

## Quarterly Activities Report

For the period ending 30<sup>th</sup> September 2022

### Q1 Highlights

- Revenue of **\$6.82 million<sup>1</sup> up 74%** on the prior corresponding period (PCP)
- EBITDA of more than **\$711,000<sup>1</sup> up 8.3%** on the PCP
- Strong balance sheet, with Net assets **\$11.24 million<sup>1</sup>** and cash and cash equivalents of **\$6.32 million<sup>1</sup>**
- Positive performance from fully integrated Cybem Services (Acquired April 2022)
- First mechanised prototype of Collar Keeper® System
- Implementation of SAP ERP software strengthening Group corporate governance
- FY23 Revenue guidance of \$26-\$28 million<sup>3</sup>

Diversified mining services provider Aquirian Limited (**ASX: AQN**) ('Aquirian' or 'the Company') is pleased to report on its quarterly activities for the three months to 30 September 2022.

The Company generated **\$6,822,722<sup>1</sup>** of total revenue during the quarter, an **increase of 73.9%** on the prior corresponding period. EBITDA<sup>2</sup> was **\$711,662<sup>1</sup>, up 8.3%** on the prior corresponding period. Aquirian's balance sheet remains strong with net assets of **\$11.24 million<sup>1</sup>**.

The integration of Cybem, supports Aquirian's strategy of becoming a leading provider of equipment and associated services, while strengthening its customer offering. The talented Cybem team has been efficiently embedded into Aquirian's operations with customers benefitting from the synergies being delivered from integration.

The quarterly financial performance was underpinned by solid volumes of Collar Keeper® product sales and a burgeoning People Services division with good growth across both TBS Workforce and Modular Training business units, and the successful launch of Primed Professional during the quarter, which is focused on professional recruitment of technical, commercial, and executive roles.

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<sup>1</sup> Unaudited financial results

<sup>2</sup> EBITDA refers to earnings before interest, taxation, depreciation and amortisation costs

<sup>3</sup> Subject to the impacts of the current global macroeconomic factors on the economy and market



Commenting on the Company's performance, Aquirian Managing Director, David Kelly said: "Our performance during the first quarter was pleasing, reaffirming the resilience of our diversified business model and the capability of our team," he said.

"I'm delighted by the successful integration of Cybem into the Group, which strengthens our maintenance capabilities, expands service offerings to existing customers and broadens our customer base.

"We also launched our new Primed Professional recruitment services in July 2022, which focuses on professional recruitment of technical, commercial and executive roles, and is expected to deliver positive outcomes for our diverse business units and clients."

## Operations

The **Mining Services Division** delivered another solid quarter across the Underground rental fleet, with 77% utilisation rate for underground (UG) equipment and 80% for open cut (OC) equipment.

Aquirian acquired three new Volvo L120H IT loaders during the quarter, with two already committed to clients and the other being built to mine specifications and expected to be deployed by December 2022.

Cybem's integration continued throughout the quarter, with significant demand for workshop services ensuring it continues to operate at high capacity. Field services also performed well amid some ongoing challenges with labour availability.

Technology sales for the quarter were consistent with the prior corresponding period and in line with FY22's run rate. The mechanisation phase of the Collar Keeper® System is well underway with the first prototype undergoing factory testing during the quarter.

The focus of the Collar Keeper® System's manual system commercialisation was directed predominantly at mine owners, with ongoing discussions with customers locally in Australia and at multiple sites across Africa, Latin and Central America.

MagLok order book continues to grow, with strong demand for its unique product offering nationally. Expanded premises and tooling completed earlier this year has built capacity for a differentiated offering to the Company's expanding client base.

The **People Services Division** maintained strong demand in Q1 through the TBS Workforce business albeit labour availability continues to create challenges across the industry.

Demand for Modular Training continues to grow, with in-classroom participation increasing, and onsite services enhanced with three permanent resources dedicated to existing clients.



Fig 1. New Volvo L120H IT loader

Primed Professional recruitment services was launched in July bolstering the Company's recruitment expertise and resourcing options, complementing TBS Workforce.

## Outlook

The Company's outlook for FY23 remains positive. While various micro and macroeconomic factors generally impact the economy and market sentiment, Aquirian is confident that the fundamentals driving demand for its varied services and multiple business units will remain strong.

The Company has established a strong foundation for growth across its business divisions, which, coupled with the continued commercialisation of the Collar Keeper® System in FY23 and beyond, is expected to generate increased revenue and margin over the medium to long term.

Despite ongoing uncertainty in the market, the Company maintains full-year guidance, with FY23 revenue expected to be between \$26-28 million<sup>3</sup>.

## Corporate

The Company continues to be in a strong financial position with cash and cash equivalents of \$6.32 million<sup>1</sup>.

