

# APPENDIX 4E

**Year Ended 30th June 2023**

(Previous corresponding period:  
Year ended 30th June 2022)



**THE RPM GROUP**

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# RESULTS FOR ANNOUNCEMENT TO THE MARKET

## 1. Key Information

	Year ended 30 June			
	2023	2022	Movement	
	\$	\$	Up/Down	%
Revenue from continuing activities	<b>108,749,376</b>	72,185,411	Up	51%
Net profit from continuing activities before income tax attributable to members	<b>2,470,949</b>	4,086,137	Down	-40%
Net profit from continuing activities after income tax attributable to members	<b>1,768,981</b>	2,830,823	Down	-38%

## 2. Dividend

	Amount per security	Franked amount per security at 30%	Total
	Cents	Cents	Cents
<b>(a) Final</b>			
2023 final dividend	-	-	-
2022 final dividend	-	-	-
<b>(b) Interim</b>			
2023 interim dividend	-	-	-
2022 interim dividend	-	-	-

## **RESULTS FOR ANNOUNCEMENT TO THE MARKET** (CONT.)

### **3. Review of Operations and Outlook**

FY23 was another busy year for RPM with the successful implementation of our acquisition growth strategy to increase our national footprint and invest further in our vertically integrated business model.

We broadened our product range into complementary verticals, and we further improved our design, manufacturing, and distribution capabilities.

We are witnessing the benefits of our vertically integrated model, with increased cross-selling of the expanded product range across the national network of retail and wholesale locations. We continue to sign major new fleet contracts based on our expanded operations and manufacturing capabilities.

We are now focused on the continued implementation of best-practice in inventory and supply chain management, as well as exceptional customer service. The network effect and increased operating leverage will enable sustainable earnings growth moving forward.

At the start of H2 FY23, we introduced a group wide optimisation strategy to streamline and improve the overall business. As a result, the group's financial assets were assessed and some of those that were under-performing were disposed of.

We are focused on creating a strong, smart, and sustainable business, and as such have made investments and improvements and taken decisions that have impacted our FY23 results but will ultimately result in a better business that delivers on expected returns.

Over the past year, we have invested further in our wholesale distribution capacity with the addition of our 4wd accessories business and expanding our product offering to our caravan and camper trailer customer base.

Our retail tyre division showed the most significant growth with the acquisition of our NSW business and the successful integration of our VIC operations.

We have targeted acquisitions based on cultural and values alignment, which ensures a smooth transition and collaborative integration process.

We are pleased to report a 48% growth in revenue to \$117 million, including discontinued operations of \$8 million, driven by 8% organic revenue growth in addition to acquisitions completed in FY22 and FY23, while reported EBITDA increased by 21% to \$8.8 million. This growth demonstrates the resilience of our diversified business model and was delivered in an environment that presented ongoing operational challenges, rising operating costs and difficult market conditions.

## RESULTS FOR ANNOUNCEMENT TO THE MARKET (CONT.)

Looking forward, we will continue our optimisation strategy, focusing on return on investment, maximizing the value of each division while building a smarter more sustainable business model through our ongoing focus on supply chain management and operational efficiencies. We expect increased cross-selling between our retail and wholesale divisions to drive organic growth while expanding our product range and customer base.

We enter FY24 focused on the execution of our strategy, comfortable that we are building on the momentum created, and confident in the business model and our strong team. With an annual revenue projection of over \$130 million and a growing earnings ratio, we are well equipped to take on the challenges of the future.

Your Company has strong momentum heading into FY24, which provides RPM with an even stronger foundation for future sustainable earnings growth

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Revenue	4	<b>108,749,376</b>	72,185,411
Employee benefits expenses	5	<b>(17,211,999)</b>	(11,818,814)
Other expenses	5	<b>(89,066,428)</b>	(56,280,460)
Profit from continuing operations before income tax		<b>2,470,949</b>	4,086,137
Income tax (expense) / benefit		<b>(701,967)</b>	(1,255,314)
Profit for the year from continuing operations		<b>1,768,981</b>	2,830,823
Loss for the year from discontinued operations		<b>(537,956)</b>	(175,654)
Total comprehensive income for the year		<b>1,231,025</b>	2,655,168
		<b>Cents per Share</b>	Cents per Share
Earnings per share (basic and diluted)			
Earnings from continuing operations		<b>1.02</b>	1.86
Loss from discontinued operations		<b>(0.31)</b>	(0.12)

