

APPENDIX 4E

Year Ended 30th June 2022

(Previous corresponding period:
Year ended 30th June 2021)



THE RPM GROUP

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. Key Information

	Year ended 30 June			
	2022	2021	Movement	
	\$	\$	Up/Down	%
Revenue from ordinary activities	78,760,248	45,074,152	Up	75%
Net profit from ordinary activities before income tax attributable to members	3,910,481	2,123,309	Up	84%
Net profit from ordinary activities after income tax attributable to members	2,760,741	2,445,949	Up	13%

2. Dividend

	Amount per security	Franked amount per security at 30%	Total
	Cents	Cents	Cents
(a) Final			
2022 final dividend	-	-	-
2021 final dividend	-	-	-
(b) Interim			
2022 interim dividend	-	-	-
2021 interim dividend	-	-	-

RESULTS FOR ANNOUNCEMENT TO THE MARKET (CONT.)

3. Review of Operations and Outlook

Over the past year, we effectively executed on our growth strategy with the integration of 9 targeted acquisitions together with strong organic growth. We expanded our national footprint from 16 to 25 retail outlets and from 4 to 8 distribution warehouses. We broadened our accessories product range into complementary verticals, and we enhanced our design and manufacturing capabilities. We significantly expanded our operations in Far North Queensland across both retail and wholesale, through the acquisitions of Carline Cairns, RPM Autoparts Townsville, Direct Wholesale Tyres and the opening of a new distribution centre in Townsville. Our operations in Queensland have significantly exceeded our expectations and we now have a solid foundation for further revenue growth and margin expansion in the Queensland market over time.

In FY22, we also added new retail locations in Victoria and ACT through the acquisitions of Elite Tyre Group, Super Tyre Mart, Victoria Wide Tyre Services and ACT Total Tyres and we established a new distribution centre in Gippsland. The acquisition of Victoria Wide Tyre Services positions RPM as one of the largest commercial tyre businesses in metropolitan Melbourne by volume.

Over the past year, we have also broadened our accessories product range into new verticals, including caravan and camper trailer accessories and 4WD accessories through the acquisitions of Safety Dave and the AFT Automotive Group.

The benefits of our vertically integrated model are already starting to show, with increased cross-selling of the expanded product range across the national network of retail and wholesale locations. We have won major new fleet contracts based on our expanded operations and manufacturing capabilities. We are now focused on the continued implementation of best-practice in inventory and supply chain management as well as exceptional customer service. The network effect and increased operating leverage will enable sustainable earnings growth moving forward.

Over the past year, we have strengthened our management team to match the strong growth profile of the Company with a new CFO, and two new General Managers.

All of the above have RPM well placed to deliver strong results for FY23.

In FY22, we delivered revenue growth of 70% to \$80m and the underlying EBITDA growth of 124% to \$7.6m. Our top line performance was exceptionally strong, driven by both acquisitions and 18% organic revenue growth. In the past year, our margins were adversely impacted by COVID related supply chain disruptions, one-off flood related costs as well as investments in growth for one-off set-up costs and warehousing expenses.

We enter FY23 with an annualised revenue run rate in excess of \$120 million and we are confident in the strong growth momentum in the business. We are planning for continued organic growth with signed leases for two new retail stores in Sydney and Adelaide and we will continue to consider acquisitive growth opportunities as they arise.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue	4	80,339,351	47,124,702
Employee benefits expenses	5	13,693,675	7,647,513
Other expenses	5	62,735,196	37,353,880
Profit from operations before income tax		3,910,481	2,123,309
Income tax (expense) / benefit		(1,149,740)	322,640
Profit from operations after income tax		2,760,741	2,445,949
Total comprehensive income for the year		2,760,741	2,445,949
		Cents per Share	Cents per Share
Basic and diluted Profit / earnings per share from continuing operations			
Basic Profit Per Share		1.93	2.33

