

ASX Announcement

13 March 2024



TRANSFORMATIONAL TRANSACTION PARKWAY ACQUIRES TANKWELD GROUP

Highlights

- Parkway has acquired Tankweld Group, an established engineering solutions provider.
- **Acquisition of Tankweld Group provides Parkway with:**
 - Strategic project execution capabilities, supporting technology commercialisation.
 - Significant operating leverage, due to critical mass of the combined group.
 - Strong revenue growth profile, with pathway to near-term profitability.
- Corporate presentation outlining transaction rationale for acquisition of Tankweld Group.

Parkway Corporate Limited (“**Parkway**” or the “**Company**”) (ASX: PWN, FSE: 4IP) is pleased to advise that Parkway has acquired Tankweld Engineering Service Pty Ltd (“**Tankweld Engineering**”) and Tankweld Installations Pty Ltd (“**Tankweld Installations**”), together, the Tankweld Group (or “**Tankweld**”).

TRANSACTION OVERVIEW

Parkway subsidiary, Parkway Process Solutions Pty Ltd (“**PPS**”) has acquired Tankweld, by acquiring 100% of the issued capital of both Tankweld Engineering and Tankweld Installations.

>> Further details regarding Tankweld, the transaction rationale and transaction terms, are outlined below and also presented in the attached Parkway corporate presentation.

ABOUT TANKWELD

Tankweld is a leading industrial engineering solutions provider. Based in Melbourne, Tankweld provides a comprehensive, one-stop-shop for industry, supplying complete engineering solutions from early concept and design phases, through to workshop fabrication, installation and commissioning.

Tankweld is a trusted partner for industry, regional water authorities and utilities, including Melbourne Water (Tankweld is a nominated delivery partner) over many years and has a rich history that dates back to the 1940’s, highlighting the heritage and strategically important capabilities of Tankweld.

Tankweld has an experienced workforce consisting of more than 40 professional employees, focused on successful project execution in key markets, including water and wastewater, oil and gas, bulk chemicals and a range of other industrial markets. Tankweld operates from a 4,600m² facility which includes a 3,000m² fabrication workshop with significant industrial capabilities, including overhead cranes and specialised fabrication equipment. Tankweld has experienced significant growth in recent years (31% CAGR, FY20 - FY23) and generated in excess of \$17m in trading revenue in FY23 (after accounting for intercompany sales for joint projects, net revenues of Tankweld in FY23 were \$16.5m).

>> Further details about Tankweld can be found at: www.tankweld.com.au



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TRANSACTION RATIONALE

Strategic Rationale

The acquisition of Tankweld provides Parkway with strategically important capabilities, including advanced project execution and advanced industrial manufacturing. These capabilities are highly sought after and increasingly being recognised as being of national strategic importance. In addition to Parkway's focus on commercialising industrial process technologies in recent years, Parkway has been a member of the Advanced Manufacturing Growth Centre (AMGC) since 2021, in anticipation of expanding activities involving project execution.

Capability Acquisition Platform – for Parkway

As an industrial process technology company, Parkway is typically focused on earlier project phases, from concept development through to an engineered design.

The acquisition of Tankweld enables Parkway to fast-track and execute complete projects, as a result of the expanded capabilities, as outlined below.



Strategic Growth Platform – for Tankweld

As an established industrial solutions provider, Tankweld is highly experienced in delivering large and complex projects, predominantly with a mechanical engineering focus.

The process engineering capabilities of Parkway will assist Tankweld to provide a broader range of value-added scope, supporting the execution of larger, more complex and higher-margin projects, resulting in improved profitability, as outlined below.



Accretive Acquisition

The acquisition of Tankweld is highly accretive and provides Parkway with a range of attractive near-term growth opportunities. Tankweld has a significant project backlog in excess of \$10m with a strong pipeline of near-term project opportunities estimated to be well in excess of \$20m.

On a proforma basis, the expanded Parkway Group is expected to have consolidated annual revenues in excess of \$20m, providing increased critical mass for operations and significant operating leverage.

Whilst Tankweld was profitable during the last fiscal year (FY23), Parkway has identified significant operational synergies, particularly in relation to procurement, as well as corporate synergies, which are expected to further improve profitability (normalised EBITDA for Tankweld in FY23 was ~\$2m). On this basis, the acquisition of Tankweld, is expected to provide Parkway with a near-term pathway to profitability.

As part of the acquisition of Tankweld, Parkway has acquired significant plant and equipment, including containerised workshops, a generator and a fleet of vehicles including utility vehicles, forklift and specialised crane truck. In addition to the extensive plant and equipment, additional items in the form of inventory including raw materials, products, parts and spares, have also been acquired.

TRANSACTION TERMS

Acquisition Consideration

The acquisition consideration payable by Parkway consists of an Upfront Component:

- \$0.65m cash consideration, already paid.
- \$1.75m loan settlement (provisional amount, subject to working capital movements), to be paid imminently, from existing cash resources¹, upon finalisation of loan repayment documentation.

The acquisition consideration payable by Parkway also consists of a Deferred Component:

- \$0.20m cash consideration, payable from cash flow generated by Tankweld at a rate of 50% of free cash flow, until this deferred component is paid.

Provisional Assets & Liabilities

Further details of the provisional assets and liabilities relating to the acquisition of Tankweld by Parkway, including in relation to working capital, are outlined on slide 23 of the attached presentation.

Parkway expects significant movements in provisional work-in-progress (WIP) and other assets and liabilities based on fair value assessments (in accordance with *AASB3 Business Combinations*), for Tankweld amongst other material items to be determined in coming months, which will be reflected in Parkway's full year results for FY24.

Performance Based Consideration

The vendor of Tankweld (Jeff Harley) who is also the longstanding managing director, will transition to a general manager role for an initial 4-year term. Through this arrangement, the general manager is eligible for annual performance incentives over the 4 years, based on the following metrics:

- Revenue Targets based on FY23 baseline, and then escalated at +20% growth for Year 1 anniversary, and then compounding at a rate of +15%, for each of Year 2, Year 3 and Year 4 anniversary, respectively.
- Target EBITDA Margin based on a 12% baseline, an 8% floor and 16% ceiling.
- In the event the Revenue Target and the Target EBITDA Margin for a relevant period are both met, the vendor will be eligible for a \$1m performance incentive, subject to various adjustments.
- In the event either the actual revenue and/or net margin are below the Revenue Target and/or the Target EBITDA Margin respectively, for the relevant period, the corresponding performance incentive reduces in an accelerated manner. In the event the actual revenue is below 80% of the Revenue Target and the actual margin is below 8% Target EBITDA Margin, no performance consideration will be payable for the relevant period.
- In the event both the actual revenue and EBITDA margin are above the Revenue Target and the Target EBITDA Margin respectively, for the relevant period, the corresponding performance incentive increases, but is capped at a maximum of 125% of the baseline incentive.
- Parkway has the right to pay up to 30% of the performance-based consideration in a given year, by issuing shares in Parkway, through participation in the existing executive share incentive plan (ESIP) as approved by shareholders at the 2023 Annual General Meeting.

