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The Environmental Group Limited

FY24 Financial Results presentation

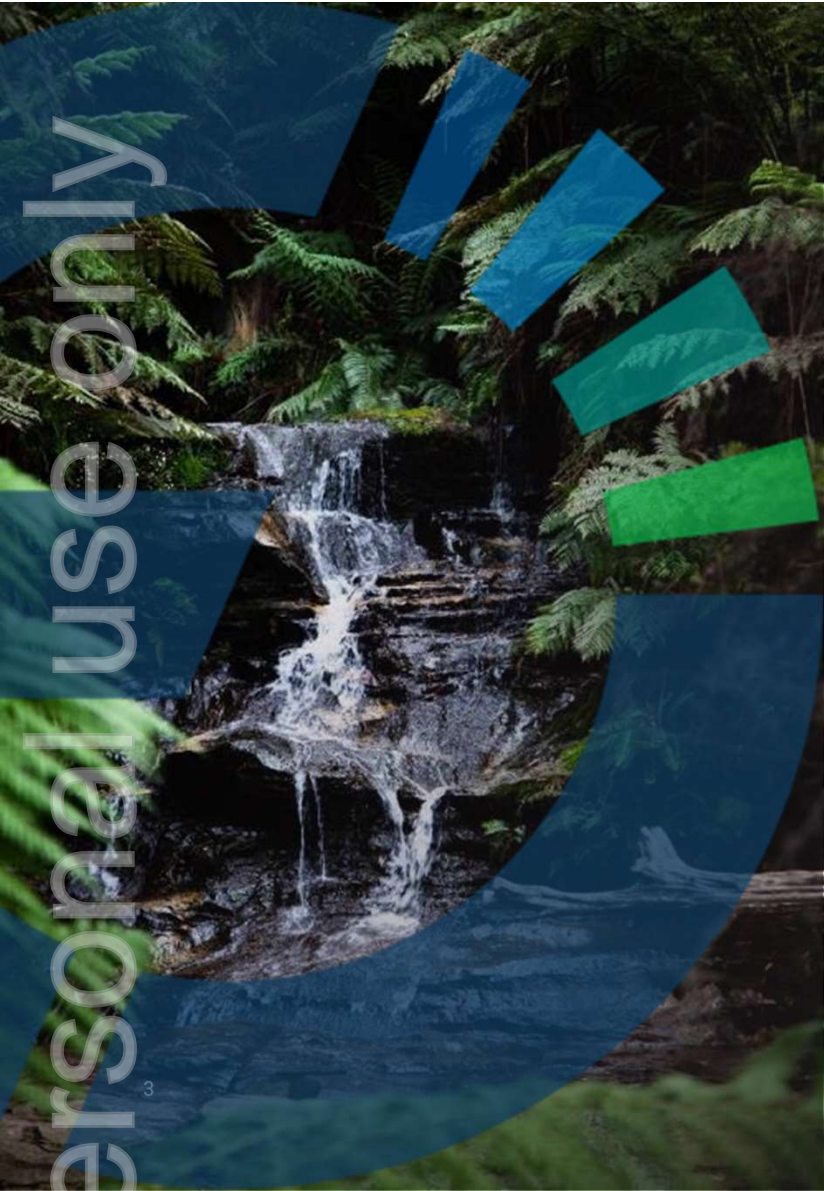
August 2024



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Agenda

- 01 Overview
- 02 Financial Results
- 03 Operating Units
- 04 Outlook
- 05 Questions

Engineering a Sustainable Future to enhance the circular economy through strong ESG principles.





The Environmental Group Limited

Engineering a Sustainable Future



Baltec IES improves the flexibility of gas turbines to support renewable energy firming, and maintains turbine efficiency and output. Through gas turbine inlet air filtration and cooling, silencers for noise attenuation and exhaust systems.

Estimated addressable market: \$300 million



EGL Energy designs, installs, and provides preventative maintenance and 24/7 breakdown services for packaged and industrial boilers to ensure optimal combustion efficiency across Australia.

Estimated addressable market: \$250 million



EGL Clean Air encompasses the design, manufacturing and service of air pollution control equipment to eliminate gasses, dust and fumes from entering the environment.

Estimated addressable market: \$400 million



EGL Water offers advanced patented technology specifically designed to remove per- and polyfluoroalkyl substances (PFAS) from contaminated water, soil, and biosolids. Its versatile design and application ensure optimal system integration, achieving PFAS extraction rates exceeding 99%.

Estimated addressable market: \$ billion's



EGL Waste specialises in innovative recycling solutions for the global waste industry, offering customised systems that enable clients to efficiently recover high-quality materials from waste. Our system ensures maximum resource recovery tailored to your specific waste requirements.

Estimated addressable market: \$4 -7.8 billion

Key Highlights FY24

01

Revenue grew by 18.8% on the prior comparable period up to \$98.3M.

02

Normalised EBITDA up by 51.7% to \$10.1M with EBITDA margins increasing from 8.1% to 10.3%.

03

Guidance for normalised EBITDA to increase approximately 25% this financial year.

04

Over 50% of our revenue is now recurring, largely service & maintenance.







