



ACTIVITIES REPORT AND APPENDIX 4C CASH FLOW STATEMENT

- **Steady macadamia production, with increased sales distribution including new listings with Walmart and CVS**
- **Improved gross margins and increased sales demand in Ginger segment**
- **Tourism segment significantly impacted by COVID-19**
- **The existing cash reserve and credit facility of \$15.9 million, together with a strong inventory position of \$35.7million, provide the group with capability to continue to pursue strategic objectives and market opportunities that may arise.**

Brisbane, 28 April 2020: Buderim Group Limited (**ASX:BUG**) presents its first Activities Report and Appendix 4C for the quarter ended 31 March 2020. Chief Executive Officer Andrew Bond said “These challenging times have further validated the strength of our business models. Positive changes in consumption behavior have delivered pleasing results for the business as we continue to grow profitably. However the tourism segment, where we have relatively small exposure, has been negatively impacted by COVID-19. Group revenues year to date as at the end of March exceeded \$58.4 million.

The health and welfare of our team members throughout the world remains top priority, and we are pleased that the measures we have put in place have, to date, provided a safe and secure environment for manufacturing to continue and for there to be minimal disruption.”

Macadamias

The strength of our US orchard to retail vertically integrated macadamia business has been reinforced over the last quarter. Revenue year to date is in excess of \$35.6 million.

Favourable growing conditions on the Big Island of Hawaii have continued for the company owned macadamia orchard. Completion of the annual tree nutrition program occurred in March and heavy flowering and good nut set for the next crop is now evident across the orchard. Whilst physical Macadamia stock levels on hand have increased in line with seasonality, additional investment in stock has been made ahead of new distribution, to ensure support for existing sales demand and readiness to take advantage of market opportunities.

Recently, the Group secured the listing of two skus of Royal Hawaiian Orchards branded retail products into around 1,000 US Walmart stores with sales commencing in April. Walmart is the largest grocery retailer in the US with over 4,500 stores. Additionally a Private Label Kona Coffee Dark Chocolate Gold Emblem retail pack has been approved for 3,500 CVS Pharmacy stores with the first shipments going out in late March, and a third sku of Royal Hawaiian Orchards branded retail pack has also been listed. CVS Pharmacy is one of the largest pharmacy chains in the US by number of locations with over 8,000 stores. Discussions are continuing with potential strategic partners to explore sales and distribution opportunities in Asia and North American markets.



BUDERIM GROUP LIMITED

A.C.N. 010 978 800 A.B.N. 68 010 978 800
Level 5, 303 Coronation Drive, Milton QLD 4064
PO Box 2225, Milton QLD 4064

Tel: +61 7 3726 3400 Fax: +61 7 3876 3010 Email: info@buderimginger.com



Towards the end of the quarter, COVID-19 began to impact the Hawaiian tourism and foodservice markets. The impact on sales in that channel is expected to deepen in the coming quarter. However the group has traditionally focused on non-tourist trades in the mainland lower 48 states. From that perspective, on-line sales have increased since COVID-19 lockdowns came into place in the US with people staying at home. Our factory and those of our supply chain partners continue to operate as essential services with the necessary precautions in place. In the MacFarms factory we have increased social distancing and installed a third sorting line to spread out the distance between staff.

Ginger

Despite difficult conditions the ginger segment has shown resilience during the quarter. Revenues year to date are up on last year surpassing \$18.7m as at 31 March.

The peak selling season for ginger retail products is the baking season leading up to Christmas. The March quarter is traditionally a quieter time, however as COVID-19 led to social distancing restrictions and people staying at home the month of March saw a lift in retail sales particularly for baking and alcohol products to levels normally experienced in the lead up to Christmas. Export sales benefitting from the lower Australian dollar also picked up in the March quarter.

During the quarter, the group reviewed and changed its Australian distribution models, which now provide the opportunity to increase the number of skus sold through independent retailers and at the same time improve gross margins on those products and provide broader choice to consumers.

February through to April is the period of early ginger harvest in Australia and Fiji. Early harvest ginger is used for manufacturing sweet ginger products. Crops in both countries have been adversely impacted by drought this season and the Fiji harvest was interrupted by the Suva COVID-19 lockdown but resumed after the lockdown lifted. Rain in January and February assisted with a final boost to the growing cycle. The shortfall is expected to be covered by carry over stock from last season and sourcing product where practical from other origins. Ginger inventories on hand are in-line with prior years.

Tourism

The Tourism business suffering reduced visitation and increased maintenance cost due to adverse weather leading into Christmas performed solidly in January culminating in the successful staging of the 24th annual Ginger Flower and Food Festival from 17-19 January. The festival attracted over 7,500 visitors across the weekend. With the rapid spread of COVID-19 park numbers declined dramatically in early March and in accordance with general Government directives the park was temporarily closed on 23 March.

