

30 January 2024

Babylon Quarterly Update and Appendix 4C

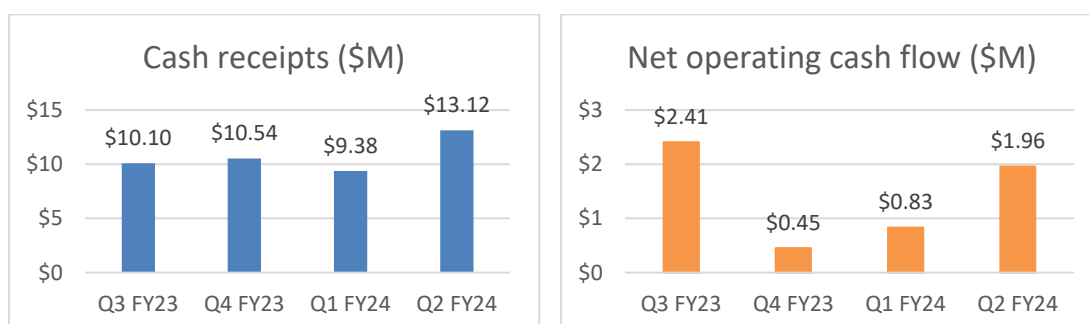
Continued Growth in Earnings and Cashflow

Highlights¹

- Strategic initiatives deliver H1 FY24 EBITDA of \$3.0M and NPAT of \$0.2M (unaudited)
- Revenue growth to \$22.4M for the half year period (+64% year-on-year)
- Positive operating cashflow of \$2.0M in the quarter (+137% over Q1 FY24), supporting asset growth and debt reduction
- Expanding water management capabilities and lowering carbon output by adding new lower emission evaporators to rental fleet
- \$2.7M of funding available plus receivables of \$6.9M due from blue-chip client base

Specialist resources services provider Babylon Pump & Power Limited (“Babylon” or “the Company”) (ASX: BPP) is pleased to present a quarterly update and cash flow report for the period ended 31st December 2023.

The Company recorded cash receipts of \$13.1M and positive operating cashflow of \$2.0M which represents a 137% increase over the previous quarter. Babylon has now recorded positive operating cashflow across every quarter of CY23 and in seven of the last eight reporting periods.



Babylon’s consistent growth in operational cash flow 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 is growing revenue while improving profitability throughout its operations. The first half of the year has seen revenue growth of 64% and EBITDA growth of 351% versus the corresponding period of FY23.

¹ All financial figures provided in this announcement are unaudited.



The Company had \$6.9M of receivables due from mostly blue-chip clients and \$2.7M of cash and undrawn debt facilities at the end of December to support growth initiatives. The Company is on schedule to complete its remaining vendor finance obligations on the RBH and RWG acquisitions by 30 June 2024 which will free up \$200k per month in cash flow for further investment in growth initiatives.

Commenting on the results, Managing Director Michael Shelby said: *“Over the past six months our team has done a great job executing our strategy and accelerating earnings in both the rental and maintenance segments of our business. I take pride in our organisation’s commitment to our clients while simultaneously continuing to improve cashflow and our bottom line.”*

Operations Update

Specialty Rental

The Company continues to pursue specialty water management rental solutions to enable clients to reduce their carbon output while maintaining excellent operational outcomes. In line with this strategy, Babylon has successfully mobilised multiple sprayer-less evaporators to a major Pilbara mine site to assist with elimination of excess water.

These unique evaporator units act to enhance natural evaporation. As they consume approximately 90% less power than other commonly used mechanical assisted evaporation methods, these units help Babylon’s clients meet their emission reduction goals. Customer uptake of these evaporators supports and validates the Company’s strategy to deliver a differentiated and environmentally friendly rental fleet to the resources sector.



Figure 2: Sprayer-less evaporators mobilised to a major Pilbara mine site

The Company continues to strategically add assets with internal asset building taking preference over new asset purchases. The Company has been able to grow its pumping rental fleet at a lower cost on this basis.



Test pumping remained busy through the first half of the year and projects have remobilised after the holiday break. The Company has fielded a high level of client enquiries for upcoming works and activity is expected to remain at a high level.

Maintenance Services

The segment experienced steady revenue growth driven by recurring works with key clients in both Perth and Mackay workshops. Revenue over the corresponding previous first half has grown by 67% while segment EBITDA margin has more than doubled to 16%. These improvements reflect operational and structural improvements made over the past year.

Corporate

During the quarter, Babylon continued its progress in reducing deferred consideration ahead of schedule for its latest two acquisitions from the Company's operating free cash flows.

Babylon's consistent free cash flow has allowed the Company to make extra monthly payments, reducing deferred consideration for Resource Water Group ("RWG") to \$1.0M, which will be extinguished by 30 June 2024. The final payment on the RBH acquisition will be made in February 2024.

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.

The Company has completed supplier audits with a major international oil & gas service company and an Australian based mineral producer as part of new client onboarding. Babylon's ISO certified systems continue to provide certainty and consistency enabling growth.

Summary and Outlook

The Board is pleased with the continuing improvements in business performance, cash flow, safety and strategy execution. Babylon continues to add new assets while driving 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 \$179,087. The payments were in respect of executive and non-director fees, salaries and superannuation.

The Company's Appendix 4C follows for the quarter ended 31st December 2023.





For more information, please contact:

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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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,123	22,500
1.2 Payments for		
research and development		
product manufacturing and operating costs	(7,842)	(13,504)
advertising and marketing		
leased assets		
staff costs	(1,570)	(3,097)
administration and corporate costs	(1,494)	(2,572)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	(274)	(582)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	14	39
1.9 Net cash from / (used in) operating activities	1,963	2,790

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
businesses	(646)	(1,246)
property, plant and equipment	(1,221)	(1,649)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
investments		
intellectual property		
other non-current assets		
2.2 Proceeds from disposal of:		
(b) entities		
businesses		
property, plant and equipment	159	159
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	(1,708)	(2,736)

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	17,061	22,016
3.6 Repayment of borrowings	(17,187)	(22,934)
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	(126)	(918)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	572	1,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,963	2,790
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,708)	(2,736)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(126)	(918)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	701	701

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	380	252
5.2	Call deposits	321	320
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)	701	572

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)	179
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 <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	8,535	(6,899)
7.2 Credit standby arrangements		
7.3 Other (please specify) Invoice finance Fac.	4,100	(3,745)
7.4 Total financing facilities	12,635	(10,644)
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 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,963
8.2 Cash and cash equivalents at quarter end (item 4.6)	701
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)	2,692
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: ..30/01/2024.....

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.