

18 April 2023

Babylon Quarterly Update and Appendix 4C

Highlights¹

- **Strategic initiatives continue to accelerate EBITDA growth**
- **Operating cash flow increase of 238% compared with the previous quarter**
- **Record \$10.1m cash collected from operations**
- **Receivables of \$4.3m from blue-chip clients plus \$3.7m of cash and undrawn debt to fund growth**
- **Positive outlook and earnings momentum forecast**

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 31st March 2023.

Babylon continued to build on its transformation by delivering record EBITDA during the quarter. The Company is further expected to deliver record EBITDA for the full year.

Improved profitability has increased operational cash flow for the quarter by 238% to \$2.4m and resulted in a year-to date net operational cash flow of \$1.8m.

A reduction in cash on hand is a direct result of \$2.3m cash used in investing activities during the quarter as the Company grew its rental fleet to accommodate growth. The Company continues to hold \$3.7m of cash and undrawn debt facilities with an additional \$4.3m of receivables from blue-chip client base at the end of March.

Commenting on the results Managing Director Michael Shelby said:

“Earnings momentum is increasing as we execute our strategy focused on growing our rental fleet. We have successfully integrated our latest acquisition and continue to see high levels of utilisation across the segment. We have settled into our new workshop with our maintenance segment reaping efficiencies of the purpose-built facility.

It is an exciting time as our operational performance and financial results are significantly improving over our historical position.

Operational cash flow has benefitted from record collections during the quarter and the timing of certain payments. We will continue to focus available cash toward investing in our specialist rental fleet.”

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



Operations Update

Specialty Rental: Advancing Rental & Water Management Strategy

Babylon advanced its strategy to grow its specialist water management business by completing the acquisition of RBH Engineering Pty Ltd effective 31 January 2023. The Boddington, WA-based specialist rental pump provider has provided an immediate boost to revenue and earnings with ongoing rental work with clients such as Newmont and First Quantum Minerals.

This quarter recorded the award and the mobilisation of test pumping project work with Newcrest and Mineral Resources. Babylon continues to see steady utilisation of rental assets and is focused operationally with assembling more assets to meet customer demand.

Babylon continues to progress unique hybrid power opportunities with existing clients, incorporating renewable energy. Significant test pumping programmes and long-term pumping works have been quoted for both the mining and offshore oil & gas markets in which the Company is well positioned to execute if the projects proceed.

Maintenance Services: Improving Segment Profitability

Financial performance of the maintenance segment continues to improve. The Company continues to see improvement in segment gross margins and EBITDA contributions. Recurring work for blue chip clients is providing opportunities for efficiency whilst maintaining full workshop capacity. Ongoing focus will be on maintaining higher margins and reducing working capital through reduction in stock and inventory levels.

Summary and Outlook

The Company's Board is confident that strategic initiatives to streamline operations, focus on water management, expand rental fleet, and rationalise lower margin offerings will continue to grow earnings.

The Company's Appendix 4C follows for the quarter ended 31 March 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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...9...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,100	24,349
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,375)	(13,219)
(c) advertising and marketing	(1)	(10)
(d) leased assets		
(e) staff costs	(1,949)	(5,866)
(f) administration and corporate costs	(1,086)	(2,622)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	11
1.5 Interest and other costs of finance paid	(335)	(785)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	50	(29)
1.9 Net cash from / (used in) operating activities	2,406	1,829
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(453)	(953)
(c) property, plant and equipment	(1,890)	(3,044)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...9...months) \$A'000
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(g) entities		
(h) businesses		
(i) property, plant and equipment		400
(j) investments		
(k) intellectual property		
(l) 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	(2,343)	(3,597)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		5,004
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		(447)
3.5 Proceeds from borrowings	5,038	12,622
3.6 Repayment of borrowings	(5,917)	(16,341)
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	(879)	838

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...9...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	2,127	2,241
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,406	1,829
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,343)	(3,597)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(879)	838
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,311	1,311

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	961	1,987
5.2	Call deposits	350	30
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)	1,311	2,017

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)	110
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. 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	9,071	(8,214)
7.2 Credit standby arrangements		
7.3 Other (please specify) Invoice finance Fac.	4,100	(2,580)
7.4 Total financing facilities	13,171	(10,794)
7.5 Unused financing facilities available at quarter end		2,377
<p>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> <ul style="list-style-type: none"> • NAB invoice finance facility \$4,100,000, rate variable +/- 5.72%, secured by GSA • NAB asset finance facility \$5,320,908, 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)	2,406
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,311
8.3 Unused finance facilities available at quarter end (item 7.5)	2,377
8.4 Total available funding (item 8.2 + item 8.3)	3,688
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<p><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></p>	
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: ..18/04/2023.....

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.