

31 January 2022
ASX Announcement

RPM AUTOMOTIVE GROUP MAINTAINS GROWTH TRAJECTORY WHILE EXPANDING INTO CARAVAN AND CAMPER TRAILER SECTORS

Market Update for the quarter ended 31 December 2021¹

RPM Automotive Group Limited (ASX: RPM) ("RPM" or the "**Company**") is pleased to provide the following market update for the quarter ended 31 December 2021 ("**Q2 FY22**").

Q2 FY22 highlights:

- Q2 FY22 revenue up 86% on prior corresponding quarter (pcp) to \$20.3 million (Q2 FY21: \$10.9 million)
- YTD revenue up 74% on prior corresponding trading period to \$35.3 million (H1 FY21: \$20.3 million)
- Q2 FY22 Gross Profit up 102% to \$7.5 million (Q2 FY21: \$3.7 million)
- Q2 FY22 Group EBITDA (after head office costs) up 174% to \$2.2 million (Q2 FY21: \$0.8 million)
- Double digit growth relative to Q2 FY21 across all four divisions
- Entered caravan and camper trailer sectors with acquisition of Safety Dave
- Expanded the executive team with the appointment of:
 - Malcom Noriskin as Chief Financial Officer
 - Jennifer Manson as Group Operations Manager
 - Joe De Sensi as General Manager – Wholesale, Wheels & Tyres
 - Perry Scarfe as General Manager – Retail, Repairs & Roadside

RPM has continued to grow strongly, with Q2 FY22 revenue up 86% to \$20.3 million (Q2 FY21: \$10.9 million). Revenue was underpinned by increased demand across all the Company's four divisions as Melbourne and Sydney emerged from extended periods of COVID-19 related lockdowns.

Commenting on the Company's strong quarterly revenue performance, RPM Automotive Group CEO, Clive Finkelstein said:

"As our two biggest markets, Sydney and Melbourne, emerged from extended periods of lockdown, the demand for our services increased, especially across our Repairs and Roadside division that increased sales by 183% on the prior year. Our Performance and Accessories division continues to grow and exceed expectations, where turnover has increased by 78% on the same

¹ All quarterly financial data included in this release is unaudited.

period last year. Our Wheels and Tyres division returned excellent results mainly attributed to improved gross margin as a result of our forward-thinking purchasing strategy. Our Motorsport division recovered well with sales increasing by 66% which then flowed through to the bottom line.

"We have continued to execute our expansion strategy, entering the lucrative caravan and camper trailer sectors with the acquisition of Safety Dave in Victoria. The addition of this iconic Australian brand sees us enter an industry that has experienced strong growth of 26.7% over the last five years and will underpin our Performance and Accessories division's growth in the near future.

"This quarter also saw us expand our product offering in our wholesale division, which should see our customer average order increase as they can purchase more of what they need conveniently through us – the diversity means we have more on offer with no extra selling expense.

"Our executive team has been significantly strengthened with the appointment of Malcom Noriskin as Chief Financial Officer, Jennifer Manson as Group Operations Manager, Joe De Sensi as General Manager - Wholesale for Wheels & Tyres and Perry Scarfe as General Manager – Retail for Repairs & Roadside. I am confident the combined experience and knowledge of this group will play a leading role in RPM's growth moving forward."

Division overview

Wheels and Tyres

		Q2 FY22	Q2 FY21	Variance
Revenue		\$6.53m	\$5.07m	+29%
Gross Profit		\$2.66m	\$816k	+226%
EBITDA		\$1.30m	\$231k	+463%

Wheels and Tyres again traded strongly throughout the quarter, the division was not seriously impacted by lockdowns due to its wholesale exposure to heavy industrial, construction, freight, mining and agriculture vehicles. In Q1 the division invested in market share, with significant infrastructure upgrades while absorbing price rises, while in Q2 we focused on Gross Profit which resulted in a slight reduction in revenue (-8%) over the previous quarter, however the profitability increase was significant.



Repairs and Roadside

		Q2 FY22	Q2 FY21	Variance
Revenue		\$9.25m	\$3.27m	+183%
Gross Profit		\$2.81m	\$1.06m	+165%
EBITDA		\$343k	\$127k	+170%

The Repairs and Roadside division rebounded strongly, with revenue up 183% YoY, and 87% on the prior quarter, due to a return to less COVID-19 affected trading conditions as many customers could now bring their vehicles in for scheduled repairs. In addition, the acquisition of the retail tyre business in FNQ completed during the quarter (effective from 1 October). While this division continues to meet growth expectations, staff availability continues to impact growth-potential.

Performance and Accessories

		Q2 FY22	Q2 FY21	Variance
Revenue		\$2.24m	\$1.26m	+78%
Gross Profit		\$1.06m	\$1.07m	-1%
EBITDA		\$396k	\$506k	-22%

Performance and Accessories continues to trade above expectations, generating a 78% increase in revenue YoY. Pleasingly, revenue was also up 47% on the prior quarter, despite Q2 including December which has historically been Performance & Accessories' weakest trading month. Unfortunately, increases in both expenses and COGS resulted in a reduction in EBITDA contribution YoY. New fleet contract wins will continue the strong sales performance of Performance and Accessories and the addition of Safety Dave will not only complement our existing business, but also provides new channels for our existing product lines.

Motorsport

		Q2 FY22	Q2 FY21	Variance
Revenue		\$2.16m	\$1.30m	+66%
Gross Profit		\$1.01m	\$707k	+43%
EBITDA		\$382k	\$254k	+50%



The Motorsport division rebounded strongly from a slow Q1 FY22 due to widespread lockdowns curtailing car club activity and motorsport in general, achieving a 55% increase in revenue over the prior quarter. In addition, revenue was 66% higher than the prior corresponding quarter. As previously anticipated by the Company, the rebound was largely driven by the restart of the motorsport calendar in both New South Wales and Victoria. This growth trajectory is expected to continue as the 2022 Australian Motorsport returns to normal.

The recently acquired Carline Cairns and RPM Autoparts Townsville (FNQ) are trading well and in line with expectations, however we elected to not proceed with the previously announced Carline Townsville transaction prior to settlement.

Outlook

"With lockdowns now hopefully well behind us, a resumption of the motor racing calendar, and a significantly strengthened management team to match our strong growth profile, we are looking forward to delivering further growth in our businesses. We are well funded to support our acquisition growth strategy, and we will continue to position ourselves to capitalise on increased demand for automotive aftermarket products and services. We will continue to grow RPM into a leading Australian business operating well-known brands across the transport and automotive aftermarket sectors." said Mr Finkelstein.

Authorised for release by the Chairman and CEO of RPM Automotive Group Limited.

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About RPM Automotive Group

RPM Automotive Group Limited is a leading player in the Australian Automotive Aftermarket, comprising a number of businesses involved in importing, wholesaling and retailing of tyres, mechanical repairs, motorsport apparel and safety equipment, niche manufacturing and a roadside assistance service for the transport industry. RPM owns brands, such as: RPM Racewear, Carline, Genie, Air Anywhere, Formula Off-Road, RPM Autoparts.

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

Important Information and Disclaimer

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