

A nighttime photograph of a city skyline, likely New York City, viewed from a bridge. The bridge's suspension cables are visible in the foreground. The city lights are reflected in the water below. Light trails from moving vehicles are visible on the bridge deck.

RPM Automotive Group Limited

ABN 34 002 527 906

ANNUAL
REPORT
2021



THE RPM GROUP



CORPORATE DIRECTORY

Directors

Grant Carman - Chairman
Clive Finkelstein
Lawrence Jaffe
Damian Banks
Alex Goodman

Share Registry

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Company Secretary

Wayne Kernaghan

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Securities Exchange Listing

ASX Limited
ASX Codes: RPM

Principal Office

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Dandenong South VIC 3175

Website: <http://www.rpmgroup.net.au/>



CHAIRMAN'S LETTER

Dear Shareholders

On behalf of the Board of RPM Automotive Group, I am pleased to present the annual report for the period ending 30 June 2021 – a record year for the Group.

FY21 was a year that demonstrated the resilience of our business model and ability to generate significant growth. A challenging retail environment was more than offset by record demand for our commercial and industrial services, with the Group generating record revenue of \$45.1 million, up 30% on FY20.

Many of RPM's businesses are classified as an essential service, reflecting the critical role our businesses play in serving not only their local communities but the economy in general. This is especially evident in our Wheels and Tyres division experiencing a 74% revenue increase, driven by increased commercial tyre orders for essential services such as the transport, agriculture, and mining sectors. Given it is our key projected growth corridor, the performance of the Repairs and Roadside division is pleasing and another level of affirmation for our strategy.

With discretionary spending increasing towards pre-pandemic levels at the back half of the year, both our Performance & Accessories and Motorsport divisions bounced-back and recorded revenue increases of 6.1% and 31.2%, respectively.

Looking ahead, the team is well on track to deliver on all strategic mid-term targets including the continued rollout of the Group's expansion strategy. A successful \$5.1 million capital raise allowed RPM to pursue five acquisitions and successfully integrate them into the business. Our expertise at harnessing the synergies between complementary businesses will continue.

Despite the impacts of a once in a generation pandemic, our employees and management team have delivered an excellent result. I would like to thank them for their dedication and commitment. Finally, on behalf of the Board, I wish to thank you, our investors for your ongoing support. Your company is well positioned for success as a key automotive aftermarket stock in Australia and we look forward to delivering in 2022 and beyond.

Grant Carman
Chairman, RPM Automotive Group



CEO'S LETTER

Dear Shareholders

I am pleased to report that RPM Automotive has had an outstanding 2021 financial year, achieving the strongest results in the company's history. Our people, resilient business model and rapid yet sustainable growth strategy is delivering on our objectives.

Our success in 2021 was achieved despite the ongoing challenges of Covid-19. Our divisions which support the heavy transport industry, which drives most of the essential-services economy saw steady growth. Other divisions in the Group faced challenges at various times during the period as lockdowns limited customer interaction in several regions however, these combined factors underline the robustness and success of our diverse business model as we generate record revenues and EBITDA.

Increased demand for commercial and industrial tyres, coupled with significant investment in wholesale passenger tyres, were the key revenue growth drivers, contributing \$22.6 million to the Group's overall record annual revenue of over \$45 million.

While we achieved record growth, volatile market conditions were a catalyst for change as we optimised processes and integration within the Group. We increased our cost management initiatives including improving systems and consolidation of back-end processes across many divisions. This helped improve EBITDA by 32 per cent to a record \$4.3 million and deliver a \$2.4 million net profit after tax.

RPM has a well-defined growth strategy that will target the sustainable acquisition of similar complementary businesses that offer strong synergy opportunities. This year, we welcomed an additional five businesses to the RPM fold:

- Gully Mobile Tyres
- Citic Autoparts
- Traralgon Tyre Service
- Elite Tyre Group
- Super Tyre Mart



CEO'S LETTER

Subsequent to the 2021 financial year end, we have also announced a further five businesses that will be joining the group in FY22:

- Carline Automotive – Cairns
- RPM Autoparts Townsville
- East Coast Tyre Wholesalers
- Direct Wholesale Tyres

We are well-funded to further our acquisition strategy. RPM raised \$5.1 million in equity via a placement in November 2020, and subsequent to the 2021 financial year end, we announced a further \$8 million in funding with strategic investor, Collins St Value Fund.

We are focused on growing our Wheels & Tyres, Repairs & Roadside and Performance & Accessories divisions. As the company progresses its growth strategy, we are increasingly well placed to target larger and more material acquisition opportunities.

We remain on track or ahead of schedule to reach all mid-term targets including the continued rollout of our expansion strategy. Under business-as-usual conditions, we are targeting FY22 revenues of \$85 million, a 72% increase on FY21, however the enforced and prolonged lockdowns as a result of Covid-19 restrictions will definitely have an impact on FY22 forecasts.

On behalf of the RPM team, I would like to thank all our shareholders for your ongoing support. I look forward to continued sustainable, and well-funded growth in the years to come.

Clive Finkelstein

Managing Director and Chief Executive Officer, RPM Automotive Group



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1. OPERATIONS REVIEW

The Company's securities recommenced trading on the ASX on 28 August 2019 following the acquisition of a number of automotive business collectively known as the RPM Automotive Group ("RPM Group") and meeting the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The RPM Group offers 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 year in review for each of the divisions are as follows:

Motorsport

This Division was initially affected by COVID-19 with stores been temporarily closed during the year. However, sales have continued improve over the year and with the restart of the motor racing, we have seen sales now returning normal. For the year ended 30th June 2021, Gross Sales were \$7,037,022 (2020 \$5,172,986) and Net Operating Profit of \$1,166,489 (2020 \$167,930).

Repairs and Roadside

Repairs and Roadside has continued to trade strongly with our Roadside and Repairs business concentrating on supplying goods and services to the Transport industry over this period. During the year, the Division expanded with the acquisition of Gully Mobile Tyres and Traralgon Tyre Service. Our retail outlets have been operating on reduced hours where applicable and we have reduced our costs in line with the lesser hours of trade. For the year ended 30th June 2020 the Repairs and Roadside Division Gross Sales were \$16,011,986 (2020 \$12,058,683) and Net Operating Profit of \$576,160 (2020 \$364,385).

Wheels and Tyres

Wheels and Tyres is our wholesale tyre division concentrating on the supply of Truck and Heavy Plant and Equipment tyres to retailers. This Division has had incremental growth over the past year and expanded with the acquisition of Citic Autoparts subsequently rebranded as RPM Autoparts. Management is working on inventory levels and margins to improve the future results. For the year ended 30th June 2021, the Wheels and Tyres Division Gross Sales were \$18,506,391 (2020 \$12,035,092) and Net Operating Profit of \$708,212 (2020 \$661,618).

Accessories

Our accessories division has continued to trade profitably over the past year. Our Wildcat manufacturing site has had continued growth through web-based sales and has strong back orders leading into the new financial year. For the year ended 30th June 2021, the Accessories Division Gross Sales were \$3,518,753 (2020 \$3,203,178) and Net Operating Profit of \$679,223 (2020 \$673,993).

2. DIRECTORS' REPORT

Your Directors present their report on RPM Automotive Group Limited ("RPM" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2021.



DIRECTORS

The names of the Directors of the Company in office during the financial year and up to the date of this report were as follows. Directors were in office for the entire year unless specified otherwise.

Grant Carman (appointed 25 November 2019)

Clive Finkelstein (appointed 28 August 2019)

Lawrence Jaffe (appointed 28 August 2019)

Wei Liu (resigned 21 September 2021)

Alex Goodman (appointed 18 February 2020)

Damian Banks (appointed 7 September 2021)

INFORMATION ON CURRENT DIRECTORS

■ Grant Carman (appointed 25 November 2019)

Grant Carman is a chartered accountant with over 30 years' experience in corporate finance and the Australian Capital Markets.

Grant has held senior executive positions for and acted as a corporate adviser to a large number of Australian and international companies from a range of industry sectors, including financial services, automotive, pharmaceuticals, wholesale distribution, manufacturing, services, resources, technology and telecommunications.

His previous corporate roles include Chief Financial Officer for ORIX Australia, General Manager Finance & Shared Services National Australia Bank, CEO of National Australia Corporate Advisory, Director of Acquisitions at Ferrier Hodgson CA, Finance Director at Australian Envelopes and Group Financial Controller at Faulding.

Grant is Director – Capital Markets Group for Melbourne-based, D H Flinders Corporate Advisory. He specializes in mergers and acquisitions and raising corporate finance for listed and pre-IPO companies.

Grant has a broad range of experience which includes corporate strategy, mergers & acquisitions, business divestments, corporate restructuring, debt & equity raising and refinancing, corporate valuations, corporate governance and risk management.

During the past three years, Mr Carman has held no other listed company directorships.

DIRECTORS' REPORT

■ Clive Finkelstein (appointed 28 August 2019)

Clive is a co-founder and promoter of the RPM Group. Clive has over 20 years' experience in the automotive sector, having built, managed and sold a successful 4WD franchise group. Clive's experience spans manufacturing, development, wholesale, retail and franchising of automotive businesses. Clive is the CEO of the RPM Automotive Group Limited.

During the past three years, Mr Finkelstein has held no other listed company directorships.

■ Lawrence Jaffe (appointed 28 August 2019)

Lawrence is a co-founder and promoter of the RPM Group. Lawrence has a strong financial background having worked on many Mergers & Acquisitions. He has over 20 years' experience in the automotive sector and was the CEO of RPM Australasia until 2015 when the group sold off one of its subsidiaries. Lawrence remained on as non-executive chairman of RPM Australasia and has now re-joined the executive team. Lawrence is a significant shareholder in the RPM Group. Lawrence is also the chairman and shareholder of one of Australia's leading flexible packaging companies which is a private company.

During the past three years, Mr Jaffe has held no other listed company directorships.

■ Wei Liu (resigned 21 September 2021)

Wei has a passion and strong practical work experience in the automotive and tyres industry.

Wei is the founder of Spider GT, which he established in 2012 to import tyres from China to Australia for wholesale into the Australian market. To achieve the success of the business, Wei and the team at Spider GT have used a combination of traditional marketing but also incorporating new marketing pipelines through social media platforms and other digital marketing techniques.

During the past three years, Mr Liu has held no other listed company directorships.

■ Alex Goodman (appointed 18 February 2020)

Alex has a strong background in Private Equity, business expansion of Private Companies and Executive Management in Global Companies such as IBM, Lotus (Boston) and Amdahl (Silicon Valley). Alex worked in Jagen P/L, the Family Office of the Liberman Family and sat as a Director, on a number of boards which included activities such as Investment Management and Mergers and Acquisitions. He also constructed Acquisitions with key investors, including some of Australia's leading Investor families.

After working in IBM with the Australian financial sector, Alex took on roles in Australian Start-ups bringing many to successful exits, or organic growth.

