BABYLON PUMP & POWER LTD

24 June 2026

UPDATE ON RECAPITALISATION AND STRATEGIC FOCUS

Highlights:

- **Specialist rental business continues to perform strongly, with FY26 rental revenue expected to grow ~160% on FY25 to approximately $26 million, with normalised rental segment EBITDA of $9.4–$9.8 million**
- **NAB agrees revised funding arrangements, including extension of facilities to July 2027 and waiver of principal repayments for the June and September 2026 quarters (subject to conditions)**
- **Board progressing recapitalisation plan to strengthen the balance sheet, fund growth and support resumption of trading, with substantial shareholders indicating support for the proposed capital raise**
- **Babylon on track to complete transition to a focused water management rental business with improving earnings quality and growth prospects following the exit of Ausblast and planned exit of maintenance business**

Specialist resources services provider Babylon Pump & Power Limited ("Babylon" or "the Company") (ASX: BPP) provides the following update on recent developments and strategic direction.

FY26 Operational Performance

The Company's specialist rental business has continued to perform strongly throughout FY26, with the Blue Hire and Matrix acquisitions successfully integrated and both businesses performing ahead of expectations. Rental fleet utilisation has continued to improve and customer demand remains strong across key water management markets.

While weakness in the maintenance segment, largely driven by exposure to the subdued Queensland coal sector, and the Company's recent unsuccessful acquisition process (as detailed below) has impacted the Company's balance sheet and access to growth capital, the underlying rental business continues to perform strongly.

Despite these challenges, the Company expects **FY26 rental revenue of approximately $26 million (up ~160% from FY25) and normalised rental segment EBITDA of approximately $9.4 million to $9.8 million**, demonstrating the resilience of the underlying rental business despite the sharp downturn in the maintenance segment. These figures exclude corporate costs and the impact of trading in the maintenance business. The full year group underlying EBITDA is expected to be approximately $4.6 million to $5.0 million. The Company's priority is to reduce corporate costs and eliminate negative impact of the maintenance segment in FY27 and beyond.

Suspension from Trading

Shareholders will be aware that the Company's shares have been in suspension since 22 April 2026 while pursuing a transformational acquisition and associated institutional capital raising. The proposed capital raising had a dual purpose – to fund the proposed acquisition and to support the Company's specialist rental business with growth capital to meet customer demand.

Given the significance of the proposed transaction, which would have required a capital raise in the order of $60 million and materially expanded the scale of the Company, the Board requested the Company's Shares be suspended from trading while the transaction was pursued.

As announced on 19 May 2026, the proposed acquisition did not proceed following the parties being unable to agree final terms. Since that time, the Board has focused on strengthening the Company's balance sheet, refinancing its debt facilities and progressing a capital raise to support Babylon's standalone growth strategy as detailed below.

Subject to completion of these initiatives and the receipt of required approvals, the Company expects trading in its shares to resume during August 2026, noting that the resumption of trading is subject to ASX being satisfied that the Company is in compliance with the Listing Rules, including Listing Rule 12.2.

Strategic Reset

As advised in its last Quarterly Update released on 29 April 2026, Babylon has been actively simplifying its portfolio to create a focused water management rental platform characterised by higher margins, recurring revenues and improved earnings visibility. The Company exited the Ausblast business in January 2026 and, as announced to ASX on 30 January 2026, has been actively reducing costs within the maintenance business and limiting further exposure to a depressed market while exploring multiple strategic alternatives. With no signs of a material market recovery, the Board continues to work towards an exit from the maintenance business during the first quarter of FY27, further advancing Babylon's transition to a pure-play rental business.

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NAB Financing

In parallel with its strategic reset, the Company has agreed revised funding arrangements with its senior secured lender, National Australia Bank Limited (**NAB**), to support the next phase of growth and provide increased balance sheet flexibility.

Notwithstanding that the Company has been meeting its interest payments and $1 million per quarter principal repayments, NAB has agreed (subject to formal documentation) to waive the Company's quarterly principal repayments for the June 2026 and September 2026 quarters (subject to satisfactory financial performance), reduce quarterly payments going forward and extend the maturity date of the Company's facilities to July 2027. NAB's agreement is subject to conditions including:

- the Company securing at least $3.5 million via an equity capital raise during August 2026, with $1.25 million to be paid to NAB on completion of the equity raise; and
- at least $5.0 million of the deferred consideration payable to the Blue Hire vendors (contingent on Blue Hire's FY26 EBITDA)[1] is satisfied through the issue of Shares, with any additional deferred cash consideration payment deferred post 1 July 2027 after the repayment date for NAB's facilities.

Capital Raise

The Board is progressing a capital raise designed to strengthen the Company's balance sheet, fund growth capital expenditure, satisfy NAB's requirements and position Babylon to capitalise on opportunities across the broader water management market (**Capital Raise**).

The Capital Raise is expected to comprise unsecured convertible loans and a pro rata entitlement issue, but the exact structure and details are currently being resolved. The Company is in discussions with brokers with a view to the Capital Raise being partially underwritten.

The Company's substantial shareholders have indicated they are supportive of the Capital Raise, providing a strong foundation for the proposed recapitalisation.

Subject to successful completion of the Capital Raise, the Company proposes to appoint Mr Byron Ynema (a Blue Hire vendor and currently the Company's Chief Operating Officer) to the Board as Executive Director of Operations.

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[1] As announced to the ASX on 1 August 2025, the Blue Hire vendors are entitled to deferred consideration of up to $6.97 million in cash and $1.23 million in Shares subject to FY26 EBITDA performance of the Blue Hire business. The Company currently anticipates that the full deferred consideration of $8.2 million will be earned. The Blue Hire vendors have indicated a willingness to agree to NAB's requirements, subject to agreeing formal documentation.

The Company continues to see strong demand for specialist rental equipment but has been constrained by limited access to growth capital. Proceeds from the Capital Raise are expected to support fleet expansion, refurbishment of existing assets, increased utilisation and the pursuit of identified growth opportunities across the broader water management market.

Conclusion

While disappointed the proposed acquisition did not proceed, the Board remains confident in the underlying strength of Babylon's rental business and its strategy to build a scaled water management platform.

Following the exit of Ausblast and planned exit from the maintenance business, Babylon will be a focused water management rental business with:

- Growing recurring revenue streams;
- Improving fleet utilisation;
- Strong exposure to mining and dewatering markets;
- Enhanced earnings quality; and
- A clear pathway to growth.

The Board believes Babylon is now positioned around a simpler, higher-quality business model with a clearer pathway to sustainable growth. The combination of portfolio simplification, revised banking support and a recapitalisation plan is expected to position the Company for renewed growth and the resumption of trading in its securities.

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.

Forward-Looking Statements

This announcement contains forward-looking statements that involve risk and uncertainties. Indications of, and guidelines or outlook on, financial position and returns, performance, targets, timelines, estimates and assumptions in respect of production, prices, operating and other costs, capital expenditures and development timelines are forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.