Transaction Documentation

The transaction documents consist of a comprehensive suite of agreements, including a share purchase agreement, with a range of material clauses, including in relation to representations and warranties, which are typical for of transaction of this type.

TRANSACTION PRESENTATION

Further details about the transformational nature of the acquisition of Tankweld is outlined in the Parkway corporate presentation attached to this announcement.

>> Detailed Parkway corporate presentation (28 slides) attached to this announcement.

¹ At 31 December 2023, Parkway held cash reserves of \$3.90m with further \$0.55m R&DTI refund for FY23 received in March 2024.

CAUTIONARY STATEMENT

Basis of Preparation

- The Acquisition Details outlined herein have been derived from the provisional assessment of the financial position of Tankweld and its impacts on the consolidated Parkway group at the time of acquisition.
- Given the ongoing operations of Tankweld, there will be material movements, including in working capital, which will be adjusted for, in a defined post-completion process.
- The normalised EBITDA calculation is intended to provide an insight into underlying earnings, after anticipated synergies.

Cautionary Statement

- Whilst Parkway has made reasonable enquiries, evaluations and investigations regarding the financial performance and reporting of Tankweld, the historical financial performance of Tankweld as outlined herein is preliminary in nature, based on unaudited financial reports and should therefore be treated with caution.
- Parkway expects significant movements in provisional work-in-progress (WIP) and other assets and liabilities based on fair value assessments (in accordance with *AASB3 Business Combinations*), for Tankweld amongst other material items to be determined in coming months, which will be reflected in Parkway's full year results for FY24.
- Any references to future profitability, including in the "outlook" in the attached presentation (refer slide 26) is conceptual in nature and therefore represents and is constituted of several "forward looking statements" (not forecasts) and should therefore be treated with caution and not be relied upon for any purpose.

COMMENTS FROM PARKWAY GROUP MANAGING DIRECTOR & CEO

Parkway's Group Managing Director & CEO, Bahay Ozcakmak, makes the following comments:

"The acquisition of Tankweld is transformational for both of Parkway's key business divisions. For our Parkway Process Technologies (PPT) business, Tankweld provides us with internal modularisation, fabrication, including pilot plant equipment and commercial-scale project execution capabilities. These strategic capabilities are critical for the success of our technology commercialisation related objectives, including our Master Plan related objectives we outlined in June last year.

Similarly, for our operating business, Parkway Process Solutions (PPS), as this business has continued to grow, we have been exploring options to expand the integrated solutions (i.e. turnkey delivery of water and wastewater treatment plants) related capabilities of this business, as this is a higher margin segment, and a critical growth platform (foundation) for our PPT business. In this regard, Tankweld has an extensive track-record in executing large and complex projects, for a diverse range of significant and reputable clients, including major engineering contractors.

Tankweld operates impressive fabrication facilities in the Southeast of Melbourne, incorporating a large modern workshop with extensive plant and equipment, whilst Parkway has existing facilities in the inner West of Melbourne. Various operational synergies have already been identified which will support both the growth of PPS (inclusive of Tankweld) and the acceleration of PPT's technology commercialisation related activities. Prior to the acquisition of Tankweld, based on our internal evaluations, for Parkway to have attempted to assemble the type of capabilities provided by Tankweld, would have required many years and several million dollars in investment, with no assurance such an initiative would be successful. Ultimately, the acquisition of Tankweld provides an accelerated, lower risk and more attractive pathway for Parkway to grow, in this strategic direction. In addition to acquiring significant capabilities, plant and equipment, by acquiring Tankweld, Parkway has also acquired a successful and growing operating business, generating significant operating revenues (\$16.5m in FY23).

Whilst we are yet to determine the precise level of normalised earnings at the time of completion due to the significant work-in-progress, as the company continues to grow, we have line of sight to a pathway to near-term profitability for the combined Parkway group. The significant operational synergies we've identified, including in relation to inventory management and procurement (PPS is a distributor of many industrial products purchased by Tankweld), are expected to improve the profitability of the combined group. In addition to the operational synergies, Parkway will provide Tankweld with corporate support, which is expected to result in improved corporate efficiencies and commercial outcomes. In time, Parkway expects to expand its integrated management system (PIMS) as well as its ISO certifications for quality (ISO 9001), environment (ISO 14001) and safety (ISO 45001) to the operations of Tankweld, which will further support the sustainable growth of Tankweld.

In summary, this transaction immediately transforms Parkway into a fully integrated industrial water treatment solutions company, generating substantial revenues (>\$20m on a consolidated basis), capable of delivering significant water and wastewater treatment related infrastructure, including plants incorporating proprietary Parkway technologies. This is a very significant and exciting milestone for both Parkway and Tankweld, and the beginning of the next chapter of the Parkway journey.

Finally, sincere thanks to everyone involved in this transaction, and a very warm welcome to Jeff and the rest of the Tankweld team, to the Parkway family. We look forward to working together collaboratively and achieving great outcomes and future success, as part of the expanded Parkway group."

COMMENTS FROM TANKWELD GROUP GENERAL MANAGER

Tankweld Group General Manager, Jeff Harley, makes the following comments:

“We are excited to announce that Tankweld is now part of Parkway. I’ve been with Tankweld for the last 17 years and during this time, I’ve had the privilege of working with our dedicated team and partners, to build Tankweld into the leading engineering solutions provider it is today.

In recent years, due to various market forces, we have witnessed significant consolidation of industrial engineering and manufacturing operations in Australia, in response to a range of industry challenges. Despite these challenges, we have continued to focus on delivering quality and value for our clients, and as a result, during the last 5 years we have more than doubled the size of our business by revenue and see every opportunity to continue to achieve this rate of growth going forward.

By building on our rich history and strong track-record, we’ve been able to continue to deliver increasingly large and complex projects for our established and growing client base, particularly within the water and wastewater sector in Australia.

As we look ahead, we see abundant opportunities to provide greater value-added solutions for our existing clients and look forward to working with Parkway’s process technology team to capture and deliver on these emerging high-value opportunities. The technical, commercial, and corporate support provided by Parkway will be transformational for Tankweld and support our ongoing growth and assist us realise the full potential of Tankweld and our team.

I am confident Parkway will be a great custodian of Tankweld, and as a member of the Parkway management team, I look forward to contributing to the continued success of Tankweld, as part of the broader Parkway group. With Tankweld now part of a larger and more diversified group, I’m excited about the opportunities this transaction provides our clients, as well as our valued team members in a broader range of roles, projects, and markets.

