

ASX Announcement
31 August 2020

RPM Automotive Group Ltd results for the twelve months ending 30 June 2020

| NOTES TO THE APPENDIX 4E Preliminary Final Report | |
|--|------------------|
| | FY20 |
| | \$ |
| Revenue <i>*after internal company eliminations</i> | 34,692,778 |
| Gross Profit | 10,672,767 |
| Net Profit / Loss Before Tax | (491,945) |
| One-Off Listing expenses <i>*added back</i> | 2,782,400 |
| Normalised Profit Before Tax | 2,290,455 |
| Interest <i>*added back</i> | 344,242 |
| Depreciation & Amortisation <i>*added back</i> | 235,717 |
| Lease Impairment <i>*added back</i> | 571,270 |
| EBITDA | 3,441,684 |

❖ *Unaudited Statutory Accounting Profit to Underlying Profit*

The Appendix 4E is attached and represents the first year of the RPM Automotive Group Limited following the reverse take-over.

The suspension of trading in the securities of RPM Automotive Group Limited was lifted on 28 August 2019 following RPM's re-compliance with Chapters 1 and 2 of the Listing Rules following the acquisition of the RPM Group as approved by shareholders at an Extraordinary meeting of shareholders on 27 May 2019.

The RPM Group provides the company with a nationwide footprint focusing on wholesale distribution and retail of tyres, auto parts and accessories and owns a variety of well-known and respected brands in the automotive market. The RPM Group is a group of unlisted businesses operating in the Australian automotive aftermarket.

The Company listed on the ASX on 28th August 2019 via a reverse take-over.



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During the year the Company has incorporated and expanded the RPM Group businesses and will continue to identify and evaluate other opportunities in the automotive space to increase its nationwide footprint.

The businesses continue to trade as expected with some distractions as a result of the listing and COVID-19 pandemic and the government-imposed restrictions. The company is focused on bedding operations down and ensuring that its foundations are strong in preparation for the roll-out of its expansion strategy.

Comments from the CEO

RPM Automotive Group's CEO & MD Clive Finkelstein commented, "Trading results for FY20, achieved in what can only be described as a very difficult FY20, have certainly surpassed our revised expectations of March 2020. Despite the challenging year, the performance under review has been pleasing. The underlying earnings are good considering the hefty one-off expenses associated with the RPM Listing (RTO) in late August 2019 and the enormous trading difficulties associated with the COVID-19 pandemic and the resulting government-imposed restrictions.

Not-with-standing the above, RPM exceeded its turnover budget and effectively met its earnings before interest and tax projection (normalised). Crucially, the specific divisions that we identified as our primary expansion focus (Wheels and Tyres & Performance & Accessories) ended the fiscal year producing stunning results.

The Group's primary strategy remains on course, with both acquisitional and organic growth at the forefront. RPM is well-placed to capitalise on these opportunities as they present themselves"

***RPM** is focused on the health, well-being and safety of both our staff and customers and continue to provide the appropriate sanitation measures and social distancing regimen.*

***About RPM:** RPM Automotive Group Limited is a leading player in the Australian Automotive Aftermarket comprising a number of businesses involved in: importing, wholesaling and retailing of tyres, mechanical repairs, motorsport apparel and safety equipment, niche manufacturing and a roadside assistance service for the transport industry. RPM owns brands, such as: RPM Racewear, Carline, Genie, Air Anywhere, Formula Off-Road.*

This announcement was approved, and authorised for release, by The RPM's Board of Directors.



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For further information, please contact:

Mr Clive Finkelstein
Chief Executive Officer
(03) 9792 5006

Mr Grant Carman
Non-Executive Chairman
(03) 8352 7100

[Important Information and Disclaimer](#)

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial positions and performance are examples of forward-looking statements.

Forward-looking statements, including projections or guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including RPM). In particular, no representations, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.



