

31 January 2022

## Babylon Quarterly Update and Appendix 4C

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

- **Record first half revenue of \$13.7M up 33% over corresponding H1 FY21**
- **Cash receipts of \$15.4 for H1 FY22 up 59% over corresponding H1 FY21**
- **54% improvement in first half operating cashflow on corresponding H1 FY21**
- **Receivables of \$4.9M 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 quarterly cash flow report for the quarter ended 31<sup>st</sup> December 2021.

The Board is pleased to report cash receipts of \$7.5m for the quarter and record YTD cash receipts of \$15.4M which represents 59% growth over the corresponding H1 FY21. First half revenue of \$13.7M is an increase of 33% over the corresponding H1 FY21. Work in progress (WIP) across the company’s workshops has risen 32% to \$3.6M during the first half of the year.

After two consecutive quarters of positive operational cash flow, net cash from operating activities for the reporting period has dipped to negative \$1.49M. The negative operating cashflow for the quarter is directly attributable to the 23% increase in WIP (\$0.7M) and the 20% (\$0.8M) increase in receivables over the reporting period. The increase in receivables reflects increased turnover. Average debtor days have risen slightly to 63 which is within the industry norm. Operating cash flow for H1 FY22 has improved 54% over the corresponding first half of the previous year.

The Company holds \$2.5 million of cash and undrawn debt facilities at the end of December.

### Effects of COVID-19

Delays in supply chain during the quarter have resulted in project delays pushing forecast rental and maintenance revenue into later reporting periods. The Company is continually evaluating short to medium term risks and working with clients to manage timelines as well as increasing stock and inventory of strategic items. These disruptions and delays in supply chain are wide ranging in the resource service sector and not believed to be unique to the Company.

There is further uncertainty in future site works in the specialty services segment. Potential for delays and cancellations of works exist if COVID-19 outbreaks cause clients to limit or cancel site access to contractors.

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



## Operations Update

Babylon continues to pursue its business model which is focussed on three complementary areas in high demand in the resources sector:

- Rental of specialty equipment;
- Maintenance and rebuild services for large diesel driven equipment; and
- Speciality services including high pressure water and abrasive blasting and ancillary services to the resources sector

### *Diesel Maintenance*

As previously announced, Babylon secured multi-year contracts for maintenance services during the reporting period:

- Alcoa of Australia Limited - three-year contract extension
- Rio Tinto Services Limited – three-year contract with two-year extension period
- Premier Cola Limited – three-year contract with one-year extension option

These customer commitments show demand for the Company's services and provide a pipeline of expected future work to underpin the new Perth workshop, currently under development and slated to be in operation in 2022. The new workshop will provide extra capacity and capability for future rental and maintenance projects to support continued company growth.

### *Specialty Rental*

Utilization of rental assets increased in Q2 FY22 with works continuing on Barrow Island during the quarter and water management projects beginning with new client Citic Pacific and at new sites with BHP. Worldwide supply chain disruptions are delaying availability of new assets and the Company is receiving increased levels of enquiry for rental solutions.

### *Specialty Services*

Ausblast has taken delivery of a new vacuum truck during the reporting period which has mobilised for short term project work in the Pilbara. Additionally, an order was placed for a long lead high pressure water blasting unit. At 1000HP the new water blasting unit will provide Ausblast with increased capabilities allowing management to confidently engage new clients and expand into new mineral sectors outside of our traditional iron ore base requiring higher horsepower pumps. During the reporting period works were completed in the lithium and iron ore sectors.



### Summary and Outlook

The Company's Board is confident in the ongoing growth in current service offerings and strategy across its Speciality Rental, Diesel Maintenance and Specialty Services divisions. Structural and management changes to date have improved profitability whilst maintaining growth and maintenance capabilities. The Company is focused on growing more the profitable specialty services and rental revenue streams whilst conducting an ongoing evaluation on improving operational efficiencies and profitability.

Commenting on the results Executive Chairman Michael Shelby said, *"The Company expects the strong growth in H1 FY22 to continue into H2 FY22 and deliver record performance and improvement in profitability."*

The Company's Appendix 4C follows for the quarter ended 31 December 2021.

