



ACTIVITIES REPORT AND APPENDIX 4C CASH FLOW STATEMENT

- Cash increases \$2.6m for the quarter, contributed by COVID support.
- Macadamia revenues is broadly in line with last year despite heavy impact in June quarter.
- Non-binding indicative bid of \$8.3m received for Ginger Division from Global Foods Group Pty Ltd.
- Group turnover is lower, mainly due to adverse impacts of COVID-19
- Tourism Park reopened in time for school holidays
- The existing cash reserve and credit facility of \$14.8 million, together with a strong inventory position of \$29.8million, provide the group with capability to continue to pursue strategic objectives and market opportunities that may arise.

Brisbane, 31 July 2020: Buderim Group Limited (**ASX:BUG**) presents its Activities Report and Appendix 4C for the quarter ended 30 June 2020. Chief Executive Officer Andrew Bond said “Normal seasonal fluctuations amplified by the adverse impacts of COVID-19 have weighed on outcomes for the last quarter, particularly in areas of our business exposed to markets which have been heavily impacted by COVID-19 such as the US, UK & Europe and our Australian tourism park.

Whilst group turnover dropped circa 35 percent compared to last quarter, our manufacturing operations continued to experience minimal disruption. Our focus on the health and welfare of our team members throughout the world remains a top priority.

Pleasingly, The Ginger Factory Tourism Park resumed operations on 27 June in time for the commencement of the Queensland school holidays after a three month hibernation.”

Macadamias

Despite the impacts of COVID-19 causing revenue to be approximately 42 percent lower this quarter compared to the last quarter, full year revenues for macadamias of \$42.8m (un-audited) is broadly in line with last year.

The Hawaiian market has been heavily impacted with the local tourism market almost completely stalled due to COVID-19, leading to a drop in revenues of 83 percent in Hawaii for the quarter. The continental US market revenues declined 24 percent for the quarter due to significant reduction of foot traffic in physical stores.

Sales and marketing initiatives have been implemented to grow our share of voice and promote our products, including placing more emphasis in on-line sales channels, with pleasing positive effects. The rollout of product to the Walmart and CVS Pharmacy stores has been successful, with sales growth in those customers contributing positively to this quarter’s results.



BUDERIM GROUP LIMITED

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Growing conditions on the Big Island of Hawaii remain favourable and the season finished with 9.8 million pounds being harvested from the orchard and 2.7 million pounds being received from independent growers. Wet conditions saw rapid foliage growth and slowed the rate of harvest resulting in the overall crop harvested being down on last year. Stock levels decreased over the quarter in line with normal seasonality, and the business retains a strong position to support new sales distribution and opportunities as market conditions improve. Together with the improved channel mix, there have been early signs of recovery since early July in the continental US market.

Our factory and those of our supply chain partners continue to operate as essential services with the necessary precautions in place.

Ginger

The ginger segment's resilience continued during the quarter, although revenues dipped 6 percent for the quarter compared to the previous quarter. Revenues for the year finished at \$24.1m (un-audited) down slightly on prior year primarily due to the impact of COVID-19 on industrial sales demand. Retail sales, both domestic and export, this quarter were in-line with the previous quarter.

May through to August is the period of late ginger harvest in Australia. Late harvest ginger is used for manufacturing dried, puree, fresh-frozen ginger and ginger juice. Growing conditions in Australia have not been favourable, and a lower intake is likely compared to last year. Ginger inventories on hand at the end of the quarter were down 3 percent compared to the prior year.

During the quarter, the group received a non-binding indicative bid of \$8.3m for the Ginger division, including tourism, from Global Foods Group Pty Ltd as announced to the market on 15 June 2020. Since then the Group has received a number of expressions of interest from other parties. Discussions with shortlisted parties are continuing, and the Group will continue to comply with its disclosure obligations.

Tourism

The Tourism business remained closed for much of the quarter in accordance with general Government directions until reopening on 27 June, in time to benefit from Queensland school holiday trading. A detailed COVID operating plan was devised and implemented enabling the park to operate at near normal levels post re-opening.

On-line activities continued ensuring a high level of engagement was maintained leading to a pleasing level of on-line sales and support.

During the closure, the retail shop was updated to a more modern and fresh décor. A number of other minor improvements and maintenance items were undertaken around the park.



