

14 May 2025

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Acquisition of Matrix Hydro Services and Launch of ANREO

Highlights

- **Babylon to acquire Matrix Hydro Services Pty Ltd (Matrix), a WA-based specialist in aquifer testing and groundwater services**
- **Acquisition strengthens Babylon's water capabilities, consolidates ownership of a key competitor and completes the strategic vision of the RWG integration. Matrix founders Blair McDiarmid and Michael Townley to join Babylon's management team, enhancing technical depth**
- **Upfront acquisition consideration of $2.5m is based upon an attractive 2.27x EBITDA multiple of FY26 forecast with an additional $1.1m deferred consideration payable based on achieving FY26 forecast EBITDA. Total transaction value represents a conservative 3.27x EBITDA multiple on FY26 forecast**
- **Babylon to undertake an Accelerated Non-Renounceable Entitlement Offer (ANREO) to raise a total of $3.5m. Cumulus Wealth is Lead Manager to the Offer & Leeuwin Wealth Pty Ltd is Co-Manager**
- **The offer is strongly supported by the Company's key shareholder group who have indicated intention to accelerate $1.08m of entitlements**

Specialist resources services provider Babylon Pump & Power Limited ("**Babylon**", "the **Company**" or "the **Group**") (ASX: BPP) is pleased to announce it has entered into a binding agreement to acquire 100% of Matrix, a specialist provider of aquifer testing and groundwater management services to Western Australia's resources sector. The acquisition further strengthens Babylon's water management capabilities and supports its strategy to deliver integrated, high-margin services to Tier 1 mining clients.

The acquisition of Matrix is subject to the satisfaction of various conditions precedent including, but not limited to, Babylon having satisfactorily completed its due diligence enquiries in relation to Matrix, and there being no material adverse change impacting Matrix.

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Strategic Fit and Management Alignment

Matrix's management brings decades of hydrogeological field experience and will bolster Babylon's capability in delivering turnkey water management solutions. Matrix's technical expertise and long-standing client relationships make it highly complementary to Babylon's existing operations. Both of Matrix's co-founders will join the Babylon executive team, enhancing the group's technical depth and leadership capacity.

Babylon's Managing Director and CEO, Michael Shelby, commented:

"I am very pleased to announce the Matrix acquisition which will significantly enhance our ability to serve our clients - bringing together highly specialised diagnostic services with our existing rental and maintenance platforms. With Blair and Michael on board, we are doubling down on our commitment to deliver insight-driven, high-integrity water solutions to WA's major resource developers. The acquisition terms represent another fiscally disciplined acquisition for Babylon. I look forward to continuing to deliver value for our shareholders and am very positive about the future for Babylon."

About Matrix Hydro Services

Matrix Hydro Services was founded in 2021 by Blair McDiarmid and Michael Townley, both experienced project managers with prior leadership roles at Resource Water Group (RWG - acquired by Babylon in August 2022) and with Tier 1 contractors.

Based in Perth, Matrix has developed a strong reputation in Western Australia's mining sector for delivering reliable, high-integrity aquifer testing, groundwater monitoring and mine-spec equipment deployment. Its services play a critical role in informing dewatering strategies, environmental compliance and long-term water management planning for large-scale resources projects.

Matrix has maintained a consistent and focused client base with major mining companies. Babylon views these client relationships as strategic to the combined group, noting the criticality of Matrix's services and their long-standing role as a trusted advisor to its clients.

Matrix's core value lies in its ability to collect, interpret and apply complex water data to support remediation or project-scale dewatering solutions. This expertise directly complements Babylon's rental segment, creating an opportunity to offer bundled diagnostic and rental solutions tailored to client needs. The acquisition also reunites Matrix's founders with Babylon's RWG test pumping team - completing the strategic vision that began with Babylon's acquisition of RWG in 2022.

Strategic Outlook

This transaction positions Babylon as a full-service provider in dewatering, aquifer diagnostics and water project management, with enhanced technical depth, a strong WA footprint and growing Tier 1 client exposure.

The acquisition of Matrix represents an important milestone in Babylon's broader inorganic growth strategy. While Matrix enhances Babylon's water services division, it is only one part of a longer-term vision to grow via targeted, value-accretive acquisitions. Any future acquisitions are expected to be debt-funded, reflecting Babylon's disciplined approach to capital management and commitment to maintaining sustainable leverage metrics.

Consideration

The total consideration payable for the acquisition of Matrix comprises:

- at completion, $2.0 million in cash and $500,000 in fully paid ordinary Babylon shares based on the 5-day VWAP preceding the date of issue, and
- subject to Matrix achieving a minimum of $800,000 of earnings before interest, taxes, depreciation and amortisation (**EBITDA**) for the financial year ending 30 June 2026, cash equal to 1 x EBITDA of Matrix for the financial year ending 30 June 2026.

The maximum total consideration (cash and scrip) represents a purchase price multiple of ~3.27x FY26 forecast EBITDA of $1.1 million, which is an attractive and value-accretive outcome for Baylon shareholders.

Accelerated Non-Renounceable Entitlement Offer:

To fund the upfront cash component of the Matrix acquisition and provide working capital, Babylon today also announces an Accelerated Non-Renounceable Entitlement Offer (**ANREO**) to raise approximately $3.5 million.

Key terms of the ANREO include:

- Entitlement ratio of seven (7) new fully paid ordinary shares in the Company for every twenty (20) existing shares held
- Issue price of $0.004 per share

The Company's largest shareholder, Belgravia Strategic Equities Pty Ltd and other entities controlled by Geoff Lord, along with major shareholder Resource Water Group, have indicated their intentions to take up their Entitlements in full.

Cumulus Wealth is Lead Manager to the Offer & Leeuwin Wealth Pty Ltd is Co-Manager.

The offer is fully described in a separate Offer Document released on or about 14 May 2025 on the ASX.

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Overview of the Institutional Entitlement Offer

Eligible major shareholders were invited to participate in the accelerated portion of the ANREO (**Institutional Entitlement Offer**), with major shareholders indicating their intentions to provide $1.08m of accelerated entitlements.

The Institutional Entitlement Offer is expected to raise a total of $1.08m, comprising the issue of 874.8 million new shares. The balance of the $3.5m ANREO will be offered to the Company's other eligible shareholders in the Retail Entitlement Offer as defined below.

The Institutional Entitlement Offer is to settle on an accelerated basis, with settlement of funds due on Monday, 19 May 2025.

Overview of Retail Entitlement Offer

Shareholders registered as at 5pm (AWST) on Friday 16 May 2025 (**Record Date**) will be eligible to participate in the Retail Entitlement Issue (**Eligible Shareholders**). The Retail Entitlement Offer is expected to open on or about Monday 19 May 2025.

The Retail Entitlement Offer is expected to close at 5pm (AWST) on Friday 6 June 2025. Valid applications must be received before that time. Eligible Shareholders who do not take up their entitlement under the Retail Entitlement Offer, fully or in part, will not receive any value in respect to those entitlements.

Further details about the Retail Entitlement Offer will be set out in the Offer Document lodged with ASX on or about 14 May 2025 and to be dispatched to Eligible Shareholders on 21 May 2025. The Offer Document will also enclose personalised entitlement and acceptance forms.

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 specialty 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 specialty 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-power mobile equipment including engines, power train assemblies and components. Babylon is based in Perth with operations in Western Australia and Queensland.