The Environmental Group Limited

Engineering a Sustainable Future

Interim Report 2026

Interim Report 2026

Contents

The Environmental Group Limited (EGL) 2026 Interim Report covers the operations of The Environmental Group for the half-year ended 31 December 2025. These financial statements are based on information available on the date of this report as required by law or regulation (ASX Listing Rules). Financial statements are not guarantees or predictions of The Environmental Group's future performance. Known and unknown risks, which are beyond our control, may cause actual results to differ materially from those expressed in the statements contained in this report.

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Company details:

Name of entity:	The Environmental Group Limited
ABN:	89 000 013 427
Reporting period:	For the half-year ended 31 December 2025
Previous period:	For the half-year ended 31 December 2024

Results for announcement to the market

Statutory Results

				$
Revenue from ordinary activities	up	8.6%	to	58,885,262
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	down	40.0%	to	2,234,124
Earnings Before Interest and Tax (EBIT)	down	90.6%	to	216,440
(Loss) from ordinary activities after tax attributable to the Equity holders of The Environmental Group Limited	down	118.5%	to	(266,591)
(Loss) for the half-year attributable to the Equity holders of The Environmental Group Limited	down	118.5%	to	(266,591)

Results before significant items

	31 Dec 2025 $	31 Dec 2024 $	Change $	Change %
Revenue from ordinary activities	58,885,262	54,232,766	4,652,496	8.6%
EBITDA before significant items	**4,894,681**	**3,886,169**	**1,008,512**	**25.9%**
EBIT before significant items	2,876,999	2,469,367	407,630	16.5%
Profit after Tax before significant items	2,393,967	1,603,320	790,647	49.3%

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Reconciliation of results for the half-year ended 31 December 2025

	EBITDA	EBIT
EBITDA / EBIT after significant items	2,234,124	216,440
Performance rights	81,524	81,524
Restructuring costs	181,667	181,667
ERP costs	1,101,639	1,101,639
Relocation expenses	817,939	817,939
Integration costs	34,234	34,234
Professional Services cost	265,051	265,051
Foreign currency loss	178,505	178,505
EBITDA / EBIT before significant items	**4,894,681**	**2,876,999**

Interim Report

Appendix 4D

Net tangible assets	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security.	6.25	6.00

Control gained over entities

There were no business combinations for the six months ended 31 December 2025.

Loss of control over entities

There were no loss of control of entities in the six months ended 31 December 2025.

Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Dividend reinvestment plans

Not applicable.

Details of associates and joint venture entities

Not applicable.

Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

Attachments

The Interim Report of The Environmental Group Limited for the half-year ended 31 December 2025 is attached.

Signed

Lynn Richardson
Chairman

Date: 17 February 2026

The Environmental Group Limited
Engineering a Sustainable Future

Executive Summary

The Environmental Group Limited's ("EGL" or "The Group") revenue growth of 8.6% on the prior comparable period (pcp) is a testament to the success of our strategy and the execution capabilities of our team.

Our trading bias is consistently weighted toward a stronger second half, averaging a 42% to 58% split over the last four years. The ERP implementation and the relocation of business units have had a substantial impact on operations, with staff heavily involved in both changes. Team members contributed extensively to the ERP rollout, providing both functional insights and participating in comprehensive testing and training. Relocating multiple business units within a half-year created operational challenges and temporary inefficiencies; however, these efforts will deliver significant long-term benefits.

The Group's financial performance remained strong in the first half of FY26, with EBITDA before significant items up 25.9% pcp to $4.9M.

Jason Dixon
CEO, The Environmental Group Limited

1H FY26 Review

$58.8M
Revenue
up 8.6%

$4.9M
EBITDA
up 25.9%
before significant items

Directors' Report

The directors present their report, together with the financial statements, on The Environmental Group Limited for the half-year ended 31 December 2025.

Directors

The following persons were directors of The Environmental Group during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ms Lynn Richardson

Chairman (Non-Executive)

Mr Vincent D'Rozario

Director (Non-Executive)

Mr Michael Constable

Director (Non-Executive) and Chair of the Audit and Risk committee

Ms Lucia Cade

Director (Non-Executive)

Company Secretary

Mr Andrew Bush was joint Company Secretary of The Environmental Group Limited during the whole of the half-year and up to the date of this report. Ms Kate Goland (Clear Sky Blue) was the Joint Company Secretary during the whole of the half-year and up to the date of this report.

Principal activities

The principal activities during the period ending 31 December 2025 of the entities within The Environmental Group were the design, application and servicing of innovative gas vapour and dust emission control systems, inlet and exhaust systems for gas turbines, engineering services, developing innovative water treatment and service install provider for heat transfer plant and equipment primarily related to boilers including 24/7 customer service for mechanical, electrical and automation support to a wide variety of industries. Waste agency agreement with an engineering and fabrication company of waste recycling plant and equipment.

Review of Operations

The Environmental Group Limited ("EGL" or "The Group") is committed to engineering a sustainable future by providing products and engineering services across a diverse range of clients and industries. Our products and systems improve the sustainability of our industries, removing harmful gases and particulate matter going to the atmosphere, utilising waste generated heat, optimising energy efficiency, and effectively treating waste streams. We collaborate with industry to develop practical, long-term environmental solutions.

