Rules 4.2A.3

Appendix 4D

Half Year Report

Name of entity

MAXIPARTS LIMITED

ABN 58 006 797 173	**Half Year Ended 31 December 2023**

Results for announcement to the market (All comparisons to half-year ended 31 December 2022)

				$A'000
Revenues from continuing activities	up	12.7%	to	111,733
Net profit/(loss) after tax (including significant items) attributable to members of the Company	down	-90.3%	to	396

Refer to the attached Directors' Report regarding commentary on revenue, earnings (including underlying results) and business outlook.

Dividends

Dividend	Amount per security	Franked amount per security
Interim Dividend – Ordinary shares	2.57	2.57
Previous corresponding period: Interim dividend – Ordinary shares	3.17	3.17
Record date for determining entitlements to the dividend.	29 February 2024	

Dividend reinvestment plan
MaxiPARTS operates a Dividend Reinvestment Plan (‘DRP’), which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. The DRP will be in operation for the FY24 interim dividend with the last day for elections under the DRP being 1 March 2024.

Net tangible assets

	31 Dec 23	30 June 23
Net Tangible Assets (cents per share)	116.29	138.55

Control gained over entities
Name of entity : Nineteen Group Pty Ltd and Independant Parts Pty Ltd
Date of control : 30 November 2023

Details of associates and joint venture
N/A

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

Attachments
The interim financial report of the Group for the half-year ended 31 December 2023 is attached.

Directors' Report for the half-year ended 31 December 2023

The Directors of MaxiPARTS Limited submit herewith the condensed consolidated financial statements for the half-year ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

Ms. Mary Verschuer	(Director since January 2019, Chair since 12 May 2023)
Mr. Peter Loimaranta	(Managing Director since 3 September 2021)
Mr. Gino Butera	(Director since 17 September 2021)
Ms. Debra Stirling	(Director since 29 August 2022)
Mr. Frank Micallef	(Director since 24 February 2023)

Principal activities

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

Group results summary

$'000	Dec 2023	Dec 2022	Variance $	Variance %
External sales	111,733	99,111	12,622	13%
Net Profit before Tax from Continuing Operations	4,321	5,034	(713)	-14%
Net Profit after Tax from Continuing Operations	**2,807**	**3,687**	**(880)**	**-24%**
Net Profit/ (Loss) (incl discontinued operations)	425	4,089	(3,664)	90%
Net Cash/(Debt)	**(17,983)**	**5,885**	**(23,868)**	**406%**

Review of operations

MaxiPARTS external sales of $111.7m increased by $12.6m, or 12.7%, over external sales from the prior corresponding period (pcp) of $99.1m. Sales growth for the groups underlying MaxiPARTS operations revenue was 13% for the period and was achieved through growth in sales from organic programs, effective management of pricing and success in acquiring new customers. Trading for the half started strongly in the Q1 period, however December trading was weaker than the normal seasonal slowdown, which flowed through to the profit performance for the half. Sales to the formerly owned Trailer Solutions business declined by (52%) from the pcp and was in line with expectations and previously communicated outlooks. Sales from the newly acquired Independant Parts business for the period (one month trading) was $3.3m and Förch Australia, including one month of sales from Förch Brisbane, was $7.1m.

MaxiPARTS reported a net profit before tax from Continuing Operations of $4.3m for the period, this represented a decrease from $5.0m in the pcp. When excluding significant items (costs associated with the acquisition completed during the period) the Group reported an adjusted net profit before tax from Continuing Operations of $5.1m, compared to $5.1m in pcp. The Group reported 21.6% growth in the Earnings before Interest, tax, depreciation and amortisation (EBITDA), with EBITDA of $10.7m, compared to $8.8m pcp, and pleasingly the EBITDA% increased to 9.6% (up from 8.9% in pcp), demonstrating solid improvement in the product margin mix on increased sales and focus on cost base during a time of high inflation. The Group did experience an increase in the cost base below the EBITDA line in areas of Lease Depreciation & Lease Interest from acquisitions, lease extensions and enhancement of the store network; Depreciation and Amortisation with acquired fixed assets and amortisation relating to the Förch Australia identifiable intangible asset, and interest – finance costs due to increased debt to fund acquisitions and increased interest rates.