Alex holds a BSc with Double Major in Applied Mathematics & Computer Science.

During the past three years, Mr Goodman has held no other listed company directorships.

DIRECTORS' REPORT

■ Damian Banks (appointed 7 September 2021)

Damian has extensive experience in the financial services, health, and employment sectors. His most recent executive role was as Managing Director and CEO of Konekt Ltd, a technology focused health and employment company. He led Konekt from its listing on ASX in 2012 through to its successful sale to private equity in December 2019. Mr Banks previously had a 15-year career, including several leadership positions with Westpac Banking Corporation.

Damian has proven experience in the development and profitable expansion of businesses with a focus on financial management, technology, and people, and has a strong track record in customer focused culture development, and considerable M & A experience.

During the past three years, Mr Banks had held listed company directorships in IMEXHS Limited and Konekt Limited.

COMPANY SECRETARY

■ Wayne John Kernaghan BBus, ACA, FAICD, ACIS

Mr Kernaghan is a member of the Institute of Chartered Accountants in Australia with a number of years' experience in various areas of the mining industry. He is also a Fellow of the Australian Institute of Company Directors.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The relevant interest of each Director in the shares and options of the Company at the date of this report is as follows:

NAME	SHARES - DIRECT	SHARES - INDIRECT	OPTIONS -DIRECT	OPTIONS - INDIRECT
Grant Carman	-	66,667	-	-
Clive Finkelstein	367,100	41,190,648	-	-
Lawrence Jaffe	17,050	41,200,648	-	-
Wei Liu	12,500	8,600,000	-	-
Alex Goodman	-	160,000	-	-
Damian Banks	-	600,000	-	-

DIRECTORS' REPORT

MEETINGS OF THE COMPANY'S DIRECTORS

The number of meetings of the Company's Directors held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Number Attended	Maximum Possible
Grant Carman (appointed 25 November 2019)	5	5
Clive Finkelstein (appointed 28 August 2020)	5	5
Lawrence Jaffe (appointed 28 August 2020)	5	5
Wei Liu (resigned 21 September 2021)	5	5
Alex Goodman (appointed 18 February 2020)	5	5

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year was the involvement in the wholesale distribution and retail of tyres, auto parts and accessories and owns a variety of well-known and respected brands in the automotive market.

OPERATING AND FINANCIAL REVIEW

Operating Activities

A review of the operations of the Group is contained in the Operations Review.

SUMMARY OF COMPREHENSIVE INCOME

The Group's consolidated profile after tax for the financial year was \$2,445,949. (2020: loss of \$1,512,230).

EARNINGS PER SHARE

The basic profit per share from continuing operations was – \$0.0233 cents per share.

SUMMARY OF FINANCIAL POSITION

At 30 June 2021 the Group's cash reserves were \$1,737,900 (2020: \$2,083,173).

DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year and up to the date of this report.

DIRECTORS' REPORT

CHANGES IN THE STATE OF AFFAIRS

In 2018 RPM Automotive Group Limited (formerly Kairiki Energy Limited) ("RPM") 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.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

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:

- Acquisitions of additional businesses of the Elite Tyre Group
- Finalisation of 28 August Options and Issues of shares
- Expansion into Far North Queensland
- Proposed acquisition at Direct Tyre Wholesale
- Proposed acquisition of East Coast Tyres

FUTURE DEVELOPMENTS

RPM is committed to developing its existing businesses which is the wholesale distribution and retail tyres, auto parts and accessories. The Company will continue looking for other opportunities to add to its existing businesses.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements for Directors and Executives of RPM Automotive Group Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "Executive" includes those key management personnel who are not Directors of the parent company.

A. Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

DIRECTORS' REPORT

B. Remuneration policy

The board policy is to remunerate Directors at market rates for time, commitment, and responsibilities. The board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees.

Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

All remuneration paid to directors is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

C. Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director compensation is separate and distinct.

Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held in October 1996 when shareholders approved an aggregate compensation of \$ 150,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules. The Board is of the view that options are a cost effective benefit for small companies such as RPM that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the option holder, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.



DIRECTORS' REPORT

Separate from their duties as Directors, the Non-Executive Directors may undertake work for the Company directly related to the evaluation and implementation of various business opportunities, for which they receive a daily rate. These payments are made pursuant to consultancy arrangements entered into by the Non-Executive Directors with the Company and are not taken into account when determining their aggregate remuneration levels.

Executive Compensation

Objective

The entity aims to reward Executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward Executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

The Company's only Executive's during the years ended 30 June 2021 and 30 June 2020 was the Chief Executive Officer and Company Secretary, who both received fixed remuneration.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the tyre wholesale industry and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

DIRECTORS' REPORT

D. Service agreements

There are no formal service agreements with the Non-Executive Chairman or Non-Executive Directors. On appointment to the Board, all Directors receive a letter of appointment that summarises Board policies and terms, which mirror those set out within the Corporations Act 2001 relevant to the office of Director.

E. Company performance

In determining Key Management Personnel remuneration, the Board takes note of the following measures of company performance in respect of the current and previous four financial years.

	2021	2020	2019	2018	2017
Profit/ (loss) after tax (A\$'000)	2,446	(1,512)	-	-	-
Closing share price (A\$)	0.340	0.135	-	-	-

F. Details of remuneration for year

Details of Key Management Personnel are set out below.

Directors

Grant Carman	Non-Executive Chairman- appointed 25 November 2019
Clive Finkelstein	Executive Director- appointed 28 August 2019
Lawrence Jaffe	Executive Director -appointed 28 August 2019
Wei Liu	Executive Director – resigned 21 September 2021
Alex Goodman	Non-Executive Director – appointed 18 February 2020
Damian Banks	Non-Executive Director - appointed 7 September 2021

DIRECTORS' REPORT

Remuneration

The remuneration of each current Director and named executive officer of the Company, including their related entities, during the year was as follows:

Directors	Year	Short Term Benefits		Post Employment		Share-based Payments	Termination Payments	Total	Remuneration consisting of options
		Salary and consulting fees	Director fees	Superannuation		Options			
		\$	\$	\$		\$	\$	\$	%
G Carman	2021		33,333			-	-	33,333	-
	2020	-	22,000	-		-	-	22,000	-
C Finkelstein	2021	243,750		36,654		-	-	280,404	-
	2020	204,583	-	19,435		-	-	224,018	-
L Jaffe	2021	173,750		26,125		-	-	199,875	-
	2020	146,250	-	-		-	-	146,250	-
W Liu	2021	179,539		17,030		-	-	196,569	-
	2020	143,835	-	13,664		-	-	157,499	-
A Goodman	2021		40,000			-	-	40,000	-
	2020	-	-	-		-	-	-	-
<i>Retired</i>									
C Welch	2021	-	24,000	-		-	-	24,000	-
	2020	-	22,000	-		-	-	22,000	-
S Brown	2021	-	-	-		-	-	-	-
	2020	-	40,000	-		-	-	40,000	-
Total	2021	597,039	97,333	79,809		-	-	774,182	-
	2020	494,668	84,000	33,099		-	-	611,767	-

No performance-related payments were made during the year.

DIRECTORS' REPORT

G. Compensation Options Issued to Key Management Personnel

No options were granted as equity compensation benefits to Key Management Personnel during the year ended 30 June 2021.

H. Shares Issued to Key Management Personnel on Exercise of Compensation Options

No key management personnel exercised options during the years ended 30 June 2021.

I. Option holdings of Key Management Personnel

No key management personnel held options during the year ended 30 June 2021.

J. Share holdings of Key Management Personnel

	Balance at 30 June 2020	Change due to appointment / (resignation)	Net change other	Balance at 30 June 2021
Directors				
G Carman	-	66,667	-	66,667
C Finkelstein	41,549,748	8,000	-	41,557,748
L Jaffe	41,227,698	(10,000)	-	41,217,698
W Liu	8,600,000	12,500	-	8,612,500
A Goodman	-	160,000	-	160,000
	91,377,446	237,167	-	91,614,613

K. Other transactions and balances with Key Management Personnel

There were no other transactions and balances with key management personnel.

This concludes the Remuneration Report.

DIRECTORS' REPORT

SHARES UNDER OPTION

At the date of this report the Company had 28,571,413 options (2020 8,982,698) at 30 June 2021 the Company had 28,570,613 (2020: 8,982,698) listed options on issue over unissued ordinary shares and the details are as follows:

Type	Grant Date	Number	Exercise Price	Expiry Date
Listed	28 August 2020	7,631,843	\$0.25	28 August 2021
Unlisted	15 January 2021	20,939,570	\$0.38	15 January 2023

During the year 1,934,673 (2020: 8) fully paid ordinary shares were issued by virtue of the exercise of options. Since the end of the financial year 7,384,104 (2020:8) shares have been issued by virtue of the exercise of options.

ENVIRONMENTAL REGULATIONS

The Group's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2021 or subsequent to year end.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of RPM Automotive Group Limited support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing corporate governance. The Company's detailed corporate governance policy statement is contained in the section headed 'Corporate Governance Statement' of the annual report.

INSURANCE OF OFFICERS

The Company now holds insurance covering Directors and Officers of the Company against any liability arising from a claim brought by a third party against its Directors and Officers, or against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

NON-AUDIT SERVICES

No non-audit services were provided by the Company's auditors.

AUDITOR INDEPENDENCE

The Company's auditors letter of independence is attached with the audit report.

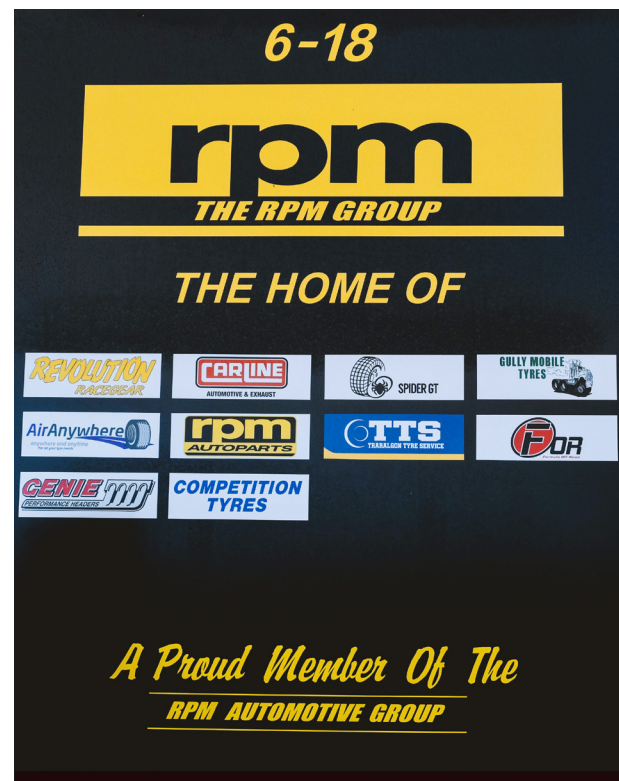
This report is made in accordance with a resolution of the Directors.