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ASX APPENDIX 4E
PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A
RPM AUTOMOTIVE GROUP LIMITED
ABN 34 002 527 906

Reporting Period: Year ended 30 June 2020
Previous Reporting Period: Year ended 30 June 2019

RPM Automotive Group Limited

ABN: 34 002 527 906

Appendix 4E

Year Ended 30th June 2020

(Previous corresponding period: Year ended 30th June 2019)

Reporting Period: Year ended 30 June 2020
Previous Reporting Period: Year ended 30 June 2019

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Reporting Period: Year ended 30 June 2020
 Previous Reporting Period: Year ended 30 June 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. Key Information

| | 2020 | Year ended 30 June | | Movement |
|---|------------|--------------------|---------|----------|
| | | 2019 | | |
| | \$ | \$ | Up/Down | % |
| Revenue from ordinary activities | 34,692,778 | 7,842,652 | Up | 442.4 |
| Profit from ordinary activities before income tax attributable to members | 2,290,455 | 854,898 | Up | 267.9 |
| Net profit/(loss) for the period attributable to members | (491,945) | 854,898 | Down | 157.5 |

2. Dividend

| | Amount per security | Franked amount per security at 27.5% | Total |
|-----------------------|---------------------|--------------------------------------|-------|
| | Cents | Cents | Cents |
| (a) Final | | | |
| 2020 final dividend | - | - | - |
| 2019 final dividend | - | - | - |
| (b) Interim | | | |
| 2020 interim dividend | - | - | - |
| 2019 interim dividend | - | - | - |

3. Explanation

Refer to Note 17 for the review of operations

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------------------|------------------------|
| Revenue | | 34,692,778 | 7,842,652 |
| Employee benefits expense | | 5,732,135 | 1,431,396 |
| Other expenses | | 26,670,188 | 5,556,358 |
| Profit from continuing operations before income tax | | <u>2,290,455</u> | 854,898 |
| Income tax (expense) / benefit | | (70,456) | (217,111) |
| Profit from continuing operations, net of tax | | <u>2,219,999</u> | 637,787 |
| Profit from discontinued operation | | - | - |
| Income tax expense | | - | - |
| Profit from discontinued operation, net of tax | | <u>-</u> | - |
| Loss from operations, net of tax | | | |
| Listing expenses on reverse acquisition | | (2,782,400) | - |
| Total comprehensive income for the year | | <u>(562,401)</u> | 637,787 |
| | | Cents per Share | Cents per Share |
| Basic and diluted (losses) / earnings per share from continuing operations | | | |
| Basic Loss Per Share | | <u>(0.55)</u> | Not applicable |

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

| | Note | 2020 \$ | 2019 \$ |
|----------------------------------|------|-------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 1,893,042 | 81,334 |
| Inventories | 7 | 6,723,773 | 2,403,727 |
| Trade and other receivables | 8 | 5,374,529 | 214,810 |
| Total current assets | | 13,991,344 | 2,699,871 |
| Non-current assets | | | |
| Property, plant & equipment | 9 | 5,250,479 | 791,695 |
| Intangible Assets | 10 | 12,574,387 | 797,308 |
| Other Non-current assets | 11 | 1,632,784 | 23,286 |
| Total Non-current assets | | 19,457,650 | 1,612,289 |
| Total assets | | 33,448,994 | 4,312,160 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 9,111,386 | 1,078,106 |
| Total current liabilities | | 9,111,386 | 1,078,106 |
| Non-current liabilities | 12 | 6,178,878 | 2,418,036 |
| Total liabilities | | 15,290,264 | 3,496,142 |
| Net assets | | 18,158,730 | 816,018 |
| EQUITY | | | |
| Issued capital | 13 | 17,699,647 | 18 |
| Accumulated Profits | | 459,083 | 816,000 |
| Total equity | | 18,158,730 | 816,018 |
| | | Cents | Cents |
| Net tangible assets per share | | 6.5 | 10.39 |

