic growth in both brand awareness and revenue generation, making digital marketing a focal pillar of our ongoing success.

FÖRCH AUSTRALIA OVERVIEW

Förch Australia is one of Australia's leading direct selling companies for workshop, installation and fastening products for trade and industrial companies. With sites in Perth and Melbourne alongside a third-party distributor in Brisbane, Förch Australia holds an exclusive Australian distribution agreement for all FÖRCH product with Theo FÖRCH GmbH & Co KG of Germany.

80,000
Lines of quality German products available

100%
No overstocking, product quality and satisfaction

Market leading stock fill rates

KEY PRODUCT CATEGORIES

- Chemicals
- Drilling, Tapping & Threading
- Cutting, Sanding & Sawing
- Soldering & Welding
- DIN & Standard Parts
- Electronics
- Vehicle Products
- Truck Range
- Hand Tools
- Pneumatic Tools
- Storage Systems
- Workshop Requirements, Devices & Working Safety

FÖRCH AUSTRALIA ACQUISITION

On the 1st of June 2023, MaxiPARTS completed the acquisition of 80% of the equity in the Förch Australia business. The agreements include a put and call option structured to acquire the remaining 20% within 2-5 years under an agreed valuation principle.

Förch Australia is a distributor of workshop consumables, predominantly focused on automotive and commercial vehicle workshops and holds an exclusive Australian distribution agreement for all FÖRCH product with Theo FÖRCH GmbH & Co KG of Germany through to April 2030.

Trading performance before acquisition (based on H1 FY23 results) show Förch Australia annualised Revenue of $11.7m and annualised normalised adjusted EBITDA of $2.5m*. In the one month of trading under MaxiPARTS control, the business produced results in line with these financial metrics.

The acquisition is strongly aligned with MaxiPARTS M&A strategy criteria and is our first adjacent product acquisition. Förch provides immediate incremental improvements to both profit margins and earnings per share metrics, with significant opportunity to add further scale in the coming years.

Förch Australia is predominantly a Western Australia based business with a new, smaller site in Victoria that, with MaxiPARTS support, can look to replicate the highly successful Western Australia model across the rest of Australia.

The businesses currently share a set of core business operating and success factors including:

- Management of a high-volume industrial product range
- Managing a long lead time overseas supply chain
- A predominantly B2B customer base

All employees of Förch Australia have remained with the business post completion, including the two current Executive Directors, Terry Childs and Peter Burgess, who will be responsible for the day-to-day operating of the Förch Australia business, reporting to the MaxiPARTS Managing Director and CEO.

ALIGNS WITH CORE M&A STRATEGY

MaxiPARTS Limited		Förch Australia
Operating in the commercial vehicle parts market	✔	Supplier of workshop consumables to a variety of B2B customers, including the Commercial vehicle market
Enhances product range and geographies	✔	Enhances Group's core product range into a logical adjacent product segment with only minor current exposure
Clear post-acquisition integration and growth strategy	✔	Detailed integration planning complete/plans for the activities to grow into a national business utilising existing MaxiPARTS network and administration support
Cultural and Corporate fit	✔	Culture and business operating fundamentals strongly aligned
Experienced Leadership Team	✔	Existing staff, including current owners (Founders) continuing in current roles post completion
Attractive valuation and earnings accretive	✔	Attractive valuation multiple with immediate benefits to margins and EPS

- Logical adjacent product acquisition of a manageable size and immediate financial benefits.

* Figure is pre-AASB EBITDA.

CONTENTS

REPORT OF THE DIRECTORS

For the year ended 30 June 2023

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 2023 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:

Mr Robert H. Wylie	(Director since September 2008 – Chair since 30 June 2016, retired 12 May 2023)
Ms Mary Verschuer	(Director since 24 January 2019, Deputy Chair since 27 April 2022, Chair since 12 May 2023)
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)

PRINCIPAL ACTIVITIES

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

On the 31 May 2023, MaxiPARTS acquired an 80% stake in Förch Australia Pty Ltd, a distributor of workshop consumables, predominantly focused on automotive and commercial vehicle workshops. Förch Australia is an adjacent product opportunity for MaxiPARTS.

DIVIDENDS

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

Date of Payment	Cents Per Share	Total Amount $’000
19-Sep-22	2.50	1,185
20-Mar-23	3.17	1,508

A fully franked final dividend of 3.22 cents per share has been proposed by the directors after reporting date for payment on 15 September 2023. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2023 and will be recognised in subsequent financial reports.

EVENTS SUBSEQUENT TO BALANCE DATE

On the 31 May 2023, MaxiPARTS acquired an 80% stake in Förch Australia Pty Ltd. Final completion processes were agreed between parties on 9 August 2023 and included in the accounts at 30 June 2023. Management considers the Business Combination for the Förch Australia acquisition to be ‘closed’ at 30 June 2023.

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

ENVIRONMENTAL REGULATION

The Group’s environmental obligations are regulated under Local, State and Federal Law. All environmental performance obligations are internally monitored and subjected to regular government agency audit and site inspections. The Group has a policy of complying with its environmental performance obligations. No breach of any environmental regulation or law has been notified to the Group during or since the year ended 30 June 2023.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Refer to commentaries outlined in the Operating & Financial Review.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Refer to outlook section in the Operating & Financial Review.

OPERATING & FINANCIAL REVIEW

Review of Operations

MaxiPARTS Operations

MaxiPARTS Operations sells commercial vehicle parts at both a wholesale and trade level in Australia. Wholesale customers are typically part 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.

At the end of FY23, MaxiPARTS operated from 27 sites and during the year, completed a number of key projects related to improving our national site network including consolidation of our two Perth sites, opening of a new site in Bibra Lake (WA), consolidation of the existing Rocklea and Darra sites into a larger site in Richlands (QLD) and investment into a new mezzanine storage area within the Truganina (VIC) warehouse allowing national stocking of our Japanese Product range, to both improve warehouse efficiency and increase our Sydney distribution capacity for traditional stock as a direct result.

At the beginning of the financial year, MaxiPARTS was less than four months into the Truckzone acquisition and was executing several integration projects, including rebranding the acquired sites and unlocking the cost synergies for the amalgamation of the Truckzone sites into the MaxiPARTS network. The integration projects and rebranding, along with a refresh to the branding of MaxiPARTS sites, all successfully completed during the year.

Alongside expansion of the MaxiPARTS network, the Truckzone acquisition provides MaxiPARTS with the opportunity to accelerate growth over the coming years by leveraging the product strengths of each business to drive core product expansion. The foundational work to achieve this continued to gain traction and remains on target with expectations of seeing accelerated revenue growth in the coming periods, with management still expecting these initiatives to take 2-3 years to reach maturity. The Group is also targeting additional EBITDA margin improvement through the integration of the businesses, site consolidations and optimising the combined supply chain.

Like many businesses, in FY23 MaxiPARTS Operations saw higher than traditional cost inflation in key areas such as freight, salary & wages and leases.

Förch Australia

On the 31 May 2023, MaxiPARTS acquired 80% of Förch Australia Pty Ltd, a distributor of workshop consumables, predominantly focused on automotive and commercial vehicle workshops. 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”). At the end of FY23, Förch Australia operated from two sites (Perth & Melbourne), and one independent distributor (Brisbane).

The purchase consideration was $9.1m, with $9.6m paid on the acquisition date, and ($0.5m) in working capital adjustments (recorded as a receivable at reporting date). The purchase price included the net asset value of $2.7m, and $6.4m ($4.5m net of tax) identifiable intangible asset in relationship to the exclusive distribution agreement between Theo Förch GmbH (Förch Germany) & Co. KG & Förch Australia. The transaction has resulted in the recognition of $3.4m of Goodwill and recorded a non-controlling interest of ($1.4m) equating to 20% of net assets.

Förch Australia is an adjacent product opportunity for MaxiPARTS, providing immediate incremental improvements to both profit margins and earnings per share metrics with significant opportunity to add further scale in the coming years. Since acquisition date, Förch Australia, under MaxiPARTS Limited leadership, has already set a strong strategic agenda with several initiatives underway to grow the turnover of the business and leverage the MaxiPARTS business to accelerate growth.

Financial Review

Sales

Group revenue of $201.7m represents a 28.1% increase over the pcp revenue of $157.4m. The pcp Total sales includes $4.6m of inter-company sales to the divested Trailer Sales division, when adjusting for these sales, MaxiPARTS reports an adjusted sales growth of $48.9m or 32.0% over reported Sales. The sales growth included the full-year impact of the expanded site network following the acquisition of the Truckzone business in February 2022, which saw the addition of seven stores (post consolidation) to the network.

Growth in sales was also attributed to increases in selling prices across the Group's product range, through effective pass-through of supplier product increases to the end customer, growth in sales from organic programs and success in acquiring new customers. The newly acquired Förch Australia business contributed $1.2m of sales to the Group in June 2023.

The result includes a decline in the revenue attributed to ATSG, the previously owned Trailer Solutions business, with sales to ATSG of $25.0m, compared to pcp of $27.9m. The decline in sales was more significant in the second half of the year.

Profit

MaxiPARTS net profit before tax from continuing operations of $10.5m represents a 43.8% increase over the pcp (FY22: $7.3m), or an increase of 33.9%, with a net profit before tax from continuing operations of $10.9m, when excluding significant items. The newly acquired Förch Australia business contributed $0.27m of net profit before tax, and before minority interests, to the Group for the period.