For and on behalf of the Board.
Grant Carman
Chairman
29 September 2021

3. CORPORATE GOVERNANCE STATEMENT

WE ARE COMMITTED TO MAINTAIN OUR QUALITY

The Board of Directors of RPM Automotive Group Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of RPM Automotive Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on RPM Automotive Group Limited's key governance principles and practices.



2019

2020

2021

3.1 CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as of 28 September 2021 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication "Corporate Governance Principles and Recommendations" 4th edition (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan that provides the written terms of reference for the Company's corporate governance duties that will be available on the Company's website at www.rpmgroup.net.au.

Due to the current size and nature of the existing Board, the Board has commenced establishing individual Board committees. Under the Board's Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board Charter sets out the specific responsibility of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	YES	(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person or putting forward to security holders a candidate for election, as a Director. (b) The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment on re-election.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. The Company has written agreements with each of its Directors and senior executives.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act 2012, the entity's most recent "Gender Equality Indicators" as defined in that Act.	PARTIALLY	(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives if considered appropriate and to assess annually both the objectives and the Company's progress in achieving them. (b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website. (i) The Board does not presently intend to set measurable gender diversity objectives because, if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees, and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Company's Corporate Governance Plan requires the Company to disclose whether performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for each financial year in accordance with the above process.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director. (b) The Company's Corporate Governance Plan requires the Company to disclose whether performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the senior executives (if any) for each financial year in accordance with the applicable processes.
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	NO	(a) The Company does not have a Nomination Committee. The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. (b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence, and knowledge of the entity to enable it to discharge its duties and responsibilities effectively: (i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and (ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	NO	Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board current has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. The Company intends to develop a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy will be made available on the Company's website. The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available.
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	YES	(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. The Board considers that two of the current Directors are independent. (b) There are two independent Directors who fall into this category. The Company will disclose in its Annual Report and ASX website any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent. (c) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial year.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	YES	The Board Charter requires that, where practical, the majority of the Board must be independent. At this stage, one of its Directors is considered independent. As such, independent Directors are currently an independent majority of the Board. The Board currently considers a non-independent majority of the Board to be appropriate given: (a) the nature of the Company's business, and its limited scale of activities, meaning the Company only needs, and can only commercially sustain, a small Board of three Directors; (b) the Company considers at least one (1) Director needs to be executive Directors for the Company to be effectively managed.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director. The Chair of the Company is not an independent Director. The Company does not have a CEO. The Board does not have an independent Chair because, at this stage in the Company's development, Mr Carman is best placed to fulfil this role. The Board has taken the following steps to structure the Board to add value. (a) Board meetings are held with a flat structure allowing contribution from all Directors that allows for a diversity of views to be considered; (b) The Board may as necessary consider the appointment of an independent director who can fulfil the role whenever the Chair is conflicted.
Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	YES	In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Chair is responsible for facilitating inductions and professional development.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently	NO	(a) The Company currently does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair. (b) The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board also carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: (i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and (ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	These obligations of a Company's CFO or CEO (if any) are set out in the Company's Corporate Governance Plan. The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company intends to obtain a sign off on these terms for each of its financial statements in each financial year.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material in that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	The Shareholder Communication Strategy states that, securityholders can register with the Company to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose:	NO	(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
(iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.		(b) The Company does not have an Audit and Risk Committee as the Board consider the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework: (i) the Board devotes time at quarterly Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control, and procedures.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee (or in its absence, the Board) to monitor the need for an internal audit function. (b) The Company does not have an internal audit function. The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes. The Company does not have a formal internal audit function due to its size.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental, and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental, and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATIONS	COMPLY	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	NO	(a) The Company does not have a Remuneration Committee. The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director. (b) The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive: (i) the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior Directors which is disclosed on the Company's website.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	N/A	The Company does not have an equity based incentive remuneration scheme.

3.2 THE BOARD OF DIRECTORS



3.2 (a) Roles and Responsibilities of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board operates within the broad principles and responsibilities described in the following:

- Setting the strategic aims of the Company and overseeing management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives;
- Overseeing management's performance and the progress and development of the Company's strategic plan;
- Selecting and appointing suitable Executive Directors with the appropriate skills to help the Company in the pursuit of its objectives;
- Determining the remuneration policy for the Board members, Company Secretary and Senior Management;
- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system of risk management and internal controls are in place;
- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council;
- Ensuring that the Company's obligations to shareholders are understood and met;

3.2 THE BOARD OF DIRECTORS

- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, including developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking; and
- Any other matter considered desirable and in the interest of the Company.

3.2 (b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution, must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are Non-Executive; and
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board.

The Board is currently comprised of a majority of Non-Executive Directors. At all times during the year the Board comprised a majority of Executive Directors. The skills, experience, expertise, qualifications and terms of office of each Director in office at the date of the annual report is included in the Directors' Report.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Managing Director is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.



3.2 THE BOARD OF DIRECTORS

3.2 (c) Roles of the Chairman and Executive Director

The Chairman is responsible for:

- providing the necessary direction required for an effective Board;
- ensuring that all the Directors receive timely and accurate information so that they can make informed decisions on matters of the Company;
- ensuring that the Board collectively and individual directors' performance is assessed annually; and
- encouraging active engagement from all members of the Board.

The Executive Director is responsible for:

- the executive management of the company's operations;
- policy direction of the operations of the Company;
- the efficient and effective operation of the Company; and
- ensuring all material matters affecting the Company are brought to the Board's attention.

Board policy specifies that the roles of the Chairman and the Chief Executive Officer should be separate roles to be undertaken by separate people. Due to the nature of the company's current activities it does not currently have a Chief Executive Officer.

3.2 (d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

3.2 (e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of RPM Automotive Group Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

3.2 THE BOARD OF DIRECTORS

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or an other Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board comprised two independent Non-Executive Directors for the year and subsequent to the end of the year three independent Non-Executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of RPM Automotive Group Limited are considered to be independent:

Name	Position
Grant Carman	Non-Executive Chairman- Appointed 25 November 2019
Alex Goodman	Non-Executive Director – Appointed 18 February 2020
Damian Banks	Non-Executive Director - Appointed 7th September 2021

The following persons have held office or currently hold office as directors of RPM Automotive Group Limited at the date of this report:

Name	Term in Office
Grant Carman	Appointed 25 November 2019
Clive Finkelstein	Executive Director - Appointed 28 August 2019
Lawrence Jaffe	Executive Director - Appointed 28 August 2019
Alex Goodman	Non-Executive Director - Appointed 18 February 2020
Damian Banks	Appointed 7 September 2021
Wei Liu	Resigned 21 September 2021



3.2 THE BOARD OF DIRECTORS

3.2 (f) **Avoidance of conflicts of interest by a Director**

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

3.2 (g) **Board access to information and independent advice**

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

3.2 (h) **Review of Board performance**

The performance of the Board, collectively and individually, is reviewed annually by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The evaluation process is focussed on objective and tangible criteria such as:

- Performance of the Company
- Accomplishment of long term strategic objectives
- Development of management
- Growth in shareholder value

3.2 (i) **Avoidance of conflicts of interest by a Director**

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.



3.3 BOARD COMMITTEES

3.3 (a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as the Chair of the Board is Chair of the Audit Committee. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is auditor's policy to rotate engagement partners on listed companies at least every five years. The Company has changed external auditors during the year.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.



3.3 BOARD COMMITTEES

3.3 (b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and Non-Executive directors and undertaking reviews of the Managing Director's performance.

The Company has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-Executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for Non-Executive director remuneration. The Company does not adhere to Recommendation 8.3 Box 8.2 'Non-Executive directors should not receive options or bonus payments'. The Company has and may, in the future, grant options to Non-Executive directors. The Board is of the view that options (for both executive and Non-Executive directors) are a cost effective benefit for small companies such as RPM Automotive Group Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the option holders, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

3.3 BOARD COMMITTEES

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the “Remuneration Report” within the Directors’ Report of the Annual Report.



3.4 ETHICAL AND RESPONSIBLE DECISION MAKING

3.4 (a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The “Code of Conduct” sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company’s expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

3.4 (b) Workplace Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a diversity policy which is available on the Company’s website.

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors. The Board is responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, Managing Director and senior executives.



3.4 ETHICAL AND RESPONSIBLE DECISION MAKING

The Company's strategies may include:

- recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- reviewing pre-existing succession plans to ensure that there is a focus on diversity;
- encourage female participation across a range of roles across the Company;
- review and report on the relative proportion of women and men in the workforce at all levels of the Company;
- articulate a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the Company may have domestic responsibilities;
- develop programs to encourage a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- any other strategies that the Board or the Nomination Committee develops from time to time.

At the date of this report the Company has no executive female employees. The Company utilises the services of a number of female consultants, in varying roles. No women are currently represented on the Board.

Due to the current size, nature and scale of the Company's activities the Board has not yet developed objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.



3.5 TIMELY AND BALANCED DISCLOSURE

3.5 (a) Shareholder communication

The Company is committed to:

- Ensuring that shareholders and the market are provided with full and timely information about its activities;
- Complying with the continuous disclosure obligations contained in the ASX Listing Rules and the applicable sections of the Corporations Act 2001; and
- Providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company's Disclosure Policy covers financial markets communication, media contact and continuous disclosure issues.