Each of the EGL divisions plays a key role in providing "The One EGL Solution" for a sustainable future. EGL Waste is a leading provider of PFAS extraction, recycling, sorting and baling technologies; EGL Clean Air provides dust, fume, emission and odour control solutions; and EGL Energy designs and installs boilers and is Australia's leading provider of maintenance and essential services. As waste treatment technologies in Australia continue to develop into the waste-to-energy industry, EGL Baltec has the expertise in intake and off take systems for turbines and thermal dynamics to support this shift.

During the half, we also welcomed our new CFO, Gareth Nicholls, to the business. Gareth is a highly a credentialled finance executive with over two decades of senior finance experience across multinational organisations in the manufacturing, banking, pharmaceuticals, and professional services sectors.

As detailed in the FY25 EGL Annual Report, a key priority for this year is to continue building a platform for continued sustainable growth. We have invested significant effort in the first half of FY26, successfully relocating multiple business units in both NSW and QLD into larger shared premises to strengthen our One EGL culture and improve resource sharing.

At the time of writing this report, our company-wide ERP system has gone live and is performing in line with expectations. The new platform delivers improved data capabilities that will support future business initiatives, while generating significant efficiencies by consolidating three legacy systems into a single, unified solution. This consolidation provides greater visability of timely, company-wide data, enabling us to optimise and improve co-ordination of resources across all business units. Although this transition has required a substantial investment of time and capital, the long term benefits to the organisation will be significant.

EGL's revenue growth of 8.6% on the prior comparable period (pcp) is a testament to the success of our strategy and the execution capabilities of our team. Our trading bias is consistently weighted toward a stronger second half, averaging a 42% to 58% split over the last four years. The ERP implementation and the relocation of business units have had a substantial impact on operations, with staff heavily involved in both changes. Team members contributed extensively to the ERP rollout, providing both functional insights and participating in comprehensive testing and training. Relocating multiple business units within a period created operational challenges and temporary inefficiencies; however, these efforts will deliver significant long-term benefits to the company. Safety remains a high priority, demonstrated by a 12-month rolling total recordable injury frequency rate (TRIFR) of 0.0 and 205,049 hours worked in the half with no lost time.

EGL's financial performance remained strong in the first half of FY26, with revenue increasing by 8.6% to $58.9M (1H25 $54.2M), EBITDA up 25.9% to $4.9M (1H25 $3.9M), and EBIT up 16.5% to $2.9M, before significant items of $2.7M. After taking into consideration the significant items, the net (loss) after tax is ($0.3M) (1H25 $1.4M, after significant items of $0.2M).

EGL has 54.3% of its revenue recurring in nature, which includes maintenance service contracts, routine servicing, ad-hoc repairs, spare parts, and water processing service charges.

EGL Energy delivered an outstanding half-year result, with revenue up 39.8% on pcp to $34.1M and EBITDA up 32.6% to $4.1M. With approximately 14,000 boiler services completed each year, this activity has become a core recurring revenue source, contributing nearly 69% of recurring revenue. As expected, the EBITDA margin declined slightly 0.6% due to three Tomlinson and two Advanced Boiler sites relocating during the period. While we do normalise for these costs, there is still substantial operational interruption when transitions of this scale occur. Advanced Boilers has continued to perform exceptionally well as part of the EGL Group, providing multiple services to other business units, including manufacturing PFAS plants, fabricating components, and supplying control panels.

The Energy division continued its strong trading performance for the half, despite a softer capital-spending market across Australia, particularly in Victoria where activity remains subdued. Tender activity and works quoted remain strong, and given the essential nature of boilers, we expect these works will ultimately need to proceed. Fulton sales remain buoyant, and we will continue to introduce additional Fulton products into the market. We have also agreed to distribute the Gestra product range for the Australian boiler industry, specifically for boiler level controls and valves providing another revenue stream for the group.

EGL Baltec experienced a slower first half of the year, although sales activity remained strong during the period. As EGL Baltec's projects generally take 10-12 months from award to completion, a number of projects were secured in the second quarter with engineering now completed. These projects now move into fabrication, which supports a stronger second-half result. Revenue was down 30.1% on pcp to $13.8M, recognising the pcp was an all-time record half. EBITDA decreased 18.5% to $1.5M. The result reflects the completion of the Pelican Point job, which was delivered on time and on budget, albeit at a comparatively lower margin than similar EGL Baltec jobs, as it was undertaken on a cost-plus basis, removing any downside risk on such a large job.

The pipeline of work in the gas turbine enhancement industry remains strong. With the increased volume of work expected for many years, supported by clear visibility on gas turbine orders through to 2030, the long-term pipeline is well established. EGL Baltec has established a unique position in the market by designing silencers specifically suited to gas turbines operating in peaking load capacity. This capability supports the transition to renewable energy while still achieving the noise attenuation levels required by our customers. The intellectual property generated by our engineering team is world-leading and has positioned the business for further growth into the future.