The Group made a reportable Net Profit after tax of $6.0m. This result included ($1.4m) loss from discontinued operations after tax for costs associated with closing out auditing, tax, other run-off and compliance costs, FY22 tax true-up and legal fees associated with the ATSG dispute.

Cash Generation & Capital Management

Operating cashflow of $15.1m demonstrated strong cash flow generation from operating activities for the MaxiPARTS continued operations (FY22: operating cashflow of ($11.7m), which included the MaxiTRANS Trailer Solutions business). Operating cashflow included a $3.9m increase in inventory for MaxiPARTS Operations to support the underlying revenue growth and to support strategic initiatives for high growth revenue streams, like the Japanese Parts program.

The Group reported a closing net debt balance of ($1.0m), a decrease of ($2.9m) from the year-ended 30 June 2022.

The net cashflow for the year included the following investing and financing activities for the year: acquisition of Förch Australia for ($9.0m) (net of cash), capital expenditure of ($1.6m), lease payments of ($5.2m), dividends paid of ($2.2m), and an increase in drawn debt of $5.0m.

The Group increased its total loan facilities during the year from $10.0m to $20.0m, to facilitate the acquisition of Förch Australia. $15.0m of the loan facility was drawn at the year ended 30 June 2023. The facility is sufficient to support the business in its current form.

Discontinued Operations/ATSG Dispute

The consolidated statement of financial position as at 30 June 2023 includes a receivable (recognised within trade and other receivables) of $2.4m in relation to the final sale price completion accounts process between MaxiPARTS and ATSG, and also includes a deferred consideration receivable (recognised within financial assets) from ATSG for $4.0m, the receivable which has a maximum term of two years from the completion date of 31 August 2021, with the full amount falling due on the 31 August 2023. Interest has been charged, and paid, on a quarterly basis over the term of the loan.

The outstanding receivable amount of $2.4m has been ruled upon by a jointly appointed independent accountant in accordance with the requirements under the Sale Agreement, and is payable by ATSG. The Group has pursued the outstanding receivable from ATSG. ATSG have not paid the outstanding amount, on the basis they believe they have offsetting Warranty claims related to the transaction that amount to approximately $5.0m. MaxiPARTS has filed a claim with the Supreme Court for the $2.4m owed. ATSG has filed a counter claim with the Supreme Court for a proposed breach of Sellers Warranty. MaxiPARTS denies the allegations in the counterclaim, 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 the item.

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 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.

During FY23, the Group continued to deliver its risk management maturity roadmap to address the latest requirements of global risk management standard ISO31000:2009.

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:

- Economic slow-down due to interest rates and inflation;
- Health and Safety of our people;
- MaxiPARTS key customer retention and competitiveness in marketplace;
- Reliability and supportability of IT Systems;
- Proficiency and stability of key business process and systems; and
- Finance and governance; management of working capital; an appropriate funding model; internal policies and procedures; changing regulatory environment and maintenance of proper licences to operate the business.

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

Foreign Exchange & Commodities Risk

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

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

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

Health & Safety

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

FY23 recorded the lowest number of recordable injuries on record for MaxiPARTS. Throughout the year, we experienced two recordable injuries, a notable decrease compared to FY22, which saw four recordable injuries (only included four months of Truckzone acquired sites).

The cultural adoption of safety practised by all staff members who have joined MaxiPARTS over the past two years has been truly gratifying. While we understand that any injuries are unacceptable, we are confident that we not only fulfill our responsibilities in providing a safe work environment, but also consistently embody our core value of prioritising safety.

Strategy

MaxiPARTS strategy focuses on four key pillars of activity being:

- Network
- People
- Product
- Systems and Solutions

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

The business will continue to implement a range of organic projects to enhance our key strategic pillars. However, we will also continue to explore further acquisition opportunities if we believe they meet the underlying strategic rationale and make financial sense.

Outlook

With the prevailing economic uncertainty caused by the recent interest rate increases in FY22 and FY23, as well as ongoing inflationary pressure, like many other businesses, MaxiPARTS finds itself navigating a period of heightened unpredictability. Despite these challenges, the parts industry has traditionally exhibited resilience throughout various economic cycles, and we are continuing to observe strong underlying activity levels.

We anticipate growth in our underlying MaxiPARTS Operations revenue as the Group continues to focus on the target revenue synergies associated with the Truckzone acquisition in February 2022, with many of the initiatives to take 2 – 3 years to reach maturity, as well as ongoing focus to recover cost increases and gain market share. Whilst the Group does expect this to translate into low double-digit growth for the underlying MaxiPARTS business, we do expect to see a much larger reduction in the lower margin sales to ATSG, the formerly owned Trailer Solutions business. The reduction which has been seen in FY23 H2 will continue to decline into FY24 as the parties move towards the end of the previously agreed supply agreement (August 2024). The above two items will somewhat offset, resulting in a much flatter revenue line for the business than has been seen in the last couple of years.

Key non-product cost areas such as freight, salary & wages, and operating lease costs are expected to continue to increase generally in line with national inflationary levels.

We do expect revenue growth in the Förch Australia business to be greater than 20%, as we invest in expanding the national sales team with the bulk of the benefit coming in the second half of FY24.

The Group expects the combined outcome of the above to result in strengthening key metrics such as EBITDA/EBIT margins. The combined growth in underlying MaxiPARTS operations and Förch Australia revenue more than offset the continued inflationary pressure on the Group's cost base, and the reduction in the lower margin sales to the ATSG Trailer Solutions business.

INFORMATION OF DIRECTORS

Name:	**Ms. Mary Verschuer**
Title:	Chair, Independent Non-Executive Director (appointed Chair 12 May 2023, Deputy Chair 27 April 2022 to 12 May 2023, appointed as Director 24 January 2019)
Qualifications:	MA Research Methods, Macquarie University Fellow, AICD MBA, Macquarie University Master of Science and Society, University of New South Wales (history and philosophy of science) 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. Currently a NED of Redox Ltd, a listed chemical distribution business (ASX:RDX), and chairs the People and Safety Committee, NED and Chair of Audit and Risk at Forestry Corporation of NSW, a state owned corporation managing NSW forests and President of The Infants' Home, a provider of integrated early childhood education. Formally Non-Executive Director of The Hydroponics Company (ASX pre-IPO).
Special Responsibilities:	Chair of the Board Member of: Audit and Risk Management Committee Remuneration & Human Resources Committee Nomination Committee.
Other Current Directorships (ASX Listed Companies):	Non-Executive Director of Redox Ltd a listed chemical distribution business (ASX:RDX) – June 2023.
Former Directorships (ASX Listed Companies previous 3 years):	Nil
Interest in Shares:	20,562 ordinary shares beneficially held
Interest in Options:	Nil

Name:	**Mr. Peter Loimaranta**
Title:	Managing Director, Executive (appointed 6 September 2021)
Qualifications:	Former Chartered Accountant Bachelor Commerce, University of Queensland Graduate, AICD
Experience & Expertise:	Mr Loimaranta was appointed Managing Director and CEO of MaxiPARTS in 2021 following the disposal of the MaxiTRANS Trailer Solutions business. Before his current appointment, Mr Loimaranta held the roles of General Manager MaxiPARTS and International and Group General Manager – International. Prior to joining MaxiTRANS, he held various finance and corporate development roles with global construction material companies Hanson and Holcim in Australia and various parts of Asia.
Special Responsibilities:	None
Other Current Directorships:	Nil
Former directorships:	Nil
Interest in Shares:	154,204 ordinary shares beneficially held
Interest in Options:	317,715 performance rights

INFORMATION OF DIRECTORS (CONTINUED)

Name:	**Mr. Gino Butera**
Title:	Independent Non-Executive Director (appointed 17 September 2021)
Qualifications:	CPA Bachelor Economics, Accounting & Finance, Monash University 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 Member of: Audit and Risk Management Committee 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 Options:	Nil

Name:	**Ms. Debra Stirling**
Title:	Independent Non-Executive Director (appointed 29 August 2022)
Qualifications:	Honorary Fellowship, Engineering, Monash University Graduate, AICD 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, Communications and Environment at Newcrest Mining, Rinker, CSR, and Coles Myer. Ms. Stirling is currently a Director of Scotch College and is a Director & Chair of the People, Culture and Remuneration Committee of Mission Australia. Ms. Stirling previously sat on the Boards of Vicinity Centres Limited, Monash University Mining and Resources Advisory Board (Chair), MegaRail, the PNG Government, Lae Technical Training Centre of Excellence Task Force, and the Victorian Government Resources Roundtable.
Special Responsibilities:	Member of: Remuneration & Human Resources Committee Audit & Risk Management Committee Nomination Committee.
Other Current Directorships (ASX Listed Companies):	Nil
Former Directorships (ASX Listed Companies previous 3 years):	Nil
Interest in Shares:	Nil
Interest in Options:	Nil

INFORMATION OF DIRECTORS (CONTINUED)

Name:	**Mr. Frank Micallef**
Title:	Independent Non-Executive Director (appointed 24 February 2023)
Qualifications:	Fellow, CPA Australia Fellow, Australian Institute of Company Directors Master of Accountancy, University of New England (AU) Graduate Diploma of Education, Melbourne University 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. Mr Micallef is currently a non-executive director 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 director of Fabchem Ltd (SGX) and Queensland Nitrates Pty Ltd.
Special Responsibilities:	Chair of the Audit and Risk Management Committee Member of: Remuneration & Human Resources Committee Nomination Committee.
Other Current Directorships (ASX Listed Companies):	Nil
Former Directorships (ASX Listed Companies previous 3 years):	Nil
Interest in Shares:	21,000 ordinary shares beneficially held
Interest in Options:	Nil

Name:	**Ms. Liz Blockley**
Title:	Company Secretary
	Appointed to the position of Company Secretary on 19 May 2022.
Qualifications:	Bachelor Commerce, CPA, GIA (Affiliated)

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

	Directors' Meetings (i)		**Audit & Risk Management Committee**		**Remuneration Committee**		**Nomination Committee**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Rob Wylie	12	12	7	7	2	2	3	3
Mary Verschuer	13	13	7	7	3	3	3	3
Gino Butera	13	13	7	7	3	3	3	3
Debra Stirling	10	10	5	5	2	2	2	2
Frank Micallef	5	5	1	1	1	1	1	1
Peter Loimaranta	13	13	7	7	3	3	3	3

REMUNERATION REPORT – AUDITED

Dear Shareholders,

On behalf of the Board, I am pleased to present the FY23 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.

