

30 October 2023

Babylon Quarterly Update and Appendix 4C

Growth Momentum Continues

Highlights¹

- Strategic initiatives continue to deliver an increasing EBITDA run rate
- Positive operating cashflow of \$0.8M in the quarter (+84% over previous quarter)
- Three consecutive quarters of positive operating cashflow
- \$2.6M of funding available plus receivables of \$5.5M due from blue-chip client base
- Decarbonisation strategy expands with the addition of portable hybrid power systems, empowering Babylon to provide a differentiated rental fleet

Specialist resources services provider Babylon Pump & Power Limited (“Babylon” or “the Company”) (ASX: BPP) is pleased to present a quarterly update and quarterly cash flow report for the period ended 30th September 2023.

The Company recorded cash receipts of \$9.4M and positive operating cashflow of \$0.8M for the period which represents an 84% increase over the previous quarter. Babylon has now recorded positive operating cashflow in six of the last seven reporting periods.

This has been driven by improved earnings across both rental and maintenance business segments as the Company continues to deliver on its business plan. The Company had \$5.5M of receivables due from mostly blue-chip clients and \$2.6M of cash and undrawn debt facilities at the end of September to support growth initiatives.

Commenting on the results, Managing Director Michael Shelby said: *“Our team continues to execute key strategic initiatives delivering accelerating earnings growth in both operating segments of the business. The first quarter of FY24 has seen Babylon record higher revenue and increased profitability over the previous quarter. I’m proud of the commitment to growth and improvement shown across the organisation.”*

Operations Update

Specialty Rental

The Company continues to see consistently high utilisation of industrial services pump and vacuum truck assets, with a higher portion of dry hire projects versus historical full-service offerings by Ausblast. The result is a lower revenue base at Ausblast but with higher margins and less labour supply risk.

¹ All financial figures provided in this announcement are unaudited.



During the quarter the Company continued to add to its water management asset base with internal asset builds resulting in an uplift in segment revenue. Utilisation of assets from the RBH acquisition in the previous year continue to exceed initial expectations.

Test pumping remained consistent during the quarter with works for blue chip customers such as Mineral Resources and Newcrest. New hires in test pump operations and project management will grow capacity and support upcoming committed client works.

In line with its specialty rental theme and partnering with customers to reduce emissions, the Company is pleased to advise it has expanded capabilities with the addition of specialised stand-alone hybrid power systems. These systems allow Babylon and its clients to replace diesel generators traditionally found across mine sites with small scale portable renewable energy integrated with battery storage and specialist control software. Babylon sees a growing requirement for these specialist assets as customers decarbonise and they are a key part of the Company's strategy of delivering a differentiated rental fleet to the resources sector.

Babylon's first application of a portable stand-alone hybrid power system (pictured below) has been installed at a major WA mine site to replace diesel generation. This system is expected to reduce our customer's carbon output by an estimated 38 tonnes per annum and reduce risk by eliminating 81% of interactions of personnel in the field through reduced refuelling and servicing requirements.



Maintenance Services

Babylon's Mackay and Perth workshops both continue to experience high levels of activity with a blue-chip client base including BHP, Rio Tinto and Mineral Resources. The segment continues to deliver increasing revenue and improved profitability.

Health, Safety, Environment & Quality

Babylon continued its outstanding safety performance, with another quarter of no lost time injuries or recordable injuries. Babylon has a lost time frequency rate (LTIFR) of 0.0 per million hours worked and a total recordable injury frequency rate (TRIFR) of 0.0 per million hours worked.

During the quarter Babylon successfully completed an external audit of its certified ISO9001, ISO14001 and ISO45001 systems.

The Company continues to be carbon neutral and is finalising its carbon footprint measurement in order to once again offset greenhouse gas emissions for the year. The process is expected to be completed before mid-financial year.

Summary and Outlook

The Company's Board is pleased with the continuing improvements in business performance, cash flow, safety and strategy execution. Babylon continues to add new assets and capabilities such as stand-alone hybrid power systems to drive growth in the rental segment and remains alert for potential acquisitions to build rental scale and expand capabilities in the mining services sector.

For the purpose of ASX Listing rule 4.7C.3, payments to related parties or associates of Babylon during the quarter totalled \$116,024. The payments were in respect of executive and non-director fees, salaries and superannuation.

The Company's Appendix 4C follows for the quarter ended 30th September 2023.

For more information, please contact:

Michael Shelby

Managing Director

+61 (0) 8 9454 6309

mshelby@babylonpumpandpower.com



Appendix 4C Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Babylon Pump & Power Limited

ABN

47 009 436 908

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,378	9,378
1.2 Payments for		
research and development		
product manufacturing and operating costs	(5,662)	(5,662)
advertising and marketing		
leased assets		
staff costs	(1,527)	(1,527)
administration and corporate costs	(1,078)	(1,078)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(308)	(308)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	24	24
1.9 Net cash from / (used in) operating activities	828	828

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
businesses	(600)	(600)
property, plant and equipment	(428)	(428)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
investments		
intellectual property		
other non-current assets		
2.2 Proceeds from disposal of:		
(b) entities		
businesses		
property, plant and equipment		
investments		
intellectual property		
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	(1,028)	(1,028)

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	4,955	4,955
3.6 Repayment of borrowings	(5,748)	(5,748)
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	(793)	(793)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	1,565	1,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	828	828
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,028)	(1,028)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(793)	(793)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	572	572

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	252	1221
5.2	Call deposits	320	344
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	572	1,565

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 (Directors remuneration)	116
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	9,285	(7,375)
7.2 Credit standby arrangements		
7.3 Other (please specify) Invoice finance Fac.	4,100	(4,018)
7.4 Total financing facilities	13,385	(11,393)
7.5 Unused financing facilities available at quarter end		1,991
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.		
<ul style="list-style-type: none"> • NAB invoice finance facility \$4,100,000, rate variable +/- 5.72%, secured by GSA • NAB asset finance facility \$5,534,700, rate variable +/- 4.54%, secured by GSA • NAB Import trade facility \$3,000,000, rate variable +/- 4.29%, secured by GSA • Toyota Finance asset finance facility \$750,000, rate variable +/- 4.13%, secured by GSA 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	828
8.2 Cash and cash equivalents at quarter end (item 4.6)	572
8.3 Unused finance facilities available at quarter end (item 7.5)	1,991
8.4 Total available funding (item 8.2 + item 8.3)	2,563
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>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.</i>	
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: ..30/10/2023.....

Authorised by: By the Board.....
(By the board)

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.