

The Environmental Group Limited

Investor Presentation

Acquisition of Advanced Boilers & Combustion Pty Ltd

31 March 2025



Disclaimer

The Environmental Group Limited advises that these presentation slides contain forward looking statements which may be subject to significant uncertainties outside of EGL's control. No representation is made as to the accuracy or reliability of forward-looking statements or the assumptions on which they are based. Actual future events may vary from these forward-looking statements, and you are cautioned not to place undue reliance on any forward-looking statement.

Key highlights

Unique opportunity to enhance EGL's presence in the Boiler market

- The Environmental Group Limited (ASX: EGL) to acquire leading Australian industrial boiler service & manufacturing business Advanced Boilers & Combustion Pty Ltd ('Advanced') for \$5.5 million, to be funded from existing cash resources.
- Acquisition represents a major expansion in EGL's sales and service offering to the industrial boiler industry, complementing 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-sell opportunities for other EGL divisions.
- Advanced own exclusive intellectual property rights to Maxitherm boiler technology which is particularly relevant to larger industrial uses and complement EGL's existing boiler range offering.
- Advanced reported FY24 revenue of \$16.0 million and normalised EBITDA of \$1.6 million.
- Approximately 60% of Advanced's revenue is service revenue, which is recurring in nature.
- Expected completion date is 5 April 2025.

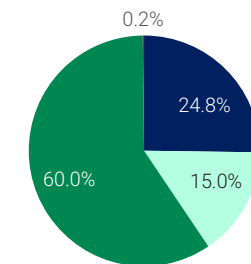


Business overview

Top 2 Boiler specialist with exclusive rights to Maxitherm boiler technology

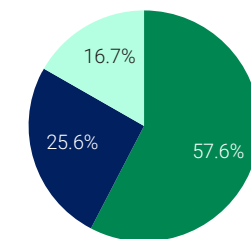
- Advanced was founded in 2006 by the vendors, Laurie Grigg and David Seymour, and has grown to become the 2nd largest industrial boiler supplier in Australia, holding ~8% market share. Revenue grew at a CGR of 4.6% from FY19 to FY24.
- Advanced's key operations include manufacturing & servicing a wide range of industrial boilers & water heaters and associated control panels, with a focus on the larger end of the industrial market.
- Maxitherm boilers are one of top 2 leading water tube boilers in Australia. Advanced owns the exclusive rights in Australia to manufacture and sell Maxitherm.
- Key client industries include food and beverage, paper manufacturing, hospitals and meat processing.
- In addition to the manufacture and sales of boilers and water heaters, Advanced has developed a significant and growing service business. In FY24, service revenue represented approximately 60% of revenue.
- Service revenue is recurring in nature, with typical larger boilers requiring 11 service visits per annum.
- Advanced operates in Victoria (headquarters), New South Wales and Queensland.
- The founders, Laurie Grigg and David Seymour, will continue in key roles post-acquisition.

