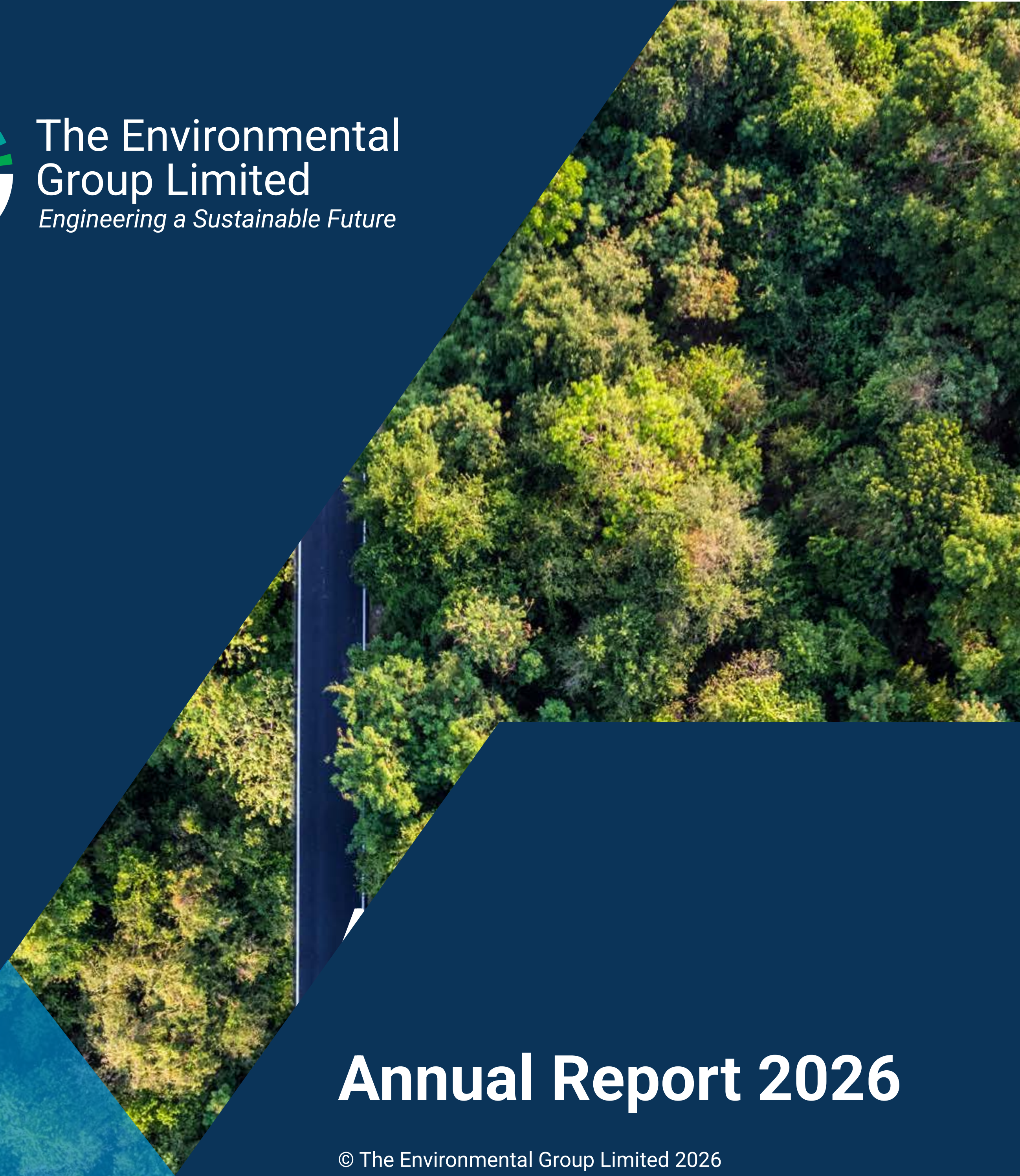
The Environmental Group Limited

Engineering a Sustainable Future



Annual Report 2026

Our Purpose

Engineering a sustainable future

Our Mission

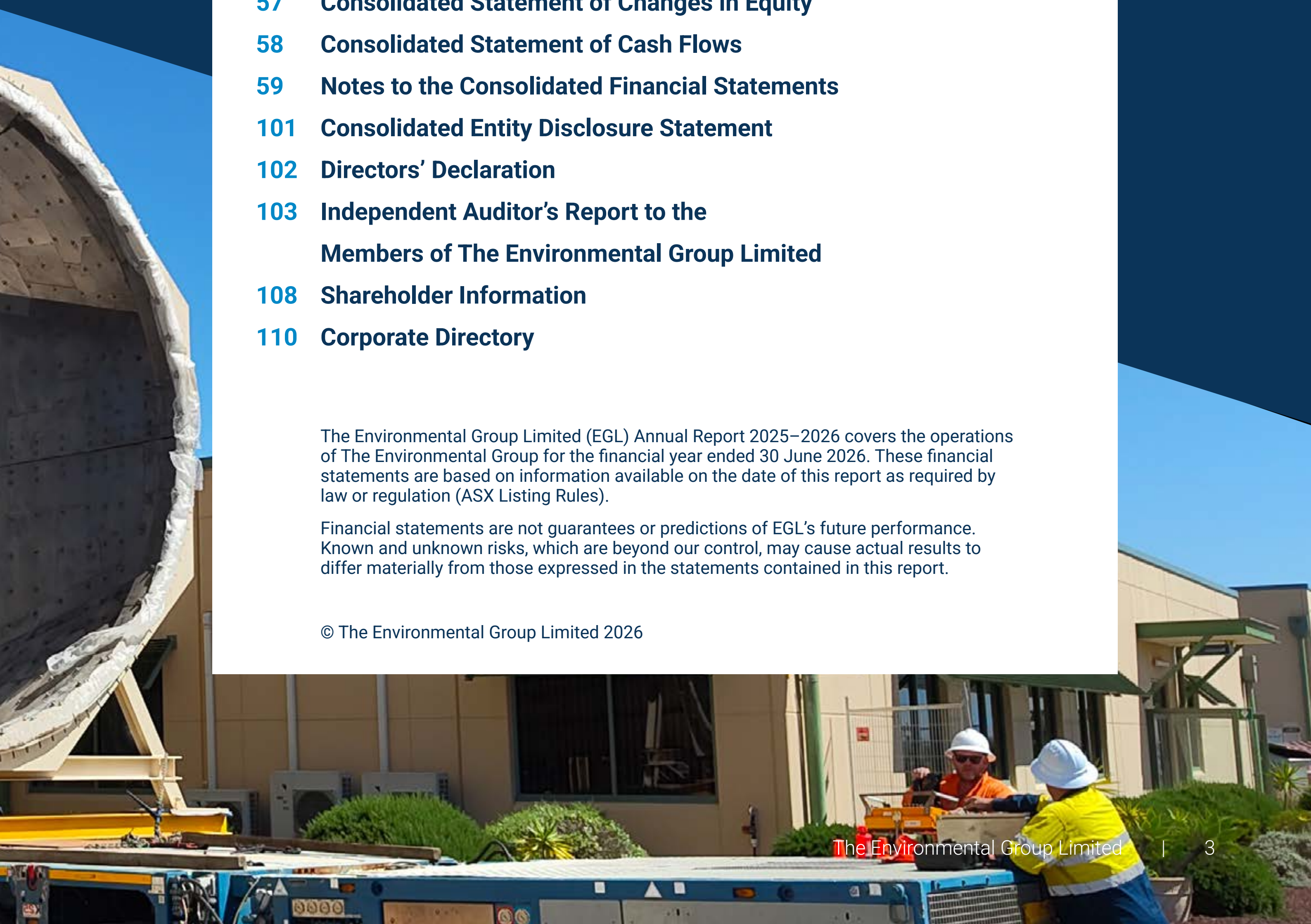
To enable our clients to contribute to a cleaner environment by safely delivering pivotal solutions while generating value for our shareholders, staff and partner industries.

Access the FY26 Report online.

Contents

The Environmental Group Limited (EGL) Annual Report 2025–2026 covers the operations of The Environmental Group for the financial year ended 30 June 2026. These financial statements are based on information available on the date of this report as required by law or regulation (ASX Listing Rules).

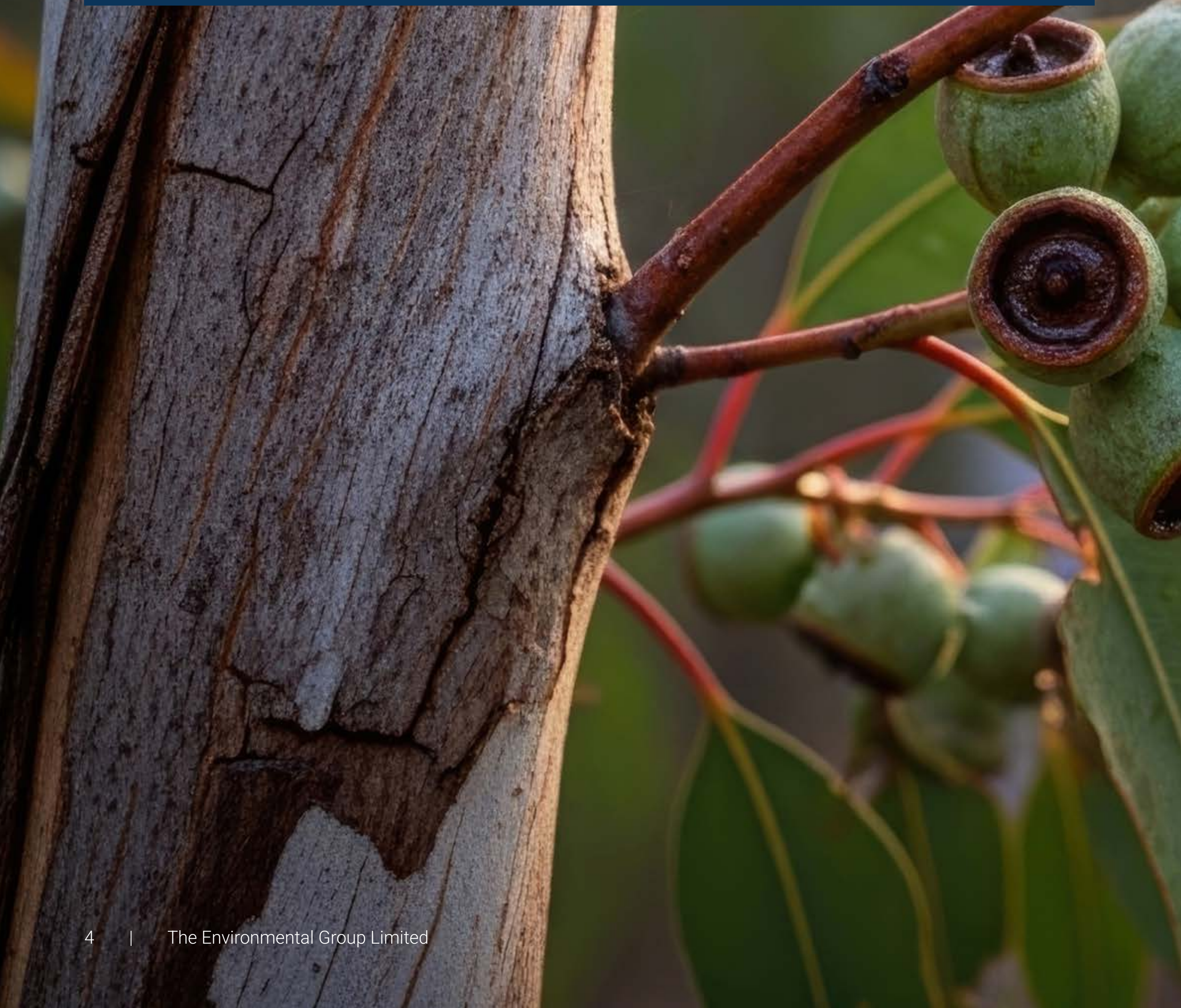
Financial statements are not guarantees or predictions of EGL's future performance. Known and unknown risks, which are beyond our control, may cause actual results to differ materially from those expressed in the statements contained in this report.



Acknowledgement of Country

The Environmental Group Limited acknowledges the Traditional Owners and Custodians of Country throughout Australia and acknowledges their continuing connection to Land, Sea and Community.

We pay our respects to the people, the cultures and the Elders past and present.



FY26 in Review

FY26 demonstrated The Environmental Group's ability to adapt, innovate and build the foundations for future growth. By strengthening our businesses, expanding market opportunities and advancing key strategic initiatives, we have positioned the Group to deliver long-term value for shareholders and customers.

$112M

Generated Revenue

Revenue flat on PCP

$8.7M

EBITDA

Underlying[1] EBITDA down 44.7% on PCP

$4.4M

EBIT

Underlying[1] EBIT down 46.2% on PCP

419K

Hours Worked Safely

Over 5M Ltrs

PFAS-Contaminated Water Treated

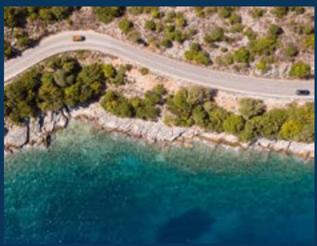
CE & ISO

All CE & ISO Certification Maintained

Underlying[1] – is before significant items of $10.8M

Our Values

The Environmental Group's strategic statement encompasses six key focus areas that together guide the Group's work. These aspects reflect the core values that have helped to define our collaborative culture and continue to drive our business forward.



Cleaner Environments

Develop integrated solutions to assist customers to meet the highest level of regulatory and reporting requirements. To develop innovative outcomes to complex and emerging environmental issues across multiple industry sectors.

Growth

Develop strategic partnerships and collaborations with expert knowledge, solutions and experience to accelerate growth, market penetration and profitability.

Engineered Solutions

Inspire teams to resolve challenges by delivering tailored and unique solutions across a range of disciplines, creating a point of difference and meeting customer requirements.

Value

Maintain a diversity of customers in a range of geographical markets to provide resilience in cash flow, margins, and sustainable financial performance, and to reduce exposure to any one market segment. Achieve positive shareholder returns to drive long-term share price growth and increased liquidity of shares.

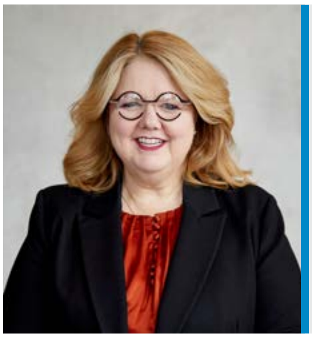
Safety and Continuous Improvement

Recognise safety as non-negotiable for the Group's teams, stakeholders, and the communities The Environmental Group operates in. Drive continuous improvement in all areas of the Group's business operations through targeted investment in systems, training, and staff engagement.

Expert Teams

Nurture teams of skilled professionals with structured mentor programs, formal training and education to drive a culture of innovation and continuous improvement. Maintain an organisational structure that delivers consistent management practices, good governance, and flexibility to evolve in line with growth strategies. Recruit strategically to engage a diverse group of highly skilled people to create an inclusive culture and respect of individuality.

Chair's Report 2026



"We enter FY27, with strengthened management capability, improved systems and greater depth supporting our operating businesses. The Board and executive team are aligned on the priorities ahead and confident in the underlying strengths of the business. These foundations support a more resilient One EGL, united by our purpose of 'Engineering a Sustainable Future' and well positioned to pursue sustainable long-term value for our shareholders.

Lynn Richardson
Non-Executive Chair

Dear Shareholders,

FY26 has been a challenging year for EGL and, importantly, a year from which we must learn. The financial result is below the expectations we held at the beginning of the year, although within the revised guidance provided later in FY26.

Geopolitical uncertainty, disruption to international logistics and changing market conditions impacted performance. We also experienced operational issues within parts of the business that affected project delivery, costs and profitability. Whilst a number of these pressures were outside our control, others were not.

At the same time, we have made meaningful progress in strengthening the organisation. Senior management capability has been expanded, recurring service and maintenance revenue has continued to grow, and significant investment has been made in systems and infrastructure that support a more integrated One EGL.

Throughout the year, the Board has worked closely with CEO Jason Dixon and the executive team to understand the issues affecting performance, test our response and support the changes needed for EGL's next stage of development.

For the financial year, EGL delivered revenue of approximately $112 million, broadly in line with FY25, and normalised EBITDA of $8.7 million, approximately $2.5 million below FY25.

At the half year, revenue and EBITDA before significant items were both ahead of the prior corresponding period. Performance during the second half, however, did not develop as anticipated.

EGL Energy was affected by operational issues and increased input and logistics costs. EGL Baltec experienced disruption to international logistics and delays in anticipated project awards against a backdrop of increasing geopolitical uncertainty. EGL Clean Air and EGL Waste continued to perform broadly in line with expectations.

A significant positive was the continued growth in recurring service and maintenance revenue. Building this revenue base has been a deliberate strategic focus over several years and provides greater consistency alongside our larger project activities.

We recognise the disappointment created by the FY26 result. Shareholders are entitled to expect that growth is translated into sustainable earnings and cash generation.

Strengthening the organisation

EGL has grown considerably in scale, capability, geographic reach and complexity. FY26 reinforced that the systems, resources and management structures supporting the business must develop alongside that growth.

One of the most significant initiatives during the year was the implementation of a Group-wide Enterprise Resource Planning (ERP) system to replace multiple long-standing legacy systems and manual processes.

Considerable due diligence, planning, testing and preparation were undertaken before implementation, giving management and the Board confidence that the business was well prepared for the transition. What we underestimated was the scale of change involved in introducing a new system across a large operational workforce, including technicians working across multiple locations, while continuing to meet customer and project commitments with a relatively lean team.

The transition placed greater demands on the organisation than anticipated and resulted in disruption and additional cost. Our people worked extremely hard throughout the implementation, and I want to acknowledge their commitment during a significant period of change.

The experience has provided valuable lessons around the organisational capacity and support required for change of this scale. Importantly, the ERP platform is now becoming further embedded and is providing improved visibility across the Group. Together with strengthened finance and management capability, it is supporting better forecasting, project oversight, working-capital management and decision-making.

We have also consolidated operations into larger shared facilities in key states, further supporting stronger information flows and greater integration across the Group.

These initiatives represent an important stage in the development of One EGL — creating a business that can share capability more effectively, make better-informed decisions and deliver more consistent outcomes.

A major focus during FY26 has been strengthening management depth and adding specialist capability across the Group.

The appointment of **Gareth Nicholls as Chief Financial Officer** has strengthened the Group's finance leadership and brought additional capability in financial strategy, capital planning, analytics and systems transformation.

Rob Chignell joined EGL as General Manager of EGL Baltec, bringing extensive power-industry experience from Engie Australia together with strong project and process-management capability. His appointment adds valuable industry knowledge and operational experience to a business operating in increasingly complex international markets.

Kiril Nikitin was appointed General Manager of Total Air Pollution Control during FY26. After nine years with EGL, including as Head of Engineering, Kiril has successfully moved from technical leadership into broader operational management. His early impact has been positive, with initiatives already contributing to improved execution, business performance and the development of future opportunities.

We have also strengthened support around our operating businesses. A dedicated Procurement Lead has been added, together with Financial Business Partners supporting each business unit. These roles provide business leaders with greater access to specialist commercial and financial support while improving consistency and visibility across the Group.

These are important changes already in place.

The Board has supported Jason Dixon and the executive team in identifying areas where additional capability would benefit the business. Directors have also been able to draw on their own industry, financial and professional networks to provide perspectives, connections and access to expertise where useful.

During the year, the Board and executive team continued to test the assumptions underpinning our strategy.

