



31 January 2023

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

FOR IMMEDIATE RELEASE

**Trading update,
Quarterly Activities Report and ASX Appendix 4C For the Quarter Ended 31 December 2022**

Sydney, 31 January 2023: BSA is pleased to publish the quarterly activities report, trading update and the related Appendix 4C statement of cashflows for the quarter ending 31 December 2022 (Q2 FY2023):

Highlights:

- Financial results for the half year ended 31 December 2022 are presented as continuing operations (CUI) and assets held for sale (APS);
- Material improvement in continuing operations reflecting management and Board focus on telecommunications market;
- Progress continues to complete the APS Maintain transaction to CBRE Group, Inc. by 28 February 2023; and
- Half year results will be released on 24 February 2023 with investor call details below.

Trading update:

- BSA is also pleased to release an unaudited trading update for the 6 months to 31 December 2022 for continuing operations (CUI);

Financial Performance \$'m	Q2 FY2023	Q2 FY2022	Var	H1 FY2023	H1 FY2022	Var
Revenue						
CUI	62.7	63.8	(1.1)	123.0	122.5	0.5
Continuing Revenue	62.7	63.8	(1.1)	123.0	122.5	0.5
<i>Gross Margin %</i>	<i>25%</i>	<i>18%</i>	<i>7%</i>	<i>23%</i>	<i>18%</i>	<i>5%</i>
EBITDA						
CUI	5.7	2.2	3.5	8.8	3.4	5.4
Corporate	(0.7)	(1.4)	0.7	(1.4)	(2.1)	0.7
Continuing EBITDA	5.0	0.8	4.2	7.4	1.3	6.1

- Half year revenue of \$123.0m is marginally up by 0.4% vs prior comparative period (pcp). Volumes on nbn have remained stable with favourable mix of work and less mobilisation costs delivering a higher gross margin and therefore increased EBITDA. Other platforms including the recently won Intellihub contract are now fully mobilised and benefiting from normalised delivery volumes;

- Half year EBITDA of \$7.4m (\$6.1m increase in EBITDA to pcp) driven by:
 - Higher margin work in Q2 FY2023 specifically on nbn Unify platform with mobilisation on this platform completed during FY2022; and
 - Rationalisation of the Group's operating cost base as announced in April 2022.
- Results are driven through the execution of the three-horizon strategy:
 - Stabilise;
 - Focus; and
 - Transform.
- Performance is expected to continue at similar margins as a result of pricing changes, volume certainty and a right sized cost base; and
- Focus of the Group remains on the telecommunications sectors and complementary markets.

Commenting on the half year results, Interim CEO Arno Becker said:

“BSA’s CUI division has delivered strong gross margin and EBITDA growth over the quarter and half with fully mobilised contracts in comparison to prior year delivering sustainable, higher margin work. BSA continues to partner with its key clients with a focus on delivery across all platforms.”

Total Group Performance

Financial Performance \$'m	Q2 FY2023	Q2 FY2022	Var	H1 FY2023	H1 FY2022	Var
Revenue:						
Continuing Operations	62.7	63.8	(1.1)	123.0	122.5	0.5
Discontinued Operations						
APS Maintain	41.3	34.4	6.9	81.2	66.1	15.1
APS Fire Build	9.7	15.1	(5.4)	18.9	29.0	(10.1)
Total Revenue	113.7	113.3	0.4	223.1	217.6	5.5
EBITDA:						
Continuing Operations	5.0	0.8	4.2	7.4	1.3	6.1
Discontinued Operations						
APS Maintain ¹	(2.1)	(0.9)	(1.2)	(2.7)	(3.1)	0.4
APS Fire Build	(8.1)	(0.1)	(8.0)	(8.3)	(0.2)	(8.1)
EBITDA pre significant items²	(5.2)	(0.2)	(5.0)	(3.6)	(2.0)	(1.6)

¹ Includes disposal costs

² No significant items in H1 FY2023 (H1 FY2022: \$23.9m)

Discontinued operations:

- BSA group has classified both APS divisions as assets held for sale with focus on continuing operations in the telecommunications sectors;
- During the quarter the weaker businesses performance was impacted as follows:
 - APS Maintain performance impacted by lower margin mix on reactive work as well as transaction costs of approximately \$0.5m;
 - APS Fire performance impacted by poor project performance as a result of:
 - project delays;
 - price increases as a result of delays and inflation; and
 - supply chain disruption.

- APS Maintain divestment targeted completion by 28 February 2023 with key contracts secured in the last quarter including:
 - HVAC, Fire & BMS preventative maintenance - IKEA ~\$0.6m per annum
 - Westfield Warringah Mall – David Jones ~\$2.0m
 - Commercial energy storage - MTA Energy ~\$1.2m
 - 477 Pitt Street project – ISTP ~\$1.6m
 - Finucane Island project - BHP ~\$4.2m
- BSA management will focus on improved performance in APS Fire Build, with initiatives already underway.