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2020**

| | Note | 2020 \$ | 2019 \$ |
|--|------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 34,770,239 | 8,479,189 |
| Cash paid to suppliers and employees | | (37,001,588) | (7,192,811) |
| Interest received | | 5,308 | 703 |
| Finance costs | | (344,242) | (115,983) |
| Income tax paid | | 536,370 | (247,447) |
| Net cash outflow from operating activities | | (2,033,913) | 923,651 |
| Cash flows from investing activities | | | |
| Proceeds from disposal of assets | | - | 21,000 |
| Net cash inflows from Business Combinations | | (606,161) | - |
| Net cash inflow from investing activities | | (606,161) | 21,000 |
| Cash flows from financing activities | | | |
| Advance from/(Repayment) of loan to related entities | | 1,694,941 | (697,230) |
| Repayment of Lease Principal | | (557,745) | - |
| Proceeds from the issue of shares | | 2,448,006 | - |
| Proceeds from borrowings | | 1,076,350 | - |
| Repayments of Borrowings | | (209,773) | (236,265) |
| Net cash outflow from financing activities | | 4,451,779 | (933,495) |
| Net Increase (decrease) in cash and cash equivalents | | 1,811,705 | 11,156 |
| Net foreign exchange differences | | | |
| Cash and cash equivalents at beginning of year | | 81,334 | 70,644 |
| Cash at the end of the financial year | 6 | 1,893,042 | 81,800 |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | Issued Capital | Reserves | Accumulated Losses | Total Equity |
|-----------------------------|-------------------|-----------------|-----------------------|-------------------|
| | \$ | | \$ | \$ |
| At 1 July 2018 | 18 | (85,484) | 383,6975 | 298,231 |
| Profit for the Year | | | 517,787 | 517,787 |
| Issue of share capital | - | - | - | - |
| At 30 June 2019 | 18 | (85,484) | 901,484 | 816,018 |
| At 1 July 2019 | 18 | (85,484) | 901,484 | 816,018 |
| Loss for the year | - | - | (562,401) | (562,401) |
| Adjustments to Reserves RTO | - | 85,484 | 120,000 | 205,484 |
| Issue of share capital | 17,699,629 | - | - | 17,699,629 |
| At 30 June 2020 | 17,699,647 | - | 459,083 | 18,158,730 |

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NOTES TO ASX APPENDIX 4E

1. ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASES

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half-year report.

2. DETAILS OF CONTROLLED ENTITIES

In 2018 RPM Automotive Group Limited (formerly Kairiki Energy Limited) ("RPM1") entered into binding agreements to acquire 100% of the businesses that comprise the RPM Group. The proposed transaction enabled the RPM Group to obtain listing on the ASX via a Reverse Take-Over (RTO) of the Company. The vendors of the businesses being acquired received a mixture of shares in the Company and cash as consideration for the acquisitions. As a part of the proposed transaction the Company changed its name from Kairiki Energy Limited to RPM Automotive Group Limited. The transactions. The date for the acquisition transaction has been identified as 1 July 2019 being the date of effective control.

The acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of the RPM group entities (the legal acquiree) obtained accounting control of RPM1 (the legal parent). RPM1 has been treated as the accounting acquiree. In accordance with the principles of AASB 3 in a multiple entity combination transaction, one of the combining entities that existed before the business combination shall be identified as the accounting acquirer for the transaction, this has been identified as Revolution Racegear Pty Ltd ("REV").

The Acquisition of REV did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as the acquiree was deemed not to be a business for accounting purposes and, therefore, the transaction was not a business combination within the scope of AASB 3. Instead the Acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference between the fair value of the shares issued by the accounting acquirer (REV) and the fair value of the accounting acquiree's (RPM1's) identifiable net assets represents a service received by REV, including payment for a service of an ASX stock exchange listing which will be expensed through the consolidated entity's profit and loss statement in the half year ended 31 December 2019.

The acquisition of the other RPM group entities have been assessed under AASB 3 and accounted for as business combinations in accordance with AASB 3 with REV as the accounting acquirer

As at the date of listing, RPM group entities comprised of the following businesses:

- Revolution Racegear,
- Spider GT
- Air Anywhere
- Competition Tyres
- Formula Offroad and
- Wildcat Australia.

Subsequent to listing RPM group entities have acquired Metcher Tyres and Competition Tyres – Hallam.