All information released to the ASX, after clearance from the ASX will be promptly placed on the Company's website.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

3.5 (b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

3.6 RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established. Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

3.6 (a) Board oversight of the risk management system

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

3.6 RECOGNISING AND MANAGING RISK

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

3.6 (b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

3.6 (c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

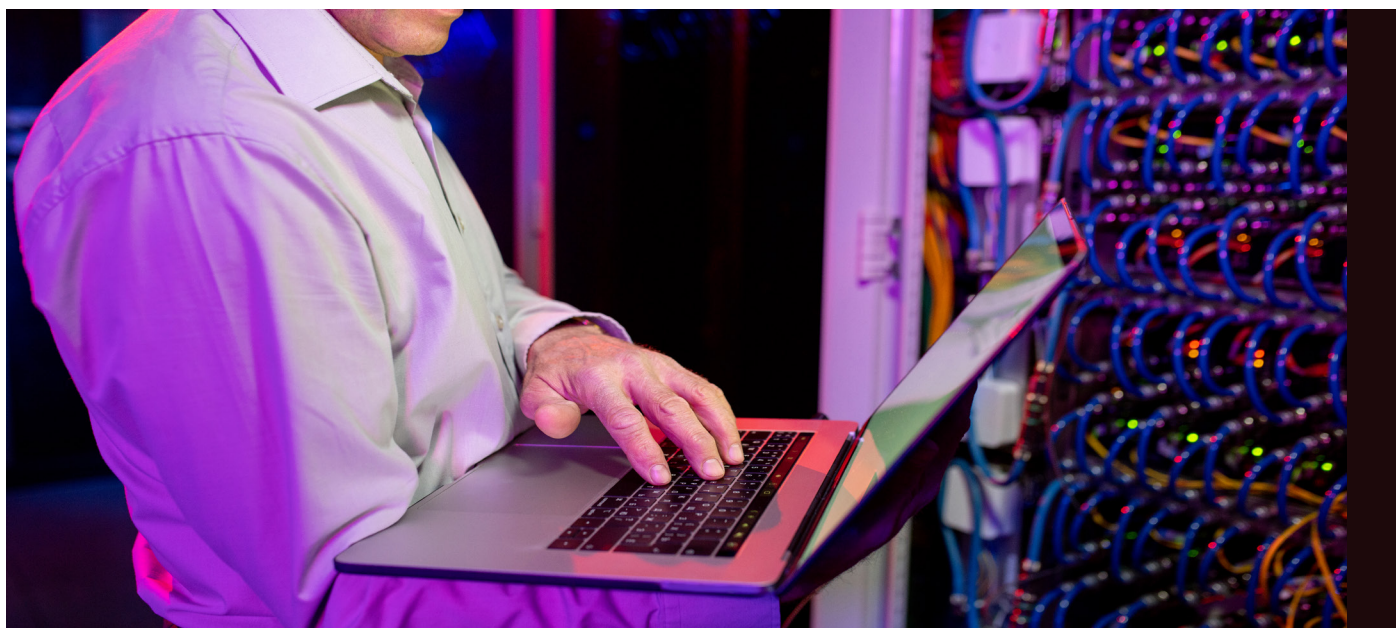
3.6 (d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

3.7 Trading in Company securities by directors and employees

The Board has adopted a Securities Trading Policy which complies with the requirements of Listing Rule 12.12 which regulates dealings by Directors, officers and employees in securities issued by the Company.

The policy, which will be available on the Company's website, includes the Company's closed periods, restrictions on trading that apply to the Company's key management personal, trading that is not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance. The policy provides that employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Board.





THE RPM GROUP



4. FINANCIAL REPORT 2021

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

		Consolidated	
		2021	2020
	NOTE	\$	\$
Continuing operations			
Revenue	3	45,074,152	32,469,938
Cost of Goods Sold		(29,878,505)	(21,201,063)
Gross Profit		15,195,647	11,268,875
Other income	3	2,040,661	2,509,642
Administrative expense	3	(9,115,687)	(6,240,205)
Depreciation and amortisation expense	3	(1,128,669)	(872,351)
Occupancy expense	3	(721,716)	(541,978)
Other expenses	3	(3,634,422)	(3,956,288)
Operating Profit		2,635,814	2,167,695
Finance Income		9,889	5,483
Finance Costs		(522,394)	(415,621)
Net Finance Costs		(512,505)	(410,138)
Profit/(loss) after finance costs		2,123,309	1,757,557
Listing expense on reverse acquisition		-	(3,097,812)
Profit/(loss) before income tax		2,123,309	(1,340,255)
Income tax expense	4	322,640	(171,975)
Profit/(loss) from continuing operations attributable to the members		2,445,949	(1,512,230)
Other Comprehensive Income			
Items that will be reclassified subsequently to profit or loss			
Adjustment to opening retained earnings on adoption of new accounting standard		-	-
Other Comprehensive income, net of tax		-	-
Total Comprehensive Income (loss) attributable to members		2,445,949	(1,512,230)
Earnings Per Share			
		cents	cents
Profit / (loss) per share attributable to ordinary equity holders of the parent (basic and diluted)			
From continuing operations	5	2.33	(1.58)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

		Consolidated	
	NOTE	2021 \$	2020 \$
Assets			
Current Assets			
Cash and cash equivalents	6	1,737,900	2,083,173
Trade and other receivables	7	7,372,014	5,936,536
Inventories	9	11,557,306	6,703,163
Financial Assets	8	350,000	-
Other assets	11	1,117,402	29,179
Total Current Assets		22,134,622	14,752,051
Non-Current Assets			
Trade and other receivables	7	250,840	87,908
Right of use assets	10	4,029,028	2,254,587
Deferred Tax Assets	19	1,153,248	203,340
Property, plant and equipment	12	3,279,729	2,126,680
Intangible assets	13	15,103,466	13,717,351
Total Non-Current Assets		23,816,311	18,389,866
Total Assets		45,950,933	33,141,917
LIABILITIES			
Current Liabilities			
Trade and other payables	14	7,287,185	7,000,989
Lease liabilities	15	1,105,356	646,240
Borrowings	16	2,621,928	1,759,228
Current tax liabilities	17	701,408	294,358
Provisions	18	1,109,617	628,238
Total current liabilities		12,825,494	10,329,053
Non-current liabilities			
Lease liabilities	15	2,959,452	1,673,290
Borrowings	16	3,673,014	3,963,942
Deferred Tax Liabilities	20	321,777	-
Total Non-Current Liabilities		6,954,243	5,637,232
Total Liabilities		19,779,737	15,966,285
Net Assets		26,171,196	17,175,632
EQUITY			
Issued capital	21	24,069,699	17,699,647
Assets Revaluation Reserve		180,000	-
Retained Earnings		1,921,497	(524,015)
Total Equity		26,171,196	17,175,632

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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

	ISSUED CAPITAL \$	SHARE BASED PAYMENTS RESERVE \$	ASSET REVALUATION RESERVE \$	RETAINED EARNINGS \$	ACQUISITION RESERVE \$	TOTAL EQUITY \$
Balance as at 30 June 2019	18	-	-	988,215	-	988,233
Profit (Loss) for the year	-	-	-	(1,512,230)	-	(1,512,230)
Transfer of reserve to accumulated losses	-	-	-	(437)	-	-(437)
Total comprehensive income/ (loss) for the period	-	-	-	(1512,667)	-	(1,512,667)
Transaction with owners, in their capacity as owners, and other transfer						
Deemed value of RPM shares upon acquisition	2,358,936	-	-	-	-	2,358,936
Shares issued during the period	15,552,091	-	-	-	-	15,552,091
Capital raising costs	(211,398)	-	-	-	-	(211,398)
Balance as at 30 June 2020	17,699,647	-	-	(524,452)	-	17,175,195
Profit (Loss) for the year	-	-	-	2,445,949	-	2,445,994
Revaluation of assets	-	-	180,000	-	-	180,000
Total comprehensive income/ (loss) for the period	-	-	180,000	2,445,949	-	2,625,949
Transaction with owners, in their capacity as owners, and other transfer						
Share based payments	-	56,667	-	-	-	56,667
Deferred Business Acquisition	-	-	-	-	130,366	130,366
Share issued during the period	6,539,047	-	-	-	-	6,539,047
Capital raising costs	(356,028)	-	-	-	-	(356,028)
Total transaction with owners and other transfer	6,183,019	56,667	-	-	130,366	6,370,052
Balance as at 30 June 2021	23,882,666	56,667	180,000	1,921,497	130,366	26,171,196

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		Consolidated	
		2021	2020
	NOTE	\$	\$
Cash flows from operating activities			
Receipts from customers		43,005,054	36,592,089
Payments to suppliers and employees		(47,340,041)	(37,558,532)
Government Payments		2,371,185	5,483
Borrowing costs paid		(522,394)	(415,621)
Finance lease interest		(87,645)	-
Income tax paid		81,488	-
Net cash used in operating activities	6(ii)	(2,492,353)	(1,376,581)
Cash flows from investing activities			
Payment for property, plant and equipment		(325,098)	(24,460)
Payments for financial assets		(918,122)	-
Proceed from sale of financial assets		302,933	-
Payment to acquired entities		(1,934,299)	-
Proceed from disposal of property, plant and equipment		-	(606,161)
Payment from related entities		-	-
Cash flow from investing activities		(2,874,586)	(630,621)
Cash flows from financing activities			
Advanced from / (Repayment) of loan to related entities		-	-
Repayment of Finance Lease Principal		(815,974)	(579,768)
Proceed from issue of shares		5,712,564	2,458,695
Proceeds from borrowings		394,468	2,539,707
Repayment for borrowings		(269,392)	(384,054)
Net cash inflow from financing activities		5,021,666	4,034,580
Net increase / (decrease) in cash held			
Cash at the beginning of the financial year		2,083,173	81,333
Effect of exchange rate changes		-	(25,537)
Net Cash Flow for the year		(345,273)	2,027,377
Cash and cash equivalents at end of year		1,737,900	2,083,173

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Corporate Information

The financial report of RPM Automotive Group Limited ("RPM" or "the Company") and its subsidiaries ("the Group") for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 29 September 2021. The Directors have the power to amend and reissue the financial statements.

RPM is a company limited by shares incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars rounded to the nearest \$1.

NOTES TO THE FINANCIAL STATEMENTS

Accounting Policies

The following accounting policies and methods of computation have been followed in this financial report.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent RPM Automotive Group Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The Consolidated Entity has adopted all new and amended Australian Accounting Standards and AASB interpretations, which were applicable as of 1 July 2021. Adoption of other new and amended Australian Accounting Standards and AASB interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

NOTES TO THE FINANCIAL STATEMENTS

(b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

NOTES TO THE FINANCIAL STATEMENTS

(d) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

(e) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

NOTES TO THE FINANCIAL STATEMENTS

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(g) Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(h) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Memorabilia assets are not depreciated and held based on Directors valuation.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	10-50%
Plant and equipment	5-20%
Motor vehicles	20%

NOTES TO THE FINANCIAL STATEMENTS

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(i) Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

Application of AASB 16: Leases

The Group has adopted AASB 16: Leases.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2021 was used to discount the lease payments.

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- For a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- Leases that have remaining lease term of less than 12 months as at 1 July 2021 have been accounted for in the same way as short-term leases.
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- Applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application.
- Not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The Group's weighted average incremental borrowing rate on 1 July 2021 applied to the lease liabilities was 4.4% p.a.

(j) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

NOTES TO THE FINANCIAL STATEMENTS

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon de-recognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group’s accounting policy.

De-recognition

De-recognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

De-recognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

De-recognition of financial assets

A financial asset is derecognised when the holder’s contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for de-recognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

NOTES TO THE FINANCIAL STATEMENTS

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On de-recognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On de-recognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cashflows that are due and all cashflows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the simplified approach

Simplified Approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

NOTES TO THE FINANCIAL STATEMENTS

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(k) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg. in accordance with the revaluation model in AASB 116 : Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

(l) Intangible Assets Other than Goodwill

Trademarks and licences

Patents and trademarks are recognised at cost of acquisition.