EGL Clean Air is pleased to report that it has received an order for the engineering portion of a new lithium plant. We anticipate the full supply agreement will be awarded in the coming months. Both Airtight and TAPC have won significant work in recent months, and each business expects a stronger second half. For the half, revenue was down 3.0% on pcp to $9.3M, and EBITDA decreased by 51.6% to $0.4M. In addition to site relocation, restructuring has been implemented in line with current market conditions to prepare the business for future growth.

The introduction of dry fogging systems into our product portfolio has resulted in several successful trials followed by customer purchases. The technology uses air-atomizing nozzles that produce water droplets 10 micron or less. These ultra-fine water droplets add less than 0.1% moisture by weight and attach to like size dust particles and drop them back into the process. DSI Dry Fog systems are designed and engineered to effectively reduce fugitive dust at material-handling points without changing the moisture content of the product.

EGL Waste delivered a strong first half, generating $2.3M in revenue and $0.7M of EBITDA up from $57K in the pcp. EGL PFAS Extraction Technology has achieved a major milestone with the construction and installation of a large-scale plant, which is currently in the process of being commissioned. This plant is significantly larger than our previous installation at Reclaim, demonstrating the scalability and versatility of EGL's technology. We also have several additional units priced in the market, which would be deployed across waste facilities, landfills, councils, and water authorities.

EGL has acquired a state-of-the-art trial vessel, now installed at Victoria University, to enhance our testing and validation capabilities of biosolids, organics and soil. The vessel is designed to provide the same testing results as our large-scale water test plant, demonstrating that results obtained in the laboratory can be reliably scaled to real-world field applications. By enabling trials across a wide range of waste streams—including organics, biosolids, and soils—the vessel allows us to refine processes, validate performance, and accelerate deployment of EGL's technology across diverse industrial and environmental projects.

Recognising the growing challenge of PFAS contamination in organic waste, EGL has partnered with a leading industry body to conduct targeted trials and develop a white paper for industry review. In collaboration with Victoria University, we are also developing a rapid on-site PFAS testing device capable of delivering results within an hour. This will provide customers with immediate insight into PFAS levels within their facilities or assets, including pre-and-post processing results, with final verification provided by an accredited laboratory. Together, these initiatives demonstrate EGL's commitment to delivering innovative, scalable solutions that address critical environmental and regulatory challenges.

EGL Waste has significantly strengthened its capabilities through the addition of Dashton Engineering, enhancing our capability to undertake small plant upgrades, perform repairs, and manage ongoing plant-maintenance contracts. This strategic addition not only increases our operational capacity but also enables us to deliver faster and more reliable service to customers across the waste sector. We are currently awaiting the award of a major Construction & Demolition (C&D) facility in New South Wales, while construction of a Queensland plant is scheduled to commence in February. Since the end of the half, we have also received an order for a large-scale PAAL Baler, further demonstrating market confidence in our technology. In parallel, several waste facilities have implemented our dry fogging systems through the Clean Air division, highlighting the integrated strength and synergy across EGL's business. This "One EGL" approach enables us to leverage expertise, technology, and resources across divisions, delivering innovative, end-to-end solutions and reinforcing our reputation as a unified, scalable, and responsive partner in the waste management industry.

As at the reporting date, EGL's financial position remains strong, with net assets of $45.6M (30 June 2025: $45.8M). Cash and cash equivalents, was $4.4M, with $5.5M of debt facilities used.

The outlook for FY26 is strong with a good second half expected as our growth initiatives continue to build earnings. EGL maintains its guidance of increased earnings of 15% to 20% on FY25 normalised EBITDA.

Jason Dixon
Chief Executive Officer

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of The Group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect The Group's operations, the results of those operations, or The Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under *section 307C* of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to *section 306(3)(a)* of the Corporations Act 2001.

On behalf of the directors

Lynn Richardson
Chairman

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of The Environmental Group Limited and its controlled entities for the half year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 17 February 2026
Melbourne, Victoria

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General Information

The financial statements cover The Environmental Group Limited (EGL) as a consolidated entity and the entities it controlled at the end of, or during the half year together referred to as "The Group" or "EGL". The financial statements are presented in Australian dollars, which is The Environmental Group Limited's functional and presentation currency.

The Environmental Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2 Suite 2.01
315 Ferntree Gully Road
Mount Waverley, VIC 3149

A description of the nature of The Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 February 2026.