Financial Position

Net Debt \$'m	Q2 FY2023	Q2 FY2022
Cash	3.6	16.4
Borrowings	(8.8)	(28.0)
Insurance Funding & Asset Finance	(2.5)	(1.8)
Opening Net Debt (as at 1 October)	(7.7)	(13.4)
Net Cashflow for the quarter	(1.7)	(13.0)
Net Borrowings repaid/(drawn) for the quarter	(2.8)	21.3
Cash	1.9	3.6
Borrowings	(12.8)	(7.5)
Insurance Funding & Asset Finance	(1.3)	(1.2)
Closing Net Debt (as at 31 December)	(12.2)	(5.1)

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

The Group has \$30.7m of undrawn financing facilities at 31 December 2022 primarily relating to its borrowing base facility which can be used for working capital purposes and to manage intra-month working capital requirements.

Cashflow Performance

The Group cashflow performance includes continuing and discontinued operations. Net cash outflow for the quarter of \$1.7m was driven by changes in client payment terms and the payment of previously provisioned legal settlements. The Group borrowed an additional \$4.0m of banking facilities and repaid \$2.2m. BSA continues to manage its cash flows and net working capital balances to minimise utilisation of available financing facilities.

Q2 FY2023 cash used in operations of \$3.0m. The cash utilised is driven by the payment of previously provisioned legal settlements and realignment of payment terms on a key customer in the communication business.

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.

Cashflow \$'m	Q2 FY2023	H1 FY2023
Receipts from customers	120.9	240.8
Payments to suppliers	(122.8)	(249.7)
Interest	(0.7)	(1.1)
Taxation	(0.4)	(0.8)
Net cash (used)/generated from operations	(3.0)	(10.8)
Net payments for equipment and software	(0.4)	(1.0)
Net cash used in investing activities	(0.4)	(1.0)
Net proceeds from / (repayments of) borrowings	2.9	2.4
Lease payments	(1.2)	(2.1)
Net cash from financing activities	1.7	0.3
Net Cashflow for the period	(1.7)	(11.5)

BSA expects to release its 31 December 2022 half year results on Friday 24 February 2023 prior to market opening.

Arno Becker, Interim CEO will hold an investor briefing to discuss the H1 FY2023 results at 11.00am (AEST) on 24 February 2023.

The audio briefing will be streamed live at this time. Access via the BSA Limited company page on the Open Briefing website:

<http://www.openbriefing.com/OB/5062.aspx>

The presentation slides will be available through the link.

Participants will need to pre-register for the call at the link below:

<https://s1.c-conf.com/diamondpass/10028528-la91y3.html>

Once registered, participants will receive a calendar invite and a unique code, which is to be quoted when dialing into the call. To ask question participants will need to dial “*1” (star, 1) on their telephone keypad.

Conference ID: **10028528**

The webcast will open 15 minutes prior to the start of the presentation.

Authorised for release by the Board of Directors.

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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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (six months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	120,921	240,794
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(97,001)	(197,678)
(c) advertising and marketing	(3)	(7)
(d) leased assets (disclosed in section 3.9)	-	-
(e) staff costs	(16,342)	(32,241)
(f) administration and corporate costs	(6,248)	(16,640)
(g) legal settlements	(3,192)	(3,192)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	(726)	(1,075)
1.6 Income taxes paid	(387)	(774)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,975)	(10,809)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(360)	(654)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (six months) \$A'000
(f) other non-current assets	(11)	(350)
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	(371)	(1,004)

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	4,000	15,092
3.6 Repayment of borrowings	(1,146)	(12,646)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (lease repayments)	(1,165)	(2,162)
3.10 Net cash from / (used in) financing activities	1,689	284

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,569	13,441
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,975)	(10,809)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(371)	(1,004)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (six months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,689	284
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,912	1,912

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	1,912	3,569
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)	1,912	3,569

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	144
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p> <p>The payments to Related Parties shown at Section 6.1 in the Appendix 4C related to fee payments to directors in the normal course of business during the quarter.</p>		

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

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)	38,800	9,100	
7.4 Total financing facilities	44,800	14,100	
7.5 Unused financing facilities available at quarter end		30,700	
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	Interest Rate
CBA Borrowing Base	\$37.5	\$7.8m	4.365%
CBA Cash Advance	\$6.0m	\$5.0m	4.365%
CBA Master Asset	\$0.2m	\$0.2m	6%
Clearmatch Insurance Funding	\$1.1m	\$1.1m	2.75%

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,975)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,912
8.3 Unused finance facilities available at quarter end (item 7.5)	30,700
8.4 Total available funding (item 8.2 + item 8.3)	32,612
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	11
<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?	
Not applicable	
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?	
Not applicable	
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?	
Not applicable	
<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>	

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: 31 January 2023

Authorised by: the Board