The reportable profit for the period, including discontinued operations, was $0.4m, a decrease from $4.1m in the pcp. The Groups' discontinued operations reported a loss of ($2.4m) for the period, that includes a ($3.2m) impairment of the $6.4m assets related to the receivable on the purchase price and the vendor finance loan to ATSG, the buyer of the Trailer Solutions business. MaxiPARTS has provided further details on these items in the notes of these accounts, along with the most recent update on the ongoing dispute that was the subject of an ASX announcement released on 30 January 2024.

On 31st May 2023, MaxiPARTS acquired 80% of Förch Australia Pty Ltd, a distributor of workshop consumables predominately focused on automotive and commercial vehicle workshops and holds an exclusive Australian distribution agreement for all FÖRCH product. At the end of FY23, Förch Australia operated from two sites (Perth & Melbourne), and one independent distributor (Brisbane), Förch Brisbane. The business and assets of Förch Brisbane were acquired by Förch Australia on the 30 November 2023 for a purchase consideration of $2.1m. The Förch Australia segment reported $7.1m of sales for the period, with the Group focusing on implementing an accelerated investment plan for the segment to grow rapidly in the east coast of Australia by leveraging the larger MaxiPARTS business infrastructure and balance sheet to invest in inventory and staff in order to improve the national distribution of the product, focus on cross-over customer base and expanding into secure large national and multi-site accounts.

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

The two acquisitions during the period were funded from $16.2m in proceeds, net of costs for issue of share capital from a capital raise completed in November 2023, through existing cash and a $10.0m extension of the Group's current debt facility, taking the Groups total loan facility to $30.0m. The Group reported a closing net debt balance of ($18.0m), an increase in debt of $17.0m from the year-ended 30 June 2023.

Cashflow from operating activities of $2.7m represented a first half investment in working capital in the MaxiPARTS operations and Förch Australia segments. Inventories increased during the half to $70.1m, an increase $18.3m from the year ended 30 June 2023 balance of $51.8m, with $11.9m relating to acquisitions in the period, $2.0m increase in Förch Australia and a $4.4m increase in MaxiPARTS operations, the later typically sees an increase in inventories held in December over the full-year June position due to seasonality (Lunar New Year disruption) in the procurement cycle. The increased inventory, excluding seasonality component, relates to supporting accelerated growth in Förch Australia and continued low double-digit growth in the MaxiPARTS segment. Management will continue to focus on optimisation of inventory as it delivers on both integration activities for the recent acquisitions and continued delivery of the Groups organic programs.

Significant changes in the state of affairs

Other than items referred to in the review of operations, there were no other significant changes in the state of affairs of the Group during the financial half-year.

Outlook

With the prevailing economic uncertainty caused by the recent interest rate increases and 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.

Trading during December and January seasonal slowdown was weaker than internal expectations, but January still represented strong year-on-year growth over the corresponding pcp for the underlying MaxiPARTS business, as well as through acquired growth through Förch Australia and IP. February trading across the business has demonstrated a strong volume recovery after the seasonal slowdown but a level of uncertainty remains with the Groups full year outlook with varied views and results being reported in the general wider economy, in particular in the retail and construction markets.

The Group maintains its previously communicated outlook with:

- Low double digit revenue growth in the underlying MXP business on a full year basis,
- Low double digit revenue growth of acquired IP and Forch Brisbane business in H2 2024, when compared to the FY23 turnover announced at the time of acquiring the businesses,
- Greater than 20% revenue growth in the Förch Australia business,
- Continued decline in low margin revenue to ATSG (the previously owned Trailer solutions business) as we approach the end of the supply agreement, which is contracted to end in August 2024,
- EBITDA margin % to achieve greater than 10% for H2 2024

The Group has completed a series of acquisitions over the last 2 years that we believe provide significant opportunities to provide continued growth, along with improved operating margins. The second half of the year will see the Group continue to focus on integration activities in relation to the recent acquisitions and delivery of organic growth projects.

