

## MARKET UPDATE FOR QUARTER ENDED 30 JUNE 2022

**BauMart Holdings Limited (ASX: BMH)** ("BauMart" or the "Company") is pleased to present its quarterly cash report and operational update to 30 June 2022.

### Group Results and Commentary on Appendix 4C

- Net operating cashflows for the quarter was negative at \$657K due to the opportunity to forward purchase stock at a heavily discounted price. Equally, ongoing supply chain delays resulted in the Company re-investing 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. \$75K.
- At 30 June 2022, the Company had \$237K cash at bank and \$117K in available trade finance and overdraft 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 in relation to staff costs and marketing, with the exception of increased payment for inventory.
- Reduced revenue growth for Q4 FY22 of \$1.47M (Q4 FY21: \$1.65M), a decrease of 11%.

### Materials Handling Division

- Revenue for Q4 FY22 totalled \$1.46M (Q4 FY21: \$1.48M), a decrease of 2%
- Trading margins remained under pressure from spiking and unpredictable supply chain costs.
- Exorbitant port charges have significantly affected variable costs month to month.
- Delivery schedules from key supplier in Malaysia have improved however ongoing disruptive supply chains caused further delays.
- Delivery lead times remain unpredictable with customer expectations difficult to manage.

### Source & Procure Division

- Revenue for Q4 FY22 totalled \$15K (Q4 FY21: \$163K), a decrease of 91%.
- The mining supplies project continues to gain traction with an increase of orders expected during FY23.

### Building Materials Division

- There were no sales of building materials in Q4 FY22.
- Long lead times due to supply chain and production constraints affected the division's ability to capture revenue within the desired time frames.

### Other Activities

- The Company continued to receive recurrent income during the quarter from its managed services contract with a Perth-based industrial parts washer business.
- The Company has begun to significantly increase efforts to distribute the Washpod product, with positive signs of delivering on the its first project-based recurring income stream in FY23.
- The Company is looking to grow the projects arm of its business and continues to evaluate more opportunities within its network.

### Strategic Business Review

As one result of the strategic business review the Company has announced the decision to sell its Eco Pallets business and has signed a binding agreement with APX Holdings Pty Ltd (refer announcement dated 23 June 2022). Shareholder approval is to be sought at an upcoming general meeting scheduled for 18 August 2022. Refer announcement dated 18 July 2022 for additional details on the notice of meeting and binding sale agreement.

The Directors are of the opinion that the divestment will allow the Company to reallocate its funding to other revenue generating activities that management has identified moving forward, with more information to be provided on this in future announcements.

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

**For further information, please contact:**

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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.

## 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 2022**

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 1,863                              | 7,906   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | -                                  | -   |
| (b) product manufacturing and operating costs             | -                                  | -   |
| (c) advertising and marketing                             | (12)                               | (44)  |
| (d) leased assets   | -                                  | -   |
| (e) staff costs   | (187)                              | (745)   |
| (f) administration and corporate costs                    | (150)                              | (461)   |
| 1.3 Dividends received (see note 3)                       | -                                  | -   |
| 1.4 Interest received                                     | -                                  | 327   |
| 1.5 Interest and other costs of finance paid              | -                                  | (25)  |
| 1.6 Income taxes paid                                     | -                                  | -   |
| 1.7 Government grants and tax incentives                  | -                                  | 293   |
| 1.8 Other (provide details if material) <sup>1</sup>      | (2,171)                            | (7,814)   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(657)</b>                       | <b>(563)</b>                                    |

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

|  |   |       |
|--|---|-------|
| <b>2. Cash flows from investing activities</b> |   |       |
| 2.1 Payments to acquire or for:                |   |       |
| (a) entities                                   | - | -     |
| (b) businesses                                 | - | -     |
| (c) property, plant and equipment              | - | (962) |
| (d) investments                                | - | -     |
| (e) intellectual property                      | - | -     |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$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) <sup>1</sup>      | -                          | 953                                    |
| 2.6                                  | <b>Net cash from / (used in) investing activities</b> | -                          | <b>(9)</b>                             |