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

Babyon Corporation Ltd

ABN

63 000 000 000

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...3...months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from operations	1,000	1,000
1.2 Payments for		
(a) research and development		
(b) production, administrative and operating costs	(1,000)	(1,000)
(c) advertising and marketing	(100)	(300)
(d) leased assets		
(e) taxation	(330)	(1,000)
(f) administration and corporate costs	(100)	(1,000)
1.3 Dividend received (see Note 3)		
1.4 Interest received		
1.5 Interest and other income on financial assets	(100)	(100)
1.6 Income tax paid	100	0
1.7 Operating profit/(loss) attributable to equity holders	(100)	0
1.8 Other non-cash adjustments	(100)	(100)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,486)</b>	<b>(1,285)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for		
(a) intangible		
(b) tangible	0	(1,000)
(c) property, plant and equipment	(300)	(1,000)
(d) investments		
(e) investments in property		
(f) other non-current assets		

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...3...months) \$A'000
Proceeds from disposal of a) entities b) businesses Proceeds from sale of investments Dividends received Interest on investments other non-current assets 2.6 Net cash from / (used in) investing activities		100
Cash paid for acquisition of other entities Dividends received see note 3 Other pro-rata distributions		
<b>2.6</b>	<b>(830)</b>	<b>(1,534)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issue of equity securities including convertible debt securities 3.2 Proceeds from issue of convertible debt securities 3.3 Proceeds from exercise of options 3.4 Transactions related to issue of equity securities or convertible debt securities 3.5 Proceeds from borrowings 3.6 Repayment of borrowings 3.7 Transactions related to raised and borrowings 3.8 Dividends paid 3.9 Other pro-rata distributions		
<b>3.10</b>	<b>3,280</b>	<b>3,314</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period 4.2 Net cash from operating activities 4.3 Net cash from/(used in) investing activities 4.4 Net cash from/(used in) financing activities		
	300	1000
	1000	1000
	300	1000

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...3...months) \$A'000
000	Net cash from operating activities	3,000	3,310
000	Net cash from investing activities		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,527</b>	<b>1,527</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter to the reconciled balance sheet of the related entity at the end of the quarter	Current quarter \$A'000	Previous quarter \$A'000
001	Bank balance	1,000	300
000	Trade receivables	300	300
003	Bank overdraft		
000	Other trade debt	1	1
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,527</b>	<b>563</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
001	Director's remuneration and the associated costs for the 1 Director's remuneration	130
000	Director's remuneration and the associated costs for the 0	0
<p>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.</p>		

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

<b>7.</b>	<b>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>		
<input type="checkbox"/>	Bank facilities	00000	000003
<input type="checkbox"/>	Debt facilities		
<input type="checkbox"/>	Other finance facilities	0100	30000
<input type="checkbox"/>	<b>Total financing facilities</b>	<b>13000</b>	<b>30003</b>
<input type="checkbox"/>	<b>Unused financing facilities available at quarter end</b>		000
<input type="checkbox"/>	<p>Provide the borrower a description of each facility above and the order interest rate at entry date and whether it is secured or unsecured. Any additional facilities have been entered into or are proposed to be entered into after quarter end. Provide a note providing details of those facilities above.</p> <ul style="list-style-type: none"> <li>• B Home Finance facility 1000000 rate variable secured by 0000 benefit to receive 0030000000</li> <li>• B Asset Finance facility 0000301 rate variable secured by 0000 benefit to receive 0030000000</li> <li>• B Short trade facility 30000000 rate variable secured by 0000 benefit to acquire 0030000000</li> <li>• Toyota Finance Asset Finance facility 00000000 rate variable 0000130 secured by 000000 benefit to receive 00 May 0000</li> </ul>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
<input type="checkbox"/>	Net cash from operating activities	100000
<input type="checkbox"/>	Change in cash equivalents at quarter end	10000
<input type="checkbox"/>	Other available facilities at quarter end	000
<input type="checkbox"/>	<b>Total available funds</b>	<b>100000</b>
<input type="checkbox"/>	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>100</b>
	<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>	





## Notes

- 1 The quarterly cash flow report and the accompanying activity report provide a basis for your disclosure to 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. The entity that chooses to disclose additional information over and above the minimum required under the Listing Rule is encouraged to do so.
- The quarterly cash flow report has been prepared in accordance with the transaction accounting standard the deponent used and recognised in AASB 107: *Statement of Cash Flows* apply to the report. The quarterly cash flow report has been prepared in accordance with other accounting standards agreed by the deponent to Listing Rule 1.11 the appropriate effective standard apply to the report.
- 3 Detailed related may be provided either a cash flow or operating activity or cash flow or net activity defined on the accounting policy of the entity.
- The 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".
- The report has been authorised for release to the market by your board of directors and you wish to hold your report as a company with reporting requirement 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* the board should have received a declaration from the CFO and CO that the records of the financial records of the entity have been properly maintained that the report complies with the appropriate accounting standard and provides a true and fair view of the cash flow of the entity and that the records have been recorded on the basis of a sound system of accounting and internal controls which operate effectively.