Dividend

A fully franked FY23 final dividend of 3.22 cents per share was paid during the period on 15 September 2023 totalling $1.535m.

A fully franked interim dividend of 2.57 cents per share has been proposed by the directors after reporting date with a record date of 29 February 2024 and a payment date of 26 March 2024 (compared to a 3.17 cents per share interim dividend declared for the H1 FY23 dividend). The Group's Dividend Reinvestment Plan ('DRP') will be in operation for the 2024 interim dividend with a 2.5% discount. The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2023 and will be recognised in subsequent financial reports.

Auditor's independence declaration

The independence declaration of our auditor, HLB Mann Judd, in accordance with s.307C of the Corporations Act 2001 is set out on page 5 for the half year ended 31 December 2023 and forms part of the Directors' report.

Rounding of amounts

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

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

Peter Loimaranta
Managing Director

Melbourne, 22 February 2024

DIRECTORS' DECLARATION

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

1 the interim condensed consolidated financial statements and notes set out on pages 7 to 17, are in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Mary Verschuer
Chair

Peter Loimaranta
Managing Director

Melbourne, 22 February 2024

Auditor’s independence declaration

As lead auditor for the review of the interim consolidated financial report of MaxiPARTS Limited (“the Company”) and its controlled entities (“the Group”) for the half-year ended 31 December 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 review; and

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

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

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
22 February 2024

hlb.com.au

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MaxiPARTS LIMITED

ABN 58 006 797 173

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Note	Consolidated 31 Dec 23 $'000	31 Dec 22 $'000
Continuing Operations			
Revenue	2(a)	111,733	99,111
Changes in inventories of finished goods and work in progress		7,107	2,143
Raw materials and consumables used		(82,443)	(72,894)
Other income		230	160
Employee and contract labour expenses	2(b)	(19,550)	(14,830)
Warranty reversals/(expenses)		(7)	157
Depreciation and amortisation expenses	2(c)	(4,032)	(2,691)
Finance costs	2(c)	(1,595)	(966)
Other expenses	2(d)	(7,122)	(5,156)
Profit/(Loss) before income tax from continuing operations		**4,321**	**5,034**
Income tax expense	3(b)	(1,514)	(1,347)
Profit/(Loss) from continuing operations		**2,807**	**3,687**
Profit/(Loss) from discontinued operations net of tax	5(a)	(2,382)	402
Profit/(Loss) for the period		**425**	**4,089**
Total comprehensive income / (loss) for the period		**425**	**4,089**
Profit/(Loss) attributable to:			
Equity holders of the parent		396	4,089
Non-controlling interests		29	-
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		396	4,089
Non-controlling interests		29	-
Earnings / (Loss) per share:			
Basic and Diluted earnings per share (cents per share) - Total		0.80	8.62
Basic and Diluted earnings per share (cents per share) - Continuing operations		5.69	7.77
Basic and Diluted earnings per share (cents per share) - Discontinued operations		(4.83)	0.85

