

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 2021
Previous Reporting Period: Year ended 30 June 2020

RPM Automotive Group Limited

ABN: 34 002 527 906

Appendix 4E

Year Ended 30th June 2021

(Previous corresponding period: Year ended 30th June 2020)

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Reporting Period: Year ended 30 June 2021
Previous Reporting Period: Year ended 30 June 2020

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Reporting Period: Year ended 30 June 2021
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. Key Information

	Year ended 30 June			
	2021	2020	Movement	
	\$	\$	Up/Down	%
Revenue from ordinary activities	45,074,152	32,469,938	Up	39
Profit from ordinary activities before income tax attributable to members	2,270,588	1,757,557	Up	29
Net profit/(loss) for the period attributable to members	2,920,534	(1,512,230)	Up	293

2. Dividend

	Amount per security	Franked amount per security at 27.5%	Total
	Cents	Cents	Cents
(a) Final			
2021 final dividend	-	-	-
2020 final dividend	-	-	-
(b) Interim			
2021 interim dividend	-	-	-
2020 interim dividend	-	-	-

3. Explanation

Refer to Note 18 for the review of operations.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Revenue	4	47,084,026	34,985,063
Employee benefits expense		7,807,003	6,240,205
Other expenses	5	37,006,435	26,987,301
Profit from continuing operations before income tax		2,270,588	1,757,557
Income tax (expense) / benefit		649,946	(171,975)
Profit from continuing operations, net of tax		2,920,534	1,585,582
Profit from discontinued operation		-	-
Income tax expense		-	-
Profit from discontinued operation, net of tax		-	-
Loss from operations, net of tax		-	-
Listing expenses on reverse acquisition		-	(3,097,812)
Total comprehensive income for the year		2,920,534	(1,512,230)
		Cents per Share	Cents per Share
Basic and diluted Profit(losses) / earnings per share from continuing operations			
Basic Profit (Loss) Per Share		.024	(1.99)

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,737,900	2,083,173
Inventories	7	11,669,091	6,703,163
Trade and other receivables	8	7,804,852	5,936,536
Other Current Assets		1,117,402	29,179
Total current assets		22,329,245	14,752,051
Non-current assets			
Property, plant & equipment	9	3,262,197	2,126,680
Right of use assets		4,029,028	2,254,587
Intangible Assets	10	15,103,466	13,717,351
Other Non –current assets	11	1,735,970	291,248
Total Non-current assets		24,130,661	18,389,866
Total assets		46,459,906	33,448,994
LIABILITIES			
Current liabilities			
Trade and other payables	12	6,043,302	7,000,989
Other Current liabilities		5,385,057	3,328,064
Total current liabilities		11,428,359	10,329,053
Non-current liabilities	13	8,160,104	5,637,232
Total liabilities		19,588,463	15,966,285
Net assets		26,871,443	17,175,632
EQUITY			
Issued capital	14	24,295,361	17,699,647
Reserves		180,000	-
Accumulated Profit/ (Losses)		2,396,082	(524,015)
Total equity		26,871,443	17,175,632
		Cents	Cents
Net tangible assets per share		.097	.065

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Cash receipts from customers		45,207,321	36,592,089
Cash paid to suppliers and employees		(47,796,101)	(37,558,532)
Interest and other income received		1,952,869	5,483
Finance costs		(636,645)	(415,621)
Income tax paid		-	-
Net cash outflow from operating activities		(1,272,556)	(2,033,913)
Cash flows from investing activities			
Payment for property plant and equipment		(1,572,494)	(24,460)
Payments for financial assets		(162,932)	-
Net cash outflows from Business Combinations		(3,952,271)	(606,161)
Net cash inflow from investing activities		(5,687,697)	(630,621)
Cash flows from financing activities			
Advance from/(Repayment) of loan to related entities			-
Repayment of Lease Principal		(662,338)	(579,769)
Proceeds from the issue of shares		6,539,047	2,458,695
Proceeds from borrowings		1,483,712	2,539,707
Repayments of Borrowings		(688,436)	(384,054)
Net cash outflow from financing activities		6,671,985	4,034,579
Net Increase (decrease) in cash and cash equivalents		(288,268)	2,027,377
Net foreign exchange differences		57,005	(25,538)
Cash and cash equivalents at beginning of year		2,083,173	81,334
Cash at the end of the financial year		1,737,900	2,083,173