In coming months, as we progress with the integration of Tankweld into the Parkway group, I look forward to updating all our existing partners, suppliers, clients, and other stakeholders on the transformational nature of this transaction and why the future for Tankweld has never been brighter. In the meantime, I’d like to thank all our valued stakeholders and reassure you that you can continue to rely on the same quality products, services, and solutions you have come to expect from the Tankweld team, and we look forward to sharing more exciting news about our future as part of Parkway.”

The release of this announcement has been approved by Parkway’s Group Managing Director & CEO, Bahay Ozcakmak, on behalf of the board of directors of the Company.

ADDITIONAL INFORMATION

For further information or investor enquiries, please contact:

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Group Managing Director & CEO

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PARKWAY INVESTOR HUB

To stay up to date with the latest news, access additional investor related resources including research reports and interact with Parkway by posting questions and feedback through a Q&A function, we encourage investors to sign-up to the Parkway Investor Hub.



How to sign-up to the Parkway Investor Hub

1. navigate to <https://investorhub.pwnps.com/welcome>
2. follow the prompts to sign up for an Investor Hub account.
3. complete your account profile.

or Scan QR Code to visit the Parkway Investor Hub.

ABOUT PARKWAY CORPORATE LIMITED

Parkway Corporate Limited is an Australian cleantech company focused on developing and implementing, industrial-scale innovative water treatment solutions. Parkway is listed on the Australian Securities Exchange (ASX: PWN) and is emerging as an innovative player in water related sustainability solutions. With significant inhouse technical expertise and established partnerships, Parkway is well-placed to deliver the next generation of wastewater treatment plants, incorporating the company's portfolio of world-class technologies.

Parkway operates through four (4) core business units, comprising:

- Parkway Process Solutions (PPS) – Parkway's primary operating division and a provider of industrial water treatment products, services, solutions and associated technology to customers throughout Australia. PPS has established commercial relationships with key water industry participants, including globally recognised OEMs;
 - Tankweld Group – is an established engineering solutions provider acquired by Parkway in March 2024.
- Parkway Process Technologies (PPT) – Parkway's technology development, acquisition, and commercialisation division. PPT owns a portfolio of industrial wastewater treatment technologies, including the patented aMES[®] and iBC[®] process technologies. PPT has global aspirations and is supported by a network of strategic partners, including global engineering company Worley;
- Queensland Brine Solutions (QBS) – is a recently established commercialisation entity, focused on advancing the objectives of Master Plan, a plan developed by Parkway to address the significant coal seam gas derived waste brine and salt challenges in Queensland, through the adoption of proprietary process technologies, developed by Parkway; and
- Parkway Ventures (PV) – holds a portfolio of project equity interests, including interests relating to Parkway's Karinga Lakes Potash Project in the Northern Territory of Australia.

Additional information regarding Parkway, including an overview of the corporate structure of Parkway and the companies in its corporate group, can be found at: www.pwnps.com

FORWARD-LOOKING STATEMENTS

This announcement may contain certain "forward-looking statements". The words "continue", "expect", "forecast", "potential" and other similar expressions are intended to identify "forward-looking statements". Indications of (and any guidance on) future earnings, financial position, capex requirements and performance are also "forward-looking statements", as are statements regarding internal management estimates and assessments of market outlook.

Where Parkway expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, "forward-looking statements" are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Parkway, its officers, employees, agents and advisors, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results, because events and actual circumstances frequently do not occur as forecast and their differences may be material.

Parkway does not undertake any obligation to publicly release any revisions to any "forward-looking statements" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under the applicable securities laws.



Parkway
CORPORATE LIMITED



Successful acquisition of advanced
**PROJECT EXECUTION
CAPABILITIES**

TRANSFORMATIONAL TRANSACTION



Delivering industrial engineering solutions,
from design and fabrication,
through to installation.

13 March 2024

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Bahay Ozcakmak

Group Managing Director & CEO

DISCLAIMER

Forward-Looking Statements

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Cautionary Statements: In addition to the above *Disclaimer* in relation to the *Forward-Looking Statements*, additional *Cautionary Statements* and related disclaimers are outlined on slides 23 & 26.

Completeness and Accuracy of Information

No representation or warranty is made as to the accuracy, completeness or correctness of the information contained in this presentation. To the maximum extent permitted by law, none of Parkway, its directors, employees or agents or any other person, accept any liability for any loss arising from or in connection with this presentation including (without limitation) any liability arising from fault or negligence, or make any representations or warranties regarding, and take no responsibility for, any part of this publication and make no representation or warranty, express or implied, as to the currency, accuracy, reliability, or completeness of information in this announcement.

No Professional Advice

The information in this presentation does not take into account individual investment and financial circumstances and is not intended in any way to influence a person dealing with any securities in Parkway. This presentation does not include any financial, legal or taxation advice. Any person intending to deal in Parkway securities is recommended to obtain professional advice.

Additional Information

This presentation has been prepared by Parkway Corporate Limited (“Parkway” or the “Company”) (ASX: PWN) and has been released on the ASX announcement platform and is also available at the Company website:

www.pwnps.com

Additional information regarding the Company can also be found at the Company’s website, or by contacting the Company at:

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PARKWAY HAS ACQUIRED 100% OF
TANKWELD GROUP

Acquisition
provides
Parkway
with




(PATHWAY TO PROFITABILITY)
OPERATING LEVERAGE



ADVANCED PROJECT
EXECUTION CAPABILITIES

PRESENTATION OUTLINE

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Successful acquisition
of advanced

PROJECT EXECUTION CAPABILITIES

RECENT LANDMARK PROJECT

Significant engineering, fabrication & installation services provided by Tankweld Group.

More info on case study, refer slide 20.

Additional information available at the Parkway website:

pwnps.com

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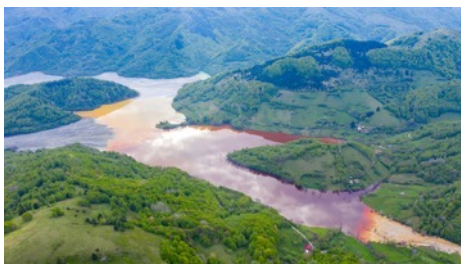
Building an advanced
industrial water treatment
technology company.