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 Dec 23 $'000	30 Jun 23 $'000
Current Assets			
Cash and cash equivalents		12,017	13,952
Trade and other receivables		29,411	28,685
Inventories		70,067	51,759
Other		4,153	1,823
Financial asset	5(c)	3,201	6,401
Total Current Assets		**118,849**	**102,620**
Non-Current Assets			
Property, plant and equipment		6,371	4,201
Intangible assets		36,896	18,801
Right of use asset		38,186	32,797
Deferred tax assets		15,075	14,842
Total Non-Current Assets		**96,528**	**70,641**
Total Assets		**215,377**	**173,261**
Current Liabilities			
Trade and other payables		35,623	31,848
Current tax liability		453	347
Provisions		6,882	5,733
Lease liability		5,258	4,166
Interest bearing loans and borrowings	4	1,000	-
Total Current Liabilities		**49,216**	**42,094**
Non-Current Liabilities			
Interest bearing loans and borrowings	4	29,000	15,000
Provisions		441	694
Lease liability		35,818	30,585
Total Non-Current Liabilities		**65,259**	**46,279**
Total Liabilities		**114,475**	**88,373**
Net Assets		**100,902**	**84,888**
Equity			
Issued capital	6	98,353	81,766
Other reserves		2,951	2,825
Accumulated Loss		(78,700)	(74,956)
Profits Reserve		76,389	73,784
Equity attributable to equity holders of the Company		**98,993**	**83,419**
Non-controlling interests		1,909	1,469
Total Equity		**100,902**	**84,888**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Issued capital	Accumulated loss	Profits reserve*	Other reserves	Total	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2023	81,766	(74,956)	73,784	2,825	83,419	1,469	84,888
Comprehensive income for the period							
Profit for the period	-	-	396	-	396	29	425
Total comprehensive income for the period	**-**	**-**	**396**	**-**	**396**	**29**	**425**
Transactions with owners recorded directly in equity							
Dividend reinvestment	398	-	(398)	-	-	-	-
Transfer to accumulated losses	-	(3,744)	3,744	-	-	-	-
Issue of share capital, net of expenses	16,189	-	-	-	16,189	-	16,189
Share-based payment transactions	-	-	-	126	126	-	126
Dividends paid	-	-	(1,137)	-	(1,137)	-	(1,137)
Capital contribution from non-controlling interests	-	-	-	-	-	411	411
Total transactions with owners	**16,587**	**(3,744)**	**2,209**	**126**	**15,178**	**411**	**15,589**
Balance at 31 December 2023	**98,353**	**(78,700)**	**76,389**	**2,951**	**98,993**	**1,909**	**100,902**

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

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

* 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 period.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

		31 Dec 23 $'000	31 Dec 22 $'000
Cash flows from operating activities			
Receipts from customers		129,329	114,076
Payments to suppliers and employees		(125,918)	(105,348)
Interest and other costs of finance paid		(699)	(328)
Net cash provided by/(used in) by operating activities		**2,712**	**8,400**
Cash flows from investing activities			
Payments for property, plant and equipment		(780)	(865)
Acquisition of Independant Parts Pty Ltd, net of cash acquired	8(a)	(28,935)	-
Acquisition of Förch Brisbane and Förch Mandurah	8(b)	(2,140)	-
Net cash provided by/(used in) investing activities		**(31,855)**	**(865)**
Cash flows from financing activities			
Repayment of borrowings		-	(2,500)
Proceeds from borrowings		15,000	-
Cash contributions from non-controlling interests		411	-
Issue of share capital, net of expenses		16,189	-
Dividends paid		(1,137)	(984)
Repayment of leases (principle including interest)		(3,255)	(2,518)
Net cash provided by/(used in) financing activities		**27,208**	**(6,002)**
Net increase/(decrease) in cash		(1,935)	1,533
Cash and cash equivalents at beginning of year		13,952	11,852
Cash and cash equivalents at end of the period		**12,017**	**13,385**

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

1. Statement of Compliance and Material Accounting Policies

Reporting entity

MaxiPARTS Limited (the "Company"), is a company domiciled in Australia and its registered office is 22 Efficient Drive, Truganina, Victoria. The interim condensed consolidated financial statements of the Company as at and for the six months ended 31 December 2023 comprising the Company and its subsidiaries (together referred to as the "Group").

Statement of compliance

The interim condensed consolidated financial statements are a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB134 ensures compliance with ISA 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2023, and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These interim condensed consolidated financial statements were approved by the Board of Directors on 22 February 2024.

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

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

Material accounting policies

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2023, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards and interpretations

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

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

Accounting Estimates and Judgements

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

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2023.

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 31 December 2023. The Group will continue to assess this requirement each reporting period. Independant Parts has been consolidated into MaxiPARTS Operations segment and Förch Brisbane and Förch Mandurah have been consolidated into Förch Australia for reporting purposes.