Constructive challenge remains important, particularly following a year in which performance has fallen short of expectations. Equally important is ensuring that the executive team has the people, systems and resources required to respond effectively.

We remain confident in EGL's direction and the long-term fundamentals of the markets in which we operate. The industries we serve continue to require solutions that improve environmental performance, reduce emissions, improve energy efficiency, recover resources and address increasingly complex waste and water challenges.

EGL also benefits from diversification across technologies, customers and end markets.

EGL Energy has a substantial installed service base and recurring maintenance activity. EGL Clean Air continues to demonstrate its ability to secure major projects in new markets, including the approximately $9 million TAPC contract associated with the Longonjo Rare Earth Refinery Project in Angola.

EGL Baltec retains specialist engineering capability across international power-generation markets. While disruption across the Middle East remains a potential constraint on project timing and new awards, the underlying market opportunity remains significant.

EGL Waste continues to develop opportunities across recycling, resource recovery and waste technologies, while our patented PFAS extraction technology provides exposure to an environmental challenge receiving increasing regulatory and community attention.

Cash flow and working capital became an increasing area of focus during the second half of FY26 and will remain a priority through FY27.

The cash position reflected a combination of factors, including the timing of project receipts and payments, working-capital requirements associated with our project portfolio, normalisation items incurred during the year and cash outflows associated with a legacy onerous contract within Airtight.

Management and the Board have increased visibility and focus on work in progress, project milestones and billing, inventory and the cash implications of commercial decisions across the Group. The ERP platform, strengthened finance team and Financial Business Partner structure are expected to provide increasingly timely information and support better management of these areas.

The continued growth in recurring service and maintenance revenue also provides a more predictable underlying contribution and helps balance some of the cash-flow variability associated with larger project activities.

Sustainable growth must be supported by sustainable cash generation. Cash flow and working-capital performance will therefore remain an important focus for both management and the Board.

Our approach to capital remains disciplined. Investment will be directed towards areas where EGL has a clear strategic and commercial rationale and where we believe the expected return justifies the capital and risk involved

The year has involved significant organisational change alongside the day-to-day demands of serving our customers and delivering projects across Australia and internationally.

Our teams have managed business relocations, implementation of the ERP platform, changes to established work processes and difficult market conditions while continuing to support our customers.

Safety remains a non-negotiable priority across EGL, particularly during periods of operational change, and we remain focused on ensuring our people go home safely each day.

We enter FY27 confident in the underlying strengths and opportunities of EGL, whilst remaining realistic about the uncertainty surrounding the timing and conditions in which that opportunity will be converted. Geopolitical pressures have the potential to affect supply chains, project timing, investment decisions and costs, and we do not assume these conditions will quickly normalise.

At the same time, opportunities are developing in new markets and geographies, particularly across energy security, critical minerals, emissions management, waste recovery and environmental remediation. Some have the potential to be significant, although their timing and conversion cannot be assumed until contracts are secured.

Our priorities for FY27 are clear: realise the benefits of the strengthened management structure and ERP platform, improve execution and cash conversion, continue to grow recurring revenue and pursue opportunities where EGL has a clear competitive advantage.

On behalf of the Board, I thank everyone across EGL for their commitment. I also thank Jason Dixon and the management team. FY26 has been demanding, and the work undertaken to strengthen EGL during the year has been substantial.

To our customers, suppliers, partners and shareholders, thank you for your continued support.

We enter FY27, with strengthened management capability, improved systems and greater depth supporting our operating businesses. The Board and executive team are aligned on the priorities ahead and confident in the underlying strengths of the business. These foundations support a more resilient One EGL, united by our purpose of Engineering a Sustainable Future and well positioned to pursue sustainable long-term value for our shareholders.

Lynn Richardson
Non-Executive Chair


CEO's Report 2026

> The successful integration of Advanced Boilers & Combustion Pty Ltd ('Advanced') has established the business as a cornerstone capability within The Environmental Group, creating substantial value through its engineering and manufacturing expertise, while underpinning the delivery of strategic initiatives, including the fabrication and deployment of PFAS treatment plants for EGL Waste Services.

Jason Dixon
CEO, The Environmental Group Limited

Dear Shareholders,

While it has been a more difficult financial year for The Environmental Group Limited than we envisaged 12 months ago, a great deal was achieved in positioning the business for the future, with the consolidation of sites, the launch of the Group-wide ERP system and significant management changes. At the same time, we faced some challenges, the closure of the Strait of Hormuz impacted several parts of our business through the price of fuel, business interruptions, freight costs and available shipping lines.

Our stated strategic goal has been to reduce the impact of larger projects and to continue to grow recurring service revenue as the bedrock of our business. We have continued to deliver on this goal, with over 55.3% of recurring revenue this financial year, compared to the prior year of 52.8%. EGL Energy generated $47.1 million in service revenue from total revenue of $64.5 million, representing approximately 73%.

Looking ahead, the continued growth of our service and aftermarket business remains a key strategic priority; alongside the supply of new OEM equipment.

The foundations established during the year provide a strong platform from which to improve operational performance, enhance customer outcomes, and support future growth.

As the business continues to grow, we have not just focused on our core culture based on integrity and trust, but we recognise the need to grow and develop our management through both key external hires and internal promotion. Throughout the year we welcomed Gareth Nicholls as our Chief Financial Officer, Rob Chignell as the General Manager of EGL Baltec and appointed Kiril Nikitin, Head of Engineering, as General Manager TAPC. Without great people the business cannot succeed, and we will continue to strengthen and deepen the management team as we grow further. Beyond their individual contributions, these appointments strengthen the depth of leadership across the Group and play an important role in developing the next generation of talent, ensuring we continue to build a sustainable and resilient organisation.

Safety is very personal to me and needs to be part of our culture in all aspects of what we do. Safety is at the heart of the company, knowing that it is not just a basic rule of compliance, but rather a shared team responsibility where everyone actively protects their coworkers. This year we recorded one-lost-time injury (LTI). Thankfully, it was a relatively minor injury with no long-term impact, but it does reinforce that any injury to a member of staff in the workplace is unacceptable. Having one LTI accross 419,000 hours worked reflects our safety culture and how we put safety as a non-negotiable in everything we do. However, no injury in the workplace is acceptable, and we constantly review our procedures and safe work methods for potential improvements.

From a financial perspective, the business did not meet our expectations. As noted earlier, events in the Strait of Hormuz affected several areas of the business and delayed project deliveries—factors beyond our control. By contrast, the delivery of the ERP system was largely within our control. Despite extensive planning and testing, the system did not perform as expected following its February go-live. Issues arising from the data migration, gaps in functionality and complexity for users required substantial remediation and adversely affected our financial results. A significant proportion of these issues had been resolved by the end of the financial year, and we have taken decisive action to isolate them and ensure they are one-off in nature. Our focus is now on improving processing speeds and simplifying the user experience.

For the Financial Year 2026, revenue was $111,963,627, flat year on year (FY25 $111,921,268). EBITDA decreased to $8,656,730 (FY25 $11,101,394), before significant items including impairment ($5,744,727), ERP costs ($2,423,117), relocation costs ($882,794), historical job write-off ($656,175), FX impact ($455,419), restructuring ($186,864) and legal & other costs ($465,658). The Group performed an impairment assessment of Airtight Pty Ltd during the year and determined that the carrying value of the business exceeded its recoverable amount. Accordingly, a charge of $5,744,727 was recognised, comprising a non-cash write-down of goodwill and costs associated with an onerous contract assumed as part of the acquisition of the business. The onerous contract remains the subject of legal proceedings and a contingent asset has been disclosed in relation to the potential recovery. No asset has been recognised at reporting date.

Each of the EGL divisions plays their role in providing 'The One EGL Solution' for a sustainable future. EGL Waste for recycling, sorting and baling technologies, as well as water treatment solutions, including technologies to address emerging contaminants such as PFAS. EGL Clean Air for dust, fume, emission and odour controls and EGL Energy for industrial boilers, burners and control systems for energy efficiency while reducing emissions. As waste treatment technologies develop further in Australia into the waste to energy industry, EGL Baltec has the expertise in intake and offtake systems for turbines and thermal dynamics to support the shift.

Strategically, the company is in a strong position, with increasing recurring revenues from service and a high-quality product line-up as we continue to deepen our market position. With the strengthened management team and year of reinvesting into the business now behind us I would expect to see much improved results for financial year 2027. The conflict in the Middle East will continue to impact our business, specifically around EGL Baltec sales in the short-term, however we will closely monitor developments and take appropriate actions to mitigate any associated risks where possible.

The longer-term results have been delivered through the successful execution of our strategy over several years, with a focus on building recurring revenue streams and expanding margin, based on good processes and valuing our intellectual property. We will continue to increase our product range through development or licensing agreements for world -class products and continue to expand the markets in which we operate.

Our team continues to focus on achieving strong results for our shareholders. This has been a testament to their commitment to the company and exceptionally hard work, which I thank them for. Let me assure you that while this year did not deliver the financial result we had expected, the team at EGL continued to work diligently, with integrity on behalf of our shareholders and will continue to do so into the future.

Jason Dixon
CEO, The Environmental Group Limited

Financial Position

FY26 revenue was broadly stable at $112 million, while EBITDA before significant items was $8.7 million. Although this result was below our expectations, it reflects a year in which external disruption and the implementation of the Group-wide ERP system affected project delivery, costs and operational performance. Significant items included the non-cash impairment of Airtight, ERP remediation, site relocation, restructuring, foreign exchange and historical project costs.

Importantly, the Group enters FY27 with stronger foundations. Recurring revenue increased to 55.3% of Group revenue, providing greater earnings resilience and reducing reliance on larger projects. The consolidation of sites, strengthened leadership team and remediation of the principal ERP issues are expected to support more consistent execution, improved processing and better customer outcomes.

During the financial year ended 30 June 2026, the Group did not comply with certain financial covenants associated with its banking facility. As a result, the lender obtained the contractual right to demand immediate repayment of amounts outstanding under the facility. Subsequent to year end, the lender has not exercised this right and has confirmed its ongoing support for the Group and the continuation of the facility. The Group continues to work closely with its lender and remains focused on improving operating cash flows and reducing debt levels.

Our financial priorities are clear: convert the strength of our service and aftermarket businesses into sustainable earnings, maintain disciplined project and cost management, improve margins and selectively invest in products, capabilities and markets that support long-term growth. Together, these actions provide a solid platform to rebuild profitability and create enduring value for shareholders while advancing the Group's purpose of delivering practical environmental and energy solutions for a more sustainable future.

Review of Operations

The Environmental Group Limited is focused on engineering a sustainable future, providing products and engineering services through our operating divisions to a diverse range of clients across many industries.

The 2026 financial year delivered below our operational expectations while we continue to invest in the Group's long-term sustainability. Key focus points included relocating to significantly larger, consolidated premises, implementing an ERP system to support future growth and the integration of Advanced Boilers & Combustion into the Group, whilst challenging were successfully completed.

Alongside our operational improvement initiatives, we have made significant investments in leadership capability and organisational depth to position EGL for its next phase of sustainable growth. This includes substantial progress in the development of our PFAS Extraction technology, which has generated strong interest from a number of domestic and international customers.

Strategic appointments included a new Chief Financial Officer, General Manager of EGL Baltec and General Manager of TAPC, complemented by the establishment of stronger support functions through the appointment of a Procurement Lead and dedicated Financial Business Partners within each business unit. Collectively, these appointments strengthen accountability, commercial execution and decision-making, while providing the leadership capacity required to support a larger and more integrated organisation.

EGL Waste: Installation of Dokon Horizontal Baler
(NSW, Australia)

Sustainability in Action

Watch
'Sustainability in Action' online.

Enhancing Resource Recovery at Eastern Creek

In FY26, The Environmental Group delivered a major upgrade to a leading resource recovery facility in NSW, helping increase processing efficiency and support Australia's transition to a circular economy.

The project included the installation and commissioning of a new Kadant PAAL Dokon Horizontal Baler, together with cross-wrap upgrades, weighing and labelling systems, and associated conveying equipment. Designed for Refuse Derived Fuel (RDF) applications, the new system can process up to 39 tonnes per hour and produce up to 50,000 tonnes annually, improving both throughput and bale quality.

By enabling more efficient handling and transport of recovered materials, the upgrade supports greater resource recovery and reduces reliance on landfill. The Kadant PAAL Dokon baler is recognised globally as a leading solution for RDF processing, providing Australia's Industries with a reliable platform for future growth.

Delivered on time and under budget, the project demonstrates how advanced waste-processing technology can create both environmental and operational benefits, helping organisations recover more value from waste while supporting sustainability objectives.

Project Highlights

Location: NSW, Australia
Capacity: 39 tonnes per hour
Annual Throughput: Up to 50,000 tonnes
Outcome: Improved resource recovery efficiency and processing capacity
Achievement: Delivered on time and under budget

FY26 Sustainability Impact

Supporting Australia's circular economy through advanced waste-processing technology that improves resource recovery, reduces landfill reliance and enables the efficient production of RDF.

EGL Energy

EGL Energy had a challenging year following the launch of the new ERP systems, causing significant operational disruption to the business. EGL Energy is a high-volume business with Tomlinson alone generating close to 9,000 invoices a year, the operational impact of the system upgrade affected both invoice accuracy and processing efficiency. The issue was resolved by the end of the financial year with a return to normal trading.

While ERP implementations are widely recognised for creating operational disruption during transition, the issues experienced during the rollout highlighted shortcomings in data readiness, validation and testing processes that should have mitigated much of the impact. In response, management changes have been made and operating procedures strengthened to improve accountability, system governance and execution. At the same time, external factors outside our control added further pressure on profitability. Disruptions to global energy markets arising from the closure of the Strait of Hormuz contributed to significantly higher fuel costs. With a fleet of 133 vehicles travelling extensive distances each day, these increases had a material impact on operating costs and earnings. To offset these pressures, we implemented pricing adjustments, including increased travel charges, to better recover the cost of delivering services and protect margins.

Revenue increased by 20.2% on PCP to $64,468,589 with EBITDA down 7.7% to $7,008,886 EBITDA for the full year, largely due to the impact of the ERP system and fuel price. With these issues substantially behind us, margins should improve to normal levels over the coming period. It is also pleasing to see that new boiler sales have been particularly strong in early FY27.

The increase in service revenue, from approximately $40.6 million to $47.1 million, is expected to have a material impact on the business as we continue to grow our high-margin, recurring service revenue base. New boiler sales, Fulton product sales and service expansion have been very strong for Tomlinson's in recent months and position the business well for the coming period. Ignite Services performed well and continued to contribute above expectations with both revenue and earnings growth.

In 2025 we acquired a leading Australian industrial boiler service and manufacturing business Advanced for $4.9 million. This represents a major expansion in EGL's sales and service offering to the industrial boiler industry, complementing EGL Energy's existing business. Advanced's product offerings, including its range of Maxitherm boilers, are one of top two leading water tube boilers in Australia, alongside the Tomlinson Energy Service product range. Positioning EGL Energy as the clear number one in packaged boiler sales in Australia, representing the two leading brands. In addition to the manufacturing and sales of boilers and water heaters, Advanced has developed a significant and growing service business which represents approximately 60% of revenue.

The integration of Advanced into the Group has been highly successful, reflecting its strong professional culture, commercial acumen, engineering expertise and manufacturing capability. During FY26, Advanced further expanded its contribution across the Group through the manufacture of control panels, tanks, vessels and structural components. This capability was also instrumental in the manufacture, installation and commissioning of PFAS treatment plants for EGL Waste Services. The success achieved throughout the year is a testament to the leadership of Laurie Grigg and the dedication of his team, whose efforts have delivered significant value to the business during FY26.

> "Revenue increased by 20.2% on PCP to $64,468,589 with EBITDA down 7.7% to $7,008,886 EBITDA for the full year. The increase in service revenue, from approximately $40.6 million to $47.1 million, is expected to have a material impact on the business as we continue to grow our high-margin, recurring service revenue base. It is also pleasant to see that new boiler sales have been particularly strong in early FY27.


EGL Waste: PFAS Extraction Facility
(VIC, Australia)

EGL WASTE SERVICES

EGL Waste Services

EGL Waste is the Group's primary platform for delivering integrated solutions to the waste industry, leveraging the diverse capabilities, technologies and expertise available across EGL's businesses. The business is further supported by the Turmec agency agreement, alongside comprehensive servicing, maintenance and spare parts support. The addition of baling capabilities strengthens our ability to support waste processors and recycling by improving material recovery, increasing operational efficiency, and contributing to a more effective circular economy. Additional services include dust and particulate matter extraction through EGL Clean Air and sterilisation and combustion technologies via EGL Energy, providing the "one-stop-solution" to the waste treatment industry.

The outlook for EGL Waste remains strong, supported by the long-term opportunities created by the Recycling and Waste Reduction Act 2020, which continues to drive investment, innovation and improved resource recovery outcomes across the sector. For the full year EGL Waste generated revenue of $4,655,247 and delivered EBITDA of $976,684. Increasing our service offering, including the Kadant PAAL agreement, has generated solid sales revenues and has led to an increase in service-based revenue, and introductions to an extended client base. Late in the financial year we completed the installation of a large-scale baling system into a significant waste recycling plant in NSW. New sales of Turmec plants have been subdued, with changes to recycling standards, especially in NSW, making the economics more difficult for our customers.

PFAS Extraction Technology

EGL's patented PFAS extraction technology has continued to advance, with significant progress made over the past twelve months confirming successful treatment across an increasingly diverse range of waste streams. EGL set out to use its foam fractionation technology to remove PFAS from liquid waste streams. Over the past year we have been able to prove that the same technology base can be equally effective in removing PFAS from both biosolids and soils.

This represents a significant opportunity for the Group and its shareholders, given the widespread presence of PFAS worldwide across a broad range of waste streams and the increasing need for proven treatment solutions. The simulation plant built in conjunction with

Victoria University (VU) has been instrumental in demonstrating to the market the versatility and scalability of our technology. Continued investment into this technology has achieved outstanding results with removal up to 99% of PFAS from biosolids during testing and commercial operation.

Growing customer demand for effective PFAS treatment solutions, supported by strong and ongoing testing results, continues to drive the expansion of our capabilities. We continue to learn that subtle variations in foam fractionation can require multiple trials to determine the optimal PFAS removal regime for each waste stream. Over the past 12 months, we have advanced the technology further than in any previous period, expanding the range of applicable waste streams and strengthening our ability to profile them to achieve leading treatment outcomes. Our simulation program and real-world processing experience have significantly deepened our understanding of how to optimise performance across a diverse range of customer applications.

As customers seek solutions for increasingly complex waste streams, including soils and biosolids, EGL has partnered with a global leader in in-situ foam mass transfer technology. This collaboration enables our proprietary treatment process to be applied through an established vessel-based platform, extending its capability across a broader suite of waste streams. The modular and scalable nature of the technology provides customers with flexible treatment solutions across multiple sites and applications.

To further meet customer requirements for deployment flexibility and operational efficiency, we are also designing a mobile treatment plant. This capability will reduce setup and commissioning times while enabling rapid mobilisation for emergency response projects and time-critical remediation works, ensuring treatment solutions can be deployed quickly and efficiently wherever they are needed.

For some clients, removing PFAS to down-classify the waste can commercially lower disposal costs, changing processing economics, while extending landfill life and reducing long-term liability. For other clients, the opportunity to create beneficial reuse products from previously contaminated materials can be particularly attractive, transforming a waste liability into a valuable resource and supporting circular economy objectives. For each client, we assess the individual waste profile, establish the best treatment process and provide commercially attractive solutions for the problematic waste stream they need to treat, for others it is a treatment for disposal compliance approach.