05

Safety record 359,000 hours worked with zero LTI's.

Financial Results

02

FY24 Financial Results – underlying*

 \$98.3M 18.8% Increase in Revenue on FY23	 \$10.1M EBITDA up 51.7% before significant items on FY23	 \$7.6M EBIT up 52.8% before significant items on FY23
 \$4.4M Net Profit after tax up 68%	 \$5.0M Undrawn working capital facility	 \$10.1M Net cash on hand

*Underlying profits excludes FX Losses \$163K, Performance Rights \$158K, Redundancy \$41K, Integration costs \$88K.

FY24 Financial Results Commentary

Revenue

\$98.3M



Revenue up by 18.8% on the prior comparable period (pcp). Accelerating growth on 1H24 while improving margins across the business.

EBITDA

\$10.1M



EBITDA before significant items up 51.7% delivering on strategy of process improvement and recognising the value in our intellectual property. EBITDA margin improved 27.6% to 10.3%. Normalised items include, unrealised FX losses of \$163K, share based payments of \$158K, redundancies \$41K and integrations costs \$88K. Statutory EBITDA increased 64.7% to \$9.7M.

EBIT

\$7.6M



EBIT before significant items of \$7.6M, is a 52.8% improvement on pcp, with EGL Energy and Baltec driving margin growth. Corporate costs were well controlled up 14.1% on top line growth of 18.8%. Statutory EBIT increased 71.5% to \$7.1M.

*Underlying profits excludes FX Losses \$163K, Performance Rights \$158K, Redundancy \$41K, Integration costs \$88K.

FY24 Financial Results Commentary

NPAT

\$4.4M



Profit from ordinary activities \$4.4M up 68% on the pcp at a tax rate of 35%.

Operating Cash Flow

\$4.2M



Operating cash flow was \$4.2M prior to \$2.8M in working capital funding for Airtight Solutions post completion of the acquisition, the working capital was adjusted for in the purchase price.

Cash on hand

\$10.1M



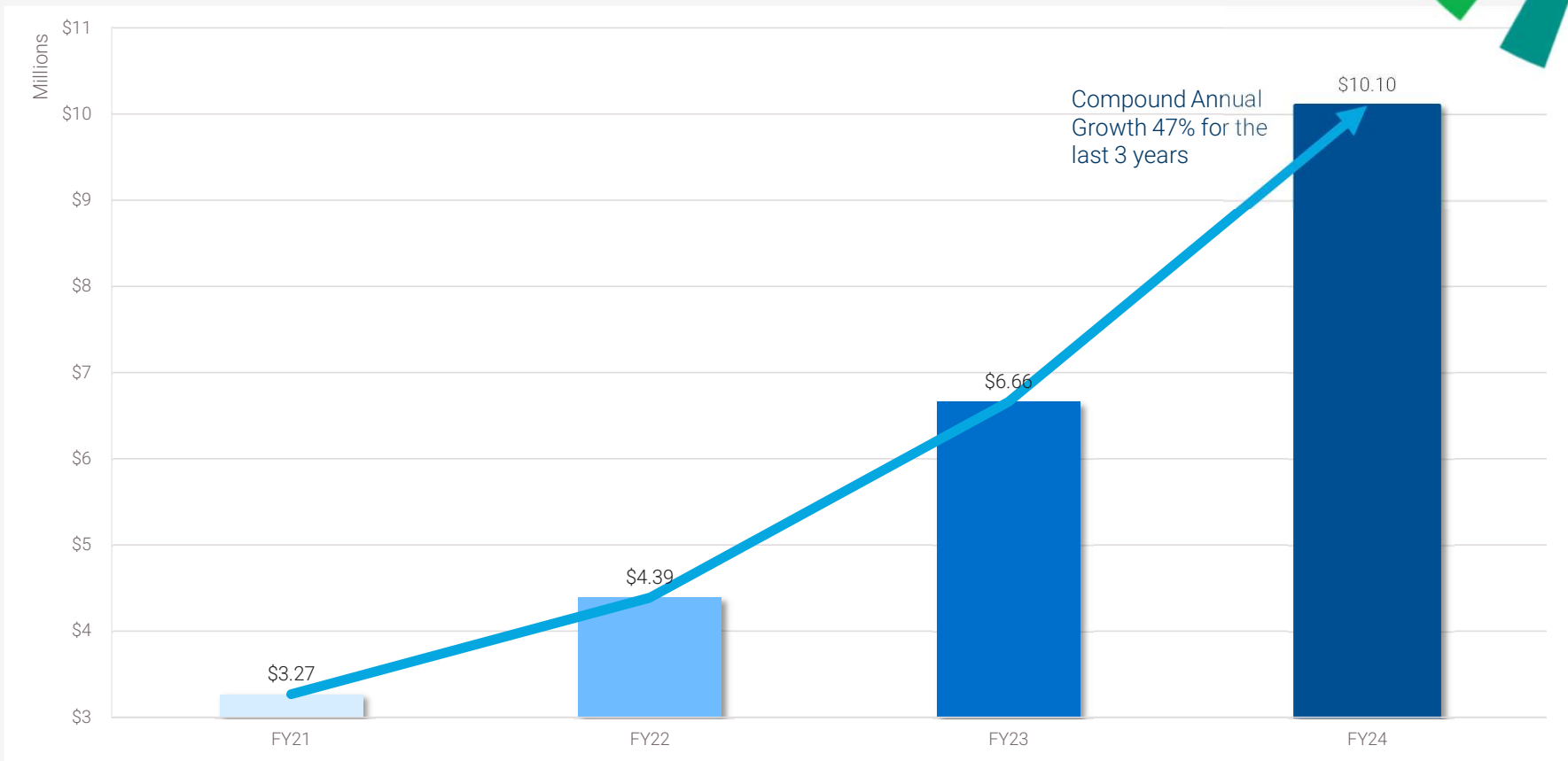
\$10.1M cash on hand plus a \$5M undrawn working capital facility available to fund future growth.