2. Notes to the Statement of Profit and Loss

a. Revenue

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

	Consolidated	
	31 Dec 23 $'000	31 Dec 22 $'000
Type of Good or Service		
Sale of parts (point in time sale)	111,733	99,111
Total Group Revenue	**111,733**	**99,111**
Geographical Market		
Australia	111,733	99,111
Total Group Revenue	**111,733**	**99,111**

b. Employee and Contract labour expenses

	Consolidated	
	31 Dec 23 $'000	31 Dec 22 $'000
Employee and contract labour expenses:		
Employee expenses	17,345	13,107
Superannuation expense	1,600	1,204
Contract labour expenses	605	519
Total employee and contract labour expenses	**19,550**	**14,830**

c. Depreciation & Amortisation and Finance Costs

	Consolidated	
	31 Dec 23 $'000	31 Dec 22 $'000
Depreciation and Amortisation		
Depreciation and Amortisation	833	473
Lease Depreciation	3,199	2,218
Total Depreciation and Amortisation	**4,032**	**2,691**
Finance Costs		
Interest Expenses	699	328
Lease Interest	896	638
Total Finance Costs	**1,595**	**966**

d. The following specific items are included in Other expenses

	Consolidated	
	31 Dec 23 $'000	31 Dec 22 $'000
Net foreign exchange loss	191	(21)
Acquisition related costs	734	90
Share-based payments expense	126	14
Inventory write-off	235	(411)

3. Income tax (expense) / benefit

	31 Dec 23 $'000	31 Dec 22 $'000
(a) Income tax		
Reconciliation of tax benefit / (expense)		
Prima facie tax payable on profit before tax at 30% (2022: 30%)	(173)	(1,470)
(Add)/deduct tax effect of:		
(Non-deductible expenditure) / Non-taxable income	(209)	(13)
(Under)/over provision in prior year	230	672
	21	659
Income tax benefit / (expense) on consolidated profit or loss	**(152)**	**(811)**
Amounts recognised in profit or loss:		
Current tax expense	(382)	(1,483)
Prior year over provision	230	672
Income tax benefit / (expense) on consolidated profit or loss	**(152)**	**(811)**
(b) Income tax expense is made up of:		
Income tax expense on continuing operations	(1,514)	(1,347)
Income tax benefit on discontinued operations	1,362	536
Income tax benefit / (expense) on consolidated profit or loss	**(152)**	**(811)**

4. Interest bearing loans and borrowings

The Group executed a new variation to its existing bank facility agreement with the Commonwealth Bank of Australia on 14 November 2023 to facilitate the Group's acquisitions of IP and Förch Brisbane during the period.

At 31 December 2023, the Group had the following financing facilities in place:

	Facility Amount		Utilised		Available	
Consolidated	**Dec-23 $'000**	**Jun-23 $'000**	**Dec-23 $'000**	**Jun-23 $'000**	**Dec-23 $'000**	**Jun-23 $'000**
Loan facility	30,000	20,000	30,000	15,000	-	5,000
Overdraft facility	1,000	1,000	-	-	1,000	1,000
Contingent liability facility	3,100	2,600	2,739	2,420	361	180
Corporate card facility	300	250	157	117	143	133
Asset finance	1,000	1,000	-	-	1,000	1,000
	35,400	**24,850**	**32,896**	**17,537**	**2,504**	**7,313**

Australian loan facilities of $35.4m mature as follows, subject to continuing compliance with the terms of the facilities:
– $1m overdraft facility subject to annual renewal and cancellable on demand
– $3.1m multi-option facility subject to annual renewal and cancellable on demand
– $0.3m corporate card facility subject to annual renewal
– $1m asset finance facility subject to annual renewal and cancellable on demand
– $30m in May 2026 (loan facility). Interest only to 31 May 2024, amortising at $500k in arrears per quarter thereafter

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

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

All covenants were satisfied as at 31 December 2023 and during the six months ended on that date.

