



28 October 2022

General Manager
ASX Market Announcements
Australian Securities Exchange Limited
PO Box H224
Australia Square
Sydney NSW 1215

FOR IMMEDIATE RELEASE

Quarterly Activities Report and ASX Appendix 4C For the Quarter Ended 30 September 2022

Sydney, 27 October 2022: BSA provides the following quarterly activities and trading update along with the related Appendix 4C statement of cashflows for the quarter ended 30 September 2022 (Q1FY2023):

Highlights

- Q1FY2023 revenue of \$109.5m up by 5.0% vs prior comparative period (pcp) across both operating divisions:
 - o Communications and Utilities Infrastructure (CUI) due to increased work orders driven by normalised Q1FY2023 activity compared to pcp impacted by COVID-19, and
 - o Advanced Property Solutions (APS) due to increased higher margin minor works compared to pcp, which was impacted by COVID-19.
- Q1FY2023 EBITDA pre significant items of \$1.5m (\$3.3m increase in EBITDA pre-significant items to pcp) driven by:
 - o higher margin work in Q1FY2023 specifically on nbn Unify platform with mobilisation on this platform completed during FY2022, and
 - o Rationalisation of the Group's operating cost base.
- Q1FY2023 cash used in operations of \$7.8m compared to \$23.8m in the pcp. The improvement in Q1FY2023 is driven by a continued focus on working capital and work volume impacts (pcp impacted by COVID-19 restrictions). Both periods are impacted by working capital timing differences relating to payroll and contractor payments which are made weekly and fortnightly, however customers remain on a monthly payment cycle. These timing impacts occur in Q1 and Q3 each financial year and normalise over the half-year period ends and therefore Q1 is not reflective of cash conversion for an annual period.
- Cash and cash equivalents of \$3.6m (\$16.4m pcp) as at 30 September 2022.
- Net debt of \$7.7m (\$13.4m pcp) as at 30 September 2022.
- Working capital management remains a strong focus within the group, by ensuring the continued generation of EBITDA and high cash conversion through stringent guidelines on aged debt, maintaining conservative minimum liquidity thresholds and ensuring best market payment terms with our supply chain.

- Major contract updates:
 - Completed:
 - APS Sydney Football Stadium ~\$10.8m
 - New Contracts
 - CUI Intellihub +\$5.0m per annum
 - APS Sydney Metro Trains Fire Maintenance ~\$1.3m per annum
 - APS Gordon TAFE BMS ~\$1.2m per annum
 - APS Monash Uni Thermal Plant Upgrade ~\$7.2m minor works
 - APS Southland Chiller Upgrade ~\$1.8m minor works

Commenting on the Q1FY2023 results, Interim CEO Arno Becker said:

“BSA has delivered strong revenue and EBITDA growth over the quarter compared to its pcp. The comparative period was impacted significantly by COVID-19 with trading returning to more normalised levels in the current quarter. The CUI division has also fully mobilised its contracts in comparison to prior year and now delivering at sustainable levels. BSA has also secured significant projects and recurring work in both divisions. Operational focus and cash remain the top priority of the board and management with our cost base being managed carefully and we are pleased to be making steady progress.”

The Board continues its search for a permanent CEO.

OPERATIONAL PERFORMANCE

BSA has secured various new projects and focus remains on targeting recurring, higher margin revenue. Management continues its three stage strategic horizon of **stabilisation, focus and transformation**. In a very tight labour market, the retention of crucial staff to deliver on our platforms is critical to success.

Focus remains on working capital efficiencies along with more supportive structures for sustainable growth, the exit of loss-making platforms within business and ensuring projects for clients are delivering the required margins.

FINANCIAL PERFORMANCE

The Group has seen significant improvements on key financial performance metrics compared to the quarter ended 30 September 2021 pcp (Q1FY2022).

Financial Performance \$'m	Q1FY2023	Q1FY2022	Var (\$'m)
CUI	60.3	58.7	1.6
APS	49.2	45.6	3.6
Total Revenue	109.5	104.3	5.2
CUI	3.4	2.0	1.4
APS	(1.0)	(2.4)	1.4
Corporate & Other	(0.9)	(1.4)	0.5
Total EBITDA pre-significant items	1.5	(1.8)	3.3

Revenue and Gross Margin

Revenue has increased 5.0% with gross margins increasing 59 basis points compared to the pcp primarily driven by increases in margins on CUI annuity style revenue derived from its nbn, Foxtel and other significant contracts.

Cost base management

Cost base rationalisations undertaken in the 30 June 2022 financial year are producing the desired outcomes, with a 12.7% decrease in operating costs across the company.