As we moved into FY23 and divested the Trailer Solutions business and looked to execute the plan for the simpler MaxiPARTS business, the Remuneration and Human Resources Committee updated the Group's objectives, priorities and conditions of the remuneration of our KMPs to focus on the growth objectives of the MaxiPARTS business.

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 FY23 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 grant of Performance Rights which, if they vest on the achievement of specific long-term performance hurdles, give the right to be issued a number of ordinary shares in the Company.	Designed to incentivise executives to manage the business in a way that drives sustainable long-term growth in shareholder value.	An Economic Value Added (EVA) target for the 3 year period from date of grant. See section 3 below for further detail.

2. Alignment of FY23 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 after tax hurdle was set on the MaxiPARTS continued operations and was achieved, leading to all performance targets being assessed on their actual result to target. Discretion was considered but there were no matters warranting a change to the formulaic calculation.
LTI – A return on invested capital "ROIC" and Economic Value added "EVA" targets are set to drive Executives to manage the business in a way that creates long-term shareholder value	The performance rights granted in FY21 are due to vest this year. The target ROIC was reset to 12.5% following the sale of the Trailer Solutions business, and the Managing Director is the only participant remaining on this scheme. The actual ROIC was 13.86%. Therefore, the Performance Rights granted in FY21 will vest at 100% of grant.

3. Long Term Incentive Program (LTI Program)

(a) Who participates?

At the discretion of the Board, senior managers and executive directors of the Company are invited to participate in the LTI Program.

(b) What type of awards are granted?

Performance rights are granted to participants. Each performance right will, on 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 is subject to certain performance hurdles being met.

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

An award of performance rights is calculated by reference to a participant's remuneration package. In FY23 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 FY23 base, the July 2022 VWAP is used). This is on the basis that the start of the financial year is the starting point for measuring the achievement of the LTI Program target.

(e) What is the performance period?

Performance rights are tested over a three year period. Awards made in FY23 will be tested over the period 1 July 2022 to 30 June 2025.

(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 FY22 and FY23 grants, the performance hurdle for all performance rights on issue is Economic Value Added (EVA). The Performance Rights target set is to achieve a cumulative EVA result for the 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 measured on continuing operations, and the target was 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 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.

For the FY21 issue, the performance hurdle for all performance rights on issue is return on invested capital ("ROIC"). ROIC is calculated by taking a company's net operating profit less adjusted taxes ("NOPLAT") and dividing it by the invested capital. Following the sale of the Trailer Business, the Board exercised its discretion to increase the performance hurdle to one more relevant to the MaxiPARTS business, the previous ROIC target for FY21 issue was 6.95%, with the new ROIC target for the FY21 issue of 12.50% and is based on continuing operations. A sliding scale will apply for partial attainment of the performance hurdle. The minimum target is 67% of the targeted improvement in ROIC, which must be achieved before any of the performance rights vest, at which point 50% of the performance rights will vest. 100% of the performance rights will vest if the target ROIC is fully achieved or exceeded.

Any unvested performance rights will lapse.

(g) Other key features

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

4. FY23 LTI Outcomes

Performance rights granted in FY21 were tested against the ROIC performance hurdle over the period 1 July 2020 to 30 June 2023 with a ROIC target in FY23 of 12.50%. The actual ROIC for FY23 was 13.86%. Therefore, the Performance Rights granted in FY21 will vest at 100% of grant.

5. Managing Director Remuneration mix

The Managing Director's, Mr P Loimaranta, total annualised available remuneration of $891,278 ("TAR") consists of:

- Fixed component of $467,249 (Total employment cost 'TEC' inclusive of superannuation and allowances) with
- STI component, comprising 57.5% of TEC; and
- LTI component, comprising 33.3% of TEC.

6. FY23 Managing Director STI Outcomes

The Managing Director's, Mr P Loimaranta, STI for FY23 are summarised below:

Objective	Measure	STI Weighting	Performance
Overall hurdle	Deliver target NPAT for the Group (MaxiPARTS continuing operations)	Hurdle	Met
NPBT	NPBT exceeding set target (continuing operations)	67%	50%
Cash	Cash generated from Operating activities (continued operations) exceeds the target	23%	23%
Safety	Implementation of an approved MaxiPARTS safety improvement plan	10%	10%

Mr P Loimaranta, Managing Director, has been awarded an STI of 83% of target and will be paid $223,449 in relation to FY23.

6.1 Other KMP FY23 STI outcome:

STIs were awarded to all KMPs (excluding non-executive) in relation to their performance during the FY23 period. The total of STIs awarded to KMP's (other than the Managing Director) for the FY23 performance is $89,456.

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.

	FY23	FY22	FY21	FY20	FY19
Reported NPAT ($'000)	$5,977	($4,932)	$4,584	($35,492)	($27,040)
NPAT (continuing operations and excluding significant items ($'000)	$7,719	$5,923	$10,487	$486	$4,809
STI awarded to MD*	83.2%	56.7%	137.5%	Nil	Nil
Basic and Diluted earnings per share (cents per share) – Continuing operations	15.53	11.99	15.37	4.87	(13.76)
Share price at financial year end ($)	$2.65	$1.88	$2.38	$0.57	$1.44
Total dividends declared (cents per share)	6.39	65.00	0.00	0.00	0.00

Note: FY19-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.

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 (other than the Chair an increase from $75,000 in January 2023) and $127,500 for the Chair (increase from $120,000 in January 2023). Total fees paid for the year of $347,749 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.

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	Other (x)	Total	Proportion of rem performance related	Value of PRs as proportion of rem
			Salary & fees	STI (i)	Super-annuation	PRs (ii)				
		Year	$	$	$	$	$	$	%	%
DIRECTORS										
Non-executive										
Ms M Verschuer Chair	(iii)	2023	76,033	–	7,783	–	–	83,816		
		2022	68,493	–	6,849	–	–	75,342		
Mr R Wylie Former Chair	(iv)	2023	90,105	–	10,188	–	–	100,293		
		2022	113,782	–	11,378	–	–	125,160		
Mr G Butera		2023	70,136	–	7,164	–	–	77,300		
	(v)	2022	55,848	–	5,585	–	–	61,433		
Ms D Stirling	(vi)	2023	53,167	–	5,583	–	–	58,750		
Mr F Micallef	(vii)	2023	24,968	–	2,622	–	–	27,590		
Executive										
Mr P Loimaranta Managing Director		2023	422,850	223,449	44,399	130,073	–	820,771	43.1%	15.8%
	(viii)	2022 restated	408,056	131,633	41,253	56,866	4,477	642,285	29.3%	8.9%
EXECUTIVES										
Ms L Blockley Chief Financial Officer		2023	324,349	89,456	34,057	28,844	–	476,706	24.8%	6.1%
	(ix)	2022 restated	257,420	67,959	31,348	12,308	–	369,035	21.8%	3.3%

(i) FY23 STI entitlement is 57.5% 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 12 May 2023.

(iv) Mr R Wylie retired on 12 May 2023.

(v) Mr G Butera was appointed on 17 September 2021.

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

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

(viii) Mr P Loimaranta was appointed on the 6 September 2021 and prior to this held the KMP position of Group GM MaxiPARTS and New Zealand.

(ix) Ms L Blockley position was appointed on the 6 September 2021 (salary reported from date appointed as KMP).

(x) Other payments for the year ended 30 June 2022 for Mr P Loimaranta relates to a car allowance prior to appointment as Managing Director on 6 September 2021.

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.

	Financial year granted	Opening balance	Granted	Vested/ (Forfeited)	Closing Bal (unvested)	Vesting Date	Fair value at grant date	Maximum value yet to vest ($)
Mr P Loimaranta	2023	–	77,027	–	77,027	19 Oct 2025	$2.01	90,134
	2022	49,965	–	–	49,965	31 Oct 2024	$3.63	64,122
	2021	190,723	–	190,723	–	22 Nov 2023	$1.80	–
Ms L Blockley	2023	–	31,050	–	31,050	19 Oct 2025	$2.01	36,334
	2022	19,182	–	–	19,182	31 Oct 2024	$3.63	24,617

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

The estimated maximum value of Performance Rights on issue for future years is the current share price. This is subject to future movements in the share price. The estimated minimum value is $nil. The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

Unissued shares under rights

At the date of this report there are 445,138 unissued ordinary shares of the Company relating to Performance Rights granted but not vested.