5. Discontinued Operations

On 31 August 2021, the Group completed the transaction for the sale of the Trailer Solutions business to Australian Trailer Solutions Group Pty Ltd (ATSG).

The results of the discontinued operations for the half-year ended 31 December 2023 are present below:

5a. Results of discontinued operation

	31 Dec 23 $'000	31 Dec 22 $'000
Discontinued operation		
Gain / (Loss) on sale of discontinued operations	-	41
Expenses	(3,744)	(175)
Loss before income tax	**(3,744)**	**(134)**
Income tax benefit / (expense)	1,362	536
Profit / (Loss) from discontinued operation, net of tax	**(2,382)**	**402**

Expenses include a provision of $3.2m in relation to the other receivables mentioned in note 5c. The remaining expenses relate to significant / non-operating expenditure of $0.5m primarily in relation to legal fees incurred for the dispute with ATSG.

5b. Cash flows from discontinued operation

	31 Dec 23 $'000	31 Dec 22 $'000
Discontinued operation		
Net cash outflows from operating activities	(544)	(175)
Net cash (used in) discontinued operation	**(544)**	**(175)**

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

The interim condensed consolidated statement of financial position as at 31 December 2023 includes a Financial Asset of $3.2m. The balance of $3.2m represents the previously disclosed assets of $6.4m for the combined assets of $2.4m in relation to the final sale price completion accounts process between MaxiPARTS and ATSG and the deferred sale consideration receivable from ATSG for $4.0m. ATSG has filed a counter claim for approximately $5.0m alleging breaches of warranties and misleading and deceptive conduct. The total asset value of $6.4m has been impaired during the period by $3.2m. MaxiPARTS denies the allegations in the counter claim and is of the view that many items are unfounded, have already been determined by another process or are grossly exaggerated in the value assigned to them.

MaxiPARTS continues to pursue the amounts owing by ATSG through the legal claims in progress and maintains its position in terms of the recoverability of the amounts owed and the merits of the counter claim by ATSG. However, in recognition of the extended time frames typically required to resolve these matters, and the normal uncertainty of any legal process, MaxiPARTS has impaired the outstanding receivable and financial asset by $3.2m in the H1 FY24 accounts, resulting in a non-operating expense being reported into the Discontinued Operations result in the period. This most recent update on this dispute was the subject of an ASX announcement released on 30 January 2024.

5d. Other liabilities or contingent liabilities related to the sale of the Trailer Solutions business

The sale agreement to ATSG had a cap limiting the amount of Customer Warranties exposure to ATSG to $2.35m. The Group took an additional Customer Warranty provision of $2.0m to account in the Financial Statements for the year-ended 30 June 2022, increasing the total estimated warranty expenditure to $4.35m. The provision amount was estimated based on analysis of the Trailer warranty expenditure incurred up to reporting period and applying the expenditure profile to the Trailers for the remaining warranty period. As at 31 December 2023 there is $1.5m remaining in the provision.

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

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

MaxiPARTS is still considering its position in relation to the proposed closure of the Carole Park facility and is currently in communication with the State Government around any potential amounts proposed under the original arrangement which would permit the State to have recourse to the MaxiPARTS bank guarantees and disclosed as a contingent liability, with a maximum exposure of $1.1m as at 31 December 2023. The guarantees were previously disclosed in MaxiPARTS financial statements as part of its credit risk disclosure.

6. Issued Capital

As at 31 December 2023 the Group had the following movement in Issued Capital:

	31 Dec 23		31 Dec 22	
	Number of Ordinary Shares	Share Capital $'000	Number of Ordinary Shares	Share Capital $'000
Issued Ordinary Shares	47,698,312	81,766	47,396,982	81,288
Performance rights vested and exercised	190,723	-	85,682	-
Dividend reinvestment	149,154	398	94,506	201
Capital raise	7,002,919	16,189	-	-
No. of shares at the end of the period	**55,041,108**	**98,353**	**47,577,170**	**81,489**
Weighted average number of ordinary shares	**49,342,213**		**47,449,885**	

7. Dividends

Dividends declared and paid during the half-year:

Dividends paid	Cents Per Share	Total Amount* $'000	Date of Payment	Tax Rate for Franking Credit	Percent Franked
2023 Final	3.22	1,535	15-Sep-23	30%	100%

*The 2023 final dividend is made up of $1.14m cash dividend and $0.4m dividend reinvestment.