Consolidated statement of profit or loss and other comprehensive income

Revenue	Note	31st Dec 2025 $	31st Dec 2024 $
Revenue from continuing operations	3	58,885,262	54,232,766
Subcontracting and material costs		(41,455,446)	(39,911,646)
Gross profit		**17,429,816**	**14,321,120**
Expenses			
Employee expenses		(8,498,764)	(6,714,265)
Depreciation & Amortisation expenses		(2,017,684)	(1,416,802)
Travel expenses		(1,183,511)	(840,392)
Other expenses		(3,921,695)	(1,599,401)
Marketing expenses		(201,432)	(188,190)
Occupancy expenses		(517,861)	(428,529)
Professional fees		(872,429)	(823,587)
Operating profit		**216,440**	**2,309,954**
Interest income		1,542	20,507
Interest & finance expenses		(668,235)	(310,769)
(Loss)/Profit before income tax (expense)/benefit		**(450,253)**	**2,019,692**
Income tax benefit/(expense)		183,662	(575,785)
(Loss)/Profit after income tax (expense)/benefit for the half-year attributable to the Equity holders of The Environmental Group Limited		**(266,591)**	**1,443,907**
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive (loss)/income for the half-year attributable to the Equity holders of The Environmental Group Limited		**(266,591)**	**1,443,907**
		Cents	Cents
Basic earnings per share	16	(0.07)	0.38
Diluted earnings per share	16	(0.07)	0.38

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

Assets	Note	31 Dec 2025 $	30 Jun 2025 $
Current assets			
Cash and cash equivalents	4	4,392,648	2,696,697
Trade and other receivables		20,114,943	19,310,449
Contract assets	5	20,830,585	23,088,924
Inventories		8,259,990	8,582,536
Other current assets		1,230,113	444,612
Total current assets		**54,828,279**	**54,123,218**
Non-current assets			
Property, plant and equipment	6	2,994,254	2,459,689
Right-of-use assets	7	9,595,371	6,969,015
Intangibles	8	22,319,252	22,782,807
Deferred tax assets		5,317,375	4,400,474
Other		128,064	324,578
Total non-current assets		**40,354,316**	**36,936,563**
Total assets		**95,182,595**	**91,059,781**
Liabilities			
Current liabilities			
Trade and other payables		20,217,384	22,840,522
Contract liabilities	9	5,808,727	4,429,325
Borrowings	10	5,520,058	3,519,979
Lease liabilities		2,792,559	2,203,940
Employee benefits		4,193,640	4,173,267
Financial liabilities		146,613	151,700
Total current liabilities		**38,678,981**	**37,318,733**
Non-current liabilities			
Lease liabilities		7,288,840	5,068,157
Deferred tax liabilities		3,212,192	2,478,953
Employee Benefits		147,991	152,100
Financial liabilities		222,884	225,065
Total non-current liabilities		**10,871,907**	**7,924,275**
Total liabilities		**49,550,888**	**45,243,008**
Net assets		**45,631,707**	**45,816,773**
Equity			
Issued capital	11	37,064,481	37,064,481
Reserves		1,609,703	1,528,178
Retained profits		6,957,523	7,224,114
Total equity		**45,631,707**	**45,816,773**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2024	37,064,481	1,365,131	2,514,415	40,944,027
Profit after income tax expense for the half-year	-	-	1,443,907	1,443,907
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	**-**	**-**	**1,443,907**	**1,443,907**
Share-based payments	-	75,000	-	75,000
Balance at 31 December 2024	**37,064,481**	**1,440,131**	**3,958,322**	**42,462,934**

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2025	37,064,481	1,528,178	7,224,114	45,816,773
(Loss) after income tax benefit for the half-year	-	-	(266,591)	(266,591)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	**-**	**-**	**(266,591)**	**(266,591)**
Share-based payments	-	81,525	-	81,525
Balance at 31 December 2025	**37,064,481**	**1,609,703**	**6,957,523**	**45,631,707**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

Cash flows from operating activities	Note	Consolidated 31 Dec 2025 $	 31 Dec 2024 $
Receipts from customers		67,402,530	56,898,490
Payments to suppliers and employees		(64,060,953)	(57,340,184)
		3,341,577	**(441,694)**
Income tax paid		(1,262,510)	-
Interest received		1,540	20,507
Interest paid		(668,235)	(310,769)
Net cash from/(used in) operating activities		**1,412,372**	**(731,956)**
Cash flows from investing activities			
Payment for acquisition of plant and equipment		(622,115)	(194,923)
Payments for intangibles		-	(117,986)
Proceeds from disposal of property, plant and equipment		-	53,591
Proceeds from release of security deposits		196,513	-
Net cash used in investing activities		**(425,602)**	**(259,318)**
Cash flows from financing activities			
Repayment of borrowings		-	(150,000)
Repayment of lease liabilities		(1,290,898)	(990,189)
Net cash used in financing activities		**(1,290,898)**	**(1,140,189)**
Net decrease in cash and cash equivalents		(304,128)	(2,131,463)
Cash and cash equivalents at the beginning of the financial half-year		(823,282)	10,147,059
Cash and cash equivalents at the end of the financial half-year	**4**	**(1,127,410)**	**8,015,596**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Material accounting policy information

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by The Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of The Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that received the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Notes to the financial statements