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Growth in Earnings

Normalised EBITDA



*Underlying profits excludes FX Losses \$163K, Performance Rights \$158K, Redundancy \$41K, Integration costs \$88K.

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03

Operating Units

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03



EGL
BALTEC





Baltec Inlet & Exhaust Systems (Baltec IES) provides a range of specialist services to the global gas turbine power industry as it moves to support renewable energy.

- The gas turbine market is changing requiring the conversion of base load power plants to run as peaking load turbines to support renewables.
- Baltec leads the market in its design of silencers suitable for gas turbines running in peaking load.
- The IP generated by the engineering team is world-leading and has positioned the business for further growth in the future.
- Unique IP developed for Inlet filtration systems for solar farm inverters.

Revenue

FY24 \$27.1M
FY23 \$20.1M
Up 34.7%

EBITDA

FY24 \$4.8M
FY23 \$1.6M
Up 205%

EBITDA MARGIN

FY24 17.7%
FY23 7.8%





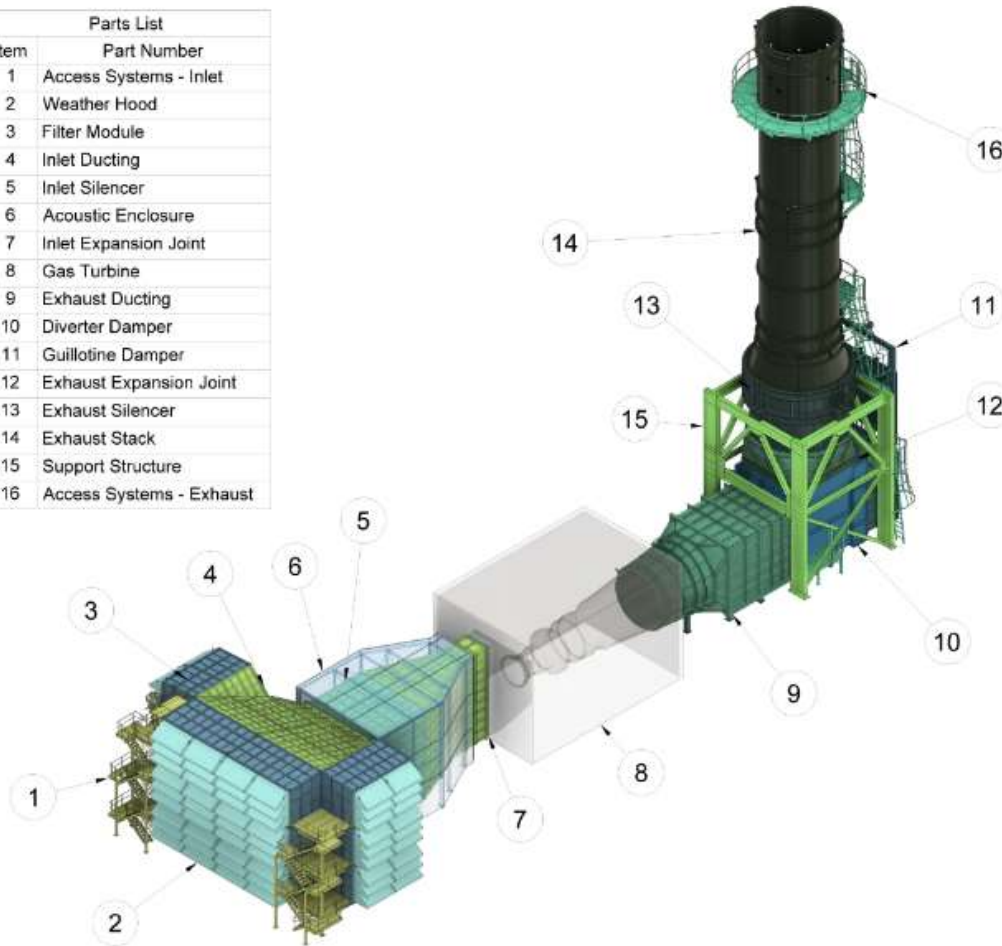
FY24 RESULTS COMMENTARY

- Revenue growth accelerated in the second half of the year driven by the first half record sales.
- Management focus on margin and process improvement led to the strong improvement with EBITDA margins increasing from 7.8% pcp to 17.7%.
- Noise attenuation is a growing industry issue, our technology has proven very effective in reducing noise emissions.
- Growth of the renewables sector is driving need for gas turbines to have the flexibility to run either in peaking load or base load.
- The pipeline for sales growth is forecast to be strong until at least 2030.
- Continuous product development to provide an operating environment with far greater dynamics in the provision of energy.
- The technology development of the solar farm inlet system to prevent dust impacting inverters is an exciting new market using our unique IP.