From a commercial point of view, it was a successful 12 months with the installation of a major soil washing PFAS removal plant and the sale of two additional plants, the first of which is due for installation and commissioning in March 2027. The soil washing plant proved to be a major success on two fronts. Firstly, it demonstrated the substantial treatment volumes that we were able to treat using the same core technology through a retrofit solutions implemented onto an existing infrastructure. Secondly, it provided us with increased understandings that enabled us to identify a few minor technology adaptations improving the effectiveness of that plant and future plants sold to our clients.

The year culminated with the commencement of our US market development strategy, one of the world's largest potential markets for PFAS treatment and remediation technologies. Recent in-person meetings with large players in that sector provided encouragement that our technology can address and serve this large and expanding market. Multiple face-to-face meetings have been held in recent weeks with interest from several parties.

A number of additional clients domestically have expressed interest in the technology beyond liquids treatment and have or are sending product for trial through our simulation plant. This allows us to define a treatment methodology and provide pricing for further plant sales.

> "Over the past 12 months, The Environmental Group has achieved significant advances in its PFAS treatment technology, expanding its application from liquid waste streams to soils and biosolids while consistently delivering world-class removal rates up to 99%. These achievements, combined with growing commercial adoption and entry into the US market, reinforce the substantial opportunity for the Group to address one of the world's most pressing environmental challenges.

Paul Gaskett, CCO, The Environmental Group

EGL Baltec

Late in the 2026 financial year Rob Chignell joined as the new General Manager of EGL Baltec from Engie Australia. Rob brings a significant wealth of knowledge in the power industry, and strength in project and process management. Charles Borg has moved into a Bussiness Development role to focus on the growth and development of the business.

EGL Baltec is in a particularly interesting time with both structural and shorter-term changes in its markets. A portion of the revenue for EGL Baltec comes from the Middle East as one of the largest gas hubs in the world. The closure of the Strait of Hormuz has caused a temporary disruption and delays to gas turbine orders in the region, as well as challenges with shipping of completed systems, that are now in storage. When the region returns to greater stability, the gas turbines will still be required and the projects that have been postponed are expected to proceed.

At the same time, the demand for gas turbines in the USA is unprecedented, driven by data centres seeking to secure their own power generation capacity as electricity demand has increased with the growing adoption of Artificial Intelligence (AI). This has seen not only record high turbine orders, but turbines being redirected into the US markets from other global markets. OEM's are seeing unprecedented demand from the data centre market, with some leading OEM's now sold out until 2030, and other OEMs reintroducing older turbine models back into production.

In response to evolving market dynamics, EGL Baltec has taken deliberate steps to strengthen its position in the US market through the establishment of an agency agreement and local representation within the Midwest, a key hub for Engineering, Procurement and Construction activity. This presence enhances customer engagement, market visibility and access to emerging opportunities, with the business currently tendering a several gas turbine bypass systems for US projects. Anticipating the ongoing shift toward larger turbine technologies, EGL Baltec is also proactively expanding its product offering through the development of new solutions tailored to changing customer requirements. To support this strategic initiative, approximately $300,000 has been allocated to product development during the coming year, positioning the business to capture future growth opportunities in this evolving market.

As a result of changing market conditions, EGL Baltec underperformed for the year with revenue down 25.5% on pcp (a prior record year) to $26,561,420 with EBITDA at

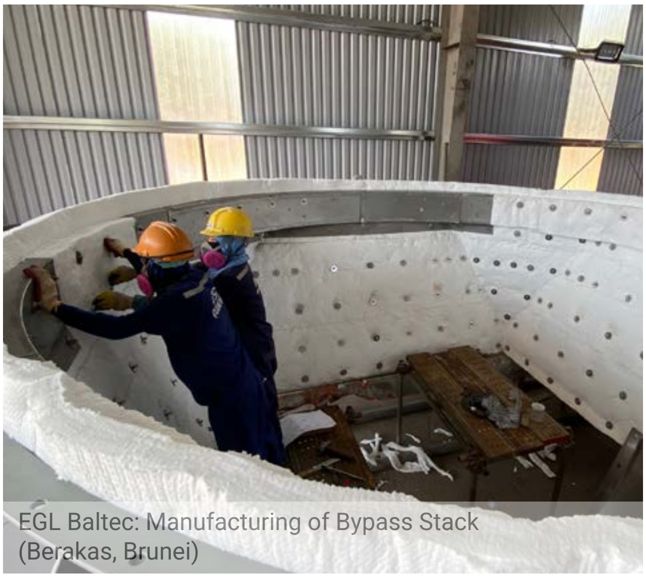
EGL Baltec: Design, Manufacturing, Installation and Commission of Exhaust Silencer (SA, Australia)

> "In response to evolving market dynamics, EGL Baltec has taken deliberate steps to strengthen its position in the US market through the establishment of an agency agreement and local representation within the Midwest, a key hub for Engineering, Procurement and Construction activity.

$2,852,038 down 24.7%. Two jobs in the Middle East suffered delayed delivery schedules due to the closure of the Strait of Hormuz and a further significant project was delayed due to supply issues. Two of these projects have now been completed with the third in the final stages of fabrication. The pipeline of work through the request for quote process (RFQ) remains strong, with uncertainty around timing of contract award.

The continued expansion of renewable energy is increasing the need for gas turbines that can operate flexibly across both peaking and base-load applications. As renewable energy capacity continues to grow, gas turbines benefit from the technology of being able to run in peaking load to support fluctuating electricity demand. This requires technical solutions capable of operating in environments subject to significantly greater thermal dynamics. This is driving good demand for brownfields work to retrofit existing systems, with the new generation of EGL Baltec silencers and diverter dampers designed specifically for peaking load turbines.

EGL Baltec has established a unique position in the market, designing silencers suitable for gas turbines running in peaking load capacity supporting the move to renewable energy while being able to achieve the noise attenuation required by our customers. The IP generated by our engineering team is world leading and has created a strong foundation for sustained future growth.



EGL Baltec: Manufacturing of Bypass Stack (Berakas, Brunei)

EGL Clean Air - Airtight Solutions
Sawmill Upgrade: Timber Waste Processing with Advanced Wood Shredding and Material Handling System
(QLD, Australia)

> "Of particular note was the improvement in results in the second half, with EBITDA increasing by approximately 84% compared with the first half.
>
> It was very pleasingly, as announced to the ASX on the 1st of April 2026, we were successful in being awarded a major contract by Ozango Minerais S.A., a subsidiary of Pensana PLC and the owner of the Longonjo Rare Earth Project in Angola, valued at approximately A$9 million.

EGL Clean Air

Kiril Nikitin was appointed General Manager of Total Air Pollution Control (TAPC) during FY26. Following nine years with the Group, including his role as Head of Engineering, Kiril has successfully transitioned from a technical leadership position into broader operational management. His early impact has been significant, with several key initiatives already contributing to improved performance, stronger execution and future growth opportunities for the business. EGL Clean Air had a result in line with expectations with revenue of $18,865,774 and EBITDA of $1,087,152.

Of particular note was the improvement in results in the second half, with EBITDA increasing by approximately 84% compared with the first half.

EGL Clean Air has faced challenging market conditions; there has been a well-documented significant decline in the lithium sector over the last three years, where EGL has historically provided kiln off gas scrubbing systems and other air pollution control systems.

It was very pleasing to note, as announced to the ASX on the 1st of April 2026, we were successful in being awarded a major contract by Ozango Minerais S.A., a subsidiary of Pensana PLC and the owner of the Longonjo Rare Earth Project in Angola, valued at approximately A$9 million.

The primary scope of work is the design and supply of an off-gas scrubbing system for the project's processing facility. The Longonjo Project is a strategically significant rare earth development that will supply critical materials used in electric vehicles, renewable energy technologies, and advanced manufacturing. Work commenced in April 2026, with an anticipated duration of 12 months. The project has suffered some delays due to project funding but remains largely on track. Pensana PLC has confirmed they expect funding to be finalised in the coming months.

At the end of the financial year, a decision was made to recognise an impairment of Airtight's carrying value on the balance sheet. While the decision was not taken lightly, trading has not returned to the level post the Covid renovation boom. With housing prices falling, we do not see the market improving in the joinery sector in the near term. Airtight management has continued to manage to the changing market conditions and has now progressed through two rounds of workforce reductions, something we do not undertake lightly but which has been necessary in the current market.

During the period we completed the installation of a grain dust control system, a project inherited from the Airtight acquisition, the job was delayed for an extended period as EGL took over the scope of the job, reviewing its complexities and ensuring the project would be delivered to the contract terms. While this was a time consuming and costly exercise, the client is extremely happy with the professionalism and technical ability of EGL in delivering a successful outcome and is likely to lead to significant further work for Airtight in the grain sector.

At the time of the acquisition, we believe that the scope of the works was understated in complexity and overstated in the proportion of completion. As such we have issued legal proceedings against the vendors of Airtight and have recognised a contingent asset in the notes to the accounts expecting a reasonable probability of a successful claim through the court process. Mediation is expected to occur in the coming months.

EGL Clean Air - Airtight Solutions: Puls Jet Installation (NSW, Australia)

Opportunity and Business Risk

The Environmental Group is committed to delivering shareholder value, while managing the risk profile of the Group.

The environmental sector continues to evolve, and with this change comes both opportunity and complexity. The waste industry is experiencing increasing pressure to meet ambitious legislative targets by 2030 with the energy and air quality industries continuing to shift in response to both political and social expectations.

To ensure we stay on track to deliver on our Strategic Objectives, The Environmental Group operates within an Enterprise Risk Management Framework that actively identifies, plans, controls and mitigates a wide range of risks across functions and continually seeks opportunities to gain competitive advantage across sectors.

The material business risks that have the potential to impact the Group's future performance and financial prospects are outlined below.

Risk	Nature of Risk	Controls Established
Fraud and Misappropriation Risk	Fraud or misappropriation of assets may result in financial loss.	Fraud control policies, delegated authorities, financial controls and management oversight.
Financial Controls and Compliance Risk	Failure to maintain effective financial controls may lead to fraud, financial misstatements and financial loss.	Board and Audit & Risk Committee oversight, financial controls and regular compliance reviews. Includes Board review and approval of monthly results, as well as half-yearly and annual reports released to the ASX.
Liquidity and Funding Risk	A lack of liquidity management can result in insufficient cash flow which may result in a restriction of operations or insolvency.	EGL operates within a financial delegation's matrix to ensure effective control over nature and timing of expenditure. Executive-led commercial bid reviews are conducted on all major projects to ensure appropriate cash flow management and sales pipeline sustainability. EGL maintains a diversified customer portfolio with a high proportion of recurring revenue, and increasing revenue remains a key strategic objective to further mitigate this risk.
Employee Recruitment and Retention Risk	Inability to attract, develop and retain skilled employees and key management personnel may result in loss of critical knowledge, reduced organisational capability, project delivery challenges, adversely impact key relationships with stakeholders and reduce EGL's competitive advantage.	A Group-wide succession planning framework is actively managed to identify and develop high-potential employees for future leadership and critical roles. Regular role and performance reviews, together with market-aligned remuneration practices, assist in attracting and retaining key talent.
Customer and Relationship Risk	Loss of a significant customer may negatively impact the financial success of the business.	EGL maintains a diversified portfolio of Tier 1 and Tier 2 customers across a range of industries and geographic markets. While the loss of any single customer is unlikely to have a material financial impact, EGL remains focused on delivering high-quality projects and services to maintain strong customer relationships and support future growth.
Workplace Health and Safety Risk	A workplace incident may result in serious injury or fatality, regulatory action, financial penalties and other consequences.	The Group has a comprehensive suite of Safe Operating Procedures for high-risk activities and equipment, supported by regular employee training and a strong 'Take 5' safety culture embedded across all operations. Leading safety indicators are closely monitored and continuously reviewed to support a safe and healthy workplace.

Risk	Nature of Risk	Controls Established
Cyber Security and Information Security Risk	Cyber-attacks, data breaches, system failures or unauthorised access to information may result in operational disruption, loss of intellectual property, regulatory penalties, financial loss and reputational damage. Our information security risks remain heightened due to the growing sophistication and increased frequency of cyber-attacks within all industries.	EGL invests in a range of information security controls and preventative measures to address the increasing threat of cyber-attacks. Critical to the success of EGL's information security program is the central management of this function with a robust common strategy and policy framework that follows the principles of protect, monitor, detect and respond. EGL also partners with trusted external partners to provide security testing and staff training, including phishing simulations and social engineering assessments. The Group maintains and applies its AI Policy and supporting procedures to ensure the responsible use of AI technologies. Policies, guidance and employee communications are regularly reviewed and updated to reflect the evolving AI landscape, including developments in adaptive AI. Ongoing employee training remains a key component of the Group's approach to managing AI-related risks. In addition, EGL maintains Cyber Liability insurance and partners with specialist providers who assist in identifying, assessing and mitigating cyber threats.
Market and Competitor Risk	Changes in economic conditions, market demand or competitive pressures may reduce revenue growth, compress margins and impact market share.	The Group invests in market-led product innovation, supported by engineering, research, development and service capabilities, to maintain competitive offerings aligned with customer needs. The Group pursues customers across multiple sectors and maintains recurring revenue streams to support market diversification, reduce reliance on any single market or economic cycle, and respond to changing demand through scalable processes, systems and strategic partnerships. The Group also actively monitors economic and regulatory trends that may influence customer investment decisions.
Business Continuity Risk	Significant disruptions arising from natural disasters, pandemics, infrastructure failures or other unforeseen events may interrupt operations, delay project delivery and adversely affect financial performance.	EGL maintains comprehensive emergency management plans and conducts regular exercises across all sites to support organisational preparedness. These risks are further managed through the framework and associated governance structures outlined in this report.
Supply Chain Risk	Disruption to key suppliers, subcontractors or critical materials may impact project execution, increase costs, delay delivery timeframes and affect customer outcomes.	The Group maintains a diversified supplier base and procurement framework to reduce dependency on individual suppliers. Critical suppliers are regularly monitored, and procurement planning processes support continuity of supply and timely project delivery.
Project Delivery Risk	Delays, cost overruns or quality issues in project delivery may adversely impact profitability, defer revenue recognition into future reporting periods, and impact customer relationships and future growth opportunities.	EGL applies a structured project governance framework that includes executive-led commercial bid reviews, project management oversight, contract reviews and regular performance monitoring. Experienced project managers and technical teams are supported by established systems, processes and reporting mechanisms to identify and address delivery risks early. Ongoing customer engagement throughout project execution assists in managing expectations and maintaining strong customer relationships.

A Foundation for Future Growth

Bypass Exhaust System, Pelican Point, Adelaide, South Australia

Building long-term performance in South-Australia

The Environmental Group's purpose is to engineer a sustainable future. At Pelican Point, that purpose was brought to life through the design, procurement, manufacture, installation and commissioning of a 350-tonne bypass exhaust system built to improve plant flexibility, extend operational resilience and support a more responsive energy market.

Delivered for Engie in Adelaide, the project required the installation of a diverter damper bypass stack between the GT11 Gas Turbine and its associated Heat Recovery Steam Generator. With a full control philosophy designed to support both open cycle and closed cycle operating modes, the solution enables the plant to transition between modes without interrupting power generation supply.

Positioning for Future Growth

In FY26, The Environmental Group Limited continued to strengthen its position as a leader in environmental and energy efficiency solutions. One of the standout milestones this year was the successful integration of Advanced Boilers & Combustion (Advanced) into our business – a move that has already begun delivering measurable value to our clients and stakeholders.

The acquisition of Advanced has strengthened our capability to support Australian industry with high-performance combustion solutions that aim to reduce emissions, improve efficiency and assist clients in aligning with the nation's decarbonisation objectives. Bringing Advanced into The Environmental Group has added new depth to our technical offering and opened up fresh opportunities for collaboration, innovation and long-term client partnerships.

The integration of Advanced aligns perfectly with our long-term strategy. As Environmental, Social and Governance (ESG) requirements become more stringent and energy costs continue to rise, the demand for efficient, low-emission combustion systems is growing rapidly. By combining Advanced's deep combustion expertise with the infrastructure, resources, and reach of The Environmental Group – particularly our EGL Energy division – we are uniquely positioned to meet this demand.

Our clients now benefit from a comprehensive energy and emissions solution: from advanced boiler and burner systems to performance audits, plant upgrades, maintenance and compliance services.

Watch
'A Foundation for Future Growth' online.

Long-Term Value

For investors, the project demonstrates the Group's ability to convert specialist engineering capability into long-term value. The 350-tonne bypass exhaust system was designed as a durable, integrated asset that improves plant flexibility, supports more responsive energy generation and creates revenue capture opportunities for the customer over its operating life.

The project also strengthens the Group's future foundations by showcasing disciplined execution across engineering design, procurement, manufacturing, construction and commissioning. By safely delivering a complex solution built for long-term performance, the Group reinforces its position as a trusted partner in sustainable industrial infrastructure.

Outcomes

- Delivered a 350-tonne bypass exhaust system engineered for long-term operational performance.
- Enabled greater plant flexibility across open cycle and closed cycle operating modes without interruption to power generation supply.
- Strengthened existing foundations to support a larger, more capable system and improve asset resilience.
- Integrated engineering, procurement, manufacturing, construction and commissioning across a multi-location delivery model.
- Supported the Group's mission by safely delivering a pivotal solution that contributes to cleaner, more adaptable energy infrastructure while generating long-term value.

Energy Transition

As renewable generation continues to reshape Australia's energy system, flexible generation assets play an important role in supporting reliability and market responsiveness. By improving the plant's operability and enabling faster response to changing energy market conditions, the Pelican Point bypass exhaust system contributes to a more adaptable energy infrastructure platform.

For investors, the project highlights the Group's capability to deliver technically complex infrastructure solutions that are aligned with long-term market needs. It reflects a disciplined approach to growth: combining specialist expertise, safety, project execution and innovation to solve critical challenges for customers while building enduring capability within the business.

Our Approach to Sustainability

The Environmental Group's Approach to Sustainability through ESG – FY26.

The Environmental Group remains committed to creating long-term value by building from strong foundations: responsible business practices, disciplined governance, sustainable innovation and practical actions that support our customers, people and communities. Our road to sustainability is a staged journey — maintaining the systems and standards that underpin our business, strengthening the base for reliable measurement and reporting, and using that platform to grow our impact over time.

During FY26, we continued to embed Environmental, Social and Governance (ESG) principles into day-to-day operations through measurable objectives, clearer accountability and improved performance targets across the Group. This work reflects a foundation-based approach: protecting the essential elements already in place, establishing a more consistent data and reporting base through our newly integrated ERP platform, and positioning ESG considerations as part of strategic decision-making for future growth.

Our approach recognises the role our business subsidiaries play in helping customers reduce emissions, improve environmental performance and operate more sustainably. Through clean air solutions, waste-to-resource technologies, industrial efficiency and environmental compliance, we are building a pathway from strong operational foundations to measurable environmental outcomes, supporting long-term value creation for shareholders and broader positive impact.

Sustainability Strategy: Building the Road Ahead

- Maintained and strengthened the foundations of ESG performance through improved quality, consistency and transparency of Group-wide reporting systems.
- Established a more solid base for future Australian sustainability reporting through stronger governance, risk management and performance monitoring processes.
- Enhanced supply chain governance through ongoing supplier assessments, completion of the Group's inaugural Modern Slavery Declaration, and the appointment of an experienced Procurement Lead to strengthen procurement oversight, supplier performance and risk management.
- Continued integrating sustainability considerations into innovation, product development and operational decision-making, supporting growth from a stronger operational base.
- Improved business reporting and data visibility through ongoing ERP implementation and process improvements, creating a stronger foundation for future sustainability performance measurement, reporting and impact tracking.
- Expanded workforce engagement, safety and training programs to support capability, resilience and long-term organisational growth.

