

8 February 2021

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

Appointment of CEO – Mr Jason Dixon

The Board of The Environmental Group Limited (**ASX: EGL**) is pleased to announce the appointment of Mr Jason Dixon as Chief Executive Officer of the Company effective from the 8th of February 2021.

Mr Dixon was previously Executive General Manager - Corporate & Risk, with Tox Free Solutions Limited (Tox Free) for almost a decade prior to its acquisition by Cleanaway in 2018 for an Enterprise Value of \$831m. Tox Free was one of Australia's leading Waste Management and Environmental Solutions companies with over 1,500 staff and a turnover of approximately \$500m. In this role, Mr Dixon completed due diligence & funding for acquisitions totaling approximately \$400m and equity capital raisings totaling approximately \$250m.

During his career Mr Dixon has demonstrated exceptional leadership skills with an emphasis on building a positive organisational culture to support a growth mindset. He is a strong believer in providing staff mentoring and development at all levels to engender an organisational focus on achieving targets. Additional skills Mr Dixon will bring in support of EGL's strategic goals are in business improvement, debt & equity funding, mergers and acquisitions as well as corporate affairs and investor relations experience. Mr Dixon has significant knowledge of the environmental services sector and will drive opportunities for the expansion and growth of EGL.

Mr Dixon has a Bachelor of Business from Royal Melbourne Institute of Technology, a Graduate Diploma in Applied Finance & Investment and a Graduate Diploma of Applied Governance. Mr Dixon's qualifications and skills will not only add significant business acumen and leadership ability, but also a disciplined approach to the use of capital and the overall governance of EGL.

EGL Chairman, Ms Lynn Richardson, stated that "after an extensive search, we are delighted to welcome Jason to the business. With his extensive knowledge of the environmental services sector and a proven track record as an executive in growing an Australian listed entity to becoming an ASX 300 company, Jason's experience and leadership will significantly strengthen EGL."

Prior to joining Tox Free, Mr Dixon has held various roles in the financial sector, including Head of Investments and Senior Portfolio Manager for both domestic and international investment managers.

Resignation of Mr Ellis Richardson as Managing Director

As a result of Mr Dixon's appointment, Mr Ellis Richardson will be stepping down from his role as Managing Director of EGL. The Board of EGL thanks Mr Richardson for his work in the business over the past 10 months. Mr Richardson will remain as a non-executive director of EGL.

Acquisition of Active Environmental Solutions Pty Ltd

EGL also announces the acquisition of Active Environmental Solutions Pty Ltd (AES), of which Mr Dixon is a shareholder, for a total of 31,000,000 shares in EGL at 2.5 cents per share, utilising some of EGL's placement capacity under Listing Rule 7.1. The consideration is comprised of an initial allocation of 16,000,000 shares issued on completion, and performance rights over a further 15,000,000 shares subject to the performance conditions set out attachment 2. The performance rights are subject to security holder approval. The acquisition of AES comes with working capital held by the entity of \$200,000. While the acquisition is not material, it does provide EGL the opportunity to develop its services and offering to new and existing clients.

The material terms of Mr Dixon's employment are appended to this announcement as attachment 1. The material terms of the AES acquisition are appended to this announcement as attachment 2.

This announcement has been authorised for release by the Board.

For further information please contact
Stephen Strubel
Company Secretary
Email: Stephen.strubel@egl.com.au

About EGL

EGL has four business units, all committed to the protection of the environment by improving air quality, reducing carbon emissions, enhancing waste to energy production and lifting water quality.

- **Total Air Pollution Control** has a range of technologies which reduce dust, odours and harmful gasses from the environment.
- **Baltec IES** produces inlet and exhaust systems for gas turbines, which are used to complement and augment solar and wind energy production, without the use of rare mineral battery resources.
- **Tomlinson Energy Service** division is an essential link in our strategy to build a bio/waste to energy platform.
- **EGL Water** division continues to develop our patented technologies in conjunction with Victoria University. EGL recognises that one of the world's most valuable assets is water and will persist in our vision to reduce water pollution, leading to an improved environment, through low cost technology solutions.