KMP shareholdings

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

2023 Shares

MaxiPARTS Limited	Held at 30 June 2022*	Purchases	Exercised of PR	Sales	Other	Held at 30 June 2023
Directors:						
Ms M Verschuer	20,046	–	–	–	516	20,562
Mr P Loimaranta	65,868	–	85,682	–	2,654	154,204
Mr G Butera	50,000	–	–	–	–	50,000
Ms D Stirling	–	–	–	–	–	–
Mr F Micallef	–	21,000	–	–	–	21,000
Mr R Wylie**	60,431	–	–	–	765	61,196

* Or at date of appointment as a director.

** Mr R Wylie retired on 12 May 2023 and is no longer KMP as at 30 June 2023.

Voting and comments made at the company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 93.74% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Use of remuneration consultants

During the financial year ended 30 June 2023, the consolidated entity did not engage the services of a remuneration consultant.

End of Audited Remuneration Report

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

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

A copy of the 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 29.

REPORT OF THE DIRECTORS CONTINUED

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.

Remuneration of auditor	Consolidated 2023 $	2022 $
Remuneration of the auditor for:		
– auditing and reviewing the financial statements – Group (KPMG)	72,645	370,969
– auditing and reviewing the financial statements – Group (HLB Mann Judd)	150,000	–
– auditing and reviewing the financial statements – controlled entities (HLB Mann Judd)	30,900	–
– taxation and advisory (KPMG)	112,726	80,596
	366,271	**451,565**
Overseas KPMG Firms:		
– taxation and advisory	7,408	9,261
	7,408	**9,261**
Total auditor remuneration	**373,679**	**460,826**

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
Dated this 24 day of August 2023

Mr. Peter Loimaranta, Director

LEAD AUDITOR'S INDEPENDENCE DECLARATION

under Section 307C of the *Corporations Act 2001*

HLB MANN JUDD

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 2023, 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
24 August 2023

hlb.com.au

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HLB Mann Judd (VIC Partnership) is a member of HLB International, the global advisory and accounting network

DIRECTOR'S DECLARATION

For the year ended 30 June 2023

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

(a) the consolidated financial statements and notes as set out on pages 31 to 70, 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 2023 and of its performance for the financial year ended on that date; and

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

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the Group entities identified in Note 17 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 2023.

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, Director
Dated this 24 day of August 2023

Mr. Peter Loimaranta, Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2023 $'000	2022 $'000
Continuing Operations			
Sale of goods	2(a)	201,677	152,767
Changes in inventories of finished goods and work in progress		6,635	2,013
Raw materials and consumables used		(149,554)	(110,756)
Other income		361	116
Employee and contract labour expenses	2(b)	(30,832)	(22,609)
Depreciation and amortisation expenses	2(c)	(5,608)	(4,553)
Finance costs	2(c)	(2,000)	(1,419)
Other expenses		(10,146)	(8,222)
Profit before income tax from continuing operations		**10,533**	**7,337**
Income tax expense	3(b)	(3,160)	(2,429)
Profit from continuing operations		**7,373**	**4,908**
Profit/(Loss) from discontinued operations net of tax	24(a)	(1,396)	(9,840)
Profit/(Loss) for the year		**5,977**	**(4,932)**
Items that may subsequently be re-classified to profit or loss:			
Net exchange difference on translation of financial statements of foreign operations		–	(64)
Cashflow hedge reserve		–	218
Related tax		–	(65)
Other comprehensive income/(loss) for the year, net of tax		–	89
Total comprehensive income/(loss) for the year		**5,977**	**(4,843)**
Profit/(Loss) attributable to:			
Equity holders of the parent		5,938	(4,932)
Non-controlling interests		39	–
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		5,938	(4,843)
Non-controlling interests		39	–
Earnings/(Loss) per share:		**2023**	**2022**
Basic and Diluted earnings per share (cents per share) – Total	12	12.51	(11.83)
Basic and Diluted earnings per share (cents per share) – Continuing operations	12	15.53	11.99
Basic and Diluted earnings per share (cents per share) – Discontinued operations	12	(2.94)	(24.04)

Weighted average number of shares:	**Note**	**Number**	**Number**
Number for basic earnings per share	12	47,470,515	40,928,976
Number for diluted earnings per share	12	47,470,515	40,928,976

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 2023

AS AT 30 JUNE 2023	Note	30 Jun 23 $'000	30 Jun 22 $'000
Current Assets			
Cash and cash equivalents		13,952	11,852
Trade and other receivables	4	31,086	28,190
Inventories	5	51,759	45,124
Current tax asset	3(d)	–	743
Other		1,823	327
Financial asset	24(c)	4,000	–
Total Current Assets		**102,620**	**86,236**
Non-Current Assets			
Property, plant and equipment	6	4,201	3,360
Intangible assets	7	18,801	9,026
Right of use asset	20(a)	32,797	23,265
Financial asset	24(c)	–	4,000
Deferred tax assets	3(c)	14,842	19,741
Total Non-Current Assets		**70,641**	**59,392**
Total Assets		**173,261**	**145,628**
Current Liabilities			
Trade and other payables	8	31,848	25,819
Current tax liability	3(d)	347	–
Provisions	10	5,733	5,460
Lease liability	20(b)	4,166	4,491
Total Current Liabilities		**42,094**	**35,770**
Non-Current Liabilities			
Interest bearing loans and borrowings	9	15,000	10,000
Provisions	10	694	319
Lease liability	20(b)	30,585	19,980
Total Non-Current Liabilities		**46,279**	**30,299**
Total Liabilities		**88,373**	**66,069**
Net Assets		**84,888**	**79,559**
Equity			
Issued capital	11	81,766	81,288
Other reserves		2,825	2,688
Accumulated Loss		(74,956)	(74,956)
Profits Reserve		73,784	70,539
Equity attributable to equity holders of the parent		**83,419**	**79,559**
Non-controlling interests	26	1,469	–
Total Equity		**84,888**	**79,559**

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 2023

	Note	Issued capital $'000	Accum-ulated 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**

	Note	Issued capital $'000	Asset revaluation reserve $'000	Accum-ulated loss $'000	Profits reserve * $'000	Other reserves $'000	Total $'000
Balance at 30 June 2021		56,386	13,719	(52,005)	61,936	2,464	82,500
Comprehensive income for the year							
Loss for the year		–	–	–	(4,932)	–	(4,932)
Other comprehensive income							
Net exchange differences on translation of financial statements of foreign operations		–	–	–	–	(64)	(64)
Cashflow hedge reserve (net of tax)		–	–	–	–	153	153
Total comprehensive income for the year		**–**	**–**	**–**	**(4,932)**	**89**	**(4,843)**
Transactions with owners recorded directly in equity							
Dividend reinvestment		1,167	–	–	(1,167)	–	–
Issue of share capital		23,735	–	–	–	–	23,735
Share-based payment transactions	14	–	–	–	–	135	135
Transfer of Asset revaluation reserve to profits reserve on disposal of properties		–	(13,719)	–	13,719	–	–
Transfer to accumulated losses		–	–	(22,951)	22,951	–	–
Dividends paid		–	–	–	(21,968)	–	(21,968)
Total transactions with owners		**24,902**	**(13,719)**	**(22,951)**	**13,535**	**135**	**1,902**
Balance at 30 June 2022		**81,288**	**–**	**(74,956)**	**70,539**	**2,688**	**79,559**

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

The 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 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		220,219	217,241
Payments to suppliers and employees		(204,758)	(228,639)
Income tax refund		272	–
Interest and other costs of finance paid		(659)	(334)
Net cash provided by/(used in) operating activities	19	**15,074**	**(11,732)**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,606)	(822)
Proceeds on sale of property, plant and equipment		14	–
Dividends received		–	385
Acquisition of new business		(8,960)	(18,288)
Acquisition of Trout River, net of cash		–	(472)
Proceeds from sale of Trailer Solutions business, net of cash		–	4,973
Proceeds from sale of land and buildings		–	25,500
Net cash provided by/(used in) investing activities		**(10,552)**	**11,276**
Cash flows from financing activities			
Repayment of borrowings		(5,000)	(17,250)
Proceeds from borrowings		10,000	10,000
Proceeds from issue of share capital		–	23,735
Dividends paid		(2,215)	(21,968)
Payment of leases		(5,207)	(4,651)
Net cash used in financing activities		**(2,422)**	**(10,134)**
Net decrease in cash		2,100	(10,590)
Cash and cash equivalents at beginning of year		11,852	22,442
Cash and cash equivalents at end of year		**13,952**	**11,852**

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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

MaxiPARTS Limited (the 'Company') is a company domiciled in Australia and its registered office is 22 Efficient Drive, Truganina, Victoria. The consolidated financial statements of MaxiPARTS Limited as at and for the year ended 30 June 2023 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 24 August 2023.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

(d) Property, plant and equipment

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

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

(i) Leased assets

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

(ii) Depreciation

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

	2023	2022
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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(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.

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

(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 assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least at each annual reporting date. Other intangible assets are amortised from the date that they are available for use.

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

	2023	2022
Förch Distribution agreement	14 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

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

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

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(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) 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. Refer accounting policy (l) for details of the recognition and measurement criteria applied.

(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.

(iv) Recovery of deferred tax assets

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.

(v) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its distribution agreement based on known facts & circumstances regarding past renewal pattern. The useful lives could change should the licensor elects not to renew the agreement. The amortisation charge will increase where the useful lives are less than previously estimated lives.

(vi) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(v) 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.

(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 2023 was 1% (2022: -2%). 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.

(w) Segment reporting

Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to or reviewed by the Group's chief operating decision maker which, for the Group, is the Managing Director. In this regard, such information is provided using different measures to those used in preparing the consolidated statement of profit or loss and consolidated balance sheet. 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 2023. The Group will continue to assess this requirement each reporting period.

