

29 July 2024

## **Babylon Quarterly Update and Appendix 4C**

### ***Record Revenue and Maiden NPAT Delivered***

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

- Record revenue of \$41.7M for FY24, ~30% compound revenue growth delivered since ASX listing in FY18
- First full year delivery of NPAT with \$0.5M for FY24
- Positive operating cashflow of \$7.5M for the full financial year
- Growth initiatives deliver FY24 EBITDA of \$6.1M (+118% year on year)
- All deferred consideration for historical acquisitions has been paid, freeing \$2.4M of cash annually for growth initiatives
- \$4.2M of funding available, plus receivables of \$4.6M 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 30<sup>th</sup> June 2024.

The Company recorded cash receipts of \$10.2M and operating cashflow of \$3.9M for the quarter. Babylon has now recorded positive operating cashflow in nine of the last ten quarters and generated positive operating cashflow of \$7.5M in FY24.

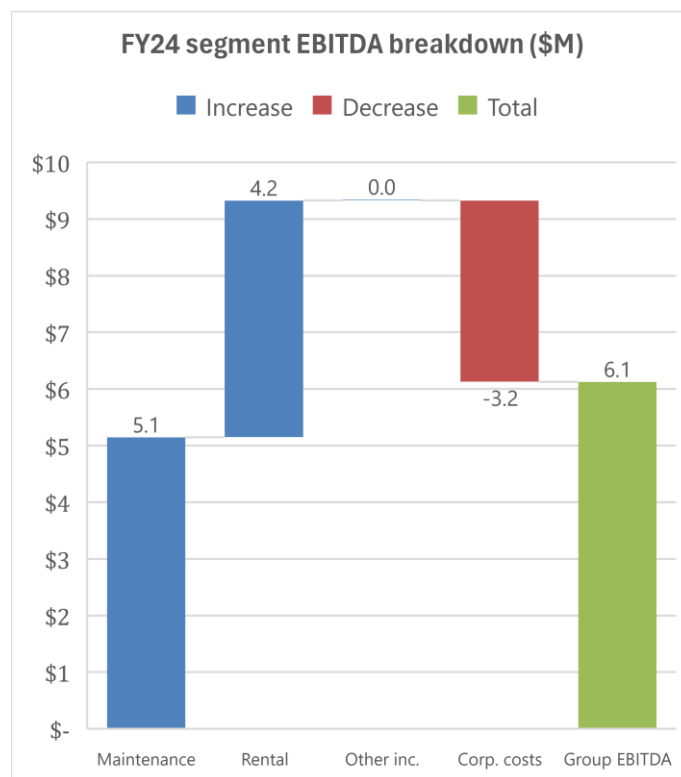
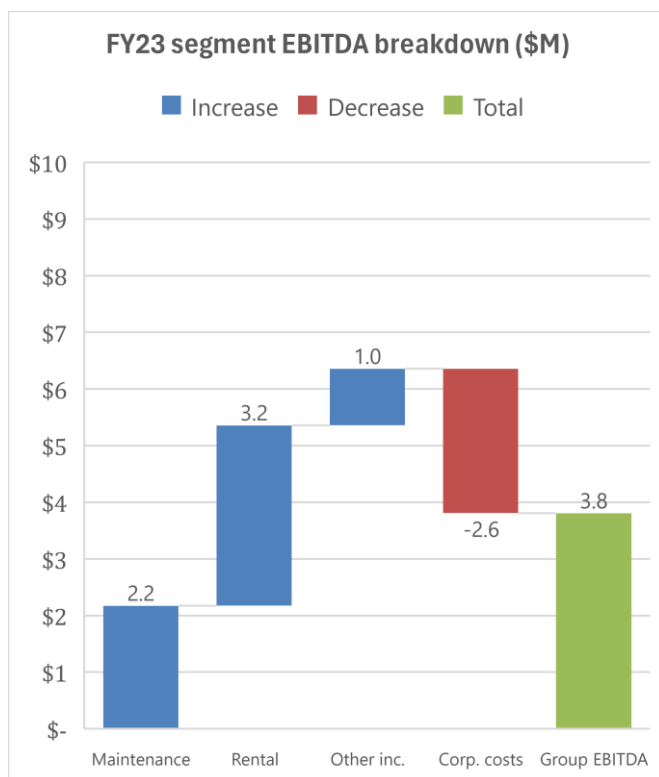
The Company delivered FY24 EBITDA of \$6.1M, an increase of 118% from normalised FY23 EBITDA and increased its net profit after tax (NPAT) to \$0.5M.

The following charts demonstrate the segment contributions to Group EBITDA in FY23 and FY24, showing that \$2.3M of incremental EBITDA has been generated in FY24 through growth in both segments with minimal change in corporate overheads.

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





*FY23 Other Income = Reversal of deferred consideration provision for Ausblast acquisition, as noted in BPP FY23 Annual Report*

During the quarter, Babylon completed all outstanding deferred consideration payments for previous acquisitions from operational cashflow. Babylon will now gain an improvement in operating cash flow of \$2.4M (annualised) which will be free to use on other growth initiatives, including further complementary earnings accretive business acquisitions.

During the quarter the Company secured an uplift of \$1M in its invoice finance facility with National Australia Bank ("NAB"). Including the increase, Babylon's full invoice finance facility with NAB now totals \$5.1M.

**Commenting on the results, Managing Director Michael Shelby said:** "Achieving our first full year NPAT is a very pleasing milestone and testament to the hard work of the Babylon operational team. The June quarter saw continued improvements in business performance, cash flow, safety and strategy execution across our operations.