3. JOINT VENTURES

There are no associates or joint venture entities

4. REVENUE

| | 2020 | 2019 |
|-----------------|--------------------------|------------------|
| | \$ | \$ |
| Sales | 32,805,489 | 7,707,727 |
| Other Income | 1,881,981 | 134,222 |
| Interest income | 5,308 | 703 |
| | <u>34,692,778</u> | <u>7,842,652</u> |

5. OTHER EXPENSES

Other Expenses:

| | | |
|-------------------------------|--------------------------|------------------|
| Cost of Goods Sold | 20,774,337 | 4,200,116 |
| Employee benefits expenses | 5,732,135 | 1,431,396 |
| Depreciation and amortisation | 235,717 | 71,075 |
| Share based expenses | 40,000 | - |
| Finance costs | 250,870 | 115,983 |
| | <u>27,033,059</u> | <u>5,818,570</u> |

6. CASH AND CASH EQUIVALENTS

| | | |
|---|-------------------------|---------------|
| Cash at bank and in hand - unrestricted | <u>1,893,042</u> | <u>81,334</u> |
|---|-------------------------|---------------|

| | Per annum | Per annum |
|--|---------------------|--------------|
| | % | % |
| Interest rates on cash at bank and in hand | <u>0.28%</u> | <u>0.86%</u> |

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7. INVENTORIES

| | 2020 | 2019 |
|-------------------|------------------|------------------|
| | \$ | \$ |
| Finished Products | 5,706,379 | 2,403,727 |
| Work In Progress | 252,710 | - |
| Goods in Transit | 764,684 | - |
| | <u>6,723,773</u> | <u>2,403,727</u> |

8. TRADE AND OTHER RECEIVABLES (CURRENT)

| | 2020 | 2019 |
|-------------------|------------------|----------------|
| | \$ | \$ |
| Trade receivables | 4,198,360 | 149,687 |
| Other debtors | 1,176,169 | 46,779 |
| | <u>5,374,529</u> | <u>196,466</u> |

9. PROPERTY, PLANT & EQUIPMENT

| | 2020 | 2019 |
|-------------------------------|------------------|----------------|
| | \$ | \$ |
| Property Plant and Equipment | 7,093,488 | 863,789 |
| Less Accumulated Depreciation | (1,843,009) | (72,094) |
| | <u>5,250,479</u> | <u>791,695</u> |

10. INTANGIBLES

| | 2020 | 2019 |
|----------------------|-------------------|----------------|
| | \$ | \$ |
| Formation Expenses | 1,500 | 34,734 |
| Goodwill | 12,420,960 | 600,000 |
| Patents & Trademarks | 151,927 | 162,574 |
| | <u>12,574,387</u> | <u>797,308</u> |

11. OTHER NON-CURRENT ASSETS

| | 2020 | 2019 |
|-----------------------------|------------------|---------------|
| | \$ | \$ |
| Trade and other receivables | 1,553,622 | 23,286 |
| Deferred Tax Assets | 79,162 | - |
| | <u>1,632,784</u> | <u>23,286</u> |

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12. TRADE AND OTHER PAYABLES (CURRENT)

| Current Liabilities | 2020 | 2019 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Trade creditors | 6,162,635 | 565,008 |
| Sundry payables | 1,563,299 | 285,583 |
| Short Term Lease Liabilities | 820,900 | |
| Short Term Provisions | 564,552 | 211,807 |
| | <u>9,111,386</u> | <u>1,078,106</u> |

Non Current Liabilities

| | 2020 | 2019 |
|---------------------------|------------------|------------------|
| | \$ | \$ |
| Loans from Bank | 3,643,188 | 1,601,141 |
| Loans - Other | 59,425 | - |
| Related Party Loans | 1,362,533 | 816,895 |
| Long term Lease Liability | 1,113,732 | - |
| | <u>6,178,878</u> | <u>2,418,036</u> |