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$			\$
At 1 July 2019	18	-	988,215	988,233
Loss for the year	-	-	(1,512,230)	(1,512,230)
Deemed value of RPM shares on acquisition	2,358,936			2,358,936
Share issued during the period	15,552,091			15,552,091
Capital raising costs	(211,398)	-	-	(211,398)
At 30 June 2020	17,699,647	-	(524,015)	17,175,632
At 1 July 2020	17,699,647	-	(524,015)	17,175,632
Profit for the year			2,920,097	2,920,097
Adjustments to Reserves		180,000		180,000
Issue of share capital	6,595,714			6,595,714
At 30 June 2021	24,295,361	180,000	2,396,082	26,871,443

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

Overview by Division

Wheels and Tyres

Wheels and Tyres experienced significant growth throughout FY21 with revenue of \$22.8 million, up 74% from FY20 and accounting for about 46% of total group revenue. It was driven by increased commercial tyres orders for the transport, agriculture, and mining industries. While passenger tyre retail sales were slightly down due to the decrease of passenger cars on the road, passenger tyre wholesale revenue significantly increased. RPM's growing national footprint has been another significant contributor to the division's strong results, with 2 businesses and a couple of new warehouses incorporated into the division throughout the year.

Repairs and Roadside

Repairs and Roadside performed well despite retail disruptions brought on by Covid-19 that were a catalyst for increasing operational efficiencies. By investing in improved systems and focusing on the synergies created by integration and consolidation, the division improved its profitability by 18.14%. In February, an additional business Traralgon Tyre Services was added to the fold, contributing to YOY revenue increases.

Performance and Accessories

Performance and Accessories experienced consistent trading throughout the year, especially in the back end of the year with Covid-19 tailwinds as discretionary spending increasing towards pre-pandemic levels. RPM was able to improve efficiencies and with the increase in demand for these products, make better margins. RPM gained market share from competitors due in large part to the expert knowledge and expertise of the sales team in meeting customer needs, and the ability of the RPM group to cross-sell into this division.

Motorsport

After a tough FY20 due to pandemic-related disruptions, the Motorsport division, bounced back with an exceptional year on all fronts, reporting a 31% increase in revenue and a massive 292% increase in profitability, making this division the top performer this fiscal year. This was largely due to the motorsport calendar returning almost to normal resulting in a massive correction year-on-year. It must be said that RPM's management through the recovery played a very strong role in realising these strong results.

As at 1 July 2020 the group trading entities included:

- Air Anywhere
- Carline Automotive Group
- Competition Tyres

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- Formula Offroad
- Gully Mobile Tyres
- Revolution Racegear
- Spider GT
- Wildcat Aust.

Acquisition Overview

During the year, RPM Automotive Group continued to roll out its mid-term expansion strategy, with five complementary businesses incorporated into the RPM fold.

Key transactions include:

- Gully Mobile Tyres in July 2020
- Citic Autoparts (now RPM Autoparts) in November 2020
- Traralgon Tyre Service in February 2021
- Elite Tyre Group in June 2021
- Super Tyre Mart in June 2021

Two of these acquisitions are yet to have material revenue impact as trading commenced 1 July 2021, post reporting period.

3. JOINT VENTURES

There are no associates or joint venture entities

4. REVENUE

	2021	2020
	\$	\$
Sales	45,074,152	32,469,938
Other Income	1,999,985	2,509,642
Interest income	9,889	5,483
	47,084,026	34,985,063

5. OTHER EXPENSES

	2021	2020
	\$	\$
Cost of Goods Sold	29,757,059	21,201,063
Employee benefits expenses	7,807,003	6,240,205
Depreciation and amortisation	1,122,146	872,351
Share based expenses	356,028	-
Finance costs	636,645	415,621
Other expenses	5,134,557	2,872,240
	44,813,438	33,227,506

6. CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at Bank and in Hand - unrestricted	1,737,900	2,083,173
	Per annum	Per annum
	%	%
Interest rates on cash at bank and in hand	.57%	0.28%

7. INVENTORIES

	2021	2020
	\$	\$
Finished Products	11,103,069	5,396,121
Work In Progress	284,065	252,710
Goods in Transit	281,957	1,054,332
	11,669,091	6,703,163

8. TRADE AND OTHER RECEIVABLES (CURRENT)

	2021	2020
	\$	\$
Trade Receivables	7,061,420	4,198,360
Other Debtors	743,432	1,738,176
	7,804,852	5,936,536

9. PROPERTY, PLANT & EQUIPMENT

	2021	2020
	\$	\$
Property Plant and Equipment	3,763,882	2,354,320
Less Accumulated Depreciation	(501,685)	(227,640)
	3,262,197	2,268,680

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10. INTANGIBLES

	2021	2020
	\$	\$
Goodwill	14,842,456	13,466,616
Patents & Trademarks & Others	261,010	250,735
	<u>15,103,466</u>	<u>13,717,351</u>

