

27 October 2021

Babylon Quarterly Update and Appendix 4C

BABYLON DELIVERS RECORD REVENUE AND 2ND CONSECUTIVE QUARTER OF POSITIVE OPERATIONAL CASHFLOW

Highlights¹

- **Record revenue for Q1FY22 of \$7.3M, up 38% on previous quarter**
- **Operating cashflow of over \$0.2M in the quarter, up 30% on previous quarter**
- **Second consecutive quarter of positive operational cashflow**
- **Receivables of \$3.7M due from blue-chip client base**
- **Positioned for continued growth with cash and undrawn debt facilities of \$5.1M**
- **Appointment of Ms Louise Bower as Independent Non-Executive Director**

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 quarter ended 30th September 2021.

The Board is pleased to report an improvement in net cash from operating activities over the previous quarter with positive operating cashflow of \$0.2 million for Q1FY22. This net cash inflow was on the back of cash receipts from customers of \$7.2 million for the period.

In addition to these receipts, Babylon has receivables of \$3.7 million from a blue-chip client base including BHP, Alcoa and South 32.

Revenue for the quarter is estimated at a record of \$7.3 million, which is a 38% increase on the previous quarter’s revenue of \$5.3 million.

The Company holds \$5.1 million of cash and undrawn debt facilities at the end of September to fund continued growth.

Operations Update

During the quarter, Babylon successfully bolstered its executive management, workshop leadership and business processes to position the Company for continued long-term growth.

Babylon has appointed Mr Craig Batterham as National General Manager and Mr Laurie Phillips as Project Manager, whom have both contributed directly to the positive quarterly result.

Mr Phillips has over 25 years’ experience in the mining, energy and industrial sectors most recently as General Manager of Equipment Solutions at BTP, one of Australia’s largest

¹ All revenue and financial figures provided in this announcement are unaudited.



suppliers of heavy mobile mining equipment. Prior to this, Mr Phillips served as Business Development Manager for TSX-listed remote workforce facilities provider Black Diamond Group and was General Manager of Australian and Indonesia-focussed power and water services group Resource Equipment Limited.

Mr Craig Batterham has a similarly strong history with major resources players, working as an Operations Director for rental equipment and maintenance group Worx Equipment and prior to this as Asset Operations Manager for mining services giant Thiess.

The Company's new Perth workshop, currently under development and slated to be in operation in 2022, will provide extra capacity and capability for future projects to underpin continued company growth.

Babylon continues to pursue its business model which is focussed on three complementary areas in high demand in the resources sector:

- Rental of specialty equipment;
- Maintenance and rebuild services for large diesel driven equipment; and
- Speciality services including high pressure water and abrasive blasting and ancillary services to the resources sector via Ausblast

Specialty Rental

Babylon delivered strong rental results in Q1 FY22. Excluding cross hire revenue, where the Company hires non-company owned equipment to pass through to client with a small mark-up, Q1FY22 was a record revenue quarter. Rental revenue growth in the oil & gas sector will increase in Q2FY22 as more equipment mobilises to Barrow Island. New rental projects in the gold, nickel and iron ore sectors have also contributed to the positive result. Significant opportunities have been quoted for the remainder of the financial year in WA and QLD.

Diesel Maintenance

Demand for the Company's diesel maintenance services continues to grow, with a deepening revenue base from our current customers in bauxite, iron and coal sector as well as new clients providing further diversity within these sectors.

The Company's focus in previous quarters on building its service exchange program has provided positive results in the reporting quarter. Additionally, Babylon has secured client commitments for service exchange engines in upcoming periods.

Specialty Services

As budgeted, Ausblast has seen an uplift in work as well as a significant increase in quoting and client engagement in Q1FY22. Client commitments for Q2FY22 will increase Ausblast's contribution to the Company as it continues to meet an accelerating budget. During the reporting period, works were completed for clients in lithium, iron and oil & gas sectors.