Parts List	
Item	Part Number
1	Access Systems - Inlet
2	Weather Hood
3	Filter Module
4	Inlet Ducting
5	Inlet Silencer
6	Acoustic Enclosure
7	Inlet Expansion Joint
8	Gas Turbine
9	Exhaust Ducting
10	Diverter Damper
11	Guillotine Damper
12	Exhaust Expansion Joint
13	Exhaust Silencer
14	Exhaust Stack
15	Support Structure
16	Access Systems - Exhaust





Key Products



Diverter Damper



Inlet Filter



Silencer



**Bypass & HRSG
Exhaust System**



**Guillotine
Damper**



**Heating & Cooling
Systems**



03





EGL Energy offers an service network across Australia providing 24/7 sales, service, maintenance and repairs of boilers, gas fired equipment and other OEM equipment optimising energy efficiency.

- Our design is the most energy efficient water tube boiler available in Australia.
- Service and maintenance of gas fired equipment, makes up approximately 74% of earnings.
- Sale and Installation of cost-effective boilers with a design focusing on maximum reliability, long-term operating efficiency, fuel flexibility and ease of access for inspection and maintenance.
- Ongoing service and maintenance of boilers, burners and steam equipment through Australia's only national network of service technicians.



Revenue
FY24 \$37.9M
FY23 \$36.9M
Up 2.7%

EBITDA
FY24 \$5.3M
FY23 \$3.8M
Up 41%

EBITDA MARGIN
FY24 14.1%
FY23 10.3%



FY24 RESULTS COMMENTARY

- Margin improved significantly with the increased level of service work, while at the same time new boilers sales remained very strong.
- Our increased installed capacity grows recurring revenue.
- Securing the national distribution for Fulton products in Australia, a worldwide leader in the development of heat transfer equipment is a significant commercial opportunity .
- Extending EGL Energy's product line substantially, particularly in the smaller boiler, electric boiler and condensing hot water heaters.
- With the rising cost of natural gas our clients are looking for the optimization of their energy efficiency and alternate fuel sources such as biomass boilers.
- With our product range, knowledge of combustion systems and heat exchange we are at the forefront of the circular economy to provide solutions to industry.





Key Products



Industrial Steam Boiler



Industrial Package Boiler



Large Commercial Hot Water Boilers



Thermal Oil Heaters



Biomass Steam & Hot Water Generation



Vertical Steam Boiler

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EGL Clean Air provides engineering, supply, installation, commissioning and ongoing service support for a wide range of Industrial Air Pollution Control Systems.

Technologies include:

- Wet & Dry Scrubbers
- Bag Filters
- Electrostatic Precipitators
- Flue gas desulphurization
- Thermal Oxidizers
- Selective Catalytic Reduction

For control of all emissions to air, including:

- Gaseous pollutants
- Mists and vapors
- Particulate Matter
- Odorous compounds
- Carbon capture





TAPC designs, manufactures and services flue gas treatment systems which prevent harmful contaminants being discharged into the atmosphere.

Key offering

- Leaders in off gas scrubbing systems for rare earths and lithium refineries.
- Scrubbers including dry and wet for the removal of particulates and gaseous contaminants.
- Electrostatic Precipitators & Bag filters for particulate removal and flue gas clean up.
- On going service, parts and maintenance of pollution control equipment.

Revenue

FY24 \$17.4M
FY23 \$17.0M
Up 2.6%

EBITDA

FY24 \$2.3M
FY23 \$2.9M
Down 21.3%

EBITDA MARGIN

FY24 13.3%
FY23 17.4%





FY24 RESULTS COMMENTARY – TAPC

- Margins declined in the second half with several projects going on hold or being postponed.
- Growth in critical metals (or rare earths refining) continues with some significant tenders currently in the pipeline.
- Servicing of plants and spares organically grew revenue by 5.5% for the full year.
- The market for service, spares and small projects softened around the middle of the year as our clients pulled back on their spend but that appears to have improved in the final quarter of the year.
- We have all but finished a major lithium and rare earth project during the period on time and on budget.
- The capital spend on new lithium plants globally, has softened with the fall in the lithium price.
- The long-term need for refined product remains strong as a key component into the renewable energy sector.





AIRTIGHT SOLUTIONS – acquired May 23

Airtight's key offer includes Dust & Fume control by designing, installing, and maintaining air pollution control equipment, Waste-to-Energy via extensive range of waste reduction technologies and after sales servicing.

