

MARKET UPDATE FOR QUARTER ENDED 30 JUNE 2020

BauMart Holdings Limited (ASX: BMH) ("BauMart" or the "Company") is pleased to present its quarterly cash report for the period ended 30 June 2020 and provides the below operational update for the quarter, including the impact of the ongoing worldwide coronavirus (COVID-19) pandemic in relation to its business divisions (hereafter referred to as the "Group"):

Corporate

- Entered into a conditional agreement during the quarter to sell its Lisec glass processing equipment for a dollar value of \$3.5m
- Divesting this non-core asset enables BauMart to execute on its strategy to focus on its key divisions as well as stronger margin products and services
- More details on the sale can be found in the ASX announcement dated 9th June 2020 and Notice of General Meeting dated 19th June 2020

COVID-19 impact

- Following advice from the State Government and a positive recovery in Western Australia, all divisions returned to the office on 4 May 2020.
- Discretionary expenditure cuts are still in place and the business has retained all employees with no reduction in salaries
- The Group has been receiving PAYG support in the form of the ATO Cashflow boost
- Our Malaysian based supplier has returned to 100% operational capacity with little to no interruption in the supply chain throughout the quarter
- Our China based suppliers are back operating at normal capacity with orders shipping out within the usual time frames
- For our glass division, as announced on 9th June 2020, the Company has divested its non-core glass processing asset. The transaction was approved by shareholders at the General Meeting held on 20th July 2020. The Company anticipates that the transaction will be completed by end of July. Following completion, the arrears on the Smithfield lease will be cleared and coordinated more efficiently in the future.

Materials Handling Supply Division

- Delivered the strongest quarter of revenue on record, achieving \$1.08m for Q4 FY20, a 9% increase compared to Q4 FY19
- Year-to-date revenue of \$3.9m, represents an increase of 13% compared to prior year, demonstrating the division's stable turnover profile in a very challenging environment
- The Group has confidence in the division's business model and the essential links it has to Australia's supply chain should any further economic instability arise due to COVID-19
- The expansion to New Zealand was completed in Q4 FY20 as planned with the first order received and delivered under the newly formed entity during the quarter.
- Order pipeline is robust with Q1 FY21 shaping up to be the strongest quarter of revenue to date
- The divisions expenditure for the quarter was in line with normal day to day operations including payments for inventory, staff costs and marketing.

Source and Procure Division

- During the quarter, the Company delivered orders to customers with connections to essential services
- Through the Group's extensive network, the division has serviced new and existing customers in the resources and healthcare markets
- The divisions expenditure for the quarter was in line with normal day to day operations including payments for inventory, staff costs and marketing.

Building Materials Supply Division

- During the quarter, the Company received larger than expected orders and enquiries for its natural stone division
- Discussions have commenced with key resellers to further strengthen our relationship by exclusive partnerships in specific regions of Australia
- With current travel restrictions imposed by COVID-19 this is a challenging rollout, but the division is hopeful of a positive update in Q1 FY21
- The divisions expenditure for the quarter was in line with normal day to day operations including payments for inventory, staff costs and marketing.

Other and Net Finance Income

- The underground mining equipment project was affected by COVID-19 during the quarter with the Sierra Leone government implementing various emergency measures to combat the virus, including curfews and international and in-country travel restrictions. Interest income for Q3 and Q4 FY20 has been accrued with payments expected in the current quarter
- A 12-month contract to provide broad management services to a Perth based industrial distribution business contributed modest other income during the quarter

Unaudited results

Sales Revenue	Jun 2020 Qtr. \$	Jun 2019 Qtr. \$	FY20 \$	FY19 \$
Materials Handling	1,081,424	990,361	3,954,692	3,492,297
Source and Procure	57,860	-	114,817	-
Building Materials	38,957	126,406	205,272	833,051
Total Sales Revenue	1,178,241	1,116,767	4,274,781	4,325,348

Income from other Divisions	Jun 2020 Qtr. \$	Jun 2019 Qtr. \$	FY20 \$	FY19 \$
Total Other Income	218,641	148,610	974,721	631,454
Total Net Finance Income	108,613	-	270,319	-

This announcement was authorised by the Board of BauMart Holdings Limited.

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About BauMart Holdings Limited

BauMart Holdings Limited (ASX: BMH) is an Australian public company listed on the Australian Securities Exchange. The origins of the Company began with securing distribution partnerships with suppliers of building materials and its investment and leasing of automated glass-processing equipment. Since its listing in June 2015, the Company has diversified its business across a broad range of divisions including, but not limited to:

- supply of industrial products, including plastic material handling unit load devices;
- supply of building products, including premium volcanic natural stones;
- sourcing, procurement and end-to-end supply chain services; and
- managed services.

Headquartered in Perth with operations in Sydney, Melbourne and Brisbane and overseas in Auckland, New Zealand, the Company has a far-reaching presence and a robust network of infrastructure that is positioned for growth.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity
BAUMART HOLDINGS LIMITED
ABN
87 602 638 531
Quarter ended ("current quarter")
30 JUNE 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,530	5,947
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(14)	(54)
(d) leased assets	-	-
(e) staff costs	(157)	(608)
(f) administration and corporate costs	(98)	(360)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	40	146
1.5 Interest and other costs of finance paid	(10)	(21)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	33	287
1.8 Other (provide details if material) ¹	(938)	(4,311)
1.9 Net cash from / (used in) operating activities	386	1,026

1. Payments for inventory and other general working capital

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(5)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(129) ¹	(932) ²
2.6	Net cash from / (used in) investing activities	(132)	(937)

1.
 - a. Manufacturer payments for underground mining equipment project totalling (\$129K)
 - b. For further details of the mining equipment project, refer to ASX announcement dated 4 October 2019
2.
 - a. Manufacturer payments for underground mining equipment project totalling (\$1,090K)
 - b. Maturity of bank guarantee totalling \$158K

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18	178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	386	1,026
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(132)	(937)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(3)	2
4.6	Cash and cash equivalents at end of period	269	269

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	269	18
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	269	18

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8. Estimated cash available for future operating activities**\$A'000**

8.1 Net cash from / (used in) operating activities (Item 1.9)

386

8.2 Cash and cash equivalents at quarter end (Item 4.6)

269

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

269

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

N/A

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2020

Authorised for release by the Board of BauMart Holdings Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.