(x) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(y) Leases

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

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

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

(z) 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.

(aa) 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.

2. NOTES TO THE STATEMENT OF PROFIT AND LOSS

(a) Revenue

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

	Consolidated	
	2023 $'000	2022 $'000
Type of Good or Service		
Sale of parts (point in time sale)	201,677	152,767
Total Group Revenue	**201,677**	**152,767**
Geographical Market		
Australia	201,677	152,767
Total Group Revenue	**201,677**	**152,767**

(b) Employee and Contract labour expenses

	Consolidated	
	2023 $'000	2022 $'000
Employee and contract labour expenses:		
Employee expenses	27,276	20,229
Superannuation expense	2,376	1,693
Contract labour expenses	1,180	687
Total employee and contract labour expenses	**30,832**	**22,609**

(c) Depreciation & Amortisation, Finance Costs and Other Expenses

	Consolidated	
	2023 $'000	2022 $'000
Depreciation and Amortisation		
Depreciation and Amortisation	1,014	583
Lease Depreciation	4,594	3,970
Total Depreciation and Amortisation	**5,608**	**4,553**
Finance Costs		
Interest Expenses	659	327
Lease Interest	1,341	1,092
Total Finance Costs	**2,000**	**1,419**

2. NOTES TO THE STATEMENT OF PROFIT AND LOSS continued

(d) The following specific items are included in other expenses

	Consolidated	
	2023 $'000	2022 $'000
Net foreign exchange loss	42	225
Significant items	357	1,381
Share-based payments expense	137	135
Inventory write-off	399	141

3. TAXATION

	Consolidated	
	2023 $'000	2022 $'000
(a) Income tax		
Reconciliation of tax expense/(benefit)		
Prima facie tax payable on profit/(loss) before tax at 30% (2022:30%)	2,854	(1,417)
Add/(deduct) tax effect of:		
Non-deductible expenditure	260	754
Under/(over) provision in prior year	421	(228)
Unrecoverable deferred tax asset write-off (NZ entity)	–	1,208
Impact of tax rates in foreign jurisdictions	–	(112)
	681	1,622
Income tax expense in consolidated profit or loss	**3,535**	205
Income tax expense attributable to the Group's profit is made up of:		
Current tax expense/(benefit)	3,070	(13,440)
Prior year under/(over) provision	375	(251)
Deferred tax expense		
– origination and reversal of temporary difference	44	13,873
– prior year under/(over) – deferred differences	46	23
Income tax expense in consolidated profit or loss	**3,535**	**205**
(b) Income tax expense is made up of:		
Income tax expense on continuing operations	3,160	2,429
Income tax benefit on discontinued operations	375	(2,224)
Income tax expense on consolidated profit or loss	**3,535**	**205**

3. TAXATION continued

	Consolidated	
	2023 $'000	**2022 $'000**
(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	3,142	2,823
– Property, plant and equipment	(748)	(247)
– Leases	571	362
– Intangible assets	(1,910)	–
– Other	559	634
– Tax losses carried forward	13,228	16,169
Net deferred tax asset	**14,842**	**19,741**
Balance at beginning of year	19,741	20,924
Recognised in profit or loss	(90)	(13,873)
Deferred tax on acquisition	(1,868)	–
Tax losses raised	–	14,885
Tax losses utilised	(2,941)	(2,195)
Net deferred tax asset	**14,842**	**19,741**

(d) Current tax asset/(liability)

The Group's current tax asset of nil (2022: $743k), and current tax liability of ($347k) (2022: nil) represents the amount of income taxes receivable/(payable) in respect of current and prior financial periods.

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 2023			Consolidated 2022		
	Gross $'000	**Impairment $'000**	**Total $'000**	**Gross $'000**	**Impairment $'000**	**Total $'000**
Trade debtors						
Not past due	26,320	–	26,320	24,635	–	24,635
Past due 0-30 days	1,867	–	1,867	1,220	–	1,220
Past due 31-60 days	222	(36)	186	245	(70)	175
Past due over 61 days	60	(199)	(139)	(21)	(104)	(125)
Trade receivables	**28,469**	**(235)**	**28,234**	**26,079**	**(174)**	**25,905**
Other receivables			2,852			2,285
Total trade and other receivables			**31,086**			**28,190**

4. TRADE AND OTHER RECEIVABLES continued

(b) Movements in expected credit loss

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

	Consolidated	
	2023 $'000	2022 $'000
Opening balance	174	476
Additional provisions recognised	279	64
Receivables written off during the year as uncollectable	(218)	(366)
Closing balance	**235**	**174**

5. INVENTORIES

	Consolidated	
	2023 $'000	2022 $'000
Finished goods – at cost	52,581	46,275
Less: provision for decrease to net realisable value	(822)	(1,151)
Total inventories	**51,759**	**45,124**

6. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2023 $'000	2022 $'000
Plant and Equipment		
Plant and equipment at cost	8,132	6,776
Accumulated depreciation and impairment losses	(5,536)	(4,992)
Subtotal plant and equipment	**2,596**	**1,784**
Office equipment at cost	4,732	4,011
Accumulated depreciation and impairment losses	(3,918)	(3,371)
Subtotal office equipment	**814**	**640**
Leased property, plant and equipment	949	531
Accumulated depreciation and impairment losses	(189)	(45)
Subtotal leased property, plant and equipment	**760**	**486**
Capital work in progress	31	450
Total property, plant and equipment	**4,201**	**3,360**

6. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliations

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

	2023 $'000	2022 $'000
Plant and equipment		
Carrying amount at the beginning of the financial year	1,784	1,202
Additions/Acquired	1,176	926
Transfers from capital works in progress	106	72
Disposals	–	(66)
Depreciation	(470)	(350)
Carrying amount at the end of the financial year	**2,596**	**1,784**
Office equipment		
Carrying amount at the beginning of the financial year	640	591
Additions/Acquired	205	478
Transfers from capital works in progress	344	36
Disposals	–	(248)
Depreciation	(375)	(217)
Carrying amount at the end of the financial year	**814**	**640**
Leased property, plant and equipment		
Carrying amount at the beginning of the financial year	486	–
Additions/Acquired	411	574
Amortisation	(137)	(16)
Disposals	–	(72)
Carrying amount at the end of the financial year	**760**	**486**
Capital works in progress		
Carrying amount at the beginning of the financial year	450	108
Additions	31	450
Transfers to property, plant and equipment	(450)	(108)
Carrying amount at the end of the financial year	**31**	**450**

7. INTANGIBLES

		Consolidated	
		2023 $'000	**2022 $'000**
Goodwill at cost		21,498	18,091
Impairment losses		(9,065)	(9,065)
		12,433	**9,026**
Distribution agreement cost		6,400	–
Amortisation		(32)	–
		6,368	–
Total intangibles		**18,801**	**9,026**
Goodwill			
Carrying amount at the beginning of the financial year		9,026	7,633
Additions	25	3,407	1,393
Carrying amount at the end of the financial year		**12,433**	**9,026**
Distribution agreement			
Carrying amount at the beginning of the financial year		–	–
Additions	25	6,400	–
Amortisation		(32)	–
Carrying amount at the end of the financial year		**6,368**	**–**

Impairment tests for Goodwill and Other Intangibles

Management has considered the requirements under the accounting standards with regards to the Förch Australia acquisition and concluded that the business purchased will create a new and separate CGU from the existing MaxiPARTS Operations 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 2023 was determined similarly to the 30 June 2022 goodwill impairment test and was based on the following key assumptions:

	MaxiPARTS Operations		Förch Australia	
CGU	**2023**	**2022**	**2023**	**2022**
Growth rate average	4.0%	2.75%	4.0%	n/a
Terminal growth rate	2.00%	2.00%	2.00%	n/a
Pre-tax nominal discount rate	14.48%	14.00%	21.37%	n/a

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. Management believe that a reasonable possible change in assumptions would not cause the carrying value of either CGU to exceed its recoverable amount.

8. TRADE AND OTHER PAYABLES

	Consolidated 2023 $'000	Consolidated 2022 $'000
Trade payables	25,606	19,966
Other payables and accruals	6,242	5,853
Total trade and other payables	**31,848**	**25,819**

Refer to note 22 for further information on financial instruments.

9. INTEREST BEARING LOANS AND BORROWINGS

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current			
Bank loans – secured	22(d)	15,000	10,000
Total non-current interest-bearing liabilities		**15,000**	**10,000**

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 2023 $'000	Consolidated 2022 $'000
Finance costs:		
– Interest on bank loans	659	327
Total finance costs	**659**	**327**

10. PROVISIONS

(a) Provision balance

		Consolidated	
	Note	2023 $'000	2022 $'000
Current			
Employee entitlements		3,785	3,131
Warranty MaxiPARTS		248	329
Warranty – discontinued operations	24(d)	1,700	2,000
Total current provisions		**5,733**	**5,460**
Non-current			
Employee entitlements		394	319
Warranty – discontinued operations	24(d)	300	–
Total non-current provisions		**694**	**319**
Aggregate employee entitlements liability		**4,179**	**3,450**
Aggregate warranty provision		**2,248**	**2,329**

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.

(b) Warranty – MaxiPARTS

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts. Refer to note 24(d) for information on warranty relating to discontinued operations.