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	7,047,808	1,737,900
Inventories	7	24,490,408	11,557,306
Trade and other receivables	8	12,263,927	6,335,451
Other Current Assets	8	2,050,700	2,153,965
Total current assets		45,852,843	21,784,622
Non-current assets			
Property, plant & equipment	9	6,249,912	3,279,729
Right of use assets		6,655,897	4,029,028
Intangible Assets	10	32,856,945	15,103,466
Other Non-current assets	11	2,749,748	1,754,088
Total Non-current assets		48,512,503	24,166,311
Total assets		94,365,345	45,950,933
LIABILITIES			
Current liabilities			
Trade and other payables		17,134,528	7,287,185
Other Current liabilities		9,703,553	5,538,309
Total current liabilities	12	26,838,082	12,825,494
Non-current liabilities	13	28,405,978	6,954,243
Total liabilities		55,244,059	19,779,737
Net assets		39,121,286	26,171,196
EQUITY			
Issued capital		34,215,339	24,069,699
Reserves		223,710	180,000
Accumulated profits		4,682,238	1,921,497
Total equity		39,121,286	26,171,196
		Cents per Share	
Net tangible assets per share		4.383	

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	73,840,969	43,005,054
Cash paid to suppliers and employees	(76,189,296)	(47,340,041)
Interest and other income received	5,769	2,371,185
Finance costs	(203,220)	(610,039)
Income tax paid	(307,992)	81,488
Net cash outflow from operating activities	(2,853,769)	(2,492,353)
Cash flows from investing activities		
Payment for property, plant and equipment	(689,738)	(325,098)
Payments for financial assets	(1,983,252)	(615,189)
Net cash outflows from business combinations	(9,243,683)	(1,934,299)
Net cash outflow from investing activities	(11,916,673)	(2,874,586)
Cash flows from financing activities		
Proceeds/(Repayment) of lease principal	464,781	(815,974)
Proceeds from the issue of shares	4,215,760	5,712,564
Proceeds from borrowings	15,399,810	394,468
Repayments of borrowings	-	(269,392)
Net cash inflow from financing activities	20,080,350	5,021,666
Net Increase (decrease) in cash and cash equivalents	5,309,908	(345,273)
Cash and cash equivalents at beginning of year	1,737,900	2,083,173
Cash and cash equivalents at the end of the year	7,047,808	1,737,900

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Issued Capital	Reserves	Accumulated Profits	Total Equity
	\$	\$	\$	\$
At 1 July 2020	17,699,647	-	(524,015)	17,175,632
Profit for the year			2,445,512	2,445,512
Adjustments to reserves		180,000		180,000
Issue of share capital	6,370,052			6,370,052
At 30 June 2021	24,069,699	180,000	1,921,497	26,171,196
At 1 July 2021	24,069,699	180,000	1,921,497	26,171,196
Profit for the year			2,760,741	2,760,741
Adjustments to reserves		43,710		43,710
Issue of share capital	10,145,640			10,145,640
At 30 June 2022	34,215,339	223,710	4,682,238	39,121,287

NOTES TO ASX APPENDIX 4E

1. ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASES

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

2. DETAILS OF CONTROLLED ENTITIES ACQUIRED

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

- Direct Wholsale Tyres Pty Ltd
- Victoria Wide Tyre Services Pty Ltd

3. JOINT VENTURES

There are no associates or joint venture entities

4. REVENUE

	2022	2021
	\$	\$
Revenue from ordinary activities	78,760,248	45,074,152
Other income	1,573,334	1,711,728
Gain on sale of asset	-	328,933
Interest income	5,769	9,889
	80,339,351	47,124,702

Revenue by Division

	2022	2021
	\$	\$
Repairs & Roadside (Retail)	31,853,472	16,011,986
Motorsport (Retail)	7,850,128	7,307,022
Performance & Accessories (Retail & Wholesale)	11,086,064	3,518,753
Wheels & Tyres (Wholesale)	27,970,585	18,236,391
	78,760,248	45,074,152

NOTES TO ASX APPENDIX 4E (CONT.)

5. OTHER EXPENSES

	2022	2021
	\$	\$
Cost of goods sold	51,235,655	29,878,505
Employee benefits expenses	13,693,675	7,647,513
Depreciation and amortisation	2,640,233	1,128,669
Share based expenses	322,700	356,028
Finance costs	740,847	522,394
One-off flood related expenses	301,846	-
Other expenses	7,493,915	5,468,284
	76,428,870	45,001,393

6. CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank and in hand - unrestricted	7,047,808	1,737,900

7. INVENTORIES

	2022	2021
	\$	\$
Finished products	21,591,458	10,991,284
Work in progress	421,457	284,065
Goods in transit	2,477,494	281,957
	24,490,408	11,557,306

NOTES TO ASX APPENDIX 4E (CONT.)