Note 2. Operating segments continued

31 Dec 2025	EGL Clean Air $	EGL Energy $	Advanced Boilers & Combustion $	EGL Baltec $	EGL Waste $	Corporate $	Total $
Revenue							
Sales to external customers	9,278,114	25,077,518	8,393,796	13,602,670	2,255,610	-	58,607,708
Intersegment sales	5,073	234,119	441,347	-	-	-	680,539
Total sales revenue	**9,283,187**	**25,311,637**	**8,835,143**	**13,602,670**	**2,255,610**	**-**	**59,288,247**
Other revenue	29,509	(10,591)	(1,364)	220,000	40,000	-	277,553
Intersegment eliminations	-	-	-	-	-	(680,539)	(680,539)
Total revenue	**9,312,696**	**25,301,046**	**8,833,779**	**13,822,670**	**2,295,610**	**(680,538)**	**58,885,262**
EBITDA before significant items	**383,240**	**2,477,793**	**1,574,624**	**1,518,716**	**747,394**	**(1,807,086)**	**4,894,681**
Depreciation and amortisation							(2,017,684)
Finance costs							(668,235)
Integration costs							(34,234)
Relocation costs							(817,939)
Restructuring costs							(181,667)
ERP expenses							(1,101,639)
Forex gain/(loss)							(178,505)
Performance shares							(81,524)
Other abnormal costs							(265,051)
Interest income							1,542
Profit/(Loss) before income tax benefit							**(450,253)**
Income tax benefit							183,662
(Loss) after income tax benefit							**(266,591)**
Assets							
Segment assets	27,129,798	45,824,739	10,617,806	44,051,291	8,273,493	37,018,828	172,915,955
Intersegment eliminations							(83,050,735)
Unallocated assets:							
Deferred tax asset							5,317,375
Total assets							**95,182,595**
Liabilities							
Segment liabilities	14,136,904	8,418,304	8,486,398	(29,791,615)	2,882,334	(40,844,364)	(36,712,039)
Intersegment eliminations							83,050,735
Unallocated liabilities:							-
Deferred tax liability							3,212,192
Total liabilities							**49,550,888**

Note 2. Operating segments continued

31 Dec 2024	EGL Clean Air $	EGL Energy $	EGL Baltec $	EGL Waste $	Corporate $	Total $
Revenue						
Sales to external customers	9,560,630	24,335,354	19,371,210	562,408	-	53,829,602
Intersegment sales	33,964	65,555	-	-	-	99,519
Total sales revenue	**9,594,594**	**24,400,909**	**19,371,210**	**562,408**	**-**	**53,929,121**
Other revenue	2,623	7,916	392,625	-	-	403,164
Intersegment eliminations	-	-	-	-	(99,519)	(99,519)
Total revenue	**9,597,217**	**24,408,825**	**19,763,835**	**562,408**	**(99,519)**	**54,232,766**
EBITDA before significant items	**791,633**	**3,056,573**	**1,863,043**	**58,662**	**(1,883,742)**	**3,886,169**
Depreciation and amortisation						(1,416,802)
Restructuring costs						(88,174)
ERP expenses						(55,531)
Forex gain/(loss)						59,292
Performance shares						(75,000)
Finance costs						(310,769)
Interest income						20,507
Profit/(Loss) before income tax benefit						**2,019,692**
Income tax expense						(575,785)
Profit after income tax expense						**1,443,907**
Assets						
Segment assets	37,832,887	38,308,581	4,815,947	37,265,808	34,108,200	152,331,423
Intersegment eliminations						(79,532,911)
Unallocated assets:						-
Deferred tax asset						3,273,806
Total assets						**76,072,318**
Liabilities						
Segment liabilities	4,603,093	(18,020,737)	1,396,260	(46,471,414)	10,769,135	(47,723,663)
Intersegment eliminations						79,532,911
Unallocated liabilities:						-
Deferred tax liability						1,800,136
Total liabilities						**33,609,384**

Note 2. Operating segments continued

Major customers

The Group has a number of customers to whom it provides both products and services. The Group supplies to a single external customer in the EGL Baltec segment, who accounts for 6.9% of external revenue (2024: 11.3%). The next most significant client accounts for 3.6% (2024: 9.9%) of external revenue also from the EGL Baltec segment.

	Sales to external customers		Geographical non-current assets	
	31 Dec 2025 $	31 Dec 2024 $	31 Dec 2025 $	31 Dec 2024 $
Australia	49,185,588	41,314,962	35,036,941	27,765,146
Rest of the World	9,422,120	12,514,640	-	-
	58,607,708	**53,829,602**	**35,036,941**	**27,765,146**

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 3. Revenue

Revenue	**31 Dec 2025 $**	**31 Dec 2024 $**
From external customers	58,607,708	53,829,602
R&D Tax Offset	260,000	412,625
Other	17,554	(9,461)
	58,885,262	**54,232,766**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2025 $	**31 Dec 2024 $**
Major product lines		
Engineering and Fabrication Solutions	26,346,848	25,430,040
Service	31,059,951	25,292,408
Parts	1,200,909	3,107,154
	58,607,708	**53,829,602**
Geographical regions		
Australia	49,185,588	41,314,962
Rest of the World	9,422,120	12,514,640
	58,607,708	**53,829,602**
Timing of revenue recognition		
Goods transferred at a point in time	1,200,909	3,107,154
Services transferred over time	57,406,799	50,722,448
	58,607,708	**53,829,602**

Notes to the financial statements

Note 4. Current assets - Cash and cash equivalents

	31 Dec 2025 $	30 Jun 2025 $
Cash at bank	2,964,646	1,563,271
Cash in transit	1,428,002	1,133,426
	4,392,648	**2,696,697**

Reconciliation to cash and cash equivalents at the end of the financial half-year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows.