- Airtight serves several key client industries including automotive, agriculture, manufacturing, joinery, metal & polishing, food & pharmaceutical, paper & printing and recycling & waste recovery.
- The acquisition represents a major expansion of EGL's presence in the air pollution control markets.
- Extends EGL's solutions offering to include small and medium size airborne dust collection solutions and associated services and products.
- Strengthening EGL Clean Air's position in Australia as the leading company in the air pollution control sector.

Revenue
FY24 \$15.5M

EBITDA
FY24 \$0.9M

EBITDA MARGIN
FY 5.7%





FY24 RESULTS COMMENTARY – Airtight Solutions

- Slightly behind expectations largely due to the significant decline in the joinery sector with several major manufactures closing during the period impacting volumes.
- The result was impacted by costs associated with transferring Airtight onto our systems and platforms which is now fully completed.
- Implementing EGL processes is well underway which should see improved results.
- An important strategic partnership entered for dust suppression as part of our expansion into whole of site emissions solutions.
- Airtight has market-leading products in dust extraction systems, with synergies through sales into the waste sector is expected to exceed our expectations.
- From this period TAPC & Airtight will report consolidated as EGL Clean Air.





Key Products



Dry Scrubber



Wet Chemical Scrubber



Particulate Scrubber / Cyclones



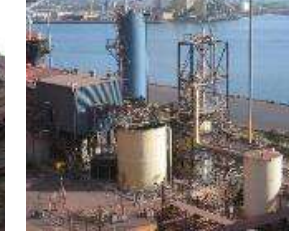
Dust & Fume Collectors



Fabric Filter (Baghouse)



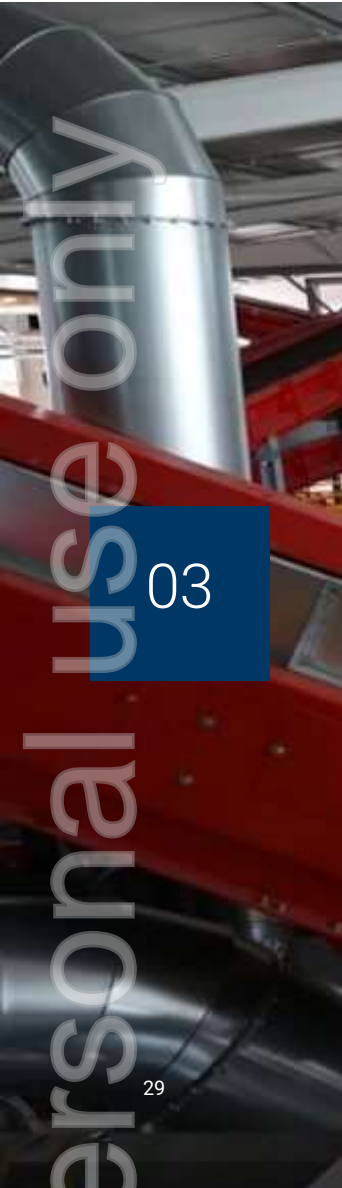
Electrostatic Precipitators



Flue-Gas Desulphurisation



Modular Duct & Hose Systems



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EGL Waste division brings together our service lines to provide integrated solutions to the waste industry.

The National Waste Policy Action Plan requires an 80% average resource recovery rate from all waste streams following the waste hierarchy by 2030. That is an increase of 17% or 12.9MT more resource recovery in the next 6 years.

- Turmec’s recycling plants under the exclusive Australian agency and can achieve a 98% recovery rate for C&D/C&I waste streams.
- Dust extraction and asbestos detection systems in waste processing facilities.
- Boilers & autoclaves in the medical waste treatment sector.
- Combustion technologies for biomass boilers and waste to energy plants.
- PFAS and liquid waste treatment plants.
- After sales service and parts.



