

## **SALE OF MATERIALS HANDLING DIVISION**

BauMart Holdings Limited (ASX: **BMH**) (the **Company** or **BauMart**) has entered into a conditional share sale agreement with APX Holdings Pty Ltd (**APX**) to sell its wholly owned subsidiary Eco Pallets Pty Ltd (**Eco Pallets**) (including Eco Pallets' subsidiary, Eco Pallets NZ) for a cash consideration of \$1 million (**Proposed Sale**).

APX is a special purpose vehicle based in Melbourne established to acquire Eco Pallets. Its principal shareholders include entities associated with Mr Matt Logan (see below) and Mr Paul Challis. Mr Challis is the sole director of APX and was one of the founding principals of Grimsey Wealth, a specialist wealth and investment planning advisory firm based in Melbourne.

Mr Logan is currently an Executive Director of BauMart and therefore, the Proposed Sale is subject to approval by shareholders in accordance with ASX Listing Rule 10.1.

The decision follows a thorough review of BauMart's business divisions and activities that considered a range of options and ultimately concluded that the Eco Pallets' business does not align with the near to medium-term future direction of BauMart.

Eco Pallets is an import and distribution business critically reliant on a stable and predictable supply chain model. Under BauMart, the Eco Pallets' business has not been able to gain sufficient traction to generate a sustainable earnings profile. Ongoing supply chain issues and rising production costs are amongst the main factors hampering the growth and profitability of the business. BauMart has also been managing the business from Perth whilst its key markets are in eastern Australia and it is envisaged that significant additional capital investment will be required in the short term to establish new systems, services and markets to achieve sustainable earnings.

The Proposed Sale is conditional on:

- Approval being obtained from BauMart shareholders in relation to the Proposed Sale; and
- No material adverse change occurring in relation to either APX or BauMart.

Full details of the Proposed Sale, including the independent expert's report assessing the fairness and reasonableness of the Proposed Sale, will be included in the Notice of Meeting currently being prepared by BauMart and its advisors. The Notice of Meeting will be circulated to shareholders and released to ASX in due course.

Following the completion of the Proposed Sale, it is proposed that Mr Logan will be appointed as a director of APX and will step down from the Board of BauMart. The remaining Directors are of the opinion that the Proposed Sale reflects a sound decision for the Company and that its resources would be better applied to expanding other divisions and pursuing new opportunities. The Company is particularly positive on the expansion of its sourcing and procurement business focused on the mining sector in West Africa.

### **Management comment**

BauMart's Executive Director, Ben Talbot said "This proposed sale of Eco Pallets is an important step in BauMart's strategy to focus its capital resources on businesses and activities with a sustainable earnings profile and the pursuit of new opportunities. The Board is continuing its strategic review and the assessment of synergistic opportunities aimed at delivering long-term growth for the Company and its shareholders."

### **AUTHORISED BY:**

Ben Talbot

***Executive Director***

## About BauMart Holdings Limited

BauMart Holdings Limited (ASX: BMH) is an Australian public company headquartered in Perth and 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.

## For further information, please contact:

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