KEY ADDRESSABLE MARKETS

Key Markets

- Wastewater treatment opportunities
- < 10% of wastewater currently recycled
- Large and growing global markets

Mining & Energy



Industrial Wastewater



Municipal & Desalination



Challenges

- Major challenges impacting industry

- Limited access to freshwater is driving need to recycle wastewater
- Wastewater storage is problematic
- Processing of waste is complex

- Access to freshwater is becoming more difficult, costly and uncertain
- Wastewater discharge is difficult
- Processing of waste is expensive

- Wastewater storage and discharge is increasingly being scrutinised
- Conventional treatment can be complex due to salts and organics

PPS Opportunity

- Parkway Process Solutions (PPS)

- Projects require range of products and **conventional** solutions
- Solid-liquid separation options including chemistry as well as membrane-based approaches

- Projects require range of products and **conventional** solutions
- Removal of contaminants and organics to meet wastewater discharge requirements

- Projects require range of products and **conventional** solutions
- Removal of salts, nutrients and organics to meet wastewater discharge requirements

PPT Opportunity

- Parkway Process Technologies (PPT)

- Projects require range of products and **next-generation** solutions
- Opportunity to recover economic quantities of products & reagents
- Product recovery funds treatment

- Projects require range of products and **next-generation** solutions
- Opportunity to recover (and sell) and/or destroy contaminants, allowing subsequent discharge

- Projects require range of products and **next-generation** solutions
- The requirement for zero liquid discharge (ZLD) is increasing with the objective of reducing volumes

Global Market Size

> \$25 Billion / yr

> \$100 Billion / yr

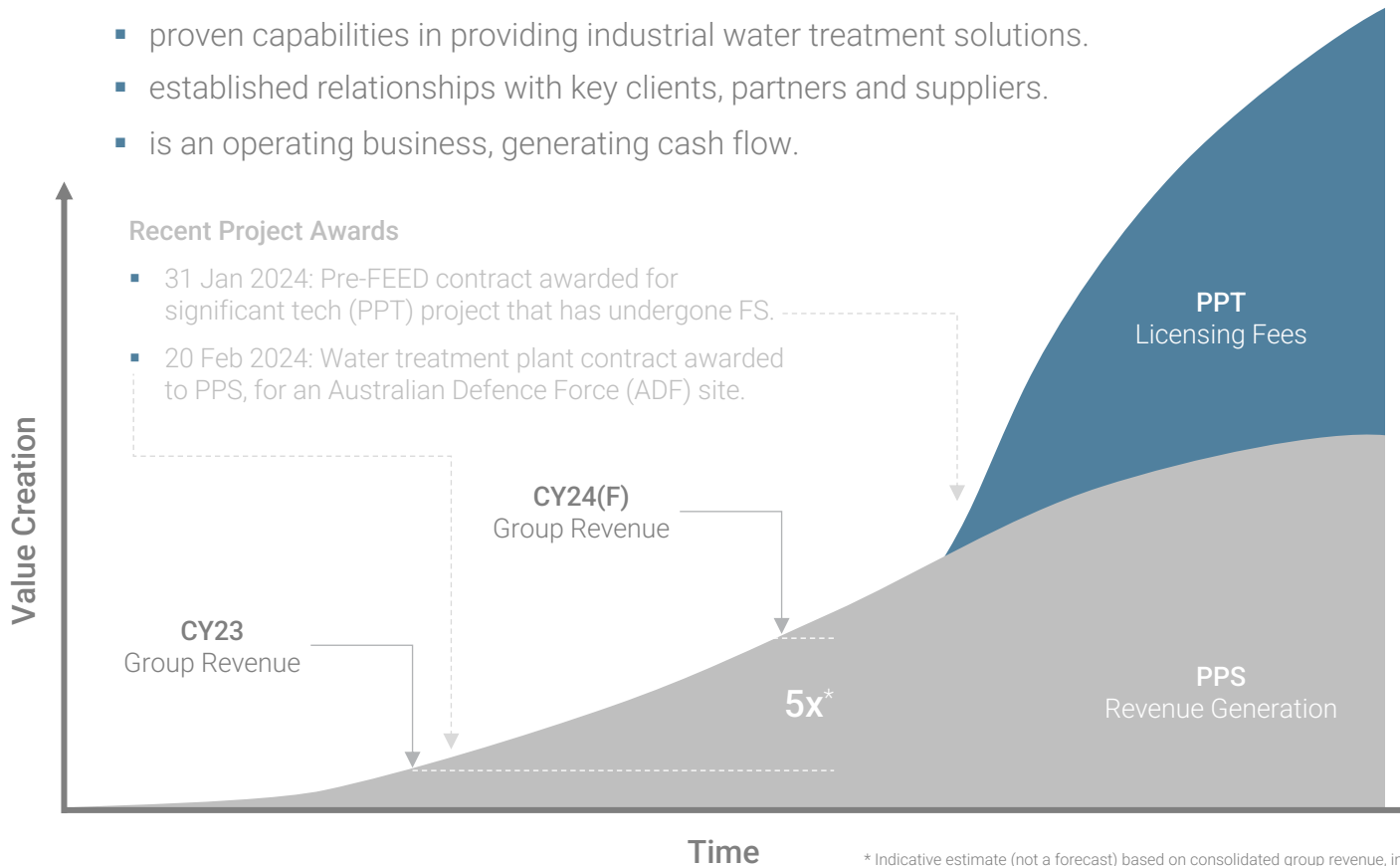
> \$25 Billion / yr

Indicative market size estimates, in Australian dollars.

TECH COMMERCIALISATION PLATFORM

Methodically Executing Commercialisation Strategy

- PPT is targeting **large high margin projects** with **recurring revenues**, in key target markets.
- PPS provides launch platform for PPT to penetrate these target markets, as PPS has:
 - proven capabilities in providing industrial water treatment solutions.
 - established relationships with key clients, partners and suppliers.
 - is an operating business, generating cash flow.



Parkway Process Technologies (PPT)

Because of the inherent advantages of innovative process technologies, PPT is expected to create and capture significant value.

Typical Advantages:

- high margins (> 50% ROE)
- recurring revenues (earnings)

Parkway Process Solutions (PPS)

PPS provides a strong foundation to support growth and success of PPT.

TANKWELD Acquisition Provides:

- PPS with significant critical-mass and is highly accretive.
- PPT with advanced project execution related capabilities.

* Indicative estimate (not a forecast) based on consolidated group revenue, incorporating Tankweld Group. Refer to Cautionary Statement on slide 26.

PPS ACHIEVING SIGNIFICANT TRACTION

Building Momentum

- Parkway has developed capabilities to successfully deliver a range of **industrial solutions for tier-1 global companies**.
- Progressively built a **high-quality** and growing **client base**.

ISO Certifications

- Parkway maintains triple ISO certification.



Memberships

- Parkway is a member of various leading industry associations, which support adoption of best practices.



Approved Vendor

- Parkway is an **approved vendor** for many major companies.

Energy Clients:

- Leading global energy companies.



Mining Clients:

- Leading Australian and global mining companies.



Industrial Clients:

- Leading Australian and global F&B and industrial companies.



