

13 April 2022

## Babylon Quarterly Update and Appendix 4C

### Highlights<sup>1</sup>

- **Positive operational cashflow of \$1.1M in the quarter**
- **Cash receipts of \$7.3M for Q3 FY22 up 156% over corresponding Q3 FY21**
- **Receivables of \$4.8M due from blue-chip client base**
- **\$3.2M of cash and undrawn debt at the end of the quarter**
- **Strong ongoing demand and growth opportunities across all divisions**

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 31<sup>st</sup> March 2022.

The Company is pleased to report positive operational cashflow of \$1.1M and cash receipts of \$7.3M for the quarter which represents 156% increase over the corresponding Q3 FY21. The Company has now recorded positive operational cashflow in three of the last four reporting periods.

Record revenue and reduction in inventory have improved operational cashflow. Additionally, the Company has improved collections from debtors, while its strong sales efforts have maintained receivables at \$4.8M, all within terms. The Company also has \$3.2M of cash and undrawn debt facilities at the end of March.

Commenting on the results, Executive Chairman Michael Shelby said:

*“It is exceptionally pleasing to be able to deliver yet another quarter of positive operational cashflow. The directors are confident in our ability to continue to grow and increase the utilisation of our assets across rental and industrial services. Enhancing operational efficiencies and profitability will continue to show improvement in cashflow and earnings as we close out FY22. We continue to see increasing demand for quality services and equipment from blue chip customers across the resources sector in particular, which gives us confidence of continuing strong growth in FY23 and beyond.”*

### Operations Update

Babylon continues to pursue its business model which is focussed on three complementary areas which are in high demand within 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.

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<sup>1</sup> All revenue and financial figures provided in this announcement are unaudited.



### *Specialty Rental*

Babylon continues to experience high levels of rental asset utilisation. Works continue to assemble more rental assets and Babylon is evaluating opportunities to further increase its rental fleet as the Company continues to field enquires from existing and new clients. High horsepower, high-head pumps are under build to complement pumps currently on client sites under longer term commitment.

Notably, during the quarter Babylon completed installation of an innovative assisted evaporation project for a large multi-mineral mine owner/operator. Once evaluation is complete, this trial project may lead to significant water management works across multiple sites.

### *Diesel Maintenance*

Babylon continues to focus capacity in the Perth workshop on long term client contracts. The Company has successfully increased its scope of works with the supply of a service exchange Caterpillar C175 engine to a major iron ore producer.

During the quarter, Babylon has improved its margins and parts supply chain by adding new and lower cost suppliers as the visibility and lead times of contractual work has provided broader options to offset complications experienced due to COVID-19.

Structural and organisational changes at Primepower Qld during the reporting period have eliminated c.\$0.8M in annual recurring costs. The Company has successfully consolidated back office and administrative functions in Perth, whilst operational improvements implemented in the quarter have provided additional recurring efficiencies.

Demand for the Company's diesel maintenance services has evolved from one-off transactional type client relationships to recurring works with active engagement in long-term planning.

Babylon's new Perth workshop, which is currently under construction and planned for completion at the end of 2022, will provide increased capacity to meet rising demand from clients. Babylon is currently in discussions with its Western Australian (W.A.) based clients to secure long term service exchange maintenance programs. Upcoming facility capacity, flexibility beyond the OEM and a growing record of quality positions Babylon for success in the marketplace.

### *Specialty Services*

A change in management at the Company's industrial services subsidiary Ausblast and focus on asset utilisation has resulted in multiple new clients during the quarter. Ausblast entered a one-year contract for trial blasting and painting service works with a southwest W.A. bauxite mine site. To support project work in southwest W.A., assets have been relocated to Babylon's Perth workshop which has led to new clients in the metro area and further project work. Management is successfully diversifying commodity and geographical exposure in addition to increasing activity in the iron ore dominated Pilbara region of W.A.



Strategic positioning of assets, targeting projects where FIFO workers are not required, utilising full maintenance capabilities of the Company and increased sales efforts are expected to drive efficient growth for Ausblast in the near term.

### **Summary and Outlook**

The Company's Board is confident in the ongoing growth in current service offerings and is focused on growing the more profitable specialty services and rental revenue streams whilst conducting an ongoing evaluation on improving operational efficiencies and profitability in maintenance services.

The Company's Appendix 4C follows for the quarter ended 31 March 2022.

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 &amp; Power Limited

**ABN**

47 009 436 908

**Quarter ended ("current quarter")**

31 March 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (...9...months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,279	22,699
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(3,092)	(13,816)
(c) advertising and marketing	(4)	(27)
(d) leased assets		
(e) staff costs	(2,049)	(6,454)
(f) administration and corporate costs	(615)	(1,692)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(260)	(735)
1.6 Income taxes paid		-
1.7 Government grants and tax incentives		-
1.8 Other (provide details if material)	(130)	(131)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,129</b>	<b>(156)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	-	(474)
(c) property, plant and equipment	(69)	(1,327)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (...9...months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	118	316
	(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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>49</b>	<b>(1,485)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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		4,721
3.6	Repayment of borrowings	(1,433)	(2,840)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,433)</b>	<b>1,881</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,527	1,032
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,129	(155)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	49	(1,486)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (...9...months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,433)	1,881
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,272</b>	<b>1,272</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,241	1,496
5.2	Call deposits	30	30
5.3	Bank overdrafts		
5.4	Other (provide details)	1	1
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,272</b>	<b>1,527</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Directors remuneration)	135
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.*

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
7.1 Loan facilities	8,994	(8,285)
7.2 Credit standby arrangements		
7.3 Other (please specify) Invoice finance Fac.	4,100	(2,923)
7.4 <b>Total financing facilities</b>	<b>13,094</b>	<b>(11,208)</b>
7.5 <b>Unused financing facilities available at quarter end</b>		1,886
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"> <li>• NAB invoice finance facility \$4,100,000, rate variable +/- 5.72%, secured by GSA, subject to review on 30 April 2022.</li> <li>• NAB asset finance facility \$5,028,566, rate variable +/- 4.54%, secured by GSA, subject to review on 30 April 2022.</li> <li>• NAB Import trade facility \$3,000,000, rate variable +/- 4.29%, secured by GSA, subject to annual review on 30 April 2022.</li> <li>• Toyota Finance asset finance facility \$750,000, rate variable +/- 4.13%, secured by GSA, subject to review on 7 May 2022</li> <li>• Attest Finance insurance premium funding facility \$215,038, rate fixed +/- 4.22%</li> </ul>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	1,129
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,272
8.3 Unused finance facilities available at quarter end (item 7.5)	1,886
8.4 Total available funding (item 8.2 + item 8.3)	3,158
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	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:	
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:	

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:

*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: .....13/04/2022.....

Authorised by: .....  
(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.