

MARKET UPDATE FOR QUARTER ENDED 31 MARCH 2020

BauMart Holdings Limited (ASX: BMH) (“BauMart” or the “Company”) is pleased to present its quarterly cash report for the period ended 31 March 2020 and provides the below operational update for the quarter, including the impact of the ongoing worldwide coronavirus (COVID-19) pandemic in relation to its business divisions:

COVID-19 impact

- The Board has been closely monitoring the advice and information from the Federal and State Governments and Health Authorities
- The Company and its fully owned subsidiaries (the **Group**) can access government PAYG support, but is not eligible for the “JobKeeper” stimulus package announced by the Federal Government
- Prudent action has been taken to control expenses including discretionary expenditure cuts but no reduction in expenses related to delivery of sales or customer service; management continue to review and monitor the Group’s expenses to minimise the cash burn rate
- We are an agile, cloud-based business with full digital capabilities and as a result of this a working from home transition was seamless with little to no interruption. Due to COVID-19 risks, the business has been operating remotely since 23 March 2020
- Our key supplier, based in Malaysia, went into temporary lockdown on 18 March 2020. Several days later the Malaysian Government granted approval for the factory to operate at 50% capacity, for reasons relating to their link to essential services
- As for the effect on our business, our key revenue generating division, Eco Pallets, supplies products that are necessary links in the supply chain for essential services to supermarkets, hospitals and pharmacies, so Australia wide we have seen minimal interruption to date, though this is being closely monitored
- The interruption in supply chain from China was minimal for most divisions with sizeable orders shipping in early December 2019, well before the lockdown. This has now been mitigated with new stock orders due to leave the ports in China in early April 2020, following the Chinese Government’s reintroduction of business operations in March 2020
- For our glass division, our operator of the glass processing plant has experienced significant disruption with the majority of their supply chain sourced from China. This resulted in ~3 months of rent in arrears for the plant. We are currently working through a scenario with all parties involved that will result in a viable outcome for the Group

Materials Handling Supply Division

- Delivered the strongest quarter of revenue on record, achieving \$1.06m for Q3 FY20, a 27% increase compared to Q3 FY19
- Demonstrates the sustainable and non-cyclical nature of the industries the division supplies including pharmaceutical and food & beverage manufacturers
- The division’s business model is underpinned by consumable and capital products that are critical procurement items for our customers and essential links to Australia’s supply chain
- Order pipeline continues to grow with sizeable projects confirmed and expected to be delivered in Q4 FY20 and beyond
- New Zealand expansion project on track with final company registrations complete. Positive steps forward with a second order from reseller.

Building Materials Supply Division

- During the quarter, a few backorders for natural stone projects in the eastern states were completed
- As the quarter continued and the COVID-19 situation worsened, there was a noticeable decline in sales and enquiries for natural stones. During the next few months, the division is not expecting much volume due to the shift in commercial and retail focus towards essential services
- The division has minimal capital tied up with overstocked products, so cashflow risk impact is low

Other Income

- The underground mining equipment delivery was completed during Q3 FY20. Reports on the operation of the machine are pleasing, with discussions already underway for supply of drilling consumables. Interest income for Q3 FY20 has been accrued with payment expected in the current quarter
- Other than described in the above COVID-19 update, the Company finished the quarter with no further updates in relation to the operator of its glass processing equipment

Unaudited results

Sales Revenue	Mar 2020 Qtr. \$	Mar 2019 Qtr. \$	FY20 \$	FY19 \$
Materials Handling	1,064,162	837,549	2,873,268	2,501,936
Building Materials	25,226	172,273	223,271	706,645
Other Income	203,457	194,282	756,080	482,844
Net Finance Income	113,331	-	161,706	-
Total	1,406,176	1,204,104	4,014,325	3,691,425

AUTHORISED BY THE BOARD OF DIRECTORS

About BauMart Holdings Limited

BauMart Holdings Limited is listed on the Australian Securities Exchange (ASX: BMH). It is a supplier of building products to the residential and commercial construction industries. The Company has invested in automated glass-processing equipment that is capable of producing a range of custom-made glass products for supply to the building construction industry. In addition to this, BauMart is a leading supplier of plastic materials handling products, such as pallets and crates, to the pharmaceutical, agricultural, industrial, mining, energy and export markets in Australia. BauMart is headquartered in Perth and has operations in Sydney, Melbourne and Brisbane.

BauMart, through its wholly-owned subsidiary, Buildmart Services Pty Ltd, is focused on delivering high-quality project management services with experience in residential and commercial construction, and through its experienced management team, leverages its procurement expertise and supplier network to provide end-to-end supply and procurement services in a broad range of sectors.

For further information, please contact:

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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")

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	963	4,417
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(12)	(37)
(d) leased assets	-	-
(e) staff costs	(139)	(401)
(f) administration and corporate costs	(84)	(261)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	106
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	253
1.8 Other (provide details if material) ¹	(872)	(3,427)
1.9 Net cash from / (used in) operating activities	(155)	639

1. Payments for inventory and other general working capital

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	23 ¹	(803) ²
2.6	Net cash from / (used in) investing activities	23	(805)

1.
 - a. Manufacturer payments for underground mining equipment project announced on 4 October 2019 totalling (\$135K)
 - b. Maturity of bank guarantee totalling \$158K
2.
 - a. Manufacturer payments for underground mining equipment project announced on 4 October 2019 totalling (\$961K)
 - b. Maturity of bank guarantee totalling \$158K

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	-	-
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	142	178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(155)	639
4.3	Net cash from / (used in) investing activities (item 2.6 above)	23	(805)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	8	6
4.6	Cash and cash equivalents at end of period	18	18

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	18	142
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) ¹	-	159
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	18	301

1. Cash placed on deposit to secure bank guarantees in respect of obligations entered into for office/warehouse rental

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
-
-

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

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

-

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.

N/A

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(155)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	18
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	18
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	(12)

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:

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 future quarters.

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.

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.

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: 23 April 2020

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.