Movements in Warranty – MaxiPARTS provision are set out below:

Warranty provision at 30 June 2023 is analysed as follows:	Warranty $'000
Carrying amount at 1 July 2022	329
Provisions made during the year	119
Provisions released during the year	(200)
Carrying amount at 30 June 2023	**248**

11. ISSUED CAPITAL

	Number of Ordinary Shares	Issue Price	Share Capital $'000
Balance at 30 June 2022	47,396,982	–	81,288
Dividend reinvestment	215,648	2.22	478
Performance rights vested and exercised	85,682	–	–
Balance at 30 June 2023	**47,698,312**		**81,766**

11. ISSUED CAPITAL continued

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; and
- 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	
	2023 $'000	**2022 $'000**
Earnings reconciliation		
Net profit/(loss) attributable to equity holders of the Company	5,938	(4,932)
Basic earnings/(loss)		
From continuing operations	7,334	4,908
From discontinued operations	(1,396)	(9,840)
	5,938	**(4,932)**
Diluted earnings/(loss)		
From continuing operations	7,334	4,908
From discontinued operations	(1,396)	(9,840)
	5,938	**(4,932)**

	2023 Number	**2022 Number**
Weighted average number of shares		
Number of ordinary shares for basic earnings per share	47,470,515	40,928,976
Number of ordinary shares for diluted earnings per share	47,470,515	40,928,976

13. DIVIDENDS

Dividends paid	Cents Per Share	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit	Percent Franked
Final dividend for 2022	2.50	1,185	19-Sep-22	30%	100%
Interim dividend for 2023	3.17	1,508	20-Mar-23	30%	100%
Total dividends paid		2,693			
Dividends proposed					
Final – ordinary	3.22	1,536	15-Sep-23	30%	100%

The above dividend was determined after the end of the financial year and will be paid on 15 September 2023. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2023 and will be recognised in subsequent financial statements.

	The Company	
Dividend franking account	**2023 $'000**	**2022 $'000**
Franking credits available to shareholders of MaxiPARTS Limited for subsequent financial years	6,492	7,918

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 $658k.

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; and
- 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:

Period	1 July 2022 – 30 June 2025	1 July 2021 – 30 June 2024	1 July 2020 – 30 June 2023
Grant date	20 Oct 2022	3 Nov 2021	23 Nov 2020
Total PRs issued	170,506	113,349	1,227,601
Total PRs forfeited	–	29,439	1,036,879
Total PRs remaining on issue	170,506	83,910	190,722
Target ROIC	n/a	n/a	12.50%
Minimum % of ROIC target that must be achieved for Performance Rights to vest	n/a	n/a	67.0%
Minimum Economic Value Add (EVA)	$4.42m	$4.17m	n/a
Target increase in EVA	$6.60m	$6.22m	n/a
Minimum % of EVA target that must be achieved for Performance Rights to vest	67.0%	67.0%	n/a
Minimum service requirement	3 years from grant date	3 years from grant date	3 years from grant date

14. SHARE BASED PAYMENTS continued

Details of PRs exercised	1 July 2022 – 30 June 2025	1 July 2021 – 30 June 2024	1 July 2020 – 30 June 2023
Total PRs granted	170,506	113,349	1,227,601
Total PRs forfeited	–	29,439	1,036,879
Total PRs exercised	–	–	–
Total PRs remaining on issue	170,506	83,910	190,722

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:

	2023	2022	2021
Fair value at grant date	$2.01	$3.63	$1.80
Share price at grant date	$2.13	$3.85	$1.80
Expected volatility	65.0%	65.0%	65.0%
Expected dividend yield	2.0%	2.0%	0.0%
Risk–free rate of return	3.6%	0.9%	0.1%

	Consolidated	
Expense/(income) recognised in profit and loss	**2023 $'000**	**2022 $'000**
Share based payments expense recognised	137	135
Share based payments reversed	–	–
Total share based payment expense/(income) recognised as employee costs	**137**	**135**

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

- Mr R Wylie (Director since September 2008 – Chair since 30 June 2016, retired 12 May 2023);
- 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 2023); and
- 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 acquired 109,852 (2022: 73,936) 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.

(c) Key management personnel remuneration

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

	Consolidated	
	2023	**2022**
Short-term employee benefits	1,374,513	3,045,163
Post-employment benefits	111,796	230,156
Share based payment benefits/(income)	158,916	69,174
	1,645,225	**3,344,493**

(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 2023 and throughout the financial year ending on that date, the parent company of the Group was MaxiPARTS Limited.

	Company	
	2023 $'000	**2022 $'000**
Results of the parent company		
Loss for the year	(5,931)	(4,244)
Total comprehensive income	**(5,931)**	**(4,244)**
Financial position of the parent company		
Current assets	84,724	89,645
Total assets	122,909	125,736
Current liabilities	3,905	3,734
Total liabilities	18,950	13,768
Net assets	**103,959**	**111,968**
Total equity of the parent company comprising of:		
Issued capital	81,766	81,288
Reserves	636	498
Retained earnings	21,557	30,182
Total equity	**103,959**	**111,968**

(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 2023 and 30 June 2022.

(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:

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

17. CONTROLLED ENTITIES

MaxiPARTS Limited	Country of Incorporation	Class of Shares	Interest Held 2023 %	Interest Held 2022 %
Controlled entities of MaxiPARTS Limited				
MaxiPARTS Operations Pty Ltd (formerly MaxiPARTS Pty Ltd)	Aust.	Ord.	100	100
– Colrain Queensland Pty Ltd	Aust.	Ord.	100	100
– Colrain (Albury) Pty Ltd	Aust.	Ord.	100	100
– MaxiPARTS (Qld) Pty Ltd	Aust.	Ord.	100	100
Förch Australia Pty Ltd	Aust.	Ord.	80	–
MaxiPARTS Australia Pty Ltd (formerly MaxiTRANS Australia Pty Ltd) (i)	Aust.	Ord.	100	100
– ACN 159 813 733 Pty Ltd (i)	Aust.	Ord.	100	100
– MaxiPARTS Services Pty Ltd (i)	Aust.	Ord.	100	100
Transtech Research Pty Ltd (i)	Aust.	Ord.	100	100
MaxiPARTS Industries (N.Z.) Pty Ltd (formerly MaxiTRANS Industries (N.Z.) Pty Ltd) (i)	Aust.	Ord.	100	100
ACN 073 705 263 PTY LTD (i)	Aust.	Ord.	100	100

(i) Dormant entity.

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 2023 is set out as follows:

Consolidated statement of comprehensive income

	2023 $'000	2022 $'000
Continuing Operations		
Total revenue	200,478	152,767
Changes in inventories of finished goods and work in progress	3,503	2,013
Raw materials and consumables used	(145,927)	(110,756)
Other income	361	116
Employee expenses	(30,510)	(22,609)
Depreciation and amortisation expenses	(5,576)	(4,553)
Finance costs	(1,999)	(1,419)
Other expenses	(10,041)	(8,222)
Profit before income tax from continuing operations	10,289	7,337
Income tax expense	(3,077)	(2,429)
Profit from continuing operations	**7,212**	**4,908**
Discontinued Operations		
Loss from discontinued operations before income tax	(1,021)	(12,299)
Income tax benefit from discontinued operations	(375)	2,224
Profit/(Loss)for the year	**5,816**	**(5,167)**
Other comprehensive income		
Items that may subsequently be re-classified to profit or loss:		
Net exchange difference on translation of financial statements of foreign operations	–	(64)
Cashflow hedge reserve	–	153
Other comprehensive income for the year, net of tax	–	89
Total comprehensive income/(loss) for the year	**5,816**	**(5,078)**
Profit/(Loss) attributable to: Equity holders of the Company	5,816	(5,167)
Total comprehensive income/(loss) attributable to: Equity holders of the Company	5,816	(5,078)

18. DEED OF CROSS GUARANTEE continued

Consolidated statement of financial position

	Consolidated 2023 $'000	2022 $'000
Current Assets		
Cash and cash equivalents	13,746	11,852
Trade and other receivables	25,933	24,461
Inventories	49,117	45,124
Current tax assets	–	743
Other	1,720	325
Financial asset	4,000	–
Total Current Assets	**94,516**	**82,505**
Non-Current Assets		
Property, plant and equipment	3,983	3,360
Intangible assets	8,995	9,026
Right of use asset		23,265
Financial asset	–	4,000
Investments in controlled entities	12,045	2,919
Deferred tax assets	16,710	19,741
Total Non-Current Assets	**71,823**	**62,311**
Total Assets	**166,339**	**144,816**
Current Liabilities		
Trade and other payables	30,636	25,819
Current tax liability	–	–
Provisions	5,839	5,460
Lease liability	4,166	4,491
Total Current Liabilities	**40,641**	**35,770**
Non-Current Liabilities		
Interest bearing loans and borrowings	15,000	10,000
Provisions	394	319
Lease liability	27,878	19,980
Total Non-Current Liabilities	**43,272**	**30,299**
Total Liabilities	**83,913**	**66,069**
Net Assets	**82,426**	**78,747**
Equity		
Issued capital	81,766	81,288
Reserves	2,825	2,688
Retained profits/(accumulated losses)	(2,165)	(5,229)
Equity attributable to equity holders of the parent	**82,426**	**78,747**
Total Equity	**82,426**	**78,747**