PPT COMMERCIALISATION ROADMAP

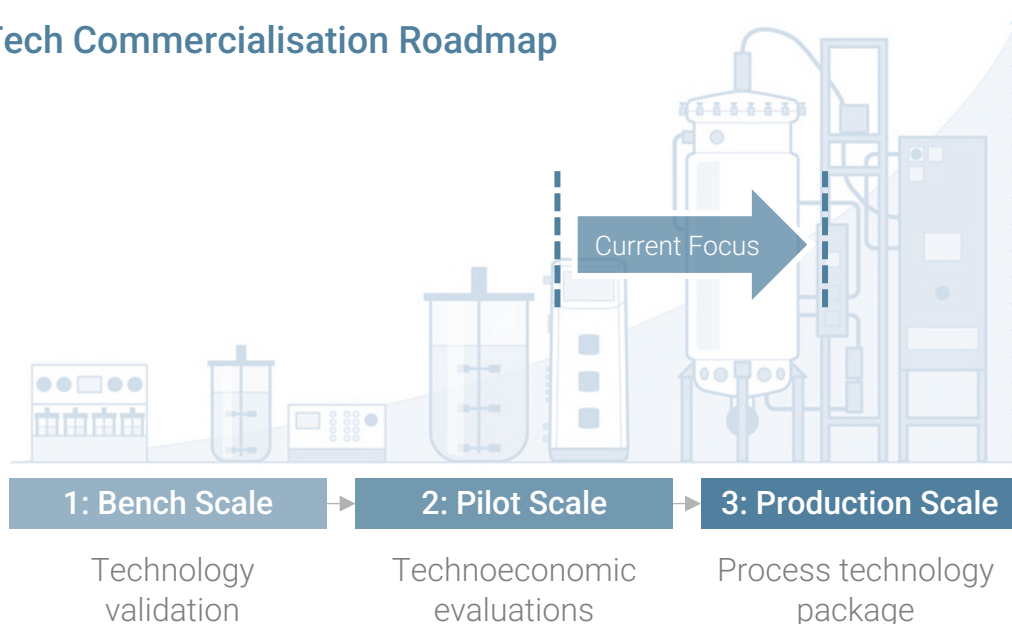
Material Commercial Opportunities for our Technologies

- **Oil & Gas:** Co-produced fluids, Master Plan (CSG), DLE and others.
- **Mining:** Acid mine drainage (AMD) and various wastewater streams.
- **Minerals Processing:** Battery precursors, process and waste streams.

Technology Adoption Drivers

- Improving sustainability by recovering byproducts and reagents.

Tech Commercialisation Roadmap



4: Project Execution

Building Project Execution Capabilities

Projects – Small (\$1 – 10M)

- Current Focus: design modularised packages.

Projects – Intermediate (\$10 – 25M)

- ▶ Current Focus – integrate *acquired* capabilities:
 - Fabrication (as system integrator).
 - Project execution (as solution provider).
 - Project operations (potentially as owner).

Projects – Large (\$25 – 100M+)

- Current Focus – capabilities and partnerships.
 - Parkway Scope:
 - Process technology package.
 - Project execution partnerships:
 - OEM partners
 - EPC partners
 - Strategic partnerships
 - Building alignment in key markets.

PPT COMMERCIALISATION TIMETABLE



	CY2024				CY2025		TODAY
	Q1	Q2	Q3	Q4	Q1	Q2	Current Status/Focus
CSG Master Plan Related							
Downstream: Major Advanced Project	Pre-FEED	Client Review	FEED	FEED	FEED	Ready for FID	Pre-FEED contract award - study nearing completion
Upstream: Large-Scale Pilot	Installation	Commissioning	Pilot testing	Pilot testing	Supporting BD	Supporting BD	Delivery of key equipment commenced
Upstream: Commercial Plant	Plant engineering	Plant engineering	Module fabrication	System integration	Deployment ready	Deployment ready	Ongoing engineering activities and BD
Technology Development							
Centre for Brine Technology (CBT)	Preliminary fit-out	Pilot testing	Pilot testing	Tech development	Tech development	Tech development	Fit-out of CBT well underway
Tech Focus: Master Plan	Upstream pilot	Next-gen tech	Next-gen tech	Support roll-out	Support roll-out	Support roll-out	Delivery of key pilot equipment commenced
Tech Focus: Acid Mine Drainage	Process engineering	Plant engineering	Module fabrication	System integration	Deployment ready	Deployment ready	Ongoing process engineering activities
Tech Focus: Battery Precursor	Process design	Process engineering	Plant engineering	Module fabrication	System integration	Deployment ready	Detailed discussions with strategic partners
Technology Delivery							
Technology Delivery Capability	Integrate Tankweld	Integrate Tankweld	Module fabrication	Project execution	Project execution	Project execution	Acquired Tankweld providing advanced capabilities
Strategic & Business Development							
Strategic Engagement	Ongoing engagement with industry (large energy, mining, water and other industrial companies, including representative industry associations), Government, EPCM partners (Worley and others), and other strategic partners, investors and research partners.						

KEY DEFINITIONS: BD: Business Development, FEED: Front-End Engineering Design, FID: Final Investment Decision.

This information is intended as a guide only as timelines are likely to change due to a range of factors including evolving priorities, third-party decision-making amongst others and therefore timelines should not be relied upon for any specific purpose. Further details, refer to the *Disclaimer* section in this presentation.

About

- Tankweld is a leading industrial engineering solutions provider.
- Tankweld provides a comprehensive, one-stop-shop for industry, supplying **complete engineering solutions** from early concept and design phases, through to workshop fabrication, installation and commissioning.

Successful Track Record

- Based in Melbourne, Victoria, Tankweld has been a **trusted partner for industry**, regional water authorities and utilities, including Melbourne Water, for many years.
- Tankweld has a rich history, which dates back to the 1940's, highlighting the extensive legacy and critical capabilities.

Experienced Workforce

- Current workforce consists of ~40 professional employees.
- Experienced workforce, supports successful project execution.

Group Structure

- Tankweld operates through two wholly-owned subsidiaries:



Financial Metrics*

- Revenue - FY23: \$16.5m
- Revenue - Growth: 31% (CAGR, FY20 - FY23)
- Revenue - Outlook: Strong forecast growth profile
- Business Profitability: ~\$2m* Normalised EBITDA (FY23)

Capabilities

- Engineering
 - Concept through to mechanical design (for fabrication).
- Workshop Fabrication
 - Fully equipped 3,000m² fabrication workshop.
- Installation (Project Execution).
 - Experienced inhouse project delivery teams.
 - Extensive fleet of vehicles and equipment.

Key Markets

- Water & wastewater.
- Oil and gas, including biogas.
- Bulk & specialty chemicals.
- Broad industrial experience, including in the mining sector.

* Indicative financial metrics including normalised EBITDA is based on unaudited accounts and range of adjustments. Further details are outlined on slide 23.

Overview

- Parkway has now acquired 100% of Tankweld Group, a leading industrial engineering solutions provider.
- Upfront cash consideration, already paid.
- Acquisition fully funded from internal Parkway resources.
- Additional items and working capital form part of transaction.