Sustainability Performance

Environmental

We seek to reduce our environmental footprint while developing technologies that deliver measurable environmental benefits for our customers & communities.

Social/People

We invest in a safe, inclusive and high-performing workplace by strengthening wellbeing, building capability and empowering our people to support sustainable growth.

Governance

We maintain strong governance practices that support transparency, ethical conduct, risk management and long-term value creation.

E Delivery of **13** Exhaust & Baypass Systems

S **Zero** Major Workplace Incidents

G **50%** Of Board Members are female

FY26 ESG Snapshot

Environmental	Social / People	Governance
Continued development of PFAS treatment and ammonia stripping technologies.	419,000 hours worked while maintaining a strong safety focus.	Ongoing compliance with ISO 9001, ISO 14001 and ISO 45001 certification requirements.
Ongoing product redesign programs reducing material consumption and manufacturing inputs.	Employee development supported through structured technical, professional and safety training programs.	Continued CE certification compliance across relevant business units.
All sites maintaining recycling programs.	Internal promotion and career development pathways expanded.	Maintained the critical supplier qualification program across 34 suppliers.
Over 5M Ltrs of contaminated water processed and PFAS removed.	Continued employee wellbeing support through EAP and flexible work arrangements.	Enhanced risk management, cyber awareness and governance reporting frameworks.

Environmental

Environmental performance is a core part of our road to sustainability. Our focus is to maintain effective environmental management systems, build a stronger base of operational data and practical improvement initiatives, and use that foundation to reduce impacts across our operations while helping customers achieve their sustainability objectives.

FY26 Highlights

13
Exhaust & Baypass Systems Delivered

ISO
Certification Maintained

Over 5M Ltrs
PFAS-Contaminated Water Treated

750+
Engineering Hours to Enhance Material Efficiency

100%
Maintained Recycling Program

Environmental Innovation: Building Practical Pathways

- Continued advancement of PFAS extraction and ammonia stripping technologies.
- Waste management projects delivered to support landfill diversion and resource recovery outcomes.
- Ongoing development of energy-efficient filtration and emissions control solutions.

Resource Efficiency: Strengthening the Base

- Established targets to reduce electricity consumption across all facilities by 5% year-on-year, normalised for workforce levels.
- Introduced Group-wide monitoring of paper and toner usage, with a FY27 reduction target of 5%.
- Maintained recycling systems across all EGL sites.

Sustainable Product Design: Growth Through Innovation

- Continued design optimisation initiatives focused on reducing material usage and manufacturing waste.
- Product redesign projects delivered improvements in material efficiency and reduced embodied energy.

Sustainable Operations: Foundations for Future Impact

- Commenced assessment of solar installation opportunities across suitable facilities.
- Continued transition planning toward lower-emission fleet vehicles, including hybrid and electric alternatives.
- Established sustainable procurement awareness initiatives for employees involved in purchasing decisions.

Opportunities for FY27

Key environmental initiatives include:

1. Expanding lower-emission vehicle adoption across the Group.
2. Evaluating renewable energy opportunities, including solar installations.
3. Strengthening supplier sustainability assessments.
4. Continuing investment in technologies that reduce emissions, waste and environmental impacts for customers.
5. Increasing local manufacturing capability to improve supply chain resilience and reduce transport-related emissions.

Social/People

Our people are central to sustaining the business for the long term. We are committed to maintaining a safe and respectful workplace, establishing a stronger base for capability and engagement, and supporting employees to grow, develop and contribute to future impact.

FY26 Highlights

ISO
Health & Safety Maintained

50%
Female Board Members

Upskill
Technical, Safety & Professional Developments

419K
Hours Worked Safely

2.59
LTIFR

Health, Safety and Wellbeing: Maintaining the Core Foundation

- Continued focus on achieving zero major injuries and incidents.
- Ongoing engagement with Health and Safety Representatives across the Group.
- Delivery of regular safety communications, workplace inspections and HSEQ engagement activities.
- Environmental and emergency preparedness training completed across multiple business units.

Diversity and Inclusion

- Continued advancement of gender diversity initiatives, including Board representation.
- Development of workforce data and reporting to support future diversity, equity and inclusion targets.
- Ongoing review of gender equality objectives aligned with WGEA requirements.

Employee Engagement: Strengthening Connection and Resilience

- Fostered a positive and inclusive workplace culture through a range of employee engagement initiatives, including regular social events, team-building activities and celebrations that encouraged wellbeing, collaboration and connection across the Group.
- Continue to provide flexible work arrangements that enable employees to meet customer needs while maintaining operational effectiveness.
- Continued focus on mental health, wellbeing and employee assistance programs.
- Enhanced communication through regular workforce engagement initiatives and business updates.

Learning and Development: Building Capability for Growth

- Extensive investment in professional, safety and on-the-job training programs.
- Internal development and promotion pathways strengthened to support workforce capability.

Opportunities for FY27

Key environmental initiatives include:

1. Further development of diversity, equity and inclusion metrics.
2. Expansion of apprenticeship and leadership development programs.
3. Increased workforce capability through targeted training initiatives.
4. Enhanced employee engagement and wellbeing programs.
5. Continued improvement in emergency preparedness and safety performance.

Governance

Strong governance underpins every stage of our sustainability journey. The Environmental Group is committed to maintaining disciplined corporate governance, ethical conduct, risk management and regulatory compliance, while strengthening the systems and oversight needed to support future ESG reporting, growth and impact.

FY26 Highlights

ISO
Certification Maintained

CE
Certification Maintained

50%
Female Board Members

ERP
System Integrated

MSD
Modern Slavery Declaration Implemented

Our governance framework provides the foundation for sustainable growth and long-term value creation. The principles below guide how we maintain accountability, strengthen oversight and support responsible decision-making across the Group.

1 Laying Solid Foundations for Management and Oversight

We have clearly defined the roles and responsibilities of the Board and executive management, ensuring a structured delegation of authority. Regular performance evaluations were conducted to assess and enhance the effectiveness of both governance and operational leadership.

2 Structuring the Board to Be Effective and Add Value

Our Board composition reflects a balanced mix of skills, experience and industry knowledge. We undertook a skills matrix review and succession planning to ensure the Board remains well-equipped to guide strategic direction and deliver long-term value.

3 Instilling a Culture of Acting Lawfully, Ethically and Responsibly

We reinforced our commitment to ethical conduct through updated codes of conduct, mandatory compliance training and regular communication of our core values. Leadership continues to model and promote a culture of integrity across all levels of the organisation.

4 Safeguarding the Integrity of Corporate Reports

Robust internal controls and verification processes were maintained to ensure the accuracy and reliability of all corporate disclosures. Our Audit and Risk Committee provided independent oversight of financial reporting and compliance.

5 Making Timely and Balanced Disclosure

We reinforced our commitment to ethical conduct through updated codes of conduct, mandatory compliance training and regular communication of our core values. Leadership continues to model and promote a culture of integrity across all levels of the organisation.

6 Respecting the Rights of Security Holders

We enhanced shareholder engagement through timely updates, accessible communication channels, and digital platforms that support participation in meetings and voting. Feedback mechanisms were also strengthened to better understand and respond to investor concerns.

7 Recognising and Managing Risk

A comprehensive risk management framework was reviewed and updated during the year. We conducted regular risk assessments and scenario planning to address emerging threats and ensure business resilience.

8 Remunerating Fairly and Responsibly

Our remuneration strategy is designed to attract and retain high-calibre directors and executives. It aligns performance incentives with long-term shareholder value and incorporates ESG and risk management objectives.

Opportunities for FY27

Key environmental initiatives include:

1. Increased focused on ESG reporting and performance outcomes to increase sustainability.
2. Strengthened cyber security awareness and risk management.
3. Ongoing supplier governance and responsible sourcing initiatives.
4. Maintain and update organisational policies as required to ensure ongoing compliance with legislative and regulatory requirements.
5. Continued integration of ESG metrics into business performance and decision-making processes.

Our overall approach to corporate governance is detailed in our **Corporate Governance Statement**, available on our website at **environmental.com.au**.

By prioritising the safety and wellbeing of our workforce, minimising environmental impacts and maintaining good governance practices, we strive to further integrate sustainability into the core of our operations and foster positive change in the environments.

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of The Environmental Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

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

Ms Lynn Richardson
Chair (Non-Executive)

Mr Michael Constable
Independent Director (Non-Executive)
Chair of Audit and Risk Committee

Mr Vincent D'Rozario
Independent Director (Non-Executive)

Ms Lucia Cade
Independent Director (Non-Executive)

Interests in the shares and options of the Group and related bodies corporate.

As at the date of this report, the interests of the Directors in the shares and options of The Environmental Group Limited (EGL) were:

	No. of Ordinary Shares	No. of options over Ordinary Shares
Ms Lynn Richardson	3,968,228	-
Mr Michael Constable	1,196,739	-
Mr Vincent D'Rozario	110,000	-
Ms Lucia Cade	245,000	-

Dividends

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

Principal activities

The principal activities during the period ending 30 June 2026 of the entities within the Group were 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.

Significant changes in the state of affairs

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

Review of operations and material business risks

Please refer to the Review of Operations report (page 18) for the operating and financial review, including the material business risks.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2026 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.

Likely developments and expected results of operations

In the opinion of the Directors', no other significant changes, not otherwise disclosed in this report or the consolidated financial statements, occurred in the state of affairs of the Group during the financial year under review.

Environmental regulation

The Group's operations may have an environmental impact. Where the Group undertakes site work it is typically incumbent upon the Group to address environmental issues in relation to those sites. This usually involves the preparation and implementation of an Environmental Management Plan for the site. Activities of this nature and environmental issues generally are addressed by and carried out under The Environmental Group Management System.

No significant environmental issues were reported or recorded on any EGL sites during the financial year and the Group met all its obligations in this area.

Information on Directors

Ms Lynn Richardson

Chair (Non-Executive)

Appointed to the Board: 21 May 2015
Elected Chairman: 23 November 2017

Ms Lynn Richardson is an accomplished non-executive director known for enhancing shareholder value through fostering a positive corporate culture, driving innovation and achieving strategic objectives. With extensive governance experience, including nine years with ASX-listed companies, Ms Richardson has successfully guided the company through a significant growth phase and has demonstrated exceptional leadership during multiple acquisitions.

Ms Richardson's broad expertise spans ASX-listed organisations, not-for-profit entities and government boards.

A graduate of the Australian Institute of Company Directors, Ms Richardson possesses an MBA from the Australian Graduate School of Entrepreneurship and postgraduate qualifications in professional accounting and educational research from the University of Melbourne. Her 20-year career is marked by a dedication to continuous improvement and a passion for entrepreneurial leadership.

Before becoming Chair, Ms Richardson served on the executive committee of Baltec IES, where her strategic leadership significantly contributed to the company's growth.

Interest in shares:	3,968,228
Interest in options:	Nil
Interest in rights:	Nil
Contractual rights to shares:	Nil

Mr Michael Constable

Independent Non-Executive Director
Chair of Audit and Risk Committee

Appointed to the Board: 24 August 2023

Mr Michael Constable was appointed to the board as a non-executive director in August 2023. Michael has significant financial management experience and board exposure gained within large ASX-listed companies over the last 20 years. Michael is a Chartered Accountant who has had senior executive finance roles within Nylex and Programmed Maintenance Group and was CFO of Tox Free Solutions Ltd. for over 10 years. Michael was also CFO of Millennium Services Group Ltd. for 4 years.

Michael's industry experience spans labour and equipment hire, industrial services, waste management and contracting businesses, and he has had significant experience in high-growth environments. Michael has developed and successfully executed business organic and inorganic growth strategies, governance, risk management, equity and debt funding initiatives, and has driven significant shareholder value.

Interest in shares:	1,196,739
Interest in options:	Nil
Interest in rights:	Nil
Contractual rights to shares:	Nil

Mr Vincent D'Rozario

Independent Non-Executive Director
Member of the Audit and Risk Committee

Appointed to the Board: 9 March 2021

Vincent D'Rozario is a senior executive and non-executive director with over 25 years of experience in engineering, resources and aviation across ASX-listed and global companies. He is currently Chief Operating Officer of Austin Engineering Ltd (ASX:ANG), leading global operations for a mining equipment manufacturer, and Non-Executive Director at Environmental Group Limited (ASX:EGL), supporting strategic growth and governance.

Vincent's executive career includes senior leadership roles with CHC Helicopter, Aker Solutions and Jacobs, where he managed large-scale operations, capital projects and business transformations across Asia-Pacific. He has extensive experience in operational turnarounds, international expansion, and building high-performance teams in safety-critical, capital-intensive industries.

He brings strong expertise in corporate governance, ESG, M&A and stakeholder engagement, with a proven track record of delivering value in both growth and restructuring environments. His board contributions reflect a pragmatic and disciplined approach to risk, strategy and long-term value creation.

Vincent holds a Bachelors Degree in Electrical Engineering and has completed the Australian Institute of Company Directors course (AICD).

Interest in shares:	110,000
Interest in options:	Nil
Interest in rights:	Nil
Contractual rights to shares:	Nil

Ms Lucia Cade

Independent Non-Executive Director
Member of the Audit and Risk Committee

Appointed to the Board: 26 September 2024

Lucia is an experienced non-executive director and chair with professional engineering and commercial executive experience. Over 20 years her director portfolio has spanned utilities, infrastructure, waste recycling, advanced high-tech manufacturing, renewable energy research and investment in the private, listed and government sectors.

Lucia has a focus on board leadership that creates value through business growth, delivering both sustainable financial and societal impact, and that delivers value to customers and creates places where people want to work.

Prior to becoming a non-executive director, Lucia held engineering, executive and advisory roles in infrastructure, utilities and professional engineering services, working in global technical services, listed companies, significant government organisations and private enterprises. Lucia is a Fellow of AICD and of Engineers Australia.

Interest in shares:	245,000
Interest in options:	Nil
Interest in rights:	Nil
Contractual rights to shares:	Nil

Company Secretary

Mr Andrew Bush has held the role Company Secretary since 1 July 2017. Andrew is a Fellow Certified Practising Accountant, Associate Member of the Institute of Chartered Management Accountants.

Ms Kate Goland of CSB Corporate Services was appointed joint Company Secretary on 27 October 2022. Kate is a BCom, CPA and a GIA (Affiliate).

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

Full Board	Attended	Held
Ms Lynn Richardson	11	11
Mr Vincent D'Rozario	11	11
Mr Michael Constable	11	11
Ms Lucia Cade	11	11

Nomination and Remuneration Committee	Attended	Held
Ms Lynn Richardson	5	5
Mr Vincent D'Rozario	5	5
Mr Michael Constable	5	5
Ms Lucia Cade	5	5

Audit and Risk Committee	Attended	Held
Ms Lynn Richardson	5	5
Mr Vincent D'Rozario	5	5
Mr Michael Constable	5	5
Ms Lucia Cade	5	5

'Held' represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

The Nomination and Remuneration Committee meetings are a component of the Full Board meetings.

The June 2026 board meeting was held 18 June 2026.

One EGL

One purpose, shared across our group: to engineer a sustainable future, year upon year.

In FY26, The Environmental Group strengthened its position as a truly integrated national organisation, advancing our vision of One EGL through expanded manufacturing capability and greater operational alignment.

This year, we enhanced our manufacturing footprint across Australia with key hubs in Victoria and Queensland, increasing capacity, strengthening collaboration across the Group and improving our ability to deliver innovative solutions to customers.

We also commenced the rollout of a new enterprise resource planning (ERP) system, providing greater transparency, consistency and connectivity across the Group. By bringing our operations, reporting and business processes onto a shared platform, we are creating stronger foundations for data-driven decision-making, operational excellence and cross-functional collaboration. These initiatives are more than investments in infrastructure and technology—they are investments in our people, our capabilities and our future.

By aligning the way we work, manufacture and deliver solutions, we are reinforcing a culture of shared purpose and unlocking new opportunities for growth, efficiency and innovation for many years to come.

As we look ahead, our expanded manufacturing footprint, integrated systems and united approach position us to deliver even greater value for our customers, communities and stakeholders.

Together, we are One EGL. One vision. One future.

Corporate Governance

The Environmental Group Ltd. is committed to maintaining a sound corporate governance framework in the best interests of The Environmental Group, shareholders and stakeholders more generally.

The Corporate Governance Statement outlines The Environmental Group's approach to corporate governance, and its compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition.

environmental.com.au

environmental.com.au/corporate-governance

Remuneration Report

This Remuneration report outlines the Directors and Executive Key Management Personnel remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and the Corporate Regulations 2001. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise).

For the purposes of this report, the term Executive encompasses the Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer and Chief Operating Officer of the Group.

Remuneration committee and philosophy

The objective of the Group's remuneration policy is to ensure that Senior Executives of the Group are motivated to pursue the long-term growth and success of the Group within an appropriate control framework and that there is a clear relationship between performance and remuneration.
The remuneration structures offered to Senior Executives are designed to attract and retain suitable qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creating value for shareholders. The remuneration structures take into account:

- The capacity and experience of the Senior Executives.
- The Senior Executives' ability to control the performance of areas of the Group's business.
- The Group's performance including earnings and overall returns to shareholders.
- The amount of incentives within each Senior Executives' remuneration.

Executive and Non-Executive Directors remuneration

The Executive and Non-Executive Directors of the Company are entitled to a fee that is determined by the Remuneration Committee on the commencement of the role and on an annual basis thereafter. The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, while incurring a cost that is acceptable to shareholders based on the size and nature of the Company.

Each Non-Executive Director receives a maximum fee of $70,000 for being a Director of the Company. The Chair of the Board receives a maximum fee of $140,000. No additional fee is paid to a Director who sits on a Board committee.

The Directors do not receive retirement benefits in excess of their Directors' fees, nor do they participate in any incentive programs. The remuneration of Directors for the periods ended 30 June 2025 and 30 June 2026 are detailed in Tables 1 and 2 respectively of this report.

Executive remuneration

Total remuneration for Senior Executives is described below:

Fixed remuneration

Fixed remuneration is provided, being a guaranteed salary that is set by reference to market conditions, the scope and nature of the Executive's role and their performance and experience. Market research of both an informal and formal nature is periodically undertaken to determine market salary levels. Group superannuation contributions are included in the fixed remuneration. Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The fixed remuneration component of Executives is detailed in Tables 1 and 2 of this report.

Group performance and Directors' and Executives' remuneration

The remuneration policy and practices are aimed at aligning remuneration of key staff with the performance of the Group and with the wealth of shareholders. Other than reflected within the tables below, no long-term incentives have been paid for the 2026 financial year.

Executives

All Executives have rolling contracts. The Group may terminate the Executive's employment agreement by providing three month's written notice or providing payment in lieu of the notice period. The Group may terminate these contracts at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Executive is only entitled to that portion of remuneration that is fixed and only up to the date of termination.

Voting and comments made at the company's 2025 Annual General Meeting (AGM).

Voting and comments made at the company's 2025 Annual General Meeting (AGM).
At the 2025 AGM, 97.18% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2025. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the tables.