On-line marketing activity and shopping experiences have been enhanced leading to a significant lift in on-line sales and ensuring a high level of engagement is maintained. With less than 10% of visitors coming from overseas, the expectation is for a strong rebound in domestic tourism and planning is underway to utilize this time to enhance and renovate the park's



BUDERIM GROUP LIMITED

A.C.N. 010 978 800 A.B.N. 68 010 978 800
Level 5, 303 Coronation Drive, Milton QLD 4064
PO Box 2225, Milton QLD 4064

Tel: +61 7 3726 3400 Fax: +61 7 3876 3010 Email: info@buderimginger.com



attractions. Recovery plans are also being developed for the international visitor markets such as China and New Zealand.

Cash position

Following the lift in sales late in the quarter, debtors at the end of the quarter rose to \$12.2 million. It is expected these debtors will be collected in the normal course of business.

At 31 March the group had \$35.7 million invested in stock and inventory contributing to a lower cash position.

A significant portion of the inventory is macadamias which have increased both in line with seasonality and with additional investment to ensure support for the new Walmart and CVS sales commencing in April and to prepare us to take advantage of any further market opportunities.

The strong inventory position also provides a buffer against any potential supply chain disruptions and adverse weather impacts that may arise over the coming months.

The company has buffer stock which can be realised to meet future obligations. The realisable value of the stock is linked to global demand which is uncertain at this time.

While the group has funding lines of \$15.9 million available providing the group with the capability to continue pursuing its strategic objectives, ability to drawdown is linked to the timing and quantum of supplier invoices which cannot be reliably forecast at present.

COVID-19

In addition to the impacts of COVID-19 outlined above our priority has been and remains the health and safety of our employees and site visitors. Increased social distancing, hygiene and safe working protocols and procedures have been implemented across all sites and where possible non-operational staff are working remotely.

The Buderim Group Limited Appendix 4C Quarterly Cashflow Statement for the period ended 31 March 2020 is attached.

ENDS

Authorised for release by the Board.

Investor and Media Inquiries:

Mark Rudder, GRACosway on: 0411 362 362

www.bugcorporate.com



BUDERIM GROUP LIMITED

A.C.N. 010 978 800 A.B.N. 68 010 978 800
Level 5, 303 Coronation Drive, Milton QLD 4064
PO Box 2225, Milton QLD 4064

Tel: +61 7 3726 3400 Fax: +61 7 3876 3010 Email: info@buderimginger.com



About Buderim Group Limited

Starting as a small Ginger Growers Cooperative in 1941, Buderim Group today is a long-standing and proudly successful Australian business. It is Australia's leading ginger processor and marketer of confectionary ginger products and through MacFarms in Hawaii is the largest vertically integrated orchard to retail macadamia nut processor and marketer in the USA. The Group's public face is the renowned and highly awarded tourism attraction, The Ginger Factory, located on Queensland's Sunshine Coast.



BUDERIM GROUP LIMITED

A.C.N. 010 978 800 A.B.N. 68 010 978 800
Level 5, 303 Coronation Drive, Milton QLD 4064
PO Box 2225, Milton QLD 4064

Tel: +61 7 3726 3400 Fax: +61 7 3876 3010 Email: info@buderimginger.com

Appendix 4C

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

Name of entity

BUDERIM GROUP LIMITED (ASX: BUG)

ABN

68 010 978 800

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		17,632	57,210
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(10,707)	(37,569)
(c) advertising and marketing		(662)	(2,045)
(d) leased assets		(173)	(459)
(e) staff costs		(5,216)	(14,525)
(f) administration and corporate costs		(1,226)	(3,143)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	1
1.5 Interest and other costs of finance paid		(1,377)	(1,553)
1.6 Income taxes paid		-	(21)
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(1,729)	(2,104)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) entities		-	-
(b) businesses		-	(247)
(c) property, plant and equipment		(295)	(758)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	(295)	(1,005)

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	13,770	15,477
3.6	Repayment of borrowings	(12,216)	(13,896)
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	1,554	1,581

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	455	1,512
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,729)	(2,104)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(295)	(1,005)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,554	1,581
4.5	Effect of movement in exchange rates on cash held	(60)	(59)
4.6	Cash and cash equivalents at end of period	(75)	(75)

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	262	525
5.2	Call deposits	-	-
5.3	Bank overdrafts	(337)	(70)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(75)	455

**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**

1,215

-

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

Interest payment to Asia Mark Development Limited on the Convertible Notes \$1,215,000

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	25,000	9,634
7.2 Credit standby arrangements	1,044	478
7.3 Other – equipment finance	213	213
7.4 Total financing facilities	26,257	10,325

7.5 Unused financing facilities available at quarter end	15,932
---	--------

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.

7.1 - Greensill Capital UK – An uncommitted secured revolving short-term working capital facility. Interest rate as at 31st March 2020:

* 6.14% AUD funding

* 6.26% USD funding

7.2 - Westpac overdraft facilities – secured at call. Interest rate as at 31st March 2020:

* \$455k AUD 7.840%

* \$150k USD 3.10%

* \$500k FJD 10.49%

7.3 – John Deere Financial – Secured equipment finance. 0% interest over 60 months maturity date 30 October 2024.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,729)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	(75)
8.3 Unused finance facilities available at quarter end (Item 7.5)	15,932
8.4 Total available funding (Item 8.2 + Item 8.3)	15,857
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	9

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: 28th April 2020

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

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.