



THE RPM GROUP

RPM Automotive Group Ltd
1-7 Ausco Place
Dandenong South, Vic 3175
ABN: 34 002 527 906

18 April 2024
ASX Announcement

RPM undertakes \$4.0m capital raising to develop tyre recycling program and strengthen balance sheet

Highlights:

- RPM Automotive Group Limited ("RPM") is raising \$4.0 million through a two-tranche placement ("Placement") to fund its tyre recycling program and to repay \$2.0 million of its convertible note with Collins Street Value Fund ("CSVF").
- The tyre recycling program will see RPM access its existing distribution network and customer base to create recycled rubber-based products for use in multiple sectors.
- The Placement involves the issue of approximately 56 million new fully paid ordinary shares ("New Shares") at \$0.072 per New Share and the issue of the equivalent number of new, free attaching options ("New Options").
- The New Options will, subject to approvals, be quoted on ASX. Each New Option will have an exercise price of \$0.10 and an expiry date of 31 August 2025.
- The remaining \$3.8 million of the CSVF convertible note will be rolled over into second-ranking secured debt with an interest rate of 4.35% pa and a loan maturity date of 31 August 2025. CSVF will also be granted approximately 38 options which will have the same terms as the New Options, including quotation on ASX.
- RPM affirms its earnings guidance given in February 2024, of expected FY24 EBITDA of \$11 – \$13 million.
- With a firm pipeline of organic growth, buoyed by its recent contract wins with Yokohama and WHG, RPM expects earnings growth to continue into FY25 with EBITDA expected to be in the range of \$16 - \$18 million.

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "Company"), a leading player in the Australian automotive aftermarket sector, has received \$4.0 million in commitments from institutional and sophisticated investors via a strongly supported two-tranche share placement ("Placement") at an issue price of \$0.072 per share.

Funds will be used to develop its strategic tyre recycling program and improve RPM's capital structure by strengthening its balance sheet through the partial repayment of a Collins Street Value Fund convertible note issued as part of the Company's 2021 acquisition strategy.



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RPM CEO Guy Nicholls said, "RPM has made significant progress in its acquisition strategy since 2021, expanding our national footprint and growing the Company to where it is today, which was made possible due to the continued support of investors and funding received from Collins Street Value Fund."

"RPM is now entering its next phase of growth. With the benefit of scale, The RPM team is now focused on driving margin expansion across our network. The capital raising strengthens our balance sheet and allows us to develop our tyre recycling initiative. It also builds our institutional shareholder profile."

"RPM is ideally placed to take advantage of the regulatory tailwinds supporting tyre recycling. Each year 56 million tyres are scrapped in Australia with only a small proportion recycled. We will access our existing distribution network and customer base to create recycled rubber-based products for use in multiple sectors, that could ultimately see us collecting and annually recycling 54,000 tonnes of scrap tyres within five years."

Details of the Placement

Under the Placement, RPM will issue approximately 55.7 million New Shares to Placement participants at a price of \$0.072 per New Share, to raise a total of \$4.0 million (before costs). The Placement issue price represents a 15.3% discount to the last closing price of \$0.085.

For every New Share issued to Placement participants, RPM will also issue one (1) New Option. RPM will apply to ASX to have the New Options quoted. The New Options will have an exercise price of \$0.10 and will expire on 31 August 2025. The New Options will be offered only to Placement participants, under a Prospectus to be lodged today. The terms of the New Options will be outlined in the Prospectus.

The Placement will be undertaken in two (2) tranches. Under the first tranche, 48.5 million New Shares will be issued on or around Wednesday, 24 April 2024. This will utilise RPM's existing capacity under ASX Listing Rules 7.1 and 7.1A.

Under the second tranche, a further 7.2 million New Shares will be issued as well as 55.7 million New Options (ie, the free attaching options in connection with both tranches of the Placement). The issue of New Shares and New Options under the second tranche of the Placement will be subject to shareholder approval, sought to be obtained at a general meeting of shareholders in late-May 2024.

The second tranche New Shares and all the New Options are expected to be issued on or around Friday, 31 May 2024. RPM is applying to have the New Options quoted on ASX at the time of their issue.

Bell Potter Securities Limited acted as sole lead manager and bookrunner to the placement.



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Placement Timetable

Key indicative dates in connection with the Placement are outlined below:

Announcement of Placement & Lodgement of Options Prospectus	Thursday, 18 April 2024
Settlement of Placement (Tranche 1)	Tuesday, 23 April 2024
Allotment and Quotation of New Shares (Placement – Tranche 1)	Wednesday, 24 April 2024
Notice of EGM re New Shares (Placement – Tranche 2) and New Options	Friday, 26 April 2024
EGM to approve issue of New Shares (Placement – Tranche 2) and New Options	Monday, 27 May 2024
Settlement of Placement (New Shares – Tranche 2 & New Options)	Thursday, 30 May 2024
Allotment and Quotation of New Shares (Placement – Tranche 2) and New Options	Friday, 31 May 2024

Partial repayment of CSVF convertible note and rollover of remaining debt into new loan

Of the Placement proceeds, \$2.0 million will be used to pay down RPM's payment obligations under the \$5.8 million CSVF convertible note. The remaining amount owing to CSVF (\$3.8 million) will be rolled over into a second ranking secured debt at an interest rate of 4.35% per annum and a maturity date of 31 August 2025.

CSVF will also be granted approximately 38.1 million options. These options will have the same terms as the New Options and will also be quoted. The issue of these options will be subject to shareholder approval at the EGM scheduled to be held in late-May 2024.

FY24 earnings guidance reconfirmed

RPM affirms its FY24 earnings guidance, given in February 2024, of EBITDA in the range of \$11 – \$13 million. With a firm pipeline of growth, buoyed by its recent contract wins with Yokohama and WHG, RPM expects earnings growth to continue into FY25 with EBITDA expected to be in the range of \$16 - \$18 million.

Additional Information

Further details of the Placement are set out in the Investor Presentation also provided to ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Placement.

Authorised for release by the Board of RPM Automotive Group Limited.

- ENDS -





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Important Information and Disclaimer

RPM Automotive Group

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, Formula Off-Road, RPM Autoparts, Safety Dave, Max 4x4.

For further information, please visit: <http://www.rpmgroup.net.au/>

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 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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