The Environmental Group Limited
Engineering a Sustainable Future

Suite 2.01 | Level 2,
315 Ferntree Gully Road,
Mount Waverley VIC 3149
03 9763 6711 admin@egl.com.au

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Company Announcements Office
ASX Limited
Level 27, 39 Martin Place
Sydney NSW 2000

**Trading Update and Revised FY26 Earnings Guidance**

The Environmental Group Limited (ASX: EGL) ("the Company") advises that it now expects FY26 normalised EBITDA of $8.5–$9.0M, compared with prior guidance of $12.7–$13.5M.

The revised guidance reflects identifiable factors across EGL Energy and EGL Baltec. In EGL Energy, the impact relates to operational matters through the implementation of the ERP that have been identified, quantified and addressed, together with higher fleet diesel costs. In EGL Baltec, the impact relates to delayed project deliveries due to shipping and port disruption and a slower rate of tender awards from the Middle East.

The estimated FY26 normalised EBITDA impact is summarised below:

| Division | Key Drivers | Estimated FY26 EBITDA impact |
|---|---|---|
| EGL Energy | Operational matters, historical job balance clean-up and higher fleet diesel costs | $2.5M |
| EGL Baltec | Delayed deliveries, logistics disruption and slower Middle East tender awards | $1.5M |
| **Total estimated impact** | | **$4.0M** |

**EGL Energy**
EGL Energy continues to perform strongly, with revenue growth supported by ongoing customer demand across its sales, service and maintenance activities.

During the period, management identified certain operational matters affecting job-level cost allocation and recovery of job-related costs in the ERP system implemented 2 February 2026. These matters have been reviewed, quantified and incorporated into the revised FY26 guidance. Management's review also included a **$0.4M clean-up of historical job balances** relating to prior periods.

Management has taken action to address these matters and has implemented process enhancements to support client invoicing and recovery of job-related costs.

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The Energy impact is not related to customer demand, revenue growth or a change in the division's underlying margin profile. Revenue growth remains positive, and management expects EGL Energy to continue delivering margins broadly consistent with those historically achieved.

EGL Energy has also experienced higher fleet diesel costs than assumed in prior FY26 guidance. The revised guidance includes an estimated **$0.4M EBITDA impact** from increased fuel costs, net of expected recoveries and mitigation actions. The Company has implemented fuel and travel charge adjustments across the customer base.

**EGL Baltec**
EGL Baltec is expected to experience an estimated FY26 normalised EBITDA impact of approximately **$1.5M**.

Three projects expected to be completed and delivered in the current half have been impacted by shipping and port disruption. EGL Baltec has completed product awaiting delivery; however, delivery has been delayed due to disruption across key logistics routes.

Based on current customer and logistics information, the Company expects the majority of the affected product to be delivered in FY27.

EGL Baltec undertakes a significant amount of work in the Middle East and is reliant on key shipping routes, including the Suez Canal, for both the supply of materials and delivery of finished products. Current regional disruption has affected delivery timing, logistics costs and the pace of customer tender awards.

The Company has reviewed relevant cost, logistics, contract margin and revenue recognition assumptions and has incorporated those assumptions into revised FY26 guidance.

**EGL Clean Air and EGL Waste**
EGL Clean Air and EGL Waste continue to trade broadly in line with management expectations. The revised FY26 guidance is primarily driven by the identifiable factors in EGL Energy and EGL Baltec outlined above, and management has not identified any material change in the outlook for EGL Clean Air or EGL Waste for FY26.

**Outlook**
EGL remains focused on converting continued revenue growth into improved profitability and cash generation.

Management has identified, quantified and addressed the operational matters impacting FY26 earnings in EGL Energy. The division continues to experience revenue growth, customer demand remains supportive, and management does not believe the division's historical margin profile has materially changed.

The revised FY26 guidance reflects management's current assessment of the matters outlined above.

*This announcement has been authorised by the Board.*

For further information, please contact:
Jason Dixon
Chief Executive Officer
The Environmental Group Limited
Jason.Dixon@egl.com.au

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**About EGL**

The Environmental Group Limited has four business units, all committed to the protection of the environment by improving air quality, reducing carbon emissions, enhancing waste treatment, and lifting water quality.

EGL Clean Air has a range of technologies which reduce dust, odours, and harmful gasses from the environment.

EGL Baltec produces inlet and exhaust systems for gas turbines, which are used to complement and augment solar and wind energy production.

EGL Energy offers a network of service offices across Australia providing 24/7 service, maintenance and repairs of both proprietary equipment and other OEM equipment. The division also provides an essential link in our strategy to build a bio/waste to energy platform.

EGL Waste Services provides tailored waste recovery solutions, in partnership with Turmec, supplies Kadant Paal Balers for waste management solutions and continues to develop our patented technologies using foam fractionation sustainable methods for treating PFAS from Water, Soil & Biosolids, in collaboration with Victoria University.