(m) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the functional currency of all the entities in the group.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(n) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(q) Revenue and Other Income

Revenue recognition

Revenue generated by the Group is categorised into the following reportable segments:

- (i) Motorsport
 - Sale of specialised motorsport accessories.
 - Manufacture and sale of FIA accredited motorsport racing suits using our trademarked RPM branding which is recognised and associated with our Revolution Racegear retail outlets.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Repairs and Roadside

- Carline licensee of auto repair workshops.
- Roadside assistance specialising in Tyre repair and replacement for Trucking and Large plant and equipment.
- Five company owned retail outlets.

(iii) Wheels and Tyres

- Wholesale of Truck, Heavy Equipment and Motor vehicle tyres.

(iv) Accessories

- Manufacture of specialised automotive accessories for the automotive aftermarket.

The Group recognises revenue as follows:

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to their customers. For each contract with a customer, the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price if any, reflects concessions provided to the customer such as discounts, rebates and refunds and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount method'. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

NOTES TO THE FINANCIAL STATEMENTS

Motorsport

Revenue from the sale of motorsports clothing, parts and accessories is recognised at the point in time when the buyer obtains control of the goods, which is generally at the point of time of purchase of the goods by the customer.

Repairs and Roadside

Repairs and Roadside service work on customers vehicles is carried out under instructions from the customer. Repairs and Roadside service is recognised over time based on either a fixed price or hourly rate. Revenue arising from the sale of parts fitted to customers vehicles during the Repairs and Roadside service is recognised at the point of time upon delivery of the fitted part to the customer upon completion of the service.

Revenue from retail sale and fitment of tyres on customer's vehicles is carried out under instructions from the customer. Retail revenue is recognised over time based on either a fixed price or hourly rate. Revenue arising from the sale of parts fitted to customers vehicles during the retail sale and fitment service is recognised at the point of time upon delivery of the fitted part to the customer upon completion of the service.

Wheels and Tyres

Revenue from the wholesale of tyres is recognised at the point in time when the buyer obtains control of the goods, which is generally at the point of time of delivery of the goods.

Accessories

Revenue from accessories is recognised at the point of time when the buyer obtains control of the goods, which is generally at the time of delivery of the vehicle.

Commercial Rebates

Commercial rebates are recognised when the right to receive payment is established.

(r) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

(s) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(u) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

costs of servicing equity (other than dividends) and preference share dividends;

the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS

(w) Segment reporting

An operating segment is a component of the entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

(x) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers for relevant assets. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Goodwill

Goodwill is assessed for impairment annually. Goodwill is allocated to cash generating units (CGU) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cashflows approved by management. Management's determination of cash flow projections and gross margins are based on past performance and its expectations for the future. The present value of future cash flows has been calculated based on the key assumptions as disclosed in note 13 of the financial statements.

(iii) Inventories

Management has assessed the value of inventory which is likely to be sold below cost/written off in future periods. This analysis is based on past experience and judgement on the likely sell through rates of various lines of inventory. Based on management's analysis no provision has been deemed required at 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

(y) Key judgements

(i) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(ii) Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the entity will make. The Group determines the likeliness to exercise on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

(z) New accounting standards and interpretations

New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021. The Company's assessment of the impact of relevant new or amended Accounting Standards and Interpretations, most relevant to the Company is not material and have minimal impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Business Combinations

Details of the fair value of the identifiable net assets acquired and the excess consideration are set out below.

Gully Mobile Tyres

On 1st July 2020 the Group acquired 100% of the issued capital of Gully Mobile Tyres Pty Ltd (the Company), a specialist tyre fitting and repair for OTR sector of the tyre market for a purchase price of \$195,000.00

The acquisition is part of the Group's integration strategy to expand its tyre repair business operations in the Truck and OTR sectors and to provide additional outlet for sale of our imported tyre brands.

Through acquiring 100% of the issued capital of Gully Mobile Tyres Pty Ltd, the Group has obtained control of the company.

The purchase was satisfied by the issue of 680,051 ordinary shares at an issue price of 23.5c each and the down payment of \$35,000. The issue price was based on the market price on 28th day of August 2020.

Details of the fair value of the identifiable net assets acquired and the excess consideration are set out below.

	Consolidated Group
Purchase Consideration	Fair Value
	2021
Fair value of cash and shares transferred	195,000
Less Fair Value of net identifiable assets acquired	180,000
Excess Consideration – Goodwill on Acquisition	15,000

The fair value of the identifiable assets and liabilities of the Company at the date of acquisition was as follows:

Property Plant and Equipment	180,000
Total identifiable net assets at fair value	180,000

NOTES TO THE FINANCIAL STATEMENTS

The goodwill is attributable to the profitability of the acquired business, assembled workforce and significant synergies that are expected to arise from the group's operations.

The goodwill that arose from the business combination is not expected to be deductible for tax purposes.

Profit \$669,856 revenue resulting from the acquisition of Gully Mobile Tyres Pty Ltd amount to \$53,549 and \$301,709 respectively are included in the consolidated statements of profit or loss and other comprehensive income for the year ended 30th June 2021.

Included within other expenses is the statement of profit or loss and other comprehensive income are the acquisition-related costs totalling \$1,693. These costs include advisory, legal, accounting and other professional fees.

RPM Autoparts Pty Ltd

On 1st November 2020 the Group acquired 100% of the issued capital of RPM Autoparts Pty Ltd (the Company) formerly Citic Autoparts Pty Ltd, an importer and wholesaler of passenger tyres and truck tyres based in Brisbane and Melbourne for a purchase price of \$2,555,644.

The acquisition is part of the Group's expansion strategy to acquire related business that provide the Group with vertically integration of product and expansion of Group via new product brands and customer base and building on our national base. RPM Autoparts Pty Ltd brings in new brands and customer base and provides an expansion of the Group national network into Brisbane and the highly industrial north and western suburbs of Melbourne with their Campbellfield warehouse.

Through acquiring 100% of the issued capital of RPM Autoparts Pty Ltd, the Group has obtained control of the company.

The purchase was satisfied with an initial cash payment of \$1,197,859 and to be followed by two equal cash instalments of \$678,892 due on the 1st March 2021 and 1st July 2021 respectively.

NOTES TO THE FINANCIAL STATEMENTS

Details of the fair value of the identifiable net assets acquired and the excess consideration are set out below.

	Consolidated Group
Purchase Consideration	Fair Value
	2021
Fair value of cash and shares transferred	2,555,644
Less Fair Value of net identifiable assets acquired	2,857,524
Bargain Price on Acquisition Consideration	<u>301,880</u>

The fair value of the identifiable assets and liabilities of the Company at the date of acquisition was as follows:

Assets:	
Cash and Cash equivalents	1
Accounts Receivable	1,620,876
Inventory	1,195,823
Prepayments	36,125
Property Plant and Equipment	190,850
Goodwill	12,800
Less Liabilities:	
Accounts Payable	43,200
Provisions	155,748
Identifiable net assets at fair value	<u>2,857,527</u>

Profit (Loss) and revenue resulting from the acquisition of RPM Autoparts Pty Ltd amount to \$(133,166) and \$1,980,688 respectively are included in the consolidated statements of profit or loss and other comprehensive income for the year ended 30th June 2021.

NOTES TO THE FINANCIAL STATEMENTS

Traralgon Tyre Service

On 1st February 2021, the Group acquired 100% of the issued capital of Traralgon Tyre Service Pty Ltd (the company), a tyre retail outlet specialising in fleet, truck, and large equipment tyre repair and replacement. The purchase price was \$1,448,507.

Details of the fair value of the identifiable net assets acquired and the excess consideration are set out below.

	Consolidated Group
Purchase Consideration	Fair Value
	2021
Fair value of cash and shares transferred	1,448,507
Less Fair Value of net identifiable assets acquired	87,667
Excess Consideration – Goodwill on acquisition	<u>1,360,840</u>

The fair value of the identifiable assets and liabilities of the Company at the date of acquisition was as follows:

Assets:	
Accounts Receivable	494,064
Inventory	867,000
Property Plant and Equipment	385,000
Less Liabilities:	
Accounts Payable	719,519
Borrowing	740,482
Provisions	198,396
Identifiable net assets at fair value	<u>87,667</u>

Profit (Loss) and revenue resulting from the acquisition of Traralgon Tyre Service amount to \$(42,415) and \$2,546,988 respectively are included in the consolidated statements of profit or loss and other comprehensive income for the year ended 30th June 2021.

NOTES TO THE FINANCIAL STATEMENTS

The goodwill is attributable to the profitability of the acquired business, assembled workforce and significant synergies that are expected to arise from the group's operations.

The goodwill that arose from the business combination is not expected to be deductible for tax purposes.

Contributions since acquisitions

For the financial year 30th June 2021 the business acquired contributed revenue of \$2,546,988 and a profit after listing expenses and tax of \$(42,415) which is included in the consolidated profit/(loss) for the year.

3. Revenue and Expenses

	2021	2020
	\$	\$
(a) Revenue from contracts with customers		
Sale of Goods/services	45,074,152	32,469,938
	45,074,152	32,469,938

Disaggregation of revenue with customers

Revenue is disaggregated by geography and nature of goods/services

	Motorsport	Repairs & Roadside	Wheels	Accessories	Total
Australia	7,307,022	16,011,986	18,236,391	3,518,753	45,074,152
Total	7,307,022	16,011,986	18,236,391	3,518,753	45,074,152

	2021	2020
	\$	\$
(b) Other Income		
Other Income	1,711,728	1,751,382
Gain on Sale of Assets	328,933	758,260
	2,040,661	2,509,642

NOTES TO THE FINANCIAL STATEMENTS

	2021	2020
(c) Expenses	\$	\$
<i>Expenses include:</i>		
Administrative Expenses:		
Salaries, wages and directors' fees	6,992,938	5,474,850
Defined contribution superannuation expense	654,575	446,799
Other Administrative Expenses	1,468,174	318,556
Total Administrative Expenses	9,115,687	6,240,205
Depreciation		
Property Plant and Equipment	316,557	227,640
Total Depreciation	316,557	227,640
Amortisation	12,952	-
Right of Use Assets	799,160	644,711
Total Amortisation	812,112	644,711
Total Depreciation and Amortisation	1,128,669	872,351
Occupancy Expenses		
Rental expenses on short term operating leases	591,974	355,415
Other occupancy expenses	129,742	186,563
Total Occupancy Expenses	721,716	541,978
Other Expenses		
Motor vehicles	386,070	305,128
Other expenses	3,248,352	3,651,160
Total Other Expenses	3,634,422	3,956,288

NOTES TO THE FINANCIAL STATEMENTS

4. Income Tax

Consolidated

2021 2020
\$ \$

(a) The major components of income tax are:

Statement of profit or loss and other comprehensive income

Current income tax	302,953	375,315
Deferred income tax	(628,131)	(203,340)
Under provision for tax	2,538	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	(322,640)	171,975

(b) Income Tax Reconciliation

The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

Profit/ (Loss) before tax from continuing operations	2,123,309	(1,340,255)
Profit / (loss) before tax from discontinued operations	-	-
Profit / (loss) before income tax	2,123,309	(1,340,255)
Income tax expense / (benefit) at 26.5% (2020: 27.5%)	(322,640)	(171,975)
Unrecognised tax losses	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	(322,640)	(171,975)

(c) Deferred Income Tax

Deferred Tax Assets		
Provisions	349,865	185,480
Leases	803,383	17,860
	1,153,248	203,340
Deferred Tax Liabilities		
Provisions	321,777	-
	321,777	-

The balance of the franking account at year end was Nil.