Balances above	4,392,648
Bank overdraft (Note 10)	(5,520,058)
Net Cash and cash equivalent at the end of period per statement of cash flows	**(1,127,410)**

Note 5. Current assets - contract assets

	31 Dec 2025 $	30 Jun 2025 $
Contract assets	**20,830,585**	**23,088,924**

Reconciliation

Reconciliation of the written down values at the beginning and end of the current financial half-year are set out below:

Opening balance	**23,088,924**
Invoice to customers	(43,908,164)
Additions through business combinations	-
Accrued income	41,649,825
Closing balance	**20,830,585**

Where a contract obligation has been reached but not invoiced, a contract asset is recognised.

Note 6. Non-current assets - property, plant and equipment

	31 Dec 2025 $	30 Jun 2025 $
Plant and equipment - at cost	4,812,945	4,027,136
Less: Accumulated depreciation	(2,633,979)	(2,383,465)
	2,178,966	**1,643,671**
Motor vehicles - at cost	733,296	746,521
Less: Accumulated depreciation	(316,473)	(306,203)
	416,823	**440,318**
Motor vehicles under lease	537,555	481,748
Less: Accumulated depreciation	(139,090)	(106,048)
	398,465	**375,700**
	2,994,254	**2,459,689**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Plant and Equipment $	Motor Vehicle $	Total $
Balance at 1 July 2025	**1,643,671**	**816,018**	**2,459,689**
Additions	788,241	128,333	916,574
Disposals	-	(40,705)	(40,705)
Depreciation expense	(252,947)	(88,357)	(341,304)
Balance at 31 December 2025	**2,178,965**	**815,289**	**2,994,254**

Note 7. Non-current assets - right-of-use assets

	31 Dec 2025 $	30 Jun 2025 $
Land and buildings - right-of-use	6,816,544	4,544,063
Less: Accumulated depreciation	(1,500,631)	(1,353,884)
	5,315,913	**3,190,179**
Motor vehicles - right-of-use	6,687,712	5,908,637
Less: Accumulated depreciation	(2,408,254)	(2,129,801)
	4,279,458	**3,778,836**
	9,595,371	**6,969,015**

The Group leases land and buildings for its offices and warehouses under agreements of between one to seven years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases motor vehicles with agreements of four years.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Property Leases $	Vehicle Leases $	Total $
Balance at 1 July 2025	**3,190,179**	**3,778,836**	**6,969,015**
Additions	2,926,033	1,336,535	4,262,568
Disposals	(94,241)	(3,369)	(97,610)
Depreciation expense	(706,058)	(832,544)	(1,538,602)
Balance at 31 December 2025	**5,315,913**	**4,279,458**	**9,595,371**

Note 8. Non-current assets - intangibles

	31 Dec 2025 $	30 Jun 2025 $
Goodwill - at cost	19,630,866	19,630,866
Product development - at cost	845,822	1,171,597
Less: Accumulated amortisation	(222,131)	(179,369)
	623,691	**992,228**
Intellectual property - at cost	1,714,000	1,714,000
Customer relationships - at cost	240,000	240,000
Less: Accumulated amortisation	(208,000)	(184,000)
	32,000	**56,000**
Software - at cost	1,296,361	1,296,361
Less: Accumulated amortisation	(977,666)	(906,648)
	318,695	**389,713**
	22,319,252	**22,782,807**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill $	Product Development $	Intellectual Property $	Customer Relationship $	Software $	Total $
Balance at 1 July 2025	**19,630,866**	**992,228**	**1,714,000**	**56,000**	**389,713**	**22,782,807**
Transfers in/(out)	-	(325,775)	-	-	-	(325,775)
Amortisation expense	-	(42,762)	-	(24,000)	(71,018)	(137,780)
Balance at 31 December 2025	**19,630,866**	**623,691**	**1,714,000**	**32,000**	**318,695**	**22,319,252**

Note 9. Current liabilities - contract liabilities

	31 Dec 2025 $	30 Jun 2025 $
Contract liabilities	**5,808,727**	**4,429,325**

Reconciliation

Reconciliation of the written down values at the beginning and end of the current financial half-year are set out below:

Balance at 1 July 2025	**4,429,325**
Payments received in advance	14,878,038
Additions through business combinations	-
Transfer to revenue - included in the opening balance	(13,498,636)
Balance at 31 December 2025	**5,808,727**

Where a contract obligation has not been reached but invoiced a contract liability is recognised.

Accounting policy for contract liabilities

Contract liabilities represent The Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when The Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before The Group has transferred the goods or services to the customer.