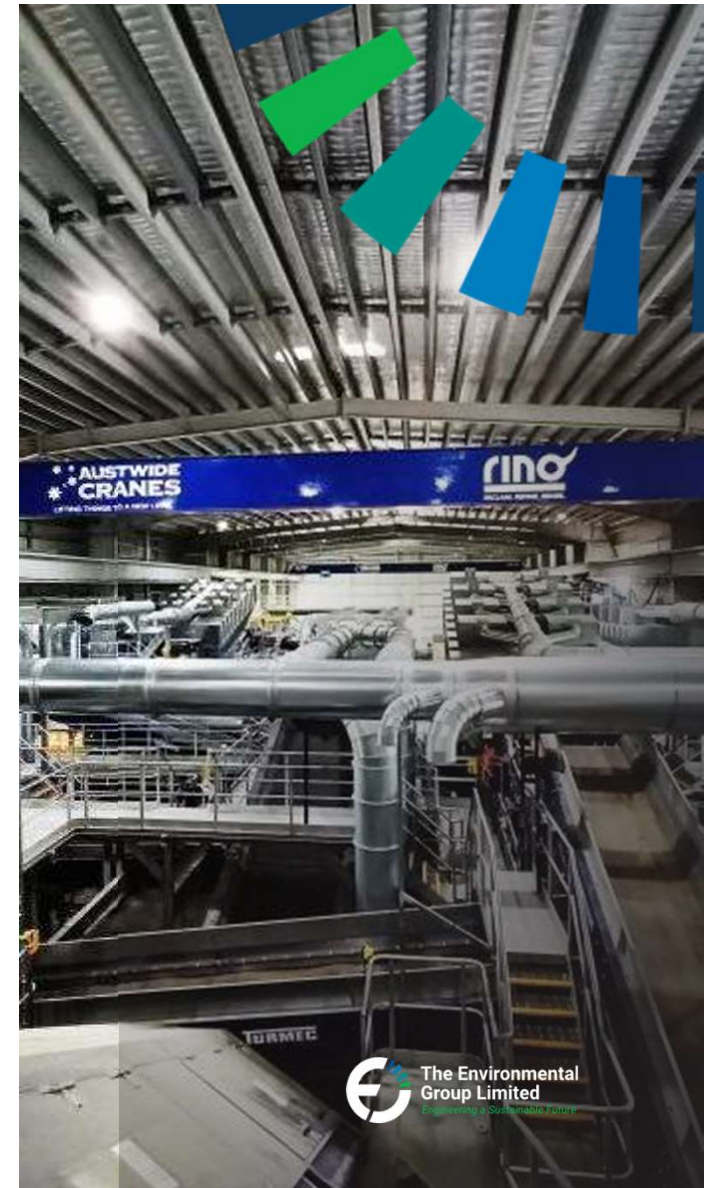
Revenue
FY24 \$0.8M
FY23 \$4.8M

EBITDA
FY24 \$0.1M
FY23 \$0.9M



FY24 RESULTS COMMENTARY

- Our offering to the industry is continuing to grow through not only the sales of Turmec recycling plants, but also with our provision of servicing, maintenance and spares which was launched this year.
- Though we did not sell a new plant during this period the revenue and earnings derived came from the sale of services and spare parts further building our recurring revenue streams
- Our pipeline for recycling plant tenders remains very strong at \$146M.
- Very good near-term prospects after recently being engaged to do several detailed engineering designs on a large-scale construction and demolition recycling facility.
- We now also represent Kadant PAAL exclusively in Australia as a leading manufacturer of baling presses, specialising in the design and manufacture of high-performance balers and ancillary equipment, a meaningful addition to our Turmec agency agreement.
- EGL Waste manages the clients in that sector, the revenue is allocated to the business unit that undertakes the work. EGL Clean Air and EGL Energy have been beneficiaries of the work generated through our waste clients.



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Municipal Solid Waste (MSW)



Commingled or Mixed Dry Recycling



**Construction & Demolition (C&D)
Construction & Industrial (C&I)**



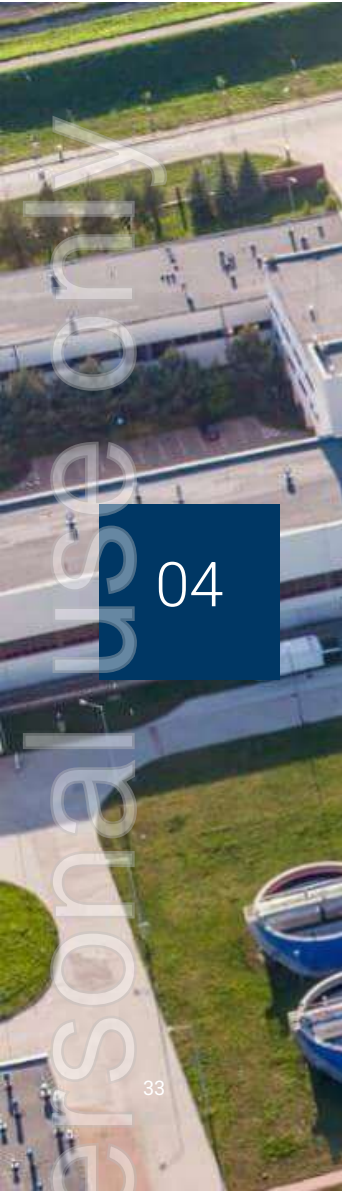
**Refuse Derived Fuel (RDF)
Solid Recovered Fuel (SRF)**



Waste to Energy



Rubber



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EGL Water division has enhanced patented technology designed to protect our environment by the removal of Per- and polyfluoroalkyl chemical substances (PFAS) from contaminated water.