1. Other comprised of remaining payments for underground mining equipment project totalling \$988K (refer ASX Announcement dated 4 October 2019 for details on the Company's mining equipment project).

|           |   |            |           |
|-----------|---|------------|-----------|
| <b>3.</b> | <b>Cash flows from financing activities</b>   |            |           |
| 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  | 183        | 51        |
| 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      | <b>Net cash from / (used in) financing activities</b>                                   | <b>183</b> | <b>51</b> |

|           |  |       |       |
|-----------|--|-------|-------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |       |
| 4.1       | Cash and cash equivalents at beginning of period                             | 703   | 750   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (657) | (563) |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| 4.3                                  | Net cash from / (used in) investing activities<br>(item 2.6 above)  | -                          | (9)                                    |
| 4.4                                  | Net cash from / (used in) financing activities<br>(item 3.10 above) | 183                        | 51                                     |
| 4.5                                  | Effect of movement in exchange rates on<br>cash held                | 8                          | 8                                      |
| 4.6                                  | <b>Cash and cash equivalents at end of<br/>period</b>               | <b>237</b>                 | <b>237</b>                             |

| 5.  | Reconciliation of cash and cash<br>equivalents<br>at the end of the quarter (as shown in the<br>consolidated statement of cash flows) to the<br>related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|---|----------------------------|-----------------------------|
| 5.1 | Bank balances   | 237                        | 703                         |
| 5.2 | Call deposits   | -                          | -                           |
| 5.3 | Bank overdrafts   | -                          | -                           |
| 5.4 | Other (provide details)   | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of<br/>quarter (should equal item 4.6 above)</b>  | <b>237</b>                 | <b>703</b>                  |

| 6.  | Payments to related parties of the entity and their<br>associates                                       | Current quarter<br>\$A'000 |
|---|---|----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their<br>associates included in item 1 <sup>1</sup> | 75                         |
| 6.2   | Aggregate amount of payments to related parties and their<br>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<br/>explanation for, such payments.</i> |   |                            |

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

|  |   |  |
|--|---|--|
| <b>7. Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i><br><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  | <b>Total facility<br/>amount at quarter<br/>end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
| 7.1 Loan facilities  | -   | -  |
| 7.2 Credit standby arrangements <sup>1</sup>   | 250   | 183  |
| 7.3 Other (please specify) <sup>2</sup>  | 50  | -  |
| 7.4 <b>Total financing facilities</b>  | <b>300</b>  | <b>117</b>   |
| 7.5 <b>Unused financing facilities available at quarter end</b>  |   | <b>117</b>   |
| 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.                                |   |  |
| <div style="border: 1px solid black; padding: 10px;"> 1. Trade Refinance Facility <ul style="list-style-type: none"> <li>- Lender: NAB</li> <li>- Interest Rate: 4.68%</li> <li>- Maturity: 31 May 2023</li> <li>- Secured</li> </ul> 2. Bank Overdraft <ul style="list-style-type: none"> <li>- Lender: NAB</li> <li>- Interest Rate: 8%</li> <li>- Secured</li> </ul> </div> |   |  |

|  |                |
|--|----------------|
| <b>8. Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
| 8.1 Net cash from / (used in) operating activities (item 1.9)  | (657)          |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)  | 237            |
| 8.3 Unused finance facilities available at quarter end (item 7.5)  | 117            |
| 8.4 Total available funding (item 8.2 + item 8.3)  | 354            |
| 8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 0.54           |
| <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?  |                |
| <div style="border: 1px solid black; padding: 5px;"> Answer: Yes, the entity expects a greater level of net operating cash flow in the next period with more revenue streams incoming. </div>  |                |
| 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?   |                |
| <div style="border: 1px solid black; padding: 5px;"> 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. </div> |                |

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 strong sales pipeline and is presently exploring other revenue opportunities.

*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: 29 July 2022

### 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.