Dividends proposed subsequent to 31 December 2023 and not recognised as a liability:

Dividends proposed	Cents Per Share	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit	Percent Franked
2024 Interim – Ordinary	2.57	1,427	26-Mar-24	30%	100%

8. Business Combinations

8a. Independant Parts:

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

IP is a commercial truck and trailer parts distribution business with operations in Western Australia. The IP business has been consolidated into the MaxiPARTS CGU and operating segment. Post acquisition, the IP operations have been quickly integrated into the greater MaxiPARTS group, this includes consolidation of the management structure, optimisation of the site network, including the consolidation of the Perth retail store and the amalgamation of the MaxiPARTS WA and IP business onto the one ERP and joining of purchasing and shared services functions.

The purchase price of the acquisition was an enterprise value of $27.0m, $28.9m net of cash, when adjusted for net working capital, net debt & agreed other adjustments. This Business Combination remains provisional as at 31 December 2023 and the fair values are to be finalised within the acquisition period of twelve months from acquisition date. Specifically, the Group is working through an independent assessment of identifiable intangible assets, and the contractual completion activities with the Seller are still in progress.

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

	Provisional Fair value recognised on acquisition $'000
Cash & cash equivalents	391
Trade receivables	7,413
Inventories	10,386
Right to use asset	1,398
Property, plant and equipment	1,484
Prepayments	720

Deferred tax asset	174
Total assets	**21,966**
Trade creditors	(6,781)
Lease liability	(1,500)
Other payables	(676)
Employee entitlements	(836)
Total Liabilities	**(9,793)**
Total identifiable net assets at fair value	**12,173**
Goodwill	17,153
Purchase consideration transferred	**29,326**
Purchase consideration transferred, net of cash	**28,935**

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

8b. Förch Brisbane and Förch Mandurah:

On the 30 November 2023 Förch Australia Pty Ltd (Förch Australia) entered into an Asset Sale Agreement to acquire the business and assets of Förch Brisbane, including inventory, fixed assets, intellectual property and employees for $1.95m (plus inventory value greater than contracted peg of $0.1m has been accrued as at 31 December 2023), and on 31 October 2023 Förch Australia settled on the purchase of the assets of Förch Mandurah (Western Australia sales territory) for $0.18m. Both of the acquisitions were funded in line with current Förch Australia ownership, 80% MaxiPARTS Limited and 20% by minority shareholders. The business has been integrated / consolidated into the Förch Australia CGU and operating segment.

This Business Combination remains provisional as at 31 December 2023 and the fair values are to be finalised within the acquisition period of twelve months from acquisition date. Specifically, the Group is working through the contractual completion activities with the Seller, which is primarily focused on inventory on hand at purchase date.

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

	Provisional Fair value recognised on acquisition **$'000**
Inventories	1,015
Right to Use Asset	145
Property, plant and equipment	504
Prepayments	7
Deferred Tax Assets	32
Total assets	**1,703**
Lease Liability	(145)
Hire Purchase	(487)
Employee Entitlements	(106)
Total Liabilities	**(738)**
Total identifiable net assets at fair value	**965**
Goodwill	1,175
Purchase consideration transferred	**2,140**

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

9. Related Party transactions

As at 31 December 2023 the Group had the following Related Party transactions and balances:

Related Party	Classification	Description	Amount $000's
Peter Burgess	Trade & Other Receivables	Loan for the acquisition of Förch Brisbane and Förch Mandurah	205

This loan is due and payable.

10. Events Subsequent to Reporting Date

There have been no events subsequent to the reporting date which would have a material effect on the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

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

Conclusion

We have reviewed the interim financial report of MaxiPARTS Limited ("the company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
22 February 2024