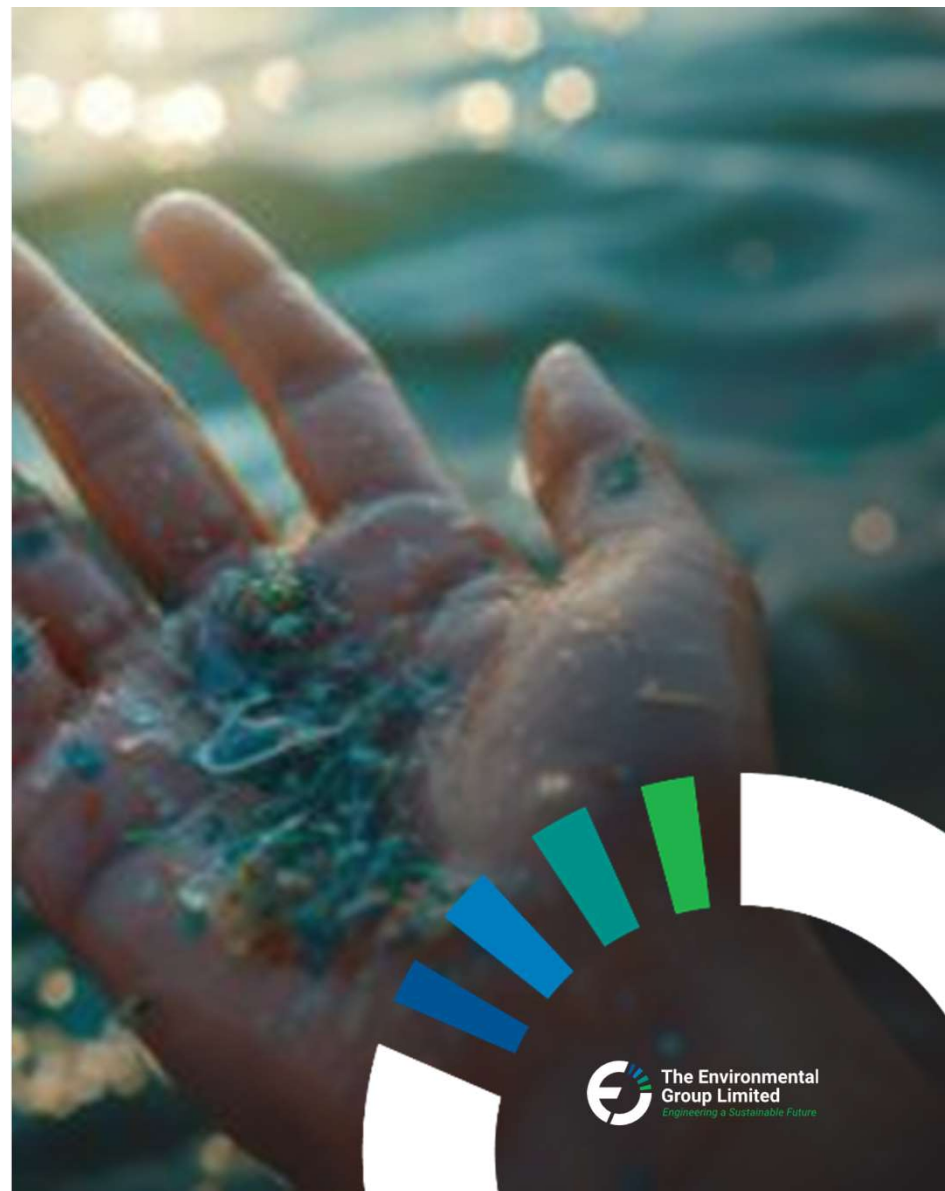
- PFAS was primarily used in aircraft fire fighting as a fire retardant however its use expanded into plastics and clothing prior to its detrimental impact on our environment being fully understood.
- Successful class actions have highlighted increased awareness and the urgent need to find solutions to remove contamination in water, soil, biosolids, landfills, farmland and housing estates.
- EGL recognises that one of the world's most valuable assets is water and will persist in our vision to reduce water pollution, leading to an improved environment, through low cost technology solutions.





PFAS Separation from water, soils & biosolids

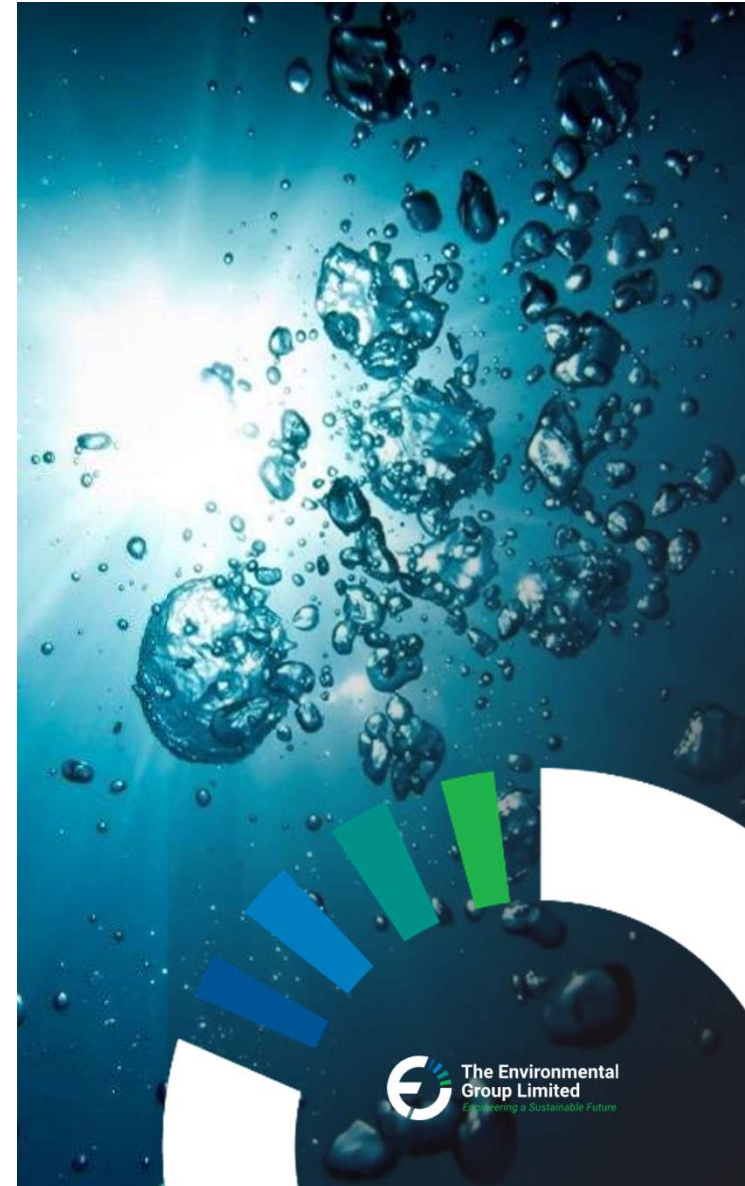
- Society and industry are aligning in their need to remove PFAS from the environment.
- Our technology is effective but importantly can be provided at a low operating and capital cost, with no additional waste streams generated through our process.
- EGL PFAS separation technology requires no pre-treatment and is simple to operate. The technology utilises Gas Foam Fractionation for Soil, Water & Biosolids remediation.
- Without the use of any filtration media our technology has a very low safety risk when dealing with a highly toxic substance.