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	4,382,961	7,047,808
Inventories	7	25,122,473	24,490,409
Trade and other receivables	8	20,290,264	12,263,928
Other Current Assets	8	2,919,397	1,862,314
Assets and disposal group classified as held for sale		1,599,991	-
<b>Total current assets</b>		<b>54,315,086</b>	45,664,459
<b>Non-current assets</b>			
Property, plant & equipment	9	7,484,310	6,485,410
Right of use assets		8,695,205	6,655,897
Intangible Assets	10	38,938,193	33,153,138
Other Non-current assets	11	1,797,670	1,434,471
<b>Total non-current assets</b>		<b>56,915,379</b>	47,728,916
<b>Total assets</b>		<b>111,230,465</b>	93,393,375
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		19,784,754	16,095,860
Other Current liabilities		19,767,539	16,807,314
Liabilities included in disposal group held for sale		570,569	-
<b>Total current liabilities</b>	12	<b>40,122,862</b>	32,903,174
<b>Non-current liabilities</b>	13	<b>26,145,696</b>	21,474,487
<b>Total liabilities</b>		<b>66,268,557</b>	54,377,661
<b>Net assets</b>		<b>44,961,907</b>	39,015,714
<b>EQUITY</b>			
Issued capital		38,942,947	34,215,339
Reserves		223,710	223,710
Accumulated profits		5,795,251	4,576,665
<b>Total equity</b>		<b>44,961,907</b>	39,015,714
Net tangible assets per share		<b>3.487</b>	Cents per Share

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
<b>Cash flows from operating activities</b>		
Cash receipts from customers	<b>103,789,997</b>	73,859,624
Cash paid to suppliers and employees	<b>(101,386,522)</b>	(76,207,951)
Interest and other income received	<b>15,177</b>	5,769
Finance costs	<b>(1,095,092)</b>	(203,220)
Income tax paid	<b>(434,166)</b>	(307,992)
<b>Net cash from continuing operations</b>	<b>889,394</b>	(2,853,770)
<b>Net cash used in discontinued operations</b>	<b>(407,605)</b>	-
<b>Net cash used in operating activities</b>	<b>481,789</b>	(2,853,770)
 <b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	<b>(1,845,679)</b>	(689,738)
Payments for financial assets	<b>(3,030,886)</b>	(1,983,252)
Net cash outflows from business combinations	<b>(7,111,332)</b>	(9,243,683)
<b>Net cash outflow from investing activities</b>	<b>(11,987,897)</b>	(11,916,673)
 <b>Cash flows from financing activities</b>		
Proceeds/(Repayment) of lease principal	<b>737,783</b>	464,781
Proceeds from the issue of shares	<b>3,000,008</b>	4,215,760
Proceeds from borrowings	<b>5,103,470</b>	15,399,810
<b>Net cash inflow from financing activities</b>	<b>8,841,261</b>	20,080,350
 Net Increase (decrease) in cash and cash equivalents	<b>(2,664,847)</b>	5,309,908
Cash and cash equivalents at beginning of year	<b>7,047,808</b>	1,737,900
Cash and cash equivalents at the end of the year	<b>4,382,961</b>	7,047,808



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital	Reserves	Accumulated Profits	Total Equity
	\$	\$	\$	\$
At 1 July 2021	24,069,699	180,000	1,921,497	<b>26,171,196</b>
Profit for the year	-	-	2,655,168	<b>2,655,168</b>
Adjustments to reserves	-	43,710	-	<b>43,710</b>
Issue of share capital	10,145,640	-	-	<b>10,145,640</b>
At 30 June 2022	<b>34,215,339</b>	<b>223,710</b>	<b>4,576,665</b>	<b>39,015,714</b>
At 1 July 2022	34,215,339	223,710	4,576,665	<b>39,015,714</b>
Profit for the year	-	-	1,231,025	<b>1,231,025</b>
Adjustments to reserves	-	-	(12,440)	<b>(12,440)</b>
Issue of share capital	4,727,608	-	-	<b>4,727,608</b>
At 30 June 2023	<b>38,942,947</b>	<b>223,710</b>	<b>5,795,250</b>	<b>44,961,907</b>

# 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 ACQUIRED

During the financial year the RPM Group has acquired shares in the following businesses

- AFT Automotive Group Pty Ltd (Equipit Group Pty Ltd and All Terrain Designs Pty Ltd)

## 3. JOINT VENTURES

There are no associates or joint venture entities

## 4. REVENUE

	2023	2022
	\$	\$
Revenue from continued operations	106,623,818	70,801,805
Other income	2,110,381	1,377,837
Gain on sale of asset	-	-
Interest income	15,177	5,769
	<b>108,749,376</b>	<b>72,185,411</b>

### Revenue by Division

	2023	2022
	\$	\$
Repairs & Roadside (Retail)	44,531,009	25,304,208
Motorsport (Retail)	8,616,295	7,850,128
Performance & Accessories (Retail & Wholesale)	22,075,346	9,676,885
Wheels & Tyres (Wholesale)	33,511,550	27,970,585
Revenue from continued operations	108,734,199	70,801,805
Revenue from discontinued operations	7,986,572	7,958,443
	<b>116,720,770</b>	<b>78,760,248</b>