Note 10. Non-current liabilities - borrowings

	31 Dec 2025 $	30 Jun 2025 $
Total facilities		
Bank overdraft	8,000,000	8,000,000
Trade Guarantee and Standby Letters of Credit Facility	18,000,000	13,500,000
	26,000,000	**21,500,000**
Used at the reporting date		
Bank overdraft	5,520,058	3,519,979
Trade Guarantee and Standby Letters of Credit Facility	10,172,663	12,293,483
	15,692,721	**15,813,461**
Unused at the reporting date		
Bank overdraft	2,479,942	4,480,021
Trade Guarantee and Standby Letters of Credit Facility	7,827,337	1,206,517
	10,307,279	**9,206,517**

Note 10. Non-current liabilities - borrowings continued

* The Group has established a temporary increase of its overdraft facility to $8,000,000 until the 31st of March 2026.

** On the 7th of July 2025 The Group established a permanent increase to its Trade Guarantee and Standby Letter of Credit facility to $18,000,000. This facility is used by The Group to issue performance bonds and bank guarantees which are disclosed as contingent liabilities. As at the 31st of December The Group had $10,172,663 outstanding Trade Guarantees and Standby Letter of Credits.

*** No covenants were breached in the reporting period of 31 December 2025.

Note 11. Equity - issued capital

	31 Dec 2025 Shares	30 Jun 2025 Shares	31 Dec 2025 $	30 Jun 2025 $
Ordinary shares - fully paid	380,497,795	380,497,795	37,064,481	37,064,481

There were no movements in ordinary share capital during the current financial half-year.

Note 12. Equity - dividends

Dividends

There were no dividends paid, recommended or declared during the current financial half-year.

Note 13. Contingent liabilities

Standby Letter of Credit

The Group's bank has given guarantees to unrelated parties in respect of performance bonds and guarantees. No liability is expected to arise from these guarantees and accordingly no provision has been recognised in these financial statements. The total performance bonds and guarantees for The Group at 31 December 2025 are $10,172,663 (30 June 2025: $12,293,483).

Note 14. Business combinations

Details of purchase price consideration of net assets acquired and goodwill are as follows:

FY25

On 4 April 2025 EGL acquired 100% of the ordinary shares of Advance Boilers & Combustion Pty Ltd for the total consideration transferred of $4,876,719. Advanced Boilers & Combustion ("Advanced") offers a comprehensive range of boiler and control panel sales and services, including the manufacturing, supply and installation of Maxitherm steam, heating and combustion products. They also provide service and repair of components essential for the reliable daily operation of in-service plant and equipment. Advanced is headquartered in Victoria with its operations in three locations: Clayton in Victoria, Seven Hills in NSW and Hemmant in QLD.

The goodwill of $1,561,946 represents and reflects strong recurring revenue and expected future growth from the areas mentioned in the previous paragraph.

Notes to the financial statements

Note 14. Business combinations continued

The acquisition will be a major expansion of EGL's presence in the Industrial boiler market complimenting EGL Energy's existing business. Advanced has expertise in fabrication, boiler fit out, economisers, pipe welding, skid manufacture and control panel design and manufacture. This will build on and enhance EGL Energy's capabilities and introduce cross selling opportunities for other EGL divisions. Advanced own exclusive intellectual property rights to Maxitherm boiler technology which is particularly relevant to larger industrial uses and compliments EGL's existing boiler range offering.

Integrating the acquired business will provide operational synergies in service teams, sales, and logistics improve efficiency and further consolidate EGL's leadership in the boiler and energy services.

The Group has adopted provisional accounting for the above acquisition which will be finalised before the measurement period on 4 April 2026.

	Fair value $
Cash and cash equivalents	324,178
Trade receivables	1,805,394
Expected credit losses	(31,616)
Other receivables	51,295
Contract assets	1,415,144
Inventories	313,908
Plant and equipment	22,900
Motor vehicles	497,264
Right-of-use assets	720,242
Intellectual property	1,364,000
Deferred tax asset	448,062
Trade payables	(505,463)
Other payables	(511,615)
Contract liabilities	(376,620)
Provision for income tax	(557,099)
Deferred tax liability	(216,073)
Employee benefits	(498,965)
ROU liability	(720,242)
Lease liability	(229,921)
Net assets acquired	**3,314,773**
Goodwill	1,561,946
Acquisition-date fair value of the total consideration transferred	**4,876,719**
Representing	
Cash paid to vendor	4,376,719
Holdback	500,000
	4,876,719
Acquisition costs expensed to profit or loss	**376,572**

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect The Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 16. Earnings per share

	31 Dec 2025 $	31 Dec 2024 $
Profit/(Loss) after income tax attributable to the Equity holders of The Environmental Group Limited	**(266,591)**	**1,443,907**

	31 Dec 2025 Number	30 Dec 2024 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	380,497,795	377,773,200
Weighted average number of ordinary shares used in calculating diluted earnings per share	380,497,795	377,773,200

	Cents	Cents
Basic earnings/ (loss) per share	(0.07)	0.38
Diluted earnings/ (loss) per share	(0.07)	0.38

Performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the half-year ended 31 December 2025. These performance rights could potentially dilute basic earnings per share in the future.