Corporate Update

As previously announced, the Company is pleased to welcome Ms Louise Bower to the Board as a Non-Executive Director effective 1st November 2021. Ms Bower has an honours degree in Accounting and a Chartered Accountant qualification underpinning her 27 years' experience in senior executive roles in varied industry sectors in Australia, South Africa and United Kingdom. Her skills and wealth of experience will be a great strategic benefit to the Company moving forward.

With the lodgement of the quarter's Appendix 4C, Mr Alan Ings, CFO, has tendered his resignation to pursue other opportunities outside the Company. Mr Ings' last day with the company will be 31st December 2021. The Board thanks Mr Ings for his service and efforts during his tenure with the Company. CFO duties will transition to Mr Gary Credaro effective 1st January 2022.

Mr Credaro has more than 30 years of experience in the mining services and related industries with expertise in financial and management accounting, statutory reporting, systems development and implementation and corporate services.

He is a Fellow of the Institute of Public Accountants and has previously held senior positions in a number of public and private companies including E&A Ltd, Tasman Power, Mineral Resources, Ausdrill and Brandrill.

Gary joined Babylon in March 2021 in a contract role and was appointed as Group Financial Controller in July 2021. In this tenure, Gary has contributed in the turnaround to positive operational cashflow, growth in turnover and improvement of business processes to improve profitability.

Summary and Outlook

The Company's Board is confident in the ongoing growth in current service offerings and strategy across its Speciality Rental, Diesel Maintenance and Specialty Services divisions. Structural and management changes have been made and initiatives introduced to streamline Company operations and provide efficiencies whilst continuing growth. The previously announced addition of Ms Louise Bower as an Independent Non-Executive Director will strengthen and deepen Board capability complementing the reorganisation of the executive leadership.

The Company's Appendix 4C follows for the quarter ended 30 September 2021.

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")

30 September 2021

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	7,226	7,226
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,510)	(4,510)
(c) advertising and marketing	(12)	(12)
(d) leased assets		
(e) staff costs	(1,662)	(1,662)
(f) administration and corporate costs	(506)	(506)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(319)	(319)
1.6 Income taxes paid	(16)	(16)
1.7 Government grants and tax incentives	1	1
1.8 Other (provide details if material)	(1)	(1)
1.9 Net cash from / (used in) operating activities	201	201
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(474)	(474)
(c) property, plant and equipment	(428)	(428)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...3...months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	198	198
	(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)		
2.6	Net cash from / (used in) investing activities	(704)	(704)

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	950	950
3.6	Repayment of borrowings	(916)	(916)
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	34	34

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,032	1,032
4.2	Net cash from / (used in) operating activities (item 1.9 above)	201	201
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(704)	(704)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...3...months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	34	34
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	563	563

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	532	532
5.2	Call deposits	30	30
5.3	Bank overdrafts		
5.4	Other (provide details)	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	563	563

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)	119
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	9,609	(8,490)
7.2	Credit standby arrangements		
7.3	Other (please specify) Invoice finance Fac.	4,100	(687)
7.4	Total financing facilities	13,709	(9,177)
7.5	Unused financing facilities available at quarter end		4,532
7.6	<p>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.</p> <ul style="list-style-type: none"> NAB invoice finance facility \$4,100,000, rate variable +/- 5.72%, secured by GSA, subject to review on 30 April 2022. NAB asset finance facility \$5,859,368, rate variable +/- 4.54%, secured by GSA, subject to review on 30 April 2022. NAB Import trade facility \$3,000,000, rate variable +/- 4.29%, secured by GSA, subject to annual review on 30 April 2022. Toyota Finance asset finance facility \$750,000, rate variable +/- 4.13%, secured by GSA, subject to review on 7 May 2022 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	201
8.2	Cash and cash equivalents at quarter end (item 4.6)	563
8.3	Unused finance facilities available at quarter end (item 7.5)	4,532
8.4	Total available funding (item 8.2 + item 8.3)	5,095
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:27th October 2021.....

Authorised by: By the Board of Babylon Pump & Power Ltd

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.