EBITDA pre significant items

The above uplift in revenue, margins and reductions in costs has seen a \$3.3m increase in EBITDA pre-significant items. No significant items were incurred during Q1FY2023, \$1.1m in pcp.

FINANCIAL POSITION

Net Debt* \$'m	Q1FY2023	Q1FY2022
Cash	13.4	12.8
Borrowings	(11.5)	-
Insurance Funding & Asset Finance	(0.2)	(0.9)
Opening Cash	1.7	11.9
Net Cashflow for the quarter	(9.8)	3.6
Net Borrowings repaid/(drawn) for the quarter	0.4	(28.9)
Cash	3.6	16.4
Borrowings	(8.8)	(28.0)
Insurance Funding & Asset Finance	(2.5)	(1.8)
Closing Net Debt	(7.7)	(13.4)

*Net Debt in the investor presentation does not include Insurance Funding & Asset Finance

The Group has \$34.7m of undrawn financing facilities at 30 September 2022 primarily relating to its borrowing base facility which can be used for working capital purposes and to manage intra-month working capital requirements.

CASH FLOW PERFORMANCE

The Group's net cash outflow for the quarter of \$9.8m was driven by the settlement of net working capital items outstanding at 30 June 2022, the repayment of \$0.4m of banking financing facilities and small investments relating to capex. The Group continues to manage its cash flows and net working capital balances to minimise utilisation of available financing facilities.

Cashflow \$'m	Q1FY2023	Q1 FY2022
Receipts from customers	119.9	113.9
Payments to suppliers	(127.0)	(137.4)
Interest	(0.3)	(0.2)
Taxation	(0.4)	(0.1)
Net cash used in operations	(7.8)	(23.8)
Net payments for equipment and software	(0.6)	(0.4)
Net cash used in investing activities	(0.6)	(0.4)
Net proceeds from / (repayments of) borrowings	(0.4)	29.5
Payments for leased assets	(1.0)	(1.9)
Repayments of executive security loans	-	0.2
Net cash from financing activities	(1.4)	27.8
Net Cashflow for the period	(9.8)	3.6

Authorised for release by the Board of Directors.

Arno Becker
Interim Chief Executive
Officer BSA Limited
T: +61 2 9763 6200
E: corporate@bsa.com.au

Registered Office: Suite 1401, Level 14, Tower B, The Zenith, 821 Pacific Highway, Chatswood NSW 2067

P: 02 9763 6200 **ABN:** 50 088 412 748

www.bsa.com.au

Appendix 4C

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

Name of entity

BSA Limited

ABN

50 088 412 748

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (three months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	119,873	119,873
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(100,678)	(100,678)
(c) advertising and marketing	(3)	(3)
(d) leased assets (disclosed in section 3.9)	-	-
(e) staff costs	(15,899)	(15,899)
(f) administration and corporate costs	(10,392)	(10,392)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(349)	(349)
1.6 Income taxes paid	(387)	(387)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(7,834)	(7,834)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(294)	(294)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(339)	(339)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (three months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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	(633)	(633)

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	11,092	11,092
3.6	Repayment of borrowings	(11,500)	(11,500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease repayments)	(997)	(997)
3.10	Net cash from / (used in) financing activities	(1,405)	(1,405)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,441	13,441
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,834)	(7,834)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(633)	(633)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,405)	(1,405)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (three months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,569	3,569

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	3,569	13,441
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)	3,569	13,441

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	114
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	6,000	5,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	39,966	6,266
7.4	Total financing facilities	45,966	11,266
7.5	Unused financing facilities available at quarter end		34,700
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.		
	Facility	Facility Limit	Drawn
	CBA Borrowing Base	\$37.5	\$3.8m
	CBA Cash Advance	\$6.0m	\$5.0m
	CBA Master Asset	\$0.2m	\$0.2m
	Clearmatch Insurance Funding	\$2.3m	\$2.3m
			Interest Rate
			4%
			4.095%
			6%
			2.75%

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(7,834)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,569
8.3	Unused finance facilities available at quarter end (item 7.5)	34,700
8.4	Total available funding (item 8.2 + item 8.3)	38,269
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.88
<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>		
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: not applicable, item 8.5 notes 4.88 estimated quarters of funding available	
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: not applicable, item 8.5 notes 4.88 estimated quarters of funding available	
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: not applicable, item 8.5 notes 4.88 estimated quarters of funding available	
<p><i>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.</i></p>		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2022

Authorised by: the Board
(Name of body or officer authorising release – see note 4)

Notes

- 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.
- 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.
- 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.
- 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.