

MARKET UPDATE FOR QUARTER ENDED 30 SEPTEMBER 2021

BauMart Holdings Limited (ASX: BMH) ("BauMart" or the "Company") is pleased to present its quarterly cash report and operational update to 30 September 2021.

COVID-19 Pandemic

- Freight movement continues to be affected by lockdowns and the spread of COVID-19, particularly in our key markets of New South Wales and Victoria.
- In Malaysia, our key supplier, continues to be affected by COVID-19 cases across the region. Production has improved during the quarter, but we remain on alert to interruptions to supply and shipping delays.
- The Company did not apply for or receive Job Keeper payments in FY2021.

Group Results and Commentary on Appendix 4C

- Net operating cashflows for the quarter was negative at \$338K with a decrease of \$119K in receipts from customers on the previous quarter. Due to peak season shipping and longer lead times the Company continued to invest cashflows into inventory build-up necessary to support sales and associated costs.
- Payments to Related Parties of the Company and their associates comprised executive directors' salaries and non-executive director fees of approx. \$71K.
- At 30 September 2021, the Company had \$260K cash at bank and \$189K in available trade finance facilities. The Company also currently holds an investment in listed securities with a market value of approximately \$4.3m.
- Company expenditure for the quarter was in line with normal day to day operations including payments for inventory, staff costs and marketing
- Encouraging revenue growth for Q1 FY22 to \$1.62M (Q1 FY21: \$1.25M), an increase of 30%.

Materials Handling Division

- Revenue for Q1 FY22 totalled \$1.53M (Q1 FY21: \$1.2M), an increase of 27%
- Trading margins remained under pressure from rising supply chain costs. Coupled with peak season shipping we are experiencing month on month supply chain price increases.
- Delivery schedules from Malaysia have improved with our manufacturer operating at an improved capacity although shipping logistics remain of concern. The COVID-19 challenges in Malaysia are ongoing.
- Our major markets, being located on the Australian Eastern Seaboard, have been in some form of lockdown for the entire quarter which has impacted our ability to deliver orders within the period.
- Delivery lead times remain unpredictable with customer expectations difficult to manage.

Source & Procure Division

- Revenue for Q1 FY22 totalled \$12K (Q1 FY21: \$Nil)
- Consumables for the underground mining equipment project contributed to the sales during the quarter.

Building Materials Division

- Revenue for Q1 FY22 totalled \$84K (Q1 FY21: \$49K), an increase of 71%.
- Strongest start to the year for this division.
- Supply chain costs are being monitored for this division with the product being sourced from overseas markets.

Other Activities

- The Company's management services contract to a Perth-based industrial parts washer business continued to provide recurrent income during the quarter.
- The Company is growing its pipeline of opportunities within its network with the objective of achieving more project-based recurrent income in the future.

Strategic Business Review

The strategic business review is ongoing with some positive advancement during the quarter. Working closely with our advisors the Company is evaluating potential projects and strategies to deliver long-term growth and maximise shareholder value, predominantly in the renewable energy sector and export opportunities for recycled materials.

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 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,993	1,993
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(15)	(15)
(d) leased assets	-	-
(e) staff costs	(182)	(182)
(f) administration and corporate costs	(82)	(82)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) ¹	(2,052)	(2,052)
1.9 Net cash from / (used in) operating activities	(338)	(338)

1. Payments for inventory, lease payment obligations and other general working capital

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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) ¹	(119)	(119)
2.6	Net cash from / (used in) investing activities	(121)	(121)

1. Other payment comprised of manufacturer payments for underground mining equipment project totalling (\$119K) (refer ASX Announcement dated 4 October 2019 for details on the Company's mining equipment project).

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	Loans and borrowings	(22)	(22)
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	(22)	(22)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	750	750
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(338)	(338)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(121)	(121)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(22)	(22)
4.5	Effect of movement in exchange rates on cash held	(9)	(9)
4.6	Cash and cash equivalents at end of period	260	260

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	260	750
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)	260	750

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 ¹	71
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

1. Director's fees, salaries, and superannuation paid.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements ¹	250	111
7.3 Other (please specify) ²	50	-
7.4 Total financing facilities	300	111
7.5 Unused financing facilities available at quarter end		189
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.		
1. Trade Refinance Facility <ul style="list-style-type: none"> - Lender: NAB - Interest Rate: 4.68% - Maturity: 31 May 2022 - Secured 2. Bank Overdraft <ul style="list-style-type: none"> - Lender: NAB - Interest Rate: 8% - Secured 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(338)
8.2 Cash and cash equivalents at quarter end (item 4.6)	260
8.3 Unused finance facilities available at quarter end (item 7.5)	189
8.4 Total available funding (item 8.2 + item 8.3)	449
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.32
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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: Yes, the entity expects a greater level of net operating cash flow in the next period with more revenue incoming. The entity notes that the above estimates do not include any sales receipts for the next quarter.	

8.6.2 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: The entity currently has no plans to raise further cash to fund its operations other than normal operations. In the event that a capital raising is required for the current financial year, the Directors are confident that sufficient funds will be raised to continue operations based on previous fundraising experience.

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

Answer: Yes. The entity has a robust sales pipeline.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 20 October 2021

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.