

24 July 2023

Babylon Quarterly Update and Appendix 4C

Delivers second consecutive year of positive operating cashflow

Highlights¹

- Positive operating cashflow of \$0.5M in the quarter and \$2.3M for full FY23
- Record receipts from customers of \$10.5M in the quarter and \$34.9M for full FY23
- Receivables of \$5.9M due from blue-chip client base
- Strategic initiatives delivering an increasing EBITDA run rate

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 30th June 2023.

The Company is pleased to report cash receipts of \$34.9M and positive operating cashflow of \$2.3M for FY23 which represents a 1,316% increase over FY22. Babylon has now recorded positive operating cashflow in five of the last six reporting periods.

Positive operating cashflow has been driven by improved earnings across both rental and maintenance business segments. The Company had \$5.9M of receivables from mostly blue-chip clients and \$3.4M of cash and undrawn debt facilities at the end of June to support growth initiatives.

Commenting on the results, Managing Director Michael Shelby said: *“This financial year has been significant in the Company’s growth and maturity. Strategic initiatives to grow our specialty rental business, restructure our maintenance business and focus on improving margins are delivering results. We have achieved significant improvement in operational cash flow and continued EBITDA growth whilst integrating two acquisitions, consolidating operations into a new facility, and streamlining our maintenance activities.*

Our leadership team is delivering on its strategy and I’m proud of the entire workforce as they have helped transition the business and accelerate earnings.”

Operations Update

Specialty Rental

Improving asset utilisation and the addition of new assets to the fleet have improved specialty rental returns in the quarter. The two acquisitions made during the year have contributed to earnings growth. Test pumping activity associated with the RWG acquisition has remained consistent with new works for both existing and new clients mobilising in the first quarter of FY24. Activity associated with the RBH acquisition has exceeded initial

¹ All financial figures provided in this announcement are unaudited.



expectations as the Company is experiencing higher than forecast rental fleet utilisation with blue chip mining clients. New pumping and power rental assets entering the fleet in the upcoming quarter are expected to drive continued growth.

In addition, the Company is expanding its rental fleet with specialised hybrid power systems, with the expectation that the first project will mobilise in the first half of FY24. Replacing diesel generators traditionally found across mine sites with small scale portable renewable power incorporating battery storage, supports a growing need to reduce emissions for our clients and is a key part of the Company's strategy of delivering a differentiated rental fleet to the resources sector.

Utilisation of industrial services fleet has increased during the year and activity levels are expected remain high in the new financial year.

Maintenance Services

Simplifying and consolidating the maintenance segment during the year has resulted in reduced overheads and improved margins.

Consolidation into a single Perth facility in late FY23 has delivered considerable operating efficiencies and broad-based business improvements in Western Australia, but the standout performance has been the turnaround in profitability in the Queensland maintenance operations located in Mackay. Consistent flow of work and a rightsized workforce has powered Primepower Queensland to record earnings.

Summary and Outlook

The Company's Board is pleased with the improved business performance and initiatives delivered during FY23.. A clear strategy is in place to achieve ongoing growth in current service offerings, with a focus on growing the more profitable specialty services and rental revenue streams whilst driving further opportunities to improve operational efficiencies and profitability in maintenance services. In addition, the Company remains alert for potential acquisitions to build scale in the mining services sector.

The Company's Appendix 4C follows for the quarter ended 30 June 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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,536	34,883
1.2 Payments for		
research and development		
product manufacturing and operating costs	(6,228)	(19,447)
advertising and marketing	(3)	(12)
leased assets		
staff costs	(2,017)	(7,882)
administration and corporate costs	(1,259)	(3,881)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	16
1.5 Interest and other costs of finance paid	(594)	(1,378)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	11	(19)
1.9 Net cash from / (used in) operating activities	451	2,280

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
businesses	(600)	(1,553)
property, plant and equipment	(490)	(3,535)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
investments		
intellectual property		
other non-current assets		
2.2 Proceeds from disposal of:		
(b) entities		
businesses		
property, plant and equipment		400
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)		1
2.6 Net cash from / (used in) investing activities	(1,090)	(4,687)

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	4,201	16,823
3.6 Repayment of borrowings	(3,308)	(19,649)
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	893	1,731

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	1,311	2,241
4.2	Net cash from / (used in) operating activities (item 1.9 above)	451	2,280
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,090)	(4,687)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	893	1,731
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,565	1,565

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	1,221	960
5.2	Call deposits	344	351
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)	1,565	1,311

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)	128
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	9,285	(7,787)
7.2 Credit standby arrangements		
7.3 Other (please specify) Invoice finance Fac.	4,100	(3,801)
7.4 Total financing facilities	13,385	(11,588)
7.5 Unused financing facilities available at quarter end		1,797
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 • 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)	451
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,565
8.3 Unused finance facilities available at quarter end (item 7.5)	1,797
8.4 Total available funding (item 8.2 + item 8.3)	3,362
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: ..24/07/2023.....

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.