*"The activities of major miners in the Pilbara continue to move deeper under the water table. This creates an ongoing and significant need for the removal and responsible management of water, further driven by our clients' environmental obligations. This drives an ongoing opportunity for growth in our specialty rental segment, which is off to a strong start in FY25.*



*“With all deferred consideration payments for Babylon’s FY23 acquisitions of RWG and RBH now complete, we are enjoying a significant uplift in net cash flow. This enhances our financial flexibility and empowers us to accelerate our plans to build our specialist rental fleet and deliver continuing growth.”*

## **Operations Update**

### *Specialty Rental*

Babylon’s industrial services business, Ausblast, successfully continued works with Fortescue during the quarter. Further packages of work have been awarded for completion during Q1 FY25. Demand for vacuum loading and high-pressure industrial pumping remains strong. Increasing dry hire projects within the business have driven higher profitability (segment EBITDA +31% from FY23), while also reducing risks in a tight labour market.

Test pumping is off to a strong start in FY25 with works scheduled with Pilbara Manganese Pty Ltd at Woodie Woodie mine site to provide test pumping services. Additional works with existing clients such as Newmont Corporation and new clients such as Ora Gold Ltd are broadening test pumping activities into new mineral sectors.

Demand for dewatering and power generation rental remains strong and the Company expects to use the cash flow freed from the completion of deferred consideration payments to continue growing the rental fleet with emphasis on Babylon’s unique high horsepower dewatering fleet and energy efficient evaporation and hybrid power equipment.

### *Maintenance Segment*

After experiencing an anticipated seasonally slower end of financial year, the segment is now seeing a high level of customer enquiries resulting in a strong order book from recurring customers such as Mineral Resources as well as new clients like Vitrinte Pty Ltd. During the June quarter and throughout FY24, the Company was able to significantly improve Maintenance segment profitability (segment EBITDA +137% from FY23), while growing revenue and managing the working capital requirements of the business.

## **Health, Safety, Environment & Quality**

Babylon has completed the year with a Total Recordable Injury Frequency Rate (TRFIR) of 0. The Company has again chosen to offset the emissions of its business operations through the purchase of carbon offsets and has thus achieved carbon neutrality. The Company has chosen to direct its carbon offsets to support projects both in Australia, Waralakin Carbon Positive and Forever Reef, and an international project focused on wind energy, Bundled Wind Power. Additionally, Babylon continues to offer unique specialty rental equipment to assist clients in their carbon emission strategies.



## Summary and Outlook

The Board is pleased with the continuing improvements in business performance, cash flow, safety and strategy execution. Babylon continues to add new assets while driving organic growth in the rental segment and 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 \$135,256. The payments were in respect of executive and non-director fees, salaries and superannuation.

The Company's Appendix 4C follows for the quarter ended 30<sup>th</sup> June 2024.

This ASX release has been authorised by Managing Director Michael Shelby.

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## About Babylon Pump & Power Ltd

Babylon Pump & Power Ltd (ASX: BPP) is a provider of speciality mining services to the resources sector in Australia. The company is a specialist in high-pressure pumping, dewatering and project water management with decades of experience supplying and maintaining equipment in remote and offshore locations. Babylon also provides a full range of speciality power generation solutions, including system design, installation, commissioning, operations and maintenance services.

With a team of highly experienced technicians, Babylon also provides full maintenance and asset management services for high horsepower mobile equipment including engines, power train assemblies and components. Babylon is based in Perth with operations in Western Australia and Queensland.



## 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 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10,229	45,709
1.2 Payments for research and development product manufacturing and operating costs advertising and marketing leased assets staff costs administration and corporate costs	(3,512)     (2,361) (274)	(23,577)     (9,123) (4,491)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	14
1.5 Interest and other costs of finance paid	(213)	(1,064)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	21	80
<b>1.9 Net cash from / (used in) operating activities</b>	<b>3,896</b>	<b>7,548</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
businesses	(729)	(3,062)
property, plant and equipment	(756)	(2,503)

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	3	421
	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	<b>Net cash from / (used in) investing activities</b>	<b>(1,482)</b>	<b>(5,144)</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	14,696	52,148
3.6	Repayment of borrowings	(17,644)	(55,750)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(2,948)</b>	<b>(3,602)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<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	901	1,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,896	7,548
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,482)	(5,144)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,948)	(3,602)
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>367</b>	<b>367</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	367	379
5.2	Call deposits		321
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>367</b>	<b>700</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.*

<b>7.</b>	<b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	9,285	(6,742)
7.2	Credit standby arrangements		
7.3	Other (please specify) Invoice finance Fac.	5,100	(3,450)
7.4	<b>Total financing facilities</b>	14,385	(10,192)
7.5	<b>Unused financing facilities available at quarter end</b>		4,193
7.6	<p>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"> <li>NAB invoice finance facility \$5,100,000, NAB daily variable rate +1.50%, secured by GSA</li> <li>NAB asset finance facility \$5,534,700, NAB daily variable rate, secured by GSA</li> <li>NAB Import trade facility \$3,000,000, NAB daily variable rate +2.70%, secured by GSA</li> <li>Toyota Finance asset finance facility \$750,000, rate variable +/- 7.30%, secured by GSA, subject to review</li> </ul>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	3,896
8.2	Cash and cash equivalents at quarter end (item 4.6)	367
8.3	Unused finance facilities available at quarter end (item 7.5)	4,193
8.4	Total available funding (item 8.2 + item 8.3)	8,456
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: 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: .....29/07/2024.....

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.
6. Due to a misallocation between 'product manufacturing and operating costs' and 'staff costs' over the first three periods of the year, a correction has been made to the 'Year to date (.....12..months)' balances for these two categories. The correction was the re-allocation of \$2.072m in costs from operating costs to staff costs which was related to payroll related taxes.