FY24 COMMENTARY

- EGL Water has continued to progress forward with our first commercial PFAS separation plant, all documentation required is fully submitted to the EPA to obtain license amendments to operate at the liquid waste facility in Melbourne.
- While this process has taken longer than expected all questions have been responded to and we are not aware of any further information that needs to be provided to the EPA from our client.
- Over the last 12 months, we have also been developing the business plans for soil and biosolids as it is a significant segment of PFAS contaminated wastes.
- Our ongoing trials for PFAS contaminated soils and biosolids, have been successful seeing consistent enhancements with each iteration.
- The growing market for the treatment of biosolids has become an area of focus for us. As PFAS is accumulating in the environment and in the biosolid sludges of our sewer networks, the end of our sewerage treatment process.
- Our technology is effective, but importantly can be provided at a low operating and capital cost, with no additional waste streams generated through our process.





Effectively removing PFAS from water, soil and biosolids, reducing companies' risks & costs.



Adaptable Size, Layout & Configuration

Foam Fraction Technology



Isolating PFAS from original input (PFAS output is 1% of its original input)





PFAS Separation

Removing 99% of PFAS



Sewer Slug



Bore Water



Ground Water



Leachate



Industrial Water



Soil

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04

Outlook

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Outlook

01

Normalised EBITDA expected to increase approximately 25% this financial year.



02

Growth will be driven by strong market demand and our increasing product suite.



03

Continue to develop the "One EGL" culture to sell multiple services lines to the one customer.



04

Over 50% of our revenue is now recurring building a stronger more reliable earnings stream.



Outlook

05

EGL Energy – The Fulton distribution agreement and high demand is expected to drive growth.



06

Baltec is set to have strong performance supporting the transition to increased renewable energy.



07

TAPC continuing to grow service & maintenance revenue to improve the quality of the business.



08

EGL Waste & Water developing products and markets for the next leg of organic growth.



EGL outlook continued

- Extended product offering to drive growth.
- Continue to build products and services delivering recurring revenue.
- Valuing the IP that the company has created to strengthen customer engagement.
- Standardisation to achieve repeated processes.
- Systems platform to move to ERP over the next 18 months to improve efficiency.
- Waste and water to report as a single business unit as PFAS treatment has extended to Soil & Biosolids.
- Structured search for a new NED, further progressing the board renewal process

Questions

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Appendix A

Reconciliation of Statutory (4E) to underlying results

FY24(\$M)	4E	Less Significant Items	Underlying Business
Revenue	98.3		98.3
Costs of sales	(69.0)		(69.0)
Gross profit	29.3		29.3
Employee expenses	(11.7)	0.0	(11.7)
Professional fees	(1.6)		(1.6)
Travel expenses	(1.6)		(1.6)
Marketing expenses	(0.4)		(0.4)
Occupancy expenses	(0.8)		(0.8)
Other expenses	(3.4)	0.4	(3.1)
Operating EBITDA	9.7	0.4	10.1
Depreciation and amortisation	2.5		2.5
EBIT	7.1	0.4	7.5
Interest Income	0.1		
Interest expense	(0.4)		(0.4)
Profit before tax	6.7	0.4	7.1
Tax expense	(2.4)		(2.4)
Profit after tax	4.3	0.4	4.7
Earnings per share (EPS)	1.16		1.28

Significant Items Reconciliation	\$M
Performance rights	0.16
Redundancy	0.04
FX	0.20
Acquisition cost	-
Total	0.40