Attachment 1 – summary of material terms of employment agreement with Jason Dixon

Topic	Description									
Full name:	Jason Dixon									
Employment type:	Full time, ongoing									
Role title:	CEO									
Base Remuneration:	Total remuneration: \$300,000 per annum inclusive of superannuation									
STI:	<p>Performance rights will be offered as part of a new executive employment share scheme to be proposed at EGL’s next AGM, subject to achieving Group EBITDA Targets as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Target</th> <th>Shares</th> </tr> </thead> <tbody> <tr> <td>Financial Year ending 30 June 2023:</td> <td>\$6M</td> <td>4,333,333</td> </tr> <tr> <td>Financial Year ending 30 June 2024:</td> <td>\$7M</td> <td>4,333,333</td> </tr> </tbody> </table> <p>If Shareholder approval is not given and the EBITDA Target for a Financial Year is met, EGL will pay the equivalent share value as additional remuneration for that Financial Year based on EGL’s Volume Weighted Average Price for the 5-day trading period ending on the date of EGL’s 2021 AGM.</p>	Year	Target	Shares	Financial Year ending 30 June 2023:	\$6M	4,333,333	Financial Year ending 30 June 2024:	\$7M	4,333,333
Year	Target	Shares								
Financial Year ending 30 June 2023:	\$6M	4,333,333								
Financial Year ending 30 June 2024:	\$7M	4,333,333								
Termination Clause:	<p>May be terminated without cause by either party on the giving of 3 months’ notice</p> <p>Employer may terminate immediately for serious misconduct</p>									
Post-employment restraint:	The employee may not solicit customers or compete with EGL for a period of 6 months following termination of employment									

Attachment 2 – summary of material terms of acquisition of Active Environmental Solutions Pty Ltd

Topic	Description									
Company name:	Active Environmental Solutions Pty Ltd									
Acquisition:	100% of shares in the legal entity									
Assets:	All assets and rights owned by the company including not less than \$200,000 in working capital									
Consideration:	A total of 31,000,000 shares in EGL at 2.5 cents per share Initial allocation of 16,000,000 shares issued on completion Performance rights over 15,000,000 shares will be issued as set out below									
Performance shares:	<p>Performance rights over 15M shares will be issued for the financial years ending 30 June 2021 and 30 June 2022, subject to shareholder approval and the following milestones being achieved:</p> <p>Milestone 1: AES introducing:</p> <p>(a) a contract with a European company or associated entities on commercial terms acceptable to EGL including retainer, services or commission revenue of at least \$120,000 per annum being paid or payable for a period of not less than 12 months; or</p> <p>(b) an acquisition, contract or partner on commercial terms acceptable to EGL with annual revenue in excess of \$4 million.</p> <p>Milestone 2: Milestone 1 plus EGL achieving actual EBITDA as a percentage of the EBITDA Target for FY2021 set out below.</p> <p>Milestone 3: Milestone 2 plus EGL achieving actual EBITDA as a percentage of the EBITDA Target for FY2022 set out below.</p> <p>In all cases, the assessment of actual EBITDA will be adjusted to exclude various abnormal items of income or expenditure and be determined by EGL’s appointed auditors.</p> <p>If Shareholder approval is not given and the performance milestones are achieved, EGL will pay the equivalent share value in cash based on EGL’s Volume Weighted Average Price for the 5-day trading period ending on the date of the meeting at which Shareholder Approval was refused.</p>									
EBITDA Targets:	<table border="1"> <thead> <tr> <th>Year</th> <th>EBITDA Target</th> <th>Shares</th> </tr> </thead> <tbody> <tr> <td>2021 Financial Year:</td> <td>\$3.7million</td> <td>5,000,000</td> </tr> <tr> <td>2022 Financial Year:</td> <td>\$5.0million</td> <td>10,000,000</td> </tr> </tbody> </table>	Year	EBITDA Target	Shares	2021 Financial Year:	\$3.7million	5,000,000	2022 Financial Year:	\$5.0million	10,000,000
Year	EBITDA Target	Shares								
2021 Financial Year:	\$3.7million	5,000,000								
2022 Financial Year:	\$5.0million	10,000,000								
Calculation of performance shares:	<p>Where the EBITDA Percentage in relation to a Financial Year is:</p> <p>(a) less than 70% it will be deemed to be 0%; and</p> <p>(b) greater than 100% it will be deemed to be 100%.</p>									