Directors' declaration

In the directors' opinion:

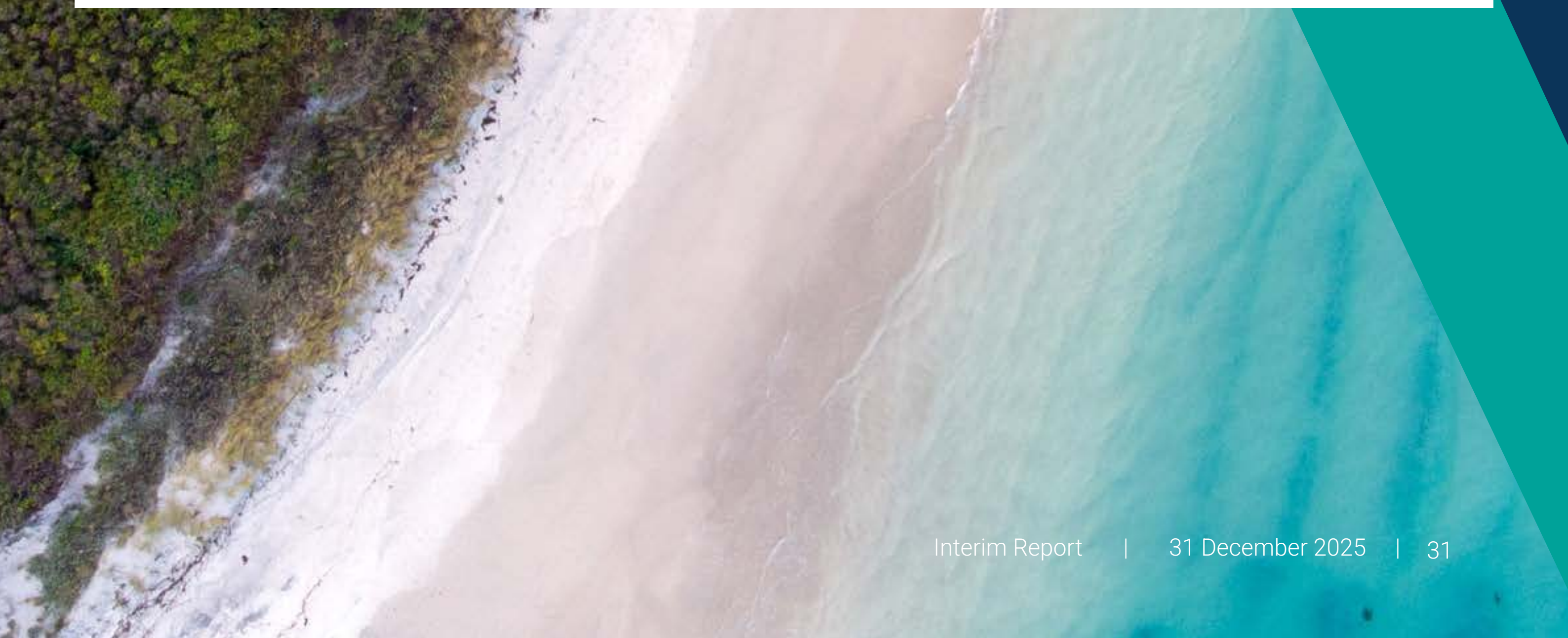
- the attached Financial Statements and Notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached Financial Statements and Notes give a true and fair view of The Group's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that The Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to *section 303(5)(a)* of the Corporations Act 2001.

On behalf of the directors

Lynn Richardson
Chairman

Date: 17 February 2026



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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of The Environmental Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of The Environmental Group Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

RSM

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 17 February 2026
Melbourne, Victoria

Corporate Directory

Directors	Ms Lynn Richardson (Chairman Non-Executive) Mr Vincent D'Rozario (Non-Executive) Mr Michael Constable (Non-Executive) Ms Lucia Cade (Non-Executive)
Joint Company Secretary	Mr Andrew Bush & Ms Kate Goland (Clear Sky Blue Pty Ltd)
Registered office	The Environmental Group Limited Level 2, Suite 2.01 315 Ferntree Gulley Road Mount Waverley VIC 3149 Telephone: (03) 9763 6711
Share register	Board Room Pty Ltd Level 8, 210 George Street Sydney, NSW 2000 Telephone: (02) 9290 9600
Auditor	RSM Australia Partners Level 27, 120 Collins Street Melbourne, VIC 3000
Solicitors	Baker Jones Level 10, 160 Queen Street Melbourne VIC 3000
Bankers	Westpac Banking Corporation
Stock exchange listing	The Environmental Group Limited shares are listed on the Australian Securities Exchange (ASX code: EGL)
Website	www.environmental.com.au
Corporate Governance Statement	www.environmental.com.au/about-egl/corporate-governance

Disclaimer

The Environmental Group Limited (EGL) 2026 Interim Report covers the operations of The Environmental Group for the half-year ended 31 December 2025. These financial statements are based on information available on the date of this report as required by law or regulation (ASX Listing Rules). Financial statements are not guarantees or predictions of The Environmental Group's future performance. Known and unknown risks, which are beyond our control, may cause actual results to differ materially from those expressed in the statements contained in this report.

The Environmental Group Limited

Engineering a Sustainable Future