The key management personnel of the Group including Directors of the Group:

- Ms Lynn Richardson: Non-Executive Chairman
  (Appointed Chair 23 November 2017)
- Mr Vincent D'Rozario: Non-Executive
  (Appointed 9 March 2021)
- Mr Michael Constable: Non-Executive
  (Appointed 24 August 2023)
- Ms Lucia Cade: Non-Executive
  (Appointed 26 September 2024)
- Mr Jason Dixon: Chief Executive Officer
  (Appointed 8 February 2021)
- Mr Andrew Bush: Chief Financial Officer and Company Secretary
  (Appointed CFO 25 May 2017 and Company Secretary 1 July 2017, and resigned as CFO on the 30 September 2025)
- Mr Paul Gaskett: Chief Commercial Officer
  (Appointed 8 February 2021)
- Ms Brenda Borghouts: Chief Operating Officer
  (Appointed 28 February 2022 and resigned 26 November 2025)
- Mr Gareth Nicholls: Chief Financial Officer
  (Appointed 6 October 2025)

Table 1: Remuneration report – remuneration for year ended 30 June 2026

	Short-term benefits			Post-employment benefits	Long-term benefits	Performance rights	
2026	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity settled $	Total $
Non-Executive Directors							
Ms Lynn Richardson	124,933	-	-	15,067	-	-	140,000
Mr Michael Constable	62,466	-	-	7,534	-	-	70,000
Mr Vincent D'Rozario	62,466	-	-	7,534	-	-	70,000
Ms Lucia Cade[1]	70,000	-	-	-	-	-	70,000
Other Key Management Personnel							
Mr Jason Dixon	472,500	67,500	-	64,800	-	1,543	606,343
Mr Andrew Bush[2]	75,170	15,000	-	10,820	-	(27,175)	73,815
Mr Paul Gaskett	278,465	30,000	-	30,000	-	514	338,979
Ms Brenda Borghouts[3]	127,912	30,000	-	16,461	-	(27,175)	147,198
Mr Gareth Nicholls[4]	274,757	10,000	-	17,500		18,461	320,718
	1,548,669	**152,500**	**-**	**169,716**	**-**	**(33,832)**	**1,837,053**

Notes to Table 1

1. Paid to Cade & Associates in relation to Directors Fees.
2. Andrew Bush resigned as CFO on the 30 September 2025, pay from 1 July 2025 to 30 September 2025.
3. Brenda Borghouts resigned as COO on the 26 November 2025, pay from 1 July 2025 to 26 November 2025.
4. Gareth Nicholls commenced as CFO on the 6 October 2025.

Table 2: Remuneration report – remuneration for year ended 30 June 2025

2025	Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Performance rights: Equity settled $	Total $
Non-Executive Directors							
Ms Lynn Richardson	120,633	-	-	13,873	-	-	134,506
Mr Graeme Nayler[1]	16,000	-	-	-	-	-	16,000
Mr Vincent D'Rozario	59,524	-	-	6,845	-	-	66,369
Mr Michael Constable	59,524	-	-	6,845	-	-	66,369
Ms Lucia Cade[2]	52,500	-	-	-	-	-	52,500
Other Key Management Personnel							
Mr Jason Dixon	450,000	-	-	51,750	-	81,523	583,273
Mr Andrew Bush	300,681	-	-	34,578	-	27,175	362,434
Mr Paul Gaskett	259,239	-	-	29,812	-	27,175	316,226
Ms Brenda Borghouts	238,680	-	-	27,448	-	27,175	293,303
	1,556,781	**-**	**-**	**171,151**	**-**	**163,048**	**1,890,980**

Notes to Table 2

1. Paid from 1 July 2024 to 23 October 2024 to GJN Professional Services Pty Ltd in relation to Directors Fees.
2. Paid from 26 September 2024 to 30 June 2025 to Cade & Associates in relation to Directors Fees.

The proportion of remuneration linked to performance and the fixed proportion are as follows.

	Fixed remuneration 2026	Fixed remuneration 2025	At risk – STI 2026	At risk – STI 2025	At risk – LTI 2026	At risk – LTI 2025
Non-Executive Directors						
Ms Lynn Richardson	100%	100%	-	-	-	-
Mr Graeme Nayler	-	100%	-	-	-	-
Mr Vincent D'Rozario	100%	100%	-	-	-	-
Mr Michael Constable	100%	100%	-	-	-	-
Ms Lucia Cade	100%	-	-	-	-	-
Other Key Management Personnel						
Mr Jason Dixon	89%	86%	11%	-	-	14%
Mr Andrew Bush	117%	93%	20%	-	(37%)	7%
Mr Paul Gaskett	91%	91%	9%	-	-	9%
Ms Brenda Borghouts	98%	91%	20%	-	(18%)	9%
Mr Gareth Nicholls	91%	-	3%	-	6%	-

Share-based compensation

The terms and conditions of future performance rights with a ratio of one for one ordinary shares affecting remuneration of key management personnel in this financial year or future reporting years are as follows:

The Allocation of Performance Rights relating to FY25–FY27 are based on the following targets

Targets	Milestones
Financial (33.4% of total LTI)	EPS growth above 20% over the three-year period.
ERP project (33.3% of total LTI)	1. Phase 1 milestone: Business case approved by the Board due December 2024. 2. Phase 2 milestones: On time and on budget implementation +/- 15% for cost and timing. 3. Phase 3 milestones: 80% user acceptance during the ERP system launch and 80% user acceptance 6 and 12 months after launch, including pre- and post-implementation feedback on the systems performance and the analytics and business insights the system provides the business.
PFAS business opportunity (33.3% of total LTI)	1. Phase 1 milestone: Business plan approved by the Board due October 2024. 2. Phase 2 milestone: Nine (9) units sold within the FY25–FY27 period.

Key Management Personnel (KMP)	Number of performance rights granted	Grant date	Vesting date and exercisable date	Exercise price	Fair value per performance right
Mr Jason Dixon	1,698,113	17 March 2025	30 June 2027	$0.00	$0.27
Mr Paul Gaskett	566,038	17 March 2025	30 June 2027	$0.00	$0.27
Mr Gareth Nicholls	377,358	15 December 2025	30 June 2027	$0.00	$0.27

Performance Rights granted to Mr Andrew Bush and Ms Brenda Borghouts have not vested.

Additional information

The following table summarises the Group's financial performance and share price over the past five financial years.

	2022	2023	2024	2025	2026
Sales revenue	57,065,291	82,672,245	98,251,869	111,921,268	111,963,627
EBITDA	3,723,285	5,859,158	9,651,504	9,940,712	(2,158,026)
EBIT	2,145,864	4,145,987	7,108,917	6,986,706	(6,431,843)
Profit/(loss) after income tax	1,553,664	2,613,069	4,390,131	4,709,699	(6,062,730)
Share price at financial year end (cents)	20.00	22.00	34.00	25.50	9.00
Number of shares issued	**312,202,805**	**366,338,953**	**373,436,874**	**380,497,795**	**380,497,795**

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties are set out below and in Note 36. There were no shares granted during the reporting period as remuneration.

Ordinary shares	Balance at the start of the year	Exercise of performance rights	Additions	Disposals/ other	Balance at the end of the year
Ms Lynn Richardson	3,862,251	-	105,977	-	3,968,228
Mr Andrew Bush	1,234,049	-	-	(646,020)	588,029
Mr Jason Dixon	27,796,913	-	-	(1,733,000)	26,063,913
Mr Paul Gaskett	14,501,956	-	-	(971,413)	13,530,543
Ms Brenda Borghouts	245,601	-	-	(245,601)	-
Mr Gareth Nicholls	-	-	43,391	-	43,391
Mr Michael Constable	1,196,739	-	-	-	1,196,739
Ms Lucia Cade	60,000	-	185,000	-	245,000
Mr Vincent D'Rozario	-	-	110,000	-	110,000
	48,897,509		**444,368**	**(3,596,034)**	**45,745,843**

Loans to key management personnel and their related parties

In 2026 (2025-nil) no loans were made to Directors of The Environmental Group Limited or other key management personnel of the Group, including their personally related parties.

Other transactions with key management personnel and their related parties

In 2026 (2025-nil), no other transactions were made to Directors of The Environmental Group Limited or other key management personnel of the Group, including their personally related parties.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of The Environmental Group Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of The Environmental Group Limited issued on the exercise of options during the year ended 30 June 2026 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to ensure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

A statement of claim has been filed with the Court against the former directors of Airtight Pty Ltd and the matter is now subject to ongoing legal proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 37 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

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.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors,

Lynn Richardson
Non-Executive Chair

19 August 2026

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of The Environmental Group Limited and its controlled entities for the year ended 30 June 2026, 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 audit; and

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

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 19 August 2026
Melbourne, Victoria

Financial Statements

General Information

The financial statements cover The Environmental Group Limited as a Group consisting of The Environmental Group Limited and the entities it controlled at the end of, or during, the year. 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:

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

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 19 August 2026. The Directors have the power to amend and reissue the financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

		Consolidated	
Revenue from continuing operations	Note	2026 $	2025 $
Revenue and other income	5	111,963,627	111,921,268
Costs of sales and provisions of services	6	(77,669,043)	(79,177,097)
Gross profit		**34,294,584**	**32,744,171**
Expenses			
Employee expenses	7	(18,153,718)	(13,738,868)
Depreciation and amortisation	8	(4,273,817)	(2,954,006)
Professional fees		(1,287,863)	(2,151,800)
Travel expenses		(2,278,387)	(1,826,038)
Marketing expenses		(593,959)	(383,967)
Occupancy expenses		(1,195,835)	(1,021,675)
Other expenses		(7,198,121)	(3,681,111)
Impairment of assets		(5,744,727)	-
Operating profit/(loss)		**(6,431,843)**	**6,986,706**
Interest income		1,770	34,558
Interest expense	9	(1,399,993)	(721,859)
Profit/(Loss) before income tax (expense)/benefit		**(7,830,066)**	**6,299,405**
Income tax benefit/(expense)	10	1,767,336	(1,589,706)
Profit/(Loss) after income tax (expense)/benefit for the year attributable to the owners of The Environmental Group Limited	32	**(6,062,730)**	**4,709,699**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of The Environmental Group Limited		**(6,062,730)**	**4,709,699**
		Cents	Cents
Basic earnings/(loss) per share	46	(1.59)	1.23
Diluted earnings/(loss) per share	46	(1.59)	1.23

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

For the year ended 30 June 2026

Assets	Note	Consolidated 2026 $	Consolidated 2025 $
Current assets			
Cash and cash equivalents	11	2,488,801	2,696,697
Trade and other receivables	12	21,320,461	19,310,449
Inventories	13	7,866,522	8,582,536
Other current assets	14	1,172,327	444,612
Contract assets	15	17,208,756	23,088,924
Total current assets		**50,056,867**	**54,123,218**
Non-current assets			
Deferred tax assets	16	6,470,339	4,400,474
Property, plant and equipment	17	3,791,282	2,459,689
Intangible assets	18	18,680,110	22,782,807
Other non-current assets	19	91,860	324,578
Right-of-use assets	20	8,326,275	6,969,015
Total non-current assets		**37,359,866**	**36,936,563**
Total assets		**87,416,733**	**91,059,781**
Liabilities			
Current liabilities			
Trade and other payables	21	19,339,354	22,840,522
Contract liabilities	22	5,996,227	4,429,325
Financial liabilities	23	5,669,612	3,671,679
Employee benefits	24	4,509,503	4,173,267
Lease liabilities	26	2,900,983	2,203,940
Total current liabilities		**38,415,679**	**37,318,733**
Non-current liabilities			
Financial liabilities	27	142,626	225,065
Deferred tax liabilities	28	2,856,668	2,478,953
Lease liabilities	30	6,110,835	5,068,157
Employee benefits	29	170,714	152,100
Total non-current liabilities		**9,280,843**	**7,924,275**
Total liabilities		**47,696,522**	**45,243,008**
Net assets		**39,720,211**	**45,816,773**
Equity			
Issued capital	31	37,064,481	37,064,481
Retained earnings	32	1,161,384	7,224,114
Reserves	33	1,494,346	1,528,178
Total equity		**39,720,211**	**45,816,773**

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

Consolidated statement of change in equity

For the year ended 30 June 2026

Consolidated	Share capital $	Reserves $	Retained earnings $	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 year	-	-	4,709,699	4,709,699
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**4,709,699**	**4,709,699**
Share-based payments (Note 47)	-	163,047	-	163,047
Balance at 30 June 2025	**37,064,481**	**1,528,178**	**7,224,114**	**45,816,773**

Consolidated	Share capital $	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2025	37,064,481	1,528,178	7,224,114	45,816,773
Loss after income tax expense for the year	-	-	(6,062,730)	(6,062,730)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(6,062,730)**	**(6,062,730)**
Share-based payments (Note 47)	-	(33,832)	-	(33,832)
Balance at 30 June 2026	**37,064,481**	**1,494,346**	**1,161,384**	**39,720,211**

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

Consolidated statement of cash flows

For the year ended 30 June 2026

Cash flows from operating activities	Note	Consolidated 2026 $	 2025 $
Receipts from customers		127,937,418	112,923,589
Payments to suppliers and employees		(121,730,048)	(116,024,426)
		6,207,370	**(3,100,837)**
Interest received		1,770	34,558
Interest paid		(1,399,993)	(721,859)
Income taxes paid		(2,512,287)	-
Net cash from/(used in) operating activities	**45**	**2,296,860**	**(3,788,138)**
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	42	(224,105)	(4,176,642)
Payment for acquisition of plant and equipment	17	(1,786,677)	(631,132)
Payments for intangibles	18	(37,911)	(275,422)
Security deposits (paid/returned)		232,719	(34,170)
Proceeds from disposal of property, plant and equipment		91,405	121,113
Net cash used in investing activities		**(1,724,569)**	**(4,996,253)**
Cash flows from financing activities			
Proceeds of borrowings		5,000,000	-
Repayment of borrowings		(250,000)	(150,000)
Repayment of lease liabilities		(2,788,426)	(2,035,949)
Net cash from/(used in) financing activities		**1,961,574**	**(2,185,949)**
Net increase/(decrease) in cash and cash equivalents		2,533,865	(10,970,340)
Cash and cash equivalents at the beginning of the financial year		(823,281)	10,147,059
Cash and cash equivalents at the end of the financial year	**11**	**1,710,584**	**(823,281)**

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

Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 1. Corporate information

This financial report of The Environmental Group Limited (EGL) for the year ended 30 June 2026 was authorised for issue by the Directors in accordance with a resolution of the Directors on 19 August 2026.

The Environmental Group Limited's registered office is Level 2, Suite 2.01, 315 Ferntree Gully Road, Mount Waverley, VIC 3149, Melbourne, Australia.

The financial report includes financial statements for EGL and its controlled entities as a consolidated entity ('the Group'). EGL is a public listed company, limited by shares traded on the Australian Security Exchange, incorporated and domiciled in Australia.

For the purposes of preparing the financial statements the Company and Group are for profit entities.

The principal activities during the period ending 30 June 2026 of the entities within the Group were 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 solutions, service install provider for heat transfer plant and equipment primarily related to boilers and burners including 24/7 customer service for mechanical, electrical and automation support to a wide variety of industries and an agency agreement for the manufacturing of waste recycling plant and equipment.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, 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.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 40.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Environmental Group Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. The Environmental Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received, and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Exchange differences are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Products

Revenue on capital work contracts are recognised when performance obligations are satisfied. Where performance obligations are deemed to be satisfied over a period of time, the input method is used for recognising revenue based on costs incurred. Revenue recognised on ongoing capital work contracts in excess of amounts billed to customers is reflected as an asset ("contract assets"). Amounts billed to customers in excess of revenue recognised on uncompleted capital work contracts are reflected as a liability ("contract liabilities").

Revenue from sales other than capital work contracts is recognised when goods have been dispatched to a customer pursuant to a sales order and the associated risks of ownership have passed to the customer

Services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The Environmental Group Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, cash in hand and other short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within other financial liabilities in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due based on 30-90 day terms.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Expected credit losses are also assessed on individual debtors with overdue balances for any specific allowance required. Specific expected credit losses are recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or, default payments are considered objective evidence of possible impairment.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Customer contract assets are recognised when the Group has transferred goods or services to the customer, or performance obligations are met but where the Group is yet to establish an unconditional right to consideration (that is, billing milestones are not achieved yet). Contract assets are treated as financial assets for impairment purposes.

Inventories

Inventory is measured at the lower of cost and net realisable value. Costs are assigned on a first in, first out basis. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on either a straight-line or diminishing value basis over the estimated useful life of the specific asset. The expected useful lives as follows:

- Leasehold improvements 3-10 years
- Plant and equipment 3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Goodwill and intangibles

Goodwill

Goodwill arises on the acquisition of a business and is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed

Intangibles other than goodwill

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Customer relationship

Customer relationship assets acquired in a business combination are recognised at fair value at the acquisition date, and subsequently amortised on a straight-line basis over the period of their expected benefit.

Intellectual property

Intellectual property acquired in a business combination is recognised at fair value at the acquisition date. They have an indefinite useful life and are subsequently tested for impairment.

Research and development costs

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. When a capitalised development project is complete, the costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 to 10 years.

Software

An intangible asset arising from software purchased or development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a post-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. Further details on the methodology and assumptions used are outlined in Note 18.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable.

Trade and other payables

Trade and other payables are carried at cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

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 consolidated entity has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down

Borrowing costs

Borrowing costs are recognised as an expense when incurred unless they are attributable to a qualifying asset.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Retirement benefit obligations

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether the equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

New Accounting Standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. AASB 18 Presentation and Disclosure in Financial Statements: The adoption of IFRS 18 is expected to significantly impact the presentation and disclosure of the Group's financial statements, particularly the statement of profit or loss, through mandatory categorisation of income and expenses, enhanced disclosure of management-defined performance measures, and revised subtotals aimed at improving transparency and comparability.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and assumptions laid to allocate an overall expected credit loss rate for each group. The allowance for expected credit losses, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows as discussed in Note 18.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.y differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in Note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in Note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Revenue from contracts with customers, contract assets, and contract liabilities

When recognising revenue from capital projects (service revenue), the Group's key performance obligation is satisfied over time and revenue is recognised based on the measure of progress towards completion of the respective projects. Judgement is exercised in determining the measure of progress towards completion and in reliably estimating the total contract revenue and contract costs required to complete the projects.

Contract assets are measured as the revenue recognised for each project, net of any provision for anticipated losses on completion, that exceeds amounts billed to customers under the underlying contracts. Judgement is exercised in determining any provision for expected losses on completion, as well as the amount of revenue recognised as explained above, which in turn impacts the carrying value of contract assets.

Contract liabilities are measured as amounts billed to customers under the underlying contracts in excess of revenue recognised for the respective projects. Judgement is exercised in determining the amount of revenue recognised as explained above, which in turn impacts the carrying value of contract liabilities.

Note 4. Operating segments

Identification of reportable operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision-makers) in assessing performance and determining the allocation of resources. Unless stated otherwise all amounts reported to the Board of Directors, being the chief operating decision-makers 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.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and/or services provided by the segment.
- The fabrication process.
- The type or class of customer for the products or services.
- The distribution method.
- Any external regulatory requirements.

Types of products and services by segment

Products segment **EGL Clean Air** incorporates the operations related to the supply, design, construction and installation services to industry; this segment includes activities related to air pollution control.

Products segment **EGL Baltec** incorporates the operations related to the supply, design, construction and installation services to industry; this segment includes activities related to design, engineering and manufacture of gas turbine equipment and solutions.

EGL Energy are a combination of Tomlinson and Ignite. The segment reflects the sale of boilers, heat exchange and combustion systems, services and after sales support to construction, health sector, food processing, manufacturing and many other industrial markets.

EGL Waste: This segment reflects the agency agreement with Turmec and includes services related to the Waste and Water Industry including the PFAS extraction technology.

Advanced Boilers & Combustion: This segment reflects the recently acquired business (Note 42) that reflects the services and after sales support to construction, health sector, food processing, manufacturing, and many other industrial markets.

Inter-segment transactions

All inter-segments transactions occur through a funds transfer or via a loan account and are eliminated on consolidation in the Group's financial statements.

Segment assets

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

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Segment performance

The following table present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2026 and 30 June 2025.