11. OTHER NON-CURRENT ASSETS

	2021	2020
	\$	\$
Trade and Other Receivables	250,840	87,908
Financial Assets	331,882	-
Deferred Tax Assets	1,153,248	203,340
	<u>1,735,970</u>	<u>291,248</u>

12. TRADE AND OTHER PAYABLES (CURRENT)

	2021	2020
	\$	\$
Trade creditors	5,223,841	5,908,407
Sundry payables	453,258	196,363
ATO Liabilities	366,203	896,219
	<u>6,043,302</u>	<u>7,000,989</u>

13. NON-CURRENT LIABILITIES

	2021	2020
	\$	\$
Loans from Bank	3,201,592	3,260,180
Related Party Loans	1,106,593	703,762
Long term Lease Liability	3,851,919	1,673,290
	<u>8,160,104</u>	<u>5,637,232</u>

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14. ISSUED CAPITAL

	2021		2020	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares – no par value fully paid and authorised	121,477,305	24,295,361	86,657,898	17,699,647
Movements in ordinary share capital				
At 30 th June 2020		86,657,898		
Share consolidation and share issue on Reverse Takeover and acquisition of business			90,142,492	
Shares cancelled on Fix My Truck termination			(4,500,000)	
Acquisition of business August 2020		680,051		
Services Provided		226,667		
Capital Raise November 2020		12,671,937		
Capital Raise January 2021		14,795,706		
Services Provided		140,000		
Acquisition of business February 2021		2,587,747		
Earn out shares Feb 2021		1,782,626		
Exercise of options		1,934,673		
Less Share Issue Expenses				-
Closing Balance	121,477,305		86,657,898	

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15. OPTIONS OUTSTANDING

Listed Options at 30 June 2021

As at 30 June 2021 there were 7,631,843 listed options on issue which are exercisable at \$.25 each with an expiry date of 28 August 2021 (2020: 8,962,698)

	Consolidated Group	
	2021	2020
	\$	\$
Beginning of the period	8,982,698	-
Issued during the period	-	8,982,706
Exercised during the period	1,350,855	(8)
End of period	7,631,843	8,982,698

During the year nil (2020:8,982,706) 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 year 1,350,855 (2020:8) listed options were exercised

Unlisted Options at 30 June 2021

As at 30 June 2021 there were 20,939,570 unlisted options on issue which are exercisable at \$.38 each with an expiry date of 15th January 2023 (2020: Nil)

	Consolidated Group	
	2021	2020
	\$	\$
Beginning of the period	-	-
Issued during the period	21,522,588	-
Exercised during the period	583,818	-
End of period	20,938,770	-

During the year 21,522,588 (2020:Nil) unlisted options were issued at \$nil which are exercisable at \$.38 each with an expiry date of 15 January 2023 as part of the capital raise completed in January 2021

During the year 583,818 (2020:nil) unlisted options were exercised

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16. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the future financial years other than:

- The completion of the acquisitions of Citic Autoparts, Elite Tyre Group and Super Tyre Mart
- The underwriting of 7,157,589 listed options exercisable at \$0.25 with an expiry date of 28 August 2021 for a 1% fee. This will raise a total of \$1,789,397
- Collins St Value Fund has invested \$2.5m via the issue of 8,333,333 shares at \$0.30 each and provides a 3 year \$5.5m unsecured convertible note.
- The acquisition of two complementary businesses and the opening of a new distribution centre in Far North Queensland.

17. DETAILS OF DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS IN OPERATION

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

18. REVIEW OF OPERATIONS AND OUTLOOK

Record results achieved during FY21 along with the execution of the Company's expansion strategy and increased cost management efficiencies have RPM well placed to deliver strong results in FY22.

Post reporting period, the Company acquired four additional businesses, Carline Automotive Cairns, Carline Automotive Townsville and Revolution Racegear Townsville with trading to commence on 1 August 2021 and East Coast Tyre Wholesalers, with trading to commence on 1 October 2021.

The Company is on track to meet all mid-term targets including its expansion targets, with recent acquisitions post reporting period set to launch RPM into two new territories – New South Wales Metro and Far North Queensland, generate additional revenue and allow more effective cross-selling of products and cross-pollination of customers.

Since the reporting period, RPM Automotive has secured \$8 million in funding from an equity placement with Collins St Value Fund to support the Company's growth through acquisition.

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 Covid-19. The company is focused on bedding operations down and ensuring that its foundations are strong in preparation for the continued roll-out of its expansion strategy.

19. 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.