13. ISSUED CAPITAL

| | 2020 | | 2019 | |
|--|---------------------|-------------------|---------------------|----|
| | Number of Shares | \$ | Number of Shares | \$ |
| Ordinary shares – no par value fully paid and authorised | 85,642,492 | 17,699,647 | 18 | 18 |
| Movements in ordinary share capital | | | | |
| At 30 th June 2018 | | 349,122,480 | | |
| Share consolidation on the basis of 37:1 on 30 May 2019 | | (339,688,024) | | |
| At 30 th June 2019 | | 9,434,456 | | - |
| 23 rd August 2019 – Issued at\$.20 – Public Offer | | 13,079,272 | 2,615,854 | |
| 23 rd August 2019 – Issued at\$.10 – Noteholder conversion | | 3,000,000 | 300,000 | |
| 23 rd August 2019 – Issued at\$.25 – Acquisition of Business | | 49,518,400 | 10,020,664 | |
| 23 rd August 2019 – Deemed shares on Reverse take-over | | - | 2,358,936 | |
| 30 th September 2019 – Issued at \$.20 – Placement | | 62,500 | 12,500 | |
| 30 th September 2019 – Issued at \$.25 – Exercise of options | | 7 | 2 | |
| 24 th October 2019 – Issued at \$.25 – Performance and earnout shares | | 14,370,356 | 3,592,589 | |
| 30 th December 2019 – Issued at \$.20 – Staff shares | | 275,000 | 55,000 | |
| 30 th December 2019 – Issued at \$.20 – Acquisition of business | | 202,500 | 40,500 | |
| 30 th December 2019 – Issued at \$.20 – Placement | | 200,000 | 40,000 | |
| 30 th December 2019 – Issued at \$.25 –Exercise of options | | 1 | - | |
| Less Share Issue Expenses | | - | (211,398) | |
| Closing Balance | | 90,142,492 | 18,824,647 | |
| Shares Cancelled on Fix My Truck termination | | 4,500,000 | 1,125,000 | |
| | | | 17,699,647 | |

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14. OPTIONS OUTSTANDING

Options at 30 June 2020

As at 30 June 2020 there were 8,982,698 listed options on issue which are exercisable at \$.25 each with an expiry date of 28 August 2021 (2019: Nil)

| | Consolidated Group | |
|-----------------------------|--------------------|------|
| | 2020 | 2019 |
| | \$ | \$ |
| Beginning of the period | - | - |
| Issued during the period | 8,982,706 | - |
| Exercised during the period | (8) | - |
| End of period | 8,982,698 | - |

During the year 8,982,706(2019:Nil) listed options were issued at \$nil which are exercisable at \$.25 each with an expiry date of 28 August 2021 as part of the public offer and a bonus issue to shareholders

During the period 8 listed options were exercised (2019: Nil)

No unlisted options are outstanding as at 30 June 2020(2019:Nil)

15. SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Company's operations, the results of these operations or the Company's state of affairs in future financial years.

16. DETAILS OF DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS IN OPERATION

There is not a dividend or distribution reinvestment plan in operation.

17. REVIEW OF OPERATIONS AND OUTLOOK

The suspension of trading in the securities of RPM Automotive Group Limited was lifted on 28 August 2019 following RPM's re-compliance with Chapters 1 and 2 of the Listing Rules following the acquisition of the RPM Group as approved by shareholders at an Extraordinary meeting of shareholders on 27 May 2019.

The RPM Group provides the company with a nationwide footprint focusing on wholesale distribution and retail of tyres, auto parts and accessories and owns a variety of well-known and respected brands in the automotive market. The RPM Group is a group of unlisted businesses operating in the Australian automotive aftermarket.

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During the year the Company has incorporated and expanded the RPM Group businesses and will continue to identify and evaluate other opportunities in the automotive space to increase its nationwide footprint.

The businesses continue to trade as expected with some distractions as a result of the listing. The company is focused on bedding operations down and ensuring that its foundations are strong in preparation for the roll-out of its expansion strategy.

18. OTHER INFORMATION REGARDING THESE ACCOUNTS

These accounts are in the process of being audited. The audit report will be made available with the Company's final annual report.