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

Acquisition of Ignite Services Pty Ltd

The Environmental Group Limited (ASX:EGL) is pleased to announce the acquisition of Ignite Services Pty Ltd (“Ignite Services”). The acquisition includes all the assets of the business including working capital. The transaction will add significant strength to the EGL offering with a highly complementary service and product offering, while being earnings accretive for EGL shareholders.

Key highlights of the acquisition:

- Purchase price \$2.7M based on normalised FY21 EBITDA of \$700K.
- Consideration of \$1.65M in cash, \$850K in EGL shares at completion and \$200K in cash payable in 12 months from completion.
- The Directors and current shareholders of Ignite will continue to drive the Ignite operations and will signed new employment agreements with Ignite at completion.
- Earnings accretive for EGL shareholders.
- Highly complementary acquisition adding services in an adjacent business.
- Ignite focuses on combustion technologies, including those in the waste industry.

About Ignite

Ignite Services was founded by Tim Williams in 2005 and is based in Adelaide, South Australia. Tim previously trained and worked with SAGASCO and Origin Energy and had over 14 years’ experience across the industrial and commercial sector prior to establishing Ignite Services. In 2015, Luke Langeluddecke and Terence Ricketts were integrated into the management and ownership structure of the business, each bringing with them a wealth of knowledge and experiences. The addition of their skills has made them key assets for the business moving forward.

With a customer focus and a passion for the gas industry, Ignite Services has strived to follow Tim’s founding philosophy: being big enough for excellent service, small enough to keep it personal.

Ignite are leaders in Commercial and Industrial gas fitting, electrical and plumbing services specialising in:

- Combustion efficiency analysis
- Solutions for complex gas installations
- Working with major industries on gas projects
- Polyethylene and electrical fusion welding
- Burner repairs and modifications
- Maintenance contracts
- Installations and commissioning

Ignite Services install, service, and maintains gas fired equipment across a range of industries including mining, waste management, production facilities and industrial food processing plants. Ignite Services maintains a strong base of facility management contracts with clients in education, hospitality, hotels and resorts, corporate office buildings and retail shopping centres.

Most recently, Ignite Services has been involved with industry leaders and infrastructure companies trialling blended hydrogen. Green energy is a clear component towards meeting zero emission targets.

Ignite Services is focussed on becoming an instrumental contributor in the green energy revolution working toward zero emission targets. Hydrogen has the potential to be a great alternative option in securing a safe sustainable gas industry. Ignite is a future focussed company that recognises the necessity to replace finite natural resources for sustainable gas practice, providing benefit for both industry and environment.

Ignite Services will continue to run as a standalone business within the EGL Tomlinson Energy Service division. The acquisition rationale is based on revenue synergies that can be achieved from complimenting and growing Ignite with the EGL infrastructure. No costs savings have been assumed. All employees, including the three current directors, will remain with the business with the opportunity to grow and develop their careers as part of a larger group.

EGL Chief Executive Officer Jason Dixon said, “the acquisition will add further strength to our earnings while complimenting the Tomlinson Energy Services (TES) business with an expanded offering. With Ignite Services’ focus on combustion technologies and waste treatment technologies both EGL Waste and Water will benefit from the knowledge and experience Ignite brings to the Group.”

Acquisition details.

The Purchase Price is payable as follows:

- a) Cash consideration of \$1,650,000 will be paid at completion subject to standard working capital adjustments.
- b) \$850,000 will be paid at completion by the issue to the Sellers of shares in The Environmental Group (ASX: EGL) based on the volume weighted average sale price of those shares on the ASX for the 5 trading days up to and including the day prior to the execution of the share purchase agreement, less 5%;
- c) \$200,000 will be paid in immediately available funds 12 months after the Completion Date, subject to any deductions from this amount for any proven or agreed claims under the share purchase agreement and the Seller's Directors remaining as employees of the Ignite Services during this period.

This announcement has been authorised by the Board.

For further information, please contact:

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The Environmental Group Limited

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.

- **Total Air Pollution Control** 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.
- **Tomlinson Energy Service** 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.