FY24 sales by product



■ Boiler ■ Panel ■ Service ■ Other

FY24 sales by geography



■ VIC ■ QLD ■ NSW

Key products



Maxitherm Watertube Boilers



Control Systems



Combustion Services



Mechanical Services



Low Hazard Boilers



Hot Water Boilers



Deaerators & Feed Systems

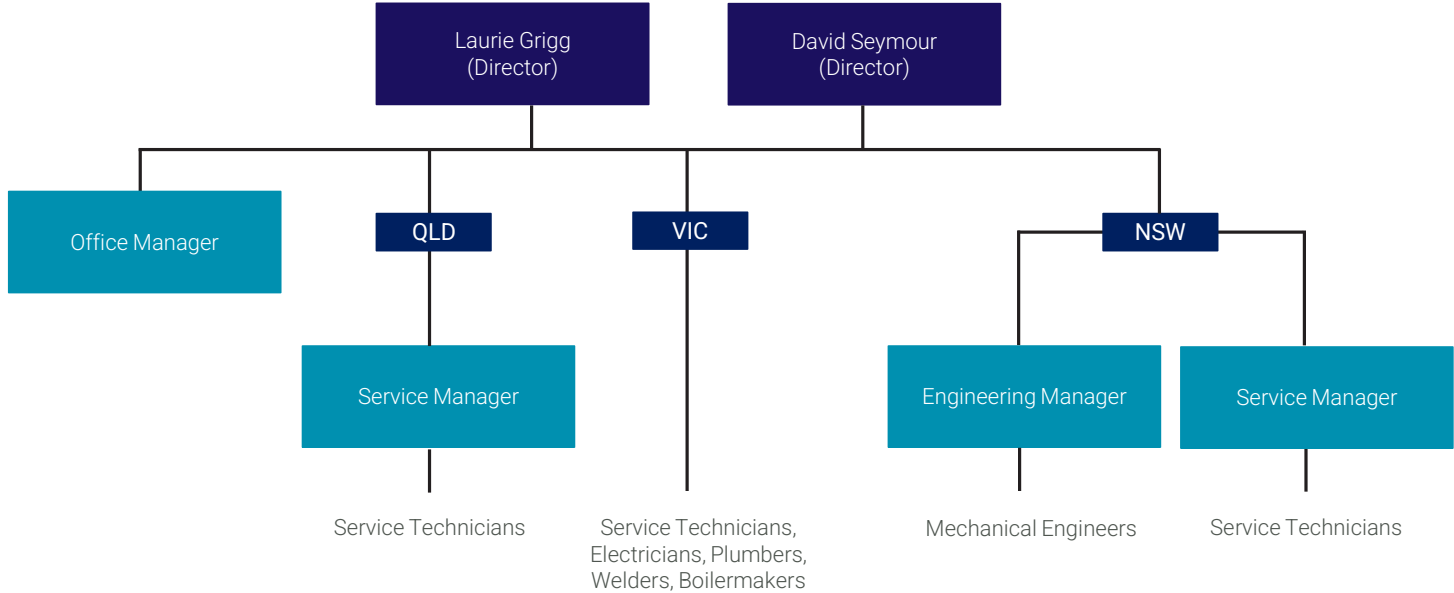


Maxitherm Firetube Boilers

Leadership team

Experienced leadership team with high quality staff

- Advanced is run by its founders Laurie Grigg and David Seymour. Both Laurie and David will continue in their roles post acquisition.
- Advanced will continue to operate as a business unit post acquisition and Laurie Grigg will act as General Manager.



Strategic rationale for acquiring Advanced

Acquisition represents a major expansion in EGL's presence in the industrial boiler market

MARKET LEADER

- Advanced is the 2nd largest boiler supplier in Australia, holding ~8% market share in industrial boiler market
- Maxitherm boilers are one of top 2 leading water tube boilers in the market and Advanced owns the IP exclusively

MANUFACTURING CAPABILITY

- Advanced has expertise in fabrication, boiler fit out, economisers, pipe welding, skid manufacture control panels
- Complements EGL Energy, reducing outsourcing, and adding skilled drafting & engineering capability and provides cross-sell opportunities

EXPAND BOILER OFFERINGS

- Advanced's Maxitherm boiler range extends from 2MW – 50MW, serving the larger industrial boiler market
- Provides EGL with a more comprehensive product suite & service offering

FINANCIAL STRENGTH

- Advanced has a strong track record of growing revenue, earnings & cashflow

RECURRING REVENUES

- Advanced has a material and growing recurring service revenue stream, with ~\$9.8M (approximately 60% of total revenue) in FY24 derived from high-margin service contracts

NATIONAL FOOTPRINT

- Advanced has a significant presence in the Victorian & Queensland Boiler market
- Enhances EGL's strength as Australia's only national 24/7 boiler sales, service, maintenance and repairs



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