NOTES TO THE FINANCIAL STATEMENTS

5. Earnings per Share

	Consolidated	
	2021	2020
	\$	\$
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Profit /(loss) after income tax attributable to the owners of RPM Automotive Group Ltd	2,445,949	(1,512,230)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	104,989,561	75,775,659
Profit/(Loss) per share	2.33	(1.99)
Options on issue at year end are not dilutive and hence not used in the calculation of diluted EPS	28,571,413	8,982,698
Diluted earnings per share do not differ from the basis earnings per share and therefore are not separately disclosed.		

6. Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	1,737,900	2,083,173
(i) Reconciliation cash		
Cash and cash equivalents at the end of the financial year as shown in the statement of cashflows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	1,737,900	2,083,173
(ii) Reconciliation of the loss for the year to net cash flows used in operating activities		
Profit / (loss) after tax for the year	2,445,949	(1,512,230)

NOTES TO THE FINANCIAL STATEMENTS

	2021	2020
	\$	\$
Borrowing costs	-	-
Add/ (Less) non-cash items	-	-
Depreciation and amortisation	1,073,668	873,751
Share expense (non-cash)	56,666	-
Foreign Currency Exchanges	-	25,537
Net Business acquisition adjustments	-	2,243,476
Proceeds on Sale of Non-current Assets	-	-
Changes in operating assets and liabilities	-	-
(Increase) / decrease in trade and other receivables	(1,740,478)	(5,804,691)
(Increase) / decrease in inventories	(4,849,051)	(3,849,436)
(Increase) / decrease in other assets	-	(10,835)
(Increase) / decrease in Deferred Tax Assets	(949,908)	-
(Decrease)/Increase in payables	161,162	6,435,981
(Decrease)/Increase in current tax liabilities	386,979	(194,566)
(Decrease)/Increase in provisions	600,883	416,431
(Decrease)/Increase in DTL	321,777	-
Net cash flows used in operating activities	(2,492,353)	(1,376,582)

(ii) Non-Cash Financing and Investing Activities

There were no non-cash financing or investing activities during the years ended 30 June 2021 or 30 June 2020.

7. Trade and Other Receivables

	2021	2020
	\$	\$
Current		
Trade Debtors	6,405,856	4,244,596
Less Allowance for credit losses	(70,405)	(46,236)
Other debtors	1,036,563	407,915
Receivables from sale of assets	-	750,000
Related Party debtor	-	580,261
Total Current	7,372,014	5,936,536
Non-Current		
Deposits	250,840	87,908
	7,622,854	6,024,444

NOTES TO THE FINANCIAL STATEMENTS

Receivable from the sale of assets is the amount received under a binding Royalty Sale and Purchase Agreement pursuant to which RPM has sold on select tenements to Vox Royalty Group. The consideration was \$750,000 comprising \$409,000 in cash and \$350,000 in Vox Royalty shares.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30th June 2021 is determined based on weighted average expected losses as determined from managements assessment.

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: Financial Instruments.

	Opening balance	Net measure- ment of loss allowance	Amounts written off	Closing balance
	1 July 2019			30 June 2020
a. Lifetime Expected Credit Loss: Credit Impaired				
(i) Current trade receivables	-	(46,236)	-	(46,236)
	-	(46,236)	-	(46,236)
	Opening balance	Net measure- ment of loss allowance	Amounts written off	Closing balance
	1 July 2020			30 June 2021
(i) Current trade receivables	(46,236)	(24,169)	-	(70,405)
	(46,236)	(24,169)	-	(70,405)

Fair Value and Risk Exposures

- (i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

As at 30th June 2021, an aging analysis of those trade receivables are as follows:

Not overdue		
1 – 30 Days	3,189,349	2,219,919
31 – 60 Days	1,502,283	1,000,354
60+ Days	1,714,224	978,087
	6,405,856	4,198,360

NOTES TO THE FINANCIAL STATEMENTS

8. Financial Assets

	2021	2020
	\$	\$

Current

Investment in listed companies	350,000	-
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Total Investments

	350,000	-
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99,202 Shares in Vox Royalty Group listed on Toronto Stock Exchange.

9. Inventories

	2021	2020
	\$	\$

Current

Finished Products	10,991,284	5,396,121
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Goods in transit	281,957	1,054,332
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Work in progress	284,065	252,710
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Total Inventories

	11,557,306	6,703,163
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Management has assessed the value of inventory which is likely to be sold below cost/written off in the future periods. This analysis is based on past experience, and judgements on the likely sell through rates of various lines of inventory. Based on managements analysis no provision has been deemed to be required at 30 June 2021.

10. Right of use assets

The Group's lease portfolio includes premises in different locations. These leases have a term from 2 to 5 years including the option to extend.

Options to Extend or Terminate

The options to extend or terminate are contained in several of the property leases of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which management were reasonably certain to be exercised have been included in the calculation of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

(i) AASB 16 related amounts recognised in the statement of financial position:

	2021	2020
	\$	\$
Right-of-use assets		
Leased building	5,464,652	2,899,298
Accumulated depreciation	(1,435,624)	(644,711)
	4,029,028	2,254,587
Movement in carrying amounts:		
Leased buildings:		
Opening Balance 1st July 2020	2,254,587	-
Recognised on application of AASB 16	2,573,601	2,899,298
Depreciation expenses	(799,160)	(644,711)
Net carrying amount	4,029,028	2,254,587

(ii) AASB 16 related amounts recognised in the statement of profit and loss:

Depreciation charge related to right of use assets	799,160	644,711
Interest expense on lease liabilities	79,561	109,574
Total cash outflow in relation to leases	898,474	681,548

11. Other Assets

	2021	2020
	\$	\$
Prepayments	971,943	5,029
Prepaid Borrowing Expenses	145,459	24,150
	1,117,402	29,179

The Group acquired Elite Tyre Group for settlement on 1st July 2021. In order for settlement to be finalized, the settlement payment was placed into a solicitors trust account and treated as a prepayment.

NOTES TO THE FINANCIAL STATEMENTS

12. Property, plant and equipment

	2021	2020
	\$	\$
Leasehold Improvements	210,000	210,000
Less accumulated depreciation	(72,000)	(42,000)
Total Leasehold Improvements	138,000	168,000
Plant & Equipment	2,225,407	1,291,556
Less accumulated depreciation	(262,731)	(115,832)
Total Plant and Equipment	1,962,676	1,175,724
Motor Vehicles	902,530	402,764
Less accumulated depreciation	(173,477)	(69,808)
Total Motor Vehicles	729,053	332,956
Memorabilia	450,000	450,000
Total Property Plant and Equipment	3,279,729	2,126,680

NOTES TO THE FINANCIAL STATEMENTS

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year:

	Property Improvement	Plant and Equipment	Memorabilia	Motor Vehicles	Total
Consolidated Group					
Balance at 1 July 2019	200,080	141,615	-	-	341,695
Additions	-	-	-	80,664	164,675
Disposals	-	(141,615)	-	-	(145,615)
Acquisitions through business combination	9,920	1,207,545	450,000	322,100	1,989,565
Depreciation expense	(42,000)	(115,832)	-	(69,808)	(227,640)
Balance at 30 June 2020	168,000	1,175,724	450,000	332,956	2,126,680

	Property Improvement	Plant and Equipment	Memorabilia	Motor Vehicles	Total
Consolidated Group					
Balance at 1 July 2020	168,000	1,175,724	450,000	332,956	2,126,680
Additions	-	325,098	-	-	325,098
Disposals	-	-	-	-	-
Acquisitions through business combination	-	608,753	-	499,766	1,108,519
Depreciation expense	(30,000)	(146,899)	-	(103,669)	(280,568)
Balance at 30 June 2021	138,000	1,962,676	450,000	729,053	3,279,729

13. Intangible assets

	2021	2020
	\$	\$
Goodwill	14,842,456	13,466,616
Patents and trademarks & others	261,010	250,735
Total Intangible Assets	15,103,466	13,717,351

NOTES TO THE FINANCIAL STATEMENTS

	Goodwill	Patents, Trademark & other
Consolidated Group		
Year ended 30 June 2020		
Balance at the beginning of the year	13,466,616	250,735
Additions	-	-
Disposals	-	-
Amortisation charge	-	-
Closing value at 30 June 2020	13,466,616	250,735
Year ended 30 June 2021		
Balance at the beginning of the year	13,466,616	250,735
Additions	-	10,275
Acquisitions through business combinations	1,375,840	-
Closing value at 30 June 2021	14,842,456	261,010

As per group policies, patents and trademarks are amortised over their expected useful life. Management has determined that as at 30th June 2021 the current years amortisation is immaterial and has not been accounted for.

The recoverable amount of goodwill is determined based on value-in-use calculations. Value-in use is calculated based on the present value of the cashflow projections over a five year period. The cash flows are discounted using the yield of a 5 year weighted average cost of capital (WACC) at the beginning of the period.

The value in use calculations use key assumptions of an average growth rate of 7.5% and discount rate of 10% across the group.

Management has based the value-in-use calculations on budgets for the Company. This budget use current results and management assumptions of growth rates to project revenue. Costs are calculated taking into account historical gross margins.

Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment. No reasonably possible changes in any of the key assumptions would result in a statutory impairment.

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and Other Payables

	2021	2020
	\$	\$
Current		
Trade creditors	5,060,945	5,908,407
Other creditors	356,580	196,363
ATO Liabilities	1,869,660	896,219
Total Trade and Other Payables	7,287,185	7,000,989

Fair Value and Risk Exposures

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Details regarding liquidity risk are disclosed in Note 25.

Trade and other payables are unsecured and usually paid within 60 days of recognition.

15. Lease liabilities

The following information relates to the current reporting period only and is presented in accordance with AASB 16 Leases.

Lease Liabilities

	2021	2020
	\$	\$
Current lease liabilities	1,105,356	646,240
Non-current lease liabilities	2,959,452	1,673,290
	4,064,808	2,319,530

16. Borrowings

	2021	2020
	\$	\$
Current		
Loan - Bank	1,674,453	1,100,457
Loan Trade Finance	803,362	-
Hire Purchase Loans	64,445	-
Deferred Acquisition Payment	79,668	658,771
	2,621,928	1,759,228

NOTES TO THE FINANCIAL STATEMENTS

	2021	2020
Non Current	\$	\$
Loan – Bank	2,305,364	3,260,180
Loan Hire Purchase	467,090	-
Related party loan	301,085	703,762
Loan - other	99,741	-
Deferred Acquisition Payment	499,734	-
	3,673,014	3,963,942

The bank loans are secured over all present and future rights, property and undertakings of RPM Automotive Group Ltd and the following subsidiary – RPM Automotive Holdings Pty Ltd.