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	
	2023 $'000	**2022 $'000**
Profit/(loss) for the year	5,977	(4,932)
Non-cash items in operating profit		
Depreciation and amortisation of assets	5,608	4,553
(Gain)/loss on sale of property, plant and equipment	(14)	141
Loss on sale of discontinued operations	–	3,623
Gain on sale of land and buildings	–	(306)
AASB16 *Lease Interest*	1,341	1,648
(Gain)/loss on derecognition of ROU asset	20	(2)
Share based payments expense	137	135
Change in assets and liabilities		
(Increase)/decrease in receivables	(1,354)	879
(Increase)/decrease in other assets	(1,495)	(66)
(Increase)/decrease in inventories	(3,862)	(2,157)
Increase/(decrease) in trade payables and other liabilities	4,384	(13,484)
Increase/(decrease) in current tax assets	826	(1,230)
Increase/(decrease) in provisions	475	1,552
Increase/(decrease) in deferred taxes	3,031	(2,086)
Net cash provided by/(used in) operating activities	**15,074**	**(11,732)**

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

(b) Non-cash investing and financing activities

	Consolidated	
	2023 $'000	**2022 $'000**
Additions to the right-of-use assets	14,586	12,340
Shares issued via dividend reinvestment plant	478	1,167
Shares issued under employee share plan	137	135
	15,201	**13,642**

19. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS continued

(c) Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Lease liability $'000	Total $'000
Balance at 1 July 2021	17,250	17,643	34,893
Net cash used in financing activities	(7,250)	(4,651)	(11,901)
Acquisition of leases	–	12,486	12,486
Other changes	–	(1,007)	(1,007)
Balance at 30 June 2022	**10,000**	**24,471**	**34,471**
Net cash from/(used in) financing activities	5,000	(5,207)	(207)
Acquisition of leases	–	14,621	14,621
Other changes	–	866	866
Balance at 30 June 2023	**15,000**	**34,751**	**49,751**

20. CAPITAL AND LEASING COMMITMENTS

(a) Right-of-use assets

	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**

	Consolidated		
	Property leases $'000	**Other assets $'000**	**Total $'000**
Balance at 1 July 2021	15,289	1,556	16,845
Additions during the year	11,253	1,087	12,340
Disposals during the year	(1,892)	(58)	(1,950)
Depreciation charge for the year	(3,141)	(829)	(3,970)
Balance as at 30 June 2022	**21,509**	**1,756**	**23,265**

20. CAPITAL AND LEASING COMMITMENTS continued

(b) Lease liabilities

	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**

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

(c) Amounts recognised in profit or loss

	Consolidated	
	2023 $'000	2022 $'000
Depreciation expense of right-of-use assets	4,594	3,970
Interest expense on lease liabilities	1,341	1,092
Total	**5,935**	**5,062**

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 onto 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	
	2023 $'000	**2022 $'000**
Borrowings – floating rate	15,000	10,000
	15,000	**10,000**

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:

	2023 $'000	**2022 $'000**
100bp increase	(105)	(70)
100bp decrease	105	70

(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.

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	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
USD	0.6651	0.6892	4,416	4,121	6,640	5,979	15	9
EUR	0.6066	0.6690	457	53	753	79	(3)	1
CHN	4.5990	4.6618	10,919	11,746	2,374	2,520	(100)	27
JPY	90.5988	93.5020	79,444	3,817	878	41	(41)	1
					10,645	**8,619**	**(129)**	**38**

22. FINANCIAL INSTRUMENTS continued

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	
	2023 $'000	**2022 $'000**
USD 10.0 cents increase	608	530
USD 10.0 cents decrease	(823)	(710)
EUR 10.0 cents increase	75	7
EUR 10.0 cents decrease	(104)	(10)
CNH 10.0 cents increase	35	37
CNH 10.0 cents decrease	(37)	(39)
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. The majority of accounts receivable are due from entities within the broad road transport industry.

Guarantees

Performance guarantees of $2,420,307 (2022: $2,166,231) are held by Commonwealth Bank of Australia.

(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 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)**

22. FINANCIAL INSTRUMENTS continued

30 June 2022 – Consolidated	Carrying amount $'000	Total $'000	6 months or Less $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	5+ Years $'000
Trade and other payables and accruals	(25,819)	(25,819)	(25,819)	–	–	–	–
Borrowings	(10,000)	(10,918)	(204)	(204)	(408)	(10,102)	–
Lease Liability	(24,471)	(31,733)	(2,595)	(2,453)	(4,377)	(10,732)	(11,576)
Effect of derivative instruments							
Forward exchange contracts							
– inflow	8,619	8,619	8,619	–	–	–	–
– outflow	(8,656)	(8,656)	(8,656)	–	–	–	–
	(60,327)	**(68,507)**	**(28,655)**	**(2,657)**	**(4,785)**	**(20,834)**	**(11,576)**

Finance facilities

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

	Facility Amount		Utilised		Available	
Consolidated	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Loan facility	20,000	10,000	15,000	10,000	5,000	–
Overdraft facility	1,000	1,000	–	–	1,000	1,000
Multi-option facility	2,600	2,600	2,420	2,166	180	434
Corporate card facility	250	250	117	96	133	154
Asset finance	1,000	–	–	–	1,000	–
	24,850	**13,850**	**17,537**	**12,262**	**7,313**	**1,588**

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.

Australian loan facilities of $24.85m mature as follows, subject to continuing compliance with the terms of the facilities:

- $1m overdraft facility subject to annual renewal and cancellable on demand;
- $2.6m subject to annual renewal and cancellable on demand;
- $0.25m corporate card facility subject to annual renewal;
- $1m asset finance facility subject to annual renewal and cancellable on demand; and
- $20m 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 new bank facility agreement, the covenants measures remain unchanged, with the exception of an increase in EBITDA targets that are stepped up over the next 2 years 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 2023.

22. FINANCIAL INSTRUMENTS continued

(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 2023.

- 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; and
- 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 and interest rate swaps at balance date is as follows:

	Consolidated	
	2023 $'000	**2022 $'000**
Derivative assets	–	38
Derivative liabilities	(129)	–

23. REMUNERATION OF AUDITOR

	Consolidated	
Remuneration of auditor	**2023 $**	**2022 $**
Remuneration of the auditor for:		
– auditing and reviewing the financial statements – Group (KPMG)	72,645	370,969
– auditing and reviewing the financial statements – Group (HLB Mann Judd)	150,000	–
– auditing and reviewing the financial statements – controlled entities (HLB Mann Judd)	30,900	–
– taxation and advisory (KPMG)	112,726	80,596
	366,271	**451,565**
Overseas KPMG Firms:		
– taxation and advisory	7,408	9,261
	7,408	**9,261**
Total auditor remuneration	**373,679**	**460,826**

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 2023 are present below:

(a) Results of discontinued operation

	Note	2023 $'000	2022 $'000
Discontinued operation			
Revenue		–	43,845
Other income		–	98
Loss on sale of discontinued operations		41	(3,623)
Gain on sale of land and buildings		–	306
Lease interest		–	(556)
Other expenses		(1,062)	(52,134)
Loss before income tax		**(1,021)**	**(12,064)**
Income tax benefit/(expense)	3(b)	(375)	2,224
Profit/(Loss) from discontinued operation, net of tax		**(1,396)**	**(9,840)**

(b) Cash flows from discontinued operation

	2023 $'000	2022 $'000
Discontinued operation		
Net cash outflows from operating activities	(1,062)	(11,583)
Net cash inflows from investing activities	–	29,927
Net cash outflows from financing activities	–	(861)
Net cash inflow/(outflows) discontinued operation	(1,062)	17,483

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

The consolidated statement of financial position as at 30 June 2023 includes a receivable (recognised within trade and other receivables) of $2.4m in relation to the final sale price completion accounts process between MaxiPARTS and ATSG. The outstanding receivable amount of $2.4m has been ruled upon by a jointly appointed independent accountant in accordance with the requirements under the Sale Agreement and is payable by ATSG and the Group has pursued the outstanding receivable from ATSG. ATSG have not paid the outstanding amount on the basis they believe they have offsetting Warranty claims related to the transaction that amount to approximately $5.0m. MaxiPARTS has filed a claim with the Supreme Court for the $2.4m owed (further details provided in Note 24d).

The consolidated statement of financial position at 30 June 2023 also includes a deferred consideration receivable (recognised within financial assets) from ATSG for $4.0m, the receivable has a maximum term of two years from the completion date of 31 August 2021, with interest chargeable at 3% pa for the first 6 months, 5% pa for the next 6 months and 8% pa thereafter.

24. DISCONTINUED OPERATIONS

(d) Other liabilities or contingent liabilities related to the sale of the Trailer Solutions business

ATSG assumed all liabilities of the Trailer Solutions business with the exception of Trade Creditors which have subsequently been paid by the Group, and a cap limiting the amount of Customer Warranties exposure to ATSG to $2.35m. The Group took an Statements for the year-ended 30 June 2022, increasing the total estimated warranty expenditure to $4.35m. The additional provision was reported in the results of discontinued operations. The provision amount was estimated based on analysis of the Trailer warranty expenditure incurred to date and applying the expenditure profile to the Trailers for the remaining warranty period. The provision remained unchanged for the year ended 30 June 2023.

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.

As mentioned in note 24c, MaxiPARTS has filed a claim with the Supreme Court for the $2.4m owed. ATSG has filed a counter claim with the Supreme Court for a proposed breach of Sellers Warranty. MaxiPARTS has submitted its reply and defence to ATSG's counterclaim on 19th May 2023. MaxiPARTS denies the allegations in the counterclaim 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 the item. Both parties are now workings towards submissions for further discovery requests, with an expectation that the next step in the process will be a mediation process to be scheduled at the next directions hearing on 6 October 2023.