Operating segment information

Consolidated – 2026	EGL Clean Air $	EGL Energy $	Advanced Boilers & Combustion $	EGL Baltec $	EGL Waste $	Corporate $	Total $
Revenue							
Sales to external customers	18,663,590	47,939,095	14,073,883	26,399,623	4,298,080	-	111,374,271
Intersegment sales	117,204	549,961	1,920,237	-	-	-	2,587,402
Total sales revenue	**18,780,794**	**48,489,056**	**15,994,120**	**26,399,623**	**4,298,080**	**-**	**113,961,673**
Other revenue	84,980	(2,637)	(11,951)	161,797	357,167	-	589,356
Intersegment eliminations	-	-	-	-	-	(2,587,402)	(2,587,402)
Total revenue	**18,865,774**	**48,486,419**	**15,982,169**	**26,561,420**	**4,655,247**	**(2,587,402)**	**111,963,627**
EBITDA	1,087,153	4,227,203	2,781,683	2,852,038	976,684	(3,268,031)	8,656,730
Depreciation and amortisation	-	-	-	-	-	-	(4,273,817)
Forex (gain)/ loss	-	-	-	-	-	-	(455,419)
Interest revenue	-	-	-	-	-	-	1,770
Finance costs	-	-	-	-	-	-	(1,399,993)
ERP costs	-	-	-	-	-	-	(2,423,117)
Performance shares	-	-	-	-	-	-	33,832
Integration costs	-	-	-	-	-	-	(34,234)
Restructuring costs	-	-	-	-	-	-	(186,864)
Impairment	-	-	-	-	-	-	(5,744,727)
Legal costs	-	-	-	-	-	-	(465,258)
Historical contract write off	-	-	-	-	-	-	(656,175)
Relocation costs	-	-	-	-	-	-	(882,794)
Loss before income tax benefit							**(7,830,066)**
Income tax benefit	-	-	-	-	-	-	1,767,336
Loss after Income tax benefit							**(6,062,730)**
Assets							
Segment assets	28,099,789	46,556,254	14,650,051	32,373,916	9,325,797	45,526,042	176,531,849
Intersegment eliminations	-	-	-	-	-	-	(95,585,455)
Unallocated assets							
Deferred tax assets	-	-	-	-	-	-	6,470,339
Total assets							**87,416,733**
Liabilities							
Segment liabilities	12,427,656	8,427,450	178,800	(25,937,179)	1,643,374	(47,485,703)	(50,745,602)
Intersegment eliminations	-	-	-	-	-	-	95,585,455
Unallocated liabilities							
Deferred tax liabilities	-	-	-	-	-	-	2,856,669
Total liabilities							**47,696,522**

Operating segment information

Consolidated – 2025	EGL Clean Air $	EGL Energy $	Advanced Boilers & Combustion $	EGL Baltec $	EGL Waste $	Corporate $	Total $
Revenue							
Sales to external customers	19,392,215	49,140,412	3,957,569	35,107,904	3,468,450	-	111,066,550
Intersegment sales	120,779	150,585	364,976	-	-	-	636,340
Total sales revenue	**19,512,994**	**49,290,997**	**4,322,545**	**35,107,904**	**3,468,450**	**-**	**111,702,890**
Other revenue	113,176	(11,734)	13,281	562,302	177,692	-	854,717
Intersegment eliminations	-	-	-	-	-	(636,339)	(636,339)
Total revenue	**19,626,170**	**49,279,263**	**4,335,826**	**35,670,206**	**3,646,142**	**(636,339)**	**111,921,268**
EBITDA	1,685,704	6,737,605	858,525	3,788,228	1,664,106	(3,632,774)	11,101,394
Depreciation and amortisation	-	-	-	-	-	-	(2,954,006)
Forex (gain)/loss	-	-	-	-	-	-	213,995
Interest revenue	-	-	-	-	-	-	34,558
Finance costs	-	-	-	-	-	-	(721,859)
ERP costs	-	-	-	-	-	-	(306,799)
Performance shares	-	-	-	-	-	-	(163,047)
Restructuring costs	-	-	-	-	-	-	(96,771)
Acquisition & integration cost	-	-	-	-	-	-	(808,060)
Profit before income tax expense							**6,299,405**
Income tax expense	-	-	-	-	-	-	(1,589,706)
Profit after income tax expense							**4,709,699**
Assets							
Segment assets	37,484,489	42,183,446	8,649,225	41,502,617	7,393,514	40,536,486	177,749,777
Intersegment eliminations	-	-	-	-	-	-	(91,090,470)
Unallocated assets							
Deferred tax assets	-	-	-	-	-	-	4,400,474
Total assets							**91,059,781**
Liabilities							
Segment liabilities	4,336,563	8,698,788	5,040,052	(24,687,365)	2,728,649	(44,443,102)	(48,326,415)
Intersegment eliminations	-	-	-	-	-	-	91,090,470
Unallocated liabilities							
Deferred tax liabilities	-	-	-	-	-	-	2,478,953
Total liabilities							**45,243,008**

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 5.5% of external revenue (2025: 11.2%). The next most significant client accounts for 3.8% (2025: 4.8%) of external revenue also in the EGL Baltec segment.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2026 $	2025 $	2026 $	2025 $
Australia	93,519,378	90,471,452	30,889,526	32,536,088
Rest of the World	17,854,892	20,595,098	-	-
	111,374,270	**111,066,550**	**30,889,526**	**32,536,088**

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

EGL Waste: Baler Servicing (NSW, Australia)

Note 5. Revenue from continuing operations and other income

	Consolidated	
Revenue	2026 $	2025 $
From contracts with external customers	111,374,270	111,066,550
R&D tax offset	263,924	698,679
Water Trail Blazer Grant	322,307	177,692
Profit/(loss) on sale of asset	3,126	(21,653)
Total revenues	**111,963,627**	**111,921,268**

Disaggregation of revenue

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

	Consolidated	
Major product lines	2026 $	2025 $
Engineering and fabrication solutions	51,793,307	51,026,213
Service	57,721,949	52,358,100
Parts	1,859,014	7,682,237
	111,374,270	**111,066,550**

	Consolidated	
Geographical regions	2026 $	2025 $
Australia	93,519,378	90,471,452
Rest of the World	17,854,892	20,595,098
	111,374,270	**111,066,550**

	Consolidated	
Timing of revenue recognition	2026 $	2025 $
Goods transferred at a point in time	1,859,014	7,682,237
Services transferred over time	109,515,256	103,384,313
	111,374,270	**111,066,550**

Note 6. Cost of sales

	Consolidated	
	2026 $	2025 $
Cost of sales	**77,669,043**	**79,177,097**

Note 7. Employee expenses

	Consolidated	
	2026 $	2025 $
Wages and salaries	11,948,187	8,731,404
Superannuation expense	3,442,903	2,695,944
Share-based payments expense	(33,832)	163,047
Other employee benefits expense	2,796,460	2,148,473
Employee expenses total	**18,153,718**	**13,738,868**

Note 8. Depreciation and amortisation

	Consolidated	
	2026 $	2025 $
Depreciation of property, plant & equipment	672,827	565,250
Amortisation of intangibles	522,846	275,779
Depreciation of ROU assets	3,078,144	2,112,977
Depreciation and amortisation total	**4,273,817**	**2,954,006**

EGL Baltec: Inverter Filtration System for Solar Farm (QLD, Australia)

Note 9. Interest expense

	Consolidated	
	2026 $	2025 $
Finance cost on borrowings	493,468	181,588
Interest on lease liabilities	899,119	506,482
Other interest expense	7,406	33,788
	1,399,993	**721,859**

Note 10. Income tax expense

	Consolidated	
Income tax expense	2026 $	2025 $
Current tax	(75,186)	2,232,071
Deferred tax - origination and reversal of temporary differences	(1,692,150)	(642,365)
Aggregate income tax expense	**(1,767,336)**	**1,589,706**
Deferred tax included in income tax expense comprises		
Increase in deferred tax assets (Note 16)	(2,069,865)	(1,187,316)
Increase in deferred tax liabilities (Note 28)	377,715	544,951
Deferred tax – origination and reversal of temporary differences	**(1,692,150)**	**(642,365)**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	(7,830,066)	6,299,405
Tax at the statutory tax rate of 30%	(2,349,020)	1,889,822
Prior period adjustments	-	-
Permanent differences	802,409	(71,539)
Prior year adjustment (R&D)	(75,186)	-
Other items	(145,539)	(228,577)
Income tax expense/(benefit)	**(1,767,336)**	**1,589,706**

The Consolidated entity does not have any unused losses (FY2025: nil).

Note 11. Current assets – Cash and cash equivalents

	Consolidated	
	2026 $	2025 $
Cash at bank	1,937,725	1,563,271
Cash in transit	551,076	1,133,426
	2,488,801	**2,696,697**
Reconciliations to cash and cash equivalents at the end of the financial 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 as above	2,488,801	2,696,697
Bank overdraft (Note 25)	(778,217)	(3,519,979)
	1,710,584	**(823,282)**

Note 12. Current assets – Trade and other receivables

	Consolidated	
	2026 $	2025 $
Trade receivables	21,995,450	19,556,075
Less: Allowance for expected credit losses	(870,704)	(707,693)
	21,124,746	**18,848,382**
Other receivables	195,715	462,067
	21,320,461	**19,310,449**

Allowance for expected credit losses

Trade receivables are non-interest bearing and vary between 30 to 90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Amounts are included in other expenses in the statement of profit and loss and other comprehensive income.

Expected credit loss allowances for trade receivables are deducted from the gross carrying amount of trade receivables.

As at 30 June 2026, the ageing of trade receivables is as follows.

	Consolidated					
	Expected credit loss rate		**Carrying amount**			
	2026 %	2025 %	2026 $	2025 $	2026 $	2025 $
Current	-	-	11,743,455	14,203,965	-	-
30 Days	-	-	4,707,929	846,860	-	-
60+ Days past due	-	-	849,458	148,430	-	
90+ Days past due	19%	16%	4,694,608	4,356,820	870,704	707,693
			21,995,450	**19,556,075**	**870,704**	**707,693**

Payment terms on these amounts have not been renegotiated; however, credit is being monitored until full payment is made. Each business unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Movements in the provision for impairment of receivables are as follows.

	Consolidated	
	2026 $	2025 $
Opening balance	707,693	510,106
Additions through business combinations	-	31,616
Additional provision in the current year	163,011	165,971
Closing balance	**870,704**	**707,693**

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Note 13. Current assets – Inventories

	Consolidated	
	2026 $	2025 $
Inventory on hand - at cost	**7,866,522**	**8,582,536**

Inventory write-down

There were no write-down of inventories to net realisable value for the year ended 30 June 2026 (2025: $0). As a result, there is no provision for impairment.

Note 14. Current assets – Other current assets

	Consolidated	
	2026 $	2025 $
Prepayments	**1,172,327**	**444,612**

Note 15. Current assets – Contract assets

	Consolidated	
	2026 $	2025 $
Contract assets	**17,208,756**	**23,088,924**

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year is set out below.

	Consolidated	
	2026 $	2025 $
Opening balance	23,088,924	13,139,326
Invoice to customers	(88,114,664)	(69,695,395)
Additions through business combinations (Note 42)	-	1,415,144
Accrued income	82,234,496	78,229,849
Closing balance	**17,208,756**	**23,088,924**

Note 16. Non-current assets – Deferred tax assets

Deferred tax assets comprises temporary differences attributable to amounts recognised in profit or loss.	Consolidated	
	2026 $	2025 $
Leases	2,703,546	2,181,629
Fixed assets	540,280	248,062
Accruals	107,896	205,130
Provisions	1,785,003	1,638,694
Other	101,503	126,959
Losses	1,232,111	-
Deferred tax assets	**6,470,339**	**4,400,474**
Movements		
Opening balance	4,400,474	3,213,158
Credited to profit or loss (Note 10)	2,069,865	1,187,316
Closing balance	**6,470,339**	**4,400,474**

Note 17. Non-current assets – Property, plant and equipment

	Consolidated	
	2026 $	2025 $
Plant and equipment – at cost	4,656,860	4,027,136
Less: Accumulated depreciation	(2,890,247)	(2,383,465)
	1,766,613	**1,643,671**
Capital Work in Progress - at cost	**1,351,963**	**-**
Motor vehicles – at cost	781,978	746,521
Less: Accumulated depreciation	(250,857)	(306,203)
	531,121	**440,318**
Motor vehicles under lease	410,503	481,748
Less: Accumulated depreciation	(268,918)	(106,048)
	141,585	**375,700**
Closing balance	**3,791,282**	**2,459,689**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

Consolidated	Plant and Equipment $	Motor Vehicles $	Capital Work in Progress $	Total $
Balance at 30 June 2024	**1,430,962**	**563,794**	**-**	**1,994,756**
Additions	631,152	-	-	631,152
Additions through business combinations (Note 42)	22,900	497,264	-	520,164
Disposals	(13,667)	(107,466)	-	(121,133)
Depreciation expense	(427,676)	(137,574)	-	(565,250)
Balance at 30 June 2025	**1,643,671**	**816,018**	**-**	**2,459,689**
Additions	632,156	128,333	1,026,188	1,786,677
Disposals	-	(108,032)	-	(108,032)
Reclassifications	-	-	325,775	325,775
Depreciation expense	(509,214)	(163,613)	-	(672,827)
Balance at 30 June 2026	**1,766,613**	**672,706**	**1,351,963**	**3,791,282**

Note 18. Non-current assets – Intangible assets

	Consolidated 2026 $	Consolidated 2025 $
Goodwill – at cost	19,337,582	19,630,866
Less: Impairment	(2,998,703)	-
	16,338,879	**992,228**
Product development – at cost	845,822	1,171,597
Less: Accumulated amortisation	(264,502)	(179,369)
	581,320	**992,228**
Intellectual property – at cost	1,751,911	1,714,000
Customer Relationships –at cost	240,000	240,000
Less: Accumulated amortisation	(232,000)	(184,000)
	8,000	**56,000**
Software – at cost	1,296,361	1,296,361
Less: Accumulated amortisation	(1,296,361)	(906,648)
	-	**389,713**
Balance at 30 June 2026	**18,680,110**	**22,782,807**

Consolidated	Goodwill $	Intellectual Property $	Customer Relationships $	Software $	Product Development $	Total $
Balance at 30 June 2024	**18,068,920**	**350,000**	**104,000**	**582,318**	**751,978**	**19,857,216**
Additions	-	-	-	-	325,774	325,774
Acquisition adjustment in the 12-month measuring period business combinations (Note 42)	1,561,946	1,364,000	-	-	-	2,925,946
Other adjustments	-	-	-	(50,350)	-	(50,350)
Amortisation expense	-	-	(48,000)	(142,255)	(85,524)	(275,779)
Balance at 30 June 2025	**19,630,866**	**1,714,000**	**56,000**	**389,713**	**992,228**	**22,782,807**
Additions	-	37,911	-	-	-	37,911
Acquisition adjustment in the 12-month measuring period business combinations (Note 42)	(293,284)	-	-	-	-	(293,284)
Impairment of assets	(2,998,703)	-	-	-	-	(2,998,703)
Reclassifications	-	-	-	-	(325,775)	(325,775)
Amortisation expense	-	-	(48,000)	(389,713)	(85,133)	(522,846)
Balance at 30 June 2026	**16,338,879**	**1,751,911**	**8,000**	**-**	**581,320**	**18,680,110**

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. When a capitalised development project is complete, the costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 to 10 years.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Intellectual property

Intellectual property acquired in a business combination is recognised at fair value at the acquisition date. They have an indefinite useful life and are subsequently tested for impairment.

Impairment testing

Goodwill acquired through business combinations and licences have been allocated to the relevant cash generating units as summarised in the table below:

	EGL Clean Air TAPC $	EGL Clean Air Airtight $	EGL Energy Tomlinson $	EGL Energy Ignite $	EGL Energy Advanced $	EGL Baltec $	EGL Waste $	EGL Total $
Goodwill	5,328,297	-	3,956,878	1,584,425	1,268,663	4,007,647	192,969	16,338,879

EGL Clean Air Cash Generating Unit (TAPC)

The recoverable amount of the EGL Clean Air (TAPC) Cash Generating Unit has been determined using a value in use calculation which is based on the following key assumptions:

- 11.6% post-tax discount rate; (2025: 11%)
- 5% (2025: 5%) per annum projected revenue and cost of sales growth rate;
- 3% (2025: 3%) per annum increase in overhead; and
- 2% (2025: 2%) projected indefinite nominal growth in the terminal value.

Based on the above, there was no impairment of goodwill.

Sensitivity:

Revenue would need to decrease by more than 5.2% before the goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase by 8% before goodwill would need to be impaired with all other assumptions remaining constant.

EGL Clean Air Cash Generating Unit (Airtight Solutions)

During the financial year, the Group recognised a non-cash impairment charge of $2,998,775 against the goodwill of the EGL Clean Air (Airtight) Cash Generating Unit (CGU). The impairment arose following a reassessment of forecast cash flows due to lower expected earnings and revised market conditions.

The recoverable amount of the EGL Clean Air (Airtight) Cash Generating Unit has been determined using a value in use calculation which is based on the following key assumptions:

- 11.6% post-tax discount rate (2025: 11%)
- 5% (2025: 5%) per annum projected revenue and cost of sales growth rate;
- 3% (2025: 3%) per annum increase in overhead;
- 2% (2025: 2%) projected indefinite nominal growth in the terminal value.

As a result of the assessment, the carrying value of goodwill attributable to the EGL Clean Air (Airtight) CGU was fully impaired and no goodwill remains allocated to the CGU as at 30 June 2026.

Sensitivity

Given the goodwill balance has been reduced to nil, sensitivity disclosures relating to reasonably possible changes in assumptions have not been presented.

EGL Baltec Cash Generating Unit

The recoverable amount of the EGL Baltec Cash Generating Unit has been determined using a value in use calculation, which is based on the following key assumptions:

- 11.6% post-tax discount rate (2025: 11%)
- 6% (2025: 6%) per annum projected revenue and cost of sales growth rate;
- 3% (2025: 3%) per annum increase in overhead;
- 2% (2025: 2%) projected indefinite nominal growth in the terminal value.

Based on the above, there is no impairment of goodwill.

Sensitivity

Revenue would need to decrease by more than 10.4% before the goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase by 47.5% before goodwill would need to be impaired with all other assumptions remaining constant.

EGL Energy Cash Generating Unit (Ignite Services)

The recoverable amount of the EGL Energy (Ignite) Cash Generating Unit has been determined using a value in use calculation, which is based on the following key assumptions:

- 11.6% post-tax discount rate (2025: 11%)
- 3% (2025: 5%) per annum projected revenue and cost of sales growth rate;
- 3% (2025: 3.5%) per annum increase in overhead;
- 2% (2025: 2%) projected indefinite nominal growth in the terminal value.

Based on the above, there is no impairment of goodwill.

Sensitivity

Revenue would need to decrease by more than 16.4% before the goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase by 25.5% before goodwill would need to be impaired with all other assumptions remaining constant.

EGL Energy Cash Generating Unit (Tomlinson Energy Services)

The recoverable amount of the EGL Energy (Tomlinson) Cash Generating Unit has been determined using a value in use calculation, which is based on the following key assumptions:

- 11.6% post-tax discount rate (2025: 11%)
- 5% (2025: 5%) per annum projected revenue and cost of sales growth rate;
- 3% (2025: 3%) per annum increase in overhead;
- 2% (2025: 2%) projected indefinite nominal growth in the terminal value.

Based on the above, there is no impairment of goodwill.

Sensitivity

Revenue would need to decrease by more than 4.2% before the goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase by 6.4% before goodwill would need to be impaired with all other assumptions remaining constant.