Details of key borrowing facilities are:

	Balance 30 June 2021	Facility Expiry Date	Interest rate (30 June 2021)
NAB Business Markets Loan	\$2,835,800	30th Sept 2022	3.6%
NAB Business Options Loan	\$205,563	16th June 2023	4.5%
Octet Trade Finance	\$755,496	-	6.25%
NAB Business Options	\$50,000	28th Feb 2022	4.5%
Bank Guarantees	\$159,800	Various	-

For key terms of related party loans refer to Note 23 Related Party Transactions.

17. Current tax liabilities

	2021	2020
	\$	\$
Current	701,408	294,358
	701,408	294,358

18. Provision

	2021	2020
	\$	\$
Current – Employee Benefits		
Annual Leave	726,717	368,021
Long Service Leave	382,900	260,217
	1,109,617	628,238

NOTES TO THE FINANCIAL STATEMENTS

19. Deferred tax asset

	2021	2020
	\$	\$
Non Current		
Provisions	349,865	185,480
Leased Assets	803,383	17,860
	1,153,248	203,340

20. Deferred Tax Liability

	2021	2020
	\$	\$
Non Current		
Provisions	321,777	-
	321,777	-

21. Issued Capital

	Consolidated			
	2021		2020	
	Number	\$	Number	\$
(a) Share capital				
Ordinary shares fully paid	121,477,305	23,939,315	86,657,898	17,699,647
	121,477,305	23,939,315	86,657,898	17,699,647

NOTES TO THE FINANCIAL STATEMENTS

(b) Movement in ordinary shares on issue

	2021		2020	
	Number	\$	Number	\$
At 30 June 2020	86,657,898	17,699,647	-	-
Share consolidation and share issue on Reverse Takeover and acquisition of business	-	-	90,127,492	18,824,647
Acquisition of business August 2020	680,051	160,000	-	-
Services Provided	226,667	56,667	-	-
Capital Raise November 2020	12,671,937	2,277,234	-	-
Capital Raise January 2021	14,795,706	2,811,184	-	-
Services Provided	140,000	28,000	-	-
Acquisition of business February 2021	2,587,747	517,599	-	-
Earn out shares February 2021	1,782,626	356,525	-	-
Exercise of options	1,934,673	388,487	-	-
Less Capital Raise Costs	-	(356,028)	-	-
Closing Balance	121,477,305	23,939,315	-	-
At 30 June 2021	121,477,305	23,939,315	90,127,492	18,824,647
Shares to be cancelled at Annual General Meeting	-	-	(3,469,594)	(1,125,000)
Closing balance	121,477,305	23,939,315	86,657,898	17,699,647

(c) Options at 30 June 2021

As at 30th June 2021 there were 7,631,843 listed options on issue which are exercisable at \$0.25 each with an expiry date of 28 August 2021 (2020: 8,982,698)

Consolidated Group

June 2021 June 2020

Number Number

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 period 1,350,855 listed options were exercised (30 June 2020:8)

NOTES TO THE FINANCIAL STATEMENTS

Options at 30 June 2021

As at 30th June 2021 there were 20,939,570 unlisted options on issue which are exercisable at \$0.38 each with an expiry date of 15th January 2023 (2020:Nil)

	Consolidated Group	
	2021	2020
	Number	Number
Beginning of the period	-	-
Issued during the period	21,523,388	-
Exercised during the period	583,818	-
End of period	20,939,570	-

During the period 21,523,388 listed options were issued at \$Nil which are exercisable at \$0.38 each with an expiry date of 15th January 2023 as part of the placement and a bonus to shareholders.

During the period 583,818 listed options were exercised. (2020: Nil)

No unlisted options are outstanding as at 30 June 2021.

(d) Terms and conditions of contributed equity

Ordinary Shares:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure other than as disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

22. Contingent Assets and Liabilities

Contingent Assets

In March 2009, Kairiki entered into agreements with a previous partner, Alpine Oil & Gas Pty Ltd (AOG) to sell Kairiki's 30% interest in each of the Sicily Channel exploration permits, Pantelleria and Kerkouane. As consideration, AOG agreed to pay US\$280,000 cash (A\$326,836) for each permit if and when AOG disposes of an interest in those permits. US\$280,000 was received in June 2020 in relation to the Kerkouane permit.

Contingent Liabilities

There are no contingent liabilities.

Consolidated Group

June 2021 June 2020

Minimum Lease Payments	\$	\$
Future Operating lease short term rentals of property, not provided for and payable as follows:		
Within one year	591,974	119,344
One to Five years	-	-
Total	591,974	119,344

Operating lease commitment includes contracted amounts for various warehouses and offices under non-cancellable operating leases expiring within five years (2020: three years) with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the lease are renegotiated.

23. Related Party Transactions

(a) Parent entity

The parent entity and ultimate parent entity within the Group is RPM Automotive Group Limited.

(b) Subsidiaries

Name of Controlled Entity	Place of Incorporation	% Held by Parent Entity		Principal Activities
		2021	2020	
RPM Automotive Holdings Pty Ltd	Australia	100	100	Motorsports Retail, Wheels and Tyres, Roadside and Repairs and Accessory Manufacture
Gully Mobile Tyres Pty Ltd	Australia	100	-	
RPM Autoparts Pty Ltd	Australia	100	-	
Traralgon Tyre Service Pty Ltd	Australia	51	-	

NOTES TO THE FINANCIAL STATEMENTS

(c) Key management personnel compensation

	Consolidated Group	
	2021	2020
	\$	\$
Short-term employment benefits	774,182	611,767
Post-employment benefits	-	-
Other long-term benefits	-	-
Total compensation	774,182	611,767

Further disclosures relating to key management personnel are set out in the remuneration report in the Directors' Report.

(d) Transactions with other related parties

- (i) Director-related entities
- (ii) Loans to/from related parties

Unsecured, at-call loans are provided by directors, key management personnel and other related parties on an arm's length basis. At 30th June 2021 the following Related Party Loans were outstanding:

Related Party	Loan Amount	Interest Rate	Security	Expiry Date
Jaffe Family	150,542	6%	Unsecured	August 2022
Finkelstein Family	150,542	6%	Unsecured	August 2022

NOTES TO THE FINANCIAL STATEMENTS

24. Auditor's Remuneration

	2021	2020
Amount received or due and receivable by the auditor of RPM Automotive Group	\$	\$
Limited for:		
Auditing and reviewing the financial statements	110,000	120,000
	<u>110,000</u>	<u>120,000</u>

25. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital for the Group's operations.

The Group has various other financial instruments such as trade creditors, which arise directly from its operations.

It is the Group's policy that no trading in financial instruments shall be undertaken.

	2021	2020
	\$	\$
Financial assets at amortised cost		
Cash and cash equivalents	1,737,900	2,083,173
Trade and other receivables	7,372,014	5,936,536
Total financial assets	9,109,914	8,019,709
Financial liabilities at amortised cost		
Trade and other payables	7,287,185	7,000,989
Borrowings	5,414,455	4,360,637
Related Party Loans	301,085	1,362,533
Deferred Acquisition Payment	579,402	-
Lease Liabilities	4,064,808	2,319,530
Total financial liabilities	17,646,935	15,043,689

NOTES TO THE FINANCIAL STATEMENTS

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

Interest Rate Risk

At balance date the Group's exposure to market risk for changes in interest rates relates primarily to the Company's short-term cash deposits and bank borrowings. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At balance date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated Group	
	2021	2020
	\$	\$
Cash and cash equivalents held in interest-bearing accounts	250,840	94,161
Bank borrowings	(4,600,223)	(3,361,800)
Net exposure	4,349,383	3,267,639

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1.0% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical bank interest rate movements over the last three years.

At 30 June 2021, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Group would have been affected as follows:

	Consolidated Group	
	2021	2020
	\$	\$
Judgements of reasonably possible movements:		
Post tax profit and equity - higher / (lower)		
+1.0%	43,493	32,676
-1.0%	(43,493)	(32,676)

NOTES TO THE FINANCIAL STATEMENTS

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding requirements.

The table below reflects all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities as of 30 June 2021. These amounts represent contractual undiscounted cash flows.

The contractual maturities of the Group's total reported financial liabilities are:

	Consolidated Group	
	2021	2020
	\$	\$
Within six months	5,659,393	7,000,989
Within one year	2,142,038	2,405,468
Within one to five years	4,251,048	5,637,232

The contractual maturities of the Group's total undiscounted lease liabilities are:

	Consolidated Group	
	2021	2020
	\$	\$
Within six months	552,678	366,218
Within one year	552,678	366,670
Within one to five years	2,959,452	1,833,167

NOTES TO THE FINANCIAL STATEMENTS

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security held, is equivalent to the carrying amount (net of any allowance for expected credit losses) as presented in the statement of financial position and notes to the financial statements.

Cash is primarily deposited only with Australian banks. The Company does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

Foreign Currency Risk

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable and ensuring cash balances are maintained in appropriate currencies to meet operational commitments. The Group has limited exposure to foreign currency risk.

No reasonable movement in the Australian Dollar (AUD) rates (for example 10% up or down) used to determine the fair value of the groups financial assets/liabilities would result in a significant impact on profit or equity.

Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements.

26. Operating Segment

The Groups segments represent strategic business units that offer different products and operate in different segments of the automotive aftermarket. They are consistent with the way the CEO monitors and assesses the business performance in order to make decisions about resource allocation over the Group. Performance assessment is based on EBIT (Earnings Before Interest and Tax) and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). These measures are different from the profit and loss reported in the consolidated financial statements which is shown after net interest and tax expense. This is because decisions that affect the net interest expenses and tax expense are made a Group level. It is not considered appropriate to measure segment reporting at the net profit after tax level.

Segment assets and liabilities are not disclosed here as the CEO does not regularly receive such segmental information, the groups assets and liabilities are detailed throughout these financial statements.

The Groups operating segments are detailed in significant accounting policies at Item q.

