

MARKET UPDATE FOR QUARTER ENDED 30 SEPTEMBER 2023

BauMart Holdings Limited (ASX: BMH) (“BauMart” or the “Company”) is pleased to present its quarterly cash report and operational update to 30 September 2023.

Group Results and Commentary on Appendix 4C

- During the quarter, the Company received inflows totalling \$27K, comprised of customer receipts for Washpod rental of \$7K and sub-lease arrears of \$20K.
- Company expenditure remained in line with the previous quarter, with staff costs of \$50K and other administrative costs of \$65K.
- Payments to Related Parties of the Company and their associates, comprised of executive director salaries and non-executive directors’ fees, came up to \$34K for the quarter.
- Subsequent to quarter end, the Group received further inflows totalling \$261K from the sale of mining consumables.
- The Directors continue to monitor corporate overheads and the Company has options to reduce the level of cash burn if required. The Company is also exploring avenues for additional financing and is able to adjust forward purchases and/or future orders of mining consumables.

Source & Procure Division

- 53 units of Washpods were sold during the quarter. The market trial in Indonesia has progressed and the Company is looking to appoint local resellers and/or agents for the product.
- The Company continues to work with its client on planning for forward purchases of mining consumables. As detailed above, the Company has the ability to adjust any forward purchases in line with its available working capital and the trade finance facility.
- The Board views these orders for mining consumables (and potential orders for mining equipment) as the main driver of growth and will explore funding strategies to support capital requirements for this division.

Other Activities

- The Board remains committed to securing funding for the Company’s business and growth opportunities, including expansion of the Washpod distribution network and ongoing procurement of mining consumables.

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:

- sourcing, procurement and end-to-end supply chain services;
- supply and distribution of industrial products, including the Washpod product; and
- other managed services.

Headquartered in Perth, the Company has a robust network of suppliers and infrastructure that is positioned for growth for its sourcing and procurement services.

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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 2023

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	27	27
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs ¹	(52)	(52)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(50)	(50)
(f) administration and corporate costs	(65)	(65)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1	1
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(139)	(139)

1. Operating outflows include \$21,585 for export and shipping costs relating to distribution of Washpods in Indonesia and \$20,000 for property lease payment.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments ¹	-	-
(e) intellectual property	-	-

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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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

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	98	98
3.6	Repayment of borrowings	(4)	(4)
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	94	94

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	80	80
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(139)	(139)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	94	94
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	35	35

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	35	80
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)	35	80

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	34
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements ¹	250	249
7.3 Other (please specify) ²	50	-
7.4 Total financing facilities	300	249
7.5 Unused financing facilities available at quarter end		51
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 Facility <ul style="list-style-type: none"> - Lender: NAB - Interest Rate: 11.22% p.a. (base rate of 4.68% plus variable) - The drawn down amount of \$249K has been repaid in October and the full facility of \$250K is available to the Company as at the date of this report - Maturity Date: 31 May 2024 - Secured 2. Bank Overdraft <ul style="list-style-type: none"> - Lender: NAB - Interest Rate: 12% p.a. - Secured 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(139)
8.2 Cash and cash equivalents at quarter end (item 4.6)	35
8.3 Unused finance facilities available at quarter end (item 7.5)	51
8.4 Total available funding (item 8.2 + item 8.3)	86
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.62
<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, however the Company is reviewing its cost base and overheads, and can reduce the level of cash burn if required. Additionally, any plans to proceed with forward purchasing of mining consumables will be carefully monitored in line with working capital requirements, as any increase in forward purchases will have the effect of increasing net operating cash flows.

The Company notes that the above estimate does not include any sales receipts for the next quarter. The Company has approx. \$2 million of trade receivables which it expects to recover in full. Additionally, the NAB Trade Facility has been repaid in full as at the date of this report and the Company is able to draw down on the facility of \$300K if required.

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 Board continues to closely monitor cash flows and is taking steps to secure additional financing on commercially viable terms. Should the Company require further working capital for the development of existing businesses and potential growth opportunities, the Board will review options for a broader fundraising strategy.

The Company notes that it has fully capacity under ASX Listing Rules 7.1 and 7.1A to conduct a placement if required. Further, the Company considers that it has ongoing support from a core group of shareholders to proceed with a fundraising campaign, should that be required.

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, for the reasons outlined in 8.6.2 above.

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: 31 October 2023

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.