8. TRADE AND OTHER RECEIVABLES (CURRENT)

	2022	2021
	\$	\$
Trade receivables	12,263,927	6,335,451
Other debtors	2,050,700	2,153,965
	14,314,627	8,489,416

9. PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	\$	\$
Property, plant and equipment	7,558,827	3,781,414
Less accumulated depreciation	(1,308,916)	(501,685)
	6,249,912	3,279,729

10. INTANGIBLES

	2022	2021
	\$	\$
Goodwill	32,350,439	14,842,456
Patents, trademarks and others	506,506	261,010
	32,856,945	15,103,466

NOTES TO ASX APPENDIX 4E (CONT.)

11. OTHER NON-CURRENT ASSETS

	2022	2021
	\$	\$
Trade and other receivables	1,212,355	250,840
Financial assets	-	350,000
Deferred tax assets	1,537,393	1,153,248
	2,749,748	1,754,088

12. TRADE AND OTHER PAYABLES (CURRENT)

	2022	2021
	\$	\$
Trade creditors	13,290,939	5,060,945
Other creditors	1,927,501	356,580
ATO liabilities	1,916,088	1,869,660
Current lease liabilities	2,044,418	1,105,356
Current borrowings	5,741,491	2,621,928
Provisions	1,917,644	1,811,025
	26,838,082	12,825,494

13. NON-CURRENT LIABILITIES

	2022	2021
	\$	\$
Non-current borrowings	11,594,909	2,412,900
Convertible note	5,609,706	-
Vendor finance	5,962,051	1,260,114
Deferred tax liability	332,990	321,777
Non-current lease liabilities	4,906,321	2,959,452
	28,405,978	6,954,243

NOTES TO ASX APPENDIX 4E (CONT.)

14. ISSUED CAPITAL

	2022		2021	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares – no par value fully paid and authorised	157,581,645	34,215,339	121,477,305	23,939,315

Movements in ordinary share capital

Opening balance	121,477,305
Options exercised	7,631,843
Issued	8,333,333
Acquisition of businesses	18,854,812
Share based payment reserve	1,284,352
Closing balance	<u>157,581,645</u>

Shares issued for acquisition of the following businesses:

Elite Tyre Group
 Direct Wholesale Tyres
 Carline Cairns
 Safety Dave
 ACT Total Tyres
 Victoria Wide Tyre Services
 Traralgon Tyre Services

NOTES TO ASX APPENDIX 4E (CONT.)

15. OPTIONS OUTSTANDING

Listed Options at 30 June 2022

As at 30 June 2022 there were Nil listed options on issue (2021: 7,631,843)

	Consolidated Group	
	2022	2021
Beginning of the period	7,631,843	8,982,698
Issued during the period	-	-
Exercised during the period	7,631,843	1,350,855
End of the period	-	7,631,843

During the period 7,631,843 listed options were exercised at \$0.25 each (2021: 1,350,855)

No listed options are outstanding as at 30 June 2022

Unlisted Options at 30 June 2022

As at 30 June 2022 there were 20,939,570 unlisted options on issue which are exercisable at \$.38 each with an expiry date of 15th January 2023 (2021: 20,939,570)

	Consolidated Group	
	2022	2021
Beginning of the period	20,939,570	-
Issued during the period	6,000,000	21,523,388
Exercised during the period	-	583,818
End of the period	26,939,570	20,939,570

During the year 6,000,000 unlisted options were issued at \$nil which are exercisable at \$.435 each with an expiry date of 31 March 2024

During the year Nil unlisted options were exercised (2021: 583,818)

NOTES TO ASX APPENDIX 4E (CONT.)

16. SUBSEQUENT EVENTS

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

17. DETAILS OF DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS IN OPERATION

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

18. OTHER INFORMATION REGARDING THESE ACCOUNTS

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

THE LEADING AUSTRALIAN AUTOMOTIVE GROUP

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