

22 April 2024

Babylon Quarterly Update and Appendix 4C

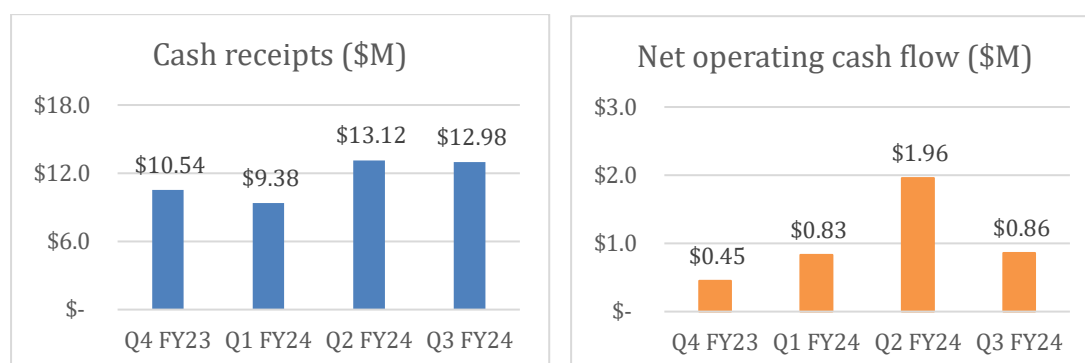
Consistent Cashflow and Positive Earnings Outlook

Highlights¹

- Positive operating cashflow of \$0.9M in the quarter supporting growth initiatives
- Final deferred consideration for RBH acquisition has been paid and remaining deferred consideration for RWG acquisition is on track to be paid by 30 June 2024, after which Babylon expects to benefit from a net operating cash flow uplift of approximately \$200k per month or \$2.4M per annum
- Babylon continues to add new assets while remaining alert for potential acquisitions
- \$2.7M of funding remains available plus receivables of \$5.7M due from blue-chip client base

Specialist resources services provider Babylon Pump & Power Limited (“Babylon” or “the Company”) (ASX: BPP) is pleased to present a quarterly update and cash flow report for the period ended 31 March 2024.

The Company recorded cash receipts of \$13.0M and positive operating cashflow of \$0.9M for the quarter and for the last four financial quarters has now recorded cash receipts of \$46.0M and net operating cash flow of \$4.1M consistent with the business’ improving profitability.



Commenting on the results, Managing Director Michael Shelby said: “Over the past three months our team has continued to deliver profitable and diverse growth, building on the success of our growing EBITDA and delivering our maiden net profit after tax result in H1 FY24. Utilisation of our rental fleet remains high, and profitability continues to improve across both segments. We expect our financial flexibility to grow from here, as we work to increase facilities with NAB, plus a significant uplift in our net operational cash flow as we make our final payments of deferred consideration for our most recent acquisitions.

¹ All financial figures provided in this announcement are unaudited.



“Babylon's unique ability to facilitate carbon emission reductions through energy efficient and renewable powered rental equipment continues to give us a differentiated reason and opportunity to be on site. Proudly carbon neutral, we hold a positive outlook for growth across our markets and expect our earnings trajectory to continue to improve.”

Operations Update

Specialty Rental

Test pumping activities picked up during the period as personnel were remobilised after the holiday break. During the quarter, works were undertaken for South32 Ltd (ASX: S32) and Mineral Resources Ltd (ASX: MIN), and as works continue into the fourth quarter, Babylon is in discussions for further potential projects in FY25.

Babylon has successfully secured rental contacts for multiple pumping projects scheduled to begin in Q4 FY24, with much of the positive financial impact expected to be seen in FY25.

Fortescue Ltd (ASX: FMG) has reengaged Ausblast for ongoing project site works utilising vacuum trucks and personnel. Utilisation of high-pressure water jetting pumps remains strong with industrial service clients across Australia.

Maintenance Services

Activity in the Perth and Mackay workshops has been steady, with recurring works for large miners continuing to provide visibility and improving margins. Of note during the period, the PPQ workshop in Mackay dispatched two complete module rebuilds for electric drive trucks.

Babylon is seeing growth in profitability in both WA and QLD, and the Company continues to execute strategic initiatives to optimise segment stock and inventory to unlock cash for working capital.



Mobilisation of QSK60 module at PPQ facility



Corporate

During the quarter, Babylon made significant progress reducing deferred consideration for its latest two acquisitions from the Company's operating free cash flows. All deferred consideration for the acquisition of RBH Engineering, completed in February 2023, has now been paid. All deferred consideration for the acquisition of Resource Water Group ("RWG"), announced in August 2022, will be extinguished by 30 June 2024.

Once these deferred consideration payments are completed, Babylon expects to gain a net operating cash flow uplift of approximately \$2.4 million per annum in FY25 and beyond.

Health, Safety, Environment & Quality

For the second year in a row, Babylon has chosen to offset emissions of business operations through the purchase of carbon offsets and is proud to have achieved carbon neutrality. Babylon will continue to track carbon emissions as the Company balances carbon emission reduction opportunities with growth initiatives. Babylon has established a competitive advantage through its ability to offer unique specialty rental equipment to empower clients to execute their carbon emission strategies.

Babylon continued its outstanding safety performance during the quarter with no recordable incidents for the quarter and the year to date.

Summary and Outlook

The Board is pleased with the Company's continuing improvements in business performance, cash flow, safety and strategy execution. Babylon continues to add new assets while driving growth in the rental segment, leveraging the Company's ability to assemble assets internally to drive efficiencies. Babylon remains alert for potential acquisitions to build rental scale and expand capabilities in the mining services sector.

For the purpose of ASX Listing rule 4.7C.3, payments to related parties or associates of Babylon during the quarter totalled \$129,537. The payments were in respect of executive and non-executive director fees, salaries and superannuation.

The Company's Appendix 4C follows for the quarter ended 31 March 2024.

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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")

31 March 2024

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	12,980	35,481
1.2 Payments for		
research and development		
product manufacturing and operating costs	(8,634)	(22,137)
advertising and marketing		
leased assets		
staff costs	(1,593)	(4,690)
administration and corporate costs	(1,645)	(4,217)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	8
1.5 Interest and other costs of finance paid	(269)	(851)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	20	57
1.9 Net cash from / (used in) operating activities	861	3,651

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
businesses	(684)	(2,333)
property, plant and equipment	(500)	(1,746)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
investments		
intellectual property		
other non-current assets		
2.2 Proceeds from disposal of:		
(b) entities		
businesses		
property, plant and equipment	257	417
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)		
2.6 Net cash from / (used in) investing activities	(927)	(3,662)

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	15,438	37,453
3.6 Repayment of borrowings	(15,172)	(38,106)
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	266	(653)

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	701	1,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	861	3,651
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(927)	(3,662)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	266	(653)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	901	901

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	580	380
5.2	Call deposits	321	321
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)	901	701

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)	130
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	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	8,535	(7,078)
7.2 Credit standby arrangements		
7.3 Other (please specify) Invoice finance Fac.	4,100	(3,771)
7.4 Total financing facilities	12,635	(10,849)
7.5 Unused financing facilities available at quarter end		1,786
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 	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	861
8.2 Cash and cash equivalents at quarter end (item 4.6)	901
8.3 Unused finance facilities available at quarter end (item 7.5)	1,786
8.4 Total available funding (item 8.2 + item 8.3)	2,687
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: ..22/04/2024.....

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.