25. BUSINESS COMBINATION

On 31 May 2023, the Group entered into a Share Sale (Purchase) Agreement to acquire 80% of Förch Australia Pty Ltd, a distributor of workshop consumables, predominantly focused on automotive and commercial vehicle workshops. Förch Australia is an adjacent product opportunity for MaxiPARTS providing immediate incremental improvements to both profit margins and earnings per share metrics with significant opportunity to add further scale in the coming years. 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")

The purchase consideration was $9.1m, with $9.6m paid on the acquisition date, and $(0.5m) in working capital adjustments (recorded as receivable at reporting date). The purchase price included the net asset value of $2.7m, and $6.4m ($4.5m net of tax) identifiable intangible asset in relationship to the exclusive distribution agreement between Theo Förch GmbH (Förch Germany) & Co. KG & Förch Australia. The transaction has resulted in the recognition of $3.4m of Goodwill and recorded a non-controlling interest of ($1.4m) equating to 20% of net assets.

MaxiPARTS Limited meets the required definition of controlling party under the terms defined within the Shareholders agreement, with the acquisition of 80% of Förch Australia Pty Ltd. The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The acquired business contributed revenues of $1.2m and a new profit before tax, and before minority interests, of $0.27m to the Group for the period from 1 June 2023 to 30 June 2023.

25. BUSINESS COMBINATION continued

The fair value of the identifiable assets and liabilities of Förch Australia Pty Ltd as at the date of acquisition were:

	Fair value recognised on acquisition $'000
Cash & cash equivalents	166
Trade receivables	1,543
Inventories	2,773
Right to use asset	2,707
Property, plant and equipment	217
Identifiable intangible assets	6,400
Deferred tax asset	52
Total assets	**13,858**
Trade creditors	(1,296)
Lease liability	(2,707)
Other payables	(239)
Hire purchase	(110)
Employee entitlements	(173)
Tax provision	(264)
Deferred tax liability	(1,920)
Total Liabilities	**(6,709)**
Total identifiable net assets at fair value	**7,149**
Non-controlling interest (20% of net assets)	(1,430)
Goodwill	3,407
Purchase consideration transferred	**9,126**
Purchase consideration transferred, net of cash	**8,960**

The goodwill is attributable to Förch Australia being predominantly a Western Australia based business with a smaller (newer) site in Victoria that, with MaxiPARTS support, can look to emulate the successful Western Australia model across the rest of Australia.

The identifiable intangible asset assigned to the Förch Distribution Agreement will be amortised over 14 years. None of the goodwill recognised or identifiable intangible asset is expected to be deductible for tax purposes.

Management considers the Business Combination for the Förch Australia acquisition to be 'closed' at 30 June 2023 as the completion process has been finalised.

26. NON-CONTROLLING INTEREST

Refer to note 25 for details on non-controlling interest.

	2023 $'000	2022 $'000
Opening balance		
80% acquisition – Förch Australia Pty Ltd	1,430	–
Non-controlling interest profit for the financial year	39	–
Closing balance	**1,469**	**–**

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 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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 2023. 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 the 31 May 2023, MaxiPARTS acquired an 80% stake in Förch Australia Pty Ltd. Final completion processes were agreed between parties on 9th August 2023 and included in the accounts at 30 June 2023. Management considers the Business Combination for the Förch Australia acquisition to be 'closed' at 30 June 2023.

Apart from 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 2023.

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2023

HLB MANN JUDD

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 2023, 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, 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 2023 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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Key Audit Matter	How our audit addressed the key audit matter
Business Combination Accounting Refer to Note 25 *Business Combination*	
During the year, the Group acquired Förch Australia Pty Ltd ("FA") for a purchase consideration of $9.126 million. This was considered a significant purchase for the Group. Accounting for this transaction 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 distribution agreement. It is due to the size of the acquisition and the estimation process involved in accounting for it, that this is a key area of audit focus.	Our procedures included, amongst others: • we read the Share Sale Agreement and Business Asset Sale Deed to understand key terms and conditions and nature of the purchase consideration; • 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 distribution agreement; • we used our valuation expert to evaluate the assumptions and methodology applied with reference to external benchmarks (for example discount rates) and to consider the assumptions based on our knowledge of the Group and its industries; • we evaluated the acquisition accounting, including the purchase consideration against the requirements of Australian Accounting Standards; • we performed testing on the Group's fair value adjustments to confirm they aligned to the agreed completion balance sheet; • we recalculated the acquisition balance sheet as a result of the transaction and compared it to the amounts recognised by the Group; and • we assessed the adequacy of the Group's adopted disclosures for compliance with the requirements of Australian Accounting Standards.
Recognition and recoverability of deferred tax assets Refer to Note 3 *Taxation*	
The Group had recognised $14.8 million of net deferred tax assets as at 30 June 2023, of which approximately $13.2 million is related to carry forward tax losses. Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits. We focussed on this matter because of the impact on the financial report and because significant judgement is	Our procedures included, amongst others: • we obtained calculations of forecast taxable income for the next five years and agreed these to the latest Board approved budget and forecast; • we compared the latest Board approved budget to historical performance to assess the consistency and accuracy of the Group's approach to budgeting as compared to prior periods; • we challenged management's key assumptions in the cashflow budget and forecasts; • we recalculated the net deferred tax asset balances which comprise a combination of temporary differences between tax and accounting values and tax losses and taking into account the associated impact related to the *Business Combination* accounting; • with input from our tax experts, we reviewed management's assessment of the continuity of

required to assess whether there will be sufficient future taxable profits to utilise the recognised deferred tax assets.	ownership test; • we assessed whether deferred tax assets had been appropriately recognised in the financial report as at 30 June 2023 based on the extent to which they can be recovered against future taxable profits; and • we assessed the adequacy of the Group's adopted disclosures for compliance with 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 2023, 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 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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:

HLB MANN JUDD

- 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.
- 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 7 to 11 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of the Group for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

HLB MANN JUDD

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
Chartered Accountants

Jude Lau
Partner

Melbourne
24 August 2023

AUSTRALIAN STOCK EXCHANGE ADDITIONAL INFORMATION

For the year ended 30 June 2023

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

SHAREHOLDINGS

Substantial shareholders

The names of Company's substantial shareholders and the number of shares in which each has a relevant interest, as disclosed in substantial holding notices received by the Company as at 25 July 2023 are:

Name	25 Jul 2023	% of Units
NAOS Asset Management Ltd	10,920,058	22.9%
James Curtis	5,717,447	12.0%
HGT Investments Pty Ltd	5,587,968	11.7%
Spheria Asset Management Pty Limited	4,740,051	9.9%
Perpetual Limited	3,032,866	6.4%

Voting rights

As at 25 July 2023, there were 2,492 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 2023, there 190,723 unissued ordinary shares of the Company relating to vested Performance Rights.

Distribution of shareholders as at 25 July 2023

Category – no. of shares	No. of Shareholders	Units	% of Issued Capital
1 – 1,000	1,064	423,422	0.89%
1,001 – 5,000	887	2,230,961	4.68%
5,001 – 10,000	224	1,649,848	3.46%
10,001 – 100,000	284	7,351,838	15.41%
100,001 – over	33	36,042,243	75.56%
Total	**2,492**	**47,698,312**	**100.00%**

Shareholders with less than a marketable parcel

As at 25 July 2023, there were 311 shareholders holding less than a marketable parcel of 191 ordinary shares (based on the closing share price of $2.63 on 25 July 2023) in the Company totalling 20,821 ordinary shares.

On market buy-back

There is no current on-market buy-back.

TWENTY LARGEST SHAREHOLDERS

Ordinary Shares as at 25 July 2023

Name		Units	% of Units
1.	NATIONAL NOMINEES LIMITED	11,410,558	23.92
2.	HGT INVESTMENTS PTY LTD	5,587,968	11.72
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,467,620	7.27
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,255,585	6.83
5.	TRANSCAP PTY LTD	2,988,148	6.26
6.	CITICORP NOMINEES PTY LIMITED	1,995,198	4.18
7.	TOROA PTY LTD	933,699	1.96
8.	MAHATA PTY LTD <THE CURTIS FAMILY A/C>	794,479	1.67
9.	MR PETER ZINN <CAROL ZINN FAMILY NO2 A/C>	718,126	1.51
10.	TRANSCAP PTT LTD	598,962	1.26
11.	JOHN E GILL TRADING PTY LTD	398,965	0.84
12.	MR ERIC DEAN ROSS <THE ROSELLINOS S/FUND A/C>	335,159	0.70
13.	JOHN E GILL OPERATIONS PTY LTD	278,332	0.58
14.	JAMES R CURTIS	265,688	0.56
15.	G CHAN PENSION PTY LTD <CHAN SUPER FUND A/C>	260,684	0.55
16.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	240,910	0.51
17.	TANERKA PTY LTD <HOGEBOOM SUPER FUND A/C>	220,524	0.46
18.	RAIN CAPITAL PTY LTD <PULLEN FAMILY A/C>	220,000	0.46
19.	MR PETER ANDREW RONALDS <JINALDI FARMING NO1 A/C>	210,000	0.44
20.	G CHAN PENSION PTY LIMITED <CHAN SUPER FUND ACCOUNT>	198,042	0.42
Total ordinary fully paid shares – top 20 holders		**34,378,647**	**72.10**
Total remaining holders balance		**13,319,665**	**27.92**

CORPORATE DIRECTORY

COMPANY SECRETARY

Liz Blockley

REGISTERED OFFICE

22 Efficient Drive
Truganina VIC 3029

PRINCIPAL PLACE OF BUSINESS

22 Efficient Drive
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CONTACT DETAILS

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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

www.maxipartslimited.com.au