

Babylon Quarterly Update and Appendix 4C Stronger Profitability and Cash Generation in H1 FY25

Highlights¹

- Positive operating cashflow of \$1.8M for Q2 FY25
- Strong margin expansion underpins H1 FY25 EBITDA of \$3.0M and NPAT of \$0.4M
- First orders received of c\$0.5M through distribution deal with HIGRA Industrial
- \$4.4M of undrawn finance facilities available plus trade receivables of \$4.4M from blue chip client base to support continued growth

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 31st December 2024.

The Company recorded cash receipts of \$9.1M and positive operating cashflow of \$1.8M for the quarter. Babylon has now recorded positive operating cashflow in eleven of the last twelve quarters and expects FY25 to be its fourth full year posting positive operational cashflow.

The Company delivered H1 FY25 EBITDA of \$3.0M, which is in line with H1 FY24 despite setbacks in the nickel sector, and has delivered an increase in net profit after tax (NPAT) to \$0.4M for the half year. This reflects EBITDA margin expansion of 350 basis points from H1 FY24 and represents continued progress toward consistent earnings growth.

Commenting on the results, Managing Director Michael Shelby said:

"The Company continues to see robust client demand for its services, however, the first half of FY25 saw a short-term setback for our rental business as a result of the slowdown in the nickel market. This resulted in certain clients returning rental equipment from hire and project delays shifted the start of several rental projects. Although this resulted in lower-than-expected revenue, I'm proud that our team has responded with prudent management to maintain our profitability and positive cash generation during this time. We expect revenue to improve in the second half of FY25 based on increased test pumping activity and redeployment of equipment to multiple new rental projects expected to mobilise."

¹ All financial figures provided in this announcement are unaudited.

We continue to actively pursue potential acquisition opportunities to expand our capabilities and scale in specialist equipment and services for resource sector water management.

Our Maintenance segment team has delivered increased profits off a lower revenue base. After a seasonally slow period around the holidays, both enquiries and rebuild activities have stepped up in the new calendar year.”

Operations Update

Rental Segment

Babylon provided rental pumps and power generation to BHP's Nickel West Mt Keith mine site for approximately 6 years prior to the mine being placed into care and maintenance and rental equipment being returned during the quarter. This is a temporary setback as rental demand remains strong in other mineral sectors and Babylon is progressing opportunities to remobilise the equipment to other mining projects.

During the quarter Babylon successfully mobilised and commissioned its highwall pump at a major WA gold mine. Highwall pumps de-risk mine operations by allowing for dewatering of open pits without personnel entering the pit and keeping the bulk of the pump away from operations. This is another example of a specialty water management solution offered by Babylon which is not typically provided by other rental companies.



Highwall pump on site prior to commissioning at a major WA gold mine

The Australian distributorship with Brazilian based HIGRA Industrial, announced as part of the September quarterly update, has proven to be successful. Babylon received first orders of

c\$0.5M during the quarter from existing clients and the distributorship has brought opportunities in development with potential new clients across multiple sectors.

Babylon's team successfully completed test pumping services at Pilbara Manganese's Woodie Woodie mine site during the quarter and has multiple projects scheduled for gold producers during Q3 FY25.



Installation of high flow test pump at Woodie Woodie

Maintenance Segment

Operational efficiencies have supported growth in EBITDA for the Maintenance segment from a lower revenue base in the first half of the year. Higher EBITDA margins are expected to continue with increased revenue in the second half. Primepower Qld has secured multiple Cummins engine rebuilds for a large contract miner which will underpin a high level of activity across H2 FY25. Babylon Operations has secured an extension of its repair services contract with Rio Tinto executed out of the Perth workshop until mid-2027. Both workshops continue to see high levels of activity across the coal, iron ore and gold sectors.

Summary and Outlook

The Board is pleased with the continuing improvements in business performance, cashflow, 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 the Company's 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 totaled \$143,403. The payments were in respect of non-executive director fees and superannuation (\$49,497), managing director salary and superannuation (\$93,906).

The Company's Appendix 4C follows for the quarter ended 31st December 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	Quarter ended ("current quarter")	
47 009 436 908	31 December 2024	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,101	17,575
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,715)	(9,853)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(2,595)	(4,609)
(d) administration and corporate costs	(51)	(174)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	9
1.5 Interest and other costs of finance paid	(168)	(416)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	208	250
1.9 Net cash from / (used in) operating activities	1,788	2,782
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(422)	(1,047)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	43	61
(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)	-	-
2.6 Net cash from / (used in) investing activities	(379)	(986)
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	11,916	26,720
3.6 Repayment of borrowings	(13,043)	(27,625)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(264)	(592)
3.10 Net cash from / (used in) financing activities	(1,391)	(1,497)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	648	367
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,788	2,782
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(379)	(986)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,391)	(1,497)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	666	666

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	666	648
5.2	Call deposits	-	-
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)	666	648

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	143,403
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	10,475	(8,140)
7.2	Credit standby arrangements	-	-
7.3	Other: Invoice finance facility	5,100	(3,072)
7.4	Total financing facilities	15,575	(11,212)
7.5	Unused financing facilities available at quarter end		4,363*
	* Amortising loans are unable to be redrawn		
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 asset finance facility with a \$5,534,700 revolving line of credit, NAB daily variable rate, with the interest rate fixed for the term of each drawing, secured by a GSA NAB Import trade facility with a \$3,000,000 revolving line of credit, NAB daily variable rate +2.70%, secured by a GSA Toyota Fleet Management asset finance facility \$750,000, rate variable +/- 7.30%, secured by GSA, subject to review Caterpillar Financial Australia Limited \$750,000 amortising trade finance loan with a fixed interest rate of 5.29% p.a, secured by a parent company guarantee Westpac \$440,513 amortising Premium Funding Loan with a 3.75% flat rate NAB invoice finance facility with a \$5,100,000 revolving line of credit, NAB daily variable rate +1.50%, secured by a GSA After the end of the quarter the Company entered into an agreement with NAB to refinance the \$3,000,000 NAB Import Trade Facilities (refer ASX Announcement 13/1/2025 for details of the facility) 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,788
8.2	Cash and cash equivalents at quarter end (item 4.6)	666
8.3	Unused finance facilities available at quarter end (item 7.5)	4,363
8.4	Total available funding (item 8.2 + item 8.3)	5,029
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: 29 January 2025

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.