Importantly, corporate governance was improved in Q1 with the rollout of best-in-class SAP ERP (enterprise resource planning) across the Group.

Aquirian made operating activity payments of \$288,378 to related parties and their associates. These payments relate to the remuneration agreement for the Managing Director, Executive Director and Non-Executive Directors. In addition, the Company made investing activity payments of \$91,146 to related parties, being payments related to the remuneration agreement for the Executive Director in relation to the development of the Collar Keeper® System.

Pursuant to ASX listing rule 4.7C.2, the Company advises the proposed use of funds contained in section 1.7 of the Company's Prospectus in comparison to the actual use of funds following admission of the Company to the official list of the ASX in July 2021.

Use of Funds	Prospectus Amount	Actual to Date
Accelerate development and commercialisation of the Collar Keeper® System	\$2,450,000	\$1,405,957
Underground fleet expansion	\$2,450,000	\$3,245,516
Expand Maglok Australia manufacturing capability	\$500,000	\$320,801
Working Capital / Corporate Overheads	\$1,770,000	\$0
Cost of the Offer	\$830,000	\$862,579
<b>Total</b>	<b>\$8,000,000</b>	<b>\$5,834,853</b>

<sup>3</sup> Subject to the impacts of the current global macroeconomic factors on the economy and market

The Company confirms that it expects to utilise the funds raised under its Prospectus in accordance with the use of funds statements, and the key business objectives underlying the expected use of funds remains intact.

-ENDS-

This announcement has been approved for release by the Managing Director of the Company

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### About Aquirian

Aquirian is an emerging specialist mining services company providing people, equipment and innovative products that support mining clients across their operations.

The Company has a strong national and international presence with reputable, in-house capabilities and, through its extensive, in-depth relationships built up over many years of working in mining services locally and globally, it has attracted and maintained a long-term, tier-one client base. It provides specialised People Services (training, labour, recruitment) under the **Modular Training**, **TBS Workforce** and **Primed Professionals** brands, and Mining Services (equipment leasing, maintenance & repair, engineering services, drill and blast products and onsite field services) under the **Collar Keeper®**, **Cybem Services**, **TBS Mining Solutions** and **MagLok** brands to the mining and resources, and civil and defence sectors in Australia and internationally.

## Appendix 4C

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

**Name of entity**

AQUIRIAN LIMITED

**ABN**

634 457 506

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

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,107	6,107
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,349)	(3,349)
(c) advertising and marketing	(26)	(26)
(d) leased assets	(104)	(104)
(e) staff costs	(2,703)	(2,703)
(f) administration and corporate costs	(522)	(522)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(40)	(40)
1.6 Income taxes paid	(70)	(70)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(704)</b>	<b>(704)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1,258)	(1,258)
	(d) investments	-	-
	(e) intellectual property	(305)	(305)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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>(1,563)</b>	<b>(1,563)</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	937	937
3.6	Repayment of borrowings	(344)	(344)
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>593</b>	<b>593</b>

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

<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	7,993	7,993
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(704)	(704)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,563)	(1,563)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	593	593
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>6,319</b>	<b>6,319</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	6,319	7,243
5.2	Call deposits		750
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,319</b>	<b>7,993</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	288
6.2	Aggregate amount of payments to related parties and their associates included in item 2	91

*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.*

<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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	10,808	7,005
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>10,808</b>	<b>7,005</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>3,803</b>
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.		
<p>Loan Facilities</p> <ol style="list-style-type: none"> <li>1. A finance facility of \$7.5 million is held with the National Australia Bank and relates to equipment financing at various terms and rates. Terms range up to 60 months and interest rates range from 2.6% - 6.8%. The facility is secured via a registered GSA over the equipment purchased under their relevant agreements, and additionally the Aquirian Group (Group) provides a general security agreement in respect to the Group's existing and future assets.</li> <li>2. A long-term bank loan with the National Australia Bank as part of the acquisition of the Maglok Australia business. The loan bears a floating interest rate in line with the business lending rate, plus a margin of 2.15%. The loan is secured by a GSA over the Group's existing and future assets. The loan is repayable in quarterly instalments until it's expiry in October 2025.</li> <li>3. A long-term bank loan with the National Australia Bank for the acquisition of the Cybem Mechanical Services business. The loan bears a floating interest rate in line with the business lending rate, plus a margin of 2.15%. The loan is secured by a GSA over the Group's existing and future assets. The loan is repayable in quarterly instalments until it's expiry in April 2027</li> </ol>		
<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)	(704)	
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,319	
8.3 Unused finance facilities available at quarter end (item 7.5)	3,803	
8.4 Total available funding (item 8.2 + item 8.3)	10,122	
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>14</b>	
<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: .....28 October 2022.....

Authorised by: .....By the board.....  
(Name of body or officer authorising release – see note 4)

## 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.