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Cash position

The group had \$2.5m cash at the end of the quarter, and \$29.8m invested in stock and inventory, together with debtors of \$6.5m.

Cash flow from Operating Activities was \$956k for the quarter.

The group benefited from Government COVID assistance programs in both the US and Australia. The US Paycheck Protection Program provided a US\$1.25m non-secured loan at a zero percent interest rate to support the MacFarms operations, whilst the Australian operations benefited from the Australian Government Jobkeeper program providing \$750k of support for the quarter.

The strong inventory position particularly in macadamias continues to provide a buffer against any potential supply chain disruptions from COVID or adverse weather impacts that may arise over the coming months as the Central Pacific hurricane season runs June to November.

COVID-19

In addition to the impacts of COVID-19 outlined above our priority has been and continues to remain 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 non-operational staff in the US are working remotely, whilst Queensland staff have returned to their offices. A COVID operating plan has been developed and implemented at The Ginger Factory Tourism park.

ASX Additional Disclosure

Pursuant to ASX Listing Rule 4.7C.1, Buderim Group has undertaken no substantive business changes during the quarter.

Pursuant to ASX LR4.7C.3, the Company advises that payments to related parties are Directors fees paid during the period of \$50k.

The Buderim Group Limited Appendix 4C Quarterly Cashflow Statement for the period ended 30 June 2020 is attached.

ENDS

Authorised for release by the Board.

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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.



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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")

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 | 19,826 | 77,036 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (11,339) | (48,910) |
| (c) advertising and marketing | (440) | (2,485) |
| (d) leased assets | (227) | (686) |
| (e) staff costs | (5,332) | (19,856) |
| (f) administration and corporate costs | (1,355) | (4,498) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | 1 |
| 1.5 Interest and other costs of finance paid | (168) | (1,721) |
| 1.6 Income taxes paid | (9) | (30) |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | 956 | (1,148) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | (247) |
| (c) property, plant and equipment | (427) | (1,184) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | 5 | 5 |
| | (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 | (422) | (1,426) |

| | | | |
|-------------|---|--------------|--------------|
| 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 | 11,572 | 27,049 |
| 3.6 | Repayment of borrowings | (9,335) | (23,261) |
| 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 | 2,237 | 3,788 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | (75) | 1,512 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 956 | (1,148) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (422) | (1,426) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|--|----------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 2,237 | 3,818 |
| 4.5 | Effect of movement in exchange rates on cash held | (154) | (213) |
| 4.6 | Cash and cash equivalents at end of period | 2,543 | 2,543 |

| 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 | 2,615 | 262 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | (72) | (337) |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,543 | (75) |

| 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 | 50 |
| 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> | | |

| 7. | Financing facilities <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> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----|--|---|--|
| 7.1 | Loan facilities | 20,731 | 9,281 |
| 7.2 | Credit standby arrangements | 966 | 197 |
| 7.3 | Other (please specify) | 3,428 | 3,482 |
| 7.4 | Total financing facilities | 25,124 | 12,906 |
| 7.5 | Unused financing facilities available at quarter end | | 12,218 |
| 7.6 | <p>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.</p> <p>7.1 – Greensill Capital UK – An uncommitted secured revolving short-term working capital facility. Facility limit \$25m maximum with a current borrowing base rate as at 30 June 2020 of \$20.7m. Interest rate as at 30 June 2020: *8.67% AUD funding *8.87% USD funding</p> <p>7.2 – Westpac overdraft facilities – secured at call. Interest rate as at 30 June 2020: *\$455k AUD 5.59% *150K USD 2.45% *450K FJD 9.99%</p> <p>7.3 *John Deere Financial – Secured equipment finance. 0% interest over 60 months, maturity date 30 October 2024. *Premium Funding – An unsecured loan arrangement for FY20/FY21 Insurance policies. Interest AU 1.99% AUD USD 3.791% repayable over 10 instalments. *Paycheck Protection Program (PPP) – Unsecured US Government loan. 0% interest rate as at 30 June 2020.</p> | | |

| 8. | Estimated cash available for future operating activities | \$A'000 |
|-----|---|----------------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | 956 |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 2,543 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 12,218 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 14,761 |

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

N/A

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.

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: N/A

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: N/A

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: N/A

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 July 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.