NOTES TO THE FINANCIAL STATEMENTS

	Motorsport		Repairs and Roadside		Wheels and Tyres		Accessories		Consolidated	
	June 2021	June 2020	June 2021	June 2020	June 2021	June 2020	June 2021	June 2020	June 2021	June 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales	7,037,022	5,172,986	1,601,986	12,058,683	18,506,391	12,035,092	3,518,753	3,203,178	45,074,152	32,469,938
Other Income	390,621	292,862	545,619	343,822	97,846	673,825	659,292	359,411	1,693,378	2,515,125
Total Segment Revenue	7,427,643	5,465,848	16,557,605	12,402,505	13,604,237	12,708,917	4,178,045	3,562,589	46,767,530	34,985,063
Segment Gross Profit	3,239,369	2,761,683	4,550,677	3,618,551	4,749,063	2,925,946	2,647,343	2,274,232	15,186,452	11,580,412
Segment Gross Profit %	46.0%	47.7%	28.3%	27.16%	20.7%	18.71%	75.2%	59.78%	33.7%	30.52%
Segment Expenses	2,463,501	2,593,753	4,520,136	3,254,166	4,133,697	2,264,328	2,627,412	1,600,239	13,749,746	9,712,486
Net Operating Segment Profit	1,166,489	167,930	576,160	364,385	708,212	661,618	679,223	673,993	3,130,084	1,867,926
Administration Income										
Interest	-	-	-	-	-	-	-	-	9,606	181
Other income	-	-	-	-	-	-	-	-	347,566	845,025
Total Administration Income									357,172	845,206
Administration Expenses										
Finance costs	-	-	-	-	-	-	-	-	149,236	102,189
Employee benefits expenses	-	-	-	-	-	-	-	-	673,351	588,100
Share listing expense on reverse takeover	-	-	-	-	-	-	-	-	-	3,092,812
Other expenses	-	-	-	-	-	-	-	-	536,362	270,286
Total Administration expenses	-	-	-	-	-	-	-	-	1,363,949	4,053,387
Consolidated Profit(loss) before tax	-	-	-	-	-	-	-	-	2,123,309	(1,340,255)
Income tax expense	-	-	-	-	-	-	-	-	322,640	(171,975)
Consolidated net profit after tax	-	-	-	-	-	-	-	-	2,445,949	(1,512,230)

Inter- Segment Sales

Inter-segment sales are carried out on an arm's length basis and reflect current market price.

NOTES TO THE FINANCIAL STATEMENTS

27. Parent Entity Information

The parent entity has no operations apart from holding interests in the subsidiary trading company.

	Parent	
	2021	2020
	\$	\$
Non-current assets		
Deferred Tax Assets	1,153,248	-
Goodwill	15,103,466	-
Loans	8,384,027	17,699,647
Total assets	24,640,741	17,669,647
Current liabilities		
Current tax liabilities	701,408	-
Total liabilities	701,408	-
Net assets / (Deficiency)	23,939,333	17,669,647
Issued capital	23,939,333	17,699,647
Accumulated Profit/(Loss)	-	-
Total equity / (Shareholders' Deficit)	23,939,333	17,699,647
Profit / Loss of the parent entity after tax	-	-
Other comprehensive income / (loss), net of tax	-	-
Total comprehensive profit of the parent entity	-	-

NOTES TO THE FINANCIAL STATEMENTS

28. Events Subsequent to the Reporting Period

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:

- On 1st July 2021 the Group paid out the balance of Citic Autoparts Pty Ltd acquisition to the vendor.
- On 1st July 2021 the Group acquired Elite Tyre Group, a wholesale tyre trading business that will be incorporated into our wheels and tyre division.
- On 28th August the Company completed its issue of shares on the exercise of options.
- The Group has announced prospective acquisitions of the following business
 - Direct Wholesale Tyres (Townsville)
 - East Coast Tyres Wholesale (Sydney)

29. Jobkeeper

The Company received Jobkeeper supplement during the year ended 2021. The breakdown per division as follows:

DIVISIONS	ABN	NUMBER OF EMPLOYEES	AMOUNT \$
Formula Off Road	96 169 259 492	10	108,000
Revolution Racegear	31 144 082 262	19	190,500
RPM Automotive Holdings	23 634 931 356	17	136,500
RW Tyres	54 618 666 765	6	77,400

DIRECTORS' DECLARATION

1. In the opinion of the Directors:
 - a) The financial statements and notes and the Remuneration report included in the Directors' Report designated as audited, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in note 2; and
 - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

This declaration is signed in accordance with a resolution of the Board of Directors.



Grant Carman
Chairman
29 September 2021

AUDITORS INDEPENDENCE DECLARATION



Nexia Melbourne Audit
Registered Audit Company 291969
Level 12 31 Queen Street
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Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of RPM Automotive Group Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there has been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Nexia".

**Nexia Melbourne Audit Pty Ltd
Melbourne**

A handwritten signature in blue ink that appears to read "Benjamin Bester".

**Benjamin Bester
Director**

Dated this 29th day of September 2021

INDEPENDENT AUDIT REPORT



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Registered Audit Company 291969
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Independent Auditor's Report to the Members of RPM Automotive Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RPM Automotive Group Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nexia Melbourne Audit Pty Ltd (ABN 86 005 105 975) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

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INDEPENDENT AUDIT REPORT



Key audit matter	How our audit addressed the key audit matter
Impairment assessment Goodwill <i>Refer to note 13</i> The impairment assessment of for goodwill is considered a be a key audit matter due to the size of the balance and the range of judgements and assumptions used in the impairment assessment model.	Our procedures included, amongst others: • We ensured that the recoverable amount calculations re based on the latest business plans. Management follows a clear process for future cash flows. • We have assessed the reasonableness of the business plan by comparing the implicit growth rates to the market and assessed that overall, the growth rate appear to be reasonable. • We performed procedures to ensure that model inputs are consistent with observable market date and did not note material deviations. • We reperformed through sensitivity analyses on the key assumptions to ascertain the extent of change in those assumptions that would be required for the goodwill to be impaired. We discussed the headroom of the sensitivity analyses with management and are of the view that no impairment is necessary.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDIT REPORT



Responsibilities of the Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDIT REPORT



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of RPM Automotive Group Ltd for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Nexia Melbourne Audit Pty Ltd
Melbourne**

**Benjamin Bester
Director**

Dated on this 29th day of September 2021

SUPPLEMENTARY INFORMATION

Additional information included in accordance with Listing Rules of the Australian Stock Exchange Limited

The shareholder information set out below was applicable as at 23 September 2021.

Range	Total holders	Units	% Units
1 - 1,000	279	42,233	0.03
1,001 - 5,000	386	1,153,802	0.83
5,001 - 10,000	275	2,253,711	1.61
10,001 - 100,000	502	16,556,031	11.84
100,001 Over	161	119,826,282	85.69
Rounding			0.00
Total	1,603	139,832,059	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.3350 per unit	1,493	309	80,826

SUPPLEMENTARY INFORMATION

Additional information included in accordance with Listing Rules of the Australian Stock Exchange Limited

2. Twenty Largest Shareholders

The names of the twenty largest shareholders are as follows:

	Name	Units	% Units
1	RPM WORLDWIDE GROUP PTY LTD	18,553,163	13.27
2	RPM AUSTRALASIA PTY LTD	13,571,644	9.71
3	WEI LIU PTY LTD <WEI LIU FAMILY A/C>	8,600,000	6.15
4	SANDHURST TRUSTEES LIMITED <COLLINS ST VALUE FUND A/C>	8,333,333	5.96
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,893,963	3.50
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,800,109	2.00
7	MRS JODI LYNNE FINKELSTEIN	2,746,000	1.96
8	MRS PAULEY JAFFE	2,746,000	1.96
9	ALM SUPERANNUATION PTY LTD <MANN FAMILY SUPER FUND A/C>	2,445,420	1.75
10	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	2,405,893	1.72
11	BRIAR PLACE PTY LIMITED <MJ FAMILY A/C>	2,300,674	1.65
12	MR EJAY RAHMANI	1,971,840	1.41
13	CARROLL SUPERANNUATION FUND PTY LIMITED <THE GERARD SUPER FUND A/C>	1,434,804	1.03
14	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,357,857	0.97
15	DIXSON TRUST PTY LIMITED	1,250,000	0.89
16	MR PAUL NYMAN	1,002,889	0.72
17	STUART JAMES HERCULES	1,000,000	0.72
18	INVIA CUSTODIAN PTY LIMITED <ANDREW WILLIAM BLACKMAN A/C>	1,000,000	0.72
19	SPILCO PTY LTD	929,280	0.66
20	MR ANTHONY VIOLI	927,320	0.66
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		80,270,189	57.40
Total Remaining Holders Balance		59,561,870	42.60

SUPPLEMENTARY INFORMATION

Additional information included in accordance with Listing Rules of the Australian Stock Exchange Limited

3. Options

There are 8,982,698 options on issue which have an exercise price of \$0.25 and an expiry date of 28 August 2021.

The Twenty Largest Option holders are as follows:

Rank	Name	Units	% Units
1	ATLANTIC CAPITAL HOLDINGS PTY LTD <ATLANTIC CAPITAL A/C>	10,000,000	47.76
2	SLUSH PUPPIE SYD PTY LTD	1,000,000	4.78
3	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	789,474	3.77
4	J P MORGAN NOMINEES AUSTRALIA	561,404	2.68
5	CITICORP NOMINEES PTY LIMITED	526,316	2.51
6	BORA ENTERPRISES PTY LTD	500,000	2.39
7	RAT CONSULTING PTY LTD	438,597	2.09
8	BRIAR PLACE PTY LIMITED <MJ FAMILY A/C>	394,737	1.89
9	PLACEMENT FACILITATION ACCOUNT	298,674	1.43
10	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	287,356	1.37
11	JAMIE CAMPBELL	275,362	1.32
12	PROPEL HOLDINGS PTY LTD	250,000	1.19
13	SANDTON CAPITAL PTY LTD	250,000	1.19
14	ANGLO MENDA PTY LTD	188,246	0.90
15	E EQUITIES PTY LTD	175,439	0.84
16	AITKEN MURRAY CAPITAL PARTNERS PTY LTD	166,667	0.80
17	YUCAJA PTY LTD <THE YOEGIAR FAMILY A/C>	161,316	0.77
18	GBBM PTY LIMITED <BERESFORD A/C>	149,123	0.71
19	FINCLEAR NOMINEES PTY LTD <ACCUMULATION ENTREPOT A/C>	139,923	0.67
20	CHIFLEY PORTFOLIOS PTY LTD	131,579	0.63
Totals: Top 20 holders of UNLISTED OPTION		16,684,213	79.68
Total Remaining Holders Balance		4,255,3572	0.32

SUPPLEMENTARY INFORMATION

Additional information included in accordance with Listing Rules of the Australian Stock Exchange Limited

4. Substantial Shareholders

Substantial shareholders in the Company as disclosed in the substantial shareholder notices given to the Company

	Number of Shares	Percentage of Issued Capital
RPM Worldwide Group Pty Ltd	18,553,163	13.27
RPM Australasia Pty Ltd	13,571,644	9.71

5. Voting Rights

Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Options

Options have no voting rights until such options are exercised as fully paid ordinary shares.

6. On-market Buy-back

There is no current on-market buy-back of the Company's securities.



THE LEADING AUSTRALIAN **AUTOMOTIVE GROUP**

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INVESTOR ENQUIRIES

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ADMIN AND SUPPORT

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THE RPM GROUP