

BAUMART EXPANDS ITS PROCUREMENT DIVISION

BauMart Holdings Limited (ASX: **BMH**) (the **Company** or **BauMart**) is pleased to advise that its wholly-owned subsidiary, Buildmart Services Pty Ltd (**Buildmart**) has signed a Binding Terms Sheet (**Terms Sheet**) to become the worldwide sole distributor of industrial parts washer machines, known as Washpod High Impact 1200 (**Washpod**) from Washpod Consolidated Pty Ltd (**Washpod Consolidated**).

The Washpod is a patented aqueous high input parts washer machine assembled in Perth with the following attributes:

- Significantly more environmentally friendly than competing machines through lower power usage and shorter cleaning cycles;
- Proprietary zero-degree spear jets provide greater impact force when compared to conventional fan-shaped jets;
- Custom design adjustable moving manifold offers much greater flexibility for a more thorough clean; and
- High impact cleaning action achieves a unique three-dimensional cleaning effect with virtually 100% coverage of the part.

The Washpod machines are currently being used by over 150 industrial and mining industry customers in Australia. Buildmart intends to adopt a rental model for the product to generate income for a fixed term. Washpod Consolidated will be responsible for any service or warranty claims on the machine.

The Terms Sheet appoints Buildmart as the sole distributor to market, sell and distribute Washpods on a worldwide basis for an initial term of 5 years with the option to renew for successive periods of 5 years. The Terms Sheet otherwise has terms and conditions which are customary for an agreement of this nature, including 30 days termination notice by either party.

The initial working capital and marketing investment will be funded from internal cashflow and the Company will review debt funding avenues, if required, to rapidly expand the operation. The Terms Sheet requires that Buildmart purchase a minimum 100 Washpods each year. The operation will commence in February 2022 and is expected to provide up to A\$600,000 of annual income to the Company, which is expected to scale over time as additional machines are ordered and distributed.

BauMart has significant experience and expertise in the procurement of industrial equipment which has been key to securing this business.

Management comment

BauMart's Executive Director, Ben Talbot said "This deal presents BauMart with higher growth potential which is a key focus of our ongoing strategic business review. The recurrent rental income aligns with the strategy of BauMart to diversify its sources of revenue and focus on developing businesses with more sustainable earnings profiles."

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

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.

Headquartered in Perth with operations in Sydney, Melbourne and Brisbane and overseas in Auckland, New Zealand, the Company has a far-reaching presence and a robust network of infrastructure that is positioned for growth.

Disclaimer

This announcement contains “forward-looking statements” concerning BauMart Holdings Limited (**BauMart**) and its operations, economic performance, plans and expectations. Without limiting the foregoing, statements including the words “believes”, “anticipates”, “plans”, “expects”, and similar expressions are also forward-looking statements.

Forward-looking statements reflect, among other things, BauMart’s plans and objectives for future operations, current views with respect to future events and future economic performance and projections of various financial terms. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ from those expressed or implied by forward-looking statements. Factors that may cause actual results to differ materially include, among other factors, general economic conditions in Australia and globally, competition in the markets in which BauMart does and will operate, technological innovation and business and operational risk management.

The forward-looking statements contained in this announcement should not be taken as implying the assumptions on which the projections have been prepared are considered correct or exhaustive. Readers are cautioned not to unduly rely on these forward-looking statements and the Company undertakes no obligation to update or revise the forward-looking statements except as required by law.

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