EGL Energy Cash Generating Unit (Advanced Boiler Solutions)

The recoverable amount of the EGL Energy (Advanced) Cash Generating Unit has been determined using a value in use calculation, which is based on the following key assumptions:

- 11.6% post-tax discount rate (2025: 11%)
- 5% (2025: 10%) per annum projected revenue and cost of sales growth rate;
- 3% (2025: 3%) per annum increase in overhead;
- 2% (2025: 2%) projected indefinite nominal growth in the terminal value.

Based on the above, there is no impairment of goodwill.

Sensitivity

Revenue would need to decrease by more than 9.9% before the goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase by 21.6% before goodwill would need to be impaired with all other assumptions remaining constant.

EGL Waste

The recoverable amount of the EGL Waste Cash Generating Unit has been determined using a value in use calculation, which is based on the following key assumptions:

- 11.6% post-tax discount rate (2025: 11%)
- 3% (2025: 10%) per annum projected revenue and cost of sales growth rate;
- 3% (2025: 3%) per annum increase in overhead;
- 2% (2025: 2%) projected indefinite nominal growth in the terminal value.

Based on the above, there is no impairment of goodwill.

Sensitivity

Revenue would need to decrease by more than 12.3% before the goodwill would need to be impaired, with all other assumptions remaining constant.

The discount rate would be required to increase by 24.6% before goodwill would need to be impaired with all other assumptions remaining constant.

Key assumptions used in value in use calculations

The calculation of value in use for each of the Cash Generating units is most sensitive to assumptions made concerning projected revenues, cost of sales, and overheads, projected gross margins for the first year, discount rates, and growth rates used to extrapolate cash flows beyond the budget period.

Gross margins are based on the values achieved in recent years preceding the start of the budget period. Discount rates reflect management's estimate of the time value of money and the risks specific to each unit that are not already reflected in the cash flows. In determining the appropriate discount rates, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for business risk specific to each unit. Growth rate estimates reflect recent past experience.

Note 19. Non-current assets – Other non-current assets

	Consolidated	
	2026 $	2025 $
Security deposits	**91,860**	**324,578**

Note 20. Non-current assets – Right-of-use assets

	Consolidated	
	2026 $	2025 $
Land and buildings – right-of-use	6,735,098	4,544,063
Less: Accumulated depreciation	(2,168,446)	(1,353,884)
	4,566,652	**3,190,179**
Motor vehicles – right-of-use	6,957,285	5,908,637
Less: Accumulated depreciation	(3,197,662)	(2,129,801)
	3,759,623	**3,778,836**
	8,326,275	**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 and previous financial year are set out below.

Consolidated	Land and building leases	Motor vehicle leases	Total
Balance at 1 July 2024	**2,110,281**	**2,886,263**	**4,996,544**
Additions	2,141,914	2,155,937	4,297,851
Disposals	(183,971)	(28,432)	(212,403)
Depreciation expense	(878,045)	(1,234,932)	(2,112,977)
Balance at 30 June 2025	**3,190,179**	**3,778,836**	**6,969,015**
Additions	2,844,587	1,714,801	4,559,388
Disposals	(94,240)	(44,035)	(138,275)
Revaluation increments	14,276	15	14,291
Depreciation expense	(1,388,150)	(1,689,994)	(3,078,144)
Balance at 30 June 2026	**4,566,652**	**3,759,623**	**8,326,275**

Note 21. Current liabilities – Trade and other payables

	Consolidated	
	2026 $	2025 $
Trade payables	15,318,658	15,526,159
Provision for Income Tax	311,801	3,386,608
Other payables	3,708,895	3,927,755
	19,339,354	**22,840,522**

Refer to Note 35 for further information on financial risk management.

Note 22. Current liabilities – Contract liabilities

	Consolidated	
	2026 $	2025 $
Contract liabilities	**5,996,227**	**4,429,325**

Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

Opening balance	**4,429,325**	**4,105,809**
Payments received in advance	24,826,508	32,568,170
Additions through business combinations (Note 41)	-	376,620
Transfer to revenue – included in the opening balance	(23,259,606)	(32,621,274)
Closing balance	**5,996,227**	**4,429,325**

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $34,120,978 as at 30 June 2026 ($36,467,720 as at 30 June 2025) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2026 $	2025 $
Within 6 months	11,587,812	21,264,656
6 to 12 months	15,299,989	15,203,064
12 to 18 months	7,233,177	-
	34,120,978	**36,467,720**

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 23.Current liabilities – Financial liabilities

	Consolidated	
	2026 $	2025 $
Bank overdraft	778,217	3,519,979
Finance leases	141,395	151,700
Bank bill business loan	4,750,000	-
	5,669,612	**3,671,679**

The amount of the Group's Overdraft facility used at 30 June 26 was $778,217

The Groups financial lease liability is $284,022 of which the current portion represents principal repayments of $141,395 within the next 12 months.

The Group's Bank Bill Business Loan of $4,750,000 will expire on 31 March 2031. The Group breached the covenants attached to its banking facility. Subsequent to year end, the lender has not exercised this right and has confirmed its ongoing support of the Group's operations. The business loan has been classed as a current liability in accordance with AASB 101.

Note 24. Current liabilities – Employee benefits

	Consolidated	
	2026 $	2025 $
Annual leave	3,221,708	2,907,012
Long service leave	1,287,795	1,266,255
	4,509,503	**4,173,267**

Amounts not expected to be taken in the next 12 months.

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 25. Current liabilities – Borrowings

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit.

	Consolidated 2026 $	Consolidated 2025 $
Total facilities		
Bank overdraft	7,000,000	8,000,000
Bank Bill Business loan	4,750,000	-
Trade Guarantee and Standby Letters of Credit Facility	15,000,000	13,500,000
	26,750,000	**21,500,000**
Used at the reporting date		
Bank overdraft	778,217	3,519,979
Bank Bill Business loan	4,750,000	-
Trade Guarantee and Standby Letters of Credit Facility	9,474,940	12,293,483
	15,003,157	**15,813,461**
Unused at the reporting date		
Bank overdraft	6,221,783	4,480,022
Bank Bill Business loan	-	-
Trade Guarantee and Standby Letters of Credit Facility	5,525,060	1,206,517
	11,746,843	**5,686,539**

On the 18 June 2026 the Group established a temporary increase for its working capital overdraft facility from $5,000,000 to $7,000,000 until 31 July 2026 with the Westpac Banking Corporation.

The Group's Bank Bill Business Loan of $4,750,000 will expire on 31 March 2031. Trade Guarantee and Standby Letter of Credit facility is used by the Group to issue performance bonds and bank guarantees which are disclosed as a contingent liability. As at 30 June 2026 the Group had $9,474,940 outstanding Trade Guarantees and Standby Letter of Credits.

On the 3 March 2026 the Group permanently changed its Trade Guarantee and Standby Letter of Credit facility to $15,000,000.

The Group's Bank Bill Business Loan of $4,750,000 will expire on 31 March 2031. The Group breached the covenants attached to its banking facility. Subsequent to year end, the lender has not exercised this right and has confirmed its ongoing support of the Group's operations. The business loan has been classed as a current liability in accordance with AASB 101.

During the financial year ended 30 June 2026, the Group did not comply with the Fixed Charge Cover Ratio and Debt to EBITDA Ratio covenants associated with its Westpac banking facility. As a result, the lender obtained the contractual right to demand immediate repayment of the facility. Subsequent to year end, the lender has not exercised this right and has confirmed its ongoing support of the Group's operations. The carrying amount of the facility at 30 June 2026 was $4,750,000. The facility has been classified as a current liability in accordance with AASB 101.

Note 26. Current liabilities – Lease liabilities

	Consolidated	
	2026 $	2025 $
Lease liability	**2,900,983**	**2,203,940**

Refer to Note 35 for further information on financial instruments

Note 27. Non-current liabilities - Financial liabilities

	Consolidated	
	2026 $	2025 $
Finance leases	**142,626**	**225,065**

The Group's Bank Bill Business Loan of $4,750,000 will expire on 31 March 2031.

Note 28. Non-current liabilities – Deferred tax liabilities

	Consolidated	
Deferred tax liability comprises temporary differences attributable to:	2026 $	2025 $
Amounts recognised in profit or loss		
Right-of-use assets	2,497,883	2,090,703
Other	358,785	388,250
Deferred tax liability	**2,856,668**	**2,478,953**
Movements		
Opening balance	2,478,953	1,934,002
Charged to profit or loss (Note 10)	377,715	544,951
Closing balance	**2,856,668**	**2,478,953**

Note 29. Non-current liabilities – Employee benefits

	Consolidated	
	2026 $	2025 $
Long service leave	**170,714**	**152,100**

Note 30. Non-current liabilities – Lease liabilities

	Consolidated	
	2026 $	2025 $
Lease liability	**6,110,835**	**5,068,157**

Refer to Note 35 for further information on financial instruments.

Note 31. Equity – Issued capital

			Consolidated	
	2026 Shares	2025 Shares	2026	2025
Ordinary shares - fully paid	**380,497,795**	**380,497,795**	**37,064,481**	**37,064,481**

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$
Balance	**01 July 2024**	**373,436,874**	**0.00**	**37,064,481**
Performance rights	10 September 2024	7,060,921	0.00	-
Balance	**30 June 2025**	**380,497,795**	**000**	**37,064,481**
Performance rights	-	-	-	-
Balance	**30 June 2026**	**380,497,795**	**000**	**37,064,481**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. During the financial year ended 30 June 2026, the Group did not comply with the Fixed Charge Cover Ratio and Debt to EBITDA Ratio covenants associated with its Westpac banking facility. As a result, the lender obtained the contractual right to demand immediate repayment of the facility. Subsequent to year end, the lender has not exercised this right and has confirmed its ongoing support of the Group's operations.

The capital risk management policy remains unchanged from the 2025 Annual Report.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 32. Equity – Retained earnings

	Consolidated	
	2026 $	2025 $
Retained earnings/accumulated losses at the beginning of the financial year	7,224,114	2,514,415
Profit/(loss) after income tax (expense)/benefit for the year	(6,062,730)	4,709,699
Retained earnings at the end of the financial year	**1,161,384**	**7,224,114**

Note 33. Equity – Reserves

	Consolidated	
	2026 $	2025 $
General reserve	151,721	151,721
Share-based payments reserve	1,342,625	1,376,457
	1,494,346	**1,528,178**

The share-based payments reserve relates to the performance shares of Key Management Personnel and General Managers.

Performance Year	KMP	Probability	Number of shares expected to be vested	Share price $	Share-based reserve movement
FY26	Jason Dixon	27.7%	470,191	0.2650	1,543
FY26	Paul Gaskett	27.7%	104,487	0.2650	514
FY26	Gareth Nicholls	27.7%	156,730	0.2650	18,461
FY26	Brenda Borghouts	Not vested	-	0.2650	(27,175)
FY26	Andrew Bush	Not vested	-	0.2650	(27,175)
Total			**731,407**		**(33,832)**
FY25	Jason Dixon	54.3%	922,908	0.265	81,524
FY25	Paul Gaskett	54.3%	307,636	0.265	27,174
FY25	Brenda Borghouts	54.3%	307,636	0.265	27,174
FY25	Andrew Bush	54.3%	307,636	0.265	27,175
Total			**1,845,815**		**163,047**

Note 34. Equity – Dividends

Dividends

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

Franking credits

	Consolidated	
	2026 $	2025 $
Franking credits available at the reporting date based on a tax rate of 30% (2025: 30%)	5,198,875	2,821,328
Franking credits available for subsequent financial years based on a tax rate of 30%	5,198,875	2,821,328

Note 35. Financial risk management

Financial risk management objectives

The Group's principal financial instruments comprise receivables, payables, cash and short term deposits, bank loans, and leases.

The Group manages its exposure to key financial risks, including interest rate and currency risk with the objective of supporting the delivery of the Group's financial targets whilst protecting future financial security.

The main financial risks that arise in the normal course of business for the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. Liquidity risk is monitored through the development of future rolling cash flow forecasts. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk.

The Board has continued the policy that no speculative trading in financial instruments be undertaken.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of financial instruments are disclosed in Note 2 to the financial statements.

Financial instruments

Set out below by category are the carrying amounts of all of the Group's financial instruments recognised in the financial statements. The carrying amounts approximate their fair value.

	Consolidated	
Financial assets	2026 $	2025 $
Cash and cash equivalents	1,937,725	1,563,271
Trade and other receivables	21,320,461	19,310,449
Cash in transit	551,076	1,133,426
	23,809,262	**22,007,146**
Financial liabilities		
Trade and other payables	8,844,060	14,348,504
Lease liabilities	9,011,818	7,272,097
Finance leases	284,021	376,765
Bank loan	4,750,000	-
Overdraft utilised	778,217	3,519,979
	23,668,116	**25,517,345**

Foreign currency risk

The Group has transactional currency exposure arising from those sales and purchases which are denominated in United States dollars and Euros. From time to time the Group hold cash denominated in United States dollars and Euros. Currently the Group has no foreign exchange hedge programmes in place. Transaction exposures, where possible, are netted off across the Group to reduce volatility and provide a natural hedge.

The financial assets denominated in United States dollars and Euros at reporting date are as follows.

Performance year	2026 USD A$	2026 EURO A$	2025 USD A$	2025 EURO A$
Cash at bank and on hand	6,167	106,124	42,784	19,128
Trade and other receivables	2,500,506	172,043	2,212,185	2,736,128
Trade and other payables	4,787,203	1,800,138	4,192,325	1,280,928

At current exchange rates sourced from the Reserve Bank of Australia, and based on foreign denominated payables and receivables at reporting date, if the Australian dollar was 5% higher, the impact on before tax profit, with all other variables held constant, would be an increase of $181,071 (2025: increase of $22,049), directly impacting the equity in the Group. If the Australian dollar was 5% lower, the impact on before tax profit, with all other variables held constant, would be a decrease of $200,312 (2025: decrease of $24,370), directly impacting the equity in the Group.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used. Interest bearing assets are predominantly short term liquid assets, such as bank deposits and interest bearing current accounts.

The Group had a bank loan of $4,750,000 as at 30 June 2026 (2025: Nil). The bank loan had an average interest rate of 5.4% (2025: Nil). The Group used the overdraft facility with an average interest rate of 6.44% (2025: 6.5%). Monthly cash outlays of approximately $47,020 (2025: $11,663) per month are required to service the interest payments.

Credit risk

Credit risk arises from the financial assets of the Group which comprise cash and cash equivalents, trade and other receivables, term deposit and bank bills. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group trade only with creditworthy third parties. The credit risk for cash and cash equivalents is considered negligible, since the counter parties are reputable banks with high quality external credit ratings. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet all financial commitments in a timely and cost-effective manner. The Group constantly reviews the liquid position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The remaining contractual maturities of the Group's financial liabilities are:

Consolidated - 2026	Weighted average interest rate %	6 Months or less	6-12 months	1-5 years	Over 5 years	Total
Trade Creditors	-	15,318,658	-	-	-	15,318,658
Property Leases	9.50%	784,777	894,493	4,304,439	51,932	6,035,641
Motor Vehicle leasing	9.50%	1,002,864	939,181	2,569,540	-	4,511,585
Insurance premiums	-	229,697	-	-	-	229,697
Westpac Loan	5.40%	4,750,000	-	-	-	4,750,000
Finance Lease	6.79%	57,766	91,902	149,378	-	299,046
Total		**22,143,762**	**1,925,576**	**7,023,357**	**51,932**	**31,144,627**

Consolidated - 2025	Weighted average interest rate %	6 Months or less	6-12 months	1-5 years	Over 5 years	Total
Trade Creditors	-	15,526,159	-	-	-	15,526,159
Property Leases	9.50%	576,026	547,398	2,862,100	-	3,985,524
Motor Vehicle leasing	9.50%	848,126	790,308	2,868,058	-	4,506,492
Insurance premiums	-	346,843	-	-	-	346,843
Westpac Loan	5.40%	90,113	90,113	196,539	-	376,765
Finance Lease	7.4%	500,000	-	-	-	500,000
Total	-	**17,887,267**	**1,427,819**	**5,926,697**	**-**	**25,241,783**

Financing arrangements

Unused borrowing facilities at the reporting date.

	Consolidated	
	2026 $	2025 $
Bank overdraft	6,221,783	4,480,022
Trade Guarantee and Standby Letters of Credit Facility	5,525,060	1,206,517
	11,746,843	**5,686,539**

Remaining contractual maturities

The Group had a temporary increase in its overdraft facility from $5,000,000 to $7,000,000 of which $6,221,783 was unused as at 30 June 2026. It also has an unused Trade Guarantee and Standby Letters of credit facility of $5,525,060. This facility was permanently changed on 3 March 2026 to $15,000,000.

Note 36. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below.

	Consolidated	
	2026 $	2025 $
Short-term employee benefits	1,701,169	1,556,781
Post-employment benefits	169,716	171,151
Performance rights	(33,832)	163,048
	1,837,053	**1,890,980**

Options

No options were granted in the year ended 30 June 2026 (nil-2025).

Details relating to key management personnel are included in the Remuneration Report.

Note 37. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company. There were no non-audit fees paid to RSM Australia Partners in FY2026 (FY2025: $0).

	Consolidated	
	2026 $	2025 $
Audit and review of the financial statements	**189,005**	**190,437**

Note 38. Contingent assets

During the reporting period, the Group lodged a claim against the vendors of Airtight Pty Ltd under the terms of the Share Sale Agreement in relation to matters identified following the acquisition.

While the Directors consider recovery to be probable, the outcome remains subject to ongoing legal proceedings. Accordingly, no asset has been recognised at reporting date, and the matter is disclosed as a contingent asset.

The Directors consider it inappropriate to disclose further details of the claim, including the potential financial effect, as such disclosure may prejudice the Group's position in relation to the ongoing matter.

Note 39. Contingent liabilities

The Groups 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 30 June 2026 are $9,474,940 (2025: $12,293,483).

Note 40. Related party transactions

Parent entity

The Environmental Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 43.

KMP

Disclosures relating to key management personnel are set out in Note 36 and the Remuneration Report included in the Directors' Report.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date. There were no trade loans from or to related parties at the current and previous reporting date.

There were no trade loans from or to related parties at the current and previous reporting date.

Note 41. Parent entity information

Set out below is the supplementary information about the parent entity:

Statement of profit or loss	Consolidated 2026 $	2025 $
Financial performance		
Loss after income tax	(4,208,396)	(3,458,515)
Statement of financial position		
Assets		
Current assets	8,636,133	15,082,270
Non-current assets	8,773,081	6,029,464
Total assets	**17,409,214**	**21,111,734**
Liabilities		
Current liabilities	7,344,117	8,209,625
Non-current liabilities	2,126,438	721,221
Total liabilities	**9,470,555**	**8,930,846**
Net assets	7,938,659	12,180,887
Equity		
Equity attributable to the ordinary equity holders of the Company	-	-
Contributed equity	37,064,481	37,064,481
Accumulated losses	(30,574,202)	(26,260,051)
Reserves	1,448,380	1,376,457
Total equity	**7,938,659**	**12,180,887**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent company provided no guarantees or securities during the year (2025: $0).

Contingent liabilities

The parent company provided no guarantees or securities during the year (2025: $0).

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 2.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 42. Business combinations

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 $1,268,662 represents and reflects strong recurring revenue and expected future growth from the areas mentioned in the previous paragraph.

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 acquired business contributed revenues of $3,970,399 and an EBIT of $778,228 to the consolidated entity for the period from 4 April 2025 to 30 June 2025. It is impracticable to disclose the revenue and profit or loss of the combined entity as if the acquisition had occurred at the beginning of the annual reporting period, as the acquired entity did not comply with Australian Accounting Standards prior to its acquisition by The Environmental Group Limited. Advance Boilers contributed revenue of $15,982,169 and EBIT of $2,781,683 in the year ended 30 June 2026.

