

**ASX Release**

28 January 2021

**Babylon Quarterly Update and Appendix 4C**

**Highlights**

- **Cash receipts of c. \$9.7M in H1 FY21 up 9% on corresponding period of H1 FY20**
- **Operating cash flow improvement of 16% on previous quarter**
- **Unaudited H1 FY21 revenue of \$10.3M shows growth of c. 32% over corresponding H1 FY20**
- **Strong growth outlook continues with upcoming mobilization of rental equipment and new clients for our diesel maintenance services**

The Board of specialist resources services provider Babylon Pump & Power Limited (“Babylon” or “the Company”), (ASX: BPP), is pleased to present a quarterly update and its quarterly cash flow report for the quarter ended 31 December 2020.

The Board is delighted to report continued revenue growth with unaudited revenue of \$10.3M representing 32% growth over H1 FY20. As a result, cash receipts of \$9.7M in H1 represent 9% growth on the corresponding H1 FY20.

The negative operating cashflow is directly attributable to the increase in work in progress and finished goods resulting from increased throughput in the Company’s workshops. The c. \$3.7M of WIP and finished goods is a significant increase over 31 December 2019. The majority is expected to be invoiced plus margin as we close out FY21.

The Company continues to hold c. \$2.8M of cash and facilities to enable the funding of continued growth.

**Operations Update**

*Specialty Rental*

During the quarter Babylon expanded the rental fleet through acquisition of pumping assets from Tilbrook Ryder Investments Pty Ltd (Trico). Fleet acquisition in combination with efforts by our recently appointed rental dedicated business development manager has resulted in new rental projects for the Company. Multiple dewatering opportunities have now converted to contracts for the upcoming months which will impact in the upcoming quarters.

Notable new rental works / highlights include:

- Secured dewatering service works for Koolan Iron Ore Pty Ltd
- Mobilised long-term high-pressure air rental in Q3 for exploration drilling contractor
- Mobilized equipment Q3 to Barrow Island for repeat client work





#### *Diesel Maintenance*

Significant investment has been made in the Primepower Queensland workshop resulting in increased throughput and capability. Work in progress and finished goods for the Company has increased c. 221% over 31 December 2019. This work is expected to be invoiced and recognized as revenue in FY21.

Notable diesel maintenance highlights included:

- Secured new major bauxite mining client with multiple engine rebuilds in progress from Q3
- Began rebuild program for 730E modules for new WA based mining client
- Began rebuild program for QSK78 engines for existing major iron ore client
- Rebuild of 3516HD for new major contract mining client
- Continued rebuild turns for Haulmax 3900 engine and components

#### **Summary and Outlook**

The Company continues to grow its revenue base via its diesel maintenance and project rental services and continues to see material contract opportunities which are expected to maintain the Company's ongoing rapid growth trajectory.

The Board is confident the Company is well placed to continue its growth trajectory established in the four years since Company inception.

The Company's Appendix 4C follows for the quarter ended 31 December 2020.

For more information, please contact:

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Executive Chairman

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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
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**ABN**

47 009 436 908
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**Quarter ended ("current quarter")**

31 December 2020
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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...6...months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,468	9,661
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(3,852)	(9,020)
(c) advertising and marketing	(7)	(11)
(d) leased assets		
(e) staff costs	(1,149)	(2,138)
(f) administration and corporate costs	(677)	(1,067)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(189)	(485)
1.6 Income taxes paid	83	114
1.7 Government grants and tax incentives	62	138
1.8 Other (provide details if material)	(15)	16
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,276)</b>	<b>(2,792)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(406)	(804)
(c) property, plant and equipment	(532)	(1,770)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...6...months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	22	33
(d) investments		
(e) intellectual property		
(f) 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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(916)</b>	<b>(2,541)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	200	200
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	(4)	(8)
3.5 Proceeds from borrowings	2,458	3,863
3.6 Repayment of borrowings	(349)	(1,967)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,305</b>	<b>2,088</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	196	3,554
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,276)	(2,792)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(916)	(2,541)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (...6...months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,305	2,088
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>309</b>	<b>309</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	279	166
5.2	Call deposits	30	30
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>309</b>	<b>196</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)	131
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. <b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	5,397	(4,447)
7.2 Credit standby arrangements		
7.3 Other (please specify) Invoice finance Fac.	4,100	(2,205)
7.4 <b>Total financing facilities</b>	9,497	(6,652)
7.5 <b>Unused financing facilities available at quarter end</b>		2,845
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"> <li>• NAB invoice finance facility \$4,100,000, rate variable +/- 6.58%, secured by GSA, subject to review on 30 April 2021.</li> <li>• NAB asset finance facility \$3,397,173, rate variable +/- 6.16%, secured by GSA, subject to review on 30 April 2021.</li> <li>• NAB Import trade facility \$2,000,000, rate variable +/- 6.58%, secured by GSA, subject to annual review on 30 April 2021.</li> </ul>		

8. <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)	(1,276)
8.2 Cash and cash equivalents at quarter end (item 4.6)	309
8.3 Unused finance facilities available at quarter end (item 7.5)	2,845
8.4 Total available funding (item 8.2 + item 8.3)	3,154
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.47
<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: .....28<sup>th</sup> January 2021.....

Authorised by: 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.