

13 November 2024

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

The Environmental Group Limited – Trading Update

The Environmental Group Limited (ASX: EGL) ('the Company') provides a trading update for the financial year ending 30 June 2025 (FY25) based on management forecasts and year-to-date results.

As part of its FY24 financial results released to the market on 22 August 2024, EGL disclosed that it expected FY25 Normalised EBITDA to increase over FY24 Normalised EBITDA by approximately 25%.¹

Since this time, revenue performance across the business has been strong and in line with expectations. However, one project within the Baltec IES business unit has incurred material cost overruns which will impact on EGL's EBITDA performance for FY25.

The project is for the engineering, design, and supply of two gas turbine silencer and exhaust gas systems in Singapore. The systems required several design variations including to meet the road transport size requirements from port to destination.

Through this design process, the increased weights attributable to the design variations (which drive fabrication costs) were not correctly updated in the Project Management System, resulting in materially reduced job profitability.

As a result of this project cost overrun, EGL now anticipates FY25 Normalised EBITDA to increase by between 10–15% over FY24 Normalised EBITDA.

EGL Chief Executive Officer, Jason Dixon commented, "We are incredibly disappointed that this issue will reduce EGL's growth in profitability for FY25, notwithstanding the underlying strength in the business. A full process review has been undertaken to establish how this one-off oversight occurred and to avoid any future blemishes on our otherwise outstanding track record."

This announcement has been authorised by the Board.

For further information, please contact:

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Joint Company Secretary & Chief Financial Officer, The Environmental Group Limited

¹ Normalised EBITDA is EBITDA after adjusting for share-based payments, acquisition costs, unrealised foreign exchange gains & losses and redundancies.

About EGL

EGL has five business units, all committed to the protection of the environment by improving air quality, reducing carbon emissions, enhancing waste treatment, and lifting water quality.

- **EGL Clean Air - Total Air Pollution Control (TAPC) and Airtight Solutions** has a range of technologies which reduce dust, odours, and harmful gasses from the environment.
- **Baltec IES** - produces inlet and exhaust systems for gas turbines, which are used to complement and augment solar and wind energy production.
- **EGL Clean Energy - Tomlinson Energy Service & Ignite Services** offers a network of service offices across Australia providing 24/7 service, maintenance and repairs of both proprietary equipment and other OEM equipment. The division also provides an essential link in our strategy to build a bio/waste to energy platform.
- **EGL Water** division continues to develop our patented technologies in conjunction with Victoria University. 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.
- **EGL Waste Services** provides the sales and services platform for the exclusive Turmec Agency agreement in Australia. Turmec are specialists in recycling solutions for the global waste industry, providing bespoke systems that enable their customers to efficiently recover high-quality material from waste, reducing the need for landfills.

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