The values identified in relation to the acquisition of Advanced Boilers are final as at 30 June 2026. Comparative amounts for 30 June 2025 have been restated in this financial report to the final determined fair values. The restated aggregated fair value of the identifiable assets and liabilities as at the date of acquisition were:

Business combinations	Provisional Fair Value reported at 30 June 2025 $	Adjustments to Provisional Fair Value $	Final Fair Value Total $
Cash and cash equivalents	324,178	168,035	492,213
Trade receivables	1,805,394	-	1,805,394
Provision for doubtful debts	(31,616)	-	(31,616)
Other receivables	51,295	-	51,295
Inventories	313,908	-	313,908
Contract assets	1,415,144	-	1,415,144
ROU assets	720,242	-	720,242
Plant and equipment	22,900	-	22,900
Motor vehicles	497,264	-	497,264
Licence	1,364,000	-	1,364,000
Deferred Tax asset	448,062	-	448,062
Trade payables	(505,463)	-	(505,463)
Other payables	(511,615)	-	(511,615)
Provision for Income Tax	(557,099)	73,459	(483,640)
Deferred Tax liabilities	(216,073)	-	(216,073)
Employee benefits	(498,965)	-	(498,965)
ROU liability	(720,242)	-	(720,242)
Lease liability	(229,921)	-	(229,921)
Contract liability	(376,620)	-	(376,620)
Net assets acquired	**3,314,773**	**241,494**	**3,556,267**
Goodwill	**1,561,946**	**(293,284)**	**1,268,662**
Acquisition-date fair value of the total consideration transferred	4,876,719	(51,790)	4,824,929
Representing			
Cash paid to vendor	4,376,719	448,210	4,824,929
Holdback	500,000	(500,000)	-
	4,876,719	**(51,790)**	**4,824,929**
Acquisition costs expensed to profit or loss	**376,572**	**-**	**376,572**

Note 43. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2.

Name	Principal place of business / Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %
The Environmental Group Share Plans Pty Limited	Australia	100%	100%
Environmental Group (Operations) Pty Limited (formerly Environmental Systems Pty Limited)	Australia	100%	100%
Total Air Pollution Control Pty Limited	Australia	100%	100%
Baltec IES Pty Ltd.	Australia	100%	100%
EGL Waste Services Pty Ltd.	Australia	100%	100%
EGL Water Pty Ltd.	Australia	100%	100%
Tomlinson Energy Service Pty Ltd.	Australia	100%	100%
Active Environmental Services Pty Ltd.	Australia	100%	100%
Ignite Services Pty Ltd.	Australia	100%	100%
Airtight Pty Ltd.	Australia	100%	100%
Advanced Boilers & Combustion Pty Ltd.	Australia	100%	100%

Note 44. Events after the reporting period

No matter or circumstance has arisen since 30 June 2026 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 45. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

Statement of profit or loss		**Consolidated**
	2026 $	2025 $
Profit/(loss) after income tax expense for the year	(6,062,730)	4,709,699
Adjustments for		
Depreciation and amortisation	4,273,816	2,954,006
Impairment of goodwill	2,998,703	-
Net loss on disposal of intangibles	16,627	-
Share-based payments expense	(33,832)	163,046
Foreign exchange differences	455,419	(213,995)
Change in operating assets and liabilities		
Increase in trade and other receivables	(2,616,537)	(1,532,383)
Decrease/(increase) in contract assets	5,835,168	(8,911,074)
Decrease/(increase) in inventories	761,572	(3,165,495)
Increase in deferred tax assets	(2,069,865)	(739,254)
Decrease/(increase) in prepayments	(727,714)	326,488
(Decrease)/increase in trade and other payables	(2,820,731)	1,757,008
Increase in contract liabilities	1,566,901	323,516
Increase in deferred tax liabilities	377,715	328,878
Increase in other provisions	342,347	211,422
Net cash provided by operating activities	**2,296,860**	**(3,788,138)**

Note 46. Earnings per share

		Consolidated
	2026 $	2025 $
Profit/(loss) after income tax attributable to the owners of The Environmental Group Limited	**(6,062,730)**	**4,709,699**
	Cents	Cents
Basic earnings per share	(1.59)	1.23
Diluted earnings per share	(1.59)	1.23
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	380,534,795	382,520,528
Adjustments for calculation of diluted earnings per share		
Outstanding performance rights	-	1,373,494
Weighted average number of ordinary shares used in calculating diluted earnings per share	**380,534,795**	**383,894,022**

2,641,509 performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2026. These performance rights could potentially dilute basic earnings per share in the future.

Note 47. Share-based payments

A performance rights plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant performance rights over ordinary shares in the Company to certain key management personnel of the Group. The rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of performance rights granted under the plan:

2026	Performance year-end	Exercise price	Balance at start of year	Granted	Exercised	Expired/ forfeited/ other	Balance at year-end
Grant date							
17/03/2025	30/06/2027	$0.00	3,396,227	-	-	-	3,396,227
10/12/2025	30/06/2027	$0.00	-	-	-	(1,132,076)	(1,132,076)
12/12/2025	30/06/2027	$0.00	-	377,358	-	-	377,358
Total revenue			**3,396,227**	**377,358**	**-**	**(1,132,076)**	**2,641,509**

2025	Performance year-end	Exercise price	Balance at start of year	Granted	Exercised	Expired/ forfeited/ other	Balance at year-end
Grant date							
08/02/2021	30/06/2024	$0.03	4,333,333	-	(4,333,333)	-	-
08/02/2021	30/06/2024	$0.03	2,166,667	-	(2,166,667)	-	-
11/03/2022	30/06/2024	$0.27	347,922	-	(347,922)	-	-
24/11/2023	30/06/2024	$0.23	213,000	-	(213,000)	-	-
17/03/2025	30/06/2027	$0.26	-	3,396,227	-	-	3,396,227
Total revenue			**7,060,922**	**3,396,227**	**(7,060,922)**	**-**	**3,396,227**

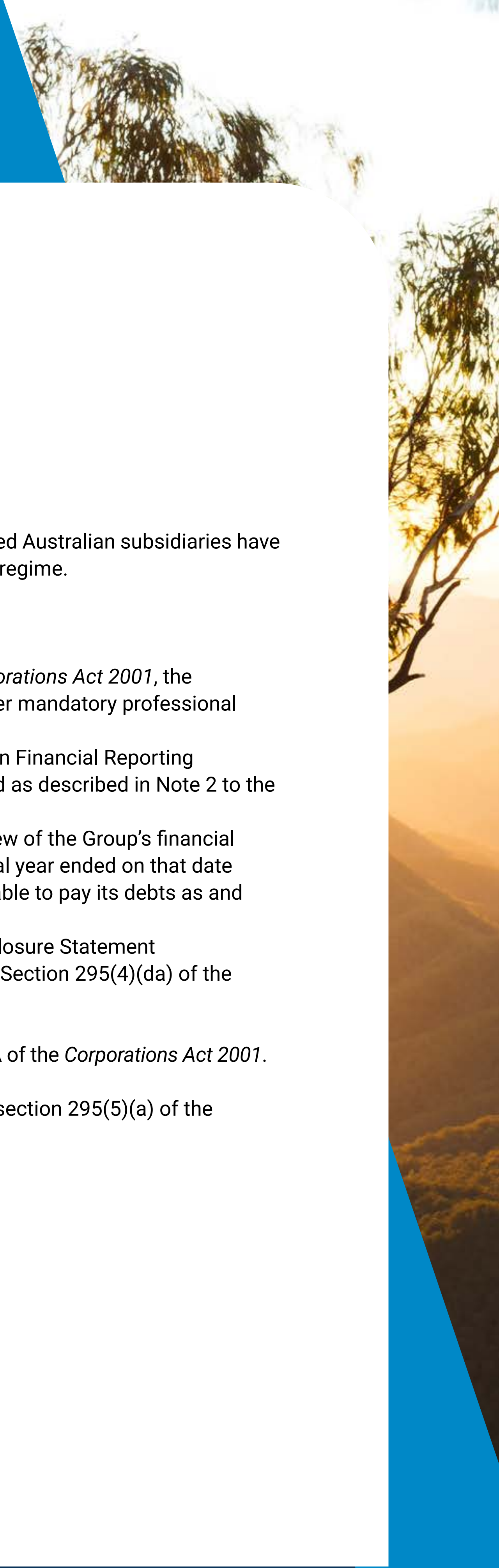
The table below reflects targets to be achieved for the performance shares to be exercised.

Targets	Target allocation	Description
Financial (33.4% of total LTI)	33.4%	EPS growth above 20% over the three-year period.
ERP project (33.3% of total LTI)	33.3%	1. Phase 1 milestone: Business case approved by the Board due December 2024. 2. Phase 2 milestones: On time and on budget implementation +/- 15% for cost and timing. 3. Phase 3 milestones: User acceptance during the ERP system launch and user acceptance 6 and 12 months after launch, including pre- and post-implementation feedback on the system's performance and the analytics and business insights the system provides the business.
PFAS (33.3% of total LTI)	33.3%	1. Phase 1 milestone: Business Plan approved by the Board due October 2024. 2. Phase 2 milestone: Nine (9) units sold within the FY25–FY27 period.

Consolidated entity disclosure statement

For the year ended 30 June 2026

Entity name *(All represents body corporate entities unless otherwise specified)*	**Place formed/Country of incorporation**	**Ownership interest %**	**Tax residency**
The Environmental Group Limited	Australia	100.00%	Australian
The Environmental Group Share Plans Pty Limited	Australia	100.00%	Australian
Environmental Group (Operations) Pty Limited (formerly Environmental Systems Pty Limited)	Australia	100.00%	Australian
EGL Waste Service Pty Ltd.	Australia	100.00%	Australian
EGL Water Pty Ltd.	Australia	100.00%	Australian
Tomlinson Energy Service Pty Ltd.	Australia	100.00%	Australian
Ignite Services Pty Ltd.	Australia	100.00%	Australian
Active Environmental Services Pty Ltd.	Australia	100.00%	Australian
Baltec IES Pty Ltd.	Australia	100.00%	Australian
Airtight Pty Ltd.	Australia	100.00%	Australian
Total Air Pollution Control Pty Ltd.	Australia	100.00%	Australian
Advanced Boilers & Combustion Pty Ltd.	Australia	100.00%	Australian



Directors' Declaration

The Environmental Group Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001,* and other mandatory professional reporting requirements
- the attached financial statements and notes comply with Australian Financial Reporting Standards as issued by the Australian Accounting Standards Board as described in Note 2 to the financial statements
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- the information disclosed in the attached Consolidated Entity Disclosure Statement required by subsection (3A) is true and correct in accordance with Section 295(4)(da) of the *Corporations Act 2001*.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Ms Lynn Richardson
Non-Executive Chair

19 August 2026

RSM Australia Partners

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of The Environmental Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to our audit of the financial report of public interest entities 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued.)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Impairment of Goodwill
Refer to Note 18 in the financial statements</td></tr>
<tr><td>The Group recognised an impairment of $2,998,703 during the year ended 30 June 2026, and as at year-end the balance date of goodwill was $16,338,879.

As required under AASB 136 Impairment of Assets, management have tested goodwill for impairment. As goodwill does not generate cashflows that are largely independent from other assets, its recoverable amount was determined by calculating the recoverable amount of the cash generating unit ("CGU") to which it belongs. This recoverable amount was then compared to the CGU's carrying amount. In this instance, the recoverable amount was determined to be its value in use.

We determined the impairment review of goodwill to be a Key Audit Matter because of the materiality of the impairment and the year-end Goodwill balance, and because of the significant management judgments and assumptions used to determine the value in use of the CGU which contains it, including the future underlying cashflows of the CGU, estimated growth rates for the next 5 years as well as in perpetuity, and judgments of an appropriate discount rate to apply to the estimated cashflows.</td><td>With the assistance of our Corporate Finance team, our audit procedures included:
• Assessing the reasonableness of management's determination that the goodwill should be allocated to seven CGUs based on the nature of the Group's business;
• Assessing the valuation methodology used to determine the recoverable amount;
• Challenging the reasonableness of key assumptions, including the following:
    ○ Cash flow projections;
    ○ Future growth rates;
    ○ Discount rates;
    ○ Terminal value;
• Performing sensitivity analysis over the key assumptions used in the models;
• Checking the mathematical accuracy of the cashflow model and reconciling input data to supporting evidence, such as approved budgets, and considering the reasonableness of the evidence (such as budgets);
• Checking the impairment calculation and the underlying journal entry; and
• Assessing the appropriateness and accuracy of the disclosures included in the financial report.</td></tr>
<tr><td colspan="2">Revenue recognition
Refer to Note 5 in the financial statements</td></tr>
<tr><td>Revenue for the year ended 30 June 2026 was $111,963,627. The primary revenue streams are:
• Engineering and Fabrication Solutions
• Provision of services
• Sales of parts

Revenue is considered to be a Key Audit Matter because of:`
• The identification of performance obligations,
• The method of recognition of revenue (over time or at a point in time); and
• Revenue is generated from varying income sources, with different recognition patterns requiring significant management estimates.</td><td>Our audit procedures included:
• Assessing whether the Group's revenue recognition policies are in compliance with AASB 15 Revenue from Contracts with Customers;
• Evaluating the operating effectiveness of management's controls related to revenue recognition;
• For a sample of revenue transactions, substantiating transactions by agreeing to supporting documentation, including customer contracts and ensuring revenue and related contract assets and contract liabilities are accounted for in line with the revenue recognition policy;
• Assessing revenue transactions before and after year-end to ensure that revenue is recognised in the correct period; and
• Performing substantive analytical review procedures on the different revenue streams.</td></tr>
</table>

Key Audit Matters (Continued.)

Key Audit Matter	How our audit addressed this matter
Accounting for Business Combination Refer to Note 42 in the financial statements	
In April 2025, the Group acquired 100% of the ordinary shares of Advanced Boilers & Combustion Pty Ltd ('Advanced') for the total consideration transferred of $4,824,929. The transaction has been assessed to be a business combination under AASB 3 *Business Combinations* ('AASB 3') wherein the Group is the acquirer and Advanced is the acquiree. The accounting for this business combination was finalised during the year ended 30 June 2026. This is considered a Key Audit Matter as accounting for such a transaction is complex and involves significant judgement in applying the accounting standards. This includes valuation of consideration paid and payable, including contingent consideration, as well as the measurement and recognition of intangible assets. Apart from the accounting treatment of the consideration and assets recognised, there is also a risk that sufficient and accurate disclosures are not made in accordance with the accounting standards.	Our audit procedures included: • Assessing the share purchase agreement and other associated documents and understanding the nature of the transaction to confirm that it met the definition of business combinations under AASB 3; • Confirming the identify of the accounting acquirer and acquiree in line with AASB 3; • Tracing the values of consideration transferred to the signed purchase agreement and to bank; • Reviewing the reasonableness of the valuation of contingent consideration; • Assessing the accuracy and completeness of fair values of identified assets and liabilities acquired; • Reviewing management's estimates in relation to the purchase price allocation, including measurement and recognition of intangible assets, and the resulting goodwill; • Reviewing any measurement period adjustments; and • Reviewing the adequacy of the relevant disclosures, including the disclosures in respect of judgements made, in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

Responsibilities of the Directors for the Financial Report (Continued)

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf.
This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of The Environmental Group Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated:19 August 2026
Melbourne, Victoria

Shareholder Information

The shareholder information set out below was applicable as at 4 August 2026.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding.

	Ordinary shares		Performance rights over ordinary shares	
	Number of holders	**% of total shares issued**	**Number of holders**	**% of total shares issued**
1 to 1,000	1,278	0.09	0	-
1,001 to 5,000	695	0.52	0	-
5,001 to 10,000	305	0.64	0	-
10,001 to 100,000	787	7.91	0	-
100,001 and over	305	90.85	3	100.00
	3,370	**100.00**	**3**	**100.00**
Holding less than a marketable parcel	**1,922**			

Options over ordinary shares

There are no options over ordinary shares.

Substantial shareholding notices lodged with the ASX as of 4 August 2026 in the Company are set out below:

	Ordinary shares	
	Number of holders	**% of total shares issued**
Challenger Limited	35,704,882	9.38%
Greencape Capital Pty Ltd	35,704,882	9.38%
TAL Dai-ichi Life Australia Pty Ltd (TAL) & Associates	34,132,905	8.97%
Jalie 2 Pty Ltd <Jalie 2A/C>	28,403,913	7.46%
Mirrabooka Investments Limited	27,444,883	7.21%
HD Capital Partners Pty Ltd	20,000,000	5.26%

Voting rights

The voting rights attached to ordinary shares are set out below options and performance rights do not carry a right to vote.

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Equity security holders

Twenty (20) largest quoted equity security holders.
The names of the 20 largest security holders of quoted equity securities as at 4 August 2026 are listed below.

	Ordinary shares	
	Number of holders	**% of total shares issued**
JALIE 2 PTY LTD <JALIE 2 A/C>	25,796,913	6.780%
MIRRABOOKA INVESTMENTS LIMITED	25,744,477	6.766%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,660,544	5.167%
BNP PARIBAS NOMS PTY LTD	17,965,057	4.721%
BOND STREET CUSTODIANS LIMITED <SALTER - D79836 A/C>	16,600,000	4.363%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,638,133	3.847%
MR PAUL WALTER GASKETT <GERIAB A/C>	13,530,543	3.556%
CITICORP NOMINEES PTY LIMITED	12,098,792	3.180%
CARRIER INTERNATIONAL PTY LTD <KUIPER FAMILY A/C>	8,269,828	2.173%
DMX CAPITAL PARTNERS LIMITED	7,500,000	1.971%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,458,300	1.697%
TAG FAMILY INVESTMENTS PTY LIMITED	6,400,648	1.682%
UBS NOMINEES PTY LTD	5,900,000	1.551%
KHONG PERPETUAL DYNASTY PENSION FUND PTY LTD <KHONG PENSION FUND A/C>	5,387,500	1.416%
SERVO CAPITAL PTY LTD	5,000,000	1.314%
DOLDORY PTY LTD <LEWIS FAMILY SUPERFUND A/C>	4,861,182	1.278%
CANNINGTON CORPORATION PTY LTD <CANNINGTON SUPER FUND A/C>	4,774,778	1.255%
BEMM PTY LTD <HB SUPER FUND A/C>	4,716,060	1.239%
ABICO PTY LTD <HESTER'S FAMILY A/C>	4,060,433	1.067%
MR MATTHEW BRENDAN RYLAND	4,000,000	1.051%
Total Securities of Top 20 Holdings	**213,363,188**	**56.075%**

Corporate Directory

Directors	Ms Lynn Richardson Chair (Non-Executive) *Appointed Chair 23 November 2017* Mr Vincent D’Rozario (Non-Executive) *Appointed 9 March 2021* Mr Michael Constable (Non-Executive) *Appointed 24 August 2023* Ms Lucia Cade (Non-Executive) *Appointed 26 September 2024*
Company Secretary	Mr Andrew Bush (Joint Company Secretary) *Appointed 1 July 2017* Ms Kate Goland of Clear Sky blue (CSB) Corporate Service was appointed joint Company Secretary on 27 October 2022
Notice of annual general meeting	The Environmental Group Limited’s annual general meeting details are: Quest Notting Hill 5 Acacia Place Notting Hill VIC 3168 10.00 AM AEDT, 18 November 2026
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	Boardroom 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	environmental.com.au
Corporate Governance Statement	environmental.com.au/corporate-governance

Disclaimer

The Environmental Group Limited (EGL) 2025–2026 Annual Report covers the operations of The Environmental Group for the financial year ended 30 June 2026. 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