Strategic Rationale

- **Acquisition of strategically important capabilities:**
 - Provides advanced project execution capabilities.
 - Advanced industrial manufacturing has been identified as being of national strategic importance/significance.
- **Attractive valuation:**
 - Modest valuation highly aligned with vendor.
 - Significant work-in-progress (WIP), plant and equipment.

Strategic Alignment

- The acquisition and integration of Tankweld into the broader Parkway group is highly complementary with many synergies.
- Provides critical-mass for group and is immediately accretive.

Capability Acquisition Platform – for Parkway

- As an industrial process technology company, Parkway’s core capabilities are in developing and commercialising process technologies.
- Parkway is typically focused on earlier project phases, including development of the process technology package:
 - From concept through to an engineered design.
- **Implications for Parkway**
 - Acquisition of Tankweld enables Parkway to execute complete projects, as a result of expanded capabilities.



Strategic Growth Platform – for Tankweld

- As an established industrial solutions provider, Tankweld is experienced in delivering large and complex projects.
- **Implications for Tankweld**
 - Parkway’s Process engineering capabilities will assist Tankweld execute complex (higher-margin) projects.



In-House Capabilities

- Extensive in-house engineering design capabilities to support project development from **concept through to final design**.

Design-to-Build

- Specific expertise in optimising designs and layout to improve constructability and ensure successful project execution.

Collaborative Team

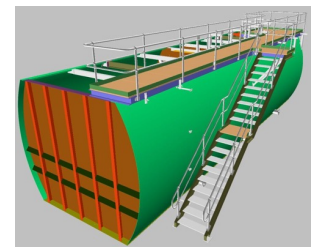
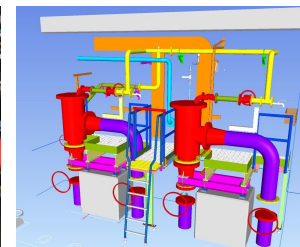
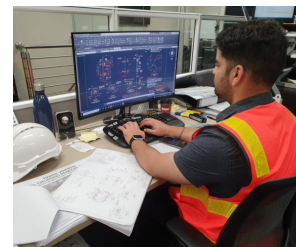
- Experienced in collaborating with clients and project partners on a range of engineering metrics throughout project lifecycle.

Successful Project Execution

- Early involvement de-risks project budget and schedule.

Implications for Parkway

- **Expands Parkway's capabilities** from a primary process engineering focus, through to a broader mechanical and advanced project execution related capability.
- Important capability, supporting turnkey project delivery.



Refer STP case study, click [here](#).

Fully Equipped Workshop

- Established 3,000m² fabrication workshop with substantial laydown areas supports production of industrial-scale plants.

Key Equipment

- Heavy machinery including cranes with capacity up to 10 tonne, presses up to 110 tonne and specialised equipment inventory.
- Large vehicle fleet includes trucks, crane truck, forklift & additional vehicles.

Fabrication

- Experienced team of qualified tradespeople proficient in using MMAW, TIG, FCAW, SST, MIG welding & fabrication processes.
- Fabrication with range of materials including aluminum, steel, stainless steel, specialty alloys and plastics, including UPVC.

Implications for Parkway

- Key clients, including **major industrial companies depend on Tankweld** fabrication capabilities, to deliver major projects.
- Important capability, supporting turnkey project delivery.



Refer STP case study, click [here](#).

Experienced Teams

- Experienced management team oversees project execution.
- In-house installation teams cover a wide range of disciplines and skills from supervisors, boilermakers, welders, fitters, riggers and various trades to support offsite project delivery.

Turnkey Project Delivery

- The in-house engineering and fabrication capabilities, support the project execution (installation) phase of projects at a diverse range of client sites.

Successful Project Execution

- Experience in successfully executing large and complex projects.
- **Established commercial relationships** with key stakeholders.

Implications for Parkway

- Expands Parkway's project execution related capabilities, enabling the realisation of larger, complex and strategically important projects, including those incorporating Parkway tech.
- Important capability, supporting turnkey project delivery.



Refer STP case study, click [here](#).

Attractive Market

- Large and growing market with extensive opportunities across Australia.

Established Service Provider

- Tankweld is an established provider with various collaborative and commercial arrangements with key industry participants.

Proven Capabilities

- Tankweld is a **nominated delivery partner** in this key market.

Extensive Client Base

- Tankweld works closely with principal contractors and partners to provide high quality services to industry & water authorities.

Implications for Parkway

- Access to extensive industry knowledge and experience.
- Opportunity to leverage successful track record into other growth markets, including **industrial wastewater treatment**.
- Parkway to assist Tankweld strategically increase scope.



Attractive Market

- Large high-value market with strategic growth opportunities.

Established Service Provider

- Tankweld is an established provider with broad experience in designing, fabricating and installing specialised skids, vessels and piping in compliance with relevant industry standards.

Proven Capabilities

- Tankweld is an experienced service provider in this key market.

Extensive Client Base

- Tankweld works closely with principal contractors and partners to provide high quality services to a range of industrial clients.

Implications for Parkway

- Access to extensive industry knowledge and experience.
- Opportunity to leverage successful track record to assist in developing and delivering **wastewater related solutions** for the coal seam gas (CSG) industry, including as part of **Master Plan**.



Attractive Market

- Specialised market with high-value growth opportunities.

Established Service Provider

- Tankweld is an established provider with broad experience in designing, fabricating and installing specialised skids, vessels and piping in compliance with relevant chemical standards.

Proven Capabilities

- Tankweld is an experienced service provider in this key market.

Extensive Client Base

- Tankweld works closely with principal contractors and partners to provide high quality services to a range of industrial clients.

Implications for Parkway

- Access to extensive industry knowledge and experience.
- Opportunity to leverage successful track record to develop and deliver specialised **industrial chemical solutions for the energy and mining industries**, including for downstream processing.



Attractive Market

- Diverse range of industrial opportunities across Australia.

Established Service Provider

- Tankweld is an established provider experienced in designing, fabricating and installing specialised skids, vessels and piping.

Proven Capabilities

- Tankweld is an experienced service provider in this key market.
- Experienced in developing customised solutions, including pilot scale equipment to **support industrial tech commercialisation**.

Extensive Client Base

- Tankweld works closely with a broad range of industrial clients.

Implications for Parkway

- Access to extensive industry knowledge and experience.
- Opportunity to leverage successful track record to develop and deliver **specialised industrial solutions incorporating Parkway's portfolio of proprietary process technologies**.



Overview

- In 2022, South East Water completed a **\$150 million upgrade** of its Boneo Water Recycling Plant.
- The Boneo Water Recycling Plant on the Mornington Peninsula has achieved global recognition for its sustainability, placing it **among the top projects of its kind in the world**.
- The upgrade transformed the Boneo Water Recycling Plant into a circular ecosystem to reduce emissions and make better use of the nutrient and energy rich by-products of the water recycling process to support sustainable agriculture.
- The upgrade delivers a suite of **innovative energy efficient technologies** and biogas-driven combined heat and power (CHP) system, reducing the utility's reliance on grid electricity.

Tankweld Scope

- Installation of a new clarifier including all mechanical components, access bridge, scrapers and launder fit-out.
- Installation of pumps, piping, boiler, UF plant, polymer mixing.
- Design, fabrication and installation of piping for CHP plant.

Client & Project JV

- Client:  JV:   



Refer WRP case study, click [here](#).

Strategic Capabilities

- Extensive engineering, fabrication and execution capabilities.
- Important partner in assisting major industrial companies including prime contractors deliver large and complex projects.
- Experienced in providing critical services for innovative projects, including for first-of-a-kind (FOAK) plants, including pilot plants.
- Provides **platform to deliver Parkway projects and technologies**.

Strong Outlook

- Significant project backlog, with >\$10m scheduled projects.
- Strong project pipeline, with >\$20m in near-term opportunities.

Attractive Valuation

- Profitable business (~\$2m* Normalised EBITDA FY23, unaudited).
- **Attractive transaction structure**, provides strong alignment.
- Extensive synergies with **pathway to near-term group profitability**.

Opportunities

- Established business, provides strong operating leverage.
- Significant opportunities to increase the scale of operating business and materially grow revenue and margins, over time.

Highly Complementary Acquisition

- The acquisition of Tankweld Group, provides Parkway with advanced project engineering, fabrication and execution capabilities.



Primed to Execute Material Projects

- The successful acquisition of Tankweld Group, provides Parkway with advanced capabilities to execute a range of strategically important projects.



A leading provider of innovative water treatment
 PRODUCTS | SERVICES | SOLUTIONS | TECHNOLOGY

* The basis for calculation of normalised EBITDA including adjustments and related disclaimers are outlined on slide 23.

Acquisition Consideration

- \$0.65m cash consideration (+ \$0.20m in deferred consideration).
- \$1.75m in Tankweld loan obligations to be settled by Parkway.
- Transaction consists of Additional Items, as outlined below.

Additional Items

- Various customary adjustments including work-in-progress (WIP).
- \$0.40m loan retained by Tankweld and payable to vendor.
- \$0.44m in equipment lease obligations remain with Tankweld.
- Employee entitlements and other related liabilities.

Near-Term Performance Outlook

- >\$10m in scheduled work, with various ongoing opportunities.

Performance Based Incentives

- The vendor of Tankweld Group will remain as general manager, for an initial 4-year term with up to \$1 million in annual performance incentives based on the following growth targets:
- Year 1 +20% revenue growth (pcp) and 12% EBITDA margin.
- Year 2 - 4 +15% revenue growth (pcp) and 12% EBITDA margin.
- Parkway may issue shares for up to 30% of each payment.

Implications for Parkway

Upfront cash consideration already paid from internal resources.

Parkway has immediately acquired 100% of Tankweld Group.

WIP adjustments based on Australian Accounting Standards.

Working capital related loans to be repaid from cash flow.

Obligations to be addressed in the ordinary course of business.

Significant project pipeline, supports ongoing growth.

Performance based incentives only payable if threshold revenue growth and realised profit margins are above hurdle rates.

Strong alignment with vendor. *The performance matrix:*

- *Is based on compounding annual revenue targets.*
- *Significant downside protection, with upside bonus capped.*
- *Ensures incentives are **funded from internal free cash flow**.*

Acquisition Consideration – Upfront Component

- \$0.65m cash consideration:
 - already paid.
- \$1.75m loan settlement (provisional amount):
 - to be paid imminently from existing cash resources*, upon finalisation of loan repayment documents.

Acquisition Consideration – Deferred Component

- \$0.20m cash consideration, payable from cash flows (50% FCF).

Provisional Assets & Liabilities

- \$0.50m plant and equipment, prior to fair market revaluation.
- \$1.14m in working capital (debtors – creditors + WIP).
- \$0.40m interest-free loan repayable from cash flows (25% FCF), following payment of deferred consideration outlined above.
- \$0.44m in equipment lease related obligations, with regular scheduled payments during the ordinary course of business.
- Additional employee entitlements and other related liabilities.

Performance Based Incentives

- As outlined in the *Transaction Terms* on slide 22.

Basis of Preparation

- The Acquisition Details outlined herein have been derived from the provisional assessment of the financial position of Tankweld Group and its impacts on the consolidated Parkway group at the time of acquisition.
- Given the ongoing operations of Tankweld Group, there will be material movements, including in working capital, which will be adjusted for, in a defined post-completion process.
- The normalised EBITDA calculation is intended to provide an insight into underlying earnings, after anticipated synergies.

Cautionary Statement

- Whilst Parkway has made reasonable enquiries, evaluations and investigations regarding the financial performance and reporting of the Tankweld Group, the historical financial performance of the Tankweld Group as outlined herein is preliminary in nature, based on unaudited financial reports and should therefore be treated with caution.
- Parkway expects significant movements in work-in-progress (WIP) and other assets and liabilities based on fair value assessments (in accordance with *AASB3 Business Combinations*), for the Tankweld Group amongst other material items to be determined in coming months, which will be reflected in Parkway's full year results for FY24.

* At 31 December 2023, Parkway held cash reserves of \$3.90m with further \$0.55m R&DTI refund received in March 2024.

Implications for Tankweld Group – Clients

- Tankweld clients can continue to expect the highest quality of products, services and solutions Tankweld is renowned for and has been successfully delivering for many decades.
- As part of a larger and stronger group, the operations of Tankweld Group will be supported by Parkway through:
 - A highly experienced board of directors (see next slide).
 - Access to capital markets, given Parkway (ASX:PWN) is an established public company listed on the ASX since 2011.
 - Extensive technical including process engineering support.
 - Parkway systems including IMS and ISO certifications.
 - Access to a range of cutting-edge process technologies.

Implications for Tankweld Group – Employees

- Parkway believes that work should be a safe, productive and rewarding experience for all employees.
- Strong support for existing workforce, with a broader range of opportunities across Parkway Group with plans to grow team.

Implications for Tankweld Group – Partners & Suppliers

- Continued loyalty, with a broader range of national opportunities.

Implications for Parkway Group – Clients

- Parkway now represents a larger and more experienced counterparty, providing additional confidence for clients to entrust Parkway with more substantial turn-key projects.
- The expanded capabilities of Parkway, through the acquisition of Tankweld Group, assist Parkway deliver a broader range of larger and more complex projects.

Implications for Parkway Group – Employees

- Provides opportunity for employees to be involved in the complete project lifecycle, including for PPT technologies.

Implications for Parkway Group – Strategic Partners

- Enables Parkway to participate in project execution scope.

Implications for Parkway Group – Shareholders

- Parkway is now much larger, more diversified and capable.
- The acquisition of Tankweld is an important de-risking step in the commercialisation of the PPT technology portfolio.
- Provides pathway to near-term profitability, as part of a broader strategy to grow Parkway into a significant industrial water treatment technology company.

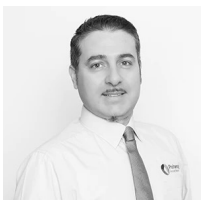
PARKWAY – EXPERIENCED TEAM



Stephen van der Sluys
Non-Executive Chairman

Board of Directors

- Highly experienced board with **significant domain expertise** in industrial, energy, mining, waste, water and technology sectors.
- Strong corporate experience including M&A.



Bahay Ozcakmak
Group MD & CEO

- Mr Stephen van der Sluys
 - Investment banker, ex-Citi, JPM, CIBC, ED of Queensland Nickel (QNI), JRV.



Penny Creswell
Non-Executive Director

- Mr Bahay Ozcakmak
 - Significant industrial technology commercialisation expertise.
 - Leading technology commercialisation and corporate development strategy.



Ayten Saridas
Non-Executive Director

- Ms Penny Creswell
 - Experienced senior lawyer, currently Head of Environment and Regulatory Compliance at Cleanaway, ASX:CWY.
- Ms Ayten Saridas
 - Experienced CFO/finance executive, ex-AWE, CRN, OSH, STO, WOW.



Mike Hodgkinson
Chief Financial Officer

Commercial & Technical

- Extensive inhouse **commercial, technical and project execution expertise** underpins:
 - Process technology development program, and
 - Technology commercialisation related activities.



Raza Hasan
Head of Engineering

- Mr Mike Hodgkinson
 - Broad corporate and technology commercialisation experience.



Dr Rudy Dubbelboer
Process Innovation Engineer

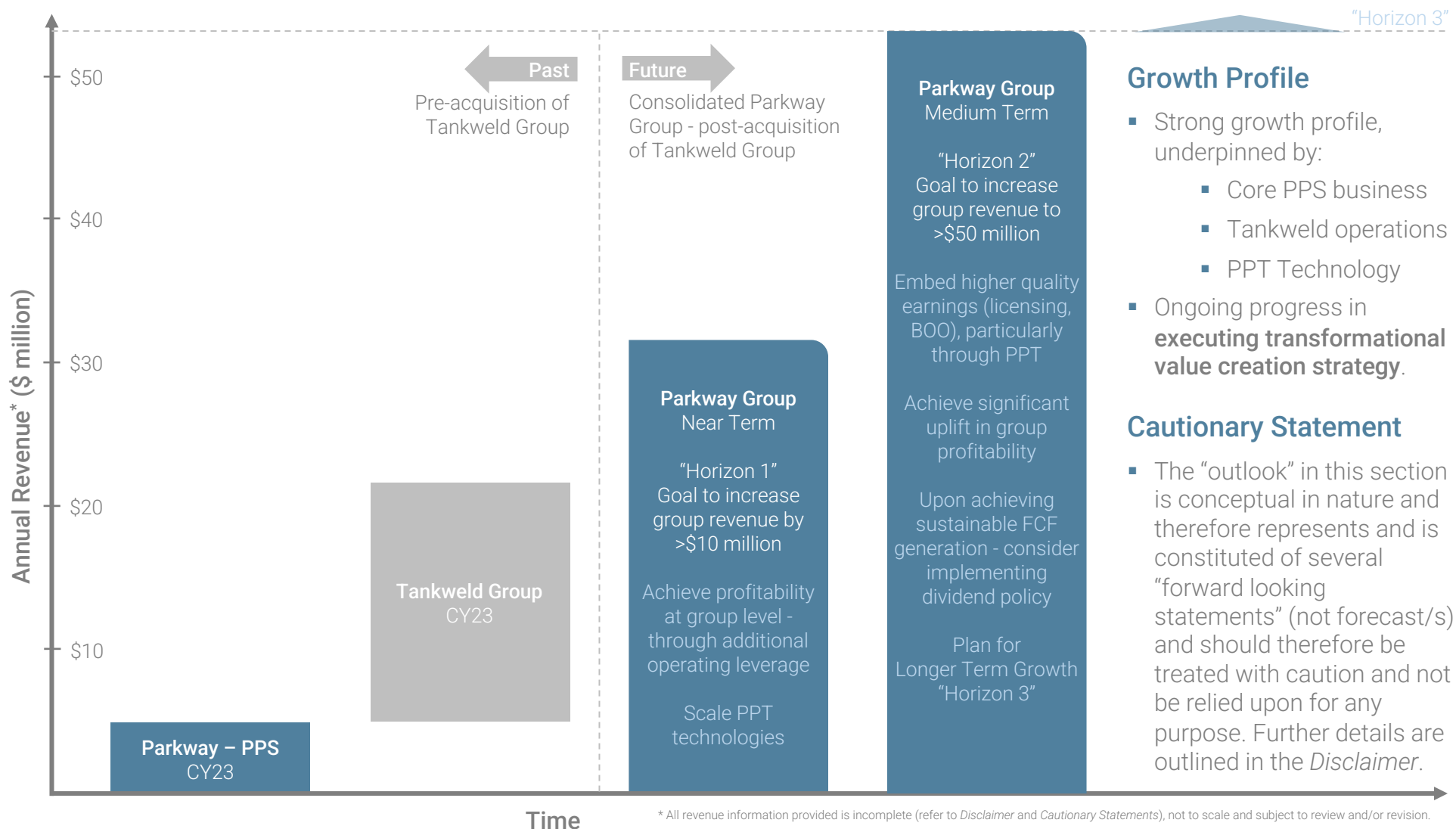
- Mr Raza Hasan
 - Senior roles, including as principal process engineer with leading global EPC/M & chemical companies.



Anthony Gunadi
Water Treatment Specialist

- Dr Rudy Dubbelboer
 - Senior process engineer with global EPC/M, chemical & tech companies.
- Mr Anthony Gunadi
 - Senior water treatment specialist with extensive EPC/M experience.

PARKWAY – GROUP OUTLOOK



Growth Profile

- Strong growth profile, underpinned by:
 - Core PPS business
 - Tankweld operations
 - PPT Technology
- Ongoing progress in **executing transformational value creation strategy.**

Cautionary Statement

- The “outlook” in this section is conceptual in nature and therefore represents and is constituted of several “forward looking statements” (not forecast/s) and should therefore be treated with caution and not be relied upon for any purpose. Further details are outlined in the *Disclaimer*.



TANKWELD GROUP

A proud legacy of supporting landmark industrial-scale projects in the Australian water sector, over many years.

VICTORIAN DESALINATION PLANT

A range of engineering, fabrication and installation services provided by Tankweld Group.



Parkway

CORPORATE LIMITED

Building an advanced
industrial water treatment
technology company.