## NOTES TO ASX APPENDIX 4E (CONT.)

### 5. OTHER EXPENSES

	2023	2022
	\$	\$
Cost of goods sold	72,710,943	45,996,856
Employee benefits expenses	17,211,999	11,818,814
Depreciation and amortisation	3,700,118	2,315,647
Share based expenses	271,218	321,924
Finance costs	1,714,449	820,138
One-off flood related expenses	-	301,846
Other expenses	10,669,700	6,524,049
	<b>106,278,427</b>	<b>68,099,274</b>

### 6. CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank and in hand - unrestricted	4,382,961	7,047,808

### 7. INVENTORIES

	2023	2022
	\$	\$
Finished products	21,216,715	21,591,458
Work in progress	314,013	421,457
Goods in transit	3,591,745	2,477,494
	<b>25,122,473</b>	<b>24,490,409</b>

## NOTES TO ASX APPENDIX 4E (CONT.)

### 8. TRADE AND OTHER RECEIVABLES (CURRENT)

	2023	2022
	\$	\$
Trade receivables	20,290,264	12,263,928
Other debtors	2,919,397	1,862,314
	<b>23,209,661</b>	<b>14,126,242</b>

### 9. PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	\$	\$
Property, plant and equipment	9,797,277	7,794,325
Less accumulated depreciation	(2,312,967)	(1,308,916)
	<b>7,484,310</b>	<b>6,485,410</b>

### 10. INTANGIBLES

	2023	2022
	\$	\$
Goodwill	36,448,153	32,504,103
Designs	732,469	-
Customer relationships	1,494,074	378,027
Patents, trademarks and others	263,497	271,007
	<b>38,938,193</b>	<b>33,153,138</b>

## NOTES TO ASX APPENDIX 4E (CONT.)

### 11. OTHER NON-CURRENT ASSETS

	2023	2022
	\$	\$
Trade and other receivables	550,252	318,703
Deferred tax assets	1,247,418	1,115,767
	<b>1,797,670</b>	<b>1,434,471</b>

### 12. TRADE AND OTHER PAYABLES (CURRENT)

	2023	2022
	\$	\$
Trade creditors	18,196,945	13,290,939
Other creditors	167,690	1,002,538
ATO liabilities	1,420,119	1,802,383
Current lease liabilities	2,787,228	2,044,418
Current borrowings	9,970,787	7,033,900
Vendor finance	4,756,633	5,962,051
Provisions	2,252,891	1,766,945
	<b>39,552,293</b>	<b>32,903,174</b>

### 13. NON-CURRENT LIABILITIES

	2023	2022
	\$	\$
Non-current borrowings	13,189,403	10,389,947
Convertible note	5,813,369	5,609,706
Deferred tax liability	309,047	417,814
Provisions	247,234	150,699
Non-current lease liabilities	6,586,642	4,906,321
	<b>26,145,696</b>	<b>21,474,487</b>

## NOTES TO ASX APPENDIX 4E (CONT.)

### 14. ISSUED CAPITAL

	2023		2022	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares – no par value fully paid and authorised	<b>184,406,999</b>	<b>38,942,946</b>	157,581,645	34,215,339

#### Movements in ordinary share capital

Opening balance	157,581,645
Options exercised	-
Issued	18,181,862
Acquisition of businesses	8,069,837
Share based payment reserve	573,655
Closing balance	<b>184,406,999</b>

#### Shares issued for acquisition of the following businesses:

Direct Wholesale Tyres Pty Ltd

Safety Dave

AFT Automotive Group Pty Ltd

## NOTES TO ASX APPENDIX 4E (CONT.)

### 15. OPTIONS OUTSTANDING

#### Listed Options at 30 June 2023

As at 30 June 2023 there were Nil listed options on issue (2022: Nil)

	Consolidated Group	
	2023	2022
Beginning of the period	-	7,631,843
Issued during the period	-	-
Exercised during the period	-	7,631,843
End of the period	-	-

During the period Nil listed options were exercised (2022: 7,631,843 at \$0.25 each)

No listed options are outstanding as at 30 June 2023

#### Unlisted Options at 30 June 2023

As at 30 June 2023 there were 6,000,000 unlisted options on issue (2022: 20,939,570)

	Consolidated Group	
	2023	2022
Beginning of the period	<b>26,939,570</b>	20,939,570
Issued during the period	-	6,000,000
Exercised during the period	-	-
Expired during the period	<b>(20,939,570)</b>	-
End of the period	<b>6,000,000</b>	26,939,570

There are 6,000,000 unlisted options which are exercisable at \$.435 each with an expiry date of 31 March 2024.

During the year 20,939,570 unlisted options expired (2022: Nil)

During the year Nil unlisted options were exercised (2022: Nil)

## **NOTES TO ASX APPENDIX 4E (CONT.)**

### **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 future financial years other than:

- Selling Formula Offroad in New South Wales
- Acquisitions of additional businesses of Chapel Corner Tyres in Victoria

### **17. DETAILS OF DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS IN OPERATION**

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

### **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.



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# THE LEADING AUSTRALIAN